

The heart of
global shipping



Clarkson PLC

is the world's leading integrated shipping services group. Through our 27 offices on five continents we play a vital intermediary role in the movement of the majority of commodities around the world.

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Directors' responsibility statement

The directors confirm, to the best of their knowledge, that this set of interim financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the Interim Management Report herein includes a fair review of the information required by Rules 4.2.7 and 4.2.8 of the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

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
Martin Stopford Executive Director
Ed Warner Non-Executive Director
Paul Wogan Non-Executive Director
Jeff Woyda Finance Director

25 August 2010

Chairman's review



Bob Benton
Chairman

Clarksons has delivered a strong performance for the first half of 2010. With the emerging recovery in global trade, the strength of the Clarksons brand and breadth of our operations across shipping and its related markets positioned us well.

These improving trends were particularly evident in the dry bulk markets where trading was better than anticipated. Across the sale and purchase markets, whilst the availability of credit remains an obstacle for some, it was also encouraging to see further signs of a return to buying activity.

The Clarksons team has worked hard during the first half of the year to take advantage of these opportunities and on behalf of the board, I thank the whole team for their continued commitment.

Bob Benton
Chairman

25 August 2010

Chief Executive's review



Andi Case
Chief Executive

Our strategy of offering integrated global shipping services, supported by our market leading research and analysis, was an important factor in the group's ability to realise revenue opportunities and deliver a strong set of results.

In the first six months of the year Clarksons operated in shipping markets broadly stronger than that of the corresponding period in 2009. This market backdrop, combined with increased transaction volumes in the broking division, led to a first half result ahead of the board's expectations, albeit against weaker comparatives in 2009.

Chartering markets remained volatile during the first half, but Clarksons' breadth of offering enabled the group to benefit where freight rates improved. We are pleased that in these market conditions, the broking teams generated increased revenues compared to the same period in 2009. Asian demand for commodities was a continued important feature for the market in the first half and our growing commitment to the region continued to deliver encouraging results.

The period also saw increased confidence in the longer term prospects of many markets, with rising commodity prices and building costs increasing from a level seen by many as the low point. We have seen an increase in the volume of newbuilding contracts being placed, as well as rising prices both in newbuilding and secondhand across most sectors, despite the continued limited availability of debt financing. In more conventional shipping markets, it would be improved chartering rates that would result in rising asset values but, as spot rates have

remained volatile, there has been a disconnect between the medium and longer term period rates available and the increased asset value of vessels, as a result of which we are experiencing a shift towards more spot and shorter term period business.

The financial division benefited from both the first trade and the first cleared trade of the Container Freight Swap Agreement, an innovative new risk management product developed by Clarkson Securities. The successful launch demonstrates the group's commitment to providing our clients with market-leading and innovative products and solutions.

Results

Revenue of £101.0m (2009: £88.9m) reflects improved shipping markets in the first half of the year, both in terms of chartering rates and asset values across broking and financial activities. Administrative expenses, which increased 6% to £77.7m (2009: £73.6m), benefited from the one-off release of a £2m remuneration provision relating to business in the USA no longer required as performance criteria were not met in full. Without this release, administrative expenses would have risen by 8% reflecting predominantly the increase in bonuses resulting from the improvement in profits in the first half of 2010 compared to the same period in 2009. Operating profit increased by 62% to £18.8m (2009: £11.6m).

Profit before taxation was £16.7m (2009: £11.2m). Basic earnings per share were 66.7p (2009: 42.1p).

Cash and dividends

Cash balances at 30 June 2010 were £132.9m (31 December 2009: £143.2m). Net funds, after deduction of borrowings and bonus entitlements, amount to £42.1m (31 December 2009: £38.2m).

Reflecting the strength in the business, the board has declared an increased interim dividend of 17p per share (2009: 16p per share) which will be paid on 1 October 2010 to shareholders on the register at the close of business on 17 September 2010.

Broking

Revenue £83.5m (2009: £70.7m)

Result £20.6m (2009: £14.4m)

The broking division has performed well, growing market share, with overall spot revenues ahead by 51% and increased transaction volumes.

