



The heart of global shipping

Clarkson PLC Interim Report 2008



Revenue

US\$234.5m

2007: US\$143.5m

+63%

Revenue – reported sterling equivalent

£118.1m

2007: £72.6m

+63%

Profit before taxation and exceptionals – continuing operations

£19.1m

2007: £13.4m

+43%

Loss before taxation – continuing operations

£1.9m

2007: £13.4m profit

Earnings per share before exceptionals

72.4p

2007: 47.7p

+52%

Interim dividend per share

16.0p

2007: 14.0p

+14%

“This set of results begins to reflect the benefits of the strategy we have put in place to broaden and deepen our market leading position across shipping services.”

“well positioned to achieve another year of record results.”

The company has delivered a strong underlying performance in the first half of 2008. We are extremely pleased with this performance, which leaves Clarksons well positioned to achieve another year of record results.

During the half, we were pleased to announce the settlement of the claims brought against H Clarkson & Company Limited by the two Russian shipping companies, Sovcomflot and Novoship. Whilst this dispute over events which occurred between 2001 and 2004 has cost shareholders and the company much money and lost time, it is our firm view that it was in the interests of shareholders, staff and customers to draw a line under the dispute. The Board and executive management are now able to devote their energy and expertise to growing the company through its next stage of development.

There have been a number of changes to the Board during this period. Andi Case, formerly Managing Director of Global Broking, was confirmed as new chief executive on 17 June. His long standing industry expertise will be invaluable in further developing Clarksons.

We were also delighted to announce, at the end of June, the appointment of two new non-executive directors: Paul Wogan and Edmond Warner. Paul has 22 years of experience in the shipping industry within global organisations, most recently as President of Teekay Tanker Services. Ed has spent his career in financial services, having been chief executive of IFX Group plc, Old Mutual Securities and Old Mutual Financial Services UK.

On 4 July, the Board accepted the resignation of Martin Clark, senior independent director, who will step down on 30 September 2008. Martin joined the Board in January 2002 and has resigned in order to devote additional time to his other corporate commitments. The Board is most grateful to Martin for his significant contribution to the company over the six years he has served as a non-executive director. The company has initiated a selection process to add a further non-executive director, who will take over from Martin as chairman of the Audit Committee.

With the Sovcomflot and Novoship claims resolved, a new chief executive in place and additional non-executive directors appointed with the broad skill sets required to assist the company through its next stage of development, I believe the time is right for me to retire as chairman of the company. The Board is extremely pleased that Bob Benton, non-executive director since 2005 will take over the chairmanship. These changes will take effect immediately and I am confident that I leave both the Board and company in a far stronger position than when I joined in March 2002.

Tim Harris CBE
Chairman
28 August 2008



Tim Harris CBE
Chairman

“People are the very heart of Clarksons and I would like to thank our entire team for their hard work in contributing to the excellent underlying result we have achieved.”



Andi Case
Chief Executive

Overview

Clarksons' record first half underlying performance is a reflection of both the continued growth in shipping markets and the company's strategy to diversify its services and geographic spread. Underpinned by our unrivalled research, the business has continued to grow from strength to strength.

People are the very heart of Clarksons and I would like to thank our entire team for their hard work in contributing to the excellent trading result we have achieved in the first six months of the year. I am confident that the team we have in place will continue to deliver to our clients the market leading services for which Clarksons has become known.

I would also like to thank all my Board colleagues for their dedication to successfully resolving the claims brought by Novoship and Sovcomflot. Reaching the settlement required an enormous time commitment from all the Board, but particularly the non-executives and it is now more than reasonable that Tim and Martin should want to devote more time to their other corporate commitments. We wish them both well and thank them for their contribution to the growth and development of the company during their tenure on the Board.

Results

Revenue increased 63% to £118.1m (2007: £72.6m), driven primarily by strong performance from the dry bulk, sale and purchase and futures broking segments.

