



Clarkson PLC

Interim Report 2009



Clarkson PLC

Is the world's leading integrated shipping services group. Through our 20 offices on five continents, we play a vital intermediary role between shipowners and cargo interests across every sector of maritime trade. Our services and expertise help ensure the smooth and efficient functioning of global seaborne trade.

“Our strategy of focusing on our core competencies and leveraging both our research capability and integrated global offering continued to deliver growth opportunities for the group.”

Andi Case
Chief Executive

CLARKSON PLC

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DIRECTORS' RESPONSIBILITY STATEMENT

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

Bob Benton Chairman
Andi Case Chief Executive
Jeff Woyda Finance Director
Martin Stopford Executive Director
James Morley Non-Executive Director
Paul Wogan Non-Executive Director
Ed Warner Non-Executive Director

27 August 2009

INFORMATION

You will be advised throughout this report of options for further information on a topic, either in this report or online.
[Find out more online www.clarksons.com](http://www.clarksons.com)

Chairman's statement

by Bob Benton

INFORMATION

Find out more online clarksons.com/about_us/directors



On behalf of the board I congratulate and thank the whole Clarkson's team for their continued hard work, initiative and commitment.

Clarkson's unrivalled market knowledge and expertise are core strengths that underpin the group's ability to deliver market leading shipping services to our global client base. The turbulence that has characterised the first half of 2009 in both the global economy and shipping markets has increased demand for timely market data and expert advice across all our offices and business lines.

Against a background of significantly reduced freight rates and asset values, limited availability of credit and uncertainty with regards to the speed of recovery of the global economy, the Clarkson's team has produced an encouraging result for the first six months of 2009. On behalf of the board I congratulate and thank the whole Clarkson's team for their continued hard work, initiative and commitment.

Bob Benton
Chairman
27 August 2009

Chief Executive's review

by Andi Case

INFORMATION

Find out more online clarksons.com/about_us/directors



The Clarksons team has produced an encouraging result for the first six months of 2009.

Although the first six months of the year have proven challenging from a trading perspective, we anticipated that 2009 would be difficult and the group has performed in line with the board's expectations.

The impact of the onset of global recession has left no shipping market untouched, with both freight rates and asset values falling to levels not seen for some years. Whilst our results have undoubtedly been helped by the forward order book brought forward at the beginning of 2009, and the appreciation of the US dollar relative to sterling, it is the expertise and hard work of the various teams around the world that have continued to generate profits for the group. Overall transaction numbers have risen in comparison to the same period last year, albeit at rates that are substantially lower. Nevertheless, in all areas of our business we believe we have at least maintained market share and in many areas our share has increased.

Our strategy of focusing on our core competencies and leveraging both our research capability and integrated global offering continues to deliver growth opportunities for the group. Whilst broking remains the major contributor to profits, our commitment to growing further our financial services offering continues to be a key element of our strategy going forward.

RESULTS

Revenue of £88.9m (2008: £118.1m) reflects weaker shipping markets, both in terms of chartering rates and asset values across broking and financial activities. Underlying administrative expenses were reduced by 25% to £73.6m (2008: £99.3m) reflecting effective cost control, lower provisions for 2009 bonuses and reduced legal fees following the settlement in 2008. Underlying operating profit was £11.6m (2008: £17.7m).

Underlying profit before taxation was £11.2m (2008: £19.1m). Basic earnings per share were 42.1p (2008: basic loss per share after exceptional charge of 9.6p).

Cash and dividends

Cash balances at 30 June 2009 were £122.7m (31 December 2008: £184.4m). Net funds, after deduction of borrowings, bonus entitlements and proposed dividend payments, amounted to £38.1m (31 December 2008: £33.5m).

An unchanged interim dividend of 16p per share will be paid on 2 October to shareholders on the register at the close of business on 18 September.

BROKING

Revenue £70.7m (2008: £91.8m)
Result £14.4m (2008: £22.6m)

Dry bulk: Sustained volatility and renewed Chinese demand for iron ore and other steel related raw materials contributed to a recovery in rates in the large dry bulk market. The large Capesize sector recovered from lows in December 2008 of US\$2,316 per day to over US\$70,000 per day by the end of June 2009. Whilst this remains far from the highs of US\$233,000 per day in June 2008, owners are no longer operating at levels below operating costs. Looking forward we believe the dry bulk sector will continue to perform at a sustainable premium to those lows.

