



11 MARCH 2010

PRELIMINARY RESULTS FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2009

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

Preliminary results

Clarkson PLC ('Clarksons') today announces preliminary results for the twelve months ended 31 December 2009.

Results for 2009	Year ended 31 December 2009	Year ended 31 December 2008
Revenue	£176.7m	£250.3m
Profit before taxation and exceptional item	£22.5m	£39.2m
Profit before taxation*	£22.5m	£18.2m
Earnings per share*	90.0p	41.9p
Dividend per share	43.0p	42.0p

*After exceptional item

SUMMARY

- Excellent performance delivered by the Clarksons team, despite challenging trading conditions
- Results impacted by the effects on global trade of recession and financial crisis
- Position as leading global shipbroking and shipping services group strengthened through market share gains, new clients and new members of the team
- Successful development and launch of the innovative container freight derivative, further expanding our position in marine risk management

Andi Case, Chief Executive, commented:

"Our performance in 2009 is a credit to the expertise and hard work of the Clarksons team, who grew market share in a number of our markets and delivered a very good result in difficult trading conditions.

Our strong balance sheet and outstanding global teams provide the resource from which to grow the business, especially into related areas in which we believe there are attractive opportunities to expand."

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CHAIRMAN'S REVIEW

Overview

The team at Clarksons have once again delivered an excellent result in 2009 despite challenging trading conditions across the global shipping markets. During the year we reinforced our focus on our core broking expertise, attracting new clients across the group and further developing our market leading products, teams and technology.

The progress made globally has further strengthened our competitive advantages of unrivalled shipping research capability and 'best in class' expertise and services delivered through our integrated global teams.

Clarksons is proud to be the leading broker across the majority of shipping markets. Our aim is to expand this leadership into markets in which we believe there are good opportunities for growth in years to come, allowing us to better respond to and service our clients' requirements.

Results

Revenue was £176.7m (2008: £250.3m) reflecting the effects of the global recession on broking and financial divisions in terms of freight rates, asset values and related capital market activity. During the year, the group has tightly managed costs, reducing administrative expenses by 24% to £145.8m (2008: £190.9m). Operating profit was £22.6m (2008: £17.0m) and profit before tax was £22.5m (2008: £18.2m).

Dividends

The board is recommending a final dividend of 27p (2008: 26p). The interim dividend was 16p (2008: 16p) giving a total dividend of 43p (2008: 42p). This dividend is covered in excess of two times.

The dividend will be payable on 11 June 2010 to shareholders on the register as at 28 May 2010, subject to shareholder approval.

Colleagues

On behalf of the entire board, I would like to thank all our teams for their dedication and hard work in what has been extremely testing market conditions. I would also like to welcome the many new colleagues who have joined the group during the year and who are already contributing to delivering an even brighter future for Clarksons.

The future

Clarksons has a strong financial and operational base from which to take advantage of recovery in global economic and shipping market conditions. Although there remains uncertainty as to the pace of economic growth worldwide, we believe we can build further on our strengths to deliver growth for our shareholders and that we will continue to benefit, in 2010, from the relative strength of the US dollar, our forward order book and from the continued flight to quality services and shipping expertise that we experienced during 2009.

Bob Benton
CHAIRMAN

CHIEF EXECUTIVE'S REVIEW

Our performance in 2009 is a credit to the expertise and hard work of the Clarksons' team, who grew market share in a number of our markets and delivered a very good result in difficult trading conditions.

Shipping markets changed rapidly, leading market participants to seek out the highest quality advice and services. In these conditions our market leading research, well established reputation, depth of expertise across shipping and financial strength gave us additional competitive advantage. This led to increased transaction volumes in most markets and increased revenues in some markets, notwithstanding the difficult trading conditions, and is a reflection of the 'flight to quality' that occurred throughout the year. As a result, in 2009, we brought in new clients and new hires at both senior and entry level across the group, attracted by who we are and where we are going. We thus remain confident of our ability to continue growing market share and revenues once shipping markets experience a more sustained recovery.

Clarksons is a people business and we are committed to attracting and developing the best talent for the future. Our first training scheme was put in place in 1969 and a significant number of trainees have gone on to become directors of Clarksons companies around the world. During 2009, reflecting the global nature of our business, the number of trainees hired in our overseas offices doubled, now exceeding those hired in the UK. We were particularly pleased with the high quality of joiners into all of our training schemes. Combined, these schemes ensure a broad range of skills and backgrounds within the trainee base.

