Clarkson PLC Interim Report 2013

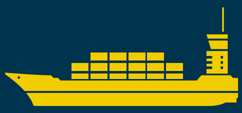
INVESTING IN THE FUTURE

Economic conditions around the globe continue to affect the shipping industry.

Despite the tough environment, we have continued to invest in our business to ensure we retain our position as the global market leader.

INVESTING TO EXPAND OUR GLOBAL REACH

We ensure we have the capability to match the ever changing movement in where business is being done and to make sure we have the right geographical spread of business. This spread of offices underlines our global footprint.



INVESTING TO EXTEND OUR MARKET SHARE

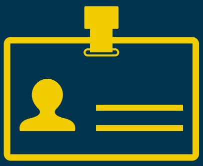
We continue to develop our services and equip Team Clarksons with the right tools to help our clients and remain at the forefront of the industry. As the world's leading shipping services group we have continued to position ourselves for growth and as a result we have increased market share and secured new clients during 2013.

INVESTING IN TECHNOLOGY

Investing in the right tools to service our clients is crucial and these range from IT, which enables departments to create bespoke platforms, to the development of cutting edge research tools. World-leading technology combined with the best teams and the best support network ensures that we are at the forefront of our industry.

INVESTING IN RESEARCH

Research is the foundation for everything Clarksons does. The unique value of Clarksons' research supports existing clients, is fundamental in winning new revenue and is recognised as adding true value. We continue to invest in Clarksons' world-leading services, providing bespoke research, valuations and data for clients and expanding the provision of customer service.



INVESTING IN PEOPLE

People are crucial to our success and we continue to attract and retain the best talent providing a bedrock for our future growth. As well as hiring exceptional people, we have extensive training programmes as we invest in and develop a whole new generation of industry professionals.

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Chairman's review

"I take over as chairman of Clarksons at an exciting and also somewhat challenging time for the company given the continuing turbulent market conditions. We have a proven business model supported by a strong balance sheet and, where appropriate, have been quick to take strategic decisions early in the downturn to put us in a strong position to take advantage of any improvement."

I am delighted to join Clarksons, the world's leading shipping services group, founded over 160 years ago and headquartered in London, and greatly look forward to working with Andi and his very capable team.

I take over as chairman of Clarksons at an exciting and also somewhat challenging time for the company given the continuing turbulent market conditions.

Bob Benton, my predecessor, the board and the management team have worked extremely hard over the last few years, strengthening Clarksons' position as the global leader in the shipping services market, steering the business through extremely difficult market conditions and positioning it to take advantage of any improvement in our core markets.

I would also like to thank Bob on behalf of all stakeholders for his very significant contribution during his time as both a non-executive director and as chairman of Clarksons.

The breadth of our offer, both in terms of product and geographical reach, has been fundamental to the solid performance achieved in the first half of this year. Clarksons has invested in both new talent and in the tools for its staff to enable them to service our clients more efficiently and effectively by creating bespoke platforms and developing cutting edge IT support, as well as expanding our extensive training programmes as we develop a new generation of leading industry professionals. It is this unique combination of product breadth, global reach and best in class teams that has enabled us to outperform in a tough environment and increase volumes in every six month period for the past five years.

We have a proven business model supported by a strong balance sheet and, where appropriate, have been quick to take strategic decisions early in the downturn to put us in a strong position to take advantage of any improvement. Whilst we are in no doubt that trading will remain challenging for some time yet, we look forward to the next six months with confidence.

Philip Green Chairman
16 August 2013

Chief executive's review

"Clarksons has delivered a resilient performance in the first half of 2013, achieved in global shipping markets which have seen significant challenges over the period. The industry outlook remains challenging with the continued focus on the spot market limiting visibility. However, despite these headwinds we continue to make good progress and are trading in line with expectations."

Clarksons has delivered a resilient performance in the first half of 2013, achieved in global shipping markets which have seen significant challenges over the period. The market is down against the same period year-on-year, as shown by an 8.5% fall in the average ClarkSea Index.

In these difficult times we have remained focused on the key elements of our strategy by developing our full service client offering, taking advantage of opportunities to strengthen our core broking teams with new hires and enhancing both our research product portfolio and support infrastructure.

Rates across many market areas in shipping have continued to experience downward pressure during the period and whilst this will not continue forever, significant signs of any upturn remain elusive in the short term, albeit as mentioned at the year-end there are now some early positive indicators which give encouragement in some of the markets. Despite this backdrop our broking teams have worked hard to successfully maintain their market-leading positions and continued to build volumes wherever possible. Once again, this breadth of product offer combined with the expertise and quality of our people has meant that wherever there are signs of improved activity we have been ideally placed to capitalise on opportunities and have seen particularly strong performances from our offshore, tankers and specialised products operations.