Spot revenues in Clarkson's dry bulk business were affected during the half by lower average earnings and some reduced spot trade. However, as noted at the time of our May Interim Management Statement, this effect was offset by the strength of the US dollar against sterling and the resilience of the forward order book brought forward at the start of 2009.

“The group has performed in line with the board’s expectations.”

Deep sea: Although the tanker market started the year on a firmer note than bulk markets, the dramatic downturn in the global economy led to a 3% decline in demand for oil, the largest decline in over 25 years. As a result, shipowner’s average earnings followed a downward trend during the half. By May, rates had reached levels not experienced since the early 2000s and by the end of June, shipowner earnings were down 60% on the first half of 2008, with the products and crude markets suffering equally.

The tanker market has, therefore, been very challenging for both products and crude during the period under review. Notwithstanding the reduction in the number of cargoes being moved, Clarkson’s transaction volumes have held up well. As a result of the group’s ability to offer a global and integrated service, the team was also successful in winning a number of new key clients during the half.

Specialised products: This diverse market, which transports chemicals, acids, vegetable oils, lubricants and clean products, has not been as affected as other bulk markets. Whilst there has been a softening of rates on most routes as a consequence of the global economic recession, this has been more than offset by the pickup in volumes transacted. The group’s ability to offer a strong global service in this market has underpinned the team’s performance to date in 2009 with revenues up on last year.

Gas: The last six months presented a very challenging environment for our Gas team. LPG product availability was adversely affected as a result of the OPEC crude production cutbacks, while demand generally was curtailed by the worldwide recession. The Ammonia business, where Clarkson also has a leading position, was affected by weak demand, notably for industrial use which is closely linked to the fortunes of the housing and automobile industries. Against this subdued demand background, notable progress on new client accounts helped to limit the reduction in spot earnings.

Sale and purchase: In September and October 2008 the deepening banking crisis had an immediate and significant impact on the ship sale and purchase market. However, during the Spring of 2009 as a result of the reduction in asset values, markets started to regain confidence and clients have actively started to search out value opportunities. Although the availability of credit remains an obstacle for many, there has been some return to buying activity. This buying activity was initially from Asia but is now more widespread with some traditional owners, who have built cash reserves over the boom years, once again active and new players wanting to invest after a major price correction.

INFORMATION

Financial statements start on page 06

Find out more online

clarksons.com/investors/financial_highlights

Chief Executive's review continued

FINANCIAL

Revenue £7.4m (2008: £15.7m)
Result £1.0m loss (2008: £3.3m profit)

Futures broking: Although our futures business has been affected by lower average rates in both the wet and dry contracts, the business has benefited from volatility and achieved an increase in market share. The risk of market participants defaulting, which existed at the start of the year has, despite some casualties, largely been averted. Most OTC Forward Freight Agreements (FFAs) are now cleared through a clearing house, giving more security for all those wishing to avail themselves of this market for both trading and hedging.

Investment services: We were very pleased that, in early June, the Dubai Financial Services Authority (DFSA) granted regulatory consent for our investment services business to operate in Dubai. The group now has regulatory consent to operate in the UK, Dubai and the US (through a joint venture with Johnson Rice & Co. LLC). The members of Clarksons' investment services teams have an impressive track record. Mandates are now coming to Clarksons, and whilst the gestation period for transactions has lengthened, we believe that this division will become remunerative to the group and an important part of our global offering in shipping services.

Fund management: Our hedge fund business has returned to positive performance, with returns net of fees to investors of +4.7% to the end of June 2009 (June 2008: -0.6%). Assets under management have now stabilised at US\$42.2m following significant redemptions predominantly from fund of funds. However, an active marketing programme is now underway and new funds are being raised. Notwithstanding the challenging trading and banking environment, the track record of the fund management team has been impressive since the fund was launched in May 2006. The team has an established track record of capital retention during periods of market disruption and impressive returns during more 'normal' markets.

RESEARCH

Revenue £3.3m (2008: £3.1m)
Result £0.8m (2008: £0.3m)

Clarkson Research Services Ltd (CRSL) has continued to grow its revenues, despite the changes occurring in both the global economy and the shipping markets, helped by the ongoing requirement for better quality and more detailed market information. Clarkson Valuations Ltd's valuation service proved of particular importance to market participants during the first half of the year. Sales of digital data grew rapidly, benefiting from the group's in depth understanding of the supply outlook, cancellations and slippage, enabling CRSL to provide clients with the information needed to weigh up possible supply scenarios. Product development continues and a review of existing arrangements is also on-going to ensure profitability of the group is maximised.