Dry Bulk: China remains the cornerstone of the dry bulk freight market, although the revival of other economies since the beginning of the year added to demand.

The dry bulk market was characterised by a significant increase in spot activity, with the weighted average of spot earnings 91% higher than in the comparative period in 2009. These levels are similar to those experienced in the second half of 2009 and reflect a degree of uncertainty over Chinese economic growth in the remainder of 2010. The smaller bulk carriers (<100,000dwt) have benefited most from the shift to spot market business.

The dry bulk fleet expanded by 34m dwt or 7.4% during the first half of 2010. Although new tonnage held back earnings in the capesize sector, strong international coal trade to China and India mitigated most of the fleet growth in the smaller dry bulk ships. Port congestion, and the widening imbalance between rates of industrial growth in Asian and Western economies, added to fleet inefficiencies and resulted in increased tonne-miles, ship-days and freight rates.

The dry bulk markets outperformed expectations for most of the period and spot revenues in Clarksons' dry bulk business were nearly 60% higher on increased transaction volumes relative to the comparable period last year. The Baltic Dry Index, having reached its peak for the period in May, has subsequently fallen significantly. The dry bulk outlook remains uncertain.

Deep Sea: A degree of global economic recovery had a positive effect on tanker freight earnings. Oil intensive activities, such as transportation and industry, picked up and this improvement looks set to continue throughout the remainder of 2010. Spot earnings in the first half improved significantly from the lows experienced in 2009. During the first half they were between 35% and 94% higher than full year 2009 earnings for all vessel types. In addition, the use of tankers for storage, and lower than expected deliveries of new vessels, continued to support freight rates.

Clarksons' spot revenues were up 28% on the comparative period, with increased transaction volumes accounting for most of this.

Specialised Products: We witnessed a number of 'green shoots' of recovery within the specialised products marketplace. Global economic conditions improved faster than expected and robust freight rates have steadied the market with rates and earnings on the main arterial trade lanes remaining resilient throughout the half.

Chemical production trends continued to shift, as substantial capacity was added in the Middle East and China.

Clarksons' revenues and transaction volumes from specialised products once again increased during the period.

Gas: Pressure on freight levels continued into early 2010, as a result of reduced volumes and expansion in the fleet. Growth in LPG volumes was constrained by weaker LNG demand and start up delays for new projects. However, export volumes started to recover through the course of the second quarter as new projects in Qatar and Abu Dhabi began to come on stream and as regional pricing differentials have supported trading opportunities from Western producers into Asia.

The Very Large Gas Carrier (VLGC), Large Gas Carrier (LGC) and Midsized sectors all came under pressure from weaker LPG trade combined with a slow start to the year in the ammonia market.

A recovery in ammonia exports from the Former Soviet Union (FSU) countries, stronger demand in the US and healthy import volumes in Asia have improved prospects for the LGCs as the first half progressed. Rates were also supported by a recovery in the fortunes of the VLGC sector.

Whilst the market was under pressure during the first half, spot revenues were marginally ahead of the comparative period in 2009.

Sale and Purchase: Confidence started to return to the markets, which resulted in a firming of values across the sectors as buying activity increased. This was despite the continued reluctance of traditional shipping banks to undertake new projects as new sources of finance, principally from private equity and the US investor market, were willing to step in and replace them.

Spot revenues and overall transaction volumes in both secondhand and offshore markets together increased by around 150% over the comparable period last year. Our success was achieved by maintaining relationships with our key clients and also helping them take advantage of the new sources of funding. However, with significantly quieter markets since the period-end, it may prove difficult to repeat this performance in the second half.

Containers: Following 2009, when the container shipping markets came under severe downward pressure on the back of a substantial contraction in trade and continued growth in fleet capacity, there was some recovery. Trade volumes returned to positive year-on-year growth on most routes, most significantly out of and within Asia, and this created additional demand for containership capacity resulting in an uplift in the containership charter market.

On average, across a selection of ship sizes, one-year containership charter rates were up by over 80% across the first half of 2010, from the historical lows at the end of 2009. Containership secondhand prices also benefited, with ten-year-old prices up on average by almost 60% in the first half of 2010, whilst trade growth has also enabled operators to reactivate the majority of the capacity idled in 2009.