We have now completed the restructuring of Clarkson Capital Markets (CCM); key hires have enabled us to focus on certain aspects of the market whilst expanding coverage in areas of group expertise. Despite challenging shipping finance markets, 2013 has seen some interesting opportunities for our financial services businesses. We have closed an increasing number of transactions, thus enabling CCM to build revenues on a significantly lower cost base. We are working several live mandates, in many cases in conjunction with other parts of the group, and are seeing a healthy pipeline of opportunities.

Research remains core to the Clarksons offer, underpinning everything we do across the business. The period saw further product enhancements to both Shipping Intelligence Network, our flagship commercial database and World Fleet Register, our leading vessel register. Our offshore research offering also continues to expand, supporting this increased area of activity for the business as a whole.

Current trading

The industry outlook remains challenging with the continued focus on the spot market limiting visibility. However, despite these headwinds we continue to make good progress and are trading in line with expectations. As previously highlighted we expect to see a slight weighting in performance to the second half of this year, reflecting the delivery profile of our newbuild activities.

Our proven strategy gives us confidence and through our strong balance sheet we have been able to continue to invest in the business, ensuring we are well positioned to take advantage when markets improve and are at the forefront of all opportunities.

Results

Clarksons delivered revenues of £89.1m in the first six months of 2013 (2012: £88.0m). Administrative expenses increased by 1.5% to £76.1m (2012: £75.0m) predominantly reflecting additional staff costs. Underlying profit before taxation was £10.8m (2012: £10.8m), which after the exceptional and acquisition costs of £1.8m (2012: £0.8m) and exceptional income in 2012 of £4.5m, turned into a reported £9.0m (2012: £14.5m). The £1.0m of exceptional costs represents the restructuring of Clarkson Capital Markets, including the closure of our Dubai DIFC office, as previously highlighted within the 2012 Annual Report. Basic reported earnings per share was 32.7p (2012: 53.3p). Underlying earnings per share, before acquisition costs and exceptional items, was up 6.6% to 41.8p (2012: 39.2p).

Cash and dividends

Cash balances at 30 June 2013 were £69.2m (31 December 2012: £89.4m) with a further £25.1m (31 December 2012: £25.2m) in short-term investments, being 100 day notice deposits at UK banks. Net funds, after deduction of bonus entitlements, but including short-term investments amount to £71.9m (31 December 2012: £75.2m). Net funds are expected to increase again in the second six months reflecting reduced outflows for dividends and taxation and increased collections from debtors.

The board has declared an interim dividend of 19p per share (2012: 18p per share) which will be paid on 27 September 2013 to shareholders on the register at the close of business on 13 September 2013.

BROKING

Revenue: **£73.4m** (2012: £73.2m)

Result: **£12.4m** (2012: £12.7m)

Dry bulk

Dry bulk freight rates remained under considerable pressure in the first half of 2013, and as a result were down 11% against the prior year. Iron ore supply disruption affected Brazilian exports significantly, but record South American grain crops countered further declines in the smaller dry bulk sectors. Severe port congestion in those grain ports kept more tonnage off the market, which helped to buffer the slide in the Baltic Dry Index.

Dry bulk newbuild deliveries slowed by 43% year-on-year with scrappage slowing by 28%, which, when combined, resulted in net fleet growth of 6.3% year-on-year. Whilst fleet expansion will continue into the second half of the year, growth in seaborne demand is forecast to increase as mining supply logistics improve and export volumes, specifically iron ore, are anticipated to rise.

Against this difficult backdrop we strengthened our dry bulk team during the period and have continued to build market share.

Containers

Projects

Liquidity in the container sale and purchase market remained limited in the first half of 2013. However, during the second quarter we saw increased interest from speculative buyers in the sub panamax sector as prices hit all-time lows and some sellers were willing to transact at market levels. Should this trend continue into the second half of the year, as new ships come into the market, we would expect to see a more active end to the year in secondhand sales.

For all operators, fuel efficiency is key and with the Panama Canal expansion now well underway, significant resources are being applied to defining the new service patterns and the most efficient new ships required for these trade routes, as well as where to employ the existing panamax vessels when the newly expanded canal opens.

Combining the knowledge and expertise across Clarksons' global network, we have been able to service container-ship clients to find solutions on chartering secondhand vessels in addition to supporting them with their newbuild requirements.

