

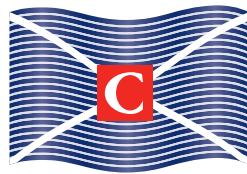
**THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to what action you should take, you are recommended to seek immediately your own financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000, as amended, if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you sell or transfer or have sold or transferred all of your Ordinary Shares, please send this Circular and the accompanying letter, but not the personalised Form of Proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold part of your holding of Ordinary Shares please retain this Circular and the accompanying Form of Proxy and contact immediately the bank, stockbroker or other agent through whom the sale or transfer was effected.

The distribution of this Circular and/or the accompanying documents into jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this Circular and/or any accompanying documents come should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may breach the securities laws of those jurisdictions.

This Circular is not a prospectus and it does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to sell, dispose of, purchase, acquire or subscribe for, any security, including any Consideration Shares to be issued in connection with the proposed Acquisition.

Your attention is drawn to the letter from the Chairman of the Company which is set out in Part I (*Letter from the Chairman of Clarkson PLC*) and which contains the unanimous recommendation of the Directors that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below. You should read the whole of this Circular and, in particular, the risk factors in Part II (*Risk Factors*).



## **Clarkson PLC**

*(Incorporated in England & Wales with registered no. 1190238)*

### **Proposed acquisition of RS Platou ASA Proposed issue of 9,523,001 Consideration Shares in the Company in connection with the Acquisition Notice of General Meeting**

Upon Completion, the premium listing on the Official List of the UKLA of all Ordinary Shares then in issue will be cancelled pursuant to paragraph 5.6.19G of the Listing Rules, and an application will be made for the immediate re-admission of those Ordinary Shares and admission of the Consideration Shares to the premium listing segment of the Official List of the UKLA and to trading on the London Stock Exchange's main market for listed securities. The Company intends to publish a prospectus, once approved by the UKLA, in connection with the issue of the Consideration Shares and Re-Admission.

Notice of a General Meeting of the Company to be held at 10 a.m. on 16 December 2014 at the offices of Nomura International plc, 1 Angel Lane, London, EC4R 3AB is set out at the end of the Circular. A Form of Proxy or, for holders of Restricted Shares, a Form of Direction, for use at the General Meeting is enclosed. To be valid, a Form of Proxy or Form of Direction should be completed, signed and returned in accordance with the instructions printed on it so as to be received by Computershare, at the address detailed on the Form of Proxy or Form of Direction, as soon as possible and in any event, the Form of Proxy should be returned, no later than 10 a.m. on 12 December 2014 (or in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting) and the Form of Direction should be returned no later than 10 a.m. on 11 December 2014 (or in the case of an adjournment, not later than 72 hours before the time fixed for the holding of the adjourned meeting).

As an alternative to completing and returning the printed Form of Proxy or Form of Direction, Shareholders can also submit their proxy and direction electronically at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). To be valid, the electronic submission must be received, in the case of a Form of Proxy, by not later than 10 a.m. on 12 December 2014 and, in the case of a Form of Direction, by no later than 10 a.m. on 11 December 2014 (or, in the case of any adjournment, not later than 48 hours in the case of a Form of Proxy, and not later than 72 hours in the case of a Form of Direction, before the time fixed for the holding of the adjourned meeting).

CREST members may also choose to utilise the CREST electronic proxy appointment service in accordance with the procedures set out in the Notice of General Meeting at the end of the Circular, as soon as possible and in any event no later than 10 a.m. on 12 December 2014 (or in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

Completion and return of a Form of Proxy, submitting your vote electronically or as a CREST Proxy Instruction will not preclude you from attending and voting in person at the General Meeting, should you so wish. Holders of Restricted Shares will be unable to vote in person at the General Meeting in respect of their Restricted Shares.

Nomura International plc ("Nomura"), which is authorised by the Prudential Regulation Authority and regulated by the FCA and Prudential Regulation Authority in the United Kingdom, is acting exclusively for the Company and no one else in connection with the Acquisition and will not regard any other person (whether or not a recipient of this Circular) as a client in

relation to the Acquisition and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Nomura or for providing advice in relation to the Acquisition, the contents of this document, or any other matters referred to in this Circular.

Apart from the responsibilities and liabilities, if any, which may be imposed on Nomura under FSMA or the regulatory regime established thereunder, Nomura accepts no responsibility whatsoever for, nor makes any representation or warranty, express or implied, as to the contents of this Circular, including its accuracy, completeness or verification, or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Acquisition, the Consideration Shares or Re-Admission and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future. Subject to applicable law, Nomura accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this Circular or any such statement.

#### ***Notice to all investors***

This Circular does not constitute an offer of, or the solicitation of an offer to subscribe for or purchase, any of the Ordinary Shares, including the Placing Shares and the Consideration Shares. The information provided in this Circular is provided solely for the purpose of considering the Resolutions. Any reproduction or distribution of this Circular, in whole or in part, and any disclosure of its contents or use of any information contained in this Circular for any purpose other than considering the Resolutions is prohibited.

No person has been authorised to give any information or make any representations other than those contained in this Circular or incorporated by reference herein and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company or Nomura. None of the above take any responsibility for, and can provide no assurance as to the reliability of, other information that you may be given. The delivery of this Circular shall not, under any circumstances, create any implication that there has been no change in the affairs of the Clarksons Group or Platou Group since the date of this Circular or that the information in this Circular is correct as at any time after its date.

The contents of this Circular are not to be construed as legal, business or tax advice. Each Shareholder should consult their own legal adviser, financial adviser or tax adviser for legal, financial or tax advice respectively.

#### ***Notice to overseas shareholders***

This Circular is not an offer of securities for sale in the United States and there will be no public offer of securities in the United States. The securities discussed herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold directly or indirectly within the United States except pursuant to an exemption from, or in a transaction not subject to, such registration requirements and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. Neither the Securities Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this Circular. Any representation to the contrary is a criminal offence in the United States. Distribution of this document by any recipient may be restricted or prohibited by US law. Recipients are required to inform themselves of, and comply with, all such restrictions or prohibitions and none of the Company, Nomura or Panmure Gordon (UK) Limited or any other person accepts liability to any person in relation thereto.

#### ***Information regarding forward-looking statements***

This Circular and the documents incorporated by reference into this Circular include statements that are, or may be deemed to be, “forward-looking statements”. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms “targets”, “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout this Circular and include statements regarding the intentions, beliefs or current expectations of the Company concerning, among other things: (i) Clarksons’ objectives and strategies, results of operations, financial condition, prospects, capital appreciation of the Ordinary Shares and dividends; (ii) trends in the sectors in which the Clarksons Group and the Platou Group operate; and (iii) anticipated financial and other benefits resulting from the Acquisition and Clarksons’ plans and objectives following Completion. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Clarksons Group’s and the Enlarged Group’s actual performance, results of operations, internal rate of return, financial condition, distributions to Shareholders and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this Circular. In addition, even if Clarksons’ actual performance, results of operations, financial condition and distributions to Shareholders are consistent with the forward-looking statements contained in this Circular, those results or developments may not be indicative of results or developments in subsequent periods.

Forward-looking statements contained in this Circular apply only as at the date of this Circular. Subject to any obligations under the Listing Rules and the Disclosure Rules and Transparency Rules or any other applicable law or regulation, the Company undertakes no obligation publicly to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

To the extent that any document or information incorporated by reference or attached to this Circular, itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this Circular, except where such information or documents are stated within this Circular as specifically being incorporated by reference or where this Circular is specifically defined as including such information. Capitalised terms have the meanings ascribed to them in Part IX (*Definitions*).

The contents of the Clarksons Group’s websites, the websites of the Platou Group, or any website directly or indirectly linked to any of those websites do not form part of this Circular and should not be relied upon, without prejudice to the documents incorporated by reference into this Circular.

This Circular is dated 27 November 2014.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The times and dates in the table below and elsewhere in this Circular are given on the basis of the Directors' current expectations and are subject to change. If any of the below times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through the London Stock Exchange and will be available on *www.clarksons.com*. All references to time in this Circular are to London time.

Announcement of Acquisition	27 November 2014
Posting of the Circular and Notice of General Meeting	27 November 2014
Latest time and date for receipt of Forms of Direction	10 a.m. on 11 December 2014
Latest time and date for receipt of Forms of Proxy	10 a.m. on 12 December 2014
<b>General Meeting</b>	10 a.m. on 16 December 2014
Cancellation of admission of Ordinary Shares	Expected by 30 March 2015
Completion	Expected by 30 March 2015
Re-Admission of the Ordinary Shares	Expected by 30 March 2015

## ACQUISITION AND PLACING STATISTICS

Maximum number of Consideration Shares to be issued pursuant to the Acquisition	9,523,001
Maximum number of Placing Shares to be issued pursuant to the Placing	1,613,698
Number of Ordinary Shares (including the maximum number of Consideration Shares and Placing Shares) in issue immediately following Re-Admission <sup>1</sup>	30,121,390
Consideration Shares as a percentage of the share capital of Clarksons in issue immediately following Re-Admission	31.6 per cent.

### Notes:

- References in this Circular to Clarksons' share capital immediately following Re-Admission assume no other Ordinary Shares will be issued from the Latest Practicable Date until Re-Admission other than the maximum number of Consideration Shares and Placing Shares.

## DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

<b>Directors</b>	Bob Benton	<i>Chairman</i>
	Andi Case	<i>Chief Executive Officer</i>
	Jeff Woyda	<i>Chief Financial Officer</i>
	Peter Backhouse	<i>Senior Independent Director</i>
	James Hughes-Hallett	<i>Non-Executive Director</i>
	CMG, SBS	
	James Morley	<i>Non-Executive Director</i>
	Ed Warner OBE	<i>Non-Executive Director</i>
<b>Company Secretary</b>	Penny Watson	
<b>Registered office</b>	St. Magnus House 3 Lower Thames Street London EC3R 6HE	
<b>Sponsor and financial adviser</b>	Nomura International plc 1 Angel Lane London EC4R 3AB	
<b>Corporate broker and bookrunner to the Placing</b>	Panmure Gordon (UK) Limited One New Change London EC4M 9AF	
<b>Legal advisers to Clarksons</b>	Freshfields Bruckhaus Deringer LLP 65 Fleet Street London EC4Y 1HS	
<b>Legal advisers to sponsor and financial adviser</b>	Ashurst LLP Broadwalk House 5 Appold Street London EC2A 2HA	
<b>Reporting accountants and auditors to Clarksons</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH	
<b>Reporting accountants to Platou</b>	Ernst & Young LLP 1 More London Place London SE1 2AF	
<b>Registrars</b>	Computershare Investor Services plc The Pavilions Bridgwater Road Bristol BS13 8AE	

## GENERAL INFORMATION

### Presentation of financial information

Unless otherwise stated:

- (a) financial information relating to the Clarksons Group has been extracted without material adjustment from the audited consolidated financial statements of the Clarksons Group or from the unaudited consolidated interim financial statements of the Clarksons Group;
- (b) financial information relating to the Former Platou Group has been extracted without material adjustment from the financial information set out in Part VI (*Historical Financial Information Relating to the Platou Group*) and, where the financial information relates to the Platou Group (i.e. following the completion of the RS Platou LLP Transaction) the financial information has been extracted from Note 27 of Part VI (*Historical Financial Information Relating to the Platou Group*); and
- (c) all prices quoted for Ordinary Shares are closing prices in Pounds Sterling as provided by the London Stock Exchange.

The Former Platou Group prepared its financial statements in Norwegian krone (NOK). In this Circular, the NOK amounts have been translated into sterling at the relevant annual average rate for income statement items or at the closing rate of the relevant period for balance sheet items. In addition, the Former Platou Group financial statements have been re-presented in accordance with Clarksons' accounting policies.

Unless otherwise indicated, all references in this Circular to "Pounds Sterling", "GBP", "£", "pence" or "p" are to the lawful currency of the United Kingdom; references to "Norwegian Krone" or "NOK" are references to the lawful currency of Norway; references to "Euro" or "€" are to the official currency of the Eurozone; and references to "US Dollars", "USD" or "US\$" are to the lawful currency of the US.

Unless otherwise indicated, financial information in this Circular relating to the Clarksons Group, the Platou Group and the Former Platou Group has been prepared in accordance with IFRS, as adopted by the EU at 31 December 2013.

### Roundings

Certain data in the Circular, including financial, statistical and operating information, have been rounded. As a result of rounding, the totals of data presented in this Circular may vary slightly from the actual arithmetic totals of such data. Percentages have also been rounded and accordingly may not add up to 100 per cent..

### Non-IFRS financial measures

In this Circular, certain financial measures relating to the Clarksons Group are presented that are not measures of financial performance under IFRS, including Forward Order Book. These figures have not been audited. Investors should not consider these non-IFRS financial measures in isolation, as an alternative to other measures of financial performance under IFRS or as a measure of the Clarksons Group's profitability or liquidity. Non-IFRS financial measures presented in this Circular in relation to the Clarksons Group may not be comparable to other similarly titled measures of other companies including Platou.

In this Circular, certain financial measures relating to the Platou Group and the Former Platou Group are presented that are not measures of financial performance under IFRS, including Forward Order Book. These figures have not been audited. Investors should not consider these non-IFRS financial measures in isolation, as an alternative to other measures of financial performance under IFRS or as a measure of the Platou Group's or the Former Platou Group's profitability or liquidity. Non-IFRS financial measures presented in this Circular in relation to the Platou Group or the Former Platou Group may not be comparable to other similarly titled measures of performance of other companies including Clarksons.

**Market data**

Where information contained in this Circular has been sourced from a third party, Clarksons and the Directors confirm that such information has been accurately reproduced and, so far as they are aware and have been able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

**Time of day**

Unless otherwise indicated, all references in this Circular to time of day are references to London time.

**Profit forecast**

Nothing in this Circular is intended, or is to be construed, as a profit forecast or to be interpreted to mean that earnings per Ordinary Share for the current or future financial years will necessarily match or exceed the historical earnings per Ordinary Share.

**Enforceability of judgments**

Clarksons is a public limited company incorporated under the laws of England and Wales. The Directors and the Proposed Directors are citizens or residents of countries other than the United States, and a substantial portion of the assets of such persons and a substantial portion of the assets of Clarksons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon Clarksons or such persons or to enforce outside the United States judgments obtained against Clarksons or such persons in the United States courts, including, without limitation, judgments based upon the civil liability provisions of the United States federal securities laws or the laws of any state or territory within the United States. In addition, awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in the United Kingdom. Investors may also have difficulties enforcing, in original actions brought in courts in jurisdictions outside the United States, liabilities under US securities laws.

**Platou Group and Former Platou Group**

On 5 November 2014, the members of RS Platou LLP and RS Platou Energy LLP, in both of which Platou holds a 51 per cent. interest, resolved, among other things, to wind-up the LLPs from 31 December 2014. Pursuant to agreements dated 5 November 2014 and 21 November 2014, the LLPs have agreed to transfer substantially all of their assets to a new entity, established by their respective existing members (other than Platou). In connection with the RS Platou LLP Transaction, Platou has acquired the shares in Platou held by certain of the existing members of the LLPs. Completion of the RS Platou LLP Transaction is expected to occur on 31 December 2014, subject to certain conditions. If completion does not occur on 31 December 2014, the LLPs will nonetheless be wound up in accordance with the resolutions above.

In this Circular:

- the “Platou Group” means Platou and its subsidiaries following the completion of the RS Platou LLP Transaction; and
- the “Former Platou Group” means Platou and its subsidiaries prior to the completion of the RS Platou LLP Transaction.



## PART I

### LETTER FROM THE CHAIRMAN OF CLARKSON PLC

#### Clarkson PLC

(Company number: 1190238)

##### *Directors:*

Bob Benton	<i>Chairman</i>
Andi Case	<i>Chief Executive Officer</i>
Jeff Woyda	<i>Chief Financial Officer</i>
Peter Backhouse	<i>Senior Independent Director</i>
James Hughes-Hallett CMG, SBS	<i>Non-Executive Director</i>
James Morley	<i>Non-Executive Director</i>
Ed Warner OBE	<i>Non-Executive Director</i>

##### *Registered office:*

St. Magnus House  
3 Lower Thames Street  
London EC3R 6HE

27 November 2014

##### *To the holders of Ordinary Shares*

Dear Shareholder

### PROPOSED ACQUISITION OF PLATOU AND GENERAL MEETING

#### **1. Introduction**

Clarksons announced on 27 November 2014 that it has entered into the Transaction Documents in connection with the proposed acquisition of the entire issued share capital of Platou for a total consideration of £281.2 million of which 75 per cent. is to be satisfied in Consideration Shares, 16.66 per cent. in Loan Notes and 8.34 per cent. in cash. The combination of these two businesses will create a leading global shipping and offshore services group, employing approximately 1,400 people across 21 countries, delivering best-in-class capabilities across Shipping, Offshore, Financial, Support Services and Research.

Given the complementary activities, in terms of geographic locations, operations and industry specialisation, the Directors believe the enhanced offering of the combined business positions the Enlarged Group as a leading integrated global shipping and offshore group and will generate significant benefits for Shareholders, clients and employees.

The Acquisition requires the approval of Shareholders. Upon Completion, and pursuant to paragraph 5.6.19G of the Listing Rules, it is proposed that the Ordinary Shares of Clarksons will be cancelled and immediately re-admitted, and the Consideration Shares will be admitted, to the premium listing segment of the Official List and to trading on the Main Market of the London Stock Exchange.

The purpose of this Circular is to:

- explain the rationale for and expected benefits of the Acquisition; and
- provide you with a notice of the General Meeting to be held to consider and, if thought fit, to pass the Acquisition Resolution required to enable and authorise Clarksons to carry out the Acquisition.

Clarksons has also announced on 27 November 2014 its intention to conduct a placing, available only to institutional investors outside of the US and certain other jurisdictions, of up to 1,613,698 Ordinary Shares,



representing up to 8.5 per cent. of the Company's existing issued ordinary share capital. The Placing is not subject to Completion. The Placing is further discussed in paragraph 9 below.

This Circular also explains why the Directors consider that the Resolutions to be proposed at the General Meeting are in the best interests of the Company and the Shareholders as a whole, and why the Directors recommend unanimously that you vote in favour of the Resolutions, as all of the Directors intend to do in respect of their own beneficial holdings which amount in aggregate to 4.04 per cent. of the issued share capital of the Company as at the Latest Practicable Date. The General Meeting will be held at 10 a.m. on 16 December 2014 at the offices of Nomura International plc, 1 Angel Lane, London, EC4R 3AB. The Notice of General Meeting can be found at the end of this Circular.

You will find enclosed with this Circular a Form of Proxy or, if you are a holder of Restricted Shares, a Form of Direction for use in relation to the General Meeting. Whether or not you intend to be present in person at the General Meeting, you are requested to complete, sign and return the Form of Proxy or Form of Direction (as applicable) or submit your proxy electronically at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) or vote through CREST. Shareholders should complete, sign and return a Form of Proxy or Form of Direction (as applicable) by post or by hand during normal business hours only, to Computershare Investor Services plc, The Pavilions Bridgwater Road, Bristol BS99 6ZY. If your Form of Proxy, any electronic proxy instruction or CREST Proxy Instruction is not received by 10 a.m. on 12 December 2014 (or, in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting), your vote will not count unless you are able to attend and vote at the General Meeting in person. If your Form of Direction is not received by 10 a.m. on 11 December 2014 (or, in the case of any adjournment, not later than 72 hours before the time fixed for the holding of the adjourned meeting), your vote will not count.

## **2. Transaction summary**

Under the terms of the Acquisition, assuming the acquisition by the Company of the entire Platou Share Capital pursuant to the terms of the Share Purchase Agreement, the total consideration to be received by the Sellers is £281.2 million of which 75 per cent. is to be satisfied in Consideration Shares, 16.66 per cent. in Loan Notes and 8.34 per cent. in cash. On that basis, on Completion the Sellers will receive, in aggregate, 9,523,001 Consideration Shares (with an implied value of £22.15 per Consideration Share) subject to the lock-up provisions described in paragraph 7 below, £23.4 million in cash, £46.9 million in Loan Notes. The cash consideration and the settlement of the Loan Notes will be funded by Clarksons either from the proceeds of the Placing and/or the Company's existing and future cash resources.

Upon Completion and pursuant to paragraph 5.6.19G of the Listing Rules, it is proposed that the Ordinary Shares of Clarksons will be cancelled and immediately re-admitted, and the Consideration Shares will be admitted, to the premium listing segment of the Official List and to trading on the Main Market of the London Stock Exchange. Assuming that no further Ordinary Shares will be issued from the Latest Practicable Date until after Re-Admission, other than the maximum number of Consideration Shares and Placing Shares, the Consideration Shares will represent approximately 31.6 per cent. of Clarksons' issued share capital immediately following Re-Admission.

The Acquisition is conditional upon the satisfaction of certain conditions. The Acquisition will not proceed if the Acquisition Resolution is not passed by Shareholders at the General Meeting, or if the other Conditions are not satisfied or waived.

Further details of the Acquisition structure and material terms and conditions of the Share Purchase Agreement are set out in paragraph 7 below and in Part V (*Summary of the Principal Terms of the Acquisition*).

## **3. Information on the Platou Group**

### **3.1 Introduction**

Established in Oslo in 1936, the Platou Group is a leading international broker and investment bank providing high value brokerage, financial and advisory services focused on the offshore and shipping markets, operating from offices in 11 countries located in key global financial and shipping centres and with 321 employees as at 30 September 2014. The Platou Group's business comprises four core divisions: Offshore, Shipbroking, Investment Banking and Project Finance, which are complemented by a variety of research capabilities.

On 5 November 2014, the members of RS Platou LLP and RS Platou Energy LLP (the "LLPs"), in both of which Platou holds a 51 per cent. interest, resolved, among other things, to wind-up the LLPs from 31 December

2014. Pursuant to agreements dated 5 November 2014 and 21 November 2014, the LLPs have agreed to transfer substantially all of their assets to a new entity, established by their respective existing members (other than Platou) (the “RS Platou LLP Transaction”). In connection with the RS Platou LLP Transaction, Platou has acquired the shares in Platou held by certain of the existing members of the LLPs. Completion of the RS Platou LLP Transaction is expected to occur on 31 December 2014, subject to certain conditions. If completion of the RS Platou LLP Transaction does not occur on 31 December 2014, the LLPs will nonetheless be wound up in accordance with the resolutions above.

RS Platou LLP and RS Platou Energy LLP are based in London and formed part of the Platou Group’s Shipbroking division with a focus on specific sub-sectors of the shipping market (for the year ended 31 December 2013, the business to be disposed of pursuant to the RS Platou LLP Transaction generated total revenue of £7.5 million and operating profit of £1.5 million). The description of the Platou Group and the Platou Group’s financial information set out in this letter anticipates the completion of the RS Platou LLP Transaction and therefore does not contain any information on RS Platou LLP or RS Platou Energy LLP or their respective subsidiaries (other than certain customer commissions in the Forward Order Book, which will remain part of the Platou Group).

For the financial year ended 31 December 2013, the Platou Group generated total revenues of £132.7 million and operating profit of £33.6 million (and total revenue of £52.0 million and operating profit of £9.9 million for the six months ended 30 June 2014). As at 30 June 2014, the Platou Group had gross assets of £99.3 million.

As at 30 September 2014, the Platou Group’s Forward Order Book for collection in the year ended 31 December 2015 is US\$57.6 million, which comprises a Forward Order Book for Offshore of US\$40.0 million, Shipbroking of US\$15.3 million and Project Finance of US\$2.3 million.

### **3.2 Offshore**

The Platou Group has been engaged as a broker in the offshore drilling industry since the 1960s, and the Offshore division was established in 1973. Following the acquisition of a controlling interest in the Stewart Group Limited (the “Stewart Group”) in 2008, the Platou Group is recognised as one of the leading global players in the sector, advising vessel owners, oil and gas companies, shipyards, designers and maritime architects, class authorities, investors and financial institutions on the chartering, sale and purchase and newbuild construction of all major types of offshore vessel, as well as providing valuation services, market intelligence and analysis. On 24 November 2014, Platou agreed to acquire the remaining minority interest of the Stewart Group, conditional on Completion. As at 30 September 2014, the Offshore division had 117 employees across the Platou Group’s offices in Oslo, Singapore, Houston, Cape Town, Moscow, Shanghai, Aberdeen, London, Dubai and Rio de Janeiro.

For the year ended 31 December 2013, the Offshore division generated total revenues of £38.7 million (representing 29.2 per cent. of the Platou Group’s total revenue for the year) and operating profit of £8.8 million (representing 26.2 per cent. of the Platou Group’s total segment operating profit for the year). For the six months ended 30 June 2014, the Offshore division generated total revenues of £17.4 million (representing 33.5 per cent. of the Platou Group’s total revenue for the period) and operating profit of £3.6 million (representing 36.4 per cent. of the Platou Group’s total segment operating profit for the period).

### **3.3 Shipbroking**

The Shipbroking division of the Platou Group was established in 1936 and serves clients in the shipping industry worldwide by providing broking services in connection with the chartering, sale and purchase and newbuild construction of dry cargo, container, tanker and more specialised vessels (including cruise vessels and roll-on roll-off (“RoRo”) vessels) as well as providing research regarding the shipping industry through its economic research department. As at 30 September 2014, the Shipbroking division (excluding the businesses which were disposed as part of the RS Platou LLP Transaction) had 105 employees located in Oslo, Houston, Moscow, Piraeus, Shanghai and Singapore.

For the year ended 31 December 2013, the Shipbroking division generated total revenues of £24.9 million (representing 18.8 per cent. of the Platou Group’s total revenue for the year) and operating profit of £1.2 million (representing 3.6 per cent. of the Platou Group’s total segment operating profit for the year). For the six months ended 30 June 2014, the Shipbroking division generated total revenues of £10.0 million (representing 19.2 per cent. of the Platou Group’s total revenue for the period) and loss from operating activity of £1.1 million.

### **3.4 Investment Banking**

The Investment Banking division was established in 2008 and offers a range of financial advisory services to its global clients under regulatory licences in both Norway and the US. Specialising in the energy, shipping and oil service sectors, the Investment Banking division offers services including equity and fixed income sales and trading, equity and credit research and corporate finance services focussing on core maritime sectors, including advising clients on a range of equity and debt capital markets and M&A transactions. As at 30 September 2014, the division had 79 employees located in Oslo and New York. During the year ended 31 December 2013, the Investment Banking division participated in 33 equity and debt capital markets transactions and six M&A transactions with a combined value of US\$7.4 billion.

For the year ended 31 December 2013, the Investment Banking division generated total revenues of £61.3 million (representing 46.2 per cent. of the Platou Group's total revenue for the year) and operating profit of £21.7 million (representing 64.6 per cent. of the Platou Group's total segment operating profit for the year). For the six months ended 30 June 2014, the Investment Banking division generated total revenues of £21.5 million (representing 41.3 per cent. of the Platou Group's total revenue for the period) and operating profit of £6.6 million (representing 66.7 per cent. of the Platou Group's total segment operating profit for the period).

### **3.5 Project Finance**

The Project Finance division was established in 2004 and specialises in the shipping, offshore and real estate sectors. The Project Finance division identifies investment opportunities involving the purchase of shipping, offshore or real estate assets and executes project financing solutions on behalf of asset owners and financial investors. In addition, the Project Finance division undertakes certain asset management activities and provides ongoing corporate and management services for its completed projects. As at 30 September 2014, the Project Finance division had 20 employees located in Oslo and Singapore.

For the year ended 31 December 2013, the Project Finance division generated total revenues of £7.8 million (representing 5.9 per cent. of the Platou Group's total revenue for the year) and operating profit of £1.9 million (representing 5.7 per cent. of the Platou Group's total segment operating profit for the year). For the six months ended 30 June 2014, the Project Finance division generated total revenues of £3.1 million (representing 6.0 per cent. of the Platou Group's total revenue for the period) and segment operating profit of £0.8 million (representing 8.1 per cent. of the Platou Group's total operating profit for the period).

## **4. Background to and reasons for the Acquisition**

The Directors believe that the Acquisition will:

- accelerate the execution of Clarksons' strategy to provide clients with an integrated best-in-class offering comprising Broking, Financial, Support and Research across all major shipping and offshore markets;
- bring together two heritage market leading brands within Shipping and Offshore broking;
- combine experienced and proven management teams with a strong performance track record of delivering an integrated service and shared vision for the future growth of the Enlarged Group;
- significantly strengthen and broaden the financial offering and client base with leading specialist investment banking and project finance operations;
- enhance the Clarksons Group's data, research and analysis capabilities, which are central to Clarksons' strategy, and strengthen its role as industry validator with the ability to deliver clients a consultancy and execution offering;
- broaden the Clarksons Group's services and enhance its extensive client base. The Platou Group's global relationships, especially with Scandinavian and industrial clients, establishes a broader client mix within global shipping and offshore markets and further increases the geographical reach of the Enlarged Group; and
- realise operational and financial benefits, thus providing the opportunity for significant value creation over the medium term.

The combination of the Clarksons Group and the Platou Group will create a leading global shipping and offshore services business headquartered in London and employing approximately 1,400 people in 21 countries in key global financial and shipping centres. The core divisions will comprise Shipping and Offshore Broking,

Financial, Support Services and Research. Following Completion, the Enlarged Group will benefit from stronger brand recognition globally across the key markets of shipping, offshore and oil services and investment banking.

The Enlarged Group will be able to capitalise on new opportunities across its core global shipping and offshore markets through an enhanced, integrated service offering with the ability to source, advise, service and execute a range of transactions on behalf of its clients. Furthermore, the businesses of the Clarkson Group and the Platou Group have little overlap. Clarkson intends to utilise the Enlarged Group's positioning, services and networks to develop broader and deeper relationships with existing clients by offering complementary products and services. Clarkson also intends to use the Enlarged Group's increased product and service offering to win new clients and drive new business growth. It is further anticipated that the combination of technology platforms and infrastructure will enhance information flow and improve its offering to clients.

The Directors believe the Enlarged Group will benefit from operational synergies arising from the increased scale of the combined business activities of the Clarkson Group and the Platou Group. Through the consolidation of offices in key locations, notably Oslo, New York and Singapore, the Enlarged Group expects to drive efficiencies and improve operating margins in these countries. Moreover, the scale of the combined operation in Shipping, Offshore and Financial, will enable additional investment in core services, particularly with respect to IT platforms, both client facing and internal, benefitting clients of the Enlarged Group. It is also anticipated that the integration of core services such as IT, legal, compliance, financial and HR will lead to greater operational efficiency.

The Directors believe that operational synergies arising from the increased scale of the Enlarged Group will drive revenue and margin growth in the future. Consequently, the Directors believe that the Enlarged Group will be more efficient and effective than the separate businesses and thus better equipped to provide an even higher level of service to clients.

The Directors also believe that the Acquisition will be earnings enhancing in the 2015 financial year.<sup>1</sup>

As part of Clarkson's strategy to provide an integrated best-in-class offering to its clients, the Directors will also continue to look at possible acquisition targets in addition to Platou.

A brief summary of the anticipated benefits of the Acquisition to the divisions of the Enlarged Group is set out below.

#### **4.1 *Shipping and Offshore Broking***

By combining the Clarkson Group's position as a global ship broker with Platou's position as a global offshore broker, the Enlarged Group will be a leading brand in both shipping and offshore broking. The Clarkson Group's on-going strategy is to provide best-in-class end-to-end coverage of all shipping and offshore sectors over all types of charter. The Acquisition represents a continuation of this strategy, with the Enlarged Group benefitting from the Platou Group's leading position in certain niche industrial sectors of the shipping market, such as car carriers and cruise vessels, which are currently not served by Clarkson's extensive existing operations. Equally, the combination of the Platou Group's coverage of all offshore sectors with the Clarkson Group's particular strengths in rigs and jackups is expected to create a market leader in offshore, oil services and renewables broking.

The broking businesses of the Clarkson Group and the Platou Group are complementary in terms of client base, geographical reach, product offering and expertise of staff. The Directors will look to capitalise upon these synergies to further drive revenue growth across all the shipping and offshore markets.

#### **4.2 *Financial***

The Enlarged Group will combine two specialist, investment banks focussing globally on shipping, exploration, and the extraction of commodities. The resulting enlarged investment bank will have its core operations and regulatory authorisations in the US, UK and Norway, which are the main hubs of finance for the worldwide shipping, offshore and oil services markets.

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<sup>1</sup> This statement is not intended to be a profit forecast and no statement in this Circular should be interpreted to mean that the earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

The Directors believe the Enlarged Group will better service the needs of existing and new clients through the equity and debt capital markets activities of the Clarksons Group and the Platou Group. The Directors also believe the combined research capability of the Enlarged Group, across the oil services, offshore, energy, mining, E&P and shipping sectors, will better meet the needs of the investment community, thereby broadening the service to existing clients and attracting new clients to the increased product offering. In addition, the Directors believe that the increased scale of market coverage and depth of client relationships within both the Shipping and Offshore Broking and Research divisions will improve access for the Financial team to identify opportunities for corporate and finance transactions.

Both the Clarksons Group and the Platou Group have invested in building specialist capital market capabilities. The Directors believe that the combination of the two teams will provide an increase in scale enabling the Enlarged Group to be better positioned to meet the needs of clients and deliver enhanced profitability. It is also anticipated that the combination of the investment banking and sales and trading operations of the Clarksons Group and the Platou Group will lead to better optimisation of the Enlarged Group's costs, including the cost of maintaining regulatory authorisations.

#### **4.3 *Support Services***

The support activities of the Clarksons Group are particularly focused on the offshore, renewables, coal, biomass and grains markets. Services in the offshore and renewables sector, through Clarksons Port Services, EnShip, Opex, Gibb Tools and Ewings, involve the provision of agency, forwarding, logistics, specialist tooling and supplies services. Clarksons' current operations, whilst targeted at international clients, are located in, and concentrated on, North Sea projects supported from the United Kingdom. The Directors believe that the extensive operations of the Enlarged Group, particularly in Norway, will make expansion to support North Sea projects from Scandinavian ports more easily achievable, and potentially more rapidly profitable.

Access to the extensive client base of the Platou Group, will allow the Enlarged Group to offer the support services of the Clarksons Group to a new client base and create the opportunity to improve the breadth of services to all clients.

#### **4.4 *Research***

Research and analysis is at the core of the Clarksons Group's business model. Research involves publishing commercial market information, assisting clients in assessing strategy and investment decisions by validation against historic and forecast data, providing independent, robust valuations to market participants, consultancy and working with execution and finance teams to model proposals and structures. Combining the businesses of the Clarksons Group and the Platou Group will result in an increase in the breadth of the Enlarged Group research capabilities across shipping, trade, oil services, offshore and energy markets. The ability of the Clarksons Group's research to capture the commercial knowledge and transaction flow from investment banking and broking activities will be extended in the Enlarged Group, particularly in the offshore market, enabling better validation of data and a broader offering.

The Research division of the Enlarged Group will also be able to accelerate existing plans to increase its geographic footprint, particularly in the Far East, as the broking operations of the Platou Group in Singapore and Shanghai will create the opportunity for the local research team to increase the service offered and sales to clients based in the region.

Increasingly, participants in the shipping and offshore markets require an integrated service comprising consulting, benchmarking, execution and finance. A greater understanding of client strategy in the Enlarged Group, both geographic and sectorial, will enable the Research division to provide additional services to existing clients and to extend their products to new clients. This is likely to be particularly prevalent in the offshore and oil services sectors.

The Directors believe that the integration of the Clarksons Group's and the Platou Group's research databases will also result in efficiencies and create benefits from running one combined database with unified processes and validation methodology.



## **5. Information on the Enlarged Group**

### **5.1 Introduction**

The Enlarged Group will be a leading global shipping and offshore services business with combined pro forma revenues of £330.7 million and pro forma operating profit of £47.0 million for the year ended 31 December 2013. On a pro forma basis, the Enlarged Group had gross assets of £549.2 million as at 30 June 2014.

Employing approximately 1,400 people across 21 countries, the Enlarged Group will deliver best-in-class operations across shipping and offshore broking, financial, support services and research, offering complementary services to existing and new clients.

### **5.2 Shipping and Offshore Broking**

The Enlarged Group will have dedicated broking teams in shipping covering all types of chartering, the sale and purchase and newbuilding of vessels in the dry cargo, tankers, specialised products, LPG and ammonia, petrochemical gases, LNG, containers, car carriers, RoRo vessels, ferries and cruise sectors and open hatch/forest products. Each of these teams will provide both a service to local clients, and a global service for international conglomerates, from a market leading position in Europe, the Far East, Australasia, the Middle East and US.

The Enlarged Group will also have teams in offshore covering the chartering, sale and purchase, and newbuilding and demolition of OSVs, PSVs, AHTSs, subsea rigs, jackups, accommodation units, FPSOs, renewables, seismic services and E&P. These best-in-class teams will be located in Europe, Asia, South America and the US.

The Shipping and Offshore division of the Enlarged Group will have more than 600 brokers globally, supported by more than 300 analysts and support staff, involved in execution and post fixture services.

On a pro forma basis, for the year ended 31 December 2013, the revenues of the Enlarged Group's Shipping division represent 50.5 per cent. and the Enlarged Group's Offshore division represent 17.2 per cent. of the Enlarged Group's combined pro forma revenues.

### **5.3 Financial**

The Enlarged Group's operations and regulatory permissions will be in Norway, the US and the UK. Specialist analysts will cover US and Oslo listed equities across the core verticals of shipping, oil service, offshore, energy, coal and mining, E&P, refining and MLPs. The Enlarged Group will operate sales and trading desks in both Oslo and New York and will have M&A and investment banking teams in Oslo, London, Houston and New York. The Financial division of the Enlarged Group will also include project finance, debt advisory and risk management offerings. On a combined basis, from 1 January 2013, the Financial division of the Enlarged Group has acted on more than 92 investment banking transactions, raising over US\$19.2 billion.

Institutional investor clients of the Enlarged Group will include private equity, hedge funds, pension funds, sovereign wealth funds, investment banks, fund managers, endowments and family offices.

Both the Clarksons Group and the Platou Group have extensive client lists, from their broking, research and support operations, in addition to the clients of the two investment banking teams. Working with clients of the Enlarged Group on the execution of their overall strategies will provide a significant source of both capital markets and corporate finance opportunities for the investment banking teams. Clients of the Enlarged Group will come from both the public and private markets and include vessel owners, operators, technical and commercial managers, ports, E&P companies and a variety of other organisations involved in the supply and transportation of commodities.

The Financial division of the Enlarged Group will have more than 150 employees globally, delivering a range of financial advisory and execution services.

On a pro forma basis, for the year ended 31 December 2013, the revenues of the Enlarged Group's Financial division represent 24.4 per cent. of the Enlarged Group's combined pro forma revenues.

### **5.4 Support Services**

Based in 20 offices predominantly in the UK, the Support Services division will employ more than 150 staff and provides port and vessel agency services, freight forwarding, stevedoring, logistics, tools and supplies to clients predominantly in the grains, coal, biomass, renewables and offshore markets.

On a pro forma basis, for the year ended 31 December 2013, the revenues of the Enlarged Group's Support Services division represent 5.0 per cent. of the Enlarged Group's combined pro forma revenues.

### **5.5 Research**

The Research division, based in London, Oslo and Shanghai and comprising more than 90 employees, will collect, analyse, validate and publish data and research, both digitally and physically, on shipping and trade (including data on approximately 114,000 vessels in service or on order, 20,000 companies, 600 shipyards and 100,000 time series), offshore and energy (including data on 25,000 structures, vessels and companies and 6,000 oil and gas fields) and also carry out more than 20,000 valuations per year, making the Research division a key industry validator. As well as a team dedicated to publishing reports and valuations, dedicated analysts will sit throughout the other commercial teams. The Research division will have a broad range of clients including financial institutions, owners, equipment suppliers, insurance companies, governments, trade associations and commodity companies.

On a pro forma basis, for the year ended 31 December 2013, the revenues of the Enlarged Group's Research division represent 2.9 per cent. of the Enlarged Group's combined pro forma revenues.

### **5.6 Market overview**

The following information provides an overview of the size and scale of the international shipping and offshore markets, in which the Enlarged Group will operate following completion.

The international shipping and offshore industries are both core sectors within the global economy, with close to 90 per cent. of global trade moved by sea and around one fifth of all global energy supply met by offshore production. The world shipping fleet consists of bulk, liner and specialised vessels. As at October 2014, there were approximately 38,000 bulk vessels, approximately 8,000 liner vessels and approximately 31,000 specialised vessels. The offshore vessel fleet operates throughout the life-cycle of a field including development, production and support. As at October 2014, the offshore vessel fleet consisted of over 600 survey vessels, over 1,000 mobile drilling vessels, over 2,000 construction vessels, over 1,000 production and logistics vessels and over 7,000 support vessels.

As at October 2014, the total market value of the existing fleets and of the current orderbook is more than US\$1.6 trillion. The Directors currently estimate that the combined industry will need US\$1.4 trillion of new assets that will need financing over the next decade. As at October 2014, the shipping fleet was valued at over US\$750 billion, with bulkers accounting for 30 per cent., the offshore fleet was valued at over US\$500 billion, with mobile offshore drilling accounting for 35 per cent., the shipping orderbook was valued at over US\$205 billion, with bulkers accounting for 31 per cent. and the offshore orderbook was valued at over US\$180 billion, with mobile offshore drilling accounting for 53 per cent.

The shipping and offshore industries are capital intensive in nature, with asset owning companies meeting their financing needs through a variety of conventional bank debt, debt and equity capital markets and private equity. The main exchanges where equity capital was raised during the 21 months to 30 September 2014 were the New York Stock Exchange, which accounted for US\$9.5 billion, or 67 per cent., of the capital raised, with a total of 54 transactions, and the Oslo Stock Exchange, which accounted for US\$4.5 billion, or 32 per cent., of the capital raised, with a total of 28 transactions. The capital raised for the shipping industry in equity capital markets during the 21 months to 30 September 2014 covered many markets including LNG (31 per cent.), dry bulk (17 per cent.), products (16 per cent.), crude (15 per cent.), LPG (13 per cent.) and others (8 per cent.).

## **6. Financial effects of the Acquisition on the Enlarged Group**

The Directors believe that the Acquisition will be earnings enhancing in the 2015 financial year.<sup>2</sup>

In addition, the Directors believe that the Acquisition will result in the Enlarged Group having greater diversification of revenues and profits and being well positioned to deliver strong, medium-term organic revenue and margin growth and cash flow generation, particularly as both companies have been historically cash

<sup>2</sup> This statement is not intended to be a profit forecast and no statement in this Circular should be interpreted to mean that the earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.



generative. The Directors also believe that the visibility provided by the Platou Group's Forward Order Book (US\$57.6 million for 2015 invoicing, as at 30 September 2014) and the increase in investment banking activity supports the positive outlook for the Enlarged Group in the foreseeable future.

To illustrate the financial effects of the Acquisition, an unaudited pro forma combined statement of net assets as at 30 June 2014 and pro forma income statement for the year ended 31 December 2013 of the Enlarged Group assuming Completion had occurred on 30 June 2014 and 1 January 2013 respectively, is set out in Part VII (*Unaudited Pro Forma Financial Information for the Enlarged Group*). After taking into account the impact of the Acquisition and the RS Platou LLP Transaction on the net assets of the Clarksons Group, this shows that the Enlarged Group would have had net assets of £341.8 million on 30 June 2014 on a pro forma basis. The Enlarged Group would also have had revenue of £330.7 million and operating profit of £47.0 million for the year ended 31 December 2013 on a pro forma basis.

## **7. Summary of the key terms of the Acquisition**

### **7.1 Share Purchase Agreement**

The Share Purchase Agreement was entered into on 27 November 2014 by the Company and Platou Shareholders representing an aggregate holding of 92.6 per cent. of the Platou Share Capital. Pursuant to the Share Purchase Agreement, these Platou Shareholders have conditionally agreed to sell, and the Company has conditionally agreed to buy, all of such Platou Shareholders' respective Platou Shares. A deed of adherence to the Transaction Documents will be sent to the other Platou Shareholders who have not yet executed the Transaction Documents. To the extent that any Platou Shareholders who are party to the Platou Shareholders' Agreement have not entered into or agreed to be bound by the Transaction Documents, the Sellers who are party to the Platou Shareholders' Agreement have agreed to exercise their right under the Platou Shareholders' Agreement to require such Platou Shareholders to sell their Platou Shares to Clarksons on the same terms and conditions as are set out in the Transaction Documents.

A more detailed summary of the principal terms of the Transaction Documents and the US Warranty Agreement is set out in Parts A and B of Part V (*Summary of the Principal Terms of the Acquisition*) and details of the Platou Shareholders are set out in Part C of Part V (*Summary of the Principal Terms of the Acquisition*).

### **7.2 Consideration payable to the Sellers**

Under the terms of the Acquisition, assuming the acquisition by the Company of the entire Platou Share Capital is pursuant to the Share Purchase Agreement, the total consideration to be received by the Sellers is £281.2 million of which 75 per cent. is to be satisfied in Consideration Shares, 16.66 per cent. in Loan Notes and 8.34 per cent. in cash. On that basis, on Completion, assuming the acquisition by the Company of the entire Platou Share Capital pursuant to the Share Purchase Agreement, the Sellers will receive, in aggregate, 9,523,001 Consideration Shares (with an implied value of £22.15 per Consideration Share) subject to the lock-up provisions described in paragraph 7.4 below, £46.9 million in Loan Notes and £23.4 million in cash.

Assuming that no further Ordinary Shares will be issued from the Latest Practicable Date until after Re-Admission, other than the maximum number of Placing Shares and Consideration Shares, the Consideration Shares will represent approximately 31.6 per cent. of Clarksons' issued share capital immediately following Re-Admission.

The Consideration Shares will be issued at Completion to the Sellers, credited as fully paid and will rank *pari passu* in all respects with all other Ordinary Shares, including the right to receive all dividends, distributions or any return of capital declared, made or paid after Re-Admission.

The cash consideration and the settlement of the Loan Notes will be funded by Clarksons from the proceeds of the Placing and/or the Company's existing or future cash resources.

### **7.3 Conditions to Completion**

Completion is conditional upon satisfaction or, where capable of being waived, waiver of the following Conditions prior to the Long Stop Date (or such later date as the parties may agree):

- (a) the execution of, or adherence to, the Transaction Documents and, as applicable, the US Warranty Agreement by Platou Shareholders with a minimum combined holding of 90 per cent. of the Platou Share Capital by no later than the Execution Longstop Date;

- (b) the passing of the Acquisition Resolution;
- (c) either the execution of, or adherence to, the Transaction Documents and, as applicable, the US Warranty Agreement by all of the Platou Shareholders who are party to the Platou Shareholders' Agreement or the passing of the Shareholders' Agreement Resolution (which the Sellers have agreed to vote in favour of);
- (d) the RS Platou LLP Transaction completing or alternative arrangements relating to the LLPs being implemented on the terms disclosed to the Company (subject to certain exceptions);
- (e) certain regulatory approvals or notifications having been obtained or received or certain time periods having elapsed without the relevant regulatory authority taking certain actions;
- (f) (i) no Relevant Authority having intervened and there being any statute, regulation or order of any Relevant Authority which would or might make the Acquisition void, illegal or unenforceable or otherwise impede, challenge or interfere with the Acquisition and (ii) no interested party having intervened which the Company reasonably believes, with the consent of the Sellers (not to be unreasonably withheld or delayed), would have such an effect; and
- (g) the Re-Admission Condition.

In the event that: (a) the General Meeting resolves not to approve the Acquisition Resolution; or (b) the Conditions are not satisfied or, where capable of being waived, waived by the Long Stop Date (or such later date as the parties may agree), the Share Purchase Agreement will terminate with immediate effect.