As a result, spot revenues were more than three times greater than in the first half of 2009 on increased volumes.

Looking ahead, global container trade growth is projected to reach between 9% and 10% for the full year 2010 with the fundamentals for the sector looking likely to sustain improvements on last year, although risks to the sustainability of the recovery do remain, most notably on the demand side from the potential threat of double dip recession, levels of unemployment in the advanced economies, and the contagion of financial problems within the European economies.

Financial

Revenue £5.5m (2009: £7.4m)

Result £1.8m loss (2009: £1.0m loss)

Futures Broking: Our profitable derivatives business continues to grow in terms of market share and the diversity of clients. We have been instrumental in opening up new markets for our clients and major milestones have included the execution of both the first bilateral and cleared contracts of the newly launched Container Freight Swap Agreement. Container Freight Swap Agreements provide a means of hedging freight exposure for shippers, carriers and retail companies active in container shipping and have been developed and pioneered by Clarkson Securities. We also continued to take market share in the iron ore swaps market.

A significant increase in transaction volumes was partially offset by reduced average transaction sizes, though spot revenues were up 17% relative to the first half of 2009.

Investment Services: Clarksons are the only Middle East and North Africa expert who can provide in-depth sector coverage, global research and investment banking services in natural resources, shipping and energy services. During the first half, the team worked on a number of mandates, principally from Dubai with support from London and Houston, which are expected to generate revenue in the second half.

Fund Management: Assets under management stabilised, although trading conditions remain challenging, resulting in a small loss. Lower management fees have, however, been offset by significantly reduced costs.

Research

Revenue £3.4m (2009: £3.3m)

Result £0.8m (2009: £0.8m)

Clarkson Research Services' revenues grew by 3% during the first half, supported by continued demand for better quality and more detailed market information. Clarkson Valuations' ship valuation service remains of particular importance to market participants.

The re-launch of our flagship database, the Shipping Intelligence Network, during the half has driven a 27% increase in digital data sales, as clients continue to derive significant benefit from Clarksons' in-depth understanding of maritime supply and demand. Consulting revenues have more than doubled, as a result of work undertaken to assist with IPOs and specific client research. We also published the first edition of the World Fleet Monitor, which has been well received by our clients.

Support

Revenue £10.1m (2009: £8.9m)

Result £0.7m (2009: £0.3m)

Port and agency services continue to operate at record levels. High levels of grain imports and exports have boosted our stevedoring business in Ipswich. Agency activities saw increased export grain volumes and offshore activities which offset reduced movements in other traffic, including coal imports.

Technical services revenues declined overall, though the division is currently undertaking a major repair contract in the Far East.

The MT Hermien continued to trade under external commercial management. Ship ownership remains non-core, and the group's intention remains to exit this activity.

The property services division continues to operate profitably.

Current Trading and Outlook

Whilst improvements in the first half were better than expected, uncertainty remains as to the speed and sustainability of global economic and trade growth.

Clarksons' revenues continue to be supported by our forward order book and the US dollar. Furthermore the group remains strongly cash generative with a solid and strengthening balance sheet.

Whilst the trends in spot business experienced since the beginning of the year are indicative of market volatility, Clarksons' volumes are growing and the board looks forward to the future with confidence.

Andi Case Chief Executive

25 August 2010

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 2010, which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity and the consolidated cash flow statement together with 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 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 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 2010 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

25 August 2010

Consolidated income statement

For the half year to 30 June

	Notes	2010 £m*	2009 £m*
Revenue	3	101.0	88.9
Cost of sales		(4.5)	(3.7)
Trading profit		96.5	85.2
Administrative expenses		(77.7)	(73.6)
Operating profit	3	18.8	11.6
Share of losses of associates and joint ventures		(0.1)	–
Finance revenue	4	0.2	0.7
Finance costs	4	(2.3)	(1.1)
Other finance revenue – pensions		0.1	–
Profit before taxation		16.7	11.2
Taxation	5	(4.3)	(3.3)
Profit for the period – continuing operations		12.4	7.9
Attributable to:			
Equity holders of the parent		12.4	7.9
Earnings per share	6		
Basic		66.7p	42.1p
Diluted		66.7p	41.4p