Chartering

Whilst the newbuild order book has seen some reduction over the last four years, currently standing at circa 20%, supply continues to outstrip demand which has stabilised at an annual growth rate of 5% to 6%. Should these levels remain for the foreseeable future, there would still be a two to three year delivery backlog to fulfil. However, this is heavily influenced by the larger post panamax orders so there is more optimism in the sub panamax sectors where opportunities are slowly becoming more apparent as the feeder fleet diminishes, not having been rebuilt to the same extent of the larger vessels.

Consequently, there has been a slow but noticeable recovery in charter rates for the sub panamax sector and there is reason to believe that these rates will continue to slowly firm over the second half of the year providing demand stays constant. Panamax rates have remained flat as expected given the downward pressure from the newbuilding programme causing a redeployment, or 'cascade' down, of existing tonnage. Post panamax rates have in the main been steady.

Our team has worked hard to increase volumes transacted given the rationalisation of the owner base and the tightening market, and as a result we believe we have further expanded our market share.

Deep sea

Across the market VLCC earnings halved and average suezmax earnings fell by 21%, year-on-year. However, the products market and in particular medium range product tankers have proved robust with an increase of 47% on average earnings over the same period.

These trends demonstrate the importance of having strong business streams across all deep sea markets and against a challenging market backdrop we believe our teams have continued to grow market share and develop our client portfolio.

Specialised products

Geo-political and geo-economic drivers continue to spread uncertainty across the global specialised products markets. This, coupled with concerns about faltering economic growth in China, has created a lacklustre first half in terms of freight trends. Underlying fundamentals, such as the expected positive net effect of the US shale gas phenomenon do, however, still point towards steady cargo volume growth, with our markets closely linked to global industrial logistics and food consumption amidst a growing population.

The newbuilding restraint seen in our sector throughout 2012 has continued into this year with the pure play chemical order book now at a historical low. We have recently noted fresh investor appetite around certain sectors of the specialised products markets, however this has not yet transposed into any notable deal activity in the market.

Chief executive's review continued

Whilst the first six months of 2013 have generally seen owners reporting better results, the high operating cost base has restricted even the most efficient of operations. Furthermore, some established players at the specialty chemicals end of the diverse spectrum that is specialised products, have sought to build an all-important critical mass of tonnage in order to leverage trading opportunities.

As we approach the summer months seasonality will take hold, however healthy contract of affreightment nominations and pockets of activity in the period charter markets, allied to seemingly more resilient spot markets, raises hopes of a market upshift towards the end of the year.

Our dedicated global specialised products team has continued to grow its market share and volumes in the sector over the period through a number of new initiatives, including new product areas of activity.

PCG and small LPG

As expected the volume of petrochemical gas cargoes fell in the first half. However, the handysize gas carriers, both semi and ethylene, have been in much demand, with charterers seeking to benefit from economies of scale. This has proved to be to the detriment of the 8–10,000 sector, consequently a softening in the freight levels has been an unwelcome feature of the market.

The coaster market, for the smaller semi and pressure types, has fared well as inter-regional contract volumes have held up. This has been complemented by a static fleet supply. The pressure sector, after experiencing some difficulty in 2012, has seen gains on the back of increased LPG demand, most notably from the Black Sea.

Despite these challenging market conditions we believe the Clarksons petrochemical gas team maintained or increased its position across the markets it serves.

Gas

The market continued to suffer from an overall contraction in trade in terms of export volumes compared to an increasing fleet supply. Iranian LPG volumes were largely absent although some cargoes started to re-enter the market in recent months helping to absorb certain older tonnage. Ammonia trade was hampered by backward-dated product prices, as a result of which, few speculative trades were seen and liquidity in shipping diminished. Some of the handy to mid-sized vessels which were not required for ammonia business managed to switch into LPG markets including the North Atlantic and India. VLGC rates were depressed until May, a spike then occurred, created initially by very tight shipping control in the West helped by cargoes heading to Asia and subsequently an increase in the sale of spot cargoes from the Middle East. The number of spot fixtures for VLGCs in the market is more than 25% down over the average seen last year with more vessels employed on contract business. The LPG commodity market remained challenging, with traders struggling to manage backward-dated prices virtually throughout the period.

The gas team has continued to rise to the challenge by remaining flexible in response to the changing dynamics of the market. The level of commodity transactions has risen again both in the East where we traditionally hold a strong position, and in the West where we are starting to make big strides into markets where we were weaker. On the shipping side we have had success with term business compensating for a general reduction in spot liquidity and whilst there have been few rewards for a considerable effort on the asset side, transactions are starting to be concluded with the prospect of promising deal flow in the coming months.

Sale and purchase

Secondhand

Although not supported by any upward change in earnings, a certain amount of confidence returned to the secondhand markets during the first half of 2013 with a general view amongst buyers that we may be witnessing a floor in values which represented an opportune time to conclude purchases as part of their fleet renewal programmes.