Operating profit on continuing operations before exceptionals rose significantly to £17.7m (2007: £10.6m). As previously announced, an additional and final provision of £21.0m has been taken, as an exceptional item, in the first half following the settlement agreed with Sovcomflot and Novoship. The increase in underlying administration expenses includes the impact of the strong trading conditions on variable remuneration arising from the group's incentive arrangements and an increase of £1.6m of legal costs defending the, now settled, claims.

Profit before taxation and exceptionals improved by 43% to £19.1m (2007: £13.4m), including a £1.8m profit on sale of investments. After the exceptional item, the group sustained a small loss of £1.9m. Basic earnings per share before exceptionals on continuing operations were 72.4p per share (2007: 47.7p per share), an increase of 52%.

Cash and dividends

The business continues to be strongly cash generative, ending the half year with cash balances of £84.0m (2007: £62.6m) after settlement of the litigation. Net funds, after deduction of borrowings, amounted to £32.3m (2007: £10.7m).

The Board is recommending an interim dividend of 16.0p per share (2007: 14.0p per share), an increase of over 14%. The dividend will be paid on 3 October to shareholders on the register at the close of business on 19 September.

Operational Review

The group has continued to benefit from the strategy to spread the base of services offered to our extensive client base. The provision of both local and global support, seamlessly from our international network of offices, provides clients with an unrivalled solution irrespective of their role, size or product mix within the maritime sector.

It is our intention to continue this strategy, always driven from both our market leading research and intelligence databases. Our entry into Investment Services is yet another example of the execution of this strategy, and is anticipated to start contributing towards the trading results in 2009.

Broking: All broking segments have experienced strong growth in terms of both market share and rates. This is reflected in significantly improved revenue and operating profit performances. Of particular note were performances in dry bulk and sale and purchase, where the teams outperformed expectations delivering significantly increased revenues of, respectively, £37.9m (2007: £20.2m) and £24.0m (2007: £15.0m).

Operating profits from dry bulk and sale and purchase were, respectively, £10.6m (2007: £4.9m) and £5.4m (2007: £3.5m). The gas chartering segment has also delivered an improved performance since the comparable period last year and in combination with an increase in its market share has grown revenue by 58% to £4.1m (2007: £2.6m), with operating profit doubling to £0.8m (2007: £0.4m).

Clarksons is very much a global team and our overseas operations have continued to grow. The new offices we opened last year in Geneva, New Delhi and Hamburg are now well established and generating increasing revenues. Our global network provides Clarksons with an important competitive advantage and we continue to invest in its development to provide our customers with the services they require in all key shipping locations.

Financial: During the half, we made good progress on the establishment of our new Investment Services business. Teams are now established in London, Dubai and Houston. Although unlikely to contribute significant revenues in the current year, Clarksons' global client base and unrivalled market knowledge provide us with a solid platform from which to grow this business.

The commoditisation of freight has continued to gather pace during the half and this is reflected in the outstanding performance of Clarkson Securities, our futures broking business. Revenues increased by just over 200% to £14.5m (2007: £4.8m) with an equally impressive increase in operating profit to £5.0m (2007: £1.2m). Clarksons formulated the concept of freight futures 20 years ago and remains the worlds' foremost arranger of Forward Freight Agreement (FFA) trades.

Our hedge fund has not been immune from the well publicised challenging conditions in all financial markets during the first half. Whilst the fund's performance was down 0.6% in the first half, the fund continues to attract investors with net increased investment each month since inception. Assets under management at the start of July 2008 were US\$185m (31 December 2007: US\$168m).

“Underpinned by our unrivalled research, the business has continued to grow from strength to strength.”

Support: Our Technical Services division, established in 2007, delivered good revenue growth and a first period of profit. This positive contribution was masked by continuing losses in our non-core logistics division, resulting in an operating loss of £1.4m (2007: operating profit of £0.4m) for the combined logistics and technical services segment. We are now actively seeking to exit the logistics business.

Our Port and Agency team delivered slightly improved revenue and operating profit of £1.9m and £0.2m, respectively (2007: revenue of £1.7m, operating profit of £0.1m).