*Unaudited

Consolidated statement of comprehensive income

For the half year to 30 June

	2010 £m*	2009 £m*
Profit for the period	12.4	7.9
Actuarial loss on employee benefit schemes – net of tax	(4.5)	(11.1)
Foreign exchange differences on retranslation of foreign operations	1.8	(6.0)
Foreign currency hedge – net of tax	(2.0)	2.1
Total comprehensive income/(expense) for the period	7.7	(7.1)
Total comprehensive income/(expense) attributable to:		
Equity holders of the parent	7.7	(7.1)

*Unaudited

Consolidated balance sheet

As at 30 June

	Notes	2010 £m*	2009 £m*	31 December 2009 £m†
Non-current assets				
Property, plant and equipment		13.9	15.6	14.6
Investment property		0.4	0.4	0.4
Intangible assets		32.6	32.1	32.5
Investments in associates and joint ventures		–	0.4	0.2
Trade and other receivables		0.6	0.8	0.6
Investments		14.4	14.6	14.9
Deferred tax asset		13.5	6.9	11.6
		75.4	70.8	74.8
Current assets				
Trade and other receivables		37.2	33.7	29.7
Income tax receivable		0.5	1.1	0.9
Cash and short-term deposits	9	132.9	122.7	143.2
		170.6	157.5	173.8
Current liabilities				
Interest-bearing loans and borrowings		–	(2.4)	–
Trade and other payables		(71.4)	(72.1)	(86.9)
Income tax payable		(5.8)	(3.6)	(3.3)
Provisions		(0.3)	(0.3)	(0.3)
		(77.5)	(78.4)	(90.5)
Net current assets		93.1	79.1	83.3
Non-current liabilities				
Interest-bearing loans and borrowings	9	(49.2)	(47.7)	(48.3)
Trade and other payables		(1.0)	(1.1)	(1.0)
Provisions		(1.2)	(1.0)	(1.1)
Employee benefits	8	(12.8)	(6.6)	(6.9)
Deferred tax liability		(3.3)	(2.0)	(4.0)
		(67.5)	(58.4)	(61.3)
Net assets		101.0	91.5	96.8
Capital and reserves				
Issued capital	10	4.7	4.7	4.7
Other reserves		42.1	40.6	40.6
Profit and loss		54.2	46.2	51.5
Clarkson PLC group shareholders' equity		101.0	91.5	96.8

*Unaudited

†Audited

Consolidated statement of changes in equity

	Notes	Attributable to equity holders of the parent			
		Share capital £m*	Other reserves £m*	Profit and loss £m*	Total equity £m*
Balance at 1 January 2010		4.7	40.6	51.5	96.8
Profit for the period		–	–	12.4	12.4
Other comprehensive income:					
Actuarial loss on employee benefit schemes – net of tax		–	–	(4.5)	(4.5)
Foreign exchange differences on retranslation of foreign operations		–	1.8	–	1.8
Foreign currency hedge – net of tax		–	(2.0)	–	(2.0)
Total comprehensive (expense)/income for the period ended 30 June 2010		–	(0.2)	7.9	7.7
Transactions with owners:					
ESOP shares utilised		–	1.5	–	1.5
Share-based payments		–	0.2	(0.1)	0.1
Dividend paid	7	–	–	(5.1)	(5.1)
		–	1.7	(5.2)	(3.5)
Balance at 30 June 2010		4.7	42.1	54.2	101.0