This, combined with an extension of one or two significant newbuilding projects in which we have been instructed on behalf of major clients, has resulted in better than expected business being negotiated in the first half of the year and we are confident of being able to maintain this momentum in the second half.

Offshore

2013, as expected, started relatively slowly with concerns of an overburdened newbuilding order book across all sectors of the offshore market meaning that both charterers and owners spent the first few months of the year assessing strategies for 2013. However, with yet another increase in exploration and production budgets from the oil companies, the overall macroeconomics for the industry remains positive.

There has been a continued focus and investment in the deepwater and harsh environment sectors and Clarksons' global teams have been able to take advantage by securing a series of newbuilding contracts across all sectors of the market including harsh environment jack-ups, drillships, subsea and platform supply vessels in the first half, in addition to orders already booked.

On the chartering side we have seen rates for PSVs and AHTSs steadily improve throughout the year after several years of declining rates due to an over supplied market, as such our chartering teams in Aberdeen and Singapore have been able to fix a number of long-term contracts to oil majors and we expect the remainder of 2013 to follow with both rates and utilisation improving throughout the year.

Newbuilding

After one of the toughest years in the newbuilding market in 2012, the first half of 2013 has already seen a significant improvement. This has led to more positivity across the shipyards with some hinting that they may push pricing more aggressively in the second half of the year.

Clarksons' newbuilding team has been able to take advantage of this global upward trend in ordering. In particular, we have had considerable success in the medium range market but have also managed to place orders at yards across other sectors including the dry, wet and container markets.

FINANCIAL

Revenue: **£3.9m** (2012: £2.7m)

Result: **£2.8m loss** (2012: £4.8m loss)

Futures broking

The very challenging market conditions of 2013 have continued. Cape values that averaged US$7,860 in 2012 were close to US$6,000 for the first half of this year with volumes down 17% year-on-year whilst panamax and supra values and volumes remained closer to the average poor levels achieved in 2012. Conversely, iron ore volumes that doubled to 111m mt in 2012 continue their robust growth passing through the 100m mt mark before the end of June 2013.

We continue to maintain our strong market share in the freight sector whilst improving our share of the rapidly expanding iron ore market and the smaller iron ore options market. We are well poised to take advantage of upward moves in the freight market which remains volatile; the cape market alone has recently doubled in value and continues to attract new participants.

Financial services

The shipping finance market was highly challenging throughout 2012, however 2013 has brought with it more opportunities and we are currently working on a healthy pipeline of mandates. There is liquidity in the market for correctly structured transactions supported with the proper asset and market validation and it is our ability to formulate financing structures and validate transactions, drawing on the broader Clarksons network and relationships that set us apart from our competitors and enables us to deliver added value to our clients.

Investment services

Whilst the first half of 2013 remained challenging, we successfully completed the reorganisation of our team, building our US-based operation. Overall revenues are significantly greater than for the equivalent period last year, with the business operating on a much lower cost base.

Despite the difficult market conditions, our investment banking team participated in a number of transactions with additional income derived from advisory services.

Our sales and trading teams have now successfully opened 100 accounts and have a number of others in the pipeline. When combined with our research coverage of maritime, oil service, E&P, coal and mining and master limited partnership securities, our sales and trading desk is now generating regular and increasing income from trading commissions and payments for research.

SUPPORT

Revenue: **£7.2m** (2012: £7.5m)

Result: **£1.6m** (2012: £2.1m)

Port services

Clarkson Port Services (CPS) continues to invest in growth with the opening of the Leith and Lerwick offices in support of major offshore oil and gas contracts.

Agency

The Southern CPS offices, which traditionally service the bulk grain and animal feed sectors, have experienced a record start to the year. Although exports of grain have been substantially reduced due to the poor harvest in 2012, our business has been underpinned by increased imports of high quality wheat into all areas of the UK. Coal and bio fuel volumes have also remained high through our Tyne and Liverpool offices.

We expect these trends to continue into the second half of the year with the indications being that the UK will continue to be an importer of high quality wheat, and the expectation of a better harvest giving the opportunity to increase our export tonnages.

In the North, we have seen a slower start to the year mainly due to a decrease in the activity of our major offshore oil and gas customers in the North Sea. We are expecting to see this activity increase in the second half.

The newly opened Leith and Lerwick offices have enabled us to spread our coverage throughout Scotland both in conventional and offshore sectors, allowing us to secure major tenders that previously CPS would not have been in a position to service.

Stevedoring

Our facility in Ipswich has continued to experience low volumes due to the poor 2012 harvest with first half tonnages falling from 111k mt in the first half of 2012 to 80k mt for the first half of 2013. CPS has reacted to the lower volumes available by seeking new areas of business, and ensuring overheads remain tightly controlled.