Research: Revenue was £3.1m (2007: £3.0m) with operating profit at £0.3m (2007: £0.8m). Research and market knowledge are fundamental to all the services Clarksons provides. In addition to the publications and macro level research this team provides on global shipping trends and

developments, during the half we significantly enhanced our team of analysts. This team work closely with our brokers, thereby improving the quality of research and advice we are providing globally to our clients.

Risks and uncertainties

The potential risks and uncertainties that may affect the Group's performance were discussed on page 23 of the group's Annual Report and Accounts for the 2007 financial year. These included operational, market, treasury, credit, legal and reputational risk. It is considered that these still remain the most likely areas of potential risk and uncertainty, with the position unchanged from that set out in the 2007 Annual Report and Accounts.

Outlook

We are extremely pleased with the strong start to the year. Having extended market share, we now have leading positions in all key segments.

We are continuing to reap the benefits of the synergies created as a result of our continued strategy to broaden our service base and international presence. We expect this to continue, as our investment services division equips itself to further extend the services that we offer. Although the US dollar, our main trading currency, had little impact on the first half results, if the recent strengthening is sustained for the duration of the second half, we would expect to see a beneficial impact on our results. Combined with a strong and growing forward order book for 2008 and beyond, we are confident that Clarksons is well positioned for the future. Accordingly, 2008 will now exceed management's previous expectations.

Andi Case
Chief Executive

28 August 2008

Directors' responsibility statement

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

Tim Harris CBE
Chairman

Andi Case
Chief Executive
Jeff Woyda
Finance Director
Martin Stopford
Executive Director

Martin Clark
Senior Non-Executive
Director
Bob Benton
Non-Executive Director
Paul Wogan
Non-Executive Director
Edmond Warner
Non-Executive Director

28 August 2008

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 which comprises the condensed consolidated income statement, the condensed consolidated statement of recognised income and expense, the condensed consolidated balance sheet and the condensed consolidated cash flow statement together with the related notes 1 to 17. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

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

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP

London

28 August 2008

	Notes	Half year to 30 June 2008 Before exceptional item £m*	Half year to 30 June 2008 Exceptional item (note 5) £m*	Half year to 30 June 2008 After exceptional item £m*	Half year to 30 June 2007 £m*
Revenue – continuing operations	3	118.1	–	118.1	72.6
Cost of sales		(2.9)	–	(2.9)	(1.2)
Trading profit		115.2	–	115.2	71.4
Administrative expenses		(99.3)	(21.0)	(120.3)	(60.8)
Profit on sale of investments	4	1.8	–	1.8	–
Operating profit/(loss) – continuing operations	3	17.7	(21.0)	(3.3)	10.6
Share of profits of associates and joint ventures		0.3	–	0.3	0.3
Finance revenue		2.5	–	2.5	3.4
Finance costs		(1.9)	–	(1.9)	(1.5)
Other finance revenue – pensions		0.5	–	0.5	0.6
Profit/(loss) before taxation – continuing operations		19.1	(21.0)	(1.9)	13.4
Taxation	6	(5.9)	6.0	0.1	(4.1)
Profit/(loss) for the period – continuing operations		13.2	(15.0)	(1.8)	9.3
Loss for the period from discontinued operations		–	–	–	(0.9)
Profit/(loss) for the period		13.2	(15.0)	(1.8)	8.4
Attributable to:					
Equity holders of the parent		13.2	(15.0)	(1.8)	8.4
Earnings/(loss) per share	7				
Basic – continuing operations		72.4p		(9.6p)	52.6p
Diluted – continuing operations		71.6p		(9.6p)	52.1p
Basic – profit/(loss) for the period		72.4p		(9.6p)	47.7p
Diluted – profit/(loss) for the period		71.6p		(9.6p)	47.1p