If the Acquisition Resolution is approved at the General Meeting and each of the other Conditions is satisfied (or, where capable of being waived, waived) prior to the Long Stop Date, the Company will be contractually obliged to proceed to Completion unless the Share Purchase Agreement is otherwise terminated (see paragraph 5 of Part V (*Summary of the Principal Terms of the Acquisition*)). Completion, which is subject to regulatory approval, is currently expected to occur in the first quarter of 2015.

#### **7.4 Lock-up arrangements**

Under the terms of the Share Purchase Agreement, the Sellers have each agreed, subject to certain customary exceptions, to enter into the following lock-up arrangements with the Company in respect of the Consideration Shares, pursuant to which:

- (a) during the 12 month period following Re-Admission, no Seller shall effect a Disposal of any Consideration Shares;
- (b) during the 12 month period following the first anniversary of Re-Admission, each Seller may only Dispose of no more than 33.33 per cent. of the Consideration Shares issued to such Seller; and
- (c) during the 12 month period following the second anniversary of Re-Admission, each Seller may only Dispose of no more than 66.66 per cent. of the Consideration Shares issued to such Seller (which shall be calculated to include any Consideration Shares sold pursuant to paragraph (b)),

provided that any Disposal of Consideration Shares by a Seller pursuant to paragraphs (b) and (c) above or during the 12 month period following the third anniversary of Re-Admission shall be effected in accordance with the reasonable requirements of the Company so as to ensure an orderly market in the Ordinary Shares (including, without limitation, that any Disposals are effected by the Company's corporate broker (from time to time) and, to the extent applicable in respect of a Seller, in accordance with the Company's share dealing policies).

### **8. Employees**

Based on the number of employees of the Clarksons Group (as at 30 October 2014) and the Platou Group (as at 30 September 2014), the Enlarged Group will have approximately 1,400 employees worldwide. The Directors attach great importance to retaining the skills and expertise of the management teams and employees of both the Clarksons Group and the Platou Group. The Directors believe the increased size and strength of the Enlarged Group has the potential to offer attractive career prospects for these employees.

The existing Platou Group bonus schemes will continue following Completion, including the retention scheme in place with respect to the Investment Banking division of the Platou Group. In common with current arrangements in place in the Clarksons Group, 10 per cent. of future bonuses paid to all senior employees of the Platou Group will be paid in four year vesting restricted stock in Clarksons.

In addition, and to facilitate the integration of the Platou Group into the Enlarged Group, a proportion of the 2014 and 2015 bonuses of certain key Platou employees will be required to be repaid by that employee if that employee leaves the Enlarged Group within two years of Completion other than as a Good Leaver (defined consistently with the terms of the Clarksons 2014 Long Term Incentive Plan).

## **9. Details of the Placing**

Clarksons has announced on 27 November 2014 its intention to conduct a placing, available only to institutional investors outside of the US and certain other jurisdictions, of up to 1,613,698 Ordinary Shares, representing up to 8.5 per cent. of the Company's existing issued ordinary share capital. The Placing is being conducted through an accelerated bookbuilding process to be managed by Panmure Gordon as sole bookrunner in connection with the Placing. The net proceeds of the Placing will be used to fund the cash consideration and settlement of the Loan Notes payable to the Platou Shareholders. In the event that the Placing does not proceed, Clarksons will fund the cash consideration and settlement of the Loan Notes from the Company's existing and future cash resources.

On 27 November 2014, Panmure Gordon and Clarksons entered into the Placing Agreement under which, on the terms and subject to the conditions set out therein, Panmure Gordon has agreed to use its reasonable endeavours to procure placees for up to 1,613,698 Ordinary Shares at a price to be determined following completion of an accelerated bookbuild process. In accordance with the terms of the Placing Agreement, Panmure Gordon has agreed, subject to agreement with Clarksons as to the number and price of the Placing Shares to be placed with placees, to underwrite the settlement risk in the event that any placees fail to take up their allocation of the Placing Shares.

The Placing Shares, when issued, will be fully paid and will rank *pari passu* in all respects with the Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of issue. The Placing Shares will represent an increase of up to 8.5 per cent. in the existing issued ordinary share capital of the Company.

Application will be made for the Placing Shares to be admitted to the premium listing segment of the Official List and to be admitted to trading on the Main Market. Admission is expected to take place on or before 8.00 a.m. on 2 December 2014 and settlement of the Placing Shares is expected to take place on the same day.

The Placing is conditional, among other things, upon Admission becoming effective and the Placing Agreement between the Company and Panmure Gordon not being terminated prior to Admission.

The Placing is not conditional upon Completion. In the event the Placing completes, but Completion does not take place, the Directors will consider how to use the proceeds, which may include the return of such proceeds to Shareholders. Such a return could carry costs for the placees and will have costs for Clarksons.

The information provided in this paragraph 9 is being made available for information purposes and not as an offer to participate in the Placing.

## **10. Information on the Clarksons Group**

The Clarksons Group is a leading provider of integrated shipping services. Established in 1852, the Clarksons Group is headquartered in London, with 43 offices globally, and as at 30 October 2014 employs 1,082 people.

The Ordinary Shares are admitted to the premium listing segment of the Official List and to trading on the Main Market, with a market capitalisation of approximately £391.1 million as at the Latest Practicable Date. For the year ended 31 December 2013, the Clarksons Group generated revenue of £198.0 million and operating profit of £21.9 million (and revenue of £111.7 million and operating profit of £13.9 million for the six months ended 30 June 2014). As at 30 June 2014, the Clarksons Group had gross assets of £218.7 million. The Clarksons Group's Forward Order Book as at 31 December 2013 was for 2014 invoicing US\$100 million.

The Clarksons Group has four main divisions: Broking, Financial, Support and Research.

### **10.1 Broking**

The Broking division acts as an intermediary between (i) ship owners and those wishing to move cargo using voyage charters, time charters or contracts of affreightment and (ii) buyers and sellers of ships throughout the life

cycle of the vessels from the contracting of new buildings, through the sale or purchase of second hand vessels to recycling and demolition at the end of the ship's useful life.

As at 30 October 2014, the Broking division employed 642 people across 22 offices, providing a global service to clients operating in similar marketplaces and time zones.

The Broking division comprises the shipbroking activities of Clarksons and is the largest contributor to the Clarksons Group's profits.

For the year ended 31 December 2013, the Broking division generated total revenues of £160.3 million (representing 81.0 per cent. of the Clarksons Group's total revenue for the year) and operating profit of £27.5 million (representing 90.8 per cent. of the Clarksons Group's total segment operating profit for the year). For the six months ended 30 June 2014, the Broking division generated total revenues of £84.5 million (representing 75.6 per cent. of the Clarksons Group's total revenue for the period) and operating profit of £14.9 million (representing 78.0 per cent. of the Clarksons Group's total segment operating profit for the period).

## **10.2 Financial**

As at 30 October 2014, the Financial division employed 60 people across 4 offices.

The Clarksons Group's financial division comprises:

- a comprehensive Forward Freight Agreement and specialist commodity derivative broking service based in London and Singapore;
- a boutique investment banking business based in New York, Houston and London, focused on global maritime, oil services and natural resources sectors; and
- a financial services business based in London and Shanghai, specialising in the shipping and off-shore sectors and experienced in a wide range of debt raising products.

The Financial division has advised as sole or as co-manager or joint bookrunner or senior manager on seven transactions since January 2013 which raised in aggregate more than US\$ 0.9 billion and 24 transactions since January 2013 which raised in aggregate more than US\$ 6.2 billion as co-manager/adviser. The US based sales and trading team has strong investor relationships and has seen significant growth in trading volumes, with currently approximately 150 active trading relationships. The Financial division's equity research coverage concentrates on the global community and natural resources supply chain, with 136 companies under coverage in shipping, offshore and oil field services, mining and natural resources, MLPs and E&P.

For the year ended 31 December 2013, the Financial division generated total revenues of £11.6 million (representing 5.9 per cent. of the Clarksons Group's total revenue for the year) and a loss from operating activity of £3.3 million. For the six months ended 30 June 2014, the Financial division generated total revenues of £8.4 million (representing 7.5 per cent. of the Clarksons Group's total revenue for the period) and operating profit of £0.3 million (representing 1.6 per cent. of the Clarksons Group's total segment operating profit for the period).

## **10.3 Support**

As at 30 October 2014 the Support division employed 155 people across 20 offices.

The Clarksons Group's Support division comprises:

- vessel agency and port operations – round the clock ship agency services covering 41 ports;
- project logistics – including berth and route planning, on-site attendance and liaison with port authorities to arrange crew change requirements;
- stevedoring and warehouse management – based in Ipswich, Clarksons' team is experienced in vessel loading and discharging of bulk cargoes, with a focus on the import and export of grains, oil seeds, pulses and bio-mass along with commodity cleaning and bagging;
- forwarding and logistics – EnShip and Great Yarmouth Forwarding offer warehousing and full logistics together with management solutions; and
- supplies and tooling – Opex and Gibb Tools provide specialist supplies to the maritime and offshore markets.

For the year ended 31 December 2013, the Support division generated total revenues of £16.4 million (representing 8.3 per cent. of the Clarksons Group's total revenue for the year) and operating profit of £3.1 million (representing 10.2 per cent. of the Clarksons Group's total segment operating profit for the year). For the six months ended 30 June 2014, the Support division generated total revenues of £14.1 million (representing 12.6 per cent. of the Clarksons Group's total revenue for the period) and operating profit of £2.5 million (representing 13.1 per cent. of the Clarksons Group's total segment operating profit for the period).

#### 10.4 *Research*

As at 30 October 2014 the Research division employed 81 people in offices in the UK and Shanghai.

The Clarksons Group's team of 81 full-time researchers collects, validates, analyses and manages a wide range of data to inform the key business decisions that shape the Clarksons Group's industry. The Clarksons Group has specialist research teams covering the following sectors:

- Offshore and Energy – covering all types of assets engaged in the offshore sector, from seabed survey vessels and drilling units to construction and support vessels, production units and those associated with decommissioning. Key publications in the portfolio include offshore vessel registers, oilfield directories, oil and gas maps, and *Offshore Intelligence Monthly*.
- Shipping and Trade – the digital portfolio comprises a commercial intelligence system, Shipping Intelligence Network, and the online register, World Fleet Register. Clients can also access a broad selection of printed reports including *Shipping Intelligence Weekly*.

The Clarksons Research division is also a leading provider of valuations to the offshore and shipping industry.

In addition to off-the-shelf digital downloads and hard copy research, the Clarksons Group offers bespoke customer service contracts tailored to the specific needs of clients, particularly those in the financial, government, insurance, equipment and shipbuilding sectors.

For the year ended 31 December 2013, the Research division generated total revenues of £9.7 million (representing 4.9 per cent. of the Clarksons Group's total revenue for the year) and operating profit of £3.0 million (representing 9.9 per cent. of the Clarksons Group's total segment operating profit for the year). For the six months ended 30 June 2014, the Research division generated total revenues of £4.7 million (representing 4.2 per cent. of the Clarksons Group's total revenue for the period) and operating profit of £1.4 million (representing 7.3 per cent. of the Clarksons Group's total segment operating profit for the period).

### 11. Current trading and prospects

#### 11.1 *Clarksons*

Clarksons continues to trade well making positive advances despite continued headwinds in some shipping markets arising from the geopolitical unrest which was particularly prevalent over the summer months. The ClarkSea index is unchanged for the second half of 2014 to date against the first half of the year. The average of the ClarkSea index for the year to date is however up 16 per cent. against the same period in 2013. Revenue in nine months to 30 September 2014 was up year on year and the Clarksons Group's performance has continued in line with the Board's expectations.

##### 11.1.1 Broking

The signs of improvement in the rate environment highlighted in the first half of the year have continued. The Clarksons Group's broking teams have once again worked hard to take full advantage, ensuring it is at the forefront of all activity. The Clarksons Group have seen particularly good performances across gas, tankers, specialised products and sale & purchase.

##### 11.1.2 Financial

The autumn saw a drop in overall capital markets activity as financial markets remained fragile; despite this the Clarksons Group has a strong pipeline of activity and are working on a number of active mandates. Since 30 June 2014 the Clarksons Group has also seen increased revenues from sales and trading. The Clarksons Group's derivatives broking business has achieved higher trading volumes following the recent improvement in dry bulk rates.



### 11.1.3 Support

Improved grain exports due to the record harvest have benefitted trading in the Clarksons Group's port services business. GTL and Ewings continue to integrate well, allowing the Clarksons Group to expand the port and agency offer via improved geographical reach and the increased scope of the Clarksons Group's services. Revenue across the support businesses have been in line with expectations and significantly ahead of last year.

### 11.1.4 Research

The Clarksons Group has seen an increase year on year in underlying revenue from research activities, as the Clarksons Group continues to grow and develop the breadth and depth of its Research offering which underpins all of the Clarksons Group's services.

### 11.1.5 Outlook

The markets remain volatile. Nevertheless, the Clarksons Group is well positioned to take advantage of the recent improvements in certain rates and has once again experienced an increase in transaction volumes compared to the same period last year. The Clarksons Group continues to trade in line with the Directors' expectations and remains confident for the remainder of the year.

## 11.2 *Platou*

For the three months ended 30 September 2014, Platou's results were in line with management expectations with positive developments across each of Shipbroking, Offshore, Investment Banking and Project Finance.

### 11.2.1 Shipbroking

Positive developments in the Former Platou Group's Shipbroking division during the first half of 2014 continued in the three months ended 30 September 2014. Revenues were higher as compared to the same period the previous year due primarily to the Former Platou Group's strong Forward Order Book and an increase in sale and purchase activity.

### 11.2.2 Offshore

A strong performance of the Offshore division during the first half of 2014 was below that of the first half of 2013. This continued during the three months ended 30 September 2014, driven by robust chartering activity. The lower revenues in the six month and three month periods were due to lower newbuild and sale and purchase activity.

In July 2014 Platou recruited three specialist subsea brokers who are expected to commence work for Platou in early 2015, and who management believe will broaden the product offering in the offshore sector.

### 11.2.3 Investment Banking

The positive development in sales and trading during first half of 2014 continued during the three months ended 30 September 2014. Corporate finance activity was strong during the three months ended 30 September 2014 and in line with management expectations. A number of transactions have been completed for both new and existing clients, and a number of projects could potentially be completed before end of 2014.

### 11.2.4 Project Finance

Positive development in the Project Finance division during first half of 2014 continued in the three months ended 30 September 2014. Revenues were higher as compared to the same period the previous year, driven primarily by strong volumes in real estate and project finance.

### 11.2.5 Other

On 1 September 2014, Platou completed the sale of its 50 per cent. interest in M62 Holding AS, the holding company of the Platou Group's corporate office building in Oslo which is currently under construction. Platou expects to recognise a gain of approximately £2.2 million in the year ended 31 December 2014.

### 11.2.6 The RS Platou LLP Transaction

On 5 November 2014, the members of RS Platou LLP and RS Platou Energy LLP, in both of which Platou holds a 51 per cent. interest, resolved, among other things, to wind-up the LLPs from 31 December 2014. Pursuant to agreements dated 5 November 2014 and 21 November 2014, the LLPs have agreed to transfer substantially all of their assets to a new entity, established by their respective existing members (other than Platou). In connection with the RS Platou LLP Transaction, Platou has acquired the shares in Platou held by certain of the existing members of the LLPs. Completion of the RS Platou LLP Transaction is expected to occur on 31 December 2014, subject to certain conditions. If completion does not occur on 31 December 2014, the LLPs will nonetheless be wound up in accordance with the resolutions above. Further information on the RS Platou LLP Transaction is contained in paragraph 3.1 of this letter.

### 11.2.7 Acquisition of remaining minority interest of the Stewart Group

On 24 November 2014, Platou agreed to acquire the remaining 22.90 per cent. minority interest of the Stewart Group for consideration of £7.4 million satisfied in Platou Shares currently held in treasury by Platou. The transaction is conditional on Completion.

### 11.2.8 Outlook

In spite of continued volatility in the shipping and offshore markets, management believe the Platou Group is well positioned to take advantage of opportunities in its core shipbroking and offshore markets due to Platou's niche strategy and strong teams in all divisions. Platou's management remains confident in the outlook for the remainder of 2014 and its expectations remain unchanged.

## 12. Dividend policy of the Company

The Directors intend to continue with the Company's current policy of paying dividends on a progressive basis following Completion.

## 13. The Board

Following Re-Admission, the Company will remain an independent company listed and headquartered in the UK and listed in London. Peter M. Anker, the Chief Executive of Platou, Ragnar Horn, the Chairman of Platou, and Birger Nergaard, who are currently members of the board of Platou, will join the Board with effect from Completion.

### 13.1 *Proposed Board*

Following Re-Admission, the Board is expected to comprise the following members:

<i>Name</i>	<i>Existing Position on Board</i>	<i>Role on Board following Re-Admission</i>
Bob Benton <sup>1</sup>	Chairman	—
Andi Case	Chief Executive Officer	Chief Executive Officer
Jeff Woyda	Chief Financial Officer	Chief Financial Officer
Peter M. Anker	—	President of Brokerage & Investment Banking
Peter Backhouse	Senior Independent Director (Non-Executive)	Senior Independent Director (Non-Executive)
James Hughes-Hallett CMG, SBS <sup>1</sup>	Director (Non-Executive)	Chairman
James Morley	Director (Non-Executive)	Director (Non-Executive)
Ed Warner OBE	Director (Non-Executive)	Director (Non-Executive)
Ragnar Horn	—	Director (Non-Executive)
Birger Nergaard	—	Director (Non-Executive)

<sup>1</sup> As announced on 20 August 2014, James Hughes-Hallett CMG, SBS will become Chairman from 1 January 2015 when Bob Benton retires from the Board.

### 13.2 *Corporate Governance*

As a company outside of the FTSE 350, the Company is required by the Corporate Governance Code to have at least two independent non-executive directors on the Board. However, following Completion, it is the Board's intention to ensure that at least half of the Board, excluding the Chairman, should comprise non-executive



directors determined by the Board to be independent. Immediately following Completion the Board will be comprised of eight directors (excluding the Chairman) of whom four (Peter Backhouse, James Morley, Birger Nergaard and Ed Warner OBE) are determined by the Board to be independent. On appointment, James Hughes-Hallett CMG, SBS will also meet the independence criteria set out in the Corporate Governance Code.

### 13.3 *Proposed Directors*

The business experience and principal business activities outside of Platou of each of the Proposed Directors are as follows:

**Peter M. Anker:** *President of Brokerage & Investment Banking*

Peter M. Anker has been the Chief Executive Officer and Managing Partner of RS Platou Shipbrokers AS since 1987. He serves as the Chief Executive Officer and Managing Partner of Platou and also serves as its Head of Platou Group and Offshore Division. He served as Vice President of RS Platou (USA) Inc. from 1982 to 1986. He has been Independent Director of Bluewater Insurance ASA since 2007. He has been a Deputy Board Member of Norwegian Shipowners Association since 1996.

**Ragnar Horn:** *Non-executive Director*

Ragnar Horn has been the Chairman of the Platou board of directors since 1999. He is an investor with various financial interests and board memberships. Amongst others, he is a board member of Viking Global Equities, Eiendomsspar, Victoria Eiendom and Berner Gruppen. Mr Horn holds a BA from Williams College and MBA from Harvard Business School. Mr Horn is a Norwegian citizen and resides in Oslo, Norway.

**Birger Nergaard:** *Non-executive Director*

Birger Nergaard has been the Deputy Chairman of the Platou board since 2008. Mr Nergaard established Four Seasons Venture (today Verdane Capital) in 1985 and was the company's CEO until 2006. Mr Nergaard is currently a director of Verdane Capital's funds III, V, VI and VII, a director of Nergaard Investment Partners AS and an advisor to Advent International in Norway. Mr Nergaard was awarded King Harald's gold medal in 2006 for pioneering the Norwegian venture capital industry. Mr Nergaard holds a law degree from the University of Oslo.

## 14. Settlement, listing and dealing of the Consideration Shares

The Consideration Shares will be issued at Completion, credited as fully paid and will rank *pari passu* in all respects with the Ordinary Shares, including the right to receive all dividends, distributions or any return of capital declared, made or paid after Completion.

Upon Completion, pursuant to paragraph 5.6.19G of the Listing Rules, the existing premium listing of Clarkson's Ordinary Shares on the Official List will be cancelled. Accordingly, application will be made to the UKLA for the Ordinary Shares then in issue to be re-admitted and the Consideration Shares to be admitted to the premium listing segment of the Official List immediately after such cancellation. The Acquisition will be conditional on Re-Admission and it is expected that trading in the Ordinary Shares will not be interrupted.

## 15. The General Meeting

The Notice of General Meeting, at which the resolutions summarised below will be proposed, is set out in the Notice of General Meeting. The Acquisition Resolution is required in order to enable the Company to implement the Acquisition and, accordingly, the Acquisition is conditional on the Acquisition Resolution being passed. The Acquisition is not conditional on the Ancillary Resolutions being passed. The full text of the Resolutions is set out in the Notice of General Meeting.

### *Acquisition Resolution*

#### Resolution 1

Resolution 1 proposes that: (i) the Acquisition be approved and that the Directors be authorised to take all steps and enter into all agreements and arrangements necessary or desirable to implement the Acquisition; and (ii) the Directors be authorised to allot the Consideration Shares.

## *Ancillary Resolutions*

### Resolutions 2 and 3

As a result of increases in the Company's share capital arising from the Placing and Acquisition, the Directors consider it appropriate to restate and renew the authorities of the Directors to issue shares in the Company and to dis-apply pre-emption rights at the General Meeting at the same percentage levels as the authorisations passed at the Annual General Meeting, but by reference to Ordinary Shares in issue after Completion.

### **15.1 Approval of the Resolutions**

Resolutions 1 and 2 will be proposed as ordinary resolutions. These resolutions must be approved by Shareholders who together represent a simple majority of the Ordinary Shares being voted (whether in person or by proxy) at the General Meeting. Resolution 3 will be proposed as a special resolution. This resolution must be approved by Shareholders who together represent 75 per cent. of the Ordinary Shares being voted (whether in person or by proxy) at the General Meeting.

The Acquisition will not proceed unless Resolution 1 is passed.

### **16. Action to be taken**

A Form of Proxy or, if you are a holder of Restricted Shares, a Form of Direction for use in relation to the General Meeting which covers all of the Resolutions to be proposed at the General Meeting accompanies this Circular. Shareholders can also submit their proxy electronically at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy).

If you hold Ordinary Shares in CREST, you may instead appoint a proxy by completing and transmitting a CREST Proxy Instruction to the Company's registrars, Computershare. Guidance notes to assist you in completing the Form of Proxy or Form of Direction or to register the appointment of a proxy electronically or to complete and transmit a CREST Proxy Instruction are set out in the section entitled Notice of General Meeting at the end of the Circular.

Whether or not you intend to be present at the General Meeting, Shareholders are requested to complete and return the accompanying Form of Proxy or Form of Direction (as applicable) in accordance with the instructions printed thereon or to register the appointment of a proxy electronically or, if you hold Ordinary Shares in CREST, to complete and transmit a CREST Proxy Instruction.

**Completed Forms of Proxy or Forms of Direction should be returned to the Company's registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY and any electronic proxy instruction or CREST Proxy Instruction should be made as soon as possible and, in any event, in the case of a Form of Proxy, electronic proxy instruction or CREST Proxy Instruction, so as to be received not later than 10 a.m. on 12 December 2014 and, in the case of a Form of Direction, so as to be received not later than 10 a.m. on 11 December 2014.**

The completion and return of a Form of Proxy or the transmittal of an electronic proxy registration or CREST Proxy Instruction will not prevent you from attending the General Meeting and voting in person if you so wish and are so entitled. Holders of Restricted Shares will be unable to vote in person at the General Meeting in respect of their Restricted Shares.

### **17. Further Information**

Your attention is drawn to the further information set out in Part II (*Risk Factors*) to Part VIII (*Additional Information*) and in particular the risk factors set out in Part II (*Risk Factors*). Investors should read the whole of this Circular and not rely solely on information summarised in this letter, including the summarised financial information.

### **18. Financial Advice**

The Directors have received financial advice from Nomura in relation to the Acquisition. In providing their financial advice to the Board, Nomura has relied upon the Board's commercial assessment of the Acquisition.

## **19. Recommendation**

**The Directors consider the terms of the Acquisition and the Resolutions to be in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend unanimously that Shareholders vote in favour of the Resolutions, as all of the Directors intend to do in respect of their own beneficial holdings which amount in aggregate to 766,609 Ordinary Shares, representing approximately 4.04 per cent. of the issued share capital of the Company as at the Latest Practicable Date.**

Yours faithfully,  
for and on behalf of Clarkson PLC

Bob Benton  
Chairman

## PART II

### RISK FACTORS

**Prior to voting on the Resolutions at the General Meeting, you should carefully consider, together with all other information contained in this Circular, the specific risks and uncertainties described below.**

**The Directors consider the following to be the material risk factors relating to the Acquisition and to which the Clarksons Group, the Platou Group and, following Completion, the Enlarged Group will be exposed as a result of the Acquisition. However, these should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. Additional risks and uncertainties that are not presently known to the Directors, or which they currently deem immaterial, may also have an adverse effect on the Enlarged Group's operating results, financial condition and prospects if they materialise. The information given is as at the date of this Circular and, except as required by the FCA, the London Stock Exchange, the Listing Rules or the Disclosure and Transparency Rules (and/or any regulatory requirements) or applicable law, will not be updated.**

**If any or a combination of the following risks and uncertainties actually materialise, the Enlarged Group's business, financial condition and results of operations could be materially and adversely affected. In such case, the price of the Ordinary Shares could decline and Shareholders may lose some or all of their investment.**

#### **RISKS RELATING TO THE ACQUISITION**

##### ***The Acquisition is conditional and the Conditions may not be satisfied***

Completion is conditional upon satisfaction or, where capable of being waived, waiver of the following Conditions prior to the Long Stop Date (or such later date as the parties may agree):

- (a) the execution of, or adherence to, the Transaction Documents and, as applicable, the US Warranty Agreement by Platou Shareholders with a minimum combined holding of 90 per cent. of the Platou Share Capital by no later than the Execution Longstop Date;
- (b) the passing of the Acquisition Resolution;
- (c) either the execution of, or adherence to, the Transaction Documents and, as applicable, the US Warranty Agreement by all of the Platou Shareholders who are party to the Platou Shareholders' Agreement or the passing of the Shareholders' Agreement Resolution (which the Sellers have agreed to vote in favour of);
- (d) the RS Platou LLP Transaction completing or alternative arrangements relating to the LLPs being implemented on the terms disclosed to the Company (subject to certain exceptions);
- (e) certain regulatory approvals or notifications having been obtained or received or certain time periods having elapsed without the relevant regulatory authority taking certain actions;
- (f) (i) no Relevant Authority intervened and there being any statute, regulation or order of any Relevant Authority which would or might make the Acquisition void, illegal or unenforceable or otherwise impede, challenge or interfere with the Acquisition and (ii) no interested party having intervened which the Company reasonably believes, with the consent of the Sellers (not to be unreasonably withheld or delayed), would have such an effect; and
- (g) the Re-Admission Condition.

In the event that: (a) the general meeting resolves not to approve the Acquisition Resolution; or (b) the Conditions are not satisfied or, where capable of being waived, waived by the Long Stop Date (or such later date as the parties may agree), the Share Purchase Agreement will automatically terminate.

If the Acquisition Resolution is approved at the General Meeting and each of the other Conditions is satisfied (or, where capable of being waived, waived) prior to the Long Stop Date, the Company will be contractually obliged to proceed to Completion unless the Share Purchase Agreement is otherwise terminated.

There can be no assurance that the Conditions will be fulfilled (or waived, where capable of being waived) or that the Acquisition will be completed.

***The Enlarged Group may not realise, or it might take the Enlarged Group longer than expected to realise, certain or all of the perceived benefits of the Acquisition***

The Enlarged Group may fail to achieve certain or all of the anticipated benefits that Clarksons expects to realise as a result of the Acquisition. If the anticipated benefits, such as increased earnings and brand enhancement; operational, managerial and financial efficiencies; increased breadth, depth and geographical reach of products and services and accelerated achievement of its strategic goals, are not achieved this could have a material adverse impact on relationships with clients, employees and other market participants, which could as a result have a material adverse effect on the Enlarged Group's businesses, financial conditions and results of operations.

***The Acquisition may result in a loss of clients for the Clarksons Group or the Platou Group and, following Completion, the Enlarged Group***

As a result of the Acquisition, some of the Clarksons Group's or the Platou Group's clients or strategic partners may terminate or reduce their business relationships with the Enlarged Group. Such clients may not wish to source a larger percentage of services from a single company. Potential clients of the Clarksons Group or the Platou Group may delay entering into, or decide not to enter into, a business relationship with the Clarksons Group or the Platou Group until Completion on account of any perceived uncertainty over the Acquisition. If the Clarksons Group's or the Platou Group's relationships with their respective clients are negatively impacted by the Acquisition, the Enlarged Group's business, financial condition and results of operations may be adversely affected.

***As a result of the Acquisition the Enlarged Group may fail to retain management or other employees***

The calibre and performance of the Enlarged Group's management and other employees, taken together, is critical to the success of the Enlarged Group and, while plans are, or will be put in place, for the retention of management and other employees, there can be no assurance that the Acquisition will not result in the departure of management and/or employees from the Enlarged Group. Such departures may take place either before Completion or during the Enlarged Group's integration process following Completion. Failure of the Enlarged Group to maintain or put in place plans or arrangements or otherwise to incentivise employees appropriately could result in the departure of management and/or employees. The departure of a significant number of management or employees could adversely affect both the Enlarged Group's ability to conduct its businesses (through an inability to execute business operations and strategies effectively) and the value of those businesses which could have a material adverse effect on the Enlarged Group's business, financial conditions and results of operations.

***The Enlarged Group may experience difficulties in integrating the existing businesses carried on by the Clarksons Group and the Platou Group***

The Clarksons Group and the Platou Group currently operate and, until Completion, will continue to operate as two separate and independent businesses. The Acquisition will lead to the integration of the businesses and the success of the Enlarged Group will depend, in part, on the effectiveness of the integration process and the ability of the Enlarged Group to realise the anticipated benefits from combining the respective businesses. Some of the potential challenges in combining the businesses may not be known until after Completion due to the decentralised structure and operational complexity of the Clarksons Group and the Platou Group.

The key potential difficulties of combining the businesses include the following:

- co-ordinating and consolidating services and operations, particularly across different countries, regulatory systems and business cultures;
- consolidating infrastructure, procedures, systems, facilities, accounting functions, compensation structures and other policies;
- implications of change of control and business combination provisions contained in the Clarksons Group's and Platou Group's client and other agreements triggered as a result of the Acquisition;
- integrating the management teams and retaining and incentivising key employees;
- co-ordinating and communicating with a larger, more geographically dispersed workforce and maintaining employee morale;
- co-ordinating communications with and/or the provision of services by the Enlarged Group to clients of the Clarksons Group and Platou Group;

- operating and integrating a large number of different technology platforms and systems;
- disruption to the ongoing businesses of each of the Clarksons Group and the Platou Group; and
- achieving the envisaged benefits of the Acquisition.

The process of integrating the businesses could potentially lead to the interruption of operations of the businesses or a loss of clients and/or key personnel, either or both of which would have an adverse effect on the business, financial condition and results of operations of the Enlarged Group. Any delays or difficulties encountered in connection with the integration of the businesses could also lead to reputational damage to the Enlarged Group.

The Clarksons Group's and the Platou Group's management teams will be required to devote significant attention and resources to integrating their respective business practices and operations. There is a risk that the challenges associated with managing the integration of the Clarksons Group and Platou Group businesses will result in management distraction and that consequently the underlying businesses will not perform in line with expectations.

***Third parties may terminate or alter existing contracts with the Clarksons Group or the Platou Group as a result of the Acquisition***

The Clarksons Group and the Platou Group each have contracts with suppliers, distributors, clients, licensors, licensees, lessees, lessors, lenders, insurers and other business partners that contain "change of control" or similar clauses that allow the counterparty to terminate or change the terms of their contract upon Completion. The Clarksons Group and the Platou Group will seek to obtain consents from certain of these counterparties. If these third party consents cannot be obtained, however, or are obtained on unfavourable terms, it may have adverse financial consequences for the Enlarged Group.

***Acquisition-related costs may exceed expectations***

The Clarksons Group and the Platou Group expect to incur a number of costs in relation to the Acquisition, including integration and post-Completion costs, in order to successfully combine the operations of the Clarksons Group and the Platou Group. The actual costs of the integration process may exceed those estimated and there may be further additional and unforeseen expenses incurred in connection with the Acquisition. In addition, the Clarksons Group and the Platou Group will incur legal, accounting and transaction fees and other costs relating to the Acquisition, some of which are payable whether or not the Acquisition reaches Completion. Although the Directors believe that the integration and Acquisition costs will be more than offset by the realisation of the benefits resulting from the Acquisition, this net benefit may not be achieved in the short-term or at all, particularly if the Acquisition is delayed or does not complete. This could adversely affect the operations and/or financial condition of the Clarksons Group and, following Completion, the Enlarged Group.

***Regulatory consents may take longer than expected to obtain and/or may not be granted***

The Acquisition is subject to regulatory approval in Norway, the UK and the US.

In Norway, any person who decides to acquire 10 per cent. or more of the shares or voting rights in an investment firm, which is authorised in the jurisdiction or in a parent of the investment firm, must notify the NFSA. The acquisition will be deemed approved if the NFSA does not object to the acquisition within the statutory period (three months) for it to determine the application. In the UK, the FCA's consent is required to acquire 20 per cent. or more of the shares or voting rights of Platou's subsidiary which is licensed as an asset manager (or in a parent of the firm). The FCA has a statutory period of 60 working days from receipt of a complete application to determine the application, subject to its ability to delay the assessment period for up to 30 working days to request additional information.

A subsidiary of Platou is a broker-dealer registered under the US Securities Exchange Act of 1934, as amended. Accordingly, such subsidiary is a member of, and is subject to regulation in the US by the Financial Industry Regulatory Authority, Inc. (FINRA), a private corporation that acts as a self-regulatory agency for certain segments of the US financial industry. Under FINRA rules a member of FINRA must file a continuing membership application (CMA) if such member undergoes certain changes to its ownership, control, or business operations, including a change in the equity ownership or partnership capital of the member that results in one



person or entity directly or indirectly owning or controlling 25 per cent. or more of the equity or partnership capital, for approval of the change, at least 30 days prior to such change. The member may affect the change prior to the conclusion of FINRA's assessment, subject to certain possible interim restrictions on the member pending final FINRA action. FINRA determines whether to approve, deny or approve with restrictions all such applications within 45 days after the application is complete and otherwise in accordance with its published procedures. The overriding consideration in any such application is the applicant's ability to continue to meet the 14 criteria for membership in FINRA's rules.

The above regulatory consents may take a longer than expected period of time to obtain and/or may not be granted. This could delay or jeopardise Completion, reduce the anticipated benefits of the Acquisition or result in an adverse effect on the business, financial condition and results of operations of the Enlarged Group.

#### **RISKS RELATING TO THE BUSINESS AND INDUSTRY OF THE CLARKSONS GROUP, THE PLATOU GROUP AND THE ENLARGED GROUP**

*Adverse economic and financial conditions globally or in any of the regions or industries in which the Clarksons Group and the Platou Group operate could have a material adverse effect on the businesses of the Clarksons Group, the Platou Group and, following Completion, the Enlarged Group*

The Clarksons Group's and the Platou Group's businesses are and, following Completion, the Enlarged Group's business will be, dependent upon the international maritime industry, in particular the international shipping and offshore oil and gas sectors. Furthermore, following Completion, macroeconomic factors may have a more significant impact on the Enlarged Group than on the current Clarksons Group, as a result of the increased focus on the Offshore and investment banking sectors. Historically, the shipping and offshore industries have been highly cyclical, experiencing significant volatility in charter rates and asset values. Adverse developments in any of these markets could lead to a decline in client demand for the services of the Clarksons Group, the Platou Group or, following Completion, the Enlarged Group, which could result in a material adverse effect on their respective businesses, financial conditions and results of operations.

The nature, timing and degree of changes to conditions in these industries are generally unpredictable and are impacted by factors beyond the control of the Clarksons Group, the Platou Group or, following Completion, the Enlarged Group or their respective clients. The general activity in the shipping and offshore industries, as well as shipping freight rates and day rates for offshore units, vary over time based on, among other things, development in global and regional economic conditions, the worldwide supply and demand for oil and gas, fluctuations in energy and commodity prices, fluctuations in global production, weather conditions, government laws and regulations, political development, environmental protection laws and regulations and competitiveness of alternative energy sources. The worldwide supply and demand for commodities (particularly hydrocarbons) and global economic and political developments will affect freight rates and day rates in shipping markets and the demand for the services of the Clarksons Group, the Platou Group or, following Completion, the Enlarged Group in the shipping and offshore sectors. The Shipbroking businesses of the Clarksons Group and the Platou Group are and, following Completion, the Shipbroking business of the Enlarged Group will be heavily dependent on the performance of the global economy and in particular levels of import and export activity. Such activity has fluctuated in recent years and may do so in the future.

Unfavourable financial or economic conditions would also likely lead to a reduction in the number and size of transactions undertaken by the Clarksons Group, the Platou Group and, following Completion, the Enlarged Group's investment banking businesses. Following Completion, any downturn in investment banking business may have a greater impact on the Enlarged Group than on the Clarksons Group: for the year ended 31 December 2013, the Enlarged Group's Financial division generated 24.4 per cent. of the Enlarged Group's pro forma revenues as compared to the Clarksons Group's Financial division which, for the same period, generated 5.9 per cent. of the Clarksons Group's revenue. The revenues from such investment banking businesses are directly related to the number and size of the transactions in which the respective business participates, and during periods of unfavourable market and economic conditions, the operating results of these investment banking businesses may be adversely affected by a decrease in the volume and value of transactions. Unfavourable market conditions also may lead to a reduction in revenues from the Clarksons Group's, the Platou Group's or, following Completion, the Enlarged Group's trading, underwriting and placement agent activities. Recent volatility in the global capital markets has impacted the number and size of equity and debt financing transactions taken to market, and continued volatility in such markets could adversely impact the results of the Clarksons Group's, the Platou Group's and, following Completion, the Enlarged Group's respective financial divisions. Furthermore, the finance businesses of the Clarksons Group and the Platou Group engage and, following Completion, the finance business of the Enlarged Group will engage in project finance activities in the



shipping, offshore and commercial real estate markets, all of which have experienced significant volatility in recent years. Any of these developments, alone or in combination, could have a material adverse effect on the Clarksons Group's, the Platou Group's or, following Completion, the Enlarged Group's businesses, financial conditions and results of operations.

***The Clarksons Group and the Platou Group are exposed to changing industry dynamics and structural changes, and there can be no assurance that the Clarksons Group, the Platou Group and, following Completion, the Enlarged Group will be able to adapt to changing conditions***

The Clarksons Group and the Platou Group and, following Completion, the Enlarged Group will be exposed to structural changes in the shipping and offshore industries which may have an adverse impact on the respective shipbroking and offshore broking businesses of the groups. These structural changes may have a greater impact on the Enlarged Group than on the Clarksons Group, as the Enlarged Group's product and service offering and the markets in which the Enlarged Group will operate, particularly in the financial services and offshore sector, will be more diverse than the Clarksons Group and therefore the Enlarged Group may face increased risk. Structural changes may include events such as the consolidation of companies in the shipping and offshore industries, changes in the geographical location of principal players, structural changes in the supply and demand for shipping and offshore vessels and significant changes in the ownership structures of principal market participants. Structural changes in industry practices for how transactions are completed and financed may also affect the role of brokers, or reduce the number of brokers involved in each transaction. Furthermore, such structural changes might also require the Clarksons Group, the Platou Group and, following Completion, the Enlarged Group to re-focus their investment banking activities, and such change in the market for the investment banking activities may be costly and may not be successful.

***The recent decrease in oil prices and the improved economics of producing natural gas and oil from shale, particularly in the U.S., may result in a decrease in offshore exploration and oil imports, which could adversely affect demand for the Clarksons Group's, the Platou Group's, and following Completion, the Enlarged Group's offshore services***

A significant portion of the Platou Group's revenues and, to a lesser extent, Clarksons Group's revenues are derived from its broking, financing, advisory and consultancy and research services in relation to the offshore oil and gas industry. The recent decrease in oil prices, due to production and supply continuing at levels exceeding demand, may lead companies to limit their involvement in the oil and gas industry and reduce their investment in offshore oil and gas exploration and oil imports. Additionally, the rise in the production of onshore oil and natural gas as a result of improved drilling efficiencies that are lowering the costs of extraction, particularly from shale, may result in a reduction of capital invested in offshore oil and gas exploration. A significant reduction in investment in offshore exploration and development would have a material adverse effect on the Clarksons Group's, the Platou Group's and, following Completion, the Enlarged Group's businesses, financial condition and results of operations.

According to the International Energy Agency, a continued decrease in U.S. oil imports is expected with North America becoming a net oil exporter by approximately 2030. In recent years, the share of total U.S. consumption met by total liquid fuel net imports, including both crude oil and products, has been decreasing from over 60 per cent. in 2005, falling to around 39 per cent. in 2013 as a result of lower consumption and the substantial increase in domestic crude oil production. A continued decline in oil imports to the United States, one of the most significant oil trading nations worldwide, may result in decreased demand for vessels transporting crude oil and lower charter rates, which could result in a decline in demand for the Platou Group's, the Clarksons Group's and, following Completion, the Enlarged Group's services from operators in this industry and have a material adverse effect on their respective businesses, financial conditions and results of operations.

***The financial services industry is subject to extensive regulation***

The Platou Group's investment banking and asset management divisions are regulated by governmental and self-regulatory organisations in Norway, the UK and the US. Whilst certain entities in the Clarksons Group which carry on financial services activities are regulated in the UK and the US, they are not subject to Norwegian regulation. Furthermore, the Platou Group's regulated firms undertake a broader range of licensed financial services activities than those performed by the current Clarksons Group entities which, in turn, will increase the regulation with which the Enlarged Group will be required to comply. In particular, the Platou Group's investment banking division is licensed to provide underwriting of financial instruments or placement of

financial instruments on a firm commitment basis and placement of financial instruments without a firm commitment basis. The Platou Group also includes a small authorised UK alternative investment fund manager. In addition, the increased importance of the financial services business to the Enlarged Group will increase the possibility, and the possible effect, of any failure to comply with applicable law and regulation.

The regulated financial services firms are required to satisfy a range of legislative and regulatory requirements, including certain capital adequacy and conduct of business requirements. Financial regulators have extensive powers to supervise and intervene in the affairs of the regulated firms. They can also formally investigate a firm and can take a range of disciplinary enforcement and criminal actions, including public censure, restitution, fines or sanctions, the award of compensation and suspension or cessation of activities or business or withdrawal of licences. Adverse regulatory scrutiny of any of the Clarkson's Group's, the Platou Group's or, following Completion, the Enlarged Group or any of their respective strategic partners, could have a material adverse effect on their respective businesses and reputations.

***Evolving regulation of financial services businesses could expose the Clarkson's Group, the Platou Group and, following Completion, the Enlarged Group to the potential for increases in costs and significant penalties and fines due to compliance failures***

Over the last several years, various international governmental agencies and regulatory bodies have taken, and may take further, actions to introduce or expand the scope of laws, rules, regulations and standards that may be applicable to the financial services activities, some of which may currently be unregulated. As the Enlarged Group's financial services business will be proportionally a larger part of the overall business, expand the services currently offered by the Clarkson's Group and also increase the number of markets from those in which the Clarkson's Group currently operates, the Enlarged Group's exposure to the financial markets may be greater than that of the Clarkson's Group.

The ability of financial services firms to conduct business and their operating results, including compliance costs, may be adversely affected as a result of any new requirements imposed by governmental regulatory authorities or self-regulatory organisations that regulate financial services firms or supervise financial markets. The financial services firms may also be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organisations. In addition, some clients or prospective clients may adopt policies that exceed regulatory requirements and impose additional restrictions.

Extensive and evolving regulation of the Clarkson's Group's, the Platou Group's and following Completion, the Enlarged Group's investment banking businesses could result in increases in costs and restrictions on engaging in certain activities.

The increased financial resources requirements under the EU Capital Requirement Directive IV ("CRD IV") are likely to increase the amount of resources that the investment firms within the Clarkson's Group, the Platou Group and, following Completion, the Enlarged Group are required to hold. In addition, the EU Markets in Financial Instruments Directive II ("MiFID II") will introduce expanded requirements in respect of the management of firms, explicit organisational and conduct requirements relating to product governance arrangements, a number of changes to the investor protection regime and increased supervisory powers for regulators, including powers to prohibit or restrict the marketing and distribution of certain products. As a result, MiFID II will impact the Clarkson's Group's, the Platou Group's and, following Completion, the Enlarged Group's products, services and relationships with financial services customers. Implementation of these new measures will take effect from 3 January 2017. The Enlarged Group will likely incur significant compliance costs, which could have a material adverse effect on the Enlarged Group's business, financial conditions and results of operations.

***The Clarkson's Group's and the Platou Group's investment banking activities are and, following Completion, the Enlarged Group's investment banking activities will be, exposed to competition from alternative trading systems***

Investors are increasingly conducting their transactions directly, such as through electronic trading facilities, giving them direct market access rather than using traders for the execution of financial transactions or through electronic trading facilities. Increasing use of products providing direct access to market and related services at a lesser cost, such as electronic trading facilities, may have a negative impact on the commissions and revenues generated by the respective investment banking businesses of the Clarkson's Group and the Platou Group and, following Completion, the Enlarged Group, and could reduce their participation in broking and associated access to market information. Furthermore, as the Enlarged Group's financial services offerings will expand those

currently offered by the Clarksons Group and also increase the number of markets from those in which the Clarksons Group currently operates such that, the Enlarged Group's exposure to alternative trading systems may be greater than that of the Clarksons Group. It could also lead to the creation of new and stronger competitors, which may have negative consequences for the Clarksons Group, the Platou Group and, following Completion, the Enlarged Group's businesses, financial conditions and results of operations.

***The Clarksons Group's, the Platou Group's or, following Completion, the Enlarged Group's internal financial and risk management controls may be insufficient to manage risks faced by it***

The Clarksons Group's and Platou Group's ability to maintain financial controls and provide high-quality service to clients depends in part on the efficient and uninterrupted operation of its management information policies. There can be no assurance that these policies will function as designed. Furthermore, as a result of the increased complexity of the Enlarged Group following the integration of the Clarksons Group and the Platou Group, the burden on internal financial and risk management controls may be greater than that of the current Clarksons Group. Any failure of the Clarksons Group's, the Platou Group's or, following Completion, the Enlarged Group's risk management policies and procedures could have a material adverse effect on their respective businesses, financial conditions and results of operations. Accordingly, there is no certainty that such risk management policies and procedures will be adequate to prevent substantial financial loss, which may have a significant negative impact on the Clarksons Group's, the Platou Group's or, following Completion, the Enlarged Group's respective businesses, financial conditions and results of operations.

The Clarksons Group and Platou Group have each experienced significant growth and diversification in the past several years (in particular in their respective investment banking businesses) and the Acquisition will represent a further significant development for the Clarksons Group. Supporting this growth has placed, and is expected to continue to place, significant demands on the Clarksons Group's and Platou Group's, and, following Completion, the Enlarged Group's respective operational, legal, regulatory and financial systems and resources for integration, training and business development efforts. Any need to commit additional resources to maintain adequate operational, legal, regulatory and financial systems to support expansion could place additional demands on their resources, increase their expenses and adversely affect their ability to grow as planned.