SUPPORT

Revenue £8.9m (2008: £8.9m)
Result £0.3m (2008: £0.6m loss)

Port and agency services have achieved an increase in profitability as a result of an exceptionally large exportable surplus of grain from the UK.

The non-core logistics operation has benefited from tighter operational control of our remaining vessel, now renamed the Hermien, and technical services remains profitable.

The property services division also continues to operate profitably.

CURRENT TRADING AND OUTLOOK

The diversification of Clarksons across global shipping markets, coupled with the strength of our specialist teams means we are well placed to trade through more challenging market environments and take advantage of opportunities across all our sectors and geographies as they arise.

As the recent recovery in global markets remains uncertain it is difficult to predict the timing and extent of a return to growth of world production and consumption. Nevertheless, we expect in excess of 7 billion tonnes of cargo to be shipped in 2009 – slightly less than the average for the past four years.

Although we have seen recent weakening of the US dollar, trading since the end of June remains in line with the board's expectations.

Andi Case
Chief Executive
27 August 2009

Independent review report to Clarkson PLC

INTRODUCTION

We have been engaged by the company to review the condensed consolidated financial information in the interim financial report for the six months ended 30 June 2009, which comprises the consolidated income statement, the statement of comprehensive income, the consolidated balance sheet, the statement of changes in equity and the consolidated cash flow statement together with the related notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated financial information.

DIRECTORS' RESPONSIBILITIES

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim 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 consolidated financial information included in this interim 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 consolidated financial information in the interim financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial information in the interim financial report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
London
27 August 2009

Consolidated income statement

	Notes	Half year to 30 June 2009 £m*	Half year to 30 June 2008		
			Before exceptional item £m*	Exceptional item (note 5) £m*	After exceptional item £m*
Revenue – continuing operations	3	88.9	118.1	–	118.1
Cost of sales		(3.7)	(2.9)	–	(2.9)
Trading profit		85.2	115.2	–	115.2
Administrative expenses		(73.6)	(99.3)	(21.0)	(120.3)
Profit on sale of investments	4	–	1.8	–	1.8
Operating profit/(loss) – continuing operations	3	11.6	17.7	(21.0)	(3.3)
Share of profits of associates and joint ventures		–	0.3	–	0.3
Finance revenue		0.7	2.5	–	2.5
Finance costs		(1.1)	(1.9)	–	(1.9)
Other finance revenue – pensions		–	0.5	–	0.5
Profit/(loss) before taxation – continuing operations		11.2	19.1	(21.0)	(1.9)
Taxation	6	(3.3)	(5.9)	6.0	0.1
Profit/(loss) for the period – continuing operations		7.9	13.2	(15.0)	(1.8)
Attributable to:					
Equity holders of the parent		7.9	13.2	(15.0)	(1.8)
Earnings/(loss) per share	7				
Basic – continuing operations		42.1p	72.4p		(9.6p)
Diluted – continuing operations		41.4p	71.6p		(9.6p)
Basic – profit/(loss) for the period		42.1p	72.4p		(9.6p)
Diluted – profit/(loss) for the period		41.4p	71.6p		(9.6p)

*Unaudited

Statement of comprehensive income

	Half year to 30 June 2009 £m*	Half year to 30 June 2008 £m*
Profit/(loss) for the period	7.9	(1.8)
Other comprehensive income/(expense)		
Actuarial loss on employee benefit schemes – net of tax	(11.1)	(3.7)
Foreign exchange differences on retranslation of foreign operations	(6.0)	1.1
Foreign currency hedge – net of tax	2.1	–
Total comprehensive expense for the period	(7.1)	(4.4)
Total comprehensive expense attributable to:		
Equity holders of the parent	(7.1)	(4.4)