*Unaudited

	Notes	Year to 31 December 2007 Before exceptional item £m†	Year to 31 December 2007 Exceptional item (note 5) £m†	Year to 31 December 2007 After exceptional item £m†
Revenue – continuing operations	3	173.4	–	173.4
Cost of sales		(3.3)	–	(3.3)
Trading profit		170.1	–	170.1
Administrative expenses		(143.7)	(6.0)	(149.7)
Operating profit – continuing operations	3	26.4	(6.0)	20.4
Share of profits of associates and joint ventures		0.4	–	0.4
Finance revenue		6.9	–	6.9
Finance costs		(3.2)	–	(3.2)
Other finance revenue – pensions		1.1	–	1.1
Profit before taxation – continuing operations		31.6	(6.0)	25.6
Taxation	6	(10.2)	1.8	(8.4)
Profit for the period – continuing operations		21.4	(4.2)	17.2
Profit for the period from discontinued operations		1.0	–	1.0
Profit for the period		22.4	(4.2)	18.2
Attributable to:				
Equity holders of the parent		22.4	(4.2)	18.2
Earnings per share				
	7			
Basic – continuing operations		119.9p		96.4p
Diluted – continuing operations		118.6p		95.3p
Basic – profit for the period		125.4p		101.9p
Diluted – profit for the period		124.1p		100.8p

†Audited

Consolidated statement of recognised income and expense

	Notes	Half year to 30 June 2008 £m*	Half year to 30 June 2007 £m*	Year to 31 December 2007 £m†
Actuarial (loss)/gain on employee benefit schemes – net of tax		(3.7)	3.4	0.9
Foreign exchange differences on retranslation of foreign operations	16	1.1	(0.4)	0.3
Total recognised directly in equity		(2.6)	3.0	1.2
(Loss)/profit for the period		(1.8)	8.4	18.2
Total recognised income and expense		(4.4)	11.4	19.4
Attributable to:				
Equity holders of the parent		(4.4)	11.4	19.4

*Unaudited

†Audited

	Notes	30 June 2008 £m*	30 June 2007 £m*	31 December 2007 £m†
Non-current assets				
Property, plant and equipment	9	17.6	19.1	18.6
Investment property		0.4	0.4	0.4
Intangible assets		46.9	45.1	47.2
Investments in associates and joint ventures		1.0	1.5	1.1
Trade and other receivables		1.7	0.5	2.0
Investments	10	12.8	15.8	16.4
Employee benefits	11	5.1	12.9	9.9
Deferred tax asset		4.6	3.4	3.3
		90.1	98.7	98.9
Current assets				
Trade and other receivables		52.0	35.6	43.4
Cash and short-term deposits		84.0	62.6	115.3
Income tax receivable		0.9	0.5	0.8
		136.9	98.7	159.5
Current liabilities				
Interest-bearing loans and borrowings		(0.9)	(0.8)	(0.8)
Trade and other payables		(83.3)	(55.1)	(101.4)
Provisions		(0.3)	(0.3)	(0.3)
Income tax payable		(0.1)	(2.4)	(3.8)
		(84.6)	(58.6)	(106.3)
Net current assets		52.3	40.1	53.2
Non-current liabilities				
Interest-bearing loans and borrowings		(50.8)	(51.1)	(51.0)
Trade and other payables		(3.8)	(4.8)	(3.1)
Provisions	12	(0.8)	(0.6)	(6.7)
Deferred tax liability		(5.9)	(6.9)	(7.3)
		(61.3)	(63.4)	(68.1)
Net assets		81.1	75.4	84.0
Capital and reserves				
Issued capital	15	4.7	4.6	4.7
Share premium	16	26.1	21.9	25.4
ESOP reserve	16	(0.6)	(2.1)	(3.5)
Deferred share consideration	16	–	0.9	0.9
Employee benefits reserve	16	3.5	–	0.8
Capital redemption reserve	16	2.0	2.0	2.0
Profit and loss	16	45.3	49.8	54.7
Currency translation reserve	16	0.1	(1.7)	(1.0)
Clarkson PLC group shareholders' equity		81.1	75.4	84.0