	Notes	Attributable to equity holders of the parent			
		Share capital £m*	Other reserves £m*	Profit and loss £m*	Total equity £m*
Balance at 1 January 2009		4.7	43.7	54.0	102.4
Profit for the period		–	–	7.9	7.9
Other comprehensive income:					
Actuarial loss on employee benefit schemes – net of tax		–	–	(11.1)	(11.1)
Foreign exchange differences on retranslation of foreign operations		–	(6.0)	–	(6.0)
Foreign currency hedge – net of tax		–	2.1	–	2.1
Total comprehensive expense for the period ended 30 June 2009		–	(3.9)	(3.2)	(7.1)
Transactions with owners:					
ESOP shares acquired		–	(5.0)	–	(5.0)
ESOP shares utilised		–	5.0	–	5.0
Profit on ESOP shares		–	–	0.3	0.3
Share-based payments		–	0.8	–	0.8
Dividend paid	7	–	–	(4.9)	(4.9)
		–	0.8	(4.6)	(3.8)
Balance at 30 June 2009		4.7	40.6	46.2	91.5

*Unaudited

Consolidated cash flow statement

For the half year to 30 June

	Notes	2010 £m*	2009 £m*
Cash flows from operating activities			
Profit before tax		16.7	11.2
Adjustments for:			
Foreign exchange differences		(2.3)	1.3
Depreciation and impairment of property, plant and equipment		1.5	1.5
Share-based payment expense		0.4	0.1
Share of losses of associates and joint ventures		0.1	–
Difference between ordinary pension contributions paid and amount recognised in the income statement		(0.3)	(0.2)
Finance revenue		(0.2)	(0.7)
Other finance revenue – pensions		(0.1)	–
Finance costs		2.3	1.1
(Increase)/decrease in trade and other receivables		(7.8)	19.5
Change in bonus accrual		(12.9)	(64.1)
Decrease in trade and other payables		(3.6)	(1.2)
Increase in provisions		0.1	0.1
Cash utilised from operations		(6.1)	(31.4)
Income tax paid		(1.3)	(8.2)
Net cash flow from operating activities		(7.4)	(39.6)
Cash flows from investing activities			
Interest received		0.2	0.4
Purchase of property, plant and equipment		(0.4)	(0.5)
Dividends received from associates and joint ventures		0.1	–
Net cash flow from investing activities		(0.1)	(0.1)
Cash flows from financing activities			
Interest paid		(0.8)	(1.1)
Dividend paid	7	(5.1)	(4.9)
Repayments of borrowings		–	(1.8)
ESOP shares acquired		–	(5.0)
Net cash flow from financing activities		(5.9)	(12.8)
Net decrease in cash and cash equivalents		(13.4)	(52.5)
Cash and cash equivalents at start of period		143.2	184.4
Net foreign exchange differences		3.1	(9.2)
Cash and cash equivalents at end of period		132.9	122.7

*Unaudited

Notes to the interim financial statements

1 Corporate information

The interim consolidated financial statements of the group for the period ended 30 June 2010 were authorised for issue in accordance with a resolution of the directors on 25 August 2010. Clarkson PLC is a Public Limited Company registered in England and Wales.

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 2009 annual financial statements. The statutory audited accounts for the year ended 31 December 2009 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 for the period ended 30 June 2010 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 2009, which were prepared in accordance with IFRSs as adopted by the European Union.

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 2009.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

- IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

IFRS 3 (revised) continues to apply the acquisition method to business combinations, but with some significant changes.

For example, the change in the treatment of acquisition-related expenses discussed in the basis of preparation section, and any revisions to contingent cash consideration in the period following the acquisition will be recorded in the income statement.

- IAS 27 (revised), 'Consolidated and separate financial statements' requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. Such transactions will no longer result in either goodwill or in a gain or a loss being recognised. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in the income statement.

Notes to the interim financial statements continued

2 Statement of accounting policies continued

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2010, but are not currently relevant for the group or have not had a material impact on the group.

- IFRS 1 (amended), 'Additional Exemptions for First-time Adopters'.
- IFRS 2 (amendments), 'Group Cash-settled Share-based payment transactions'.
- IFRS 5 (amendment), 'Non-current assets Held for Sale and Discontinued Operations'.
- IAS 38 (amendment), 'Intangible Assets'.
- IAS 39 (amended), 'Financial Instruments: Recognition and Measurement – Eligible hedged items'.
- IAS 39 (amended), 'Financial Instruments: Recognition and Measurement'.
- IFRIC 9 (amended), 'Reassessment of Embedded Derivatives'.
- IFRIC 17, 'Distributions of non-cash assets to owners'.
- IFRIC 18, 'Transfers of assets from customers'.
- Improvements to International Financial Reporting Standards 2009.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2010 and have not been early adopted:

- IFRS 1 (amended), 'Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters'.
- IFRS 9, 'Financial instruments'.
- IAS 24 (revised), 'Related party disclosures'.
- IAS 32 (amendment), 'Financial Instruments: Presentation – Classification of Rights Issues'.
- IFRIC 14 (amended), 'Prepayments of a Minimum Funding requirement'.
- IFRIC 19, 'Extinguishing Financial Liabilities with Equity Instruments'.
- Improvements to International Financial Reporting Standards 2010.

The group is yet to assess the full impact of IFRS 9, and has not yet decided when to adopt this standard, which is not mandatory until January 2013. The directors anticipate that the future adoption of all the other standards, interpretations and amendments listed above will not have a material impact on the group's financial statements.

3 Segmental information

For the half year to 30 June		Revenue		Results	
	2010 £m	2009 £m	2010 £m	2009 £m	
Continuing operations					
Broking	83.5	70.7	20.6	14.4	
Financial	5.5	7.4	(1.8)	(1.0)	
Support	10.1	8.9	0.7	0.3	
Research	3.4	3.3	0.8	0.8	
	102.5	90.3			
Less property services revenue arising within the group	(1.5)	(1.4)			
Segment revenue/results	101.0	88.9	20.3	14.5	
Head office costs			(1.5)	(2.2)	
Unallocated foreign exchange differences			–	(0.7)	
Operating profit			18.8	11.6	
Share of losses of associates and joint ventures			(0.1)	–	
Finance revenue			0.2	0.7	
Finance costs			(2.3)	(1.1)	
Other finance revenue – pensions			0.1	–	
Profit before taxation			16.7	11.2	
Taxation			(4.3)	(3.3)	
Profit after taxation			12.4	7.9	

The share of losses of associates and joint ventures is as follows:

	2010 £m	2009 £m
Broking	(0.1)	–

4 Finance revenue and finance costs

For the half year to 30 June		2010 £m	2009 £m
Finance revenue			
Bank interest receivable		0.2	0.4
Gain on revaluation of fair value through profit or loss investment		–	0.3
		0.2	0.7
Finance costs			
Interest-bearing loans and borrowings		0.8	1.1
Loss on revaluation of fair value through profit or loss investment		1.5	–
		2.3	1.1

Notes to the interim financial statements continued

5 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 used for the year to 31 December 2010 is 25.8% (the estimated tax rate for the six months ended 30 June 2009 was 29.5%).

6 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 2010 £m	Half year to 30 June 2009 £m
Earnings	12.4	7.9
	Million	Million
Weighted average number of ordinary shares	18.6	18.6
Dilutive effect of shares contingently payable on business combinations	–	0.3
Diluted weighted average number of ordinary shares	18.6	18.9

7 Dividends

For the half year to 30 June	2010 £m	2009 £m
Declared and paid during the period:		
Final dividend for 2009 of 27p per share (2008: 26p per share)	5.1	4.9
Payable (not recognised as a liability at period end):		
Interim dividend for 2010 of 17p per share (2009: 16p per share)	3.2	3.0

8 Employee benefits

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

As at 30 June 2010 the Clarkson PLC scheme had a deficit of £9.5m (31 December 2009: £4.2m deficit). 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 £2.7m (31 December 2009: £1.2m). The market value of the assets was £95.9m (31 December 2009: £98.0m) and independent actuaries have assessed the present value of funded obligations at £105.4m (31 December 2009: £102.2m).

Also as at 30 June 2010 the Plowrights scheme had a deficit of £3.3m (31 December 2009: £2.7m deficit). This amount is included in full on the balance sheet as a non-current liability; the company has recognised deferred tax on this deficit amounting to £0.9m (31 December 2009: £0.7m). The market value of the assets was £23.9m (31 December 2009: £23.6m) and independent actuaries have assessed the present value of funded obligations at £27.2m (31 December 2009: £26.3m).