***The Clarksons Group, the Platou Group and, following Completion, the Enlarged Group may face losses that are uninsurable or which exceed their insurance coverage***

The Clarksons Group and the Platou Group maintain a number of separate insurance policies to protect their core businesses against loss and/or liability to third parties. The insurance policies include property, terrorism, directors' and officers' liability, trustee liability, business interruption, professional indemnity, stevedores liability, public liability, employers' liability, indemnity and material damage. There are also losses that are either uninsurable or not economically insurable, including but not limited to losses occasioned by war, dishonesty, gross negligence, criminal acts and possibly consequential damages or losses. Furthermore, the Enlarged Group's exposure to uninsurable losses or losses which exceed their insurance coverage may be greater than that of the Clarksons Group as a result of, among other things, the increased scale of financial services operations as a proportion of the business. Whilst the Clarksons Group and the Platou Group believe that they maintain appropriate levels of insurance against identified risks (and following Completion, there will be an appropriate level of insurance in respect of the Enlarged Group), there can be no guarantee that coverage thereunder would be sufficient to cover any loss suffered, and insufficient coverage could have a material adverse effect on the Clarksons Group's, the Platou Group's or, following Completion, the Enlarged Group's respective businesses, financial conditions and results of operations.

***A substantial portion of the businesses of the Clarksons Group and the Platou Group is and, following Completion, a substantial portion of the business of the Enlarged Group will be, conducted in currencies other than Pounds Sterling, resulting in exposure to risks associated with currency exchange fluctuations***

Currency risk will arise as a result of the majority of the earnings of the Clarksons Group, the Platou Group and, following Completion, the Enlarged Group being denominated in US Dollars and other non-Sterling currencies (including for the Platou Group, and following Completion, the Enlarged Group, NOK) while the majority of their costs are denominated in Pounds Sterling or the local currency of the office concerned and from the carrying values of the underlying assets of their respective overseas subsidiaries being denominated in foreign currencies. Fluctuations in foreign currency exchange rates (and, in particular, movements in the US Dollar and, more significantly for the Platou Group and, following Completion, the Enlarged Group, Norwegian Krone relative to Pounds Sterling) may adversely affect the business, financial condition and results of operations of the

Platou Group, the Clarksons Group and, following Completion, the Enlarged Group. Any volatility in foreign currency exchange rates, together with the absence of any or appropriate levels or types of hedging transactions by the Clarksons Group, the Platou Group or, following Completion, the Enlarged Group, could result in fluctuations in their respective financial results. Further, if in the future the Enlarged Group expands its operations into new markets with different currencies, this could expose it to additional currency translation risks.

***Any failure or data security breach of the Clarksons Group's, the Platou Group's or, following Completion, the Enlarged Group's information technology systems, or technological changes which affect those systems, could have a significant negative impact on their respective businesses***

Information technology systems provide key components of many of the services that the Clarksons Group and Platou Group offer across their international operations and therefore play a key role in enabling their respective businesses to compete effectively. Both the Clarksons Group and the Platou Group are dependent on their information technology systems particularly in light of their decentralised operations. Following Completion, the Company may seek to rationalise the information technology systems across the Enlarged Group which may involve the migration of data from one system to another. Any inadequate system design or any failure of current or future systems (including as a result of increased use following the rationalisation described above) could impair the Clarksons Group's, the Platou Group's or, following Completion, the Enlarged Group's ability to conduct the day-to-day operations of their respective businesses. In addition, IT systems are vulnerable to damage or interruption from a variety of sources, including viruses, electronic break-ins or cyber-attacks, theft or corruption of confidential data or other unanticipated problems. Although the Clarksons Group and the Platou Group have introduced various security measures, including both technology and policy controls, it cannot be guaranteed that these measures offer the appropriate level of security or protection.

Similarly, any temporary or permanent failure of the IT systems and/or third-party infrastructure (including any failures arising out of the integration of the Clarksons Group and the Platou Group) on which the Clarksons Group, the Platou Group or, following Completion, the Enlarged Group rely could affect their ability to provide an efficient service to their clients and could lead to costs and disruptions that could adversely affect their businesses, financial conditions and results of operations. Any such failure may result in potentially higher costs in the future to further safeguard against such failure, which could have a material adverse effect on the Clarksons Group's, the Platou Group's and, following Completion, the Enlarged Group's respective businesses, financial conditions and results of operations.

Finally, the cost of implementation in relation to the integration of the Clarksons Group's and Platou Group's information technology systems and any other emerging and future technologies could be significant, particularly given the size and complexity of the Enlarged Group's business. Any significant disruption of its computer or communication systems could significantly affect the Enlarged Group's ability to manage its information technology systems or lead to recovery costs, litigation brought by clients or business partners, or a diminished ability to operate the business, which in turn could have a material adverse effect on the Enlarged Group's business, results of operations and financial condition.

***Liabilities resulting from litigation or other proceedings could have a material adverse effect on the Clarksons Group's, the Platou Group's and, following Completion, the Enlarged Group's financial positions***

The Clarksons Group and the Platou Group are and, following Completion, the Enlarged Group will likely from time to time be involved in various disputes, some of which may result in litigation or proceedings. There can be no assurances that litigation will not be brought against the Clarksons Group, the Platou Group and, following Completion, the Enlarged Group in the future, and that such litigation will not have a material adverse effect on their respective businesses, financial conditions and results of operations. Furthermore, the Enlarged Group will conduct its business in a greater number of jurisdictions, which may have different legal systems, cultures and practices and where the costs and time required to make or defend claims is significant.

In particular, the Clarksons Group and the Platou Group and, following Completion, the Enlarged Group may face potential claims for compensation and other forms of civil liability from clients and third parties in the course of their shipbroking, offshore broking, investment services and financial services businesses. The Clarksons Group, the Platou Group and, following Completion, the Enlarged Group may also be exposed to potential liability for their economic research and related advisory services, which liability could be material. The Clarksons Group and the Platou Group conduct business in various jurisdictions in which dispute resolution procedures and the potential scope of civil liability may vary substantially. It may not always be possible to agree an adequate contractual limitation to potential liability if at all. A substantial claim for compensation or other forms of civil liability from clients or third parties may have a material adverse impact on the Clarksons Group's, the Platou Group's and, following Completion, the Enlarged Group's reputations as well as their respective businesses, financial conditions and results of operations.



Additionally, the Clarksons Group, the Platou Group and, following Completion, the Enlarged Group face the risk of litigation and regulatory proceedings in connection with their respective investment banking and transactional advisory services. As the Enlarged Group's financial services business will make up a greater proportion of the overall business than is currently the case for the Clarksons Group, these risks may be more significant for the Enlarged Group. In recent years, the volume of claims against financial advisors and the amount of damages claimed in such proceedings has been increasing. The Clarksons Group's, the Platou Group's and, following Completion, the Enlarged Group's transactional advisory activities may subject them to the risk of significant legal liability to clients and third parties, including clients' stockholders, under securities or other laws for materially false or misleading statements made in connection with securities and other transactions and potential liability for the fairness opinions and other advice provided to participants in corporate transactions. The Clarksons Group's, the Platou Group's engagements typically include and, following Completion, the Enlarged Group's engagements will typically include, broad indemnities from their respective clients and provisions designed to limit exposure to legal claims relating to their services, but these provisions may not provide sufficient protection or may not be adhered to in all cases. As a result, the Clarksons Group, the Platou Group and, following Completion, the Enlarged Group may incur significant legal expenses in defending against litigation. Furthermore, the Platou Group's asset management business makes investment decisions on behalf of its clients that could result in substantial losses. This also may subject the Clarksons Group, the Platou Group and, following Completion, the Enlarged Group to the risk of legal liability or actions alleging negligent misconduct, breach of fiduciary duty or breach of contract. These risks may be difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. Substantial legal liability or legal expenses incurred in defending against litigation could cause significant reputational harm to the Clarksons Group, the Platou Group and, following Completion, the Enlarged Group and could materially adversely affect their respective businesses, financial conditions and results of operations.

***The diverse and complex global operations of the Clarksons Group, the Platou Group and, following Completion, the Enlarged Group subject them to risks in multiple countries that could adversely affect their businesses***

The Clarksons Group and the Platou Group currently market their services and have a presence in 18 and 11 countries respectively, including emerging market countries such as China, Russia and various Middle Eastern, African and South American countries, and may expand their geographic presences in the future. Following Completion, the Enlarged Group will have a presence in 21 countries, increasing the number of countries from those in which the Clarksons Group has a presence. The Clarksons Group's, the Platou Group's and, following Completion, the Enlarged Group's future revenue growth depends upon the efficient delivery of their services through direct and indirect channels in various countries around the world where its current or potential clients are located. The expansion of the Clarksons Group's and Platou Group's businesses have required and, following Completion, the Enlarged Group will require, the establishment of new offices, hiring of new personnel and management of their businesses in widely disparate locations with different economies, legal systems, languages and cultures.

The Clarksons Group, the Platou Group and, following Completion, the Enlarged Group are subject to laws regarding money laundering and the financing of terrorism, as well as laws that prohibit them, their employees or intermediaries from making improper payments or offers of payment for the purpose of obtaining or retaining business, including the UK Bribery Act 2010, the Office of Foreign Assets Control and the Foreign Corrupt Practices Act. Monitoring compliance with anti-money laundering, anti-bribery and sanctions rules and regulations can involve a significant financial burden and requires significant technical capabilities. As the Enlarged Group's geographic footprint will be greater than that of the current Clarksons Group, the Enlarged Group's costs associated with complying with anti-money laundering, anti-bribery and sanctions regulations and the scope and effect of future regulatory requirements and potential violations of such regulations may be greater than for the Clarksons Group and the risk of sanctions or fines for non-compliance may therefore be greater. In recent years, enforcement of these laws and regulations has become more active. In addition, the Clarksons Group, the Platou Group and, following Completion, the Enlarged Group cannot predict the nature, scope or effect of future regulatory requirements to which they might be subject or the manner in which existing laws might be administered or interpreted. Certain operations may involve business environments in which fraud, bribery or corruption may be common, condoned or encouraged by third parties. Although they believe that the current policies and procedures are sufficient to comply with applicable anti-money laundering, anti-bribery and sanctions rules and regulations, the Clarksons Group, the Platou Group and, following Completion, the Enlarged Group cannot guarantee that such policies completely prevent situations of money laundering or bribery, including actions by their employees, for which they might be held responsible. Any such events may have severe consequences, including sanctions and fines which could have a material adverse effect on the Clarksons Group's, the Platou Group's and, following Completion, the Enlarged Group's respective reputations, businesses, financial conditions, and results of operations.

## **ADDITIONAL RISKS RELATING TO THE PLATOU GROUP**

***The Platou Group is subject to certain restrictive covenants in respect of its third party debt financing arrangements which may restrict the ability of the Platou Group to operate its business and, if not complied with, could materially and adversely affect the Platou Group's business, results of operations and financial condition***

The Platou Group is subject to and, following Completion, the Enlarged Group will continue to be subject to, outstanding debt and debt service obligations. The Platou Group's existing facilities agreement with DNB Bank ASA contains restrictive debt covenants that may, amongst other things, limit the ability of the Platou Group to make acquisitions or investments, make loans or otherwise extend credit to others, incur indebtedness or issue guarantees, create security, issue shares and pay dividends, and sell, transfer or otherwise dispose of assets. Though the Platou Group is currently in compliance with these covenants and is expected to continue to be in compliance with these covenants, in the longer term such restrictions could however affect the Enlarged Group's ability to operate its business and may limit its ability to react to market conditions or take advantage of potential business opportunities as they arise in the future. In order to remain in compliance with the covenants, which if breached, could result in a significant proportion of the Enlarged Group's debt becoming repayable, the Enlarged Group may have to take actions it would not otherwise have chosen to do and limit its ability to finance discretionary business expansions and capital investment in the longer term, which in turn could materially and adversely affect the Platou Group's or, following Completion, the Enlarged Group's, respective businesses, financial conditions and results of operations.

In addition, if in the longer term the Platou Group, or, following Completion, Enlarged Group were to seek additional borrowings to finance future growth, the Platou Group's and, following Completion, the Enlarged Group's existing debt obligations could increase the cost of such additional borrowings, which in turn could have a material adverse effect on the Platou Group's or, following Completion, the Enlarged Group's, respective businesses, financial conditions and results of operations.

***An increase in future payments under the Platou Group's defined benefit pension plans could have a material adverse effect on the Platou Group's financial condition***

One Platou Group company operates a defined benefit pension scheme which was closed to new entrants in 2006. At 30 June 2014, the present value of defined benefit obligations of this defined benefit scheme on an IAS19R basis was £10.8 million (31 December 2013: value of defined benefit obligations was £10.4 million) and the net pension liability was £1.3 million (31 December 2013: net pension liability was £1.3 million).

The nature of a defined benefit pension scheme means that the funding levels of the pension plan are subject to factors outside the Platou Group's control, which could increase the deficit in that scheme. These factors include investment returns, discount rates for valuing liabilities, life expectancy and inflation. As a result, it is not possible to accurately predict the future funding level of the defined benefit scheme, deficit-reduction periods, employer cash contribution obligations or accounting charges with any degree of certainty. Currently, annual contributions are assessed every three years and were set at £432,000 at the actuarial valuation as of December 2013.

If future payments increase substantially above current levels, this could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

## PART III

### INFORMATION ON THE PLATOU GROUP

#### 1. Overview

Established in Oslo in 1936, the Platou Group is a leading international broker and investment bank providing high value brokerage, financial and advisory services focused on the offshore and shipping markets, operating from offices in 11 countries located in key global financial and shipping centres and with 321 employees as at 30 September 2014. The Platou Group's business comprises four core divisions: Offshore, Shipbroking, Investment Banking and Project Finance, which are complemented by a variety of research capabilities.

On 5 November 2014 and 21 November 2014, Platou entered into the RS Platou LLP Transaction. Further information on the RS Platou LLP Transaction is contained in paragraph 3.1 of Part I (*Letter from the Chairman of Clarkson PLC*).

The description of the Platou Group and the Platou Group's financial information set out in this Part III (*Information on the Platou Group*) anticipates the completion of the RS Platou LLP Transaction and therefore does not contain any information on RS Platou LLP or RS Platou Energy LLP and their respective subsidiaries (other than certain customer commissions in the Forward Order Book, which will remain part of the Platou Group).

For the year ended 31 December 2013, the Platou Group generated total revenues of £132.7 million and operating profit of £33.6 million. As at 30 June 2014, the Platou Group had gross assets of £99.3 million.

#### 2. Business divisions

##### 2.1 Offshore

The Platou Group has been engaged as a broker in the offshore drilling industry since the 1960s, and Platou Offshore was established in 1973. The Platou Group is recognised as one of the leading global players in the sector, advising vessel owners, oil and gas companies, shipyards, designers and maritime architects, class authorities, investors and financial institutions on the chartering, sale and purchase and newbuild construction of all major types of offshore vessel as well as providing valuation services, market intelligence and analysis. The Offshore division had 117 employees at 30 September 2014 across the Platou Group's offices in Oslo, Singapore, Houston, Cape Town, Moscow, Shanghai, Aberdeen, London, Dubai and Rio de Janeiro.

In March 2008, Platou acquired a controlling interest in the Stewart Group and its offices in Aberdeen, London and Cape Town and agreed to acquire the remaining minority interest in November 2014. The Stewart Group is regarded as a leading provider of offshore broking services, specialising in the chartering of offshore support and specialist vessels, and its acquisition by the Platou Group strengthened the Platou Group's market position in the North Sea, West Africa and Australia. The Offshore division has recently been strengthened by the addition of a new team specialising in the sub-sea market.

For the year ended 31 December 2013, the Offshore division generated total revenues of £38.7 million (representing 29.2 per cent. of the Platou Group's total revenue for the period) and operating profit of £8.8 million (representing 26.2 per cent. of the Platou Group's total segment operating profit for the year).

The Offshore division assists clients with business development for all types of offshore vessels, including:

- *Drilling Units:* providing advisory and consultancy services with respect to a variety of mobile drilling units, including semi-submersibles, drillships, jackups, drilling assisted barges and land rigs to a global client base of owners, oil companies, shipyards, investment groups, financial institutions and public and governmental institutions. The team is active in all phases of the offshore vessel lifecycle, from design to deployment to demolition, and has been instrumental in bringing to market several new designs for drilling units and supply vessels;
- *Offshore Support Vessels:* advising global clients on transactions with respect to the chartering, sale and purchase and newbuilding of offshore supply vessels and support vessels, and advising national and private oil companies on special purchase equipment acquisitions and providing fair market value appraisals of shipping and offshore assets;
- *Field Development:* providing broker, advisory and consultancy services to oil companies, offshore contractors and ship-owners covering floating production storage offloading units ("FPSOs"), floating storage offloading units, drilling rigs, marine offshore production units, subsea construction and tanker export systems. The Platou Group is internationally recognised as one of the most experienced FPSO brokers in the world; and



- *Offshore Research:* producing analysis of global macroeconomic conditions and markets as well as research of the markets for mobile offshore drilling units, offshore support vessels, FPSOs, shuttle tankers and offshore wind/renewables projects.

## 2.2 *Shipbroking*

The Shipbroking division of the Platou Group was established in 1936, and had 105 employees at 30 September 2014 located in Oslo, Houston, Moscow, Piraeus, Shanghai and Singapore.

For the year ended 31 December 2013, the Shipbroking division generated total revenues of £24.9 million (representing 18.8 per cent. of the Platou Group's total revenue for the year) and operating profit of £1.2 million (representing 3.6 per cent. of the Platou Group's total segment operating profit for the year).

The Shipbroking division is divided into departments for:

- *Sale and Purchase and Newbuilding:* focusing on broking services in relation to various types of vessels including tankers, LPG and LNG carriers, bulk carriers, container carriers, pure car carriers ("PCC") and RoRo vessels, reefer vessels and cruise vessels and ferries;
- *Chartering:* which incorporates sub-sectors including PCC/RoRo (including deep sea, spot and period charters), LNG and industrial shipping; and
- *Economic Research:* preparing research on the markets for crude, LNG, bulk and container shipping and car transportation.

## 2.3 *Investment Banking*

RS Platou Markets AS, the Platou Group's Investment Banking division, is a full service investment bank headquartered in Oslo, Norway, with a subsidiary in New York, and is licenced and supervised by the Norwegian FSA and FINRA respectively. The Investment Banking division of the Platou Group was established in 2008.

In 2011, Platou acquired a New York-registered broker-dealer to create Platou Markets Inc., thereby increasing access to the US capital markets. The Investment Banking division has a broad and diverse global institutional client base and offers services including equity and fixed income sales and trading, equity and credit research and corporate finance services focusing on the Platou Group's core maritime sectors. The Platou Group has been a market leader in shipping equity capital markets globally since January 2013 raising more than US\$7 billion in equity for 13 public shipping companies in 25 transactions over this period, 10 of which as sole manager. It also has a strong track record in successful placings of secured and sizeable US Dollar denominated bonds (raising US\$5.8 billion in high yield bonds to maritime companies since 2012, of which 44 per cent. was as sole manager, and raising US\$1.5 billion in secured high yield bonds to rig companies since July 2013, of which 54 per cent. was as a sole manager). The division had 79 professionals at 30 September 2014 located in Oslo and New York. For the year ended 31 December 2013, the Investment Banking division participated in 33 equity and debt capital market transactions and six M&A transactions with a combined value of US\$7.4 billion.

For the year ended 31 December 2013, the Investment Banking division generated total revenues of £61.3 million (representing 46.2 per cent. of the Platou Group's total revenue for the period) and operating profit of £21.7 million (representing 64.6 per cent. of the Platou Group's total segment operating profit for the year).

The Investment Banking division is divided into departments for:

- *Equity Sales and Trading:* offering a broad range of products and services, including domestic and international sales, trading, market-making and execution within equities for global institutional investors;
- *Fixed Income Sales and Trading:* offering a broad range of products and services, including domestic and international sales, trading, market-making and execution within debt instruments for global institutional investors;
- *Equity Research:* providing consistent, high-quality and timely research to clients, the equity research department maintains an ongoing coverage of companies globally with an emphasis on the offshore and shipping sectors. Analysts prepare macroeconomic and market-specific outlook reports in addition to Norwegian and international industry and sector updates; and

- *Corporate Finance*: a dedicated team of corporate finance professionals with extensive industry and transaction experience in equity capital markets, debt capital markets, private transactions and advisory services located in Oslo and New York. The corporate finance department delivers corporate finance and equity and debt capital markets services to clients within the shipping and offshore sectors, designing and optimising the sources of funding and the capital structure of global companies in an effort to allocate financial resources more effectively and so increase shareholder value, in addition to advising on strategic alternatives and mergers and acquisitions. The corporate finance team has particularly extensive experience with transactions in the US and Norwegian capital markets, including the Norwegian OTC market.

## 2.4 *Project Finance*

Since its establishment in 2004, the Project Finance division has become one of Norway's leading finance companies specialising in the shipping, offshore and real estate sectors. From the Platou Group's offices in Oslo and Singapore, the Project Finance division has, since its inception, established 91 projects and acquired, on behalf of project companies, 180 vessels at an accumulated project price of approximately US\$4.2 billion. The Project Finance division offers assistance to clients in the project development stage and investor services through the life of the project. The team also offers post-completion services to clients through its corporate management department. The Project Finance division had 20 employees as at 30 September 2014. RS Platou Finans Shipping AS is regulated by the Norwegian FSA.

For the year ended 31 December 2013, the Project Finance division generated total revenues of £7.8 million (representing 5.9 per cent. of the Platou Group's total revenue for the year) and operating profit of £1.9 million (representing 5.7 per cent. of the Platou Group's total segment operating profit for the year).

The Project Finance division's activities are divided into departments focussing on project development, corporate management and investor services.

## 3. **Forward Order Book**

Activities within the newbuilding and chartering departments frequently lead to amounts of contracted commission being included in the Platou Group's Forward Order Book. When the Platou Group has provided services to a client, the Platou Group is eligible to receive a commission and revenues will be invoiced according to the commission payment arrangements agreed between the counterparties.

The Forward Order Book represents estimated future commissions and other revenues collectable over the duration of the contract as principal payments fall due, on already executed transactions. The Forward Order Book includes inherent risks in several aspects, and there can be no guarantee that the Enlarged Group will collect as revenues the amounts represented by Platou's Forward Order Book. The risk of collection increases the further out the commission is due to be invoiced. Consequently, in keeping with Clarkson's policy, the Forward Order Book is defined as the Directors best estimate of what will be invoiced and collected in the following financial year.

As at 30 September 2014, the Platou Group's Forward Order Book for collection in the year ended 31 December 2015 is US\$57.6 million, which comprises a Forward Order Book for Offshore of US\$40.0 million, Shipbroking of US\$15.2 million and Project Finance of US\$2.3 million.

#### 4. History

Below is an overview of the key events in the Platou Group's history:

Year	Event
1936	Platou founded as shipbrokers in Oslo
1960	Started offshore broking services
1973	Platou Offshore division established
1978	Established office in Houston
1987	Management buy-out led by Peter M. Anker
1989	Established office in Singapore
2000	Founding partner in IMAREX (exited in 2006)
2004	Established Project Finance division
2008	Acquired controlling interest in the Stewart Group Acquired RS Platou Markets AS from Glitnir Banki hf
2009	Established RS Platou LLP in London Established RS Platou Real Estate AS Established office in Piraeus Established RS Platou Markets (Asia) Pte. Ltd in Singapore
2010	Established office in Rio de Janeiro
2011	Sold 49.7 per cent. of RS Platou Markets AS to employees, bringing shareholding down to 50.3 per cent. RS Platou Markets Inc. was acquired in the US Established offices in Cape Town, Sydney, Perth and Melbourne Acquired 55 per cent. of Rig Ship FZCO based in Dubai
2012	Acquired Realkapital Partners AS RS Platou Markets AS sold its Singapore subsidiary RS Platou Markets (Asia) Pte. Ltd to members of the company's management
2013	Acquired additional shares in RS Platou Markets AS from employees, taking shareholding to 90.1 per cent. Sold Realkapital Partners AS Acquired 50.02 per cent. of Christiania Shipbrokers AS and changed name to RS Platou Tankers AS RS Platou Markets, Inc. obtained underwriting and research licences in the US
2014	RS Platou Finans AS changed name to RS Platou Project Finance AS Acquired additional shares in RS Platou Markets AS to take Platou Group's ownership to 100 per cent RS Platou LLP Transaction agreed Acquired the remaining minority interest in the Stewart Group, conditional on Completion

#### 5. Properties

On 1 September 2014, Platou completed the sale of its 50 per cent. interest in M62 Holding AS, the holding company of the Platou Group's corporate office building in Oslo which is currently under construction, for a cash consideration of £2.3 million. As a result, Platou expects to recognise a gain of approximately £2.2 million in the year ended 31 December 2014.

The Platou Group leases all of its current premises on long-term contracts, with the exception of one office in the UK. The lease for Platou's headquarters in Oslo expires in 2015 when Platou expects to move into its new office building. Platou has signed a 12 year lease for the new office building with an option to extend for two additional five year terms, on equal terms to the original lease.

## **6. Information technology**

The Platou Group's information technology ("IT") systems support its finance and reporting functions, procurement, human resources and other specialised business operations. Different platforms are used to support the various departments, and the Platou Group has a centralised IT support service that manages the IT infrastructure through a combination of an in-house team of 10 people (as at 30 September 2014) and personnel of key suppliers. The Platou Group has security policies in place with respect to its IT systems.

## **7. Intellectual property**

Platou's name is considered a protected trademark and is owned by Platou. Platou has no patents.

## **8. Insurance**

Platou maintains professional indemnity, property, directors' and officers' and other insurance coverage. Platou considers its insurance coverage to be adequate both as to the nature of the risks covered and amounts insured for its business operations.

## **9. Regulation**

The provision of shipbroking services is unregulated under Norwegian law. Neither the Platou Group nor the individual ship brokers employed by the Platou Group are required to hold any licence or authorisation in order to provide shipbroking services.

Investment services provided on a professional basis may only be provided by undertakings licensed to do so by the relevant financial authority in the jurisdictions in which they operate. RS Platou Markets AS is a full service investment firm and holds a license from the Norwegian FSA to provide investment services as defined in the Norwegian Securities Trading Act Section 2-1(1) and ancillary services as described in the Norwegian Securities Trading Act Section 2-1(2), with the exceptions of (i) active management of investors' portfolios of financial instruments, (ii) operation of a multilateral trading facility (iii) granting of credits or loans and (iv) services related to the underlying commodity derivatives. RS Platou Finans Shipping AS holds a license from the Norwegian FSA to provide the investment services reception and transmission of orders, execution of orders, underwriting and placing of financial instruments, as well as the ancillary services preparation of investment research and services related to underwriting. RS Platou Markets, Inc. in New York holds licences from FINRA in the US to perform equity and credit sales and trading, corporate finance transactions and advisory services and to create and distribute proprietary and third-party research.

The Norwegian regulated entities of the Platou Group, RS Platou Markets AS and RS Platou Finans Shipping AS, have a minimum capital requirement of 8 per cent. of calculated risk as defined in the regulations issued by the Norwegian Ministry of Finance, and the entities reports its capital adequacy on a quarterly basis to the Norwegian FSA. RS Platou Markets AS reports capital adequacy ratio on both a company and group level (consolidated with RS Platou Markets, Inc). As at 31 December 2013, RS Platou Markets AS had a capital adequacy ratio of 14.9 per cent. on a company level and 14.6 per cent. on RS Platou Markets AS group level, and RS Platou Finans Shipping AS had capital adequacy ratio of 10.0 per cent. Historically all the regulated entities have maintained a capital ratio above the 8 per cent. requirement. RS Platou Finans Shipping AS and RS Platou Markets AS must also perform Internal Capital Adequacy Assessment Process ("ICAAP") once a year to evaluate their need for capital.

The Norwegian regulated entities of the Platou Group, RS Platou Markets AS and RS Platou Finans Shipping AS, are required to report large exposures on a company level and for RS Platou Markets AS also on a RS Platou Markets AS group level. A large exposure is defined as an exposure which constitutes 10 per cent. or more of eligible capital and there are limits on the size of such exposures according to local regulation.

The Norwegian regulated entities of the Platou Group, RS Platou Markets AS and RS Platou Finans Shipping AS, are currently required to comply with the remuneration regulations introduced in Norway in 2011 and will be required to comply with the amended regulations which will come into effect from 1 January 2015, which cover fixed and variable salary payments as well as limit excessive bonus payments and risk taking based on the

principles set out in the EU Capital Requirements Directive III and IV. RS Platou Markets AS and RS Platou Finans Shipping AS have their own committees related to the compensation of regulated employees and are required to review the relationship between fixed and variable salary once a year in a written report, to be delivered to the Norwegian FSA upon request. This bonus regulation is not applicable to RS Platou Markets, Inc. in the US.

In the event that the regulated entities of the Platou Group generate in excess of 50 per cent. of the Platou Group's overall activities in any given financial year, capital adequacy and large exposure requirements will also have to be complied with by the Platou Group on a consolidated level. In the period covered by the historical financial information set out in Part VI (*Historical Financial Information Relating to the Platou Group*), revenue from Investment Banking has not reached 50 per cent. of the Former Platou Group's total revenue.

RS Platou Markets, Inc., in New York, is subject to the Securities and Exchange Commission ("SEC") Uniform Net Capital Rule. Since it was established, RS Platou Markets Inc. has elected to operate under that aspect of this rule which requires that the company maintain "net capital" equal to the greater of \$250,000 or 6.67 per cent. of "aggregate indebtedness", as those terms are defined in the rule. The capital is reported on a monthly basis to FINRA.

RS Platou Real Estate AS is a tied agent of RS Platou Markets and may act as a tied agent for the purpose of promoting, transmitting orders and providing advice on investment services in relation to syndication of real estate projects. RS Platou Markets is fully responsible for the agent's regulated activities.

RS Platou Investor Services, RS Platou Project Finance AS and RS Platou Property Management AS are all authorised by the Norwegian FSA as external accountants.

In order to demonstrate recognised standards of service quality, all divisions within the Platou Group are fully certified by Det Norske Veritas ("DNV") and in compliance with the ISO 9001:2008 Standard. The current certificate is valid until 14 May 2017.

## **10. Employees and pensions**

### **10.1 *Employees***

The number of employees by department as at 30 September 2014 is shown below:

<u>Department</u>	<u>Total</u>
Offshore	117
Shipbroking	105
Investment Banking	79
Project Finance	20
<b>Total</b>	<b>321</b>

### **10.2 *Pension schemes***

The Platou Group has a defined contribution pension scheme covering all employees in Norway and a defined benefit pension scheme in operation relating to the Stewart Group in the UK. The Stewart Group pension scheme was closed to new entrants and accruals in 2006. As at 30 June 2014 there were 21 deferred members in the scheme and 12 pensioners and dependants. As at 30 June 2014, the net pension liability of the scheme was £1.3 million as calculated under IAS19R. The last triennial valuation was undertaken as at 1 September 2012.

## PART IV

### OPERATING AND FINANCIAL REVIEW FOR THE PLATOU GROUP

*This Part IV (Operating and Financial Review for the Platou Group) should be read in conjunction with Part I (Letter from the Chairman of Clarkson PLC), Part II (Risk Factors), Part III (Information on the Platou Group), Part V (Summary of the Principal Terms of the Acquisition), Part VI (Historical Financial Information Relating to the Platou Group) and Part VII (Unaudited Pro Forma Financial Information for the Enlarged Group). Prospective investors should read the entire document and not just rely on the summary set out below. The financial information considered in this Part IV (Operating and Financial Review for the Platou Group) is extracted from Part VI (Historical Financial Information Relating to the Platou Group).*

*The following discussion of the Platou Group's results of operations and financial conditions contains forward-looking statements. The Platou Group's actual results could differ materially from those that it discusses in these forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this Circular, particularly under "General Information" and Part II (Risk Factors). In addition, certain industry issues also affect the Platou Group's results of operations and are described in Part I (Letter from the Chairman of Clarkson PLC) and Part III (Information on the Platou Group).*

#### 1. Overview

Established in Oslo in 1936, the Platou Group is an international broker and investment bank providing high value brokerage, financial and advisory services focused on the offshore and shipping markets, operating from offices in 11 countries located in key global financial and shipping centres and has 321 employees as at 30 September 2014. The Platou Group's business comprises four core divisions: Offshore, Shipbroking, Investment Banking and Project Finance, which are complemented by a variety of research capabilities.<sup>1</sup>

On 5 November 2014, the members of RS Platou LLP and RS Platou Energy LLP, in both of which Platou holds a 51 per cent. interest, resolved, among other things, to wind-up the LLPs from 31 December 2014. The LLPs have agreed, pursuant to agreements dated 5 November 2014 and 21 November 2014, to transfer substantially all of their assets to a new entity, established by their respective existing members (other than Platou). In connection with the RS Platou LLP Transaction, Platou has acquired the shares in Platou held by certain of the existing members of the LLPs. Completion of the RS Platou LLP Transaction is expected to occur on 31 December 2014, subject to certain conditions. If completion does not occur on 31 December 2014, the LLPs will nonetheless be wound up in accordance with the resolutions above.

RS Platou LLP and RS Platou Energy LLP are based in London and formed part of the Platou Group's Shipbroking division with a focus on specific sub-sectors of the shipping market (for the year ended 31 December 2013, the business to be disposed of pursuant to the RS Platou LLP Transaction generated total revenue of £7.5 million and operating profit of £1.5 million). This Part IV (*Operating and Financial Review of the Platou Group*) provides financial information and a financial review of:

- (i) Platou and its subsidiaries prior to the completion of the RS Platou LLP Transaction (the "Former Platou Group") for the years ended 31 December 2011, 2012 and 2013 and for the six months ended 30 June 2013 and 30 June 2014; and
- (ii) Platou and its subsidiaries assuming completion of the RS Platou LLP Transaction (the "Platou Group") for the years ended 31 December 2011, 2012 and 2013 and for the six months ended 30 June 2014.

The Former Platou Group generated revenue of £60.9 million for the six months ended 30 June 2014 and revenue of £140.2 million for the year ended 31 December 2013. As at 30 June 2014, the Former Platou Group had gross assets of £106.1 million.

The Platou Group generated revenue of £52.0 million for the six months ended 30 June 2014 and revenue of £132.7 million for the year ended 31 December 2013. As at 30 June 2014, the Platou Group had gross assets of £99.3 million.

#### 2. Current trading and prospects

- 2.1 For the three months ended 30 September 2014, Platou's results were in line with management expectations with positive developments across each of Shipbroking, Offshore, Investment Banking and Project Finance.

<sup>1</sup> In the Notes to the consolidated financial information in Part VI (Historical Financial Information Relating to the Platou Group) the Investment Banking segment is referred to as Markets and Project Finance is referred to as Finance.



### 2.1.1 Shipbroking

Positive developments in the Former Platou Group's Shipbroking division during the first half of 2014 continued in the three months ended 30 September 2014. Revenues were higher as compared to the same period the previous year due primarily to the Former Platou Group's strong Forward Order Book and an increase in sale and purchase activity.

### 2.1.2 Offshore

The strong performance of the Offshore division during the first half of 2014 was below that of the first half of 2013. This continued during the three months ended 30 September 2014, driven by robust chartering activity. The lower revenues in the six month and three month periods were due to lower newbuild and sale and purchase activity.

In July 2014 Platou recruited three specialist subsea brokers who are expected to commence work for Platou in early 2015, and who management believe will broaden the product offering in the offshore sector.

### 2.1.3 Investment Banking

The positive development in sales and trading during first half of 2014 continued during the three months ended 30 September 2014. Corporate finance activity was strong during the three months ended 30 September 2014 and in line with management expectations. A number of transactions have been completed for both new and existing clients, and a number of projects could potentially be completed before end of 2014.

### 2.1.4 Project Finance

Positive development in the Project Finance division during first half of 2014 continued in the three months ended 30 September 2014. Revenues were higher as compared to the same period the previous year, driven primarily by strong volumes in real estate and project finance.

### 2.1.5 Other

On 1 September 2014, Platou completed the sale of its 50 per cent. interest in M62 Holding AS, the holding company of the Platou Group's corporate office building in Oslo which is currently under construction. Platou expects to recognise a gain of approximately £2.2 million for the year ended 31 December 2014.

### 2.1.6 The RS Platou LLP Transaction

On 5 November 2014, the members of RS Platou LLP and RS Platou Energy LLP, in both of which Platou holds a 51 per cent. interest, resolved, among other things, to wind-up the LLPs from 31 December 2014. Pursuant to agreements dated 5 November 2014 and 21 November 2014, the LLPs have agreed to transfer substantially all of their assets to a new entity, established by their respective existing members (other than Platou). In connection with the RS Platou LLP Transaction, Platou has acquired the shares in Platou held by certain of the existing members of the LLPs. Completion of the RS Platou LLP Transaction is expected to occur on 31 December 2014, subject to certain conditions. If completion does not occur on 31 December 2014, the LLPs will nonetheless be wound up in accordance with the resolutions above. Further information on the RS Platou LLP Transaction is contained in paragraph 3.1 of this letter.

### 2.1.7 Acquisition of remaining minority interest of the Stewart Group

On 24 November 2014, Platou agreed to acquire the remaining 22.90 per cent. minority interest of the Stewart Group for consideration of £7.4 million satisfied in Platou Shares currently held in treasury by Platou. The transaction is conditional on Completion.

### 2.1.8 Outlook

In spite of continued volatility in the shipping and offshore markets, management believe the Platou Group is well positioned to take advantage of opportunities in its core shipbroking and offshore markets due to Platou's niche strategy and strong teams in all divisions. Platou's management remains confident in the outlook for the remainder of 2014 and its expectations remain unchanged.

## 2.2 Recent developments

On 1 September 2014, Platou completed the sale of its 50 per cent. interest in M62 Holding AS, a vehicle established to become the holding company of the Platou Group's corporate office building in Oslo which is

currently under construction, for a cash consideration of NOK 22.6 million (£2.3 million). As a result, Platou expects to recognise a gain of approximately NOK 22 million (£2.2 million) in the year ended 31 December 2014.

On 5 November 2014 and 21 November 2014, Platou entered into the RS Platou LLP Transaction. Completion of the RS Platou LLP Transaction is expected to occur on 31 December 2014, subject to certain conditions. Further information on the RS Platou LLP Transaction is contained in Note 27 of Part VI (*Historical Financial Information Relating to the Platou Group*).

On 24 November 2014, Platou agreed to acquire the remaining 22.90 per cent. minority interest of the Stewart Group for consideration of £7.4 million satisfied in Platou Shares currently held in treasury by Platou. The transaction is conditional on Completion.

### **3. Significant factors affecting results of operations**

The results of operations and financial condition of the Platou Group have been influenced in years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, by various factors, including those summarised below, and it is expected that these factors may continue to have an impact on its results of operations and financial condition in the future. Further information on some of the risks that may affect results of operations and financial condition is set out in Part II (*Risk Factors*).

#### **3.1 Market conditions and trade flows**

The Platou Group's success depends to an extent upon global macroeconomic conditions, particularly those affecting the international shipping and offshore oil and gas industries, including global seaborne trade flows, existing and future shipping capacity and demand and market conditions in the oil and gas sector. Historically, the offshore and shipping industries in which the Platou Group operates have been characterised by a high degree of cyclicity and consequent volatility in charter rates and asset values, which can have a significant impact on the demand for the Platou Group's services in these sectors, particularly those provided by its Offshore and Shipbroking divisions, respectively. The Platou Group's Investment Banking division is also affected by conditions in the global financial markets.

The Platou Group's strong existing client relationships and product offerings have helped it offset the cyclical and sometimes unpredictable nature of these industries. Additionally, the Platou Group's global presence helps it provide services on both a global and local level, which assists the Platou Group in mitigating the risks associated with unfavourable macroeconomic conditions and volatility in seaborne trade flows and demand by shifting its focus to more favourable markets and opportunities.

##### **3.1.1 Offshore**

General activity in the offshore industry, as well as day rates for offshore units, vary over time based on, amongst other things, development in global and regional economic conditions, the worldwide supply and demand for oil and gas, fluctuations in energy and commodity prices and production, weather conditions, government laws and regulations, political developments, environmental protection laws and regulations and the competitiveness of alternative energy sources. Over the last decade, demand for offshore drilling units has been strong, following new field developments and subsequent increases in offshore E&P spending. This elevated demand has resulted in high day rates and utilisation rates of close to 100 per cent. in most segments, as well as substantial new orders for offshore rigs. These favourable market dynamics contributed to an increase in Offshore revenue of £3.6 million, or 10.3 per cent., to £38.7 million for the year ended 31 December 2013. As at 30 September 2014, the combined order book for floater and jackups was approximately 230 units, indicating a fleet growth of approximately 30 per cent. over current levels. This strong newbuild order book has resulted in a clear distinction between older and more modern assets, with modern floater and jackups still commanding stable day rates and achieving utilisation of approximately 95 per cent., while older rigs are experiencing declines in utilisation rates to below 90 per cent., a level where day rates generally begin to decline. For the six months ended 30 June 2014, revenue in the Offshore division reflected this overall softening of demand, decreasing by £1.9 million, or 9.8 per cent., compared to the corresponding period for the previous year. However, historically when the market for these assets has softened, the level of subletting and scrapping activity has increased, both of which have historically driven chartering activity and which could result in an increase in demand for the Platou Group's offshore broking services.

### 3.1.2 Shipbroking

General activity levels in the shipping industry, as well as shipping freight rates, vary over time based on, among other things, development in global and regional economic conditions, fluctuations in energy and commodity prices, fluctuations in global production, weather conditions, government laws and regulations and political developments. Since 2008, charter rates in the overall shipping industry have weakened, which contributed to a £4.3 million, or 15.5 per cent. decrease in the Platou Group's Shipbroking revenue to £23.4 million for the year ended 31 December 2012, over the previous year. Nevertheless, demand for seaborne trade, the ultimate driver of any shipping cycle, has recently returned, which, combined with the reduced availability of credit, has led to a decrease in the number of newbuildings contracted and an increase in the level of scrapping, helping to equalise supply and demand in the industry over the last two years. Additionally, increased US exports of refined fuels, petroleum gases and liquid chemicals are expected to have a positive impact on shipping demand due to the long transport distances to primary consuming markets. In 2013, demand for dry bulk vessels increased, while at the same time, reductions in order books at yards resulted in historically low newbuilding prices. The combination of demand increases and historically low vessel pricing resulted in increased sale and purchase activity and orders for newbuild vessels. These factors contributed to a £1.5 million, or 6.4 per cent., increase in the Platou Group's Shipbroking revenue in the year ended 31 December 2013, over the previous year. However, freight rates, ship values, commodity prices and stock prices all experienced a decline during the summer and autumn of 2014 due to renewed concerns about the growth prospects of the global economy, particularly in China, and increased uncertainty over the strength of the recovery of the shipping cycle. However, the management of the Platou Group believe that the prospects in this segment remain positive, given the anticipation of relatively low fleet growth in several vessel segments through into 2016.

### 3.1.3 Investment Banking

The results of the Investment Banking division are driven largely by conditions in the global financial markets, in particular with respect to the shipping and the oil and gas sectors. Global financial markets have experienced significant volatility following 2008, however improving global economic stability and rising commodity prices have resulted in strong demand among the Platou Group's primary sectors over the past two years. For the year ended 31 December 2013, the Investment Banking division participated in 33 equity and debt capital market transactions and six M&A transactions with a combined value of US\$7.4 billion. Strong Investment Banking activity, due in large part to the grant of regulatory licences to perform underwriting activities and related advisory services in the United States in 2013, contributed to a significant increase in revenue generated by the Investment Banking division, which for the year ended 31 December 2013 accounted for approximately 46 per cent. of the Platou Group's total revenue. For the year ended 31 December 2013, Investment Banking revenue increased by £42.5 million, or 226.1 per cent. compared to the year ended 31 December 2012.

## 3.2 *Product and service offerings*

The Platou Group's product and service offerings span the maritime and financial markets, enabling the Platou Group to support its clients in every area of need and build strong customer relationships. It also helps the Platou Group achieve successful results in the different industries and geographic markets in which it operates. Additionally, the Platou Group's products and services are supported by research and analysis.

The Platou Group's global presence enables it to offer its products and services and meet client needs worldwide, which in turn, assists the Platou Group with managing volatility in macroeconomic conditions and the international maritime industry. Investment in international offices over recent years has also ensured that the Platou Group can advise clients on both a global and local level. As at 30 September 2014, the Platou Group had offices across 11 countries, corresponding to the primary centres of activity of the Platou Group's key industries and clients. The Investment Banking division has offices in Oslo and New York, providing it with advantageous access to the key global capital markets for shipping and offshore transactions.

The Platou Group has continued to make further organic investment to extend its business services, particularly in the increasingly important Investment Banking division. In 2013, the Investment Banking division was granted certain regulatory licences in the United States to perform underwriting activities and related advisory services. These licences allow the Platou Group to assist clients in US-based debt and equity capital markets transactions and have contributed to a significant increase in transaction volume and value since the start of 2013. The Platou Group expects the expanded Investment Banking division to continue to drive revenue growth through the expansion of existing client relationships and the establishment of new client relationships with maritime companies seeking to access the global capital markets.

### **3.3 Foreign exchange**

The majority of the Platou Group's earnings are denominated in US Dollars and other non-Sterling currencies while the majority of the Platou Group's costs are denominated in NOK, with significant costs also denominated in Pounds Sterling, Singapore Dollars and US Dollars. Additionally, the carrying values of the underlying assets of the Platou Group's respective overseas subsidiaries are denominated in foreign currencies. Fluctuations in foreign currency exchange rates (and, in particular, movements in the US Dollar relative to NOK) affect the business, financial condition and results of operations of the Platou Group. Specifically, to the extent the Platou Group's revenues and costs are denominated in different currencies, fluctuations in exchange rates between them have historically resulted, and could in the future result, in positive or negative impacts on the Platou Group's operating results. The Platou Group assesses the rate of exchange and non-NOK balances held continually, and sells in the spot market. See section 8.2 of this Part IV (*Operating and Financial Review for the Platou Group*).

### **3.4 Acquisitions**

The Platou Group has increased its global presence and product breadth through acquisitions as well as organic growth. By way of example, in November 2013 the Platou Group acquired 50.02 per cent. of the shares outstanding in Christiania Shipbrokers AS (renamed RS Platou Tankers AS), located in Oslo, from certain employees in Christiania Shipbrokers AS. The primary purpose of the acquisition was to expand the capabilities and strengthen the activities of the Platou Group's Shipbroking division into clean product chartering. This acquisition and others have helped to enhance the Platou Group's global presence and have significantly expanded the Platou Group's product offering to existing and prospective clients. Acquisitions have the potential to impact the Platou Group's results of operations by increasing its revenues, but also generally result in integration costs and increased operating costs.

## **4. Description of key line items**

### **4.1 Revenue**

Revenue represents the proceeds from the provision of services by the Offshore, Shipbroking, Investment Banking and Finance divisions, and is comprised principally of broking and services revenue, corporate finance revenue and management fee revenue.

### **4.2 Administrative expenses**

Administrative expenses represent all expenses associated with employee compensation and benefits; depreciation, amortisation and write downs of tangible fixed assets; amortisation and impairment of intangible fixed assets; and other operating costs.

### **4.3 Finance revenue**

Finance revenue represents income received from bank interest, gain on the sale of shares, income from investments and other finance revenue.

### **4.4 Finance costs**

Finance costs represent expenses associated with servicing bank debt, losses from investments, losses from acquired receivables and other finance costs.

### **4.5 Other finance costs – pensions**

Other finance costs – pensions represent net interest costs associated with servicing pension schemes.