*Unaudited

†Audited

	Notes	Half year to 30 June 2008 £m*	Half year to 30 June 31 2007 £m*	Year to 31 December 2007 £m†
Cash flows from operating activities				
(Loss)/profit before tax from continuing operations		(1.9)	13.4	25.6
(Loss)/profit before tax from discontinued operations		–	(1.0)	1.4
(Loss)/profit before tax		(1.9)	12.4	27.0
Adjustments for:				
Exceptional item	5	21.0	–	6.0
Depreciation and impairment of property, plant and equipment		2.3	2.0	2.5
Share-based payment expense		2.7	–	–
Profit on sale of property, plant and equipment		–	–	(1.9)
Profit on sale of investments		(1.8)	(0.2)	(0.1)
Amortisation and impairment of intangibles		0.7	–	1.4
Provision for investments in associates and joint ventures		–	–	0.5
Difference between ordinary pension contributions paid and amount recognised in the income statement		–	(0.2)	(0.5)
Share of profits of associates and joint ventures		(0.3)	(0.3)	(0.4)
Finance revenue		(2.5)	(3.5)	(6.9)
Other finance revenue – pensions		(0.5)	(0.6)	(1.1)
Finance costs		1.9	1.7	3.2
Increase in trade and other receivables		(8.3)	(5.0)	(12.5)
(Decrease)/increase in bonus accrual		(1.0)	(5.7)	18.4
(Decrease)/increase in trade and other payables		(10.5)	(0.7)	21.8
Increase/(decrease) in provisions (adjusted for exceptional item)		0.1	(0.2)	(0.1)
Cash generated/(utilised) from operations		1.9	(0.3)	57.3
Settlement of exceptional item		(27.0)	–	–
Income tax paid		(4.8)	(3.0)	(4.9)
Net cash flow from operating activities		(29.9)	(3.3)	52.4
Cash flows from investing activities				
Interest received		2.2	1.6	3.5
Purchase of property, plant and equipment	9	(1.3)	(0.6)	(3.3)
Proceeds from sale of investments	4,10	5.3	0.2	0.3
Proceeds from sale of property, plant and equipment		–	0.1	4.0
Purchase of investments		–	(0.2)	–
Investment in associates and joint ventures		–	(0.4)	(0.8)
Disposal of associate		0.2	–	0.2
Acquisition of subsidiaries and businesses, including deferred consideration		(1.4)	(1.3)	(3.1)
Cash acquired on acquisitions		–	1.7	1.7
Dividends received from associates and joint ventures		0.2	0.5	0.6
Dividends received from investments		0.3	0.2	0.5
Net cash flow from investing activities		5.5	1.8	3.6
Cash flows from financing activities				
Interest paid		(1.8)	(1.7)	(3.2)
Dividends paid	8,16	(4.8)	(4.3)	(6.7)
Proceeds from borrowings		–	0.7	0.9
Repayments of borrowings		(0.3)	(0.6)	(0.9)
ESOP shares acquired	16	(1.1)	(4.6)	(6.1)
Net cash flow from financing activities		(8.0)	(10.5)	(16.0)
Net (decrease)/increase in cash and cash equivalents		(32.4)	(12.0)	40.0
Cash and cash equivalents at start of period		115.3	74.8	74.8
Net foreign exchange differences		1.1	(0.2)	0.5
Cash and cash equivalents at end of period		84.0	62.6	115.3

*Unaudited

†Audited

1 Corporate information

The interim consolidated financial statements of the group for the period ended 30 June 2008 were authorised for issue in accordance with a resolution of the directors on 28 August 2008. Clarkson PLC is a Public Limited Company registered in England and Wales.

The interim consolidated financial statements do not comprise statutory accounts within the meaning of Section 240(5) of the Companies Act 1985, and should be read in conjunction with the 2007 annual financial statements. The comparative figures for the year ended 31 December 2007 are not the group's statutory accounts for that financial year. The statutory audited accounts for the year ended 31 December 2007 have been delivered to the Registrar of Companies in England and Wales. The Auditors' report on these accounts was unqualified and did not contain statements under Section 237(2) or (3) of the Companies Act 1985.