Against the backdrop of challenging trading conditions, we continued to focus on our key strategic priorities and on the delivery of 'best in class' services and market intelligence to our high quality and diverse client base. We recognise that our core expertise is broking and our goal is to be the leader in all the markets in which we trade.

We intend to achieve this goal by further developing the long-term client relationships we have built over our long history and leveraging our global presence, which is unique and enables us to offer an unrivalled level of integrated service. We will also continue to develop our analysis, market data and research, which are the most comprehensive available to shipping markets. In the first half of 2010, we will launch new periodicals to enhance our offering. We are also proud to have recently relaunched, on its tenth anniversary, a new version of our flagship online database, Shipping Intelligence Network. These are further key examples of our approach to invest in and use technology to support the delivery of our world class customer service.

Innovation in shipbroking and shipping services is a tradition at Clarksons. In 2009 we continued this tradition through the development of the first container freight derivative, the Container Freight Swap Agreement (CFSA). The CFSA is an over the counter cash-settled swap that is settled against the newly created Shanghai Containerised Freight Index (SCFI). Our Securities team worked closely with the Shanghai Shipping Exchange to develop the SCFI to ensure it would be a suitable mechanism for container freight derivatives. The first trade, brokered by Clarksons, of the CFSA was announced in January 2010 and we firmly believe it heralds a new era for marine risk management as did the dry Forward Freight Agreement (FFA) when it was first pioneered by Clarksons in 1991.

The development of this product is just one of the areas we believe offer strategic opportunities for growth. We also believe there is an opportunity for Clarksons to grow in all the main areas of shipbroking particularly with a focus on offshore and containers, thus continuing to broaden our shipbroking business and cementing our position as 'best in class'.

Our other regulated businesses have also continued to develop during the year. Our investment services team is actively involved in a number of transactions and we have continued to develop the team across the markets in which they operate. We are now in a position to take full advantage over the next 12 months as the currently tough capital markets begin to improve.

Clarkson Fund Management performed well in 2009, even though it experienced high levels of redemptions, a common theme for all hedge funds during the year. We were particularly pleased to enable all investors who wished to redeem their holdings, to do so without restrictions. In addition to the Shipping Hedge Fund, established in 2006, the team launched its second fund in August 2009. The Clarkson Freight Fund offers investors the opportunity to invest exclusively in freight derivatives and has been seeded with US\$5m from Clarkson PLC. The team is actively marketing both funds with a view to growing funds under management during 2010.

Current trading

Since the beginning of the year, all areas of shipbroking have continued to experience growth in volumes. We are also beginning to see a return to period chartering and there has been a re-balancing of freight and asset values which has led to renewed activity in the sale and purchase market.

Outlook

2009 was an important year of consolidation and focus on our core broking heritage. Whilst it is still early in the year and uncertainty remains with regards to the pace of global economic recovery, especially in the developed economies, we believe there are encouraging signs across a number of our markets. Going into 2010, we are well positioned to take advantage of any sustained recovery in any of the shipping markets over the year, with our revenues further supported by our forward order book and the US dollar exchange rate. Our strong balance sheet and outstanding global teams provide the resource from which to grow the business, especially into related areas in which we believe there are attractive opportunities to expand. We will also continue to leverage our unrivalled global coverage and market knowledge to continue supporting our clients through evolving markets and delivering the innovation and first rate service for which our brand has become known.

Andi Case
CHIEF EXECUTIVE

BUSINESS REVIEW

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

Unrivalled knowledge and understanding of all shipping markets puts us at the leading edge of developing innovative financial instruments and risk management solutions for customers worldwide. Through our research division we are taking shipping intelligence into new and exciting areas.

We are experienced in broking all types of cargo, including dry cargo, oil and related products, gas, other raw materials, specialised products and containers. We also leverage shipbroking expertise to assist shipowners worldwide at all stages of a vessel's lifecycle, from newbuild through secondhand to demolition. The group also provides port, agency and technical services.

At the beginning of 2009, the shipping market was facing many challenges – including low freight rates and uncertainties regarding the financial stability of many market participants. Some markets recovered in part, and others fell to new lows, but overall the broking division performed very well by growing market share in most markets, increasing transaction volumes and protecting the delivery of our forward order book.