### **4.6 Taxation**

Taxation represents expenses associated with current tax payable and the origination and reversal of temporary differences in deferred tax for the applicable period.

#### 4.7 *Exceptional items*

Exceptional items, namely items that are material because of either their size or their nature, and which are non-recurring, are presented within their relevant income statement category, but highlighted through separate disclosure. The management of the Platou Group believe that the separate reporting of exceptional items helps provide a full understanding of underlying operating performance.

### 5. Results of operations of the Former Platou Group

#### 5.1 *The Former Platou Group's results of operations for the six months ended 30 June 2013 against the six months ended 30 June 2014*

The following table sets out the Former Platou Group's summary consolidated income statement data for the six months ended 30 June 2013 and 2014:

(£ millions)	Six months ended 30 June	
	2013	2014
	(unaudited)	
Revenue .....	63.3	60.9
Administrative expenses .....	(49.7)	(48.4)
<b>Operating profit .....</b>	<b>13.6</b>	<b>12.5</b>
Finance revenue .....	0.3	0.5
Finance costs .....	(0.9)	(1.4)
<b>Profit before taxation .....</b>	<b>13.0</b>	<b>11.6</b>
Taxation .....	(3.6)	(2.9)
<b>Profit for the period .....</b>	<b>9.4</b>	<b>8.7</b>

##### 5.1.1 Revenue

Revenue decreased by £2.4 million, or 3.8 per cent., from £63.3 million for the six months ended 30 June 2013 to £60.9 million for the six months ended 30 June 2014. This decrease was due primarily to slightly weakened demand for services in the Investment Banking, Offshore and Project Finance divisions and adverse foreign exchange movements, offset partially by strong demand for Shipbroking services.

##### 5.1.2 Administrative expenses

Administrative expenses decreased by £1.3 million, or 2.6 per cent., from £49.7 million for the six months ended 30 June 2013 to £48.4 million for the six months ended 30 June 2014. The decrease was due primarily to adverse foreign exchange movements and decreases in employee compensation and benefits expenses for the six months ended 30 June 2014, in particular with respect to bonus expense.

##### 5.1.3 Operating profit

Operating profit decreased by £1.1 million, or 8.1 per cent., from £13.6 million for the six months ended 30 June 2013 to £12.5 million for the six months ended 30 June 2014, as a result of the factors discussed above.

##### 5.1.4 Finance revenue

Finance revenue increased by £0.2 million, or 66.7 per cent., from £0.3 million for the six months ended 30 June 2013 to £0.5 million for the six months ended 30 June 2014. The increase was primarily attributable to an increase in bank interest income in the six months ended 30 June 2014.

##### 5.1.5 Finance costs

Finance costs increased by £0.5 million, or 55.6 per cent., from £0.9 million for the six months ended 30 June 2013 to £1.4 million for the six months ended 30 June 2014. The increase was primarily attributable to loss from investments and losses on acquired receivables.

##### 5.1.6 Profit before taxation

As a result of the foregoing, profit before taxation decreased by £1.4 million, or 10.8 per cent., to £11.6 million for the six months ended 30 June 2014 from £13.0 million for the six months ended 30 June 2013.

### 5.1.7 Taxation

Taxation expense decreased by £0.7 million, or 19.4 per cent., from £3.6 million for the six months ended 30 June 2013 to £2.9 million for the six months ended 30 June 2014. The decrease was primarily attributable to the overall decline in profit before tax for the six months ended 30 June 2014.

### 5.1.8 Profit for the period

Overall profit for the period decreased by £0.7 million, or 7.4 per cent., from £9.4 million for the six months ended 30 June 2013 to £8.7 million for the six months ended 30 June 2014, as a result of the factors discussed above.

## 5.2 *The Former Platou Group's results of operations for the year ended 31 December 2012 against the year ended 31 December 2013*

The following table sets out the Former Platou Group's summary consolidated income statement data for the years ended 31 December 2012 and 31 December 2013:

(£ millions)	Year ended 31 December	
	2012	2013
Revenue .....	89.6	140.2
Administrative expenses .....	(84.9)	(105.1)
<b>Operating profit</b> .....	<b>4.7</b>	<b>35.1</b>
Finance revenue .....	0.9	1.2
Finance costs .....	(2.9)	(2.1)
Other finance costs – pensions .....	(0.1)	—
<b>Profit before taxation</b> .....	<b>2.6</b>	<b>34.2</b>
Taxation .....	(1.6)	(10.4)
<b>Profit for the year</b> .....	<b>1.0</b>	<b>23.8</b>

### 5.2.1 Revenue

Revenue increased by £50.6 million, or 56.5 per cent., from £89.6 million for the year ended 31 December 2012 to £140.2 million for the year ended 31 December 2013. This increase was due primarily to the improved performance in the Investment Banking division, for which a newly obtained regulatory licence to perform corporate finance services in the US significantly improved revenue performance.

### 5.2.2 Administrative expenses

Administrative expenses increased by £20.2 million, or 23.8 per cent., from £84.9 million for the year ended 31 December 2012 to £105.1 million for the year ended 31 December 2013. The increase was due primarily to an increase in employee compensation and benefits expenses driven by the improved performance of the Investment Banking division and greater overall profitability for the year ended 31 December 2013.

### 5.2.3 Operating profit

Operating profit increased by £30.4 million from £4.7 million for the year ended 31 December 2012 to £35.1 million for the year ended 31 December 2013, as a result of the factors discussed above.

### 5.2.4 Finance revenue

Finance revenue increased by £0.3 million, or 33.3 per cent., from £0.9 million for the year ended 31 December 2012 to £1.2 million for the year ended 31 December 2013. The increase was primarily attributable to an increase in bank interest income and other financial income, offset partially by a decrease in income from investments.



### 5.2.5 Finance costs

Finance costs decreased by £0.8 million, or 27.6 per cent., from £2.9 million for the year ended 31 December 2012 to £2.1 million for the year ended 31 December 2013. The decrease was primarily attributable to a decrease in bank interest paid and other finance costs, as well as a loss from investments incurred in the year ended 31 December 2012.

### 5.2.6 Profit before taxation

As a result of the foregoing, profit before taxation increased by £31.6 million to £34.2 million for the year ended 31 December 2013 from £2.6 million for the year ended 31 December 2012.

### 5.2.7 Taxation

Taxation expense increased by £8.8 million from £1.6 million for the year ended 31 December 2012 to £10.4 million for the year ended 31 December 2013. The increase was primarily attributable to the aforementioned increases in overall revenue and profitability.

### 5.2.8 Profit for the year

Overall profit for the year increased by £22.8 million, from £1.0 million for the year ended 31 December 2012 to £23.8 million for the year ended 31 December 2013, as a result of the factors discussed above.

## 5.3 *The Former Platou Group's results of operations for the year ended 31 December 2011 against the year ended 31 December 2012*

The following table sets out the Former Platou Group's summary consolidated income statement data for the years ended 31 December 2011 and 31 December 2012:

	Year ended 31 December			
	2011			2012
(£ millions)	Before Exceptional item	Exceptional item	After Exceptional item	
Revenue . . . . .	102.2	—	102.2	89.6
Administrative expenses . . . . .	(95.1)	10.0	(85.1)	(84.9)
<b>Operating profit . . . . .</b>	<b>7.1</b>	<b>10.0</b>	<b>17.1</b>	<b>4.7</b>
Finance revenue . . . . .	1.2	—	1.2	0.9
Finance costs . . . . .	(6.3)	—	(6.3)	(2.9)
Other finance revenue – pensions . . . . .	(0.1)	—	(0.1)	(0.1)
<b>Profit before taxation . . . . .</b>	<b>1.9</b>	<b>10.0</b>	<b>11.9</b>	<b>2.6</b>
Taxation . . . . .	(3.4)	(2.8)	(6.2)	(1.6)
<b>Profit for the year . . . . .</b>	<b>(1.5)</b>	<b>7.2</b>	<b>5.7</b>	<b>1.0</b>

### 5.3.1 Revenue

Revenue decreased by £12.6 million, or 12.3 per cent., from £102.2 million for the year ended 31 December 2011 to £89.6 million for the year ended 31 December 2012. This decrease was due primarily to lower transaction volumes in the Investment Banking division.

### 5.3.2 Administrative expenses

Administrative expenses decreased by £0.2 million, or 0.2 per cent., from £85.1 million for the year ended 31 December 2011 to £84.9 million for the year ended 31 December 2012. Employee compensation and benefits expenses were higher due to redundancy expenses associated with employee departures, which were partially offset by the curtailment gain in relation to the termination of the defined benefit pension plan in Norway. Additionally, other administrative expenses were lower for the year ended 31 December 2012 as compared to the previous year.

### 5.3.3 Operating profit

Operating profit decreased by £12.4 million, or 72.5 per cent., from £17.1 million for the year ended 31 December 2011 to £4.7 million for the year ended 31 December 2012. The decrease was primarily attributable to the factors as discussed above.

#### 5.3.4 Finance revenue

Finance revenue decreased by £0.3 million, or 25.0 per cent., from £1.2 million for the year ended 31 December 2011 to £0.9 million for the year ended 31 December 2012. The decrease was primarily attributable to a decrease in bank interest income and other financial revenue, offset partially by investment income and a gain on sale of shares in the year ended 31 December 2012.

#### 5.3.5 Finance costs

Finance costs decreased by £3.4 million, or 54.0 per cent., from £6.3 million for the year ended 31 December 2011 to £2.9 million for the year ended 31 December 2012. The decrease was primarily attributable to losses on acquired receivables and other financial expense.

#### 5.3.6 Profit before taxation

As a result of the foregoing, profit before taxation decreased by £9.3 million, or 78.2 per cent., to £2.6 million for the year ended 31 December 2012 from £11.9 million for the year ended 31 December 2011.

#### 5.3.7 Exceptional item

An exceptional item in the amount of £10.0 million was recognised in the year ended 31 December 2011, representing a curtailment gain in relation to the termination of the defined benefit pension plan in Norway.

#### 5.3.8 Taxation

Taxation expense decreased by £4.6 million, or 74.2 per cent., from £6.2 million for the year ended 31 December 2011 to £1.6 million for the year ended 31 December 2012. The decrease was primarily attributable to the aforementioned decline in revenues for the year ended 31 December 2012 offset by taxation on the pension curtailment gain discussed above.

#### 5.3.9 Profit for the year

Overall profit for the year decreased by £4.7 million, or 82.5 per cent., from £5.7 million for the year ended 31 December 2011 to £1.0 million for the year ended 31 December 2012, as a result of the factors discussed above.

### 6. Results of operations of the Platou Group

On 5 November 2014 and 21 November 2014, Platou entered into the RS Platou LLP Transaction. A description of the Platou Group's results of operations for the six months ended 30 June 2014 and the years ended 31 December 2011, 2012 and 2013 is set out below to provide additional information on the Platou Group's results for those periods, excluding the results of operations attributable to RS Platou LLP. Further information regarding the Platou Group's financials is set out in Note 27 of Part VI (*Historical Financial Information Relating to the Platou Group*).

#### 6.1 The Platou Group's results of operations for the six months ended 30 June 2014

(£ millions)	Six months ended 30 June 2014
Revenue .....	52.0
Operating profit .....	<u>9.9</u>
<b>Profit before taxation</b> .....	<b><u>9.1</u></b>

##### 6.1.1 Revenue

The Platou Group's revenue was £52.0 million for the six months ended 30 June 2014.

##### 6.1.1 Operating profit

The Platou Group's operating profit was £9.9 million for the six months ended 30 June 2014.

### 6.1.2 Profit before taxation

The Platou Group's profit before taxation was £9.1 million for the six months ended 30 June 2014.

### 6.2 *The Platou Group's results of operations for the year ended 31 December 2012 against the year ended 31 December 2013*

(£ millions)	Year ended 31 December	
	2012	2013
Revenue .....	84.5	132.7
Operating profit .....	3.7	33.6
<b>Profit before taxation</b> .....	<b>1.6</b>	<b>32.8</b>

#### 6.2.1 Revenue

Revenue for the Platou Group increased by £48.2 million, or 57.0 per cent., from £84.5 million for the year ended 31 December 2012 to £132.7 million for the year ended 31 December 2013. This increase was due primarily to the improved performance in the Investment Banking division, for which a newly obtained regulatory licence to perform corporate finance services in the US significantly improved revenue performance.

#### 6.2.2 Operating profit

Operating profit for the Platou Group increased by £29.9 million from £3.7 million for the year ended 31 December 2012 to £33.6 million for the year ended 31 December 2013, principally as a result of increased revenue as discussed above.

#### 6.2.3 Profit before taxation

Profit before taxation for the Platou Group increased by £31.2 million from £1.6 million for the year ended 31 December 2012 to £32.8 million for the year ended 31 December 2013. This increase was primarily due to increased revenue as discussed above.

### 6.3 *The Platou Group's results of operations for the year ended 31 December 2011 against the year ended 31 December 2012*

(£ millions)	Year ended 31 December	
	2011	2012
Revenue .....	98.5	84.5
Operating profit .....	16.8	3.7
<b>Profit before taxation</b> .....	<b>11.6</b>	<b>1.6</b>

#### 6.3.1 Revenue

Revenue for the Platou Group decreased by £14.0 million, or 14.2 per cent., from £98.5 million for the year ended 31 December 2011 to £84.5 million for the year ended 31 December 2012. This decrease was due primarily to lower transaction volumes in the Investment Banking division.

#### 6.3.2 Operating profit

Operating profit for the Platou Group decreased by £13.1 million, or 78.0 per cent., from £16.8 million for the year ended 31 December 2011 to £3.7 million for the year ended 31 December 2012, principally as a result of lower revenue as discussed above, as well as, increased employee compensation and benefits expenses due to redundancy expenses associated with employee departures, which were partially offset by the pension curtailment gain.

#### 6.3.3 Profit before taxation

Profit before taxation for the Platou Group decreased by £10.0 million, or 86.2 per cent., from £11.6 million for the year ended 31 December 2011 to £1.6 million for the year ended 31 December 2012. This decrease was primarily attributable to lower revenue as discussed above, as well as, increased employee compensation and benefits expenses due to redundancy expenses associated with employee departures, which were partially offset by the pension curtailment gain.

## 7. Liquidity and capital resources

### 7.1 Cash Flows

The following table presents cash flow statement data for the Former Platou Group for the years ended 31 December 2011, 2012 and 2013 and for the six months ended 30 June 2013 and 2014:

(£ millions)	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
Net cash flow from operating activities . . . . .	11.2	4.1	49.7	8.6	(5.8)
Net cash flow from/(used in) investing activities . . . . .	(2.9)	(0.2)	(9.4)	0.0	1.7
Net cash flow from financing activities . . . . .	(13.9)	(21.0)	(17.7)	(13.3)	(14.6)
<b>Net increase/(decrease) in cash and cash equivalents . . . . .</b>	<b>(5.6)</b>	<b>(17.1)</b>	<b>22.6</b>	<b>(4.7)</b>	<b>(18.7)</b>
Cash and cash equivalents at 1 January . . . . .	31.0	25.5	8.6	8.6	29.0
Net Foreign exchange differences . . . . .	0.1	0.2	(2.2)	0.5	(0.1)
<b>Cash and cash equivalents at end of period . . . . .</b>	<b><u>25.5</u></b>	<b><u>8.6</u></b>	<b><u>29.0</u></b>	<b><u>4.4</u></b>	<b><u>10.2</u></b>

#### 7.1.1 Net cash flow from operating activities

Net cash flow from operating activities for the six months ended 30 June 2014 was an outflow of £5.8 million, as compared to net cash flow from operating activities of £8.6 million for the six months ended 30 June 2013. This difference was principally due to the payment of higher bonuses in relation to the year ended 31 December 2013.

Net cash flow from operating activities for the year ended 31 December 2013 was £49.7 million, as compared to net cash flow from operating activities of £4.1 million for the year ended 31 December 2012. This increase was principally due to increased operating profit and lower bonus payments in relation to the year ended 31 December 2012 when compared with those accrued in the year ended 31 December 2013.

Net cash flow from operating activities for the year ended 31 December 2012 was £4.1 million, as compared to net cash flow from operating activities of £11.2 million for the year ended 31 December 2011. This difference was principally due to lower operating profit for the year ended 31 December 2012.

#### 7.1.2 Net cash flow from/used in investing activities

Net cash flow from investing activities for the six months ended 30 June 2014 was £1.7 million, as compared to net cash flow used in investing activities of £0.0 million for the six months ended 30 June 2013. This difference was principally due to the sale and purchase of investments in the six months ended 30 June 2014.

Net cash flow used in investing activities for the year ended 31 December 2013 was £9.4 million, as compared to net cash flow used in investing activities of £0.2 million for the year ended 31 December 2012. This increase was principally due to purchase of investments in the year ended 31 December 2013.

Net cash flow used in investing activities for the year ended 31 December 2012 was £0.2 million, as compared to net cash flow used in investing activities of £2.9 million for the year ended 31 December 2011. This decrease was principally due to sale of investments in the year ended 31 December 2012.

#### 7.1.3 Net cash flow from financing activities

Net cash flow from financing activities for the six months ended 30 June 2014 was an outflow of £14.6 million, as compared to an outflow of £13.3 million for the six months ended 30 June 2013. This difference was principally due to higher dividend payments in the six months ended 30 June 2014.

Net cash flow from financing activities for the year ended 31 December 2013 was an outflow of £17.7 million, as compared to an outflow of £21.0 million for the year ended 31 December 2012. This difference was principally due to lower repayment of borrowings and lower dividend payment for the year ended 31 December 2013, which were partially offset by a repayment of share premium to shareholders.

Net cash flow from financing activities for the year ended 31 December 2012 was an outflow of £21.0 million, as compared to an outflow of £13.9 million for the year ended 31 December 2011. This difference was principally due to a return of share premium during the year ended 31 December 2012.

## 7.2 Capital expenditure

The Former Platou Group's capital expenditure for tangible fixed assets for the years ended 31 December 2011, 2012 and 2013 was £3.1 million, £2.2 million and £1.2 million, respectively, which consisted of acquisitions of plant, property and equipment.

The following table summarises the Former Platou Group's capital expenditure for tangible fixed assets for the periods indicated:

(£ millions)	Year ended 31 December		
	2011	2012	2013
Purchases of plant, property and equipment . . . . .	3.1	2.2	1.2

Capital expenditure for the year ended 31 December 2013 included £1.1 million of additions relating to office furniture and equipment.

Capital expenditure for the year ended 31 December 2012 included £1.5 million of additions relating to office furniture and equipment and £0.7 million of leasehold improvements.

Capital expenditure for the year ended 31 December 2011 included £1.8 million of additions relating to office furniture and equipment and £1.2 million of leasehold improvements.

## 7.3 Borrowings

The Former Platou Group's borrowings as at 31 December 2011, 2012 and 2013 and 30 June 2014 were £14.3 million, £24.5 million, £26.4 million and £32.7 million, respectively.

The following table summarises the Former Platou Group's loans and borrowings as at the dates indicated:

(£ millions)	As at 31 December			As at 30 June
	2011	2012	2013	2014
Bank overdraft . . . . .	—	12.3	17.7	18.4
Bank loans . . . . .	14.3	12.2	8.7	14.3
Total loans and borrowings . . . . .	14.3	24.5	26.4	32.7

## 7.4 Contractual obligations

Future minimum rentals payable under non-cancellable operating leases at the end of the year/period of the Former Platou Group were as follows:

	31 December			30 June
	2011 £m	2012 £m	2013 £m	2014 £m
Within one year . . . . .	3.6	4.5	3.7	3.5
After one year but not more than five years . . . . .	1.9	4.1	11.1	10.6
After five years . . . . .	0.2	0.6	19.4	20.5
	5.7	9.2	34.2	34.6

### 7.4.1 Operating lease commitments

Platou has entered into several leasing agreements for offices on market terms. All Former Platou Group companies in Oslo will move to a new office location in March or April 2015. The rent agreement is for 12 years.

## 7.5 Contingencies

The Former Platou Group has given no financial commitments to suppliers (2013: none, 2012: none, 2011: none).

The Former Platou Group has guaranteed an overdraft facility limited to £0.25 million (NOK 2.5 million) held by a third party (2013: £0.25 million, 2012: £0.25 million, 2011: £0.25 million).

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

Platou has been put on notice of a potential claim against it by Spar Shipping AS (“Spar”), a Norwegian entity, in relation to broking services that Platou provided to Spar in 2010. These broking services related to three charterparty agreements that Spar entered into with Grand China Shipping (Hong Kong) Co. Ltd (“GCS”), a Chinese company, in March 2010 supported by three letters of guarantee provided to Spar by GCS’s parent company, Grand China Logistics Holding (Group) Co. Ltd (“GCL”). Spar claims that GCS breached the charterparty agreements and, following the winding-up of GCS, commenced proceedings in the High Court of England and Wales against GCL for enforcement of the letters of guarantee. Spar has claimed a sum of approximately USD 30 million in those proceedings. GCL contends by way of defence in those proceedings that the letters of guarantee are not valid and enforceable. The Company understands that the trial is currently scheduled to begin in January 2015. Spar has notified Platou that, if GCL is successful in its defence and as a result of those proceedings the letters of guarantee are found not to be valid and enforceable, Spar intends to pursue an alternate claim against Platou, claiming negligent provision of broking services in relation to the guarantees. The directors of Platou understand that the value of the potential claim could be up to the amount claimed by Spar against GCL. Platou has denied any liability in respect of this potential claim by Spar. The directors of Platou believe that the potential claim is unfounded and will vigorously contest any claim made. Platou has professional indemnity insurance cover of USD 5 million for claims such as these, and the Platou Shareholders are to provide certain indemnity and other contractual protection in relation to the potential claim by Spar. However, should any claim by Spar against Platou be successful and recovery under the insurance and/or indemnity not be available in full or in part for any reason, the Platou Group’s financial position and profitability would be adversely affected.

The Former Platou Group’s ability to make scheduled payments of principal of, or to pay interest on, or to refinance, its indebtedness, or to fund planned capital expenditure and working capital, will depend on the Enlarged Group’s future performance and its ability to generate cash in the future which, to a certain extent, is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors beyond the Former Platou Group’s control. Further information is set out in Part II (*Risk Factors*) of this document.

## 8. Quantitative and qualitative disclosure about market risks

The Former Platou Group views its most significant financial risks as liquidity risk and currency risk. However, the Former Platou Group also faces credit risk and interest rate risk. Further information on the market risk relevant to an investment in the Enlarged Group, is set out in Part II (*Risk Factors*) of this document.

### 8.1 Liquidity risk

Liquidity risk is the risk that the Former Platou Group will not be able to service its financial liabilities as they fall due. The Former Platou Group’s strategy for handling liquidity risk is to have sufficient funds available at all times to meet the Former Platou Group’s financial obligations as they fall due, under both normal and extraordinary circumstances, without risking unacceptable losses or at the expense of the Former Platou Group’s reputation.

The following tables summarise the maturity profile of the Former Platou Group’s financial liabilities at 31 December 2013, 31 December 2012 and 31 December 2011 based on contractual undiscounted payments:

	On demand	Less than three months	Three to 12 months	One to five years	Total
	£m	£m	£m	£m	£m
<b>As at 31 December 2011</b>					
Loans .....	—	0.6	1.8	12.4	14.8
Bank overdraft .....	—	—	—	—	—
Trade and other payables .....	8.0	—	1.5	—	9.5
<b>Total .....</b>	<b>8.0</b>	<b>0.6</b>	<b>3.3</b>	<b>12.4</b>	<b>24.3</b>
<b>As at 31 December 2012</b>					
Loans .....	—	0.6	1.9	10.4	12.9
Bank overdraft .....	—	—	12.3	—	12.3
Trade and other payables .....	15.0	—	—	0.2	15.2
<b>Total .....</b>	<b>15.0</b>	<b>0.6</b>	<b>14.2</b>	<b>10.6</b>	<b>40.4</b>
<b>As at 31 December 2013</b>					
Loans .....	—	0.6	1.7	6.9	9.2
Bank overdraft .....	—	—	17.7	—	17.7
Trade and other payables .....	8.4	—	—	—	8.4
<b>Total .....</b>	<b>8.4</b>	<b>0.6</b>	<b>19.4</b>	<b>6.9</b>	<b>35.3</b>



## 8.2 *Currency risk*

The Former Platou Group is exposed to currency exchange rate fluctuations in relation to its foreign currency-denominated financial assets, as well as financial liabilities denominated in the various functional currencies of the companies in the Former Platou Group. Monetary items denominated in foreign currencies are converted to the relevant functional currency using the exchange rate prevailing on the balance sheet date, thereby exposing the Former Platou Group to movements in exchange rates related to these items.

With respect to revenue, the Former Platou Group's primary currency exposure is to the US Dollar. However, the Former Platou Group also generates revenues denominated in NOK, euros and Pounds Sterling. The Former Platou Group's primary expenses are denominated in NOK, however the Former Platou Group also has significant expenses denominated in Pounds Sterling, US Dollars, Singapore Dollars, Brazilian Reals and Australian Dollars. Currency risk is calculated for each foreign currency, taking into account assets and liabilities, non-capitalised obligations and highly likely purchases and sales in the applicable currency. The Former Platou Group may attempt to hedge these currency exposures through the use of foreign currency swaps or forward exchange contracts. As at 30 June 2014, the Former Platou Group had not entered into any material currency contracts linked to future sales.

As at 30 June 2014, a strengthening or weakening of 5.0 per cent. in the US Dollar would result in a corresponding increase or decrease, respectively, of £0.9 million in the Former Platou Group's profit before tax and a strengthening or weakening of 5.0 per cent. in NOK would result in a corresponding increase or decrease, respectively, of £0.4 million in the Former Platou Group's profit before tax.

The following table demonstrates the sensitivity to a reasonably possible movement in the US Dollar exchange rate, with all other variables held constant, of the Former Platou Group's profit before taxation and equity (due to changes in the fair value of monetary assets and liabilities) for the years indicated:

<i>(£ millions)</i>	<b>Strengthening/(weakening) in currency rate</b>	<b>Effect on profit before tax</b>	<b>Effect on equity</b>
<u>Year ended 31 December 2013</u>			
NOK .....	5%	0.4	0.3
NOK .....	(5%)	(0.4)	(0.3)
USD .....	5%	1.0	0.8
USD .....	(5%)	(1.0)	(0.8)
<u>Year ended 31 December 2012</u>			
NOK .....	5%	0.6	0.5
NOK .....	(5%)	(0.6)	(0.5)
USD .....	5%	0.9	0.7
USD .....	(5%)	(0.9)	(0.7)
<u>Year ended 31 December 2011</u>			
NOK .....	5%	0.5	0.4
NOK .....	(5%)	(0.5)	(0.4)
USD .....	5%	0.8	0.6
USD .....	(5%)	(0.8)	(0.6)

## 8.3 *Credit risk*

The Former Platou Group is exposed to credit risk primarily from accounts receivable and other short-term receivables. The Former Platou Group has no significant credit risk exposure linked to an individual counterparty or group of counterparties. The Former Platou Group actively attempts to reduce its exposure to credit risk by requiring pre-approval and credit checks of all counterparties (such as clients) requiring credit from the Former Platou Group. Additionally, the Former Platou Group maintains guidelines to ensure that sales are made only to counterparties with no previous material payment problems, and that the amounts outstanding with such counterparties do not exceed pre-established credit limits. Maximum credit risk exposure is reflected in the financial statements of the Former Platou Group as the carrying amount of financial assets. The Former Platou Group considers its maximum credit risk exposure to be the carrying amount of trade receivables and other current assets.

Bank deposits are subject to government funded insurance schemes for part of the amounts. Long-term loans to employees for purchases of shares in Platou are secured by the shares.

## 8.4 *Interest rate risk*

The Former Platou Group has no significant interest-bearing assets, and its revenue and operating cash flows are therefore substantially independent of movements in market interest rates. The Former Platou Group is subject to

interest rate risk due to fluctuations in interest rates primarily in relation to its debt obligations with floating interest rates. Based upon the outstanding balances of the Former Platou Group's variable-interest rate debt as at 30 June 2014, a hypothetical increase or decrease of 100 basis points would result in a corresponding increase or decrease to the Former Platou Group's annual interest expense (and thus its profit before tax) of approximately £0.1 million. The Former Platou Group does not actively hedge its interest rate risk.

### **8.5 Capital management**

The main objective of the Former Platou Group's management of its capital structure is to ensure that the Former Platou Group maintains a good credit rating and consequently receives reasonable financing terms from lenders and that the capital structure is adequate based on the Former Platou Group's operations.

The Former Platou Group manages its capital structure by making necessary amendments based on a continuous assessment of the economic conditions under which its activities are conducted, and the prospects seen in the short and medium term. The capital structure is managed by adjusting dividend payments, repurchase of own shares, reducing the share capital or making new share offerings. No changes were made in the Former Platou Group's guidelines concerning this area in 2014, 2013, 2012 or 2011.

The Former Platou Group monitors its capital structure by reviewing its equity ratio and profit before tax to debt ratio. The equity ratio monitored includes equity attributable to the owners of the parent company both in terms of paid in capital and retained earnings.

The Former Platou Group's subsidiary RS Platou Markets AS in Norway has a minimum capital requirement of 8 per cent. as defined in the regulations issued by the Financial Supervisory Authority of Norway. The Former Platou Group's subsidiary RS Platou Markets, Inc. in the United States has a minimum net capital requirement of \$250,000.

## **9. Critical accounting policies and estimates**

The information included in this Part IV (*Operating and Financial Review for the Platou Group*) was prepared in accordance with the Clarksons Group's accounting policies, which are set out below.

The preparation of the Clarksons Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

### **9.1.1 Trade receivables**

The provision for impairment of receivables represents management's best estimate at the balance sheet date. A number of judgements are made in the calculation of the impairment, primarily the age of the invoice, the underlying transaction and the debtor's financial position.

### **9.1.2 Impairment of non-financial assets**

The Clarksons Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

### **9.1.3 Share-based payments**

The Clarksons Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them.

### **9.1.4 Pensions**

The cost of defined benefit pension plans is determined using actuarial valuations. Actuarial valuations involve making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

## PART V

### SUMMARY OF THE PRINCIPAL TERMS OF THE ACQUISITION

#### Part A Share Purchase Agreement

The Share Purchase Agreement was entered into on 27 November 2014 by Platou Shareholders representing a combined holding of 92.6 per cent. of the Platou Shares and the Company. Pursuant to the Share Purchase Agreement, the Sellers have conditionally agreed to sell, and the Company has conditionally agreed to acquire, all of such Sellers' Platou Shares. A deed of adherence to the Transaction Documents will be sent to the other Platou Shareholders who have not yet executed the Transaction Documents. To the extent that any Platou Shareholders who are party to the Platou Shareholders' Agreement have not entered into or agreed to be bound by the Transaction Documents, the Sellers who are party to the Platou Shareholders' Agreement have agreed to exercise their right under the Platou Shareholders' Agreement to require such Platou Shareholders to sell their Platou Shares to Clarksons on the same terms and conditions as are set out in the Transaction Documents.

#### 1. Consideration

Under the terms of the Acquisition, the Sellers will receive £6.08 for each Platou Share, of which, assuming Clarksons acquires the entire Platou Share Capital pursuant to the terms of the Share Purchase Agreement, 75 per cent. is to be satisfied in Consideration Shares, 16.66 per cent. in Loan Notes and 8.34 per cent. in cash. A number of Sellers will apply part of the cash and Loan Note consideration that they would otherwise be entitled to receive to settle outstanding loans from certain members of the Platou Group.

The aggregate consideration payable by the Company for the entire Platou Share Capital under the terms of the Acquisition is £281.2 million (approximately NOK 3,003.2 million).

Accordingly, assuming the acquisition by the Company of the entire Platou Share Capital pursuant to the Share Purchase Agreement, the Sellers will receive in aggregate 9,523,001 Consideration Shares subject to the lock-up provisions described in paragraph 7 below, £46.9 million in Loan Notes and £23.4 million in cash. The cash consideration and the settlement of the Loan Notes will be funded by Clarksons either from the proceeds of the Placing and/or the Company's existing and future cash resources.

##### 1.1 Loan Notes

The Company will create up to a maximum nominal amount of £46.9 million of unsecured loan notes due 30 June 2017. Until the Loan Notes are repaid, interest on the principal amount of the Loan Notes shall accrue from day to day (on the basis of a 365 day year) from the date of issue at the rate of one and a quarter (1.25) per cent. above LIBOR per annum, shall compound annually on the anniversary of the first date of issue and shall be paid only as part of any redemption amount paid when such Loan Notes are redeemed or repaid in accordance with the provisions of the Loan Note Instrument.

On 30 June 2016 and 30 June 2017 (each a "Repayment Date"), the Company shall redeem one-half of the principal amount of Loan Notes issued on the date of the Loan Note Instrument. Any redemption of the Loan Notes shall be made *pro rata* to the holdings of all holders of Loan Notes, together with accrued and unpaid interest (less any tax required by law to be deducted or withheld from such payment) accrued on the relevant Loan Notes up to (and including) such Repayment Date.

The Loan Notes shall be transferable only in limited circumstances, not capable of being dealt in or on any stock exchange in the UK or elsewhere and no application has been or shall be made to any stock exchange for permission to deal in or for an official or other quotation for the Loan Notes.

##### 1.2 Consideration Shares

Assuming that no further Ordinary Shares will be issued from the Latest Practicable Date until after Re-Admission, other than the maximum number of Consideration Shares and Placing Shares, the Consideration Shares will represent approximately 31.6 per cent. of the Enlarged Group's issued share capital immediately following Re-Admission.

The Consideration Shares will be issued at Completion to the Sellers credited as fully paid and will rank *pari passu* in all respects with the Ordinary Shares then in issue, including the right to receive all dividends, distributions or any return of capital declared, paid or made after Completion.

## **2. Conditions**

Completion is conditional upon satisfaction or, where capable of being waived, waiver of the following Conditions prior to the Long Stop Date (or such later date as the parties may agree):

- (a) the execution of, or adherence to, the Transaction Documents and, as applicable, the US Warranty Agreement by Platou Shareholders with a minimum combined holding of 90 per cent. of the Platou Share Capital by no later than the Execution Longstop Date;
- (b) the passing of the Acquisition Resolution;
- (c) either the execution of, or adherence to, the Transaction Documents and, as applicable, the US Warranty Agreement by all of the Platou Shareholders who are party to the Platou Shareholders' Agreement or the passing of the Shareholders' Agreement Resolution (which the Sellers have agreed to vote in favour of);
- (d) the RS Platou LLP Transaction completing or alternative arrangements relating to the LLPs being implemented on the terms disclosed to the Company (subject to certain exceptions);
- (e) certain regulatory approvals or notifications having been obtained or received or certain time periods having elapsed without the relevant regulatory authority taking certain actions;
- (f) (i) no Relevant Authority having intervened and there being any statute, regulation or order of any Relevant Authority which would or might make the Acquisition void, illegal or unenforceable or otherwise impede, challenge or interfere with the Acquisition and (ii) no interested party having intervened which the Company reasonably believes, with the consent of the Sellers (not to be unreasonably withheld or delayed), would have such an effect; and
- (g) the Re-Admission Condition.

In the event that the Conditions are not satisfied or, where capable of being waived, waived by the Long Stop Date (or such later date as the parties may agree) or the Acquisition Resolution is not approved at the General Meeting, the Share Purchase Agreement will automatically terminate.

If the Acquisition Resolution is approved at the General Meeting and each of the other Conditions is satisfied or, where capable of being waived, waived prior to the Long Stop Date, the Company will be contractually obliged to proceed to Completion unless the Share Purchase Agreement is otherwise terminated (see paragraph 5 of this Part V (*Summary of the Principal Terms of the Acquisition*)). Completion, which is subject to regulatory approval, is currently expected to occur in the first quarter of 2015.

## **3. Company Warranties**

The Share Purchase Agreement contains warranties given by the Company as to, amongst other things, capacity and authority to enter into and perform its obligations under the Transaction Documents, compliance by the Company in all material respects with all applicable laws and regulations of the UK and any other relevant jurisdiction, the Consideration Shares and Loan Notes being issued free and clear of any third party rights and certain warranties in respect of the information contained in this Circular, the Prospectus and the transaction announcements.

## **4. Conduct of the Platou Group's business prior to Completion**

Under the terms of the Share Purchase Agreement, the Sellers have agreed to take certain steps within their power to ensure that the business and assets of the Platou Group are preserved and protected and the Platou Group's business is carried on prior to Completion in all material respects in the ordinary course.

## **5. Termination of the Share Purchase Agreement**

The Share Purchase Agreement shall terminate:

- (a) if the Conditions have not been satisfied or, where capable of waiver, waived on, or before, the Long Stop Date (or such other date as may be agreed by the parties); or
- (b) the General Meeting resolves not to approve the Acquisition Resolution; or
- (c) on notice from the non-defaulting party to the defaulting party, if either the Sellers or the Company fail(s) to comply with a material closing obligation; or

- (d) on notice from the Company to the Sellers, if: (i) there is a material breach of a warranty given by the Sellers on the date of the Warranty Agreement or the US Warranty Agreement provided that such breach has a materially adverse impact on the business of the Platou Group taken as a whole in the context of the Acquisition; or (ii) there is a material breach by one or more of the Sellers of their obligations under any of the Transaction Documents, the US Warranty Agreement or certain other documents related to the Acquisition which has gone unremedied within 5 business days and provided that the facts, matters or circumstances giving rise to such breach have a materially adverse impact on the business of the Platou Group taken as a whole in the context of the Acquisition; or (iii) any event occurs which would constitute a material breach of any warranty given by the Sellers if it were repeated at any time before Completion, provided that such event has a materially adverse impact on the business of the Platou Group taken as a whole in the context of the Acquisition; or (iv) if three or more key managers give notice of resignation to a member of the Platou Group and have not retracted such resignation within 20 business days of having served such notice; or
- (e) on notice from the Sellers to the Company, if: (i) there is a material breach of a warranty given by the Company on the date of the Share Purchase Agreement provided that such breach has a materially adverse impact on the business of the Clarksons Group taken as a whole in the context of the Acquisition; or (ii) there is a material breach by the Company of its obligations under any of the Transaction Documents, the US Warranty Agreement or certain other documents related to the Acquisition which has gone unremedied within 5 business days and provided that the facts, matters or circumstances giving rise to such breach have a materially adverse impact on the business of the Clarksons Group taken as a whole in the context of the Acquisition.

## **6. Costs**

The Company and Platou have each agreed to pay the costs and expenses incurred by them in connection with the preparation, negotiation, entering into and completion of the Transaction Documents and any other agreements in respect of the Acquisition.

## **7. Lock-up arrangements**

Under the terms of the Share Purchase Agreement, the Sellers have each agreed, subject to certain customary exceptions, to enter into the following lock-up arrangements with the Company in respect of the Consideration Shares, pursuant to which:

- (a) during the 12 month period following Re-Admission, no Seller shall effect a Disposal of any Consideration Shares;
- (b) during the 12 month period following the first anniversary of Re-Admission, each Seller may only Dispose of no more than 33.33 per cent. of the Consideration Shares issued to such Seller; and
- (c) during the 12 month period following the second anniversary of Re-Admission, each Seller may only Dispose of no more than 66.66 per cent. of the Consideration Shares issued to such Seller (which shall be calculated to include any Consideration Shares sold pursuant to paragraph (b)),

provided that any Disposal of Consideration Shares by a Seller pursuant to paragraphs (b) and (c) above or during the 12 month period following the third anniversary of Re-Admission shall be effected in accordance with the reasonable requirements of the Company so as to ensure an orderly market in the Ordinary Shares (including, without limitation, that any Disposals are effected by the Company's corporate broker (from time to time) and, to the extent applicable in respect of a Seller, in accordance with the Company's share dealing policies).

## **8. Post-Completion matters**

If any Platou Shareholders who are not a party to the Platou Shareholders' Agreement do not enter into the Share Purchase Agreement and Warranty Agreement, Clarksons may (but is not required to) exercise a right under Norwegian law to acquire the Platou Shares held by any such Platou Shareholders. In addition, any Platou Shareholders who are not a party to the Platou Shareholders' Agreement and who do not enter into the Share Purchase Agreement and Warranty Agreement may require the Company to acquire the Platou Shares held by them. If such rights to sell or acquire Platou Shares are exercised, the price payable for any Platou Shares to be transacted would be in cash and, if a price proposed by Clarksons is not objected to it would be deemed accepted by the relevant Platou Shareholders. If any Platou Shareholder objects to the proposed price the valuation will be the underlying value of the Platou Shares as determined by the Norwegian courts. Any Platou Shares which the Company acquires solely for cash will accordingly reduce the number of Consideration Shares and Loan Notes to be issued.



## **Part B Warranty Agreement and the US Warranty Agreement**

### **1. Seller Warranties**

The Warranty Agreement contains customary warranties from the Sellers as to their authority to enter into the Transaction Documents, their title and ownership of the Platou Shares and the Platou business (the “Seller Business Warranties”). The US Warranty Agreement contains certain warranties from Sellers located in the United States relating to matters of US securities laws.

### **2. Limitations**

The Sellers’ liability in respect of the warranties given by them under the Warranty Agreement and the US Warranty Agreement is subject to customary limitations. In addition, other than in relation to certain warranties which are given by each Seller in respect of themselves only, each Seller shall only be liable for the proportion of the aggregate liability to the Company arising from a breach of any Seller Business Warranty equal to the proportion of the Platou Share Capital being sold by such Seller pursuant to the Share Purchase Agreement.

### **3. Termination of the Warranty Agreement**

The Warranty Agreement and the US Warranty Agreement shall automatically terminate in the event that the Share Purchase Agreement terminates in accordance with its terms.

## Part C Platou Shareholders

Platou Shareholders representing a combined holding of 92.6 per cent. of the Platou Shares have entered into the Share Purchase Agreement. The following table sets out the number of Platou Shares that will be held, directly or indirectly, by the Platou Shareholders immediately prior to Completion.

Platou Shareholder	Number of Platou Shares	Percentage of issued ordinary share capital of Platou
RS Platou Holdings AS <sup>1</sup>	10,444,000	22.6%
Peter M. Anker	2,472,334	5.3%
Gustave Brun-Lie	1,685,893	3.6%
Wilhelm Holst	1,509,392	3.3%
Fridtjof Botvid Falck	1,350,000	2.9%
Totto Hartmann	1,301,893	2.8%
Christian Bartz Johannessen	1,167,500	2.5%
Magnus Halvorsen	1,160,412	2.5%
Erik Helberg	1,141,689	2.5%
Erik Arthur	1,016,195	2.2%
Birger Nergaard	1,000,001	2.2%
Henning Leo Knudsen	1,000,000	2.2%
Jørgen von Tangen	1,000,000	2.2%
Jan Egil Roald	925,005	2.0%
Other Platou Shareholders <sup>2</sup>	19,108,581	41.3%

<sup>1</sup> Ragnar Horn holds 45.93 per cent. of the voting rights in RS Platou Holdings AS.

<sup>2</sup> Platou Shareholders holding less than 2 per cent. of the entire issued share capital of Platou.

**PART VI**

**HISTORICAL FINANCIAL INFORMATION**  
**RELATING TO THE PLATOU GROUP**

**Introduction**

This Part VI contains:

- In Part A, consolidated historical financial information relating to the Former Platou Group for the three years ended 31 December 2013, 2012 and 2011 and the six months ended 30 June 2014 and 2013 and at Note 27, certain financial information relating to the Platou Group (i.e., following the completion of the RS Platou LLP Transaction), for the three years ended 31 December 2013, 2012 and 2011 and the six months ended 30 June 2014 necessary to disclose the potential impact of the RS Platou LLP Transaction.
- In Part B, an accountant's report prepared by Ernst & Young LLP on the consolidated historical financial information relating to the Former Platou Group for the three years ended 31 December 2013, 2012 and 2011 and the six months ended 30 June 2014.