*Unaudited

Consolidated balance sheet

	Notes	Half year to 30 June 2009 £m*	Half year to 30 June 2008 £m*	Year to 31 December 2008 £m†
Non-current assets				
Property, plant and equipment	9	15.6	17.6	17.7
Investment property		0.4	0.4	0.4
Intangible assets		32.1	46.9	32.3
Investments in associates and joint ventures		0.4	1.0	0.4
Trade and other receivables		0.8	1.7	1.3
Investments		14.6	12.8	16.1
Employee benefits	10	–	5.1	9.7
Deferred tax asset		6.9	4.6	9.3
		70.8	90.1	87.2
Current assets				
Trade and other receivables		33.7	52.0	53.7
Cash and short-term deposits		122.7	84.0	184.4
Income tax receivable		1.1	0.9	1.5
		157.5	136.9	239.6
Current liabilities				
Interest-bearing loans and borrowings		(2.4)	(0.9)	(3.3)
Trade and other payables		(72.1)	(83.3)	(146.5)
Provisions		(0.3)	(0.3)	(0.3)
Income tax payable		(3.6)	(0.1)	(8.9)
		(78.4)	(84.6)	(159.0)
Net current assets		79.1	52.3	80.6
Non-current liabilities				
Interest-bearing loans and borrowings		(47.7)	(50.8)	(50.7)
Trade and other payables		(1.1)	(3.8)	(4.7)
Provisions		(1.0)	(0.8)	(0.9)
Employee benefits	10	(6.6)	–	(1.2)
Deferred tax liability		(2.0)	(5.9)	(7.9)
		(58.4)	(61.3)	(65.4)
Net assets		91.5	81.1	102.4
Capital and reserves				
Issued capital	12	4.7	4.7	4.7
Share premium		27.1	26.1	27.1
ESOP reserve		(0.8)	(0.6)	(0.8)
Employee benefits reserve		2.6	3.5	1.8
Capital redemption reserve		2.0	2.0	2.0
Hedging reserve		2.1	–	–
Profit and loss		46.2	45.3	54.0
Currency translation reserve		7.6	0.1	13.6
Clarkson PLC group shareholders' equity		91.5	81.1	102.4

*Unaudited

†Audited

Statement of changes in equity

	Notes	Attributable to equity holders of the parent			Total equity £m*
		Share capital £m*	Other reserves £m*	Profit and loss £m*	
Balance at 1 January 2009		4.7	43.7	54.0	102.4
Profit for the period		–	–	7.9	7.9
Other comprehensive income:					
Actuarial loss on employee benefit schemes – net of tax		–	–	(11.1)	(11.1)
Foreign exchange differences on retranslation of foreign operations		–	(6.0)	–	(6.0)
Foreign currency hedge – net of tax		–	2.1	–	2.1
Total comprehensive expense for the period ended 30 June 2009		–	(3.9)	(3.2)	(7.1)
Transactions with owners:					
ESOP shares acquired		–	(5.0)	–	(5.0)
ESOP shares utilised		–	5.0	–	5.0
Profit on ESOP shares		–	–	0.3	0.3
Share-based payments		–	0.8	–	0.8
Dividend paid	8	–	–	(4.9)	(4.9)
		–	0.8	(4.6)	(3.8)
Balance at 30 June 2009		4.7	40.6	46.2	91.5

	Notes	Attributable to equity holders of the parent			Total equity £m*
		Share capital £m*	Other reserves £m*	Profit and loss £m*	
Balance at 1 January 2008		4.7	24.6	54.7	84.0
Loss for the period		–	–	(1.8)	(1.8)
Other comprehensive income:					
Actuarial loss on employee benefit schemes – net of tax		–	–	(3.7)	(3.7)
Foreign exchange differences on retranslation of foreign operations		–	1.1	–	1.1
Deferred share consideration		–	(0.9)	0.9	–
Total comprehensive income/(expense) for the period ended 30 June 2008		–	0.2	(4.6)	(4.4)
Transactions with owners:					
ESOP shares acquired		–	(1.1)	–	(1.1)
ESOP shares utilised		–	4.0	–	4.0
Share-based payments		–	2.7	–	2.7
Arising on the issue of new shares		–	0.7	–	0.7
Dividend paid	8	–	–	(4.8)	(4.8)
		–	6.3	(4.8)	1.5
Balance at 30 June 2008		4.7	31.1	45.3	81.1