Freight forwarding

2013 has seen the forwarding customer base expand, and further opportunities arise for CPS to inject revenue from its existing activities. As always we would expect to see higher revenue in the second half of the year due to the seasonal fluctuation of our business. CPS continues to explore expansion opportunities to complement our existing 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 2½ years. Clarksons occupies 32.8% 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: **£4.6m** (2012: £4.6m)

Result: **£1.3m** (2012: £1.4m)

Clarkson Research Services (CRS) grew underlying sales by 8% during the first half, supported by strong demand for our market-leading shipping products and a good performance by our service contract and valuation business.

Product enhancements to both Shipping Intelligence Network (SIN), our flagship commercial database, and World Fleet Register (WFR), our leading online vessel register, have helped digital sales grow by 8% in the first half of the year to £1.9m (2012: £1.8m). Our offshore offering continues to expand and now offers our clients comprehensive access to market intelligence on oil and gas projects, vessels, companies, offshore fields, global Geographical Information System (GIS) coverage and wide-ranging commercial data. CRS continues to expand its provision of customer service contracts to a range of large corporate and institutional clients in both the shipping and offshore industries, with sales up over 29% to £0.9m (2012: £0.7m) in the first half of the year.

CRS is now firmly established as one of the major providers of information on both shipping and trade and offshore and energy. Clarkson Valuations Limited has consolidated its position as the lead provider of valuation services to the industry.

Andi Case Chief executive
16 August 2013

Directors' responsibility statement

The directors confirm that to the best of their knowledge:

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

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

(b) DTR 4.2.8, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the group during that period, and any changes in the related party transactions described in the annual report for the year ended 31 December 2012.

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.

Philip Green Chairman
Andi Case Chief executive
Jeff Woyda Finance director
James Morley Non-executive director
Ed Warner Non-executive director
Bob Benton Non-executive director
16 August 2013

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 2013, which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated set of financial statements.

Directors' responsibilities
The interim report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated set of financial statements included in this interim report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility
Our responsibility is to express to the company a conclusion on the condensed consolidated set of financial statements in the interim report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Conduct 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 2013 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 Conduct Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
London
16 August 2013

Consolidated income statement

For the half year to 30 June

	Notes	2013 Before exceptional item and acquisition costs £m*	2013 Exceptional item (note 4) £m*	2013 Acquisition costs (note 5) £m*	2013 After exceptional item and acquisition costs £m*	2012 (restated)** Before exceptional item and acquisition costs £m*	2012 (restated)** Exceptional item (note 4) £m*	2012 (restated)** Acquisition costs (note 5) £m*	2012 (restated)** After exceptional item and acquisition costs £m*
Revenue	3	**89.1**	**–**	**–**	**89.1**	88.0	–	–	88.0
Cost of sales		**(2.4)**	**–**	**–**	**(2.4)**	(2.8)	–	–	(2.8)
Trading profit		**86.7**	**–**	**–**	**86.7**	85.2	–	–	85.2
Other income	4	**–**	**–**	**–**	**–**	–	4.5	–	4.5
Administrative expenses		**(76.1)**	**(1.0)**	**(0.8)**	**(77.9)**	(75.0)	–	(0.8)	(75.8)
Operating profit	3	**10.6**	**(1.0)**	**(0.8)**	**8.8**	10.2	4.5	(0.8)	13.9
Finance revenue		**0.4**	**–**	**–**	**0.4**	0.7	–	–	0.7
Finance costs – pensions		**(0.2)**	**–**	**–**	**(0.2)**	(0.1)	–	–	(0.1)
Profit before taxation		**10.8**	**(1.0)**	**(0.8)**	**9.0**	10.8	4.5	(0.8)	14.5
Taxation	6	**(3.0)**	**–**	**0.1**	**(2.9)**	(3.6)	(1.1)	0.1	(4.6)
Profit for the period		**7.8**	**(1.0)**	**(0.7)**	**6.1**	7.2	3.4	(0.7)	9.9
Attributable to:									
Equity holders of the parent		**7.8**	**(1.0)**	**(0.7)**	**6.1**	7.2	3.4	(0.7)	9.9
Earnings per share									
Basic	7	**41.8p**			**32.7p**	39.2p			53.3p
Diluted	7	**41.2p**			**32.2p**	38.8p			52.9p