Copies of the interim financial statements will be circulated to all shareholders and will also be available from the registered office of the company at St. Magnus House, 3 Lower Thames Street, London EC3R 6HE.

2 Statement of accounting policies

2.1 Basis of preparation

The interim consolidated financial statements for the period ended 30 June 2008 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the group's annual financial statements as at 31 December 2007.

2.2 Accounting policies

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the group's annual financial statements for the year ended 31 December 2007.

IFRIC 14 'IAS19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' is effective for annual periods beginning on or after 1 January 2008 but has not yet been endorsed by the EU. The adoption of this Interpretation will have no significant impact on the financial performance of the group.

3 Segmental information

	Revenue			Results		
	Half year to 30 June 2008 £m	Half year to 30 June 2007 £m	Year to 31 December 2007 £m	Half year to 30 June 2008 £m	Half year to 30 June 2007 £m	Year to 31 December 2007 £m
Continuing operations						
Dry bulk chartering	37.9	20.2	51.3	10.6	4.9	14.6
Container chartering	2.1	1.8	3.5	0.6	0.4	1.0
Deep sea chartering	15.8	12.0	23.1	3.8	2.8	5.9
Specialised products chartering	7.9	6.3	13.5	1.4	1.0	2.6
Gas chartering	4.1	2.6	6.7	0.8	0.4	1.3
Sale and purchase broking	24.0	15.0	37.3	5.4	3.5	6.2
Research services	3.1	3.0	6.0	0.3	0.8	1.2
Futures broking	14.5	4.8	16.4	5.0	1.2	5.5
Fund management	0.9	1.4	2.6	0.1	0.3	0.6
Financial and investment services	0.3	1.2	1.3	(1.8)	(0.5)	(0.3)
Port and agency services	1.9	1.7	3.8	0.2	0.1	0.2
Property services	3.4	3.2	6.5	0.6	0.5	1.0
Logistics and technical services	3.6	0.7	3.9	(1.4)	0.4	(2.1)
	119.5	73.9	175.9			
Less property services revenue arising within the group	(1.4)	(1.3)	(2.5)			
Segment revenue/results	118.1	72.6	173.4	25.6	15.8	37.7
Unallocated other costs				(3.0)	(1.4)	(5.9)
Head office costs				(4.8)	(3.2)	(5.7)
Unallocated foreign exchange differences				(0.1)	(0.6)	0.3
Operating profit before exceptional item				17.7	10.6	26.4
Exceptional item				(21.0)	–	(6.0)
Operating (loss)/profit after exceptional item				(3.3)	10.6	20.4
Share of profits of associates and joint ventures				0.3	0.3	0.4
Finance revenue				2.5	3.4	6.9
Finance costs				(1.9)	(1.5)	(3.2)
Other finance revenue – pensions				0.5	0.6	1.1
(Loss)/profit before taxation				(1.9)	13.4	25.6
Taxation				0.1	(4.1)	(8.4)
(Loss)/profit after taxation				(1.8)	9.3	17.2

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

	Half year to 30 June 2008 £m	Half year to 30 June 2007 £m	Year to 31 December 2007 £m
Dry bulk chartering	–	–	0.2
Gas chartering	–	0.1	–
Financial and investment services	0.2	0.2	0.2
Port and agency services	0.1	–	–
	0.3	0.3	0.4

4 Profit on sale of investments

In June 2008 the group sold its remaining equity interest in MC Associates Limited realising a profit of £1.8m.

5 Exceptional item

In June 2008 the group announced the settlement of the claims brought against the subsidiary H Clarkson & Company Limited by the Russian companies, Sovcomflot and Novoship for £27.0m. As a result of this settlement the group provided a further £21.0m in addition to the £6.0m provided in 2007.