## Part A Consolidated Historical Financial Information Relating to the Former Platou Group

### Consolidated income statement

for the

	Notes	Before exceptional items and acquisition costs £m	Exceptional items (note 5) £m	Year ended 31 December			Six months ended 30 June	
				2011	2012	2013	2013 (unaudited)	2014
		£m	£m	£m	£m	£m	£m	£m
<b>Revenue</b> . . . . .	<b>3, 4</b>	<b>102.2</b>	<b>—</b>	<b>102.2</b>	<b>89.6</b>	<b>140.2</b>	<b>63.3</b>	<b>60.9</b>
Administrative expenses . . . . .		(95.1)	10.0	(85.1)	(84.9)	(105.1)	(49.7)	(48.4)
<b>Operating profit</b> . . . . .	<b>3, 4</b>	<b>7.1</b>	<b>10.0</b>	<b>17.1</b>	<b>4.7</b>	<b>35.1</b>	<b>13.6</b>	<b>12.5</b>
Finance revenue . . . . .	3	1.2	—	1.2	0.9	1.2	0.3	0.5
Finance costs . . . . .	3	(6.3)	—	(6.3)	(2.9)	(2.1)	(0.9)	(1.4)
Other finance costs – pensions . . . . .	3	(0.1)	—	(0.1)	(0.1)	—	—	—
<b>Profit before taxation</b> . . . . .		<b>1.9</b>	<b>10.0</b>	<b>11.9</b>	<b>2.6</b>	<b>34.2</b>	<b>13.0</b>	<b>11.6</b>
Taxation . . . . .	7	(3.4)	(2.8)	(6.2)	(1.6)	(10.4)	(3.6)	(2.9)
<b>Profit/(loss) for the period</b> . . . . .		<b>(1.5)</b>	<b>7.2</b>	<b>5.7</b>	<b>1.0</b>	<b>23.8</b>	<b>9.4</b>	<b>8.7</b>
<b>Attributable to:</b>								
Equity holders of the parent . . . . .		(3.5)	5.7	2.2	0.4	19.2	7.6	6.5
Minority interests . . . . .		2.0	1.5	3.5	0.6	4.6	1.8	2.2
		(1.5)	7.2	5.7	1.0	23.8	9.4	8.7
<b>Earnings/(loss) per share</b>								
Basic . . . . .	8	(0.09)p		0.05p	0.01p	0.41p	0.16p	0.14p
Diluted . . . . .	8	(0.09)p		0.05p	0.01p	0.41p	0.16p	0.14p

### Consolidated statement of comprehensive income

for the

	Notes	Before exceptional items and acquisition costs £m	Exceptional items (note 5) £m	Year ended 31 December			Six months ended 30 June	
				2011	2012	2013	2013 (unaudited)	2014
		£m	£m	£m	£m	£m	£m	£m
Profit for the period								
Other comprehensive income . . . . .		(1.5)	7.2	5.7	1.0	23.8	9.4	8.7
<i>Items that will not be reclassified to profit or loss:</i>								
Actuarial gain/(loss) on employee benefit schemes – net of tax . . . . .	19	(0.8)	(2.8)	(3.6)	(0.1)	(0.4)	0.3	(0.2)
<i>Items that may be reclassified subsequently to profit or loss:</i>								
Foreign exchange differences on retranslation of foreign operations . . . . .	21	—	—	—	0.2	(0.3)	0.5	—
<b>Total comprehensive income for the period</b> . . . . .		<b>(2.3)</b>	<b>4.4</b>	<b>2.1</b>	<b>1.1</b>	<b>23.1</b>	<b>10.2</b>	<b>8.5</b>
<b>Attributable to:</b>								
Equity holders of the parent . . . . .		(3.3)	2.9	(0.4)	0.4	18.9	8.3	6.3
Minority interests . . . . .		1.0	1.5	2.5	0.7	4.2	1.9	2.2
		(2.3)	4.4	2.1	1.1	23.1	10.2	8.5

## Consolidated balance sheet

as at

		31 December			30 June
	Notes	2011 £m	2012 £m	2013 £m	2014 £m
<b>Non-current assets</b>					
Property, plant and equipment	10	7.5	7.5	6.2	5.6
Intangible assets	11	15.4	16.3	16.2	16.1
Trade and other receivables	13	6.5	5.2	5.5	5.1
Investments	14	0.4	0.4	0.1	0.2
Deferred tax asset	7	2.2	2.8	0.5	0.6
		<b>32.0</b>	<b>32.2</b>	<b>28.5</b>	<b>27.6</b>
<b>Current assets</b>					
Trade and other receivables	13	30.9	29.1	29.2	41.7
Investments	14	1.1	1.3	10.2	8.2
Cash and cash equivalents	15	25.5	20.9	46.7	28.6
		<b>57.5</b>	<b>51.3</b>	<b>86.1</b>	<b>78.5</b>
<b>Current liabilities</b>					
Interest bearing loans and borrowings	16	(2.4)	(14.8)	(19.9)	(20.5)
Trade and other payables	17	(37.8)	(37.2)	(48.3)	(43.5)
Income tax payable		(1.8)	(1.4)	(6.7)	(7.0)
		<b>(42.0)</b>	<b>(53.4)</b>	<b>(74.9)</b>	<b>(71.0)</b>
<b>Net current assets/(liabilities)</b>		<b>15.5</b>	<b>(2.1)</b>	<b>11.2</b>	<b>7.5</b>
<b>Non-current liabilities</b>					
Interest bearing loans and borrowings	16	(11.9)	(9.7)	(6.5)	(12.2)
Trade and other payables	17	(0.5)	(0.7)	(0.4)	(0.4)
Employee benefits	19	(1.7)	(1.4)	(1.3)	(1.3)
		<b>(14.1)</b>	<b>(11.8)</b>	<b>(8.2)</b>	<b>(13.9)</b>
<b>Net assets</b>		<b>33.4</b>	<b>18.3</b>	<b>31.5</b>	<b>21.2</b>
<b>Capital and reserves</b>					
Share capital	20	1.0	1.1	1.2	1.2
Other reserves	21	21.5	11.3	19.1	20.8
Retained earnings		1.9	(0.3)	4.9	(4.3)
<b>Former Platou Group shareholders' equity</b>		<b>24.4</b>	<b>12.1</b>	<b>25.2</b>	<b>17.7</b>
<b>Minority interests</b>		<b>9.0</b>	<b>6.2</b>	<b>6.3</b>	<b>3.5</b>
<b>Total equity</b>		<b>33.4</b>	<b>18.3</b>	<b>31.5</b>	<b>21.2</b>

**Consolidated statement of changes in equity**  
for the years ended 31 December 2011, 2012 and 2013

	Notes	Share capital £m	Other reserves £m	Retained earnings £m	Total £m	Minority interests £m	Total equity £m
<b>Balance at 1 January 2011</b> .....		<b>1.0</b>	<b>15.9</b>	<b>10.7</b>	<b>27.6</b>	<b>3.4</b>	<b>31.0</b>
Profit for the year .....		—	—	2.2	2.2	3.5	5.7
Other comprehensive income:							
Actuarial loss on employee benefit schemes – net of tax .....	19	—	—	(2.8)	(2.8)	(0.8)	(3.6)
Foreign exchange differences on retranslation of foreign operations ....	21	—	0.2	—	0.2	(0.2)	—
<b>Total comprehensive income for the year</b> ..		<b>—</b>	<b>0.2</b>	<b>(0.6)</b>	<b>(0.4)</b>	<b>2.5</b>	<b>2.1</b>
Transactions with owners:							
Share issue .....	18, 20, 21	—	0.9	—	0.9	—	0.9
Change in treasury shares .....		—	0.7	(0.5)	0.2	—	0.2
Share-based payments .....	18	—	0.9	—	0.9	—	0.9
Dividend paid .....	9	—	—	(7.0)	(7.0)	(4.3)	(11.3)
		<b>—</b>	<b>2.5</b>	<b>(7.5)</b>	<b>(5.0)</b>	<b>(4.3)</b>	<b>(9.3)</b>
Changes in ownership interests in subsidiaries without loss of control:							
Non-cash proceeds .....	18	—	2.9	—	2.9	—	2.9
Additions of minority interests .....		—	—	(0.9)	(0.9)	7.7	6.8
Change in minority interests .....		—	—	0.2	0.2	(0.3)	(0.1)
		<b>—</b>	<b>2.9</b>	<b>(0.7)</b>	<b>2.2</b>	<b>7.4</b>	<b>9.6</b>
<b>Balance at 31 December 2011</b> .....		<b>1.0</b>	<b>21.5</b>	<b>1.9</b>	<b>24.4</b>	<b>9.0</b>	<b>33.4</b>
	Notes	Share capital £m	Other reserves £m	Retained earnings £m	Total £m	Minority interests £m	Total equity £m
<b>Balance at 1 January 2012</b> .....		<b>1.0</b>	<b>21.5</b>	<b>1.9</b>	<b>24.4</b>	<b>9.0</b>	<b>33.4</b>
Profit for the year .....		—	—	0.4	0.4	0.6	1.0
Other comprehensive income:							
Actuarial loss on employee benefit schemes – net of tax .....	19	—	—	(0.1)	(0.1)	—	(0.1)
Foreign exchange differences on retranslation of foreign operations ....	21	—	0.1	—	0.1	0.1	0.2
<b>Total comprehensive income for the year</b> ...		<b>—</b>	<b>0.1</b>	<b>0.3</b>	<b>0.4</b>	<b>0.7</b>	<b>1.1</b>
Transactions with owners:							
Share issue .....	20, 21	0.1	1.5	—	1.6	—	1.6
Change in treasury shares .....		—	(0.7)	(2.6)	(3.3)	—	(3.3)
Share-based payments .....	18	—	1.5	—	1.5	—	1.5
Capital reduction .....		—	(12.6)	12.7	0.1	—	0.1
Repayment of share premium .....		—	—	(11.4)	(11.4)	—	(11.4)
Dividend paid .....	9	—	—	—	—	(3.3)	(3.3)
		<b>0.1</b>	<b>(10.3)</b>	<b>(1.3)</b>	<b>(11.5)</b>	<b>(3.3)</b>	<b>(14.8)</b>
Changes in ownership interests in subsidiaries without loss of control:							
Change in minority interests .....		—	—	(1.2)	(1.2)	(0.2)	(1.4)
		<b>—</b>	<b>—</b>	<b>(1.2)</b>	<b>(1.2)</b>	<b>(0.2)</b>	<b>(1.4)</b>
<b>Balance at 31 December 2012</b> .....		<b>1.1</b>	<b>11.3</b>	<b>(0.3)</b>	<b>12.1</b>	<b>6.2</b>	<b>18.3</b>



	Notes	Share capital £m	Other reserves £m	Retained earnings £m	Total £m	Minority interests £m	Total equity £m
<b>Balance at 1 January 2013</b> .....		<b>1.1</b>	<b>11.3</b>	<b>(0.3)</b>	<b>12.1</b>	<b>6.2</b>	<b>18.3</b>
Profit for the year .....		—	—	19.2	19.2	4.6	23.8
Other comprehensive income:							
Actuarial loss on employee benefit schemes – net of tax .....	19	—	—	(0.3)	(0.3)	(0.1)	(0.4)
Foreign exchange differences on retranslation of foreign operations .....	21	—	—	—	—	(0.3)	(0.3)
<b>Total comprehensive income for the year</b> ...		<b>—</b>	<b>—</b>	<b>18.9</b>	<b>18.9</b>	<b>4.2</b>	<b>23.1</b>
Transactions with owners:							
Share issue .....	20, 21	0.1	7.4	—	7.5	—	7.5
Change in treasury shares .....		—	0.4	(1.8)	(1.4)	—	(1.4)
Share-based payments .....	18	—	—	2.2	2.2	—	2.2
Dividend paid .....	9	—	—	(10.1)	(10.1)	(2.0)	(12.1)
		<b>0.1</b>	<b>7.8</b>	<b>(9.7)</b>	<b>(1.8)</b>	<b>(2.0)</b>	<b>(3.8)</b>
Changes in ownership interests in subsidiaries without loss of control:							
Additions of minority interests .....		—	—	(7.6)	(7.6)	—	(7.6)
Change in minority interests .....		—	—	3.6	3.6	(2.1)	1.5
		<b>—</b>	<b>—</b>	<b>(4.0)</b>	<b>(4.0)</b>	<b>(2.1)</b>	<b>(6.1)</b>
<b>Balance at 31 December 2013</b> .....		<b>1.2</b>	<b>19.1</b>	<b>4.9</b>	<b>25.2</b>	<b>6.3</b>	<b>31.5</b>

**Consolidated statement of changes in equity**  
for the six months ended 30 June 2013 and 2014

<i>Unaudited</i>	Notes	Share capital £m	Other reserves £m	Retained earnings £m	Total £m	Minority interests £m	Total equity £m
<b>Balance at 1 January 2013</b> .....		<b>1.1</b>	<b>11.3</b>	<b>(0.3)</b>	<b>12.1</b>	<b>6.2</b>	<b>18.3</b>
Profit for the period .....		—	—	7.6	7.6	1.8	9.4
Other comprehensive income:							
Actuarial gain on employee benefit schemes – net of tax .....		—	—	0.2	0.2	0.1	0.3
Foreign exchange differences on retranslation of foreign operations .....		—	0.5	—	0.5	—	0.5
<b>Total comprehensive income for the period</b> ....		<b>—</b>	<b>0.5</b>	<b>7.8</b>	<b>8.3</b>	<b>1.9</b>	<b>10.2</b>
Transactions with owners:							
Share issue .....		0.1	7.4	—	7.5	—	7.5
Change in treasury shares .....		—	—	0.1	0.1	—	0.1
Share-based payments .....	18	—	—	2.2	2.2	—	2.2
Dividend paid .....	9	—	—	(10.1)	(10.1)	(1.4)	(11.5)
		<b>0.1</b>	<b>7.4</b>	<b>(7.8)</b>	<b>(0.3)</b>	<b>(1.4)</b>	<b>(1.7)</b>
Changes in ownership interests in subsidiaries without loss of control:							
Non cash proceeds .....		—	—	—	—	—	—
Additions of minority interests .....		—	—	(7.6)	(7.6)	—	(7.6)
Change in minority interests .....		—	—	3.9	3.9	(2.1)	1.8
		<b>—</b>	<b>—</b>	<b>(3.7)</b>	<b>(3.7)</b>	<b>(2.1)</b>	<b>(5.8)</b>
<b>Balance at 30 June 2013 (unaudited)</b> .....		<b>1.2</b>	<b>19.2</b>	<b>(4.0)</b>	<b>16.4</b>	<b>4.6</b>	<b>21.0</b>
	Notes	Share capital £m	Other reserves £m	Retained earnings £m	Total £m	Minority interests £m	Total equity £m
<b>Balance at 1 January 2014</b> .....		<b>1.2</b>	<b>19.1</b>	<b>4.9</b>	<b>25.2</b>	<b>6.3</b>	<b>31.5</b>
Profit for the period .....		—	—	6.5	6.5	2.2	8.7
Other comprehensive income:							
Actuarial loss on employee benefit schemes – net of tax .....	19	—	—	(0.2)	(0.2)	—	(0.2)
<b>Total comprehensive income for the period</b> ....		<b>—</b>	<b>—</b>	<b>6.3</b>	<b>6.3</b>	<b>2.2</b>	<b>8.5</b>
Transactions with owners:							
Share issue .....	20, 21	—	1.7	—	1.7	—	1.7
Change in treasury shares .....		—	—	(1.8)	(1.8)	—	(1.8)
Share-based payments .....	18	—	—	0.9	0.9	—	0.9
Dividend paid .....	9	—	—	(14.4)	(14.4)	(4.1)	(18.5)
		<b>—</b>	<b>1.7</b>	<b>(15.3)</b>	<b>(13.6)</b>	<b>(4.1)</b>	<b>(17.7)</b>
Changes in ownership interests in subsidiaries without loss of control:							
Change in minority interests .....		—	—	(0.2)	(0.2)	(0.9)	(1.1)
		<b>—</b>	<b>—</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>(0.9)</b>	<b>(1.1)</b>
<b>Balance at 30 June 2014</b> .....		<b>1.2</b>	<b>20.8</b>	<b>(4.3)</b>	<b>17.7</b>	<b>3.5</b>	<b>21.2</b>

**Consolidated cash flow statement**  
for the

	Notes	Year ended 31 December			Six months ended 30 June	
		2011	2012	2013	2013 (unaudited)	2014
		£m	£m	£m	£m	£m
<b>Cash flows from operating activities</b>						
Profit before taxation		11.9	2.6	34.2	13.0	11.6
Adjustments for:						
Foreign exchange differences	3	0.4	2.3	(0.5)	(0.8)	0.3
Depreciation of property, plant and equipment	10	1.9	2.0	2.1	1.0	1.0
Share-based payment expense	18	4.7	1.5	2.2	2.2	0.9
Amortisation of intangibles	11	0.1	0.2	0.1	0.1	0.3
Difference between pension contributions paid and amount recognised in the income statement		(9.9)	(0.3)	(0.4)	(0.2)	(0.2)
Finance revenue	3	(1.2)	(0.9)	(1.2)	(0.3)	(0.5)
Finance costs	3	6.3	2.9	2.1	0.9	1.4
Other finance costs – pensions	3	0.1	0.1	—	—	—
(Increase)/ Decrease in trade and other receivables	13	1.7	(1.2)	(2.5)	(291.6)	(14.8)
Increase/(Decrease) in bonus accrual		(4.5)	(3.5)	20.6	(0.3)	(19.2)
Increase/(Decrease) in trade and other payables	17	2.1	1.0	(4.5)	286.6	15.8
Cash generated/(utilised)/from operations		13.6	6.7	52.2	10.6	(3.4)
Income tax paid		(2.4)	(2.6)	(2.5)	(2.0)	(2.4)
<b>Net cash flow from operating activities</b>		<b>11.2</b>	<b>4.1</b>	<b>49.7</b>	<b>8.6</b>	<b>(5.8)</b>
<b>Cash flows from investing activities</b>						
Interest received		1.2	0.5	0.5	0.3	0.4
Purchase of property, plant and equipment	10	(3.1)	(2.2)	(1.2)	(0.6)	(0.5)
Purchase of intangible assets		—	(0.3)	—	—	—
Purchase of investments		(1.2)	(5.3)	(10.1)	(0.6)	(8.2)
Proceeds from repayment/sale of investments		0.2	6.6	1.1	0.9	10.0
Proceeds from sale of property, plant and equipment		—	0.1	—	—	—
Proceeds from sale of subsidiary		—	—	0.1	—	—
Acquisition of subsidiaries, including deferred consideration	11	—	(0.4)	(0.6)	—	—
Cash acquired on acquisitions		—	0.5	0.8	—	—
Dividends received from investments		—	0.3	—	—	—
<b>Net cash flow from investing activities</b>		<b>(2.9)</b>	<b>(0.2)</b>	<b>(9.4)</b>	<b>0.0</b>	<b>1.7</b>
<b>Cash flows from financing activities</b>						
Issue of share capital	20	—	1.7	—	—	—
Repayment of share premium		—	(11.4)	—	—	—
Treasury shares		0.3	(3.3)	(1.5)	—	(1.8)
Repayment of borrowings		(9.0)	(2.4)	(2.4)	(1.2)	—
New long-term borrowings		6.7	—	—	—	6.2
Interest paid		(1.5)	(2.1)	(1.6)	(0.9)	(0.8)
(Acquisition)/disposal of minority interest		1.1	(0.4)	(0.4)	—	0.3
Proceeds from sale of minority interest		(0.2)	0.2	0.3	0.3	—
Dividend paid	9	(7.0)	—	(10.1)	(10.1)	(14.4)
Dividend paid to minority interests	9	(4.3)	(3.3)	(2.0)	(1.4)	(4.1)
<b>Net cash flow from financing activities</b>		<b>(13.9)</b>	<b>(21.0)</b>	<b>(17.7)</b>	<b>(13.3)</b>	<b>(14.6)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(5.6)</b>	<b>(17.1)</b>	<b>22.6</b>	<b>(4.7)</b>	<b>(18.7)</b>
Cash and cash equivalents at 1 January		31.0	25.5	8.6	8.6	29.0
Net foreign exchange differences		0.1	0.2	(2.2)	0.5	(0.1)
<b>Cash and cash equivalents at end of period</b>	15	<b>25.5</b>	<b>8.6</b>	<b>29.0</b>	<b>4.4</b>	<b>10.2</b>

## **Notes to the consolidated historical financial information**

### **1. Corporate information**

Platou is a public limited company incorporated and domiciled in Norway. The Platou's head office is located at Haakon VII's gate 10, 0119 Oslo, Norway.

The principal activities of the Former Platou Group are brokering and other services for the shipping and offshore industries, investment banking, and other financial services.

The Former Platou Group is a leading international ship and offshore broking group established in 1936. The Former Platou Group serves the shipping and offshore industry worldwide by providing services within chartering, sale and purchase and contracting of ships and offshore units. Further, the Former Platou Group provides investment banking services and project financing with a core focus on the shipping and offshore industries.

The consolidated financial information of the Former Platou Group presented is as at and for the year ended 31 December 2011, 2012, 2013, and as at and for the six months period ended June 2014 ("Historical financial information"). The comparative 6 months period ended June 2013 is unaudited.

### **2. Statement of accounting policies**

#### **2.1 Basis of preparation**

The consolidated historical financial information has been prepared in accordance with the requirements of the Listing Rules, on a basis consistent with the accounting policies adopted in Clarkson's latest annual financial statements, being for the year ended 31 December 2013.

The consolidated historical financial information is presented in Pounds Sterling and all values are rounded to the nearest one hundred thousand Pounds Sterling (£0.1m) except when otherwise indicated.

The consolidated income statement is shown in columnar format to assist with understanding the group's results by presenting profit for the period before exceptional items and acquisition costs. Items which are non-recurring in nature and considered to be material in size are shown as '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.

The consolidated historical financial information have been prepared on the going concern basis, under the historical cost convention, except for financial assets and financial liabilities (including derivative instruments) than have been measured at fair value.

#### **Statement of compliance**

The consolidated historical financial information of the Former Platou Group has been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

The accounting principles adopted in the preparation of this consolidated historical financial information are those issued and effective at 31 December 2013. The Former Platou Group has adopted new accounting pronouncements which became effective during the period; the impact of those is described below.

The accounting policies set out below have been applied consistently to all periods presented in this consolidated historical financial information.

#### **Basis of consolidation**

The Former Platou Group's consolidated historical financial information incorporates the results and net assets of Platou and all its subsidiary undertakings made up to 31 December each year and to 30 June for the six months periods.

Subsidiaries are all entities over which the Former Platou Group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Former Platou Group. They are deconsolidated from the date that control ceases. The change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Clarksons Group.

All inter-group transactions, balances, income and expenses are eliminated on consolidation.

## **2.2 Changes in accounting policy and disclosures**

### ***New and amended standards adopted by the Former Platou Group***

- IAS 1, “Financial statement presentation” (revised) (effective 1 January 2012). The main change resulting from these amendments is a requirement for entities to group items presented in ‘other comprehensive income’ on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments have been applied retrospectively. The effect of these changes is shown on the statement of comprehensive income.
- IAS 19, “Employee benefits” (revised) (effective 1 January 2013). The impact on the Former Platou 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 and removal of the “corridor approach” which is no longer permitted. Retrospective implementation has resulted in a net reduction of the profit after taxation for the year ended 31 December 2012 of £0.1m and net increase of the profit after taxation by £3.2m for the year ended 31 December 2011. There was a negative effect on the net assets of the Former Platou Group for the year ended 31 December 2011 and 31 December 2012 due to retrospective application of IAS 19 (revised). The net assets as of 31 December 2011 and as of 31 December 2012 decreased by £1m and £1m respectively.
- IFRS 13, “Fair Value Measurement” (effective 1 January 2013). The standard required prospective application from the beginning of the annual period to which it is first applied. IFRS 13 impacts the measurement of fair value for certain assets and liabilities as well as introducing additional disclosures, as set out in note 24.

There were no other new IFRSs or IFRIC interpretations that had to be implemented during the period of the consolidated historical financial information that significantly affect this consolidated historical financial information.

### ***New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2013 and not early adopted***

The Former Platou Group has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for the accounting periods beginning on or after 1 January 2014 or later periods. The new pronouncements are listed below:

IFRS 9 “Financial Instruments” – Classification and Measurement (effective 1 January 2014)

IFRS 10 “Consolidated Financial Statements” (effective 1 January 2014)

IFRS 11 “Joint Arrangements”, amendments to IAS 28 ‘Investment in Associates and Joint Ventures’ (effective 1 January 2014)

IFRS 12 “Disclosure of Interests in Other entities” (effective 1 January 2014)

IFRS 15 “Revenue from Contracts with Customers” (effective 1 January 2017)

Amendments to IAS 36 “Impairment of Assets” on Recoverable Amount Disclosures (effective 1 January 2014)

Amendments to IAS 32 “Financial Instruments: Presentation” (effective 1 January 2014)

Amendments to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting” (effective 1 January 2014)

Amendments to IFRS 10, 11 and 12 on transition guidance (effective 1 January 2014)

Amendments to IAS 16 and IAS 38 “Classification of Acceptable Methods of Depreciation and Amortisation” (effective 1 January 2014)

Annual improvements 2011-2013 cycle

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

There were no other new IFRSs or IFRIC interpretations that are not yet effective that would be expected to have material impact on the Former Platou Group.

### **2.3 Accounting judgements and estimates**

The preparation of the Former Platou Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### ***Trade receivables***

The provision for impairment of trade and other receivables represents management's best estimate at the balance sheet date. A number of judgements are made in the calculation of the impairment, primarily related to the age of the invoice, the underlying transaction and the debtor's financial position. Further details are given in Note 13.

#### ***Impairment of non-financial assets***

The Former Platou Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in Note 12.

#### ***Defined benefit pension schemes***

Pension costs and pension liabilities under defined benefit pension schemes are computed using a linear earnings profile and anticipated final salary, based on assumptions regarding the discount rate, future salary adjustments, state pensions and benefits, the future return on pension plan assets, and actuarial assumptions on mortality rates, disability and voluntary departures. Due to the long-term perspective built into a defined benefit pension scheme, there is significant uncertainty connected with the calculations. Further details are set out in Note 19.

### **2.4 Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss. Cost includes the original purchase price of the asset.

Land is not depreciated. Depreciation on other assets is charged on a straight-line basis over the estimated useful life (after allowing for estimated residual value based on current prices) of the asset, and is charged from the time an asset becomes available for its intended use. Estimated useful lives are as follows:

Leasehold improvements	5 – 12 years
Office furniture and equipment and motor vehicles	3 – 7 years

Estimates of useful lives and residual scrap values are assessed annually.

At each balance sheet date, the Former Platou Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss.

### **2.5 Business combinations and goodwill**

Business combinations are accounted for using the purchase method.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Former Platou Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.



All transaction costs related to business combinations are expensed in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Former Platou Group's cash-generating units that are expected to benefit from the synergies of the combination.

## **2.6 Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset. The useful lives are estimated to be between one and five years. Note 11 provides further details on intangible assets.

## **2.7 Impairment of non-financial assets**

The Former Platou Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Former Platou Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, or other available fair value indicators.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Former Platou Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

The following criteria are also applied in assessing impairment of specific assets:

### **Goodwill**

The Former Platou Group assesses whether there are any indicators that goodwill is impaired at each reporting date. Goodwill is tested for impairment annually.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The Former Platou Group performs its annual impairment test of goodwill as at 31 December and at 30 June for the two periods ended June 2014 and 2013.

## **2.8 Investments and other financial assets**

### ***Classification***

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Former Platou Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

### ***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in profit or loss.

### ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

### ***Available-for-sale financial investments***

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the two preceding categories or held-to-maturity investments. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in equity is recognised in profit or loss.

### ***Recognition and measurement***

Financial assets are recognised in the statement of financial position when the Former Platou Group becomes a party to the instruments' contractual provisions. The ordinary purchase or sale of financial assets is recognised on the date on which the transaction took place. When a financial asset is recognised for the first time, it is measured at fair value. First-time recognition includes transaction costs that are directly attributable to the purchase or issue of the financial asset, in those cases where the financial asset is not measured at fair value in profit or loss.

Financial assets are derecognised when the contractual rights to cash flows from the financial asset expire, or when the Former Platou Group transfers the financial asset as part of a transaction in which all or almost all risks and earnings opportunities linked to the ownership of the asset are transferred.

### ***Fair value***

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques, unless these are not reliable in which case the investments are shown at cost. Such valuation techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models.

### ***Amortised cost***

Loans and receivables are measured at amortised cost. This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

### ***Trade and other receivables***

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

### ***2.9 Impairment of financial assets***

The Former Platou Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

#### ***Assets carried at amortised cost***

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss.

In relation to trade receivables, a provision for impairment is made when there is objective evidence that the Former Platou Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectable.

#### ***Available-for-sale financial investments***

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognised in profit or loss. Reversals of impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

### ***2.10 Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of between one day and three months. For further details please refer to Note 15.

### ***2.11 Trade and other payables***

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### ***2.12 Interest-bearing financial liabilities (loans and borrowings)***

Financial liabilities are recognised in the statement of financial position when the Former Platou Group becomes a party to the instruments' contractual provisions. The ordinary purchase or sale of financial liabilities is recognised on the date on which the transaction took place.

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs and have not been designated as 'at fair value through profit and loss'.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### **2.13 Provisions**

Provisions are recognised when the Former Platou Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Former Platou Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### **2.14 Employee benefits**

The Former Platou Group operates various post-employment schemes, including both defined contribution and defined benefit pension plans.

For defined contribution plans, the Former Platou Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Former Platou Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised through profit and loss when the curtailment or settlement occurs.

The Former Platou Group has retrospectively applied IAS 19R in 2011 in order to present consistent comparative information in the consolidated historical financial information. IAS 19R changes the basis for calculating the pension liability and costs for defined benefit plans. The corridor as of January 1, 2011 has been reset to zero. The effect of these changes is set out above. The separate assumptions for expected return on plan assets and discounting of benefit liabilities have been replaced by single discount rate for the net benefit liability (including plan assets).

### **Bonus**

A portion of the bonus due to key management involved in the Former Platou Group's regulated activities is payable over a 3 year period in equal tranches. The group reserves the contractual right to cancel any unpaid tranches, for a variety of reasons. As the group has no history of cancelling such bonuses, and no cancelling is anticipated, such bonuses are charged to profit and loss in the year they are earned.

### **2.15 *Share capital***

Ordinary shares are recognised in equity as share capital at their nominal value. The difference between consideration received and the nominal value is recognised in the share premium account.

When treasury shares are repurchased, the purchase price including directly attributable costs is recognised in equity. Treasury shares are presented as a reduction in equity.

Transaction costs directly related to an equity transaction are recognised directly in equity after deducting tax expenses.

Financial instruments are classified as liabilities or equity in accordance with the underlying economic realities.

Interest, dividend, gains and losses relating to a financial instrument classified as a liability will be presented as an expense or income.

### **2.16 *Revenue recognition***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured.

### ***Shipbroking and Offshore***

Revenue consists of commission receivable from broking and is recognised by reference to the stage of completion. Stage of completion is measured by reference to the underlying commercial contract.

### ***Finance and Markets***

Fees relating to the Former Platou Group's finance projects and investment services businesses are recognised as services are performed.

### ***Finance income***

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

### **2.17 *Segment reporting***

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Former Platou Group considers the Former Platou Group's management to be the chief operating decision-maker. For further details please refer to Note 4.

### **2.18 *Foreign currencies***

Transactions are recorded by each Former Platou Group company in the entity's functional currency. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date when the fair value was determined.

On consolidation, the assets and liabilities of the Former Platou Group's overseas operations are translated into Pounds Sterling at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period as an approximation of rates prevailing at the date of the transaction unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and transferred to the Former Platou Group's currency translation reserve. Such translation differences are recognised as income or expense in the period in which an operation is disposed of. Cumulative translation differences have been set to zero at the date of transition to IFRSs.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

## **2.19 Taxation**

### ***Current income tax***

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

### ***Deferred income tax***

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

## **2.20 Leases**

Where the Former Platou Group is a lessee, operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentive payments are amortised over the lease term.



### 2.21 *Exceptional items*

Exceptional items are significant items of a non-recurring nature and considered material in both size and nature. These are disclosed separately to enable a full understanding of the Former Platou Group's financial performance.

### 2.22 *Share based payments*

Share options granted to employees are measured at fair value at the grant date. The fair value is recognised as a salary expense with a corresponding increase in equity. The cost is recognised over the vesting period. The costs are adjusted to reflect the actual number of options vested.

Fair value of the options is measured using the Black-Scholes pricing model. The basis for the measurement includes the share price at the measurement date, the strike price for the shares in the option agreement, expected volatility of the shares, expected average life of the option, expected dividends and risk-free interest rate. Service conditions and non-market conditions in the option agreements are not considered in the calculation of the fair value of the options.

Social security tax on options is recognised over the estimated vesting period. The social security tax is calculated using the appropriate tax rate on the difference between the market price and the exercise price for the shares at the balance sheet date.

### 2.23 *Financial revenue and finance costs*

Finance income comprises of interest income, dividend income and gains on the disposal of financial assets available for sale. Changes in gains from financial derivatives are recorded in profit or loss.

Interest income is recognised as it is earned, using the effective interest method. Dividends are recognised when the shareholders' right to receive the dividend is established.

Finance expense consists of interest expenses on loans, write-downs of financial assets, and losses on derivatives recorded in profit or loss.

## 3. Revenues and expenses

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013 (unaudited)	2014
	£m	£m	£m	£m	£m
<b>Revenue</b>					
Rendering of services .....	102.1	89.6	140.1	63.3	60.9
Rental income .....	0.1	—	0.1	—	—
	<u>102.2</u>	<u>89.6</u>	<u>140.2</u>	<u>63.3</u>	<u>60.9</u>
<b>Finance revenue</b>					
Bank interest income .....	0.6	0.3	0.5	0.2	0.4
Gain on sale of shares .....	—	0.1	0.6	—	0.1
Gain on sale of subsidiaries .....	—	—	0.1	—	—
Income from held-for-trading assets .....	—	0.3	—	—	—
Other finance revenue .....	0.6	0.2	—	0.1	—
	<u>1.2</u>	<u>0.9</u>	<u>1.2</u>	<u>0.3</u>	<u>0.5</u>
<b>Finance costs</b>					
Loss from acquired receivables .....	(3.1)	(0.7)	(0.5)	—	(0.4)
Loss from investments .....	(1.7)	(0.1)	—	—	(0.2)
Bank loan and overdraft interest .....	(1.4)	(1.7)	(1.4)	(0.8)	(0.8)
Other finance costs .....	(0.1)	(0.4)	(0.2)	(0.1)	—
	<u>(6.3)</u>	<u>(2.9)</u>	<u>(2.1)</u>	<u>(0.9)</u>	<u>(1.4)</u>
<b>Other finance costs – pensions</b>					
Net benefit charge .....	(0.1)	(0.1)	—	—	—
	<u>(0.1)</u>	<u>(0.1)</u>	<u>—</u>	<u>—</u>	<u>—</u>

Losses from acquired receivables related to an acquisition in 2008. The write-down of acquisition related receivables is classified as a finance cost.

### **Operating profit**

Operating profit from continuing operations represents the results from operations before finance revenues and finance costs. This is stated after charging/(crediting):

	<b>Year ended 31 December</b>			<b>Six months ended 30 June</b>	
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2013</b>	<b>2014</b>
				(unaudited)	
	£m	£m	£m	£m	£m
Depreciation .....	1.9	2.0	2.1	1.0	1.0
Amortisation .....	0.1	0.2	0.1	0.1	0.3
Operating leases – land and buildings .....	4.1	3.4	4.6	2.0	1.9
Net foreign exchange losses/(gains) .....	0.4	2.3	(0.5)	(0.8)	0.3
	<b>6.5</b>	<b>7.9</b>	<b>6.3</b>	<b>2.3</b>	<b>3.5</b>

	<b>Year ended 31 December</b>			<b>Six months ended 30 June</b>	
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2013</b>	<b>2014</b>
				(unaudited)	
	£000	£000	£000	£000	£000
<b>Auditors' remuneration</b>					
Fees payable to Platou's auditor for the audit of Platou's accounts and consolidated financial statements .....	66	78	138	101	87
Fees payable to Platou's auditor and its associates for other services:					
The auditing of accounts of subsidiaries of Platou .....	112	193	181	87	106
Taxation advisory services .....	33	3	35	14	1
All other services .....	131	107	89	39	5
	<b>342</b>	<b>381</b>	<b>443</b>	<b>241</b>	<b>199</b>

	<b>Year ended 31 December</b>			<b>Six months ended 30 June</b>	
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2013</b>	<b>2014</b>
				(unaudited)	
	£m	£m	£m	£m	£m
<b>Employee compensation and benefits expense</b>					
Wages and salaries .....	53.6	51.9	67.1	30.3	29.3
Social security costs .....	6.7	5.5	8.1	3.6	3.6
Expense of share-based payments (note 18) .....	4.7	1.5	2.2	2.2	0.9
Pension costs – defined contribution plans .....	0.8	1.0	1.0	0.5	0.5
Pension costs – defined benefit plans .....	(8.1)	—	—	—	—
	<b>57.7</b>	<b>59.9</b>	<b>78.4</b>	<b>36.6</b>	<b>34.3</b>

The numbers above include remuneration and pension entitlements for each director.

The average monthly number of persons employed by the Former Platou Group during the year/period including executive directors is analysed below:

	<b>Year ended 31 December</b>			<b>Six months ended 30 June</b>	
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2013</b>	<b>2014</b>
				(unaudited)	
Shipbroking .....	165	148	154	143	165
Offshore .....	94	98	111	98	107
Finance .....	21	29	20	21	19
Markets .....	97	69	79	77	80
	<b>377</b>	<b>344</b>	<b>364</b>	<b>339</b>	<b>371</b>

#### 4. Segmental information

The Former Platou Group's reportable segments are strategic business areas offering different products and services. Segment information presented is consistent with the Former Platou Group's internal management reporting.

Former Platou Group management constitutes the chief operating decision-maker of the Former Platou Group. Former Platou Group management monitors and evaluates the operating results of the segments on a regular basis for the purpose of assessing performance and allocating resources.

For management purposes the Former Platou Group has organised its activities into four operating segments.

##### *Shipbroking*

The Shipbroking segment comprises activities relating to the purchase and sale of ships, newbuildings and chartering of dry cargo vessels, tanker vessels and industrial shipping vessels.

##### *Offshore*

The Offshore segment comprises activities relating to the sale and purchase, newbuilding and chartering of offshore related vessels.

##### *Project Finance*

The Project Finance segment (referred to in the following notes as Finance) identifies shipping, offshore and real estate projects, for which equity capital and debt capital are syndicated. For existing projects, Finance is also responsible for project and corporate management.

##### *Investment Banking*

The Investment Banking segment (referred to in the following notes as Markets) offers a wide range of services within equity sales and trading, fixed income, research and corporate finance to both Norwegian and foreign institutional clients and investors. Markets is licensed and supervised by the Financial Supervisory Authority of Norway ("FSA") in Oslo and by FINRA in New York.

The accounting principles of the reportable segments are the same as the Former Platou Group's accounting principles described in note 2.

The Former Platou Group assesses performance in the segments based on operating profit or loss before financial items. Transactions between the operating segments are eliminated in the consolidated financial statements. Such transactions are based on market conditions. Operating income and operating expenses from transactions between the operating segments have been eliminated within the segments.

Segmental information for revenue and results is as follows:

	Revenue			Results		
	31 December			31 December		
	2011	2012	2013	2011	2012	2013
Business segments for the year to	£m	£m	£m	£m	£m	£m
Shipbroking .....	31.4	28.5	32.4	0.3	(1.5)	2.7
Offshore .....	36.9	35.1	38.7	7.4	7.3	8.8
Finance .....	7.0	7.2	7.8	2.6	2.1	1.9
Markets .....	26.9	18.8	61.3	(3.2)	(3.2)	21.7
<b>Segment revenue/results .....</b>	<b>102.2</b>	<b>89.6</b>	<b>140.2</b>	<b>7.1</b>	<b>4.7</b>	<b>35.1</b>
Head office costs .....				—	—	—
Operating profit before exceptional items and acquisition costs ...				7.1	4.7	35.1
Exceptional items .....				10.0	—	—
Operating profit after exceptional items and acquisition costs ....				17.1	4.7	35.1
Finance revenue .....				1.2	0.9	1.2
Finance costs .....				(6.3)	(2.9)	(2.1)
Other finance costs – pensions .....				(0.1)	(0.1)	—
Profit before taxation .....				11.9	2.6	34.2
Taxation .....				(6.2)	(1.6)	(10.4)
<b>Profit for the year .....</b>				<b>5.7</b>	<b>1.0</b>	<b>23.8</b>

For the six months to

	Revenue		Results	
	30 June		30 June	
	2013	2014	2013	2014
	(unaudited) £m	(unaudited) £m	(unaudited) £m	(unaudited) £m
Shipbroking .....	15.3	18.9	0.5	1.5
Offshore .....	19.3	17.4	4.2	3.6
Finance .....	3.6	3.1	0.8	0.8
Markets .....	25.1	21.5	8.1	6.6
<b>Segment revenue/results .....</b>	<b>63.3</b>	<b>60.9</b>	<b>13.6</b>	<b>12.5</b>
Head office costs .....			—	—
Operating profit before exceptional items and acquisition costs . . .			13.6	12.5
Exceptional items .....			—	—
Operating profit after exceptional items and acquisition costs . . . .			13.6	12.5
Finance revenue .....			0.3	0.5
Finance costs .....			(0.9)	(1.4)
Other finance costs – pensions .....			—	—
Profit before taxation .....			13.0	11.6
Taxation .....			(3.6)	(2.9)
<b>Profit for the period .....</b>			<b>9.4</b>	<b>8.7</b>

## Business Segments

	Assets				Liabilities			
	31 December			30 June	31 December			30 June
	2011	2012	2013	2014	2011	2012	2013	2014
	£m	£m	£m	£m	£m	£m	£m	£m
Shipbroking and Offshore . . .	58.5	52.9	58.2	51.9	39.0	47.3	50.5	49.2
Finance .....	6.0	5.5	5.1	4.0	2.6	3.1	2.7	1.8
Markets .....	25.0	25.1	51.3	50.2	14.5	14.8	29.9	33.9
Segment assets/liabilities . . . .	89.5	83.5	114.6	106.1	56.1	65.2	83.1	84.9
Unallocated assets/liabilities .....	—	—	—	—	—	—	—	—
	<u>89.5</u>	<u>83.5</u>	<u>114.6</u>	<u>106.1</u>	<u>56.1</u>	<u>65.2</u>	<u>83.1</u>	<u>84.9</u>

## Business Segments

	Non-current asset additions							
	Property, plant and equipment	Intangible assets	Property, plant and equipment	Intangible assets	Property, plant and equipment	Intangible assets	Property, plant and equipment	Intangible assets
	Year ended 31 December						Six months ended 30 June	
	2011	2011	2012	2012	2013	2013	2014	2014
	£m	£m	£m	£m	£m	£m	£m	£m
Shipbroking and Offshore . . .	2.0	—	1.9	0.4	1.0	0.7	0.4	0.3
Finance .....	—	—	0.1	0.5	—	—	—	—
Markets .....	1.1	—	0.2	—	0.2	—	0.1	—
	<u>3.1</u>	<u>—</u>	<u>2.2</u>	<u>0.9</u>	<u>1.2</u>	<u>0.7</u>	<u>0.5</u>	<u>0.3</u>

## Business Segments

	Depreciation				Amortisation			
	Year ended 31 December			Six months ended 30 June	Year ended 31 December			Six months ended 30 June
	2011	2012	2013	2014	2011	2012	2013	2014
	£m	£m	£m	£m	£m	£m	£m	£m
Shipbroking and								
Offshore .....	1.3	1.3	1.5	0.7	0.1	0.1	0.1	0.3
Finance .....	—	—	—	—	—	0.1	—	—
Markets .....	0.6	0.7	0.6	0.3	—	—	—	—
	<u>1.9</u>	<u>2.0</u>	<u>2.1</u>	<u>1.0</u>	<u>0.1</u>	<u>0.2</u>	<u>0.1</u>	<u>0.3</u>

## Geographical segments – by origin of invoice

	Revenue				
	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	£m	£m	£m	(unaudited) £m	£m
Europe, Middle East & Africa .....	85.6	73.9	116.9	51.1	51.4
Americas .....	5.7	3.9	9.6	4.2	2.6
Asia Pacific .....	10.9	11.8	13.7	8.0	6.9
	<u>102.2</u>	<u>89.6</u>	<u>140.2</u>	<u>63.3</u>	<u>60.9</u>

## Geographical segments – by location of assets

	Non-current assets			
	31 December			30 June
	2011	2012	2013	2014
	£m	£m	£m	£m
Europe, Middle East & Africa .....	25.5	25.0	28.0	20.7
Americas .....	0.3	0.3	—	0.2
Asia Pacific .....	4.0	4.1	—	6.1
	<u>29.8</u>	<u>29.4</u>	<u>28.0</u>	<u>27.0</u>

Non-current assets exclude deferred tax assets.

## 5. Exceptional items

### 2011

Until 1 December 2011, the Former Platou Group provided five Norwegian defined benefit pension schemes to employees. These schemes were closed resulting in a curtailment gain of £10.0 million recorded in the income statement in 2011.

There were no exceptional items for the years ended 31 December 2012 and 2013 or for the six months ended 30 June 2013 and 2014.

## 6. Acquisition costs

There were no acquisition costs requiring separate disclosure in the income statement for the years ended 31 December 2011, 31 December 2012 and 31 December 2013 and for the six months ended 30 June 2013 and 30 June 2014.

## 7. Taxation

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013 (unaudited)	2014
	£m	£m	£m	£m	£m
<b>Current tax</b>					
Tax on profits for the year/period . . . . .	3.3	2.1	8.3	1.8	3.1
Adjustments in respect of prior years/periods . . . . .	—	—	—	—	—
	<u>3.3</u>	<u>2.1</u>	<u>8.3</u>	<u>1.8</u>	<u>3.1</u>
<b>Deferred tax</b>					
Origination and reversal of temporary differences . . . . .	2.9	(0.5)	2.1	1.8	(0.2)
<b>Total tax charge in the income statement</b> . . . . .	<u>6.2</u>	<u>1.6</u>	<u>10.4</u>	<u>3.6</u>	<u>2.9</u>

Tax relating to items charged/(credited) to equity is as follows:

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013 (unaudited)	2014
	£m	£m	£m	£m	£m
<b>Deferred tax</b>					
Employee benefits – on pension benefit liability . . . . .	(1.5)	0.1	0.1	—	—
<b>Total tax charge/(credit) in the statement of changes in equity</b> . . .	<u>(1.5)</u>	<u>0.1</u>	<u>0.1</u>	<u>—</u>	<u>—</u>

### Reconciliation of tax charge

The tax charge in the income statement for the period is different than the average standard rate of corporation tax in Norway. The differences are reconciled below:

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013 (unaudited)	2014
	£m	£m	£m	£m	£m
Profit before taxation . . . . .	11.9	2.6	34.2	13.0	11.6
Expected tax expenses based on income tax rates in Norway . . . . .	3.3	0.7	9.6	3.8	3.1
Adjustment in respect of current income tax of previous years . . . . .	—	—	—	—	(0.1)
Tax rate outside Norway other than 27% (28% in 2011-2013) . . . . .	0.3	0.6	0.4	(0.4)	(0.5)
Non-taxable income . . . . .	(0.1)	(0.1)	(0.1)	(0.1)	—
Non-deductible expenses . . . . .	2.2	0.4	0.8	0.1	0.2
Non-taxable gains/losses on sales of share . . . . .	0.4	—	0.1	—	—
Deferred tax assets not recognised current year . . . . .	0.5	—	0.2	0.2	0.2
Change in previous years' valuation allowances . . . . .	—	—	(0.1)	—	—
Other . . . . .	(0.4)	—	(0.5)	—	—
<b>Total tax charge in the income statement</b> . . . . .	<u>6.2</u>	<u>1.6</u>	<u>10.4</u>	<u>3.6</u>	<u>2.9</u>



## Deferred tax

Deferred tax charged/(credited) in the consolidated income statement is as follows:

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	£m	£m	£m	(unaudited) £m	£m
Employee benefits – on pension benefit liability	—	0.5	0.1	—	0.1
Tax losses recognised/(not recognised)	—	(0.5)	2.9	—	(0.1)
Exchange rate differences	—	(1.4)	2.4	—	(0.2)
Other temporary differences	2.9	0.9	(3.3)	1.8	—
<b>Deferred tax charge/(credit) in the income statement</b>	<u>2.9</u>	<u>(0.5)</u>	<u>2.1</u>	<u>1.8</u>	<u>(0.2)</u>

Deferred tax included in the balance sheet is as follows:

	31 December			30 June
	2011	2012	2013	2014
	£m	£m	£m	£m
<b>Deferred tax asset</b>				
Employee benefits – on pension benefit liability	0.9	0.4	0.3	0.2
Tax losses carried forward	2.0	3.0	0.2	0.4
Of which, assets not recognised	(0.8)	(0.4)	—	—
Other temporary differences	0.1	(0.2)	—	—
	<u>2.2</u>	<u>2.8</u>	<u>0.5</u>	<u>0.6</u>
	31 December			30 June
	2011	2012	2013	2014
	£m	£m	£m	£m
Tax losses included above expire as follows:				
2019 or later	—	0.5	0.2	0.3
No due date	2.0	2.5	—	0.1
	<u>2.0</u>	<u>3.0</u>	<u>0.2</u>	<u>0.4</u>

There are no other deferred tax assets that are not taken into account in the Former Platou Group's tax calculation. Distribution of dividends to Platou Shareholders does not affect Platou's income tax payable or deferred tax.

## 8. Earnings per share

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

	31 December			30 June	
	2011	2012	2013	2013	2014
	£m	£m	£m	(unaudited) £m	£m
Profit for the year/period attributable to ordinary equity holders of the parent	<u>2.2</u>	<u>0.4</u>	<u>19.2</u>	<u>7.6</u>	<u>6.5</u>
	31 December			30 June	
	2011	2012	2013	2013	2014
	£m	£m	£m	(unaudited) £m	£m
Weighted average number of ordinary shares (excluding treasury shares) for basic and diluted earnings per share	<u>40,730,815</u>	<u>41,302,766</u>	<u>46,143,674</u>	<u>45,468,115</u>	<u>47,211,980</u>

The share options outstanding as at 31 December 2011 were not considered to be dilutive. There were no potential dilutive shares for the years ended 31 December 2012 and 2013 or for the six months ended 30 June 2013 and 2014.

## 9. Dividends

	31 December			30 June	
	2011	2012	2013	2013	2014
	£m	£m	£m	(unaudited) £m	£m
Declared and paid during the period:					
Final dividend for 2013 of 30p per share (2012: 22p, 2011: 0p, 2010: 17p) .....	7.0	—	10.1	10.1	14.4
<b>Dividend paid</b> .....	<u>7.0</u>	<u>—</u>	<u>10.1</u>	<u>10.1</u>	<u>14.4</u>
Proposed for approval at the AGM (not recognised as a liability at the period end):					
Final dividend for 2014 proposed of 0p per share (2013: 30p, 2012: 22p, 2011: 0p) .....	<u>—</u>	<u>10.1</u>	<u>14.4</u>	<u>—</u>	<u>—</u>

Also paid during the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2013 and 2014 were dividends paid to minority interests of £4.3 million, £3.3 million, £2.0 million, £1.4 million and £4.1 million respectively.