*Unaudited
**Restated. Refer to note 2

Consolidated statement of comprehensive income

For the half year to 30 June

	2013 £m*	2012 (restated)** £m*
Profit for the period	**6.1**	9.9
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Actuarial gain/(loss) on employee benefit schemes – net of tax	**4.5**	(4.1)
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange differences on retranslation of foreign operations	**2.2**	(0.5)
Foreign currency hedge – net of tax	**(1.3)**	0.6
Total comprehensive income for the period	**11.5**	5.9
Attributable to:		
Equity holders of the parent	**11.5**	5.9

*Unaudited
**Restated. Refer to note 2

Consolidated balance sheet

As at 30 June

	Notes	2013 £m*	2012 £m*	31 December 2012 £m†
Non-current assets				
Property, plant and equipment		**7.7**	8.3	8.0
Investment property		**0.4**	0.4	0.4
Intangible assets		**39.5**	39.9	39.8
Trade and other receivables		**0.5**	0.6	0.4
Investments		**1.9**	1.9	1.9
Deferred tax asset		**13.5**	14.0	14.7
		63.5	65.1	65.2
Current assets				
Trade and other receivables		**37.2**	33.0	33.2
Income tax receivable		**2.0**	0.2	0.3
Investments	9	**25.1**	20.0	25.2
Cash and cash equivalents	10	**69.2**	81.4	89.4
		133.5	134.6	148.1
Current liabilities				
Trade and other payables		**(52.8)**	(56.2)	(69.7)
Income tax payable		**(2.0)**	(4.1)	(2.5)
		(54.8)	(60.3)	(72.2)
Net current assets		**78.7**	74.3	75.9
Non-current liabilities				
Trade and other payables		**(2.0)**	(1.3)	(1.7)
Provisions		**(1.9)**	(1.7)	(1.8)
Employee benefits	11	**(2.7)**	(11.1)	(9.4)
Deferred tax liability		**(1.7)**	(2.0)	(2.2)
		(8.3)	(16.1)	(15.1)
Net assets		**133.9**	123.3	126.0
Capital and reserves				
Share capital	12	**4.7**	4.7	4.7
Other reserves		**38.4**	37.4	37.5
Retained earnings		**90.8**	81.2	83.8
Total equity		**133.9**	123.3	126.0

*Unaudited
†Audited

Consolidated statement of changes in equity

	Notes	Share capital £m*	Other reserves £m*	Retained earnings £m*	Total equity £m*
		Attributable to equity holders of the parent			
Balance at 1 January 2013		**4.7**	**37.5**	**83.8**	**126.0**
Profit for the period		–	–	6.1	6.1
Other comprehensive income:					
Actuarial gain on employee benefit schemes – net of tax		–	–	4.5	4.5
Foreign exchange differences on retranslation of foreign operations		–	2.2	–	2.2
Foreign currency hedge – net of tax		–	(1.3)	–	(1.3)
Total comprehensive income for the period		–	0.9	10.6	11.5
Transactions with owners:					
Profit on ESOP shares		–	–	0.2	0.2
Net ESOP shares acquired		–	(0.7)	–	(0.7)
Share-based payments		–	0.7	–	0.7
Tax on other employee benefits		–	–	2.4	2.4
Dividend paid	8	–	–	(6.2)	(6.2)
		–	–	(3.6)	(3.6)
Balance at 30 June 2013		**4.7**	**38.4**	**90.8**	**133.9**

	Notes	Share capital £m*	Other reserves £m*	Retained earnings £m*	Total equity £m*
		Attributable to equity holders of the parent (restated)**			
Balance at 1 January 2012		4.7	37.5	81.1	123.3
Profit for the period		–	–	9.9	9.9
Other comprehensive income:					
Actuarial loss on employee benefit schemes – net of tax		–	–	(4.1)	(4.1)
Foreign exchange differences on retranslation of foreign operations		–	(0.5)	–	(0.5)
Foreign currency hedge – net of tax		–	0.6	–	0.6
Total comprehensive income for the period		–	0.1	5.8	5.9
Transactions with owners:					
Net ESOP shares acquired		–	(0.4)	–	(0.4)
Share-based payments		–	0.2	–	0.2
Tax on other employee benefits		–	–	0.3	0.3
Dividend paid	8	–	–	(6.0)	(6.0)
		–	(0.2)	(5.7)	(5.9)
Balance at 30 June 2012		4.7	37.4	81.2	123.3