Broking

Revenue: US\$218.2m (2008: US\$355.7m)

Segment result: £26.7m (2008: £44.9m)

Forward order book for 2010: US\$108m* (At 31 December 2008 for 2009: US\$106m*)

* Directors' best estimates of deliverable FOB

Overall the broking division performed very well by growing market share in most markets, increasing transaction volumes and protecting the delivery of our forward order book.

Dry bulk

Despite continued global financial turmoil and an uncertain outlook at the start of the year, there was a recovery in the dry bulk market in 2009. The relative strength of this market can be attributed to several key factors: China's continuing demand for raw materials (specifically iron ore and coal) led by deflated raw material and freight costs; high slippage rates for new vessel deliveries; port congestion; and an imbalance in trade growth that resulted in low ship utilisation.

The Clarksons dry cargo team outperformed the market delivering year-on-year growth in the number of fixtures concluded. Market trend dictated a shift towards spot fixtures, a change that provided renewed momentum in regional 'cargo focused' offices as our team quickly responded, achieving a number of successes. In the owner/operator sector, the team rode the volatility with success in shorter period time charter and spot trip and voyage activity, whilst not losing Clarksons' share of longer term business still required by our core client base.

Chinese demand for iron ore and coal is expected to continue to dominate the dry bulk market in 2010, with total seaborne trade forecast to grow by 6.4% year-on-year led by Chinese demand (source: Clarkson Research 2009). The size of the order book dominates the balancing risk and could lead to pressure on rates. However, postponements and to a lesser extent delivery cancellations are expected to be the order of the day, reducing the impact of vessel oversupply.

Containers

After decades of unbroken growth in volumes, 2009 was a year in which global container trade failed to expand. Notwithstanding these very challenging trading conditions, the Clarksons team achieved a respectable performance in a marketplace devoid of period business and in some sectors of any activity whatsoever.

Charter markets fell by a further 30% in 2009, as the global box trade contracted by an unprecedented 10% to 124 million TEU. Container volumes on the main shipping lanes from the Far East to Europe and North America fell by over 15% and some 45% of new vessels expected to be delivered in 2009 were delayed.

In 2010, it is likely that any recovery in the containership sector will be a gradual process rather than a rapid return to historical average levels. We firmly believe however over the medium term this market offers good opportunities for future growth.

Deep sea

After several years of extremely strong performance the tanker market realigned itself to a new reality of lower oil demand, reductions in voyage times and an increase in the supply of vessels. Very Large Crude Carrier (VLCC) earnings fell from an average of over US\$100,000 per day in 2008 to barely over US\$30,000 per day in 2009 and product tankers fared no better, with average earnings slumping from almost US\$25,000 per day in 2008 to around US\$8,500 in 2009.

Although the global demand for oil dropped to levels unseen in recent years, China's economy and energy demand continued to grow during 2009. The Chinese decision to reduce reliance on Middle Eastern oil in favour of imports from West Africa, Libya, Brazil and the Eastern Mediterranean led to a welcome boost in demand for both VLCC and Suezmax vessels and China's seaborne crude oil imports grew by almost 15% year-on-year. Balancing this demand, the tanker fleet grew by around 8% during the year.

Clarksons' fixing volume remained strong, despite the market conditions, and we continued to grow market share in key areas, especially in the products storage business. Our overseas deep sea tanker operations in Geneva, Houston, India and Singapore continue to expand in line with increased client demand for added value service in these regions. We have enhanced our Projects desk and are aiming for future volume growth in this area.

Although we anticipate that 2010 may prove another difficult year for the deep sea market, we are confident that our market position and the expertise of our team position us to take advantage of opportunities that arise.

Specialised products

The global economic slowdown led to reduced refinery activity throughout 2009. As a result of the well documented arrival of excess tonnage within the Specialised Product sector and reduced demand for shipping space, greater pressure was placed upon freight rates on every route.

As freight rates declined we focused heavily on securing increased market share, both with existing and new clientele, and successfully achieved year-on-year growth in the number of spot fixtures, contracts of affreightment and time charters concluded. This was achieved through the strength of our global team which, following the opening of the Oslo office, now comprises seven regional centres.

Our business is closely linked to the food, pharmaceutical and construction industries which for demographic reasons support increased activity as the world moves out of recession.