6 Taxation

The major components of income tax (credit)/expense in the consolidated income statement are:

	Half year to 30 June 2008 £m	Half year to 30 June 2007 £m	Year to 31 December 2007 £m
Continuing operations:			
Taxation on profit before exceptionals at 31.0% (2007: 32.5%)	5.9	4.1	10.2
Taxation on exceptional item at 28.5% (2007: 30.0%)	(6.0)	–	(1.8)
Taxation on (loss)/profit after exceptionals	(0.1)	4.1	8.4

7 Earnings/(loss) per share

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

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

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

	Half year to 30 June 2008 £m	Half year to 30 June 2007 £m	Year to 31 December 2007 £m
(Loss)/earnings – continuing operations	(1.8)	9.3	17.2
(Loss)/earnings – discontinued operations	–	(0.9)	1.0
(Loss)/profit for the period	(1.8)	8.4	18.2
	Million	Million	Million
Weighted average number of ordinary shares	18.3	17.6	17.8
Dilutive effect of shares contingently payable on business combinations	0.2	0.2	0.2
Diluted weighted average number of ordinary shares	18.5	17.8	18.0

8 Dividends

	Half year to 30 June 2008 £m	Half year to 30 June 2007 £m	Year to 31 December 2007 £m
Declared and paid during the period:			
Final dividend for 2007 of 26.0 pence per share (2006: 24.0 pence per share)	4.8	4.3	4.3
Interim dividend for 2007 of 14.0 pence per share	–	–	2.4
Dividend paid	4.8	4.3	6.7
Proposed for approval (not recognised as a liability at period end)			
Interim dividend for 2008 of 16.0 pence per share (30 June 2007: 14.0 pence per share)	3.0	2.4	–
Final dividend for 2007 proposed of 26.0 pence per share	–	–	4.8
Dividend proposed	3.0	2.4	4.8

9 Property, plant and equipment

During the period the group acquired assets with a cost of £1.3m (31 December 2007: £3.3m).

In June 2008 the group determined certain fleet interests to be impaired. The write-down of £1.0m is included in administrative expenses.

10 Investments

During the period ended 30 June 2008 the group reduced its holding in the Clarkson Shipping Hedge Fund by £3.5m.

11 Employee benefits

The company operates two defined benefit schemes: the Clarkson main scheme ('Clarkson scheme') and the JO Plowright scheme ('JOP scheme').

As at 30 June 2008 the Clarkson scheme had a surplus of £5.1m (31 December 2007: £9.9m). This amount is included in full on the balance sheet as a non-current asset; the company has provided deferred tax on this surplus amounting to £1.4m (31 December 2007: £2.8m). The market value of the assets is £98.3m (31 December 2007: £108.3m) and independent actuaries have assessed the present value of funded obligations at £93.2m (31 December 2007: £98.4m).

Also as at 30 June 2008 the JOP scheme had a surplus of £0.5m (31 December 2007: £0.4m). This surplus is not included in the balance sheet, as the company is unable to derive any benefit from this surplus. The market value of the assets is £23.0m (31 December 2007: £24.3m) and independent actuaries have assessed the present value of funded obligations at £22.5m (31 December 2007: £23.9m).

The reduction in the surplus is primarily due to the decrease in market value of the plan assets. This has been partially offset by an increase in the discount rate.

12 Provisions

In June 2008 the group utilised the litigation provision made in 2007 of £6.0m as a result of the settlement of the Russian litigation case.

13 Analysis of net funds

	31 December 2007 £m	Reallocation £m	Cash flow £m	Foreign exchange differences £m	30 June 2008 £m
Cash and short-term deposits	115.3	–	(32.4)	1.1	84.0
Current interest-bearing loans and borrowings	(0.8)	(0.4)	0.3	–	(0.9)
Non-current interest-bearing loans and borrowings	(51.0)	0.4	–	(0.2)	(50.8)
Net funds	63.5	–	(32.1)	0.9	32.3

14 Share-based payments

In June 2008, 494,108 share awards were granted to Persons Discharging Managerial Responsibility ('PDMRs') and other senior executives at a weighted average price of £9.56 under the Long Term Incentive Plan. Of these, 73,988 awards were based on the same performance conditions as reported in the 2007 Annual Report and Accounts, 210,120 awards were solely based on the EPS element disclosed in the 2007 Annual Report and Accounts and 210,000 had no performance conditions.