The increase in the deficit is due to changes in the actuarial assumptions used for inflation and the discount rate used in calculating the figures above. This has been further affected by a decrease in the market value of the plans' assets.

Triennial valuations for both schemes are being prepared based on the position as at 31 March 2010.

9 Analysis of net funds

	31 December 2009 £m	Cash flow £m	Foreign exchange differences £m	30 June 2010 £m
Cash and short-term deposits	143.2	(13.4)	3.1	132.9
Non-current interest-bearing loans and borrowings	(48.3)	–	(0.9)	(49.2)
Net funds	94.9	(13.4)	2.2	83.7

Net funds after deduction of bonus entitlements amount to £42.1m (31 December 2009: £38.2m).

10 Issued share capital

	30 June 2010 Million	30 June 2009 Million	31 December 2009 Million	30 June 2010 £m	30 June 2009 £m	31 December 2009 £m
Allotted, issued and fully paid						
Ordinary shares of 25 pence each:						
At start of period	19.0	18.9	18.9	4.7	4.7	4.7
Issued during the period	–	–	0.1	–	–	–
At end of period	19.0	18.9	19.0	4.7	4.7	4.7

11 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.

Since June 2006, H Clarkson & Company Limited received commissions amounting to US\$15.5m which were the subject of the claims brought against the company by the Russian companies, Sovcomflot and Novoship. H Clarkson & Company Limited held those monies in separate designated accounts pending determination as to who was entitled to receive them. It became clear to the board that these monies were rightfully payable to the Claimants and thus, as part of the settlement agreed with the Claimants on 26 June 2008, they were released to their account. There remain Part 20 Claims from two of the defendants that these monies are rightfully theirs. In June 2009 a further claim was received from entities associated with one of the defendants amounting to US\$5.2m. The trial of these claims finished on 31 March 2010 and we are waiting to receive judgment. After taking extensive legal advice and closely reviewing the evidence the board believes that none of the claims have any foundation whatsoever and that they will not succeed.

12 Seasonality

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

13 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 2009 on page 19. 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.

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: Julia Vanston
Tel: +44 1531 634 561

Aberdeen

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

Contact: Kathy Gay
Tel: +44 1224 576900

Australia

Brisbane

Level 18/Riverside Centre
123 Eagle Street
Brisbane
QLD 4000
Australia

Contact: John Coburn
Tel: +61 7 3112 2795

Melbourne

Level 8
492 St Kilda Road
Melbourne
Victoria 3004
Australia

Contact: Ben Knight
Tel: +61 3 9867 6800

Perth

Level 10
16 St Georges Terrace
Perth
WA 6000
Australia

Contact: Julian Richmond
Tel: +61 8 6210 8700

Sydney

12th Floor
157 Walker Street
North Sydney
NSW 2060
Australia

Contact: David Oakley/Peter Quirk
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 2203-06 The Center
989 Chang Le Lu
Shanghai 200031
China

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

95 Akti Miaouli
Piraeus 185 38
Greece

Contact: George Margaronis
Tel: +30 210 458 6700

India

Flat number 124–125, Rectangle 1
Plot D-4, Saket District Centre
New Delhi
110017
India

Contact: Amit Mehta
Tel: +91 11 308 48208

Italy

Piazza Rossetti 3A
16129 Genoa
Italy

Contact: Massimo Dentice
Tel: +39 0 10 55401

New Zealand

Level 13, Citibank Centre
23 Customs Street East
Auckland
New Zealand

Contact: Peter Cookson
Tel: +64 9 379 7994

Norway

Godt Haab
Stradveien 50
N-1366 Lysaker
Norway

Contact: 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 2301
Saba Towers 1
Jumeirah Lake Towers
Sheikh Zayed Road
Dubai
UAE
PO Box 102929

Contact: Esam Balla
Tel: +971 4 427 0113

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

1333 West Loop South
Suite 1525
Houston
Texas 77027
USA

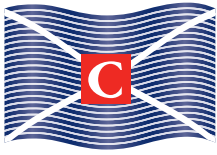
Contact: Roger Horton
Tel: +1 713 235 7400



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This report is available at:
www.clarksons.com



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