*Unaudited
**Restated. Refer to note 2

Consolidated cash flow statement

For the half year to 30 June

	Notes	2013 £m*	2012 (restated)** £m*
Cash flows from operating activities			
Profit before taxation		**9.0**	14.5
Adjustments for:			
Foreign exchange differences		**(0.9)**	–
Depreciation of property, plant and equipment		**1.0**	1.1
Share-based payment expense		**0.7**	1.0
Amortisation of intangibles		**0.3**	0.2
Difference between pension contributions paid and amount recognised in the income statement		**(1.1)**	(1.0)
Finance revenue		**(0.4)**	(0.7)
Finance costs – pensions		**0.2**	0.1
(Increase)/decrease in trade and other receivables		**(3.5)**	4.8
Decrease in bonus accrual		**(17.0)**	(36.3)
Decrease in trade and other payables		**(1.7)**	(1.9)
Increase/(decrease) in provisions		**0.1**	(0.1)
Cash utilised from operations		**(13.3)**	(18.3)
Income tax paid		**(3.0)**	(4.7)
Net cash flow from operating activities		**(16.3)**	(23.0)
Cash flows from investing activities			
Interest received		**0.3**	0.2
Purchase of property, plant and equipment		**(0.8)**	(1.1)
Transfer from/(to) current investments	9	**0.1**	(20.0)
Acquisition of subsidiaries, including deferred consideration		**–**	(0.4)
Dividends received from investments		**0.1**	0.5
Net cash flow from investing activities		**(0.3)**	(20.8)
Cash flows from financing activities			
Dividend paid	8	**(6.2)**	(6.0)
ESOP shares acquired		**–**	(1.1)
Net cash flow from financing activities		**(6.2)**	(7.1)
Net decrease in cash and cash equivalents		**(22.8)**	(50.9)
Cash and cash equivalents at 1 January	10	**89.4**	132.9
Net foreign exchange differences		**2.6**	(0.6)
Cash and cash equivalents at 30 June	10	**69.2**	81.4

*Unaudited
**Restated. Refer to note 2

Notes to the interim financial statements

1 Corporate information

The interim consolidated financial statements of the group for the period ended 30 June 2013 were authorised for issue in accordance with a resolution of the directors on 16 August 2013. Clarkson PLC is a Public Limited Company listed on the London Stock Exchange, registered in England and Wales and domiciled in the UK.

The interim consolidated financial statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006, and should be read in conjunction with the 2012 annual financial statements. The statutory audited accounts for the year ended 31 December 2012 have been delivered to the Registrar of Companies in England and Wales. The Auditors' report on those accounts was unqualified and did not contain statements under Section 498 of the Companies Act 2006.

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

2 Statement of accounting policies

2.1 Basis of preparation

The interim consolidated financial statements of the group for the period ended 30 June 2013 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct 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 2012, which were prepared in accordance with IFRSs as adopted by the European Union.

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

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

2.2 Accounting policies

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the group's annual financial statements for the year ended 31 December 2012, except as described below:

- IAS 19, 'Employee benefits' (revised) – was applied for the period ended 30 June 2013. The impact on the group was to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability. Retrospective implementation has resulted in a net reduction of the profit after tax for the half year ended 30 June 2012 of £0.1m. There was no effect on the net assets of the group.
- IFRS 13, 'Fair value measurement'. IFRS 13 measurement and disclosure requirements are applicable for the December 2013 year-end. The group has included the disclosures required by IAS 34 para 16A(j) in note 16.
- Taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual profit or loss.

Exceptional items are disclosed and described separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

There were no new IFRSs or IFRIC interpretations that had to be implemented during the year that affect these financial statements.

As at the date of authorisation of these financial statements, the following key standards and interpretations were in issue but not yet effective (and in some cases had not yet been adopted by the EU). The group has not applied these standards and interpretations in the preparation of these financial statements.

- IFRS 9 'Financial Instruments: Classification and Measurement'
- IFRS 10 'Consolidated Financial Statements'
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosures of Interests in Other Entities'
- IFRS 10, 11 and 12 on Transition Guidance
- IAS 27 (revised 2011) 'Separate Financial Statements' Annual Improvements 2011
- IAS 28 (revised 2011) 'Associates and Joint Ventures'
- Amendment to IAS 32 'Financial Instruments: Presentation'

Notes to the interim financial statements continued

2 Statement of accounting policies continued

The impact on the group's financial statements of the future adoption of these and other new standards and interpretations is still under review, but the group does not expect any of these changes to have a material effect on the results or net assets of the group.