Continued newbuilding activity coupled with refinery slowdown, even closure, will continue to place pressure on the vast majority of shipping lanes. The Middle and Far East remain major points of focus for Specialised Products as the anticipated recovery develops through 2010, providing regional and multinational customers with all the benefits that we deliver with our unique presence.

Petrochemical gas

In spite of the general weakness in this part of the bulk shipping market our team achieved a record performance in 2009. This result was due to both earnings from contracts concluded prior to the downturn and to an expanding client base.

The petrochemical gas and small LPG shipping market is largely concentrated in Europe, Asia and to a lesser extent the Middle East. Demand for all vessel types dipped sharply in the final weeks of 2008 and remained low throughout the first few months of 2009. By the end of the first quarter, demand was so low that European producers were forced to sell surplus stocks, primarily to Asian buyers. Since this period, the petrochemical gas market strengthened and remained relatively strong until late summer.

Whilst these signs of improvement were encouraging, recovery in the European petrochemical gas markets has not been sufficient to absorb available vessels. In view of the number of vessels that are in build or on order, this imbalance is expected to remain for some time. The same is true of the market in the Middle East, where prolonged production problems led to a tailing off in demand for ethylene vessels in the second half of the year.

Gas

2009 was a difficult year for gas markets. On the cargo side, important new volumes of LPG, originally expected in 2009, were pushed back by LNG project delays and crude cutbacks hit production from existing capacity. World seaborne LPG trade actually contracted 1.6% to 55.1 million tons and the seaborne ammonia trade fell even more dramatically. It was down by 6.0% to 15.5 million tons, with industrial demand particularly hard hit.

On the shipping supply side, the VLGC and mid-size fleets grew, respectively by 6% and 11%. However, a significant volume of scrapping in the LGC sector led to a 15% contraction in that fleet. This was in contrast to other vessel sizes, where the level of scrapping was disappointingly low.

The trading market was also extremely challenging and many of our clients experienced difficulties in managing price volatility. The ammonia market, which traditionally accounts for around 50% of employment for LGC's and mid-size vessels, was particularly depressed, though the situation gradually improved from summer onwards. Due to these difficult conditions period fixing was very limited.

Market share grew across all gas shipping sectors and our commodity broking activities delivered record volumes. The team managed a most encouraging number of sale and purchase and other 'headline' deals and a record number of transactions were concluded in ship chartering and product derivative contracts.

Looking ahead to the remainder of 2010, we anticipate there will be improvements in LPG, LNG and ammonia trading. The favourable impact of these improvements will, however, be counter-balanced by continuing fleet expansion. Nonetheless, we are optimistic that over the next 18 months, the VLGC and LGC markets will improve and that we will benefit from our team's unique position in terms of both breadth and depth of market coverage in both commodity and shipping brokerage.

Sale and purchase

Secondhand

The unprecedented collapse of global banking markets in 2008 resulted in an almost complete freeze in available finance. From the highs of mid 2008, asset values fell in excess of 50% in the dry bulk sectors and of some 30% in tankers. It therefore took some time for business to resume, but once values found some stability, transaction volumes started to return to more normal levels and this has continued into 2010.

Notwithstanding these difficulties, the year as a whole was a successful one for Clarksons' sale and purchase team. Furthermore we successfully completed many transactions which had been negotiated in earlier years when values were much higher. It is, to a great extent, testament to the quality of our client base (both in terms of shipyards and shipowners) that we were able to do this.

During the year we expanded the global team, through the creation of a dedicated container sale and purchase team, who are working from our London, Shanghai and Singapore offices. We are investing in the container market as we believe there is an opportunity for Clarksons to build its market share in this area.

Offshore

Charter rates in all offshore sectors slid throughout 2009 as oil companies slashed budgets and looked to force suppliers to cut costs. As exploration and production budgets were cut, the market saw the laying up of vessels. Combined with a significant order book that is starting to deliver, offshore became a charterer's market in 2009. There were few new orders or secondhand sales as owners resisted selling vessels in a falling market, preferring to lay up or run vessels at a loss.

Nevertheless, we see the offshore market as one of potential growth for Clarksons as opportunities will return in the medium term. We now have a fully integrated team working from London, Houston, Singapore and Aberdeen, an office that opened during 2009 to expand our offshore chartering services.

In 2010 we expect charter rates to remain challenging for owners. The slight increase in exploration and production budgets will reduce the impact of expected deliveries.