15 Issued share capital**Share capital**

	30 June 2008 Million	30 June 2007 Million	31 December 2007 Million	30 June 2008 £m	30 June 2007 £m	31 December 2007 £m
Allotted, issued and fully paid						
Ordinary shares of 25 pence each:						
At start of period	18.7	18.2	18.2	4.7	4.5	4.5
Issued during the period	0.1	0.1	0.5	–	0.1	0.2
At end of period	18.8	18.3	18.7	4.7	4.6	4.7

Shares issued during the period

	30 June 2008 Million	30 June 2007 Million	31 December 2007 Million	30 June 2008 £m	30 June 2007 £m	31 December 2007 £m
Acquisitions	–	0.1	0.3	–	0.1	0.1
Deferred share consideration	0.1	–	0.1	–	–	–
ESOP shares	–	–	0.1	–	–	0.1
At end of period	0.1	0.1	0.5	–	0.1	0.2

16 Reserves

	Share premium £m	Profit and loss £m	ESOP reserve £m	Deferred share consideration £m	Employee benefits reserve £m	Capital redemption reserve £m	Currency translation reserve £m	Total £m
2008								
At 1 January 2008	25.4	54.7	(3.5)	0.9	0.8	2.0	(1.0)	79.3
Arising on the issue of new shares	0.7	-	-	-	-	-	-	0.7
Total recognised income and expense	-	(5.5)	-	-	-	-	1.1	(4.4)
Dividend paid	-	(4.8)	-	-	-	-	-	(4.8)
Deferred share consideration	-	0.9	-	(0.9)	-	-	-	-
ESOP shares acquired	-	-	(1.1)	-	-	-	-	(1.1)
ESOP shares utilised	-	-	4.0	-	-	-	-	4.0
Share-based payments	-	-	-	-	2.7	-	-	2.7
At 30 June 2008	26.1	45.3	(0.6)	-	3.5	2.0	0.1	76.4

	Share premium £m	Profit and loss £m	ESOP reserve £m	Deferred share consideration £m	Employee benefits reserve £m	Capital redemption reserve £m	Currency translation reserve £m	Total £m
2007								
At 1 January 2007	20.7	42.1	(3.7)	1.1	-	2.0	(1.3)	60.9
Arising on the issue of new shares	1.2	-	-	-	-	-	-	1.2
Total recognised income and expense	-	11.8	-	-	-	-	(0.4)	11.4
Dividend paid	-	(4.3)	-	-	-	-	-	(4.3)
Deferred share consideration	-	0.2	-	(0.2)	-	-	-	-
ESOP shares acquired	-	-	(6.0)	-	-	-	-	(6.0)
ESOP shares utilised	-	-	7.6	-	-	-	-	7.6
At 30 June 2007	21.9	49.8	(2.1)	0.9	-	2.0	(1.7)	70.8
Arising on the issue of new shares	3.5	-	-	-	-	-	-	3.5
Total recognised income and expense	-	7.3	-	-	-	-	0.7	8.0
Dividend paid	-	(2.4)	-	-	-	-	-	(2.4)
ESOP shares acquired	-	-	(1.4)	-	-	-	-	(1.4)
Share-based payments	-	-	-	-	0.8	-	-	0.8
At 31 December 2007	25.4	54.7	(3.5)	0.9	0.8	2.0	(1.0)	79.3

17 Contingencies

Since June 2006, H Clarkson & Company Limited received commissions amounting to US\$15.2m which were the subject of the litigation as previously described. H Clarkson & Company Limited held those monies in separate designated accounts pending determination as to who was entitled to receive them. It became clear to the Board that these monies were rightfully payable to the Claimants and thus, as part of the settlement agreed with the Claimants on 26 June 2008, they were released to their account. There remain Part 20 Claims from two of the defendants that these monies are rightfully theirs. After taking extensive legal advice and closely reviewing the evidence the Board believes that the Part 20 claims have no foundation whatsoever and that they will not succeed.

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