## 10. Property, plant and equipment

Cost or valuations	Freehold and long leasehold properties	Leasehold improvements	Office furniture and equipment	Motor vehicles	Total
	£m	£m	£m	£m	£m
As at 1 January 2011 .....	1.3	0.5	7.6	0.3	9.7
Additions .....	—	1.2	1.8	0.1	3.1
Disposals .....	—	—	(1.2)	—	(1.2)
Arising on acquisition .....	—	—	0.1	—	0.1
Exchange rate differences .....	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>As at 31 December 2011</b> .....	1.3	1.7	8.3	0.4	11.7
Additions .....	—	0.7	1.5	—	2.2
Disposals .....	—	—	(0.4)	(0.2)	(0.6)
Exchange rate differences .....	<u>—</u>	<u>—</u>	<u>0.1</u>	<u>—</u>	<u>0.1</u>
<b>As at 31 December 2012</b> .....	1.3	2.4	9.5	0.2	13.4
Additions .....	—	0.1	1.1	—	1.2
Disposals .....	—	—	(0.2)	—	(0.2)
Exchange rate differences .....	<u>—</u>	<u>(0.1)</u>	<u>(1.0)</u>	<u>—</u>	<u>(1.1)</u>
<b>As at 31 December 2013</b> .....	1.3	2.4	9.4	0.2	13.3
Additions .....	—	—	0.5	—	0.5
Disposals .....	—	—	(0.4)	—	(0.4)
Exchange rate differences .....	<u>—</u>	<u>—</u>	<u>(0.3)</u>	<u>—</u>	<u>(0.3)</u>
<b>As at 30 June 2014</b> .....	<u>1.3</u>	<u>2.4</u>	<u>9.2</u>	<u>0.2</u>	<u>13.1</u>

Depreciation and impairment	Freehold and long leasehold properties £m	Leasehold improvements £m	Office furniture and equipment £m	Motor vehicles £m	Total £m
As at 1 January 2011	—	0.1	3.3	0.2	3.6
Depreciation for the year	—	0.2	1.6	0.1	1.9
Depreciation related to disposals	—	—	(1.2)	—	(1.2)
Exchange rate differences	—	—	(0.1)	—	(0.1)
<b>As at 31 December 2011</b>	<b>—</b>	<b>0.3</b>	<b>3.6</b>	<b>0.3</b>	<b>4.2</b>
Depreciation for the year	—	0.3	1.7	—	2.0
Depreciation related to disposals	—	—	(0.3)	(0.1)	(0.4)
Exchange rate differences	—	—	0.1	—	0.1
<b>As at 31 December 2012</b>	<b>—</b>	<b>0.6</b>	<b>5.1</b>	<b>0.2</b>	<b>5.9</b>
Depreciation for the year	—	0.5	1.6	—	2.1
Depreciation related to disposals	—	—	(0.2)	—	(0.2)
Exchange rate differences	—	(0.1)	(0.6)	—	(0.7)
<b>As at 31 December 2013</b>	<b>—</b>	<b>1.0</b>	<b>5.9</b>	<b>0.2</b>	<b>7.1</b>
Depreciation for the period	—	0.2	0.8	—	1.0
Depreciation related to disposals	—	—	(0.4)	—	(0.4)
Exchange rate differences	—	—	(0.2)	—	(0.2)
<b>As at 30 June 2014</b>	<b>—</b>	<b>1.2</b>	<b>6.1</b>	<b>0.2</b>	<b>7.5</b>

Net Book Value	Freehold and long leasehold properties £m	Leasehold improvements £m	Office furniture and equipment £m	Motor vehicles £m	Total £m
As at 31 December 2011	1.3	1.4	4.7	0.1	7.5
As at 31 December 2012	1.3	1.8	4.4	—	7.5
As at 31 December 2013	1.3	1.4	3.5	—	6.2
As at 30 June 2014	1.3	1.2	3.1	—	5.6

A charge exists over certain freehold properties. Please see note 16 for further details.

## 11. Intangible assets

Cost or valuation	Intangibles £m	Goodwill £m	Total £m
As at 1 January 2011	1.3	15.7	17.0
Disposals/reversal	—	(0.1)	(0.1)
Exchange rate differences	—	(0.1)	(0.1)
<b>As at 31 December 2011</b>	<b>1.3</b>	<b>15.5</b>	<b>16.8</b>
Additions	0.6	0.3	0.9
Disposals/reversals	—	0.1	0.1
Exchange rate differences	—	0.1	0.1
<b>As at 31 December 2012</b>	<b>1.9</b>	<b>16.0</b>	<b>17.9</b>
Additions	0.1	0.6	0.7
Disposals/reversal	(1.6)	(0.2)	(1.8)
Exchange rate differences	—	(0.3)	(0.3)
<b>As at 31 December 2013</b>	<b>0.4</b>	<b>16.1</b>	<b>16.5</b>
Additions	—	0.3	0.3
Exchange rate differences	—	(0.1)	(0.1)
<b>As at 30 June 2014</b>	<b>0.4</b>	<b>16.3</b>	<b>16.7</b>

<b>Amortisation and impairment</b>	<b>Intangibles</b>	<b>Goodwill</b>	<b>Total</b>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
As at 1 January 2011 .....	1.1	0.2	1.3
Amortisation for the year .....	0.1	—	0.1
<b>As at 31 December 2011</b> .....	<b>1.2</b>	<b>0.2</b>	<b>1.4</b>
Amortisation for the year .....	0.2	—	0.2
<b>As at 31 December 2012</b> .....	<b>1.4</b>	<b>0.2</b>	<b>1.6</b>
Amortisation for the year .....	0.1	—	0.1
Amortisation related to disposals .....	(1.4)	—	(1.4)
<b>As at 31 December 2013</b> .....	<b>0.1</b>	<b>0.2</b>	<b>0.3</b>
Amortisation for the period .....	0.3	—	0.3
<b>As at 30 June 2014</b> .....	<b>0.4</b>	<b>0.2</b>	<b>0.6</b>
<b>Net Book Value</b>	<b>Intangibles</b>	<b>Goodwill</b>	<b>Total</b>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
<b>As at 31 December 2011</b> .....	<b>0.1</b>	<b>15.3</b>	<b>15.4</b>
<b>As at 31 December 2012</b> .....	<b>0.5</b>	<b>15.8</b>	<b>16.3</b>
<b>As at 31 December 2013</b> .....	<b>0.3</b>	<b>15.9</b>	<b>16.2</b>
<b>As at 30 June 2014</b> .....	<b>—</b>	<b>16.1</b>	<b>16.1</b>

Intangible assets relate to acquired non-contractual commercial relationships and acquired forward order book

## Acquisitions

### 2014

In 2014, Platou acquired the issued capital in RS Platou Markets AS, then owned by employees of RS Platou Markets AS, taking its shareholding up to 100 per cent.

### 2013

In February 2013, Platou acquired shares in RS Platou Markets AS from employees in RS Platou Markets AS, increasing Platou's ownership to 90.1 per cent. The transaction was settled by newly issued shares in Platou.

In November 2013, Platou acquired 50.02 per cent. of the shares outstanding in Christiania Shipbrokers AS (renamed to RS Platou Tankers AS, located in Oslo) from employees in Christiania Shipbrokers AS. The transaction was satisfied with 400,000 shares in Platou valued at NOK 14 per share (£0.6 million) and £0.6 million in cash for a total fair value of the consideration of £1.2 million. The fair value of the shares was set at estimated market prices as at the acquisition date (external valuation). The primary purpose of the acquisition was to strengthen the activities of the Shipbroking segment. The minority interest is recorded at its proportionate share in recognised amounts of the acquiree's identifiable net assets.

The goodwill recognised comprises expected synergies from the business combination as well as the assembled workforce. The goodwill is not tax deductible.

The valuation of the identifiable assets and liabilities of Christiania Shipbrokers AS has been finalised in 2014 as shown in the following table:

	<u>£m</u>
Intangible assets .....	0.1
Receivables .....	0.2
Cash and cash equivalents .....	0.8
<b>Total assets</b> .....	<b>1.1</b>
Current liabilities .....	0.5
<b>Total liabilities</b> .....	<b>0.5</b>
<b>Total identifiable net assets at fair value</b> .....	<b>0.6</b>
Minority interest .....	(0.3)
Goodwill .....	0.9
Total consideration .....	1.2

The goodwill included above was initially recorded in 2013 at £0.6 million but then adjusted in 2014 by £0.3 million upon finalisation of the fair values acquired.

The acquisition contributed £0.4 million to the Former Platou Group's revenues and £0.1 million to the Former Platou Group's profit before taxation in 2013.

Had Christiania Shipbrokers AS been consolidated from 1 January 2013, the consolidated income statement would show revenue of £141.6m and profit after tax of £24.3m. This information is not necessarily indicative of the 2013 results of the combined Former Platou Group had the purchases actually been made at the beginning of the period presented, or indicative of the future consolidated performance given the nature of the business acquired.

## 2012

In 2012, Platou acquired RS Platou Fund Management AS and Manfin Consult AS for a combined consideration of £0.6m, of which £0.4m was payable in cash. The combined fair value of the net assets acquired was £0.3m generating goodwill of £0.3m.

## 2011

During the third and fourth quarters of 2011, Platou sold 49.7 per cent. of the shares in RS Platou Markets AS to key employees of RS Platou Markets AS.

In December 2011, Platou exercised an option to buy 100 per cent. of the shares in RS Platou (Australia) Pte Limited ("Platou Australia"). According to the option agreement the initial consideration amounted to USD1.5 million, payable in Platou shares (357,048 shares).

The consideration in the transaction has primarily been recorded as compensation expense in accordance with IFRS 2. The amount has been classified as bonus in the consolidated income statement. The purpose of the transaction was to hire key personnel for the activity in Australia.

At the time of acquisition net assets in Platou Australia were insignificant and no excess value was recognised.

Additionally, management can earn a bonus based on the earnings over a 3 year period of the local operation, currently estimated at £0.4 million.

## 12. Impairment testing of goodwill

Goodwill is allocated to the Former Platou Group's cash-generating units ("CGUs") identified according to operating segment.

The carrying amount of goodwill allocated to each CGU is as follows:

	31 December			30 June
	2011	2012	2013	2014
	£m	£m	£m	£m
Shipbroking				
Christiania Shipbrokers AS . . . . .	—	—	0.6	0.6
Offshore				
Lone Star, R.S. Platou Inc . . . . .	0.3	0.3	0.3	0.3
RS Platou (Asia) PTE Ltd. . . . .	3.6	3.7	3.5	3.5
The Stewart Group Ltd . . . . .	11.3	11.3	11.3	11.5
Markets				
RS Platou Markets AS . . . . .	0.1	0.1	0.1	0.1
RS Platou Fund Management AS . . . . .	—	0.3	—	—
Manfin Consult AS . . . . .	—	0.1	0.1	0.1
	<u>15.3</u>	<u>15.8</u>	<u>15.9</u>	<u>16.1</u>

Goodwill is allocated to CGUs which are tested for impairment at least annually. The goodwill arising in each CGU is similar in nature and thus the testing for impairment uses the same approach.

The recoverable amounts of the CGUs are assessed using a value-in-use model. Value-in-use is calculated as the net present value of the projected risk-adjusted cash flows of the CGU to which the goodwill is allocated.

The key assumptions used for value-in-use calculations, relating to the Stewart Group and RS Platou (Asia) PTE Ltd., are as follows:

- the pre-tax discount rate used is based on the weighted average cost of capital adjusted for risks within each CGU. The pre-tax discount rate applied to the CGUs for the year ended 31 December 2013 ranges from 10.3 per cent. to 12.54 per cent. (2012: 9.4 per cent. to 11.61 per cent., 2011: 9.74 per cent. to 12.17 per cent.);
- the cash flow predictions are based on financial budgets approved by the board extrapolated over a four year period. These are based on both past performance and expectations for future market development; and
- key drivers in the plans are revenue growth, margin and operating profit percentage and include conservative annual growth rates of 2 per cent. for the year ended 31 December 2013 (2012: 2 per cent., 2011: 2 per cent.). There is no terminal growth included in the calculations.

The results of the directors' review of goodwill including sensitivity analyses for reasonable changes in assumptions still indicate remaining headroom. For the carrying amount of goodwill to equal the recoverable amount, in relation to RS Platou (Asia) PTE Ltd. and the Stewart Group, the assumptions would need to increase by 8.47 per cent. and 27.64 per cent. respectively for the pre-tax discount rate and decrease by 6.73 per cent. and 8.33 per cent. respectively for the annual revenue growth rate.

The directors did not consider there to be any impairment indicators for the six months ended 30 June 2014 and therefore full impairment testing was not carried out.

### 13. Trade and other receivables

	31 December			30 June
	2011	2012	2013	2014
	£m	£m	£m	£m
<b>Non-current</b>				
Other receivables . . . . .	6.5	5.2	5.5	5.1
	<u>6.5</u>	<u>5.2</u>	<u>5.5</u>	<u>5.1</u>
<b>Current</b>				
Trade receivables . . . . .	21.7	22.5	21.9	35.0
Other receivables . . . . .	7.0	5.1	3.9	2.6
Prepayments and accrued income . . . . .	2.2	1.5	3.4	4.1
	<u>30.9</u>	<u>29.1</u>	<u>29.2</u>	<u>41.7</u>

Other receivables include deposits, third party loans, employee receivables and receivables acquired from an acquisition in 2008.

Trade receivables are non-interest bearing and are generally on terms payable within 90 days.

Movements in the provision for impairment of trade receivables were as follows:

	31 December			30 June
	2011	2012	2013	2014
	£m	£m	£m	£m
At 1 January . . . . .	11.1	5.2	2.2	2.2
Provision release . . . . .	(7.9)	(2.5)	(0.6)	—
Written off . . . . .	(0.7)	(1.3)	(0.2)	—
New provision . . . . .	2.7	0.6	1.1	—
Foreign exchange differences . . . . .	(0.1)	—	(0.3)	(0.1)
<b>At end of period . . . . .</b>	<u>5.1</u>	<u>2.0</u>	<u>2.2</u>	<u>2.1</u>



As at 31 December/ 30 June, the ageing analysis of trade receivables which are not impaired is as follows:

	31 December			30 June
	2011	2012	2013	2014
	£m	£m	£m	£m
Neither past due nor impaired . . . . .	17.8	19.8	20.0	32.7
Past due not impaired > 90 days . . . . .	3.9	2.7	1.9	2.3
	<u>21.7</u>	<u>22.5</u>	<u>21.9</u>	<u>35.0</u>

The carrying amount of the group's trade receivables are denominated in the following currencies:

	31 December			30 June
	2011	2012	2013	2014
	£m	£m	£m	£m
Norwegian Kroner . . . . .	9.7	11.6	9.9	22.7
US Dollar . . . . .	10.3	8.7	9.7	10.5
Sterling . . . . .	0.2	0.7	0.8	0.4
Other currencies . . . . .	1.5	1.5	1.5	1.4
	<u>21.7</u>	<u>22.5</u>	<u>21.9</u>	<u>35.0</u>

The cash flow for the six months ended 30 June 2013 reflects the fact that RS Platou Markets AS had short-term receivables relating to a transaction closing across that period end. This was settled within the first few days of July 2013.

#### 14. Investments

	31 December			30 June
	2011	2012	2013	2014
	£m	£m	£m	£m
<b>Non-current</b>				
Available-for-sale financial assets . . . . .	<u>0.4</u>	<u>0.4</u>	<u>0.1</u>	<u>0.2</u>
<b>Current</b>				
Available-for-sale financial assets . . . . .	0.6	0.8	8.1	8.2
Held for trading . . . . .	<u>0.5</u>	<u>0.5</u>	<u>2.1</u>	<u>—</u>
	<u>1.1</u>	<u>1.3</u>	<u>10.2</u>	<u>8.2</u>

Available-for-sale financial assets consist of investments in unlisted and listed ordinary shares and treasury bills. Held for trading investments consist of listed securities and financial institutions. The book value is equal to the fair value.

#### 15. Cash and cash equivalents

	31 December			30 June
	2011	2012	2013	2014
	£m	£m	£m	£m
Cash at bank and in hand . . . . .	20.2	17.3	40.1	21.8
Restricted bank deposits . . . . .	1.4	1.2	2.3	3.0
Short-term deposits . . . . .	<u>3.9</u>	<u>2.4</u>	<u>4.3</u>	<u>3.8</u>
Total cash and cash equivalents in the consolidated balance sheet . . . . .	25.5	20.9	46.7	28.6
Bank overdraft . . . . .	<u>—</u>	<u>(12.3)</u>	<u>(17.7)</u>	<u>(18.4)</u>
Total cash and cash equivalents in the consolidated cash flow statement . . . . .	<u>25.5</u>	<u>8.6</u>	<u>29.0</u>	<u>10.2</u>

Restricted bank deposits include amounts relating to employee tax of £2.6 million for 2014 (2013: £1.5 million, 2012: £0.9 million, 2011: £0.9 million).

## 16. Interest-bearing loans and borrowings

	31 December			30 June
	2011	2012	2013	2014
	£m	£m	£m	£m
<b>Current</b>				
Bank overdraft .....	—	12.3	17.7	18.4
Bank loan .....	2.4	2.5	2.2	2.1
	<u>2.4</u>	<u>14.8</u>	<u>19.9</u>	<u>20.5</u>
<b>Non-current</b>				
Bank loan .....	<u>11.9</u>	<u>9.7</u>	<u>6.5</u>	<u>12.2</u>

The effective interest rate is calculated as a weighted average. See note 23 for a description of interest rate risk.

Bank loan with an interest rate of NIBOR +3.000 per cent. that was due to mature in 2015 has been re-negotiated in the first half of 2014. The revised loan agreement has a rate of NIBOR 1M + 2.625 per cent. and will mature in 2019.

The loan covenants are based on Former Platou Group equity and in relation to the Former Platou Group's operating profit.

For the majority of the bank loans, instalments are made twice a year based on a seven year down payment schedule with equal instalments.

The bank loans are recorded at amortised cost using the effective interest rate method.

Platou has provided guarantees in favour of DNB Bank ASA of GBP 0.2 million (NOK 2.5 million) for one employee's liabilities to DNB Bank ASA and of GBP 5.7 million (NOK 60 million) of RS Platou Markets AS's overdraft facility of GBP 9.6 million (NOK 100 million).

As security for the obligations to DNB Bank ASA, Platou has granted a pledge of trade receivables, a pledge over the shares of RS Platou Markets AS (minimum ownership share 50.1 per cent.) and a pledge over its operating assets.

## 17. Trade and other payables

	31 December			30 June
	2011	2012	2013	2014
	£m	£m	£m	£m
<b>Current</b>				
Trade payables .....	7.5	13.8	7.8	20.9
Other payables .....	2.0	1.2	0.6	0.5
Other tax and social security .....	3.9	2.1	4.0	5.6
Accruals and deferred income .....	24.4	20.1	35.9	16.5
	<u>37.8</u>	<u>37.2</u>	<u>48.3</u>	<u>43.5</u>
<b>Non-current</b>				
Other payables .....	—	0.2	—	—
Deferred consideration .....	0.5	0.5	0.4	0.4
	<u>0.5</u>	<u>0.7</u>	<u>0.4</u>	<u>0.4</u>

Terms and conditions of the financial liabilities:

- Trade payables are non-interest bearing and are normally settled on demand; and
- Other payables are non-interest bearing and are normally settled on demand.

The cash flow for the six months ended 30 June 2013 reflects the fact that RS Platou Markets AS had short-term obligations relating to a transaction closing across that period end. This was settled within the first few days of July 2013.

## 18. Share-based payment plans

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013 (unaudited)	2014
	£m	£m	£m	£m	£m
Expense arising from equity-settled share-based payment transactions . . . . .	0.9	1.5	2.2	2.2	0.9
Expense arising from share issues . . . . .	0.9	—	—	—	—
Expense arising from changes in ownership interests in subsidiaries . . . . .	2.9	—	—	—	—
<b>Total share-based payment expense . . . . .</b>	<b>4.7</b>	<b>1.5</b>	<b>2.2</b>	<b>2.2</b>	<b>0.9</b>

The share-based payment plans are described below.

### *Share options*

In March 2011, Platou established a share based payment program offered to certain key employees. The option program is measured at fair value at the grant date. The fair value of the options is calculated using the Black-Scholes option-pricing model. The fair value of the options granted in 2011 was between £0.35 (NOK 3.12) and £1.16 (NOK 10.43) per option. The exercise price for the options is set between £1.67 (NOK 15) and £2.79 (NOK 25) and has to be exercised on 31 March 2012.

None of the options were exercised and no further options have been granted since.

### *Movements in the period*

The following table illustrates the number and weighted average exercise prices (“WAEP”) of, and movements in, share options during the period:

	Outstanding at 1 January 2011	WAEP	Granted in year	Expired in year	Outstanding at 31 December 2011	WAEP £	Exercisable at 31 December 2011	WAEP
Other options . . .	—	—	2,484,560	—	2,484,560	2.72	—	—
	—	—	—	—	—	—	—	—
	Outstanding at 1 January 2012	WAEP	Granted in year	Expired in year	Outstanding at 31 December 2012	WAEP £	Exercisable at 31 December 2012	WAEP
Other options . . .	2,484,560	2.72	—	(2,484,560)	—	—	—	—
	—	—	—	—	—	—	—	—

There were no options outstanding in 2013 or 2014.

## 19. Employee benefits

In Norway, all companies are required to have an occupational pension scheme in accordance with the Norwegian Act on Mandatory Occupational Pensions.

### *Defined benefit plans*

Up until 1 December 2011, the Norwegian Former Platou Group companies had five defined benefit pension schemes. These schemes are now closed.

One Former Platou Group company in the UK, which resides in the offshore segment, operates a defined benefit scheme that was closed to new members in 2006, but remains in existence.

### *Defined contribution plans*

In December 2011, the parent company and the Norwegian subsidiaries ended the previous defined benefit plans and established a defined contribution plan which includes all employees in Norway that satisfy the requirements of the Norwegian Act on Mandatory Occupational Pensions. The contributions to the defined contribution scheme are expensed as they are incurred.

The following tables summarise amounts recognised in the consolidated balance sheet and the components of net benefit expense recognised in the consolidated income statement:

***Recognised in the balance sheet***

	31 December			30 June
	2011	2012	2013	2014
	£m	£m	£m	£m
Present value of defined benefit obligations . . . . .	(9.3)	(9.9)	(10.4)	(10.8)
Fair value of scheme assets . . . . .	7.6	8.5	9.1	9.5
Net pension liability recognised in the balance sheet . . . . .	<u>(1.7)</u>	<u>(1.4)</u>	<u>(1.3)</u>	<u>(1.3)</u>

A deferred tax asset on the above recognised liability of £0.2 million at 30 June 2014, £0.3 million at 31 December 2013, £0.4 million at 31 December 2012 and £0.9 million at 31 December 2011 is shown in note 7.

***Recognised in the income statement***

	Year ended 31 December			Six months ended 30 June
	2011	2012	2013	2014
	£m	£m	£m	£m
<i>Recognised in other finance costs – pensions</i>				
Expected return on scheme assets . . . . .	(0.9)	(0.4)	(0.4)	(0.2)
Interest cost on benefit obligation . . . . .	1.0	0.5	0.4	0.2
Net interest cost . . . . .	<u>0.1</u>	<u>0.1</u>	<u>—</u>	<u>—</u>
<i>Recognised in administrative expenses</i>				
Service costs . . . . .	1.9	—	—	—
Gain on settlement . . . . .	(10.0)	—	—	—
Net pension revenue . . . . .	<u>(8.1)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net benefit charge/(revenue) recognised in the income statement . . . . .	<u>(8.0)</u>	<u>0.1</u>	<u>—</u>	<u>—</u>

***Recognised in the statement of comprehensive income***

	Year ended 31 December			Six months ended 30 June
	2011	2012	2013	2014
	£m	£m	£m	£m
Actual return on scheme assets . . . . .	(1.8)	0.8	0.5	0.3
Less: expected return on scheme assets . . . . .	(0.9)	(0.4)	(0.4)	(0.2)
Actuarial gains/(losses) on scheme assets . . . . .	(2.7)	0.4	0.1	0.1
Actuarial losses on defined benefit obligations . . . . .	(2.4)	(0.4)	(0.4)	(0.3)
Actuarial losses on employee benefit obligations . . . . .	(5.1)	—	(0.3)	(0.2)
Tax (charge)/credit on actuarial gains/(losses) . . . . .	1.5	(0.1)	(0.1)	—
Net actuarial losses on employee benefit obligations . . . . .	<u>(3.6)</u>	<u>(0.1)</u>	<u>(0.4)</u>	<u>(0.2)</u>
<b>Cumulative amount of actuarial losses recognised in the statement of comprehensive income . . . . .</b>	<u>(1.2)</u>	<u>(1.2)</u>	<u>(1.5)</u>	<u>(1.7)</u>

### *Scheme assets*

The major categories of plan assets for the secure scheme in the UK as a percentage at 31 December 2011, 2012 and 2013 and at 30 June 2014 are as follows:

	31 December			30 June
	2011	2012	2013	2014
Equities .....	30.3%	30.5%	27.8%	25.1%
Government Bonds .....	18.8%	17.0%	15.8%	0.0%
Corporate bonds .....	35.7%	40.7%	55.0%	45.7%
Property .....	7.3%	0.0%	0.0%	9.4%
Cash and other assets .....	7.9%	11.8%	1.4%	19.8%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Changes in the fair value of scheme assets are as follows:

	31 December			30 June
	2011	2012	2013	2014
	£m	£m	£m	£m
Fair value of assets as of 1 January .....	21.8	7.6	8.5	9.1
Contributions .....	1.8	0.4	0.4	0.2
Benefits paid .....	(0.5)	(0.3)	(0.3)	(0.1)
Expected return on pension assets .....	0.9	0.4	0.4	0.2
Actuarial gain/(loss) .....	(2.7)	0.4	0.1	0.1
Settlement of the benefit plans in Norway .....	(13.8)	—	—	—
Exchange rate differences .....	0.1	—	—	—
<b>Gross pension assets as of 30 June/31 December .....</b>	<u>7.6</u>	<u>8.5</u>	<u>9.1</u>	<u>9.5</u>

The Former Platou Group expects, based on the valuations and funding requirements including expenses, to contribute £0.4 million (2012: £0.4 million, 2011: £0.4 million) to its defined benefit scheme in 2014 (2013, 2012).

### *Defined benefit obligations*

Changes in the fair value of the defined benefit obligations are as follows:

	31 December			30 June
	2011	2012	2013	2014
	£m	£m	£m	£m
Gross pension liability as of 1 January .....	27.6	9.3	9.9	10.4
Benefits paid .....	(0.5)	(0.3)	(0.3)	(0.1)
Service costs .....	1.9	—	—	—
Interest expense .....	1.0	0.5	0.4	0.2
Actuarial loss .....	2.4	0.4	0.4	0.3
Payroll tax of employer contribution .....	(0.2)	—	—	—
Settlement of the benefit plans in Norway .....	(23.2)	—	—	—
Exchange rate differences .....	0.3	—	—	—
<b>Gross pension liability as of 30 June/31 December .....</b>	<u>9.3</u>	<u>9.9</u>	<u>10.4</u>	<u>10.8</u>

Principal assumptions used for the actuarial valuations were as follows for the secured scheme in the UK:

	31 December			30 June
	2011	2012	2013	2014
Rate of increase in pension in payment .....	5.00%	5.00%	5.00%	5.00%
Price inflation (CPI) .....	3.10%	2.40%	2.60%	2.50%
Discount rate for scheme liabilities .....	5.00%	4.50%	4.40%	4.35%
Rate of interest of deferred pensions .....	<u>3.10%</u>	<u>2.40%</u>	<u>2.60%</u>	<u>2.50%</u>

The mortality assumptions used to assess the defined benefit obligation are based on standard mortality tables published by the actuarial profession. Examples of the assumed future life expectancy are given in the table below:

	31 December			30 June
	2011 Additional years	2012 Additional years	2013 Additional years	2014 Additional years
Post-retirement life expectancy for pensioners at the age of 65: (in years)				
Pensioners retiring in the year – male . . . . .	21.4	21.5	20.5	20.6
Pensioners retiring in the year – female . . . . .	24.3	24.4	23.1	23.1
Pensioners retiring in twenty years' time – male . . .	22.5	22.6	22.3	22.4
Pensioners retiring in twenty years' time – female . . . . .	<u>25.3</u>	<u>25.3</u>	<u>24.9</u>	<u>25.0</u>

### Historical comparative information

	31 December			30 June
	2011	2012	2013	2014
	£m	£m	£m	£m
Fair value of scheme assets . . . . .	7.6	8.5	9.1	9.5
Defined benefit obligations . . . . .	(9.3)	(9.9)	(10.4)	(10.8)
Net benefit liability . . . . .	<u>(1.7)</u>	<u>(1.4)</u>	<u>(1.3)</u>	<u>(1.3)</u>
Experience adjustments on scheme assets . . . . .	(0.5)	0.3	0.1	0.1
Experience adjustments on scheme liabilities . . . . .	<u>(0.7)</u>	<u>(0.4)</u>	<u>(0.4)</u>	<u>(0.3)</u>

### Sensitivities

The table below provides information on the sensitivity of the defined benefit obligation to changes to the most significant actuarial assumptions. The table shows the impact of changes to each assumption in isolation although, in practice, changes to assumptions may occur at the same time and can either offset or compound the overall impact on the defined benefit obligation. These sensitivities have been calculated using the same methodology as used for the main calculations. The weighted average duration of the defined obligation is 18 years.

	Change in assumption	Change in defined benefit obligation
Discount rate for scheme liabilities . . . . .	+0.25%	-4.4%
	-0.25%	+4.7%
Price inflation (RPI) . . . . .	+0.25%	+0.6%
	-0.25%	-0.6%

An increase of one year in the assumed life expectancy for both males and females would increase the defined benefit obligation by approximately 3.5 per cent.



## 20. Share capital

Platou has one class of shares at a nominal value of £0.03 (NOK0.25).

All outstanding shares have equal voting rights	Total shares	Share capital £m
Shares as at 1 January 2011 .....	40,971,162	1.0
Share issue during 2011 .....	357,048	—
<b>Shares as at 31 December 2011</b> .....	<b>41,328,210</b>	<b>1.0</b>
Share issue during 2012 .....	1,527,285	0.1
<b>Shares as at 31 December 2012</b> .....	<b>42,855,495</b>	<b>1.1</b>
Share issue during 2013 .....	4,670,621	0.1
<b>Shares as at 31 December 2013</b> .....	<b>47,526,116</b>	<b>1.2</b>
Share issue during 2014 .....	969,375	—
<b>Shares as at 30 June 2014</b> .....	<b>48,495,491</b>	<b>1.2</b>

In May 2014, Platou acquired the remaining minority interest of RS Platou Markets AS through exercise of a call option. The consideration was 969,375 newly issued shares in Platou valued at £1.7m. No cash was received as a result of this transaction.

In February 2013, Platou acquired an interest in RS Platou Markets AS from employees in RS Platou Markets AS. The consideration was 4,670,621 newly issued shares in Platou valued at £7.6m. No cash was received as a result of this transaction.

In March 2012, the Board of Directors resolved to make a share issue of up to 1.7 million new shares, directed towards employees of the Former Platou Group. The subscription price was set at £1.10 (NOK 10) per share. The share issue was completed in May, and a total of 1,527,285 new shares were subscribed for. The subscription price represented a discount to fair market value and was settled in cash.

In December 2011, the Board of Directors in Platou decided to issue a total of 357,048 new shares at a share issue price of £2.75 (NOK 25) per share. All shares were subscribed by First Island Trustee Limited as consideration for the shares in RS Platou (Australia) Pte. Ltd., see note 11. No cash was received as a result of this transaction and the amount was expensed in the income statement in the year.

## 21. Other reserves

	Share premium	Treasury shares	Other paid-in equity	Currency translation reserve	Total
	£m	£m	£m	£m	£m
As at 1 January 2011	11.8	—	1.1	3.0	15.9
Total comprehensive income	—	—	—	0.2	0.2
Share issue	0.9	—	—	—	0.9
Change in treasury shares	—	—	0.7	—	0.7
Share-based payments	—	—	0.9	—	0.9
Changes in ownership interests in subsidiaries without loss of control – Non-cash proceeds	—	—	2.9	—	2.9
<b>As at 31 December 2011</b>	<b>12.7</b>	<b>—</b>	<b>5.6</b>	<b>3.2</b>	<b>21.5</b>
Total comprehensive income	—	—	—	0.1	0.1
Share issue	1.5	—	—	—	1.5
Change in treasury shares	—	—	(0.7)	—	(0.7)
Share-based payments	—	—	1.5	—	1.5
Capital reduction	(12.6)	—	—	—	(12.6)
<b>As at 31 December 2012</b>	<b>1.6</b>	<b>—</b>	<b>6.4</b>	<b>3.3</b>	<b>11.3</b>
Total comprehensive income	—	—	—	—	—
Share issue	7.4	—	—	—	7.4
Change in treasury shares	—	—	0.4	—	0.4
<b>As at 31 December 2013</b>	<b>9.0</b>	<b>—</b>	<b>6.8</b>	<b>3.3</b>	<b>19.1</b>
Total comprehensive income	—	—	—	—	—
Share issue	1.7	—	—	—	1.7
<b>As at 30 June 2014</b>	<b>10.7</b>	<b>—</b>	<b>6.8</b>	<b>3.3</b>	<b>20.8</b>

The movement in treasury shares is as follows:

	Number	Treasury shares £m
Treasury shares as at 1 January 2011	328,863	—
Net additions/(disposals)	51,440	—
<b>Treasury shares as at 31 December 2011</b>	<b>380,303</b>	<b>—</b>
Net additions/(disposals)	1,560,240	—
<b>Treasury shares as at 31 December 2012</b>	<b>1,940,543</b>	<b>—</b>
Net additions/(disposals)	(1,021,113)	—
<b>Treasury shares as at 31 December 2013</b>	<b>919,430</b>	<b>—</b>
Net additions/(disposals)	(249,807)	—
<b>Treasury shares as at 30 June 2014</b>	<b>669,623</b>	<b>—</b>

### *Nature and purpose of other reserves*

#### *Treasury shares*

Shares were acquired as a result of departing employees and a voluntary buy back from Platou in October 2013.

#### *Other paid-in equity*

Other paid-in capital is used to record the fair value of options issued as share-based compensation and to record some of the changes related to the treasury stock transactions.

#### *Currency translation reserve*

The currency translation reserve represents the currency translation differences arising from the consolidation of foreign operations.

## 22. Financial commitments and contingencies

Future minimum rentals payable under non-cancellable operating leases at the end of the year/period were as follows:

	31 December			30 June
	2011 £m	2012 £m	2013 £m	2014 £m
Within one year . . . . .	3.6	4.5	3.7	3.5
After one year but not more than five years . . . . .	1.9	4.1	11.1	10.6
After five years . . . . .	0.2	0.6	19.4	20.5
	<u>5.7</u>	<u>9.2</u>	<u>34.2</u>	<u>34.6</u>

Platou has entered into several leasing agreements for offices on market terms. All Former Platou Group companies in Oslo will move to a new office location in March or April 2015. The rent agreement is for 12 years.

### *Contingencies*

The Former Platou Group has given no financial commitments to suppliers (2013: none, 2012: none, 2011: none).

The Former Platou Group has guaranteed an overdraft facility limited to £0.25 million (NOK 2.5 million) held by a third party (2013: £0.25 million, 2012: £0.25 million, 2011: £0.25 million).

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

Platou has been put on notice of a potential claim against it by Spar Shipping AS ("Spar"), a Norwegian entity, in relation to broking services that Platou provided to Spar in 2010. These broking services related to three charterparty agreements that Spar entered into with Grand China Shipping (Hong Kong) Co. Ltd ("GCS"), a Chinese company, in March 2010 supported by three letters of guarantee provided to Spar by GCS's parent company, Grand China Logistics Holding (Group) Co. Ltd ("GCL"). Spar claims that GCS breached the charterparty agreements and, following the winding-up of GCS, commenced proceedings in the High Court of England and Wales against GCL for enforcement of the letters of guarantee. Spar has claimed a sum of approximately USD 30 million in those proceedings. GCL contends by way of defence in those proceedings that the letters of guarantee are not valid and enforceable. The Company understands that the trial is currently scheduled to begin in January 2015. Spar has notified Platou that, if GCL is successful in its defence and as a result of those proceedings the letters of guarantee are found not to be valid and enforceable, Spar intends to pursue an alternate claim against Platou, claiming negligent provision of broking services in relation to the guarantees. The directors of Platou understand that the value of the potential claim could be up to the amount claimed by Spar against GCL. Platou has denied any liability in respect of this potential claim by Spar. The directors of Platou believe that the potential claim is unfounded and will vigorously contest any claim made. Platou has professional indemnity insurance cover of USD 5 million for claims such as these, and the Platou Shareholders are to provide certain indemnity and other contractual protection in relation to the potential claim by Spar. However, should any claim by Spar against Platou be successful and recovery under the insurance and/or indemnity not be available in full or in part for any reason, the Platou Group's financial position and profitability would be adversely affected.

## 23. Financial risk management objectives and policies

### *Financial risk*

The Former Platou Group uses financial instruments such as bank loans to obtain capital for investments that are necessary for the Former Platou Group's operations.

Furthermore, the Former Platou Group has financial instruments such as inter alia accounts receivables and accounts payables which are directly related to the day-to-day operations of the Former Platou Group. For hedging purposes, the Former Platou Group may use financial derivatives.

The Former Platou Group does not use financial instruments, including financial derivatives, for trading purposes.

The most important financial risks facing the Former Platou Group relate to credit risk, liquidity risk, foreign exchange risk and interest rate risk.

### ***Credit risk***

The Former Platou Group is exposed to credit risk mainly from accounts receivable, other short-term receivables and cash and cash equivalents. The Former Platou Group reduces its exposure to credit risk by requiring that all counterparties requiring credit from the Former Platou Group, e.g. customers, must be approved and be subject to a credit check.

The Former Platou Group has no significant credit risk linked to an individual counterparty or group of counterparties that may be assessed as a group due to similarities in credit risk.

The Former Platou Group has guidelines for ensuring that sales are made only to customers with no previous material payment problems and that the amounts outstanding do not exceed determined credit limits.

The Former Platou Group has guaranteed an overdraft facility limited to £0.25 million held by a third party.

Maximum risk exposure is reflected in the financial statements as the carrying amount of financial assets. The Former Platou Group considers its maximum risk exposure to be the carrying amount of trade receivables and other current assets.

Bank deposits are subject to government funded insurance schemes for part of the amounts. Long-term loans to employees for purchases of shares in Platou are secured by the shares.

### ***Liquidity risk***

Liquidity risk is the risk that the Former Platou Group is not able to service its financial liabilities as they fall due. The Former Platou Group's strategy for handling liquidity risk is to have sufficient funds available at all times to meet the Former Platou Group's financial obligations as they fall due, under both normal and extraordinary circumstances, without risking unacceptable losses or at the expense of the Former Platou Group's reputation. The following table shows the contractual maturity of the Former Platou Group's financial liabilities at the balance sheet date, based on undiscounted cash flows:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
31 December 2011	£m	£m	£m	£m	£m
Loans .....	—	0.6	1.8	12.4	14.8
Bank overdraft .....	—	—	—	—	—
Trade and other payables .....	8.0	—	1.5	—	9.5
	<u>8.0</u>	<u>0.6</u>	<u>3.3</u>	<u>12.4</u>	<u>24.3</u>
31 December 2012	£m	£m	£m	£m	£m
Loans .....	—	0.6	1.9	10.4	12.9
Bank overdraft .....	—	—	12.3	—	12.3
Trade and other payables .....	15.0	—	—	0.2	15.2
	<u>15.0</u>	<u>0.6</u>	<u>14.2</u>	<u>10.6</u>	<u>40.4</u>
31 December 2013	£m	£m	£m	£m	£m
Loans .....	—	0.6	1.7	6.9	9.2
Bank overdraft .....	—	—	17.7	—	17.7
Trade and other payables .....	8.4	—	—	—	8.4
	<u>8.4</u>	<u>0.6</u>	<u>19.4</u>	<u>6.9</u>	<u>35.3</u>
30 June 2014	£m	£m	£m	£m	£m
Loans .....	—	0.5	1.6	12.6	14.7
Bank overdraft .....	—	—	18.4	—	18.4
Trade and other payables .....	21.4	—	—	—	21.4
	<u>21.4</u>	<u>0.5</u>	<u>20.0</u>	<u>12.6</u>	<u>54.5</u>

### Foreign exchange risk

The Former Platou Group is exposed to currency exchange rate fluctuations related to foreign currency denominated financial assets and financial liabilities based on the various functional currencies of the companies in the Former Platou Group. Monetary items in foreign currencies are converted to functional currency using the exchange rate prevailing on the balance sheet date. The Former Platou Group is exposed to changes in exchange rates related to these items.

In terms of revenues, the main currency exposure is to the USD, however, the Former Platou Group also has income denominated in NOK, EUR and GBP. The largest expenses are denominated in NOK, however the Former Platou Group also has significant expenses denominated in GBP, USD, SGD, BRL and AUD. The Former Platou Group may decide to use foreign currency swaps or forward exchange contracts to hedge its future exchange rate exposure. Currency risk is calculated for each foreign currency and takes into account assets and liabilities, non-capitalised obligations and highly likely purchases and sales in the currency in question.

At 30 June 2014, the Former Platou Group had not entered into material currency contracts linked to future sales (2013: None, 2012: None, 2011: None).

The table below shows the effect of a reasonable and possible change in exchange rates to which the Former Platou Group is exposed, given that all other variables remain constant:

	<u>Strengthening/ (weakening) in currency rate</u>	<u>Effect on profit before tax</u> £m	<u>Effect on equity</u> £m
<b>As at 31 December 2011</b>			
NOK .....	5%	0.5	0.4
NOK .....	(5%)	(0.5)	(0.4)
USD .....	5%	0.8	0.6
USD .....	(5%)	(0.8)	(0.6)
<b>As at 31 December 2012</b>			
NOK .....	5%	0.6	0.5
NOK .....	(5%)	(0.6)	(0.5)
USD .....	5%	0.9	0.7
USD .....	(5%)	(0.9)	(0.7)
<b>As at 31 December 2013</b>			
NOK .....	5%	0.4	0.3
NOK .....	(5%)	(0.4)	(0.3)
USD .....	5%	1.0	0.8
USD .....	(5%)	(1.0)	(0.8)
<b>As at 30 June 2014</b>			
NOK .....	5%	0.4	0.3
NOK .....	(5%)	(0.4)	(0.3)
USD .....	5%	0.9	0.7
USD .....	(5%)	(0.9)	(0.7)

### Interest rate risk

The Former Platou Group is exposed to interest rate risk through its financing activities. The interest-bearing debt have floating interest rates, hence the Former Platou Group is affected by changes in the level of interest rates.

<u>Sensitivity loans and overdrafts</u>	<u>Change in interest rate</u>	<u>Effect on profit before tax</u> £m	<u>Effect on equity</u> £m
<b>As at 31 December 2011</b>			
NOK .....	+100	0.1	0.1
NOK .....	-100	(0.1)	(0.1)
<b>As at 31 December 2012</b>			
NOK .....	+100	0.1	0.1
NOK .....	-100	(0.1)	(0.1)
<b>As at 31 December 2013</b>			
NOK .....	+100	0.1	0.1
NOK .....	-100	(0.1)	(0.1)
<b>As at 30 June 2014</b>			
NOK .....	+100	0.1	0.1
NOK .....	-100	(0.1)	(0.1)

Sensitivity of cash and cash equivalents	Change in interest rate	Effect on profit before tax	Effect on equity
		£m	£m
<b>As at 31 December 2011</b>			
NOK .....	+100	0.1	0.1
NOK .....	-100	(0.1)	(0.1)
USD .....	+100	0.1	0.1
USD .....	-100	(0.1)	(0.1)
<b>As at 31 December 2012</b>			
NOK .....	+100	(0.1)	(0.1)
NOK .....	-100	0.1	0.1
USD .....	+100	0.1	0.1
USD .....	-100	(0.1)	(0.1)
<b>As at 31 December 2013</b>			
NOK .....	+100	0.1	0.1
NOK .....	-100	(0.1)	(0.1)
USD .....	+100	0.1	0.1
USD .....	-100	(0.1)	(0.1)
<b>As at 30 June 2014</b>			
NOK .....	+100	—	—
NOK .....	-100	—	—
USD .....	+100	0.1	0.1
USD .....	-100	(0.1)	(0.1)

### *Capital management*

The main purpose of the Former Platou Group's management of capital structure is to ensure that the Former Platou Group maintains a good credit rating and consequently receives reasonable financing terms from lenders and that the capital structure is adequate based on the Former Platou Group's operations.

The Former Platou Group manages its capital structure by making necessary amendments based on a continuous assessment of the economic conditions under which the activity is conducted, and the prospects seen in the short and medium term. The capital structure is managed by adjusting dividend payments, repurchase of own shares, reducing the share capital or making new share offerings. No changes were made in the guidelines for this area in 2014, 2013, 2012 or 2011.

The Former Platou Group monitors its capital structure by reviewing its equity ratio and profit before tax to debt ratio. The equity monitored includes equity attributable to the owners of Platou, both paid in capital and retained earnings.

The subsidiary RS Platou Markets AS ("RSPM") has a minimum capital requirement of 8 per cent. as defined in the regulations issued by the FSA.

### *Capital adequacy ratio*

	Markets group			
	31 December			30 June
	2011	2012	2013	2014
	£m	£m	£m	£m
<b>Total equity</b>				
Equity .....	8.4	10.3	12.0	11.6
Deduction to tier 1 capital .....	—	—	—	—
Deferred tax benefit .....	(1.8)	(2.2)	(0.3)	(0.3)
Core capital .....	6.6	8.1	11.7	11.3
Deduction to tier 2 capital .....	—	—	—	—
Supplementary capital .....	4.3	1.1	—	—
<b>Total capital</b> .....	<u>10.9</u>	<u>9.2</u>	<u>11.7</u>	<u>11.3</u>



Capital requirement	£m	£m	£m	£m
Credit-, counterparty- and general risk using standard methods – other engagements .....	0.7	0.6	1.2	0.7
Settlement risk using market value method .....	—	—	—	—
Position risk using standard method .....	—	—	—	—
Currency risk using standard method .....	0.2	0.1	0.5	0.6
Operational risk using basic method .....	3.1	3.2	4.8	4.6
Deductions to capital requirement .....	—	—	—	—
Total capital requirement .....	<b>4.0</b>	<b>3.9</b>	<b>6.5</b>	<b>5.9</b>
Capital adequacy ratio .....	21.5%	18.6%	14.5%	15.4%

Operational risk is calculated based on the basic method. Platou has completed an evaluation of Platou's operational risks. The risk assessment concluded that provision of operational risk after the basic method gives a satisfactory capital requirement.

RS Platou Markets AS monitors its capital requirements based on the regulation from the FSA, and reports net capital on a monthly basis to the FSA according to regulations. Platou monitors the total capital by reviewing its capital adequacy ratio.

Platou has one multicurrency overdraft facility of £21.9 million (NOK 220 million). At 30 June 2014 £18.4 million (2013: £17.7 million, 2012: £12.3 million, 2011: £Nil) had been drawn. An agreement has been entered into whereby Platou's current and future receivables, bank deposits and shares in significant subsidiaries are pledged for the overdraft facility. There are no restrictions on the use of these funds.