*Unaudited

Consolidated cash flow statement

	Notes	Half year to 30 June 2009 £m*	Half year to 30 June 2008 £m*
Cash flows from operating activities			
Profit/(loss) before tax		11.2	(1.9)
Adjustments for:			
Exceptional item	5	–	21.0
Foreign exchange differences		1.3	–
Depreciation and impairment of property, plant and equipment		1.5	2.3
Share-based payment expense		0.1	2.7
Profit on sale of investments	4	–	(1.8)
Amortisation and impairment of intangibles		–	0.7
Difference between ordinary pension contributions paid and amount recognised in the income statement		(0.2)	–
Share of profits of associates and joint ventures		–	(0.3)
Finance revenue		(0.7)	(2.5)
Other finance revenue – pensions		–	(0.5)
Finance costs		1.1	1.9
Decrease/(increase) in trade and other receivables		19.5	(8.3)
Decrease in bonus accrual		(64.1)	(1.0)
Decrease in trade and other payables		(1.2)	(10.5)
Increase in provisions (adjusted for exceptional item)		0.1	0.1
Cash (utilised)/generated from operations		(31.4)	1.9
Settlement of exceptional item	5	–	(27.0)
Income tax paid		(8.2)	(4.8)
Net cash flow from operating activities		(39.6)	(29.9)
Cash flows from investing activities			
Interest received		0.4	2.2
Purchase of property, plant and equipment	9	(0.5)	(1.3)
Proceeds from sale of investments		–	5.3
Disposal of associate		–	0.2
Acquisition of subsidiaries and businesses, including deferred consideration		–	(1.4)
Dividends received from associates and joint ventures		–	0.2
Dividends received from investments		–	0.3
Net cash flow from investing activities		(0.1)	5.5
Cash flows from financing activities			
Interest paid		(1.1)	(1.8)
Dividend paid	8	(4.9)	(4.8)
Repayments of borrowings		(1.8)	(0.3)
ESOP shares acquired		(5.0)	(1.1)
Net cash flow from financing activities		(12.8)	(8.0)
Net decrease in cash and cash equivalents		(52.5)	(32.4)
Cash and cash equivalents at start of period		184.4	115.3
Net foreign exchange differences		(9.2)	1.1
Cash and cash equivalents at end of period		122.7	84.0

*Unaudited

Notes to the interim financial statements

1 Corporate information

The interim consolidated financial statements of the group for the period ended 30 June 2009 were authorised for issue in accordance with a resolution of the directors on 27 August 2009. Clarkson PLC is a Public Limited Company registered in England and Wales.

The interim consolidated financial statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006, and should be read in conjunction with the 2008 annual financial statements. The statutory audited accounts for the year ended 31 December 2008 have been delivered to the Registrar of Companies in England and Wales. The Auditors' report on those accounts was unqualified and did not contain statements under Section 498 of the Companies Act 2006.

Copies of the interim financial statements 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 2009 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 Interim Financial Reporting as adopted by the European Union.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the group's annual financial statements as at 31 December 2008.

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 2008.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

- IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

- IFRS 8, 'Operating segments'. IFRS 8 replaces IAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in a reduction in the number of reportable segments presented, as the previously reported broking segments are aggregated into Broking; futures broking, fund management and financial and investment services are now shown as Financial; port and agency, property services, logistics and technical services are now shown as Support; Research services are unaffected.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

Goodwill is allocated by management to groups of cash-generating units on a segment level. The change in reportable segments has not resulted in any additional goodwill impairment. There has been no further impact on the measurement of the company's assets and liabilities. Comparatives for 2008 have been restated.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are not currently relevant for the group.

- IFRIC 13, 'Customer loyalty programmes'.
- IFRIC 15, 'Agreements for the construction of real estate'.
- IFRIC 16, 'Hedges of a net investment in a foreign operation'.
- IAS 39 (amendment), 'Financial instruments: Recognition and measurement'.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2009 and have not been early adopted:

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

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the minority interest in the acquiree either at fair value or at the minority interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group will apply IFRS 3 (revised) to all business combinations from 1 January 2010, subject to endorsement by the EU.

- IFRIC 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the group, as it has not made any non-cash distributions.
- IFRIC 18, 'Transfers of assets from customers', effective for transfers of assets received on or after 1 July 2009. This is not relevant to the group, as it has not received any assets from customers.

Notes to the interim financial statements continued

3 Segmental information

	Revenue		Results	
	Half year to 30 June 2009 £m	Half year to 30 June 2008 £m	Half year to 30 June 2009 £m	Half year to 30 June 2008 £m
Continuing operations				
Broking	70.7	91.8	14.4	22.6
Financial	7.4	15.7	(1.0)	3.3
Research	3.3	3.1	0.8	0.3
Support	8.9	8.9	0.3	(0.6)
	90.3	119.5		
Less property services revenue arising within the group	(1.4)	(1.4)		
Segment revenue/results	88.9	118.1	14.5	25.6
Unallocated other costs			-	(3.0)
Head office costs			(2.2)	(4.8)
Unallocated foreign exchange differences			(0.7)	(0.1)
Operating profit before exceptional item			11.6	17.7
Exceptional item			-	(21.0)
Operating profit/(loss) after exceptional item			11.6	(3.3)
Share of profits of associates and joint ventures			-	0.3
Finance revenue			0.7	2.5
Finance costs			(1.1)	(1.9)
Other finance revenue – pensions			-	0.5
Profit/(loss) before taxation			11.2	(1.9)
Taxation			(3.3)	0.1
Profit/(loss) after taxation			7.9	(1.8)