Newbuilding

2009 was a difficult year for shipbuilders as they contended with renegotiations, sliding values, under-funded shipowners and banks, and very few new orders. The first half of the year was spent safeguarding order books but in the second half, the newbuilding market saw more enquiries. From the third quarter onwards some firm orders were placed with yards as pricing started to reach levels that owners felt were in line with the secondhand market.

The team successfully helped our clients to deliver the majority of our newbuilding book of business in very difficult market conditions and concluded a number of new orders towards the end of the year from London and Shanghai.

We believe 2010 should offer opportunities in this market, as yard pricing has reached levels at which owners are considering returning to the yards with new orders.

Financial

Revenue: US\$23.4m (2008: US\$62.4m)

Segment result: £0.5m loss (2008: £4.2m profit)

Forward order book for 2010: US\$5m* (At 31 December 2008 for 2009: US\$12m*)

* Directors' best estimates of deliverable FOB

Futures broking

Volumes in the dry forward freight agreement (FFA) market were erratic in 2009. The Baltic Dry Index, a measure of time-charter values in the dry cargo sector, averaged 2,616 in 2009. This is in stark contrast with a high of 11,793 in 2008. Against this backdrop, Clarkson Securities Limited (CSL) produced a healthy profit following a good performance in 2009 having grown its market share in the dry sector.

During the year, CSL started to broke both iron ore and the world's first container freight derivative, the Container Freight Swap Agreement (CFSA). The CFSA is an over the counter cash-settled swap that is settled against the newly created Shanghai Containerised Freight Index (SCFI). Our Securities team worked closely with the Shanghai Shipping Exchange to develop the SCFI. The first trade of the CFSA was announced in January 2010 and brings us into, we firmly believe, a new era for marine risk management. The team has grown to 21 to cover these additional activities and operates from London and Hong Kong.

Continued volatility in the first two months of 2010 provides the opportunity for our teams to continue to perform well in all areas. We will focus, during 2010, on growing our activities in iron ore, into other commodities and in driving increased volumes into the fledgling Container Swap market.

Fund management

In August we were pleased to announce that the Clarkson Freight Fund, a new specialised fund which focuses exclusively on freight derivatives began trading in earnest. Net returns in the last quarter of 2009 were 15.4%. The fund has been seeded with US\$5m from Clarkson PLC and the team will be actively marketing this new fund during 2010.

The Clarkson Shipping Hedge Fund delivered an improved annual performance of net +5.5% (2008: -4.4%) amidst difficult market conditions. As for all hedge funds, 2009 was characterised by high levels of redemptions. All investors in the fund who needed to redeem their holdings to meet cash requirements elsewhere were all able to do so without restriction. Assets under management have now stabilised at US\$32.8m as at 31 December (as at 30 June 2009: US\$42.2m). The team will also be actively marketing this fund during 2010.

Investment services

Clarkson Investment Services (CIS) is regulated in both Dubai and London and has a joint venture with Johnson Rice which services the US market. The team offers investment advice to clients around the globe and, following its regulatory authorisation in Dubai, can also now provide investment service advice to clients in the Middle East and North Africa (MENA) markets. We believe we are now recognised as the only MENA expert that can provide in-depth sector coverage, global research capabilities and investment banking services in natural resources, shipping and energy services. The team continues to develop a healthy pipeline of transactions which should generate significant fees in 2010.

Support

Revenue: £16.0m (2008: £17.0m)

Segment result: £0.4m loss (2008: £3.8m loss)

The division performed in line with our expectations during the year and continues to provide a broad range of activities.

Port and agency

Clarkson Port Services, which comprises agency and stevedoring at English ports and short sea broking, has delivered another year of record profit. This result was driven by increased client revenue and activity from the offshore and renewables market, an area in which there is likely to be continued growth due to the increase in offshore wind farm installations.

Stevedoring and warehousing experienced both increased revenues and margins from the large exportable surplus of grain in the UK. This surplus arose due to a good harvest in the autumn of 2008 giving rise to high in-store stocks throughout 2009.

Short sea broking suffered from weaker freight rates, as experienced across all parts of the shipping market. Nevertheless this area remains profitable.

Property services

Also included within the support segment are the revenues and profits derived from property services. Clarkson PLC holds the head lease of St. Magnus House in Lower Thames Street, London EC3, with an unexpired term of five years. Clarksons occupies 30% of the available space, with the remainder sublet on full commercial rents. Clarkson PLC also owns the freehold of Hamilton Barr House in Godalming, which is also let on a full commercial rent.