RS Platou Markets AS had undrawn overdraft facilities of £9.6 million (NOK 100 million) at 30 June 2014 (2013: £10.0 million; 2012: £6.7 million, 2011: £6.5 million) for unrestricted use. In 2012 RS Platou Markets AS also had one overdraft facility of £4.4 million (NOK 40 million) to be used only for settlement purposes. Client receivables, bank deposits, VPS accounts and fixed assets are pledged as security for the above guarantees.

RS Platou (Asia) Pte Limited had an undrawn overdraft facility of £50,618 (SGD 100,000) at 31 December 2012 (2011: £49,769 (SGD 100 000)). There was no facility as at 30 June 2014 or for 31 December 2013.

## 24. Financial instruments

### Fair values

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Former Platou Group's assets and liabilities that are measured at fair value. Additional disclosures required by IFRS7 have not been provided on the ground that they are not material:

	31 December 2011				31 December 2012			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Available for sale financial assets .....	—	—	1.0	1.0	—	—	1.2	1.2
Held for trading assets .....	—	—	0.5	0.5	—	—	0.5	0.5
	—	—	1.5	1.5	—	—	1.7	1.7
	—	—	—	—	—	—	—	—
	31 December 2013				30 June 2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Available for sale financial assets .....	7.4	—	0.8	8.2	7.6	—	0.8	8.4
Held for trading assets .....	1.9	—	0.2	2.1	—	—	—	—
	9.3	—	1.0	10.3	7.6	—	0.8	8.4
	—	—	—	—	—	—	—	—

The classification of financial assets and financial liabilities is as follows:

Financial assets	31 December 2011				31 December 2012			
	Held for trading	Loans and receivables at amortised cost	Available for sale	Total	Held for trading	Loans and receivables at amortised cost	Available for sale	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Investments . . . . .	0.5	—	1.0	1.5	0.5	—	1.2	1.7
Trade receivables . . .	—	21.7	—	21.7	—	22.5	—	22.5
Other receivables . . .	—	13.5	—	13.5	—	10.3	—	10.3
	<u>0.5</u>	<u>35.2</u>	<u>1.0</u>	<u>36.7</u>	<u>0.5</u>	<u>32.8</u>	<u>1.2</u>	<u>34.5</u>

Financial assets	31 December 2013				30 June 2014			
	Held for trading	Loans and receivables at amortised cost	Available for sale	Total	Held for trading	Loans and receivables at amortised cost	Available for sale	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Investments . . . . .	2.1	—	8.2	10.3	—	—	8.4	8.4
Trade receivables . . .	—	21.9	—	21.9	—	35.0	—	35.0
Other receivables . . .	—	9.4	—	9.4	—	7.7	—	7.7
	<u>2.1</u>	<u>31.3</u>	<u>8.2</u>	<u>41.6</u>	<u>—</u>	<u>42.7</u>	<u>8.4</u>	<u>51.1</u>

Financial liabilities	31 December 2011		31 December 2012		31 December 2013		30 June 2014	
	Amortised cost	Total	Amortised cost	Total	Amortised cost	Total	Amortised cost	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Interest-bearing loans and borrowings . . . . .	14.3	14.3	24.5	24.5	26.4	26.4	32.7	32.7
Trade payables . . . . .	7.5	7.5	13.8	13.8	7.8	7.8	20.9	20.9
Other payables . . . . .	2.0	2.0	1.4	1.4	0.6	0.6	0.5	0.5
Other tax and social security . . . . .	3.9	3.9	2.1	2.1	4.0	4.0	5.6	5.6
	<u>27.7</u>	<u>27.7</u>	<u>41.8</u>	<u>41.8</u>	<u>38.8</u>	<u>38.8</u>	<u>59.7</u>	<u>59.7</u>

Those items carried at amortised cost in the tables above are considered to be approximate to their fair value as they are short-term and/or attract floating market rates of interest and credit risk is either not significant or in the case of assets has been recognised in the carrying value. All such items equate to level 2 in the hierarchy.

## 25. Related party transactions

Compensation of key management personnel, defined as the Executive Committee of Platou, is as follows:

	31 December			30 June	
	2011	2012	2013	2013	2014
	£m	£m	£m	(unaudited) £m	£m
Wages and salaries . . . . .	0.4	0.8	0.6	0.5	0.4
Bonus . . . . .	2.3	1.4	5.0	—	0.2
Social security costs . . . . .	0.1	0.1	0.2	0.1	0.2
Expense of share-based payments . . . . .	—	—	0.7	—	0.9
Pension costs – defined contribution plans . . . . .	—	—	—	—	—
Directors fees . . . . .	—	—	—	—	0.1
	<u>2.8</u>	<u>2.3</u>	<u>6.5</u>	<u>0.6</u>	<u>1.8</u>

As at 30 June 2014, accrued bonuses relating to key management personnel were £0.2 million (31 December 2013: £5.0 million, 31 December 2012: £1.4 million, 31 December 2011: £2.3 million).

During 2011, Platou sold 49.7 per cent. of its shareholding in RS Platou Markets AS to employees in RS Platou Markets AS, see note 11. 12.43 per cent. of this shareholding were sold to employees that also are shareholders in Platou.

Employees in RS Platou Markets AS who acquired shares from Platou in RS Platou Markets AS during 2011 have £3.99 million (NOK 37.4 million) in debt to Platou following the acquisition that was partly settled through a seller's credit.

In May 2013, RS Platou ASA acquired shares in Lone Star RS Platou, Inc. from employees in Lone Star RS Platou, Inc. The transaction increased RS Platou ASA's ownership to 100 per cent. The consideration was 75,000 shares in RS Platou ASA valued at £1.56 (NOK 14) per share.

RS Platou Markets AS has also provided seller's credit to employees in RS Platou Markets AS and employees in Platou of £1.3 million (NOK 13.1 million). £0.2 million (NOK 2.3 million) was provided as of 30 June 2014, the remainder was provided on 24 July 2014.

## 26. Subsidiaries and joint venture

### *Principal subsidiaries*

Country of incorporation	Company	Main activity	31 December 11		31 December 12		31 December 13		30 June 14	
			Share-holding	Voting rights	Share-holding	Voting rights	Share-holding	Voting rights	Share-holding	Voting rights
Norway	RS Platou Asset Management AS	Financial Services	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Norway	RS Platou Finans AS	Financial Services	50.01%	50.01%	50.01%	50.01%	52.36%	52.36%	50.02%	50.02%
Norway	RS Platou Real Estate AS	Financial Services	31.50%	50.50%	31.50%	50.50%	31.91%	50.01%	31.91%	50.01%
Norway	RS Platou Markets AS	Investment banking	50.30%	50.30%	62.90%	62.90%	90.10%	90.10%	100.00%	100.00%
Norway	RS Platou Offshore AS	Non trading	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Norway	RS Platou Economic Research AS	Non trading	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Norway	RS Platou Shipbrokers AS	Non trading	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Brazil	RS Platou Brazil Ltda.	Offshore broking	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
USA	RS Platou (USA) Inc.	Offshore broking	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
UK	The Stewart Group Ltd	Offshore broking	79.82%	79.82%	78.03%	78.03%	78.03%	78.03%	77.09%	77.09%
Singapore	RS Platou (Singapore) Pte. Ltd.	Ship/ Offshore broking	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Switzerland	RS Platou Genève Holding SA	Shipbroking	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
USA	Lone Star, R.S. Platou Inc.	Shipbroking	73.44%	73.44%	75.17%	75.17%	100.00%	100.00%	100.00%	100.00%
Cyprus	RS Platou Hellas Ltd	Shipbroking	51.00%	51.00%	51.00%	51.00%	51.00%	51.00%	51.00%	51.00%
UK	RS Platou LLP	Shipbroking	51.00%	51.00%	51.00%	51.00%	51.00%	51.00%	51.00%	51.00%
Norway	Manfin Consult AS	Shipbroking	0.00%	0.00%	50.10%	50.10%	50.10%	50.10%	50.10%	50.10%
Norway	RS Platou Tankers AS	Shipbroking	0.00%	0.00%	0.00%	0.00%	50.02%	50.02%	50.02%	50.02%

### *Joint venture*

Country of incorporation	Company	Main activity	31 December 11		31 December 12		31 December 13		30 June 14	
			Share-holding	Voting rights	Share-holding	Voting rights	Share-holding	Voting rights	Share-holding	Voting rights
Norway	M62 Holding AS	Property development	0.00%	0.00%	0.00%	0.00%	50.00%	50.00%	50.00%	50.00%

## **27. Subsequent events**

### *Joint venture*

The Former Platou Group has entered into an agreement in August 2014 to sell its shares in the joint venture M62 Holding AS. The sale has been completed in the third quarter of 2014. The gain on the sale that will be recognised is approximately £2.2 million.

During the quarter ended 30 September 2014 RS Platou ASA exercised the option to purchase 50.1 per cent. of RS Platou AM Holding AS. The total consideration was US\$1.0 million (£0.6 million). RS Platou AM Holding AS has a licence to operate as an asset manager.

### *Share-based payments*

During the quarter ended 30 September 2014 there has been sales of treasury stock at £1.98 (NOK 18) per share. 600,000 shares were sold to new employees in the offshore segment, 125,892 shares were sold to employees in RS Platou Markets AS and 30,000 shares were sold to employees in RS Platou (Asia) Pte Ltd. Also during the quarter ended 30 September 2014, Platou has repurchased 75,714 shares from a departing employee.

### *Minority interest*

On 24 November 2014, Platou agreed to acquire the remaining 22.90 per cent. minority interest of the Stewart Group for £7.4 million satisfied in Platou Shares currently held in treasury by Platou. The transaction is conditional on Completion.

### *Disposal*

On 5 November 2014, the members of RS Platou LLP and RS Platou Energy LLP, a partnership incorporated on 14 July 2014 (the “LLPs”), in both of which Platou holds a 51 per cent. interest, resolved, among other things, to wind-up the LLPs from 31 December 2014. Pursuant to agreements dated 5 November 2014 and 21 November 2014, the LLPs have agreed to transfer substantially all of their assets to a new entity, established by their respective existing members (other than Platou) (the “RS Platou LLP Transaction”). In connection with the RS Platou LLP Transaction, Platou has acquired 3,432,804 shares in Platou held by certain of the existing members of the LLPs. Completion of the RS Platou LLP Transaction is expected to occur on 31 December 2014, subject to certain conditions. If completion does not occur on 31 December 2014, the LLPs will nonetheless be wound up in accordance with the resolutions above. Estimated cash flows arising from the RS Platou LLP Transaction are a receipt of £10.4 million arising from the transfer of assets and payments of £11.7 million and NOK 25.2 million due for the shares of Platou.

The financial effect of the RS Platou LLP Transaction is summarised below. The column ‘Disposed Business’ represents the elements of the entities disposed of as part of the RS Platou LLP Transaction, being all net assets of RS Platou LLP together with its subsidiaries, but excluding certain customer commissions in the Forward Order Book.

Summary Income statement	Year ended 31 December 2011			Year ended 31 December 2012		
	Continuing operations	Disposed business	Total	Continuing operations	Disposed business	Total
	£m	£m	£m	£m	£m	£m
Revenue .....	98.5	3.7	102.2	84.5	5.1	89.6
Operating profit .....	16.8	0.3	17.1	3.7	1.0	4.7
<b>Profit before taxation</b> .....	<u>11.6</u>	<u>0.3</u>	<u>11.9</u>	<u>1.6</u>	<u>1.0</u>	<u>2.6</u>

Income statement	Year ended 31 December 2013			Six months ended 30 June 2014		
	Continuing operations	Disposed business	Total	Continuing operations	Disposed business	Total
	£m	£m	£m	£m	£m	£m
<b>Revenue</b> .....	132.7	7.5	140.2	52.0	8.9	60.9
Administrative expenses .....	(99.1)	(6.0)	(105.1)	(42.1)	(6.3)	(48.4)
<b>Operating profit</b> .....	33.6	1.5	35.1	9.9	2.6	12.5
Finance revenue .....	1.2	—	1.2	0.5	—	0.5
Finance costs .....	(2.0)	(0.1)	(2.1)	(1.3)	(0.1)	(1.4)
Other finance costs – pensions .....	—	—	—	—	—	—
<b>Profit before taxation</b> .....	32.8	1.4	34.2	9.1	2.5	11.6
Taxation .....	(10.2)	(0.2)	(10.4)	(2.6)	(0.3)	(2.9)
<b>Profit after taxation</b> .....	<u>22.6</u>	<u>1.2</u>	<u>23.8</u>	<u>6.5</u>	<u>2.2</u>	<u>8.7</u>

Cash flow from operations	Year ended 31 December			Six months ended 30 June
	2011	2012	2013	2014
	£m	£m	£m	£m
Continuing operations .....	13.9	3.9	47.6	(9.3)
Disposed business .....	(2.7)	0.2	2.1	3.5
<b>Total</b> .....	<u>11.2</u>	<u>4.1</u>	<u>49.7</u>	<u>(5.8)</u>

## Balance sheet

as at

	30 June 2014		
	Continuing operations	Disposed business	Total
	£m	£m	£m
<b>Non-current assets</b>			
Property, plant and equipment .....	5.3	0.3	5.6
Intangible assets .....	16.1	—	16.1
Trade and other receivables .....	5.1	—	5.1
Investments .....	0.1	0.1	0.2
Deferred tax asset .....	0.6	—	0.6
	<u>27.2</u>	<u>0.4</u>	<u>27.6</u>
<b>Current assets</b>			
Trade and other receivables .....	39.2	2.5	41.7
Investments .....	8.2	—	8.2
Cash and cash equivalents .....	24.7	3.9	28.6
	<u>72.1</u>	<u>6.4</u>	<u>78.5</u>
<b>Current liabilities</b>			
Interest bearing loans and borrowings .....	(20.5)	—	(20.5)
Trade and other payables .....	(40.3)	(3.2)	(43.5)
Income tax payable .....	(6.9)	(0.1)	(7.0)
	<u>(67.7)</u>	<u>(3.3)</u>	<u>(71.0)</u>
<b>Net current assets</b> .....	<u>4.4</u>	<u>3.1</u>	<u>7.5</u>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings .....	(12.2)	—	(12.2)
Trade and other payables .....	—	(0.4)	(0.4)
Employee benefits .....	(1.3)	—	(1.3)
	<u>(13.5)</u>	<u>(0.4)</u>	<u>(13.9)</u>
<b>Net assets</b> .....	<u>18.1</u>	<u>3.1</u>	<u>21.2</u>

## Part B Accountant's report on the historical financial information



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27 November 2014

Dear Sirs

### Former Platou Group

We report on the financial information relating to the Former Platou Group set out in Part A of Part VI for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014 (the "Historical Financial Information"). This Historical Financial Information has been prepared for inclusion in the class 1 circular relating to the acquisition of RS Platou ASA dated 27 November 2014 of Clarkson PLC on the basis of the accounting policies set out in note 2 of the Historical Financial Information. This report is required by Listing Rule 13.5.21 and is given for the purpose of complying with that rule and for no other purpose.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to ordinary shareholders as a result of the inclusion of this report in the class 1 circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R (6), consenting to its inclusion in the class 1 circular.

We have not audited or reviewed the financial information for the 6 month period ended 30 June 2013 and accordingly do not express an opinion thereon.

### Responsibilities

The Directors of Clarkson PLC are responsible for preparing the Historical Financial Information on the basis of preparation set out in note 2 to the Historical Financial Information and in a form that is consistent with the accounting policies adopted in Clarkson PLC's latest annual accounts being the consolidated financial statements for the year ended 31 December 2013.

It is our responsibility to form an opinion on the Historical Financial Information and to report our opinion to you.

### Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.





Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Opinion**

In our opinion, the Historical Financial Information gives, for the purposes of the class 1 circular dated 27 November 2014, a true and fair view of the state of affairs of the Former Platou Group as at the dates stated and of its profits and losses, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Yours faithfully

Ernst & Young LLP

## **PART VII**

### **UNAUDITED PRO FORMA FINANCIAL INFORMATION FOR THE ENLARGED GROUP**

#### **Part A Unaudited pro forma financial information**

The unaudited pro forma statement of net assets and pro forma income statement (together “Unaudited Pro Forma Financial Information”) of the Enlarged Group set out below have been prepared on the basis set out in the notes below to illustrate the impact of the Acquisition of Platou and the RS Platou LLP Transaction on the net assets of the Clarksons Group as at 30 June 2014 as if they had taken place at that date, and on the income statement of the Clarksons Group for the year ended 31 December 2013 as if they had taken place at the beginning of that financial year.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not, therefore, represent the Enlarged Group’s actual financial position or results.

The Unaudited Pro Forma Financial Information does not constitute financial statements within the meaning of Section 434 of the Companies Act 2006. Shareholders should read the whole of this Circular and not rely solely on the summarised financial information contained in this Part VII (*Unaudited Pro Forma Financial Information for the Enlarged Group*). PricewaterhouseCoopers LLP’s report on the Unaudited Pro Forma Financial Information is set out on Part B of this Part VII (*Unaudited Pro Forma Financial Information for the Enlarged Group*).

The Unaudited Pro Forma Financial Information does not purport to represent what the Enlarged Group’s financial position and results of operations actually would have been if the Acquisition had been completed on the dates indicated nor do they purport to represent the results of operations for any future period or the financial condition at any future date.

## Unaudited pro forma statement of net assets

	Adjustments					Enlarged Group at 30 June 2014
	Clarksons Group as at 30 June 2014	Former Platou Group at 30 June 2014	RS Platou LLP Transaction at 30 June 2014	RS Platou LLP Transaction adjustments	Acquisition adjustments	
	£m (Note 1)	£m (Note 2)	£m (Note 3)	£m (Note 4)	£m (Note 5)	£m
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment . . . . .	8.3	5.6	(0.3)	—	—	13.6
Investment property . . . . .	0.3	—	—	—	—	0.3
Intangible assets . . . . .	40.5	16.1	—	—	266.7	323.3
Trade and other receivables . . . . .	0.6	5.1	—	—	—	5.7
Investments . . . . .	1.8	0.2	(0.1)	—	—	1.9
Deferred tax asset . . . . .	11.6	0.6	—	—	—	12.2
	<u>63.1</u>	<u>27.6</u>	<u>(0.4)</u>	<u>—</u>	<u>266.7</u>	<u>357.0</u>
<b>Current assets</b>						
Inventories . . . . .	1.2	—	—	—	—	1.2
Trade and other receivables . . . . .	50.4	41.7	(2.5)	—	—	89.6
Income tax receivable . . . . .	3.7	—	—	—	—	3.7
Investments . . . . .	25.2	8.2	—	—	—	33.4
Cash and cash equivalents . . . . .	75.1	28.6	(3.9)	(3.6)	(31.9)	64.3
	<u>155.6</u>	<u>78.5</u>	<u>(6.4)</u>	<u>(3.6)</u>	<u>(31.9)</u>	<u>192.2</u>
<b>TOTAL ASSETS</b> . . . . .	<u>218.7</u>	<u>106.1</u>	<u>(6.8)</u>	<u>(3.6)</u>	<u>234.8</u>	<u>549.2</u>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Interest-bearing loans and borrowings . . . .	—	(20.5)	—	—	—	(20.5)
Trade and other payables . . . . .	(66.1)	(43.5)	3.2	—	—	(106.4)
Income tax payable . . . . .	(1.3)	(7.0)	0.1	—	—	(8.2)
	<u>(67.4)</u>	<u>(71.0)</u>	<u>3.3</u>	<u>—</u>	<u>—</u>	<u>(135.1)</u>
<b>Non-current liabilities</b>						
Interest-bearing loans and borrowings . . . .	—	(12.2)	—	—	(46.9)	(59.1)
Trade and other payables . . . . .	(2.3)	(0.4)	0.4	—	—	(2.3)
Provisions . . . . .	(2.2)	—	—	—	—	(2.2)
Employee benefits . . . . .	(4.9)	(1.3)	—	—	—	(6.2)
Deferred tax liability . . . . .	(2.5)	—	—	—	—	(2.5)
	<u>(11.9)</u>	<u>(13.9)</u>	<u>0.4</u>	<u>—</u>	<u>(46.9)</u>	<u>(72.3)</u>
<b>TOTAL LIABILITIES</b> . . . . .	<u>(79.3)</u>	<u>(84.9)</u>	<u>3.7</u>	<u>—</u>	<u>(46.9)</u>	<u>(207.4)</u>
<b>NET ASSETS</b> . . . . .	<u>139.4</u>	<u>21.2</u>	<u>(3.1)</u>	<u>(3.6)</u>	<u>187.9</u>	<u>341.8</u>

### Notes

- 1) The Clarksons financial information as at 30 June 2014 has been extracted, without material adjustment, from the unaudited Clarksons Interim Report for the six month period ended 30 June 2014.
- 2) The Platou financial information as at 30 June 2014 has been extracted, without material adjustment, from Part VI (*Historical Financial Information relating to the Platou Group*) for the six month period ended 30 June 2014.
- 3) The RS Platou LLP Transaction financial information as at 30 June 2014 has been extracted, without material adjustment, from note 27 Part VI (*Historical Financial Information relating to the Platou Group*) for the six month period ended 30 June 2014. The RS Platou LLP Transaction financial information has been included as an adjustment to the pro forma financial information on the basis that the Acquisition is conditional on the RS Platou LLP Transaction. The RS Platou LLP Transaction is due to complete on 31 December 2014.

- 4) The net cash adjustment of £3.6 million is made up of the anticipated payments of £11.7 million and NOK 25.2 million due for the shares of Platou, offset by the anticipated proceeds of £10.4 million arising from the transfer of assets. These amounts are as disclosed in Note 27 of Part VI (*Historical Financial Information Relating to the Platou Group*). The exchange rate used to translate the NOK payment was 10.61 being the rate in force at close of business on 17 November 2014.
- 5) The adjustments arising as a result of the Acquisition are set out below:
- The total consideration for the Acquisition is £281.2 million. The consideration is made up of £23.4 million in cash, £46.9 million in Loan Notes and £210.9 million in Consideration Shares. An adjustment has also been made for the expected transaction costs of £8.5 million, this has been reflected in cash and cash equivalents. The total adjustment to cash and cash equivalents is therefore £31.9 million.
  - The Acquisition will be accounted for using the acquisition method of accounting. The excess of consideration over the book value of net assets has been reflected in intangible assets as goodwill. A fair value exercise will be completed post completion of the transaction; therefore, no account has been taken of any fair value adjustments that may arise on the Acquisition. The adjustment to goodwill has been calculated as follows:

	<u>£m</u>	<u>£m</u>
Total consideration		<b>281.2</b>
Less: Net assets acquired		
<i>Former Platou Group as at 30 June 2014</i>	<b>21.2</b>	
<i>RS Platou LLP Transaction as at 30 June 2014</i>	<u><b>(6.7)</b></u>	<b>(14.5)</b>
<b>Adjustment to goodwill</b>		<u><b>266.7</b></u>

The RS Platou LLP Transaction adjustment is made up of the net liabilities disposed of as part of the RS Platou LLP Transaction of £3.1 million as set out in Note 3 and the net cash payment of £3.6 million set out in Note 4.

- 6) Clarksons has announced that it is considering raising up to 8.5 per cent. of the Ordinary Shares in the capital of the Company by way of a placing of up to 1,613,698 Ordinary Shares. The proceeds raised will be dependent on the share price at the time the Placing is undertaken. Using the closing middle market share price as at 24 November 2014 of £20.21, the proceeds raised would be up to £32.6 million (before costs).

This adjustment has not been included in the pro forma net asset table as there is no certainty, as at the date of the Circular, as to the amounts being raised or whether the Placing would proceed. Should the amount raised be £32.6 million, this would increase net assets by £32.6 million (before costs).

## Unaudited Pro Forma Income Statement

	Clarksons Group for the year ended 31 December 2013	Adjustments			Enlarged Group for the year ended 31 December 2013
		Former Platou Group for the year ended 31 December 2013	RS Platou LLP Transaction for the year ended 31 December 2013	Acquisition adjustments	
	£m (Note 7)	£m (Note 8)	£m (Note 9)	£m (Note 10)	£m (Note 12,13)
Revenue (Note 14) .....	198.0	140.2	(7.5)	—	330.7
Cost of sales .....	(6.2)	—	—	—	(6.2)
<b>Trading profit</b> .....	<b>191.8</b>	<b>140.2</b>	<b>(7.5)</b>	<b>—</b>	<b>324.5</b>
Administrative expenses (Note 11) .....	(169.9)	(105.1)	6.0	(8.5)	(277.5)
<b>Operating profit</b> .....	<b>21.9</b>	<b>35.1</b>	<b>(1.5)</b>	<b>(8.5)</b>	<b>47.0</b>
Finance revenue .....	0.7	1.2	—	(0.2)	1.7
Finance costs .....	(0.1)	(2.1)	0.1	(1.1)	(3.2)
Other finance costs – pensions .....	(0.5)	—	—	—	(0.5)
<b>Profit before taxation</b> .....	<b>22.0</b>	<b>34.2</b>	<b>(1.4)</b>	<b>(9.8)</b>	<b>45.0</b>
Taxation .....	(6.7)	(10.4)	0.2	0.3	(16.6)
<b>Profit for the year</b> .....	<b>15.3</b>	<b>23.8</b>	<b>(1.2)</b>	<b>(9.5)</b>	<b>28.4</b>

### Notes

- 7) The Clarksons financial information for the year ended 31 December 2013 has been extracted, without material adjustment, from the Clarksons Annual Report for the year ended 31 December 2013.
- 8) The Platou financial information for the year ended 31 December 2013 has been extracted, without material adjustment, from Part VI (*Historical Financial Information relating to the Platou Group*) for the year ended 31 December 2013.
- 9) The RS Platou LLP Transaction financial information for the year ended 31 December 2013 has been extracted, without material adjustment from Part VI (*Historical Financial Information relating to the Platou Group*) for the year ended 31 December 2013. The RS Platou LLP Transaction financial information has been included as an adjustment to the pro forma financial information on the basis that the acquisition of Platou by Clarksons is conditional on the sale of RS Platou LLP Transaction. The RS Platou LLP Transaction is due to complete on 31 December 2014.
- 10) The acquisition adjustments are set out below:
  - a. An adjustment is included for transaction costs payable of £8.5 million which are reflected in administrative expenses. These would be shown as acquisition costs in Clarksons' presentation of income statement. See note 11 for further details.
  - b. An adjustment has been included to reflect one year's interest charge of £1.1 million arising on the Loan Notes which have interest payable at 1.25 per cent. per annum over 12 month LIBOR. This would be shown as finance costs in Clarksons' presentation of income statement. This interest will have a continuing impact on the income statement until the Loan Notes are repaid and will be shown as an acquisition costs in Clarksons' presentation of income statement. See Note 11 for further details. In addition an adjustment has been made to finance revenue of £0.2 million to reflect the loss of interest on the cash outflows associated with the acquisition.
  - c. The taxation impact of the total of all of the above acquisition adjustments is £0.3 million and has been calculated with reference to the UK Corporation tax rate in force as at 31 December 2013 of 23 per cent.
- 11) Included within the results of Clarksons for the year ended 31 December 2013 are exceptional costs amounting to £1.0 million and acquisition costs amounting to £2.1 million. Thus the stated pro forma results for the year ended 31 December 2013 include total exceptional costs of £1.0 million and total acquisition costs of £11.7 million (including the interest payable on the loan note and transaction costs). The pro forma profit before taxation, exceptional items and acquisition costs for the year ended 31 December 2013 would therefore be £57.7 million.
- 12) No account has been made of any trading activity post 31 December 2013.
- 13) All of the adjustments described in Notes 7 to 10 of the Unaudited Pro Forma Income Statement will have a continuing impact, with the exception of the adjustment in Note 10a in relation to transaction costs of £8.5 million.

14) Pro forma revenue can be further analysed by segment as follows:

	Clarksons for the year ended 31 December 2013	Reclassification for the year ended 31 December 2013	Former Platou Group for the year ended 31 December 2013	RS Platou LLP Transaction for the year ended 31 December 2013	Enlarged Group for the year ended 31 December 2013	Percentage of total revenue
	£m	£m (Note a)	£m	£m	£m	%
Shipbroking	160.3	(18.2)	32.4	(7.5)	167.0	50.5
Offshore broking	—	18.2	38.7	—	56.9	17.2
Financial (Note b)	11.6	—	69.1	—	80.7	24.4
Support	16.4	—	—	—	16.4	5.0
Research	9.7	—	—	—	9.7	2.9
Total revenue	<b>198.0</b>	<b>—</b>	<b>140.2</b>	<b>(7.5)</b>	<b>330.7</b>	<b>100.0</b>

- a) Included within Clarksons' Shipbroking revenues for the year ended 31 December 2013 was £18.2m relating to Offshore broking activities which will be disclosed alongside the Platou Offshore broking revenue within the Enlarged Group and have therefore been reclassified for the purpose of the pro forma analysis.
- b) Financial revenue includes Platou's Markets and Finance segments.



**Part B Accountant's report on the unaudited pro forma financial information for the Enlarged Group**



The Directors  
Clarkson PLC  
St. Magnus House  
3 Lower Thames Street  
London  
EC3R 6HE

Nomura International plc (the “Sponsor”)  
1 Angel Lane  
London  
EC4R 3AB

27 November 2014

Dear Sirs

**Clarkson PLC (the “Company”)**

We report on the pro forma financial information (the “**Pro Forma Financial Information**”) set out in Part A of Part VII of the Company’s circular dated 27 November 2014 (the “**Circular**”) which has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the Transaction might have affected the financial information presented on the basis of the accounting policies adopted by the Clarksons Group in preparing the financial statements for the period ending 31 December 2014. This report is required by item 13.3.3R of the Listing Rules of the UK Listing Authority (the “**Listing Rules**”) and is given for the purpose of complying with that Listing Rule and for no other purpose.

**Responsibilities**

It is the responsibility of the directors of the Company to prepare the Pro Forma Financial Information in accordance with item 13.3.3R of the Listing Rules.

It is our responsibility to form an opinion, as required by item 13.3.3R of the Listing Rules as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of the Company as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with item 13.4.1R(6) of the Listing Rules, consenting to its inclusion in the Circular.

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PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

**Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

**Opinion**

In our opinion:

- a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- b) such basis is consistent with the accounting policies of the Company.

Yours faithfully

PricewaterhouseCoopers LLP  
Chartered Accountants

## PART VIII

### ADDITIONAL INFORMATION

#### 1. Responsibility Statement

The Company and the Directors, whose names appear on page 6 of this Circular, accept responsibility for the information contained in this Circular. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Company Information

The Company was incorporated and registered in England and Wales on 12 November 1974 as a private limited company under the Companies Acts 1948 to 1967 with the name Klempbourne Limited and with registered number 1190238. On 4 June 1975, the Company changed its name to H. Clarkson (Holdings) Limited. On 26 October 1981, it re-registered as a public limited company under the name of H. Clarkson (Holdings) Public Limited Company. On 16 June 1986, the Company changed its name to Horace Clarkson PLC. On 30 May 2001, the company changed its name to Clarkson PLC.

The Company's registered office is at St. Magnus House, 3 Lower Thames Street, London EC3R 6HE, United Kingdom and its telephone number is +44 20 7334 0000.

The principal laws and legislation under which the Company operates are the Act and the regulations made thereunder.

#### 3. Information about the Ordinary Shares

The Ordinary Shares issued as Consideration Shares will be ordinary shares in registered form and may be held in certificated form or in uncertificated form, and title to such Ordinary Shares may be transferred by means of a relevant system (as defined in the Regulations). Where Ordinary Shares are held in certificated form, share certificates will be sent to the registered members by first class post. Where Ordinary Shares are held in paperless form, the relevant CREST stock account of the registered members will be credited.

This Circular does not constitute an offer or an invitation to any person to subscribe for or purchase any securities in the Company.

#### 4. Resolutions

As described in paragraph 7 of Part I (*Letter from the Chairman of Clarkson PLC*), it is proposed that the following resolutions be passed at the General Meeting.

##### *Acquisition Resolution*

Resolution 1 proposes that: (i) the Acquisition be approved and the Directors be authorised to take all steps as may be necessary, expedient or desirable to implement the Acquisition and (ii) the Directors be authorised to allot the Consideration Shares (representing approximately 31.6 per cent. of the Company's issued share capital after Re-Admission and approximately 50.2 per cent. of the Company's issued share capital as at the Latest Practicable Date) in accordance with the terms of the Share Purchase Agreement.

##### *Ancillary Resolutions*

At the Annual General Meeting, the Company passed a resolution authorising the Directors to issue up to a maximum nominal amount of £3,164,115, representing approximately 66.66 per cent. of the Company's then issued share capital. Of this amount, the maximum nominal amount of £1,582,058, representing approximately 33.33 per cent. of the Company's then issued share capital could only be allotted pursuant to a rights issue. The Company also passed a resolution authorising the Board to dis-apply the rights of Shareholders to receive a pre-emptive offer of shares in the Company, provided that this power was limited to the issue of up to a number of Ordinary Shares equal to: (i) approximately 66.66 per cent. of the Company's then issued share capital where those shares are offered to existing shareholders provided that unless those shares are allotted pursuant to a rights issue the Board may only allot shares up to approximately 33.33 per cent. of the Company's then issued share capital and (ii) 5 per cent. (or 7.5 per cent. in any rolling three year period) of the issued share capital of the Company otherwise than in connection with an offer to existing shareholders.

As a result of changes to the Company's share capital that will result from the placing and the issue of the Consideration shares, the Company considers it appropriate to restate and renew the authorities of the Directors to allot shares in the Company and to dis-apply pre-emption rights at the General Meeting at the same percentage levels as the authorisations passed at the Annual General Meeting but by reference to Ordinary Shares in issued after Completion. These are as set out in Resolutions 2 and 3 in the Notice of General Meeting and explained further below.

Resolution 2 – to adopt a replacement general authority for the Directors to allot Ordinary Shares.

Resolution 2 seeks shareholder approval for the Directors to be authorised to allot Ordinary Shares in the Company up to a maximum nominal amount of £5,019,730 (representing approximately 66.66 per cent. of the Company's issued share capital after Re-Admission and approximately 106 per cent. of the Company's issued share capital as at the Latest Practicable Date). Of this amount, 10,039,459 Ordinary Shares (representing approximately 33.33 per cent. of the Company's issued share capital after Re-Admission and approximately 52.9 per cent. of the Company's issued share capital as at the Latest Practicable Date) can only be allotted pursuant to a rights issue. The authority will lapse on the date of the Company's next annual general meeting. Resolution 2 is conditional on the Acquisition Resolution being passed and Re-Admission.

This resolution is considered appropriate due to the increase in the issued share capital of the Company (as a result of the Placing and the issue of the Consideration Shares) and replaces such authority conferred on the Directors at the Annual General Meeting.

As at the date of this Circular, the Company does not hold any Ordinary Shares in the capital of the Company in treasury.

Resolution 3 – to adopt a replacement general authority dis-applying pre-emption rights.

Resolution 3 seeks shareholder approval to give the Directors the authority to allot Ordinary Shares in the capital of the Company pursuant to the authority granted under Resolution 2 for cash without complying with the pre-emption rights in the Act in certain circumstances. This authority will permit the Directors to allot:

- (i) Ordinary Shares up to a maximum nominal amount of £5,019,730 (representing approximately 66.66 per cent. of the Company's issued share capital after Completion and approximately 106 per cent. of the Company's issued share capital as at the Latest Practicable Date in connection with an offer to existing Shareholders. However, unless the Ordinary Shares are allotted pursuant to a rights issue, the Directors may only allot Ordinary Shares up to a nominal value of £2,509,865 (representing approximately 33.33 per cent. of the Company's issued share capital after Re-Admission and approximately 52.9 per cent. of the Company's issued share capital as at the Latest Practicable Date) in each case subject to any adjustments such as for fractional entitlements and overseas Shareholders as the Directors see fit; and
- (ii) Ordinary Shares up to a maximum nominal amount of £376,517 (representing approximately 5 per cent. of the Company's issued share capital after Re-Admission and approximately 7.9 per cent. of the Company's issued share capital as at the Latest Practicable Date) otherwise than in connection with an offer to existing Shareholders. Resolution 3 is conditional on the Acquisition Resolution and Resolution 2 being passed and Re-Admission.

This resolution is considered appropriate due to the increase in the issued share capital of the Company (as a result of the Placing and the issue of the Consideration Shares) and replaces any such authority conferred on the Directors at the Annual General Meeting. The Directors confirm their intention to follow the provisions of the Pre-emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling three-year period and which provide that companies should not issue shares for cash representing more than 7.5 per cent. of the Company's issued share capital in any rolling three-year period other than to existing Shareholders, without prior consultation with Shareholders.

#### *Approval of the Resolutions*

Resolutions 1 and 2 will be proposed as ordinary resolutions. These resolutions must be approved by Shareholders who together represent a simple majority of the Ordinary Shares being voted (whether in person or by proxy) at the General Meeting. Resolution 3 will be proposed as a special resolution. This resolution must be approved by Shareholders who together represent 75 per cent. of the Ordinary Shares being voted (whether in person or by proxy) at the General Meeting.

The Acquisition will not proceed unless Resolution 1 is passed.

## 5. Directors' and Proposed Directors' interests in the Company

The interests of the Directors, the Proposed Directors and any of their connected persons (within the meaning of Section 346 of the Act) in Ordinary Shares as at the Latest Practicable Date were, and at Completion will be, as follows:

	Number of Ordinary Shares	Percentage of existing issued share capital	Number of Consideration Shares to be issued	Percentage of issued share capital following Completion <sup>1</sup>
<i>Director</i>				
Bob Benton <sup>2</sup>	4,700	0.02%	—	0.02%
Andi Case <sup>3</sup>	559,085	2.94%	—	1.86%
Jeff Woyda <sup>4</sup>	73,977	0.39%	—	0.25%
Peter Backhouse	3,500	0.02%	—	0.01%
James Hughes-Hallett CMG, SBS	—	—	—	0.00%
James Morley	4,500	0.02%	—	0.01%
Ed Warner OBE	15,000	0.08%	—	0.05%
<i>Proposed Director</i>				
Peter M. Anker	—	—	508,977	1.69%
Ragnar Horn	—	—	2,150,096 <sup>5</sup>	7.14%
Birger Nergaard	—	—	205,869	0.68%

Notes:

- 1 Assuming no other Ordinary Shares will be issued until after Re-Admission other than the maximum number of Consideration Shares and Placing Shares.
- 2 The beneficial owner of these shares is Mrs Marianne Kingham who is married to Bob Benton.
- 3 Andi Case also holds unvested shares and interests in shares including 77,315 restricted shares under the Clarkson LTIP 2004, 9,924 restricted shares under the Clarkson LTIP 2014 and 1,257 share options under the Company's Save As You Earn scheme. As part of a performance award granted as nil cost options under LTIP, subject to EPS and TSR performance criteria, Andi Case has an interest in 314,640 share options, 169,587 of which are vested. Additionally, Andi Case unexercised vested options of 25,000 shares at an exercise price of £9.91 which expire on 25 October 2017.
- 4 Jeff Woyda also holds unvested shares and interests in shares including 16,491 restricted shares under the Clarkson LTIP 2004, 2,117 restricted shares under the Clarkson LTIP 2014 and 1,257 share options under the Company's Save As You Earn scheme. As part of a performance award granted as nil cost options under LTIP, subject to EPS and TSR performance criteria, Jeff Woyda has an interest in 81,213 share options, 15,281 of which are vested.
- 5 Refers to the total number of Consideration Shares to be issued to RS Platou Holdings AS. Ragnar Horn holds 45.93 per cent. of the voting rights of RS Platou Holdings AS.

## 6. Directors' and Proposed Directors' Service Agreements and Arrangements

Save as set out in this paragraph 6, there are no existing or proposed service agreements or letters of appointment between the Directors and the Proposed Directors and any member of the Clarksons Group.

### 6.1 Proposed Directors' service contracts and letters of appointment

#### 6.1.1 Peter M. Anker

Peter M. Anker has agreed to enter into a service agreement with the Company conditional upon Completion. He has also agreed that, conditional upon Completion, his current contract of employment with Platou will come to an end with immediate effect by mutual agreement.

Once effective, the service agreement may be terminated by Peter M. Anker or the Company giving not less than 12 months' notice. Alternatively, under the terms of the service agreement, the Company reserves the right to give a payment in lieu of notice (whether given by Peter M. Anker or the Company) of a sum equal to Peter M. Anker's basic salary plus the cost of contractual benefits but excluding bonus for the relevant period of notice. The payment in lieu of notice may be made in a lump sum or, at the Company's discretion, in monthly instalments (with the relevant instalment payment reduced by alternative income received). Peter M. Anker's initial basic salary will be £350,000, payable in arrears and converted into Norwegian Kroner.

Peter M. Anker will be eligible to continue to participate in his current pension arrangements with Platou or such other pension arrangements as may be agreed from time to time with the Company, as well as permanent health insurance and medical expenses insurance. Following Completion, he will participate in Clarksons' annual bonus arrangements.

#### 6.1.2 Ragnar Horn and Birger Nergaard

Ragnar Horn and Birger Nergaard are proposed to enter into letters of appointment with Clarksons which will take effect from Completion. The expiry of both letters of appointment will be 3 years from the commencement of the appointment letters, unless terminated earlier by either party giving to the other three months prior written notice. Ragnar Horn will not receive a fee for his role. Otherwise, the terms are the same as for those of the Non-Executive Directors as described in paragraph 6.3.

### 6.2 *Executive Directors' service contracts*

#### 6.2.1 Andi Case

Andi Case entered into a service agreement with the Company on 23 June 2008 and was appointed with effect from 17 June 2008. The agreement will automatically terminate on his reaching 65 years of age. The service agreement may be terminated by Mr Case or the Company by either party giving not less than 12 months' notice. Alternatively, the Company may terminate the contract by payment in lieu of notice of a sum equal to 12 months' salary, plus the cost of any contractual benefits but excluding bonus, paid in a lump sum, plus an amount equal to 50 per cent. of the last bonus received. Further, any bonus in respect of the prior year will be payable if not already paid, and a pro-rated bonus for the part of the then-current financial year will be payable. Mr Case's annual salary is £550,000, payable in arrears.

Mr Case receives benefits in kind, principally private medical insurance for himself, his spouse and dependent children, permanent health insurance during his appointment and life assurance. In addition, Mr Case is eligible to participate in the Company's pension scheme (State Second Pension Scheme) and to participate in a contractual bonus scheme based on the earnings per Ordinary Share for each financial year. Mr Case also receives a car allowance of £9,480 per annum.

On a change of control, Mr Case is entitled to a payment from the Company of a sum equal to his annual salary as at the Termination Date as defined in the service agreement, plus 150 per cent. of the last bonus received, plus the gross annual value of the contractual benefits to which he was entitled under his service contract (pro-rated).

#### 6.2.2 Jeff Woyda

Jeff Woyda entered into a service agreement with the Company on 3 October 2006 and was appointed with effect from 1 November 2006. The agreement will automatically terminate on his reaching 65 years of age. The service agreement may be terminated by Mr Woyda or the Company by either party giving not less than 12 months' notice. Alternatively, the Company reserves the right to give a payment in lieu of notice (whether given by Mr Woyda or by the Company) which consists of a sum equal to Mr Woyda's basic salary for the relevant period of notice and is inclusive of any bonus/commission/share of profit and any other emolument for the relevant period of notice. Mr Woyda's annual salary is £250,000, payable in arrears.

Mr Woyda is eligible to join the Company's pension scheme and is eligible for an annual bonus/share of profits. In addition, Mr Woyda is eligible to receive permanent health insurance and medical expenses insurance. He also receives a car allowance of £9,480 per annum.

On a change of control, in the event that either Mr Woyda gives notice to resign or the Company gives notice of termination to Mr Woyda for any reason, he shall be entitled to receive from the Company on his termination date a sum equal to his basic salary, his annual bonus and any contractual benefits he would have received had his contractual notice period been worked out. Neither sum will be subject to any deduction for mitigation or accelerated receipt. The Company will also continue to provide life assurance, private health insurance, permanent health insurance and pension benefits for a period of 12 months after the termination date.



### 6.3 *Non-executive Directors' letters of appointment*

The following non-executive directors (the “NEDs”) have letters of appointment from Clarksons details of which are as follows:

<u>NED</u>	<u>Date of commencement of appointment</u>	<u>Expiry of current letter of appointment</u>
Bob Benton <sup>1</sup> .....	25 May 2005	1 January 2015
Peter Backhouse .....	12 September 2013	11 September 2016
James Hughes-Hallett CMG, SBS <sup>1</sup> .....	20 August 2014	19 August 2017
James Morley .....	5 November 2008	4 November 2017
Ed Warner OBE .....	27 June 2008	26 June 2017

1. As announced on 20 August 2014, James Hughes-Hallett CMG, SBS will become Chairman from 1 January 2015 when Bob Benton retires from the Board.

All NEDs have specific terms of engagement provided in formal letters of appointment. The NEDs are appointed for a three year term unless terminated earlier by either party giving to the other three months' prior written notice. The term comes with an annual fixed fee.

In accordance with the Articles, at every annual general meeting, one-third of the directors who are subject to retirement by rotation shall retire at the annual general meeting. A NED is required to retire, if at the start of the annual general meeting of the Company, he or she has been in office for three years or more since his or her last appointment or re-appointment. If willing, the retiring NED will be re-appointed unless, at the annual general meeting, it is resolved not to fill the vacancy or a resolution for re-appointment of the NED is not successful.

The NEDs' fees are determined by the Executive Directors in consultation with the Chairman (other than in respect of the Chairman's fees, which are determined by the Remuneration Committee). Fees are determined taking into account the experience, responsibility, effectiveness and time commitments of the non-executives and the pay and conditions in the workforce. The fees for the NEDs are considered annually.

As determined at the Remuneration Committee meeting on 4 March 2014, the fee structure for the NEDs is as follows:

- a fee of £125,000 base annual salary payable to Bob Benton with effect from 6 March 2014;
- a fee of £70,000 comprising a base annual salary of £55,000 and an additional £15,000 per annum in respect of specific duties as chair of the Audit Committee payable to James Morley with effect from 1 April 2014; and
- a fee of £70,000 comprising a base annual salary of £55,000 and an additional £15,000 per annum in respect of specific duties as chair of the Remuneration Committee payable to Ed Warner OBE with effect from 1 April 2014.

Following commencement of his appointment as NED, Birger Nergaard will receive a fee of £55,000 per annum.

Prior and continuing arrangements are as follows:

- a fee of £55,000 per annum, and an additional fee of £15,000 per annum in relation to performing the role of Senior Independent Director, are payable to Peter Backhouse; and
- a fee of £55,000 per annum rising to £140,000 once appointed as Chairman, payable to James Hughes-Hallett CMG, SBS.

The NEDs do not receive any bonus, do not participate in share schemes or commission or profit-sharing arrangements, and are not eligible to join the Company's pension scheme. The NEDs' letters of appointment do not provide for benefits upon termination of appointment.



## 7. Significant Shareholders

As at the close of business on the Latest Practicable Date, so far as the Directors are aware, no person other than those listed below was interested, directly or indirectly, in 3 per cent. or more of the issued share capital of the Company:

<u>Name</u>	<u>Number of Ordinary Shares as at the Latest Practicable Date</u>	<u>Percentage of existing issued share capital as at the Latest Practicable Date</u>	<u>Number of Ordinary Shares as at the date of Completion and Re-Admission<sup>1</sup></u>	<u>Percentage of existing issued share capital as at the date of Completion and Re-Admission<sup>1</sup></u>
Heronbridge Investment Management ... Legal & General Investment Management .....	1,386,092	7.3%	1,386,092	4.6
Equinox Management Partners .....	1,372,003	7.2%	1,372,003	4.6
Royce & Associates .....	1,145,014	6.0%	1,145,014	3.8
Kames Capital .....	836,031	4.4%	836,031	2.8
Standard Life Investments .....	710,965	3.7%	710,965	2.4
CRE Capital .....	639,036	3.4%	639,036	2.1
RS Platou Holdings AS <sup>2</sup> .....	586,461	3.1%	586,461	1.9
	—	—	2,150,096	7.1

Notes:

- 1 Assuming no other Ordinary Shares will be issued between the Latest Practicable Date until after Re-Admission other than the maximum number of Consideration Shares and Placing Shares, and that the Shareholders listed above will not acquire or dispose of any Ordinary Shares during this period.  
In addition, as at the Latest Practicable Date, employees directly held 7.55 per cent. of the Company's issued share capital, and 9.44 per cent. was held by employee share trusts for use under the Company's various incentive schemes.
- 2 Ragnar Horn holds 45.93 per cent. of the voting rights in RS Platou Holdings AS.