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

	Half year to 30 June 2009 £m	Half year to 30 June 2008 £m
Financial	-	0.2
Support	-	0.1
	-	0.3

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 expense/(credit) in the consolidated income statement are:

	Half year to 30 June 2009 £m	Half year to 30 June 2008 £m
Continuing operations:		
Taxation on profit before exceptional item at 29.5% (2008: 30.9%)	3.3	5.9
Taxation on exceptional item at 28.5%	–	(6.0)
Taxation on profit/(loss) after exceptional item	3.3	(0.1)

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 December 2009 is 29.5% (the estimated tax rate for the six months ended 30 June 2008 was 30.9%).

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 2009 £m	Half year to 30 June 2008 £m
Earnings/(loss) – continuing operations	7.9	(1.8)
	Million	Million
Weighted average number of ordinary shares	18.6	18.3
Dilutive effect of shares contingently payable on business combinations	0.3	0.2
Diluted weighted average number of ordinary shares	18.9	18.5

Notes to the interim financial statements continued

8 Dividends

	Half year to 30 June 2009 £m	Half year to 30 June 2008 £m
Declared and paid during the period:		
Final dividend for 2008 of 26.0 pence per share (2007: 26.0 pence per share)	4.9	4.8
Payable (not recognised as a liability at period end):		
Interim dividend for 2009 of 16.0 pence per share (2008: 16.0 pence per share)	3.0	3.0

9 Property, plant and equipment

During the period the group acquired assets with a cost of £0.5m (31 December 2008: £3.5m).

10 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 2009 the Clarkson scheme had a deficit of £5.3m (31 December 2008: £7.7m surplus). This amount is included in full on the balance sheet as a non-current liability; the company has provided deferred tax on this deficit amounting to £1.5m (31 December 2008: £2.2m). The market value of the assets is £86.3m (31 December 2008: £91.7m) and independent actuaries have assessed the present value of funded obligations at £91.6m (31 December 2008: £84.0m).

Also as at 30 June 2009 the JOP scheme had a deficit of £1.3m (31 December 2008: £2.0m surplus with a minimum funding requirement of £1.2m). This amount is included in full on the balance sheet as a non-current liability; the company has provided deferred tax on this deficit amounting to £0.4m (31 December 2008: £0.6m on the surplus, £0.3m on the minimum funding requirement). The market value of the assets is £22.1m (31 December 2008: £22.9m) and independent actuaries have assessed the present value of funded obligations at £23.4m (31 December 2008: £20.9m).

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

11 Analysis of net funds

	31 December 2008 £m	Reallocation £m	Cash flow £m	Foreign exchange differences £m	30 June 2009 £m
Cash and short-term deposits	184.4	–	(52.5)	(9.2)	122.7
Current interest-bearing loans and borrowings	(3.3)	–	0.5	0.4	(2.4)
Non-current interest-bearing loans and borrowings	(50.7)	–	1.3	1.7	(47.7)
Net funds	130.4	–	(50.7)	(7.1)	72.6

12 Issued share capital

	30 June 2009 Million	30 June 2008 Million	31 December 2008 Million	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Allotted, issued and fully paid						
Ordinary shares of 25 pence each:						
At start of period	18.9	18.7	18.7	4.7	4.7	4.7
Issued during the period	–	0.1	0.2	–	–	–
At end of period	18.9	18.8	18.9	4.7	4.7	4.7

13 Contingencies

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

14 Seasonality

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

15 Principal risks and uncertainties

The directors consider that the nature of the principal risks and uncertainties which may have a material effect on the group's performance in the second half of the year is unchanged from those identified in the Risk Management section of the Annual Report and Accounts 2008 on page 17. These include credit risk, in the form of non-payment of invoices; liquidity risk arising from funding requirements; foreign exchange risk from fluctuations in the US dollar to sterling exchange rate; exposures to interest rate movements; reputational risk; and operational risk giving rise to losses from people, systems, external influences or failed processes.

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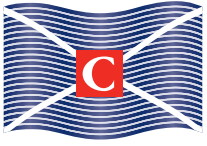
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