2.3 Seasonality

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

3 Segmental information

For the half year to 30 June	Revenue		Results	
	2013 £m	2012 £m	**2013 £m**	2012 (restated)* £m
Broking	**73.4**	73.2	**12.4**	12.7
Financial	**3.9**	2.7	**(2.8)**	(4.8)
Support	**8.8**	9.1	**1.6**	2.1
Research	**4.6**	4.6	**1.3**	1.4
	90.7	89.6		
Less property services revenue arising within the group, included under Support	**(1.6)**	(1.6)		
Segment revenue/results	**89.1**	88.0	**12.5**	11.4
Head office costs			**(1.9)**	(1.2)
Operating profit before exceptional items and acquisition costs			**10.6**	10.2
Exceptional items			**(1.0)**	4.5
Acquisition costs			**(0.8)**	(0.8)
Operating profit after exceptional items and acquisition costs			**8.8**	13.9
Finance revenue			**0.4**	0.7
Finance costs – pensions			**(0.2)**	(0.1)
Profit before taxation			**9.0**	14.5
Taxation			**(2.9)**	(4.6)
Profit for the period			**6.1**	9.9

*Restated. Refer to note 2

4 Exceptional items

2013

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

2012

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

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

5 Acquisition costs

Included in acquisition costs are cash and share-based payment charges of £0.5m (2012: £0.6m) relating to acquisitions made in 2011. These are contingent on employees remaining in service and are therefore spread over the service period.

Also included is £0.3m (2012: £0.2m) relating to amortisation of intangibles acquired as part of the above acquisitions.

6 Taxation

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate, excluding the exceptional items and acquisition costs, used for the year to 31 December 2013 is 28.0% (the estimated tax rate used for the six months ended 30 June 2012 was 33.1%).

7 Earnings per share

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

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

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

	Half year to 30 June 2013 £m	Half year to 30 June 2012 (restated)* £m
Earnings	**6.1**	9.9

*Restated. Refer to note 2

	2013 Million	2012 Million
Weighted average number of ordinary shares	**18.6**	18.6
Dilutive effect of share options and acquisition-related share awards	**0.3**	0.2
Diluted weighted average number of ordinary shares	**18.9**	18.8

8 Dividends

For the half year to 30 June	**2013 £m**	2012 £m
Declared and paid during the period:		
Final dividend for 2012 of 33p per share (2011: 32p per share)	**6.2**	6.0
Payable (not recognised as a liability at period end):		
Interim dividend for 2013 of 19p per share (2012: 18p per share)	**3.6**	3.4

Notes to the interim financial statements continued

9 Investments

At 30 June 2013, the group had £25.1m in deposits with a maturity of 100 days (31 December 2012: £25.2m).

10 Cash and cash equivalents

	30 June 2013 £m	30 June 2012 £m	31 December 2012 £m
Cash at bank and in hand	**68.5**	51.2	86.1
Short-term deposits	**0.7**	30.2	3.3
	69.2	81.4	89.4

Net funds, after deduction of accrued bonus entitlements, but including short-term investments amount to £71.9m (31 December 2012: £75.2m).

11 Employee benefits

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

As at 30 June 2013 the combined schemes had a deficit of £1.6m (31 December 2012: £8.1m). This amount is included in full on the balance sheet as a non-current liability; the company has recognised deferred tax on this deficit amounting to £0.4m (31 December 2012: £1.9m). The market value of the assets was £149.2m (31 December 2012: £144.0m) and independent actuaries have assessed the present value of funded obligations at £150.8m (31 December 2012: £152.1m).

Triennial valuations for both schemes were prepared based on the position as at 31 March 2010. This resulted in a minimum funding requirement on the Plowrights scheme. The excess of the minimum funding requirement over the deficit of £1.1m (31 December 2012: £1.3m) has been recognised as a non-current liability on the balance sheet. Deferred tax of £0.2m (31 December 2012: £0.3m) has been recognised on this liability.

12 Share capital

Allotted, issued and fully paid	**30 June 2013 Million**	30 June 2012 Million	31 December 2012 Million	**30 June 2013 £m**	30 June 2012 £m	31 December 2012 £m
Ordinary shares of 25p each:						
At start and end of period	**19.0**	19.0	19.0	**4.7**	4.7	4.7

13 Contingencies

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

14 Principal risks and uncertainties

The directors consider that the nature of the principal risks and uncertainties which may have a material effect on the group's performance in the second half of the year is unchanged from those identified in the risk management section of the 2012 Annual Report on page 27. These include credit risk, in the form of non-payment of invoices; liquidity risk arising from funding requirements; foreign exchange risk from fluctuations in the US dollar to sterling exchange rate; exposures to interest rate movements; reputational risk; and operational risk giving rise to losses from people, systems, external influences or failed processes.

15 Related party disclosures

The group's significant related parties are as disclosed in the 2012 Annual Report. There were no material differences in related parties or related party transactions in the period ended 30 June 2013.

16 Financial instruments

Fair value measurements apply to the foreign currency contracts of £0.3m liability at 30 June 2013 (£1.5m asset at 31 December 2012). These are classified as level 2. The method for determining the hierarchy and fair value is consistent with that used at the year-end, as disclosed on page 87 of the 2012 Annual Report.

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