## 8. Material Contracts

### 8.1 *Clarksons*

Save as for the material contracts described in this paragraph 8.1, no contracts (other than contracts entered into in the ordinary course of business) have either (i) been entered into by the Company or another member of the Clarksons Group within the two years immediately preceding the date of this Circular and are or may be material to the Company; or (ii) been entered into by the Company or another member of the Clarksons Group and contain a provision under which a member of the Clarksons Group has an obligation or entitlement which is or may be material to the Clarksons Group, in each case as at the date of this Circular.

#### 8.1.1 Share Purchase Agreement

A summary of the principal terms of the Share Purchase Agreement is set out in paragraph 1 of Part V (*Summary of the Principal Terms of the Acquisition*).

#### 8.1.2 Warranty Agreement and US Warranty Agreement

A summary of the principal terms of the Warranty Agreement and the US Warranty Agreement are set out in paragraph 3 of Part V (*Summary of the Principal Terms of the Acquisition*).

#### 8.1.3 Sponsor's Agreement

On 27 November 2014, Nomura and the Company entered into a sponsor's agreement pursuant to which Nomura has agreed to act as the Company's sponsor in relation to the Acquisition and Re-Admission (the "Sponsor's Agreement"). The Company is providing Nomura with certain undertakings which will require the Company to either consult with or obtain the prior consent of Nomura before it can take a particular action and with certain warranties in relation to the Clarksons Group and the Platou Group. The warranties in relation to the Platou

Group are given subject to the Company's best knowledge and belief. The undertakings and warranties provided by the Company pursuant to the Sponsor's Agreement are customary for an agreement of this nature. In addition, the Company is providing Nomura with the benefit of certain indemnities, which again, are customary for an agreement of this nature and which are unlimited in time and are not subject to any financial limit. Nomura may terminate the Sponsor's Agreement in certain customary circumstances, for example, where there is a breach of warranty or undertakings by the Company.

The fees payable by the Company to Nomura pursuant to the Sponsor's Agreement are £750,000. The Company has agreed to bear all documented and properly incurred costs and expenses of the Sponsor up to a maximum of £20,000 and, in certain circumstances, the cost of the Sponsor's legal Counsel, or which are incidental to the Acquisition and Re-Admission, including without limitation, the fees and expenses of professional advisers, the costs of preparation, printing and distribution of this Circular and all other documents in connection with the Acquisition and Re-Admission, the listing fees of the FCA and any charges by CREST and the fees of the London Stock Exchange.

#### 8.1.4 Placing Agreement

On 27 November 2014, Panmure Gordon and the Company entered into a placing agreement pursuant to which Panmure Gordon agreed, subject to certain conditions including making the Placing Shares available only to investors outside of the US and certain other jurisdictions, to act as agent for the Company and to use reasonable endeavours to procure subscribers for up to 1,613,698 Ordinary Shares (the "Placing Agreement").

Through the Placing the Company intends to place the Placing Shares, representing up to 8.5 per cent. of the Company's existing issued ordinary capital, to the subscribers, consisting solely of investors located outside of the US and certain other jurisdictions, procured by Panmure Gordon as sole bookrunner at a price to be determined following completion of an accelerated bookbuild process. The consideration for the allotment of the Placing Shares to the subscribers procured by Panmure Gordon will be the transfer by Panmure Gordon (acting in its capacity as a subscriber for ordinary shares and preference shares in Magnus Capital (Jersey) Limited, a subsidiary of the Company incorporated on 20 November 2014 in Jersey ("JerseyCo")) to the Company of such shares in JerseyCo in accordance with the terms and conditions set out in a subscription and transfer agreement dated 27 November 2014 between the Company, JerseyCo and Panmure Gordon.

The Placing Agreement is conditional upon, amongst other things, the execution of a pricing supplement to the Placing Agreement, admission by the UKLA of the Placing Shares to the premium listing segment of the Official List in accordance with the Listing Rules and the admission of the Placing Shares to trading on the market for listed securities of the London Stock Exchange in accordance with the Admission and Disclosure Standards produced by the London Stock Exchange occurring on or before 8.00 a.m. on 2 December 2014 (or such other date as may be agreed between the Company and Panmure Gordon). The Company has provided certain undertakings and warranties in the Placing Agreement. The undertakings and warranties provided by the Company pursuant to the Placing Agreement are customary for an agreement of this nature. In addition, the Company has provided Panmure Gordon with the benefit of certain indemnities, which again, are customary for an agreement of this nature and which are unlimited in time and are not subject to any financial limit. Pursuant to the terms of the Placing Agreement, Panmure Gordon may, in certain circumstances, terminate the agreement with immediate effect.

The Placing is not conditional upon Completion.

Pursuant to the Placing Agreement, the Company has agreed to pay Panmure Gordon a base commission of 2 per cent. of the gross proceeds of the Placing and may, at the sole discretion of the Company, pay Panmure Gordon an additional discretionary commission of up to 0.5 per cent of the gross proceeds of the Placing. The Company has agreed to bear all fees, costs, charges and expenses of, or which are incidental to the Placing, including without limitation, the properly incurred and documented costs and expenses of Panmure Gordon (including the fees and disbursements of its legal counsel up to a maximum of £86,000 (including VAT)), the fees and expenses of other professional advisers, the costs of preparation, printing and distribution of all documents in connection with the Placing, the listing fees of the FCA and any charges by CREST and the fees of the London Stock Exchange.

The information provided in this in paragraph 8.1 of Part VIII (*Additional Information*) is being made available for information purposes and not as an offer to participate in the Placing.

#### 8.1.5 Agreement for purchase of Michael F. Ewings (Shipping) Limited (“Ewings”)

On 11 June 2014, Clarkson Port Services Limited, the Company’s port and agency business, entered into a share purchase agreement to acquire the entire share capital of Ewings. The shares were acquired for an initial cash payment of £1.08 million, with additional earn out sums payable to the sellers based on 25 per cent. of Ewings’ pre-tax profits over three years ending 31 May 2017. The agreement indemnifies Clarkson Port Services Limited against any loss in relation to claims from third parties and environmental liability. The Seller’s liability is capped at an amount equal to the maximum purchase price. The agreement is governed by Northern Irish law.

#### 8.1.6 Agreement for purchase of Gibb Tools Limited (“GTL”)

On 31 October 2013, Clarkson Port Services Limited, the Company’s port and agency business, entered into a share purchase agreement to acquire the entire share capital of GTL. The consideration payable was £7.9 million in cash. In addition, a further £3.0 million will be payable in cash to key employees contingent on them remaining in employment for two years. An additional cash sum of up to £1.8 million will also be payable two years after the acquisition date, subject to the same service conditions and GTL achieving certain earnings targets over the two years. The agreement indemnifies Clarkson Port Services Limited against any loss in relation to claims from third parties and environmental liability. The seller’s liability is capped at an amount equal to the maximum purchase price. The agreement is governed by English law.

### 8.2 *Platou*

Save as for the material contracts described in this paragraph 8.2, no contracts (other than contracts entered into in the ordinary course of business) have either (i) been entered into by Platou or another member of the Former Platou Group within the two years immediately preceding the date of this Circular and are or may be material to Platou; or (ii) been entered into by Platou or another member of the Former Platou Group and contain a provision under which a member of the Former Platou Group has an obligation or entitlement which is or may be material to the Former Platou Group, in each case as at the date of this Circular.

#### 8.2.1 RS Platou LLP Transaction

##### (i) Asset Purchase Agreements

On 5 November 2014, RS Platou LLP and RS Platou Energy LLP entered into an asset purchase agreement (the “First APA”) with Affinity (Shipping) LLP (“Affinity”), Platou and the other members of the LLPs (the “Managers”). On 21 November 2014, RS Platou LLP, Affinity and Platou entered into a second asset purchase agreement (the “Second APA” and, together with the First APA, the “APAs”). Pursuant to the APAs, the LLPs will sell substantially all of their assets, and transfer substantially all of their employees, to Affinity, an entity established by the Managers. The consideration payable by Affinity shall be calculated by reference to the value of the LLPs to be acquired as at completion. The sale is conditional on the receipt of financing by Affinity and the APAs are due to complete on 31 December 2014.

If the APAs do not complete, the LLPs will be wound up in accordance with the resolutions described below, and the assets of the LLPs will be distributed to Platou and the other members of the LLPs. In addition, even if the APA does not complete, all of the employees of the LLPs will transfer to Affinity (except in the event that completion of the First APA does not occur as a result of the default of the LLPs).

Post-completion of the APAs, Platou has agreed to continue to provide certain IT, accounting and management services to Affinity and access to certain industry publications and data. Under the First APA, (i) Affinity and each of the Managers are prevented from offering employment to anyone employed by the Platou Group (excluding the LLPs); and (ii) the LLPs and Platou are prevented from offering employment to anyone employed by Affinity, for a period of a year from completion of the First APA.

##### (ii) Agreements for Purchase of Own Shares

On 5 November 2014, Platou entered into an agreement for the purchase of its own shares from certain of the Managers (the “First APOS”). The consideration payable for the shares under the First APOS is £10.2 million and NOK 25.2 million. The shares were transferred to Platou on 6 November 2014. On 21 November 2014, Platou entered into an agreement for the purchase of its own shares from Dunplat Investments Ltd (the “Second APOS” and, together with the First APOS, the “APOSs”). The consideration payable for the shares under the Second APOS is £1.5 million. The shares were transferred to Platou on 24 November 2014. Payment for the

shares under the APOSs is required to be made on 2 January 2015. Notwithstanding the foregoing, Platou may withhold up to 75 per cent. of the consideration under the APOSs, until receipt of distributions from the LLPs to Platou following completion of the APAs or as part of the winding up of the LLPs.

#### (iii) Resolutions

Written resolutions of both LLPs passed on 5 November 2014 approved, among other things, the entry into the First APA by the relevant LLP, the winding up of the relevant LLP as soon as is reasonably practicable after 31 December 2014 and amendments to the applicable partnership agreements.

#### 8.2.2 Arrangements related to New Corporate Office Building

On 1 September 2014, Platou completed the sale of its 50 per cent. interest in M62 Holding AS, the holding company of the Platou Group's corporate office building in Oslo which is currently under construction, for a cash consideration of £2.3 million. Pursuant to the set of contracts related to the sale, Platou has, jointly and severally with its former 50 per cent. partner, guaranteed the fulfilment of M62 Holding AS's obligations (primarily the payment of the purchase price for the shares, the repayment of a construction loan and estimated remaining construction costs). If claims are made rightfully under said guarantee, the guarantors will have a corresponding recourse claim against the buyer of M62 Holding AS. Said recourse claim is secured by a pledge over all shares of M62 Holding AS. Platou expects to recognise a gain from the sale of M62 Holding AS of approximately £2.2 million in the year ended 31 December 2014. Platou has, in the sales agreement for M62 Holding AS, given customary warranties and representations to the buyer.

During the period until certain conditions for the purchase of M62 Holding AS have been complied with (currently estimated to be end of March 2015), the lease agreement includes a change of control provision implying that Platou's right to maintain the lease agreement upon a change of control in Platou is subject to the lessor's consent, which consent shall not be unreasonably withheld.

#### 8.2.3 Platou Group Debt Arrangements

##### (i) Platou

Platou has a multicurrency overdraft facility of NOK 220 million and a term loan of NOK 150 million with DNB Bank ASA. The interest rate on the overdraft facility is one month NIBOR plus a margin, which, as at the date of this document, is 2.25 per cent. per annum, with a commitment fee of 0.36 per cent. per annum calculated on the commitment. Interest on the term loan is NIBOR plus a margin, which, as at the date of this document, is 2.625 per cent. per annum. The availability period of the overdraft facility is 1 year with annual renewals. The term loan shall be repaid in equal semi-annual instalments over a period of 5 years (7 years repayment profile and a balloon payment after 5 years) and the first instalment of NOK 10.7 million was repaid on 26 November 2014.

Platou has provided guarantees in favour of DNB Bank ASA of NOK 2.5 million for one employee's liabilities to DNB Bank ASA and of NOK 60 million of RS Platou Markets AS's overdraft facility of NOK 100 million.

As security for the obligations to DNB Bank ASA, Platou has granted a pledge of trade receivables, a pledge over the shares of RS Platou Markets AS (minimum ownership share 50.1 per cent.) and a pledge over its operating assets.

DNB Bank ASA's financing is subject to: (i) equity at all times being more than NOK 170 million, subject to quarterly measurement; (ii) "GIBD"/EBITDA being less than or equal to 2.5 ("GIBD" being defined as drawn and outstanding amounts under all facilities of Platou and drawings under RS Platou Markets AS's facility up to NOK 60 million and EBITDA being defined as operating result (after bonus) plus depreciations and amortisation, calculated quarterly on a 12-month rolling basis based on the Former Platou Group's consolidated figures); (iii) no cross default occurring under the RS Platou Markets AS facility; (iv) Platou not incurring other debts or guarantee obligations or granting security without the bank's approval; and (v) bank approval of material changes to the company structure which may have an adverse effect on the borrower's ability to fulfil its obligations.

The facilities are subject to certain change of control and material adverse change provisions.

##### (ii) RS Platou Markets AS

RS Platou Markets AS has a multicurrency overdraft facility of NOK 100 million with DNB Bank ASA.

The interest rate on the overdraft facility is one month NIBOR plus a margin, which, as at the date of this document, is 2.25 per cent. per annum with a fee of 0.36 per cent. per annum calculated on the commitment. The availability period is 1 year with annual renewals.

Further, DNB Bank ASA has granted a liquidity guarantee in favour of VPS (Norwegian Registry of Securities) of NOK 40 million (with a guarantee commission of 0.50 per cent. per annum), a guarantee in favour of VPS Clearing of NOK 6 million (with a guarantee commission of 0.30 per cent. per annum) and some other minor guarantees.

As security for the obligations to DNB Bank ASA, RS Platou Markets AS has granted a pledge over trade receivables, a pledge over VPS accounts and a pledge over its operating assets. Further, the bank has reserved a set-off right and Platou has granted a guarantee of NOK 60 million.

DNB Bank ASA's financing is subject, inter alia, to (i) equity at all times being more than NOK 90 million, subject to quarterly measurement; (ii) required concessions from The Financial Supervisory Authority of Norway having been obtained; (iii) no cross default occurring under the Platou facility; (iv) Platou at all times maintaining a minimum of 50.1 per cent. ownership of the share capital of RS Platou Markets AS; (v) Platou at all times maintaining a 100 per cent. ownership of the share capital of RS Platou Markets Inc.; (vi) RS Platou Markets AS not incurring other debts or guarantee obligations or granting security without the bank's approval; (vii) bank approval of material changes to the company structure which may have an adverse effect on the borrower's ability to fulfil its obligations; and (viii) no material adverse change.

#### 8.2.4 Christiania SPA

On 1 November 2013, Platou entered into an agreement (the "Christiania SPA") with Melchior Invest AS, Knut Ebbesen AS, Møkkalasset Invest AS and Auckland Point Invest AS (the "Christiania Sellers") to purchase 50.02 per cent. of the issued share capital of Christiania Shipbrokers AS for a consideration of NOK 6,375,000 in cash and 400,000 shares in Platou. Pursuant to the Christiania SPA, Platou has a call option to purchase the remaining shares in Christiania Shipbrokers AS before the fifth anniversary of the date of the Christiania SPA, for a consideration of cash and shares in Platou. This has not been exercised as at the date of this document. Pursuant to the Christiania SPA, the Christiania Sellers jointly have the right to nominate two directors to the board of Christiania Shipbrokers AS, and Platou has the right to nominate three. Platou has also agreed in the Christiania SPA to provide all necessary corporate services to Christiania Shipbrokers AS to the same standards and rates as the other entities within the Platou Group and the rates for such services to be paid by Christiania Shipbrokers AS would not exceed the rates paid before completion of the transaction. Following completion of the transaction, the company was renamed RS Platou Tankers AS.

#### 8.2.5 Acquisition of the Stewart Group

On 24 November 2014, Platou and each of the other shareholders of the Stewart Group entered into a share purchase agreement (the "Stewart Agreement") pursuant to which Platou agreed to purchase all of the shares in the Stewart Group which it did not already own, being 22.90 per cent. of the shares in the Stewart Group held by a number of minority shareholders (the "Stewart Minority"). The consideration to the Stewart Minority for their shares in the Stewart Group will be Platou shares currently held in treasury by Platou. The Stewart Minority will, as a result of the sale of their shares in the Stewart Group to Platou (the "Stewart Acquisition"), participate in the Acquisition on the same terms as each of the Platou Shareholders and will receive the same consideration for each of their Platou treasury shares received in the Stewart Acquisition as the Platou Shareholders receive for each Platou Share. The Stewart Agreement will make obligatory the sale by the Stewart Minority of all of their Platou treasury shares received in the Stewart Acquisition to Clarksons pursuant to the Acquisition. Completion of the Stewart Acquisition will take place shortly prior to Completion but after satisfaction of all of the other Conditions. The Stewart Agreement is governed by Norwegian law and a limited number of warranties have been given by Platou and the Stewart Minority to each other.

## 9. Litigation

### 9.1 *Clarksons*

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had during the twelve months preceding the date of this Circular, a significant effect on the Clarksons Group's financial position and profitability.

### 9.2 *Platou*

Other than the matter described below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had during the twelve months preceding the date of this Circular, a significant effect on the Former Platou Group's financial position and profitability.



Platou has been put on notice of a potential claim against it by Spar Shipping AS (“Spar”), a Norwegian entity, in relation to broking services that Platou provided to Spar in 2010. These broking services related to three charterparty agreements that Spar entered into with Grand China Shipping (Hong Kong) Co. Ltd (“GCS”), a Chinese company, in March 2010 supported by three letters of guarantee provided to Spar by GCS’s parent company, Grand China Logistics Holding (Group) Co. Ltd (“GCL”).

Spar claims that GCS breached the charterparty agreements and, following the winding-up of GCS, commenced proceedings in the High Court of England and Wales against GCL for enforcement of the letters of guarantee. Spar has claimed a sum of approximately USD 30 million in those proceedings. GCL contends by way of defence in those proceedings that the letters of guarantee are not valid and enforceable. The Company understands that the trial is currently scheduled to begin in January 2015. Spar has notified Platou that, if GCL is successful in its defence and as a result of those proceedings the letters of guarantee are found not to be valid and enforceable, Spar intends to pursue an alternate claim against Platou, claiming negligent provision of broking services in relation to the guarantees. The directors of Platou understand that the value of the potential claim could be up to the amount claimed by Spar against GCL. Platou has denied any liability in respect of this potential claim by Spar.

The directors of Platou believe that the potential claim is unfounded and will vigorously contest any claim made. Platou has professional indemnity insurance cover of USD 5 million for claims such as these, and the Platou Shareholders are to provide certain indemnity and other contractual protection in relation to the potential claim by Spar. However, should any claim by Spar against Platou be successful and recovery under the insurance and/or indemnity not be available in full or in part for any reason, the Platou Group’s financial position and profitability would be adversely affected.

## **10. Related Party Transactions**

Neither the Company nor any member of the Clarksons Group has entered into any related party transactions (which for these purposes are those set out in the standards adopted according to Regulation (EC) No 1606/2002) with any related party during the years ended 31 December 2011, 2012 and 2013, the six months ended 30 June 2014 and during the period between 1 July 2014 and the Latest Practicable Date.

## **11. No Significant Change**

### **11.1 *Clarksons***

There has been no significant change in the financial or trading position of the Clarksons Group since 30 June 2014, being the date to which the Clarksons Group prepared its last interim financial statements.

### **11.2 *Platou***

Save as set out below, there has been no significant change in the financial or trading position of the Former Platou Group since 30 June 2014, being the date to which the financial information on the Former Platou Group, presented in Part VI (*Historical Financial Information Relating to the Platou Group*), has been prepared.

### ***Joint venture***

The Former Platou Group has entered into an agreement in August 2014 to sell its shares in the joint venture M62 AS. The sale has been completed in the third quarter of 2014. The gain on the sale that will be recognised is approximately £2.2 million.

During the quarter ended 30 September 2014 RS Platou ASA exercised the option to purchase 50.1 per cent. of RS Platou AM Holding AS. The total consideration was US\$1.0 million (£0.6 million). RS Platou AM Holding AS has a licence to operate as an asset manager.

### ***Share-based payments***

During the quarter ended 30 September 2014 there have been sales of treasury stock at £1.98 (NOK 18) per share. 600,000 shares were sold to new employees in the offshore segment, 125,892 shares were sold to employees in RS Platou Markets AS and 30,000 shares were sold to employees in RS Platou (Asia) Pte Ltd. Also during the quarter ended 30 September 2014, Platou has repurchased 75,714 shares from a departing employee.

### ***Minority interest***

On 24 November 2014, Platou agreed to acquire the remaining 22.90 per cent. minority interest of the Stewart Group for £7.4 million satisfied in Platou Shares currently held in treasury by Platou. The transaction is conditional on Completion.

### ***Disposal***

On 5 November 2014, the members of RS Platou LLP and RS Platou Energy LLP, a partnership incorporated on 14 July 2014 (the “LLPs”), in both of which Platou holds a 51 per cent. interest, resolved, among other things, to wind-up the LLPs from 31 December 2014. The LLPs have agreed, pursuant to agreements dated 5 November 2014 and 21 November 2014, to transfer substantially all of their assets to a new entity, established by their respective existing members (other than Platou) (the “RS Platou LLP Transaction”). In connection with the RS Platou LLP Transaction, Platou has acquired 3,432,804 shares in Platou held by certain of the existing members of the LLPs. Completion of the RS Platou LLP Transaction is expected to occur on 31 December 2014, subject to certain conditions. If completion does not occur on 31 December 2014, the LLPs will nonetheless be wound up in accordance with the resolutions above. Estimated cash flows arising from the RS Platou LLP Transaction are a receipt of £10.4 million arising from the transfer of assets and payments of £11.7 million and NOK 25.2 million due for the shares of Platou.

## **12. Enlarged Group working capital statement**

The Company is of the opinion that, taking into account the cash resources and bank facilities available to the Enlarged Group, the Enlarged Group has sufficient working capital for its present requirements, that is, for at least 12 months following the date of publication of this Circular.

## **13. Consents**

Ernst & Young LLP has given and not withdrawn its consent to the inclusion in this Circular of its report in Part VI (*Historical Financial Information Relating to the Platou Group*) in the form and context in which it is included.

PricewaterhouseCoopers LLP has given and not withdrawn its consent to the inclusion in this Circular of its report in Part VII (*Unaudited Pro forma Financial Information for the Enlarged Group*) in the form and context in which it is included.

Nomura has given and not withdrawn its written consent to the issue of this Circular with references to its name being included in the form and context in which they appear.

## **14. Documents available for inspection**

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London EC4Y 1HS from the date of this Circular up to and including the date of the General Meeting and for the duration of the General Meeting:

- (i) the Articles;
- (ii) the consent letters referred to in paragraph 13 of this Part VIII (*Additional Information*);
- (iii) the report of Ernst & Young LLP set out in Part B of Part VI (*Historical Financial Information relating to the Platou Group*);
- (iv) the report of PricewaterhouseCoopers LLP set out in Part VII (*Unaudited Pro forma Financial Information for the Enlarged Group*);
- (v) this Circular;
- (vi) the Share Purchase Agreement;
- (vii) the Warranty Agreement;
- (viii) the US Warranty Agreement; and
- (ix) a draft, subject to modification, of the Loan Note Instrument.



**PART IX**  
**DEFINITIONS**

The following definitions apply throughout this Circular unless the context requires otherwise:

<b>“Acquisition”</b>	means the proposed acquisition by Clarkson PLC of RS Platou ASA
<b>“Acquisition Resolution”</b>	means the resolution numbered 1 set out in the Notice of General Meeting
<b>“Act”</b>	means the Companies Act 2006 of the United Kingdom, as amended from time to time
<b>“Admission”</b>	means the admission of the Placing Shares to the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange
<b>“Affinity”</b>	has the meaning given to it in paragraph 8.2.1(i) of Part VIII ( <i>Additional Information</i> )
<b>“Ancillary Resolutions”</b>	means the resolutions numbered 2 and 3 set out in the Notice of General Meeting
<b>“Announcement”</b>	means the announcement published on 27 November 2014 by the Company in relation to the Acquisition
<b>“Annual General Meeting”</b>	means the annual general meeting of the Company held on 9 May 2014
<b>“APAs”</b>	has the meaning given to it in paragraph 8.2.1(i) of Part VIII ( <i>Additional Information</i> )
<b>“APOSs”</b>	has the meaning given to it in paragraph 8.2.1(ii) of Part VIII ( <i>Additional Information</i> )
<b>“Articles”</b>	means the articles of association of Clarksons in force from time to time
<b>“Bloomberg”</b>	means Bloomberg L.P.
<b>“Board”</b>	means the directors of the Company from time to time
<b>“Business Day”</b>	means any day on which banks are generally open in London for the transaction of business other than a Saturday or Sunday or public holiday
<b>“Christiania Sellers”</b>	has the meaning given to it in paragraph 8.2.4 of Part VIII ( <i>Additional Information</i> )
<b>“Christiania SPA”</b>	has the meaning given to it in paragraph 8.2.4 of Part VIII ( <i>Additional Information</i> )
<b>“Circular”</b>	means this document
<b>“Clarksons Group”</b>	means the Company and its subsidiaries and subsidiary undertakings prior to Completion
<b>“Company” or “Clarksons”</b>	means Clarkson PLC
<b>“Completion”</b>	means completion of the Acquisition pursuant to the terms of the Share Purchase Agreement

<b>“Computershare”</b>	means Computershare Investor Services plc, being the Company’s registrars
<b>“Conditions”</b>	means the conditions to Completion as set out in the Share Purchase Agreement
<b>“Consideration Price”</b>	means £22.15 being the volume weighted average share price of all trades in the Ordinary Shares on and off market as shown by Bloomberg for the 10 trading days immediately prior to 14 November 2014
<b>“Consideration Shares”</b>	means the Ordinary Shares to be issued by the Company to the Sellers pursuant to the Share Purchase Agreement being up to 9,523,001 Ordinary Shares
<b>“Corporate Governance Code”</b>	means the UK Corporate Governance Code dated September 2014 issued by the Financial Reporting Council in the UK
<b>“CRDIV”</b>	means the EU legislative package consisting of the Capital Requirements Regulation (575/2013) and the Capital Requirements Directive (2013/36/EU) as amended
<b>“CREST”</b>	means the relevant system (as defined in the Regulations) in respect of which Euroclear is the operator (as defined in the Regulations)
<b>“CREST Manual”</b>	means the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended since)
<b>“CREST Proxy Instruction”</b>	means a properly authenticated CREST message appointing and instructing a proxy to attend and vote in place of a Shareholder at the General Meeting and containing the information required to be contained in the CREST Manual
<b>“Directors”</b>	means the directors of the Company whose names appear in the section entitled <i>Directors, Company Secretary, Registered Office and Advisers</i>
<b>“Disclosure and Transparency Rules”</b>	means the disclosure rules and transparency rules made by the UK Listing Authority under Section 73A of FSMA as amended from time to time
<b>“Disposal”</b>	means any offer, sale, contract to sell, grant or sale of options over, purchase of any option or contract to sell, transfer, charge, pledge, grant of any right or warrant to purchase or otherwise transfer, lend or dispose of, directly or indirectly, any Consideration Shares or any securities convertible into or exercisable or exchangeable for Consideration Shares or the entry into of any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Consideration Shares, whether any such transaction is to be settled by delivery of Consideration Shares or such other securities, in cash or otherwise or any other disposal or agreement to dispose of any Consideration Shares or any announcement or other publication of the intention to do any of the foregoing and <b>“Dispose”</b> shall be construed accordingly
<b>“E&amp;P”</b>	means Exploration and Production
<b>“Enlarged Group”</b>	means the Company and its subsidiaries and subsidiary undertakings, including the Platou Group, on Re-Admission and from time to time thereafter

<b>“EU”</b>	means the member states of the European Union
<b>“Euroclear”</b>	means Euroclear UK & Ireland Limited
<b>“Eurozone”</b>	means the area of the seventeen Member States of the European Union that have adopted the euro as their common currency and sole legal tender
<b>“Execution Long Stop Date”</b>	means 30 December 2014
<b>“Executive Directors”</b>	means Jeff Woyda and Andi Case
<b>“FCA”</b>	means the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>“FINRA”</b>	means the Financial Industry Regulatory Authority
<b>“First APA”</b>	has the meaning given to it in paragraph 8.2.1(i) of Part VIII ( <i>Additional Information</i> )
<b>“First APOS”</b>	has the meaning given to it in paragraph 8.2.1(ii) of Part VIII ( <i>Additional Information</i> )
<b>“fixture”</b>	means an offshore or shipbroking related contract
<b>“Form of Direction”</b>	means the form of direction for the General Meeting to be sent to holders of Restricted Shares
<b>“Form of Proxy”</b>	means the form of proxy for the General Meeting to be sent to Shareholders (other than Shareholders holding Restricted Shares)
<b>“Former Platou Group”</b>	means Platou and its subsidiaries prior to the completion of the RS Platou LLP Transaction
<b>“Forward Order Book”</b>	means the estimated future commissions and other revenues collectable over the duration of the contract as principal payments fall due, on already executed transactions
<b>“FPSOs”</b>	has the meaning given to it in paragraph 2.1 of Part III ( <i>Information on the Platou Group</i> )
<b>“FSMA”</b>	means the Financial Services and Markets Act 2000 of the United Kingdom, as amended
<b>“GCL”</b>	has the meaning given to it in paragraph 9.2 of Part VIII ( <i>Additional Information</i> )
<b>“GCS”</b>	has the meaning given to it in paragraph 9.2 of Part VIII ( <i>Additional Information</i> )
<b>“GTL”</b>	means Gibb Tools Limited
<b>“General Meeting”</b>	means the general meeting of the Company to be held at 10 a.m. on 16 December 2014 to consider and, if thought fit, approve the Resolutions
<b>“IFRS”</b>	means International Financial Reporting Standards as adopted by the European Union
<b>“JerseyCo”</b>	has the meaning given to it in paragraph 8.1.4 of Part VIII ( <i>Additional Information</i> )
<b>“Latest Practicable Date”</b>	means 25 November 2014 being the latest practicable date prior to the publication of this Circular

<b>“LIBOR”</b>	means the London Inter Bank Offered Rate for twelve months’ sterling deposits for an amount equal to the then outstanding principal amount of the Loan Notes, fixed at 11.00 a.m. (London time) on the first day of the relevant interest period and displayed on the appropriate Telerate/Reuters screen
<b>“Listing Rules”</b>	means the listing rules made by the UK Listing Authority under section 73A of FSMA as amended from time to time
<b>“LLPs”</b>	has the meaning given to it in paragraph 3.1 of Part I ( <i>Letter from the Chairman of Clarkson PLC</i> )
<b>“LNG”</b>	means liquefied natural gas
<b>“Loan Notes”</b>	means the loan notes to be issued by the Company to the Sellers pursuant to the Share Purchase Agreement, the terms of which are contained in the Loan Note Instrument
<b>“Loan Note Instrument”</b>	means the loan note instrument to be made by the Company which sets out the terms and conditions of the Loan Notes
<b>“London Stock Exchange”</b>	means London Stock Exchange plc
<b>“Long Stop Date”</b>	means 15 May 2015
<b>“LPG”</b>	means liquefied petroleum gas
<b>“Main Market”</b>	means the London Stock Exchange’s main market for listed securities
<b>“Managers”</b>	has the meaning given to it in paragraph 8.2.1(i) of Part VIII ( <i>Additional Information</i> )
<b>“MLP”</b>	means Master Limited Partnership
<b>“NFSA”</b>	means <i>Finanstilsynet</i> , the Financial Supervisory Authority of Norway
<b>“Notice of General Meeting”</b>	means the notice of the General Meeting included at the end of this Circular
<b>“Nomura”</b>	means Nomura International plc
<b>“Non-Executive Directors”</b>	means Bob Benton, Peter Backhouse, James Hughes-Hallett CMG, SBS, James Morley and Ed Warner OBE
<b>“Official List”</b>	means the official list of the UK Listing Authority
<b>“Ordinary Shares”</b>	means the ordinary shares of nominal value 25 pence each in the capital of the Company including, if the context requires, the Consideration Shares and the Placing Shares
<b>“Panmure Gordon”</b>	means Panmure Gordon (UK) Limited
<b>“PCC”</b>	means pure car carriers
<b>“Placing”</b>	means the proposed placing of up to 1,613,698 Ordinary Shares, representing up to 8.5 per cent. of the Company’s existing issued ordinary capital, to institutional investors located outside of the US and certain other jurisdictions and announced by the Company on 27 November 2014

<b>“Placing Agreement”</b>	has the meaning given to it in paragraph 8.1.4 of Part VIII ( <i>Additional Information</i> )
<b>“Placing Shares”</b>	means the Ordinary Shares being issued by the Company pursuant to the Placing
<b>“Platou”</b>	means RS Platou ASA
<b>“Platou Group”</b>	means Platou and its subsidiaries following completion of the RS Platou LLP Transaction
<b>“Platou Shares”</b>	means the ordinary shares in Platou issued or to be issued prior to Re-Admission other than the shares that are held in treasury by Platou immediately prior to Completion.
<b>“Platou Share Capital”</b>	means the entire issued share capital of Platou excluding any shares held in treasury immediately prior to Completion
<b>“Platou Shareholders”</b>	means the holders of Platou Shares, including those set out in the table in Part C of Part V ( <i>Summary of the Principal Terms of the Acquisition</i> )
<b>“Platou Shareholders’ Agreement”</b>	means the shareholders’ agreement in relation to Platou dated 4 March 2013
<b>“Pounds Sterling” or “£”</b>	means the lawful currency of the United Kingdom from time to time
<b>“Proposed Directors”</b>	means Peter M. Anker, Ragnar Horn and Birger Nergaard
<b>“Prospectus”</b>	means the prospectus, including any supplementary prospectus, to be published by the Company in connection with the Consideration Shares to be issued and the Re-Admission
<b>“Re-Admission”</b>	means admission of the Consideration Shares, and re-admission of the Ordinary Shares, to the premium listing segment of the Official List and to trading on the Main Market
<b>“Re-Admission Condition”</b>	means the UKLA and the London Stock Exchange having acknowledged to the Company or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the Consideration Shares and the Re-Admission has been approved and, after satisfaction of any conditions to which such approval is expressed to be subject, will become effective as soon as a dealing notice has been issued by the FCA and any conditions to which such approval is expressed to be subject have been satisfied
<b>“Regulations”</b>	means the Uncertificated Securities Regulations 2001 of the United Kingdom
<b>“Relevant Authority”</b>	means any central bank, government, government department or governmental, quasi-governmental, supranational, statutory, regulatory or investigative body, authority (including any national anti-trust or merger control authority) or court in any relevant jurisdiction
<b>“Repayment Date”</b>	has the meaning given to it in paragraph 1.1 of Part V ( <i>Summary of the Principal Terms of the Acquisition</i> )
<b>“Resolutions”</b>	means the resolutions numbered 1 to 3 in the Notice of General Meeting

<b>“Restricted Shares”</b>	means Ordinary Shares in the Company which have been issued to employees as part of their remuneration arrangements
<b>“RoRo”</b>	has the meaning given to it in paragraph 3.3 of Part I ( <i>Letter from the Chairman of Clarkson PLC</i> )
<b>“RS Platou LLP Transaction”</b>	has the meaning given to it in paragraph 3.1 of Part I ( <i>Letter from the Chairman of Clarkson PLC</i> )
<b>“Second APA”</b>	has the meaning given to it in paragraph 8.2.1(i) of Part VIII ( <i>Additional Information</i> )
<b>“Second APOS”</b>	has the meaning given to it in paragraph 8.2.1(ii) of Part VIII ( <i>Additional Information</i> )
<b>“Sellers”</b>	means Platou Shareholders who have executed the Transaction Documents or a deed of adherence to the Transaction Documents
<b>“Seller Business Warranties”</b>	has the meaning given to it in paragraph 1 of Part B of Part V ( <i>Summary of the Principal Terms of the Acquisition</i> )
<b>“Shareholder”</b>	means a holder of Ordinary Shares
<b>“Shareholders’ Agreement Resolution”</b>	means the resolution to approve the waiver or amendment (as appropriate) of the terms of the Platou Shareholders’ Agreement in the case of the Acquisition in order to: (a) remove (i) the requirement for the board of Platou to be notified of or to approve the Acquisition and for the Company to make a mandatory offer for Platou; (ii) the lock-up restrictions applying to any Platou Shares; and (iii) the non complete undertakings provided by Platou employees in respect of Platou and its subsidiaries; and (b) amend the Platou Shareholders’ Agreement to include provisions that, with effect from Completion, the Platou Shareholders’ Agreement shall terminate
<b>“Share Purchase Agreement”</b>	means the agreement entered into on 27 November 2014 between certain Platou Shareholders and Clarksons setting out the terms and conditions governing the acquisition by the Company of certain of the Platou Shares
<b>“Spar”</b>	has the meaning given to it in paragraph 9.2 of Part VIII ( <i>Additional Information</i> )
<b>“Sponsor’s Agreement”</b>	has the meaning given to it in paragraph 8.1.3 of Part VIII ( <i>Additional Information</i> )
<b>“Stewart Agreement”</b>	has the meaning given to it in paragraph 8.2.5 of Part VIII ( <i>Additional Information</i> )
<b>“Stewart Group”</b>	has the meaning given to it in paragraph 3.2 of Part I ( <i>Letter from the Chairman of Clarkson PLC</i> )
<b>“Stewart Minority”</b>	has the meaning given to it in paragraph 8.2.5 of Part VIII ( <i>Additional Information</i> )
<b>“Transaction Documents”</b>	means the Share Purchase Agreement and the Warranty Agreement
<b>“UKLA” or “UK Listing Authority”</b>	means the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA and any successor(s) thereto

**“Unaudited Pro Forma Financial Information”**

has the meaning given to it in Part VII (*Unaudited Pro Forma Financial Information for the Enlarged Group*)

**“United Kingdom” or “UK”**

means the United Kingdom of Great Britain and Northern Ireland

**“United States” or “US”**

means the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction

**“US Warranty Agreement”**

means the warranty agreement required to be executed by Sellers located in the United States to ensure compliance with the United States Securities Act of 1933, as amended

**“WAEP”**

has the meaning given to it in paragraph 18 of Part VI (*Historical Financial Information Relating to the Platou Group*)

**“Warranty Agreement”**

means the warranty agreement entered into on 27 November 2014 between certain Platou Shareholders and the Company pursuant to which such Sellers provided certain warranties to the Company in relation to the Acquisition

References to a “company” in this Circular shall be construed so as to include any company, corporation or other body corporate, wherever and however incorporated or established.



## NOTICE OF GENERAL MEETING

### Clarkson PLC

*(incorporated in England and Wales with registered number 1190238)*

#### Notice of General Meeting

Notice is hereby given that a General Meeting of Clarkson PLC (the "Company") will be held at 10 a.m. on 16 December 2014 at the offices of Nomura International plc, 1 Angel Lane, London, EC4R 3AB in order to consider and, if thought fit, to pass the following resolutions.

Capitalised terms used in this Notice of General Meeting (the "Notice") which are not defined herein shall have the meaning ascribed to them in the circular to Shareholders dated 27 November 2014 ("Circular") of which this Notice forms part.

Resolutions 1 and 2 will be proposed as ordinary resolutions. Resolution 3 will be proposed as a special resolution.

#### Acquisition Resolution

1. That:

- (i) the acquisition by the Company of the entire issued share capital of RS Platou ASA, on the terms and subject to the conditions of the Transaction Documents, and the associated and ancillary arrangements contemplated by the Transaction Documents be and is hereby approved and that the directors (or any duly constituted committee thereof) be and are hereby authorised to take all such steps as may be necessary, expedient or desirable in relation thereto, and to implement the same with such non material modifications, variations, revisions or amendments as they shall deem necessary, expedient or desirable; and
- (ii) in addition and without prejudice to all existing authorities conferred on the directors under section 551 of the Companies Act 2006 ("Act"), the directors be and are hereby generally and unconditionally authorised pursuant to and in accordance with section 551 of the Act, to exercise all the powers of the Company to allot shares in the Company up to an aggregate nominal amount of £2,380,750 for the purposes of the Acquisition in accordance with the terms of the Share Purchase Agreement, provided that this authority shall expire on 31 March 2015, save that the Company shall be entitled to allot shares in connection with the Acquisition pursuant to the Share Purchase Agreement or any other agreement entered into in connection therewith prior to such expiry which would or might require shares to be allotted after such expiry and the directors shall be entitled to allot shares pursuant to any such agreement as if this authority had not expired.

#### Ancillary Resolutions

2. That, subject to and conditional upon the passing of Resolution 1 and Re-Admission (and in place of the authority granted pursuant to resolution 10 passed at the annual general meeting of the Company on 9 May 2014 which shall be revoked upon this Resolution becoming unconditional), the directors be and are hereby generally and unconditionally authorised pursuant to and in accordance with section 551 of the Act to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company:
- (i) up to an aggregate nominal amount of £5,019,730; and
  - (ii) comprising equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of £2,509,865 provided that they are offered by way of a rights issue to holders of Ordinary Shares on the register of members at such record date(s) as the directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of Ordinary Shares held or deemed to be held by them on any such record date(s), subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal or practical problems arising under the laws of any territory or the requirements of any relevant regulatory body or stock exchange or any other matter,

provided that this authority shall expire on the date of the next annual general meeting of the Company, save that the Company shall be entitled to make offers or enter into agreements before the expiry of such authority which would or might require shares to be allotted after such expiry and the directors shall be entitled to allot shares pursuant to any such offer or agreement as if this authority had not expired and all unexercised authorities granted previously to the directors to allot shares under section 551 of the Act shall cease to have effect from Admission (save to the extent that the same are exercisable pursuant to section 551(7) of the Act by reason of any offer or agreement made or entered into prior to the date of this resolution which would or might require shares to be allotted or rights to be granted on or after that date).

3. That, subject to and conditional upon the passing of Resolutions 1 and 2 and the Re-Admission (and in place of the authority granted pursuant to resolution 11 passed at the annual general meeting of the Company on 9 May 2014 which shall be revoked upon this Resolution becoming unconditional), the directors be and are hereby empowered, pursuant to section 570 of the Act, to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by Resolution 2 above as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:

- (i) the allotment of equity securities in connection with an offer or issue of equity securities (but in the case of the authority granted under paragraph (ii) of Resolution 2 above, by way of rights issue only) to or in favour of the holders of shares on the register of members at such record date(s) as the directors may determine where the equity securities respectively attributable to the interests of the shareholders are proportionate (as nearly as may be practicable) to the respective numbers of shares held by them on any such record date(s), but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements, treasury shares, record dates, shares represented by depositary receipts, legal or practical problems arising under the laws of any territory or the requirements of any relevant regulatory body or stock exchange or any other matter; and
- (ii) the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities pursuant to the authority granted under Resolution 2(i) above up to a maximum nominal amount of £376,517,

and shall expire on the expiry of the general authority conferred by Resolution 2 above unless previously renewed, varied or revoked by the Company in general meeting, save that the Company shall be entitled to make offers or enter into agreements before the expiry of such power which would or might require equity securities to be allotted, or treasury shares to be sold, after such expiry and the directors shall be entitled to allot equity securities or sell treasury shares pursuant to any such offer or agreement as if the power conferred hereby had not expired.

By order of the board of directors,

Penny Watson  
Company Secretary

St. Magnus House  
3 Lower Thames Street  
London EC3R 6HE  
Company No. 1190238

27 November 2014

## Notes

1. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the General Meeting. A Shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder. A proxy need not be a Shareholder of the Company but must attend the General Meeting to represent you. A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this Notice. If a Shareholder wished to appoint more than one proxy, the Shareholder should contact the Computershare Contact Centre on telephone number 0870 707 1055.
2. Details of how to appoint a proxy are set out in the notes to the enclosed Form of Proxy. In order to be valid, the Form of Proxy must be returned, with any power of attorney or any other authority under which it is executed, by one of the following methods: in hard copy form by post to Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by courier or by hand during usual business hours. As an alternative to completing and returning the hard copy form, you may submit your proxy electronically by accessing [www.eproxyappointment.com](http://www.eproxyappointment.com). For security purposes, shareholders will need to provide their control number, shareholder reference number (SRN) and personal identification number (PIN) to validate the submission of their proxy online. The control, SRN and PIN numbers are shown on the printed proxy form. In the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in the Notice and the CREST Manual on the Euroclear website ([www.euroclear.com/CREST](http://www.euroclear.com/CREST)). In the case of a Form of Proxy, the transmittal of an electronic proxy registration or CREST Proxy Instruction, the valid appointment of proxy must be received by the Company's registrars not less than 48 hours before the time of the General Meeting, being 10 a.m. on 16 December 2014 (or in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). To change your proxy instructions you may return a new proxy appointment using the method set out above. The deadline for receipt of proxy appointments also applies in relation to amended instructions.
3. The return of a completed Form of Proxy, any electronic proxy instruction or any CREST Proxy Instruction (as described in paragraphs 9 and 10 below) will not prevent a Shareholder attending the General Meeting and voting in person if he/she wishes to do so. Holders of Restricted Shares will be unable to vote in person at the General Meeting in respect of their Restricted Shares.
4. Alternatively, a Shareholder may appoint a proxy or proxies electronically if such Shareholder is a CREST member, by using the procedure described in paragraph 10 below.
5. Any person to whom this Notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the Shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights.
6. The statement of the rights of Shareholders in relation to the appointment of proxies in paragraph 1 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by Shareholders.
7. To be entitled to attend and vote at the General Meeting (and for the purpose of the determination by the Company of the votes they may cast), Shareholders must be registered in the Register of Members of the Company at close of business on 12 December 2014 (or, in the event of any adjournment, at 2.00 p.m. on the date which is two working days before the time fixed for the holding of the adjourned meeting) and a Shareholder may only vote in respect of the number of shares registered in the Shareholder's name at that time. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting or adjourned meeting.
8. As at 26 November 2014 (being the last Business Day prior to the publication of this Notice) the Company's issued share capital consisted of 18,984,691 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 26 November 2014 were 18,984,691. As at 26 November 2014, the Company held no ordinary shares as treasury shares.
9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
10. In order for a proxy appointment or instruction made or amended using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the

appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent by 10 a.m. on 12 December 2014. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

11. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
12. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
13. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
14. Any member attending the General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the General Meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.
15. A copy of this Notice, and other information required by section 311A of the Act, can be found at [www.clarksons.com](http://www.clarksons.com).
16. Any electronic address or web site address is provided in this Notice solely for the purpose stated expressly herein and may not be used to communicate with the Company other than for such purpose. Notwithstanding any telephone number, fax number or email address that appears on this document or elsewhere, neither the Company nor Computershare will accept voting instructions received via media other than post, electronically via the Share Portal service or by CREST Proxy Instruction in accordance with the notes above.