Technical services

Clarkson Technical Services (CTS) operates from London, Fujairah and Singapore. The business offers ship repairs, maintenance and project management skills to vessel owners, managers and the offshore industry. During the year, depressed freight rates caused owners to reduce spend on repairs and maintenance. In order to combat these falling revenues, CTS expanded its activities to include provision of spares, equipment and subcontracting of skilled labour. Consequently although revenues declined, improved margins led to an increase in profits.

Logistics

Following a period of resolving legacy issues within our logistics activities, the group now owns and operates just one vessel – the Hermien (formerly the Pacific Dhow). In December, the ship was routinely put into dry dock and passed special survey. Further, in January 2010, Bureau Veritas agreed to increase the vessel's deadweight by 299mt to 5,135mt. The vessel is now trading again under external commercial management. Ship ownership remains non core, and it is the group's intention to exit this activity at the most economically appropriate time.

Research

Revenue: £6.7m (2008: £6.1m)

Segment result: £1.1m (2008: £0.8m)

Research remains at the very core of Clarksons and the 9% growth in revenue to £6.7m (2008: £6.1m) reflects the importance our clients place on access to the best data and information in constantly changing markets.

The Clarkson Research Services Limited (CRSL) team of 62 across collection, validation, analysis and management of data, consultancy services and sales and marketing, is the largest within a commercial broking group. During the year, we continued to grow the team in Shanghai. An increased emphasis on building analyst and sales teams in the Asian markets is a key objective for the future.

CRSL derives its income from the following principal sources of data and publications:

Ship register

These specialist reference books cover the full scope of the shipping and offshore markets.

Periodicals

CRSL publishes a number of weekly, monthly and quarterly publications which are available both in print and online. These are renowned throughout the market as the key source of data for anyone wishing to review changes in shipping markets as they happen. Shipping Intelligence Weekly (SIW) remains the leading weekly source of data in shipping and we expect to launch new periodicals in the first half of 2010 to enhance our offering.

Customer service

A specialist team concentrates on bespoke research projects for banks, shipyards, engineering companies, insurers and other corporates. Revenues grew modestly in this area in 2009, a promising result in view of market conditions.

Digital sales

Sales in 2009 grew for the 9th consecutive year since the 2000 launch of CRSL's flagship database, Shipping Intelligence Network. A full product review has led to the development of a significantly upgraded product which we expect to bring to the market in the first quarter of 2010.

Offshore

Following the successful acquisition of Oilfield Publications Limited in 2004, a full data integration process was finally completed in 2009. As a result, a number of updated offshore market related products will be released throughout 2010. Revenues from this area grew in 2009 and Clarksons will shortly publish comprehensive data to enable the best decisions across the whole spectrum of shipping, oilfields and offshore.

Valuations

Clarkson Valuations Limited has a fully independent team providing services to clients ranging from banks and credit providers to owners and fleet operators. In 2009, the widening of bid offer spreads made the publication of generic valuation data in SIW inappropriate. Nevertheless, bespoke detailed valuations for all our clients continued throughout the year and an increase in the volume of business from valuations indicates the importance the market places on informed, independent and high quality services in this area.

FINANCIAL REVIEW

Profit before tax (before exceptional item): £22.5m (2008: £39.2m)

Basic EPS (before exceptional item): 90.0p (2008: 122.9p)

Basic EPS (after exceptional item): 90.0p (2008: 41.9p)

Administrative expenses

Total administrative expenses fell by £45.1m to £145.8m. Other than accommodation costs, which have remained constant, all major expense categories have reduced as a result of tight controls. Staff costs, which make up some 77% of total administrative expenses (2008: 78%) have fallen by £36.2m, reflecting the offsetting impact of bonus schemes being linked to profits. Travel and entertainment has also been kept in check, recording a 23.8% reduction from 2008.

There was no exceptional charge in 2009 (2008: £21.0m being the settlement of litigation).

Amortisation and impairment of assets

A detailed review of our businesses has demonstrated no need for any further impairment charge in 2009, following the £13.9m charge recognised by the board in 2008.

Taxation

During 2009, changes in UK legislation relating to the treatment of foreign dividends has meant that the group has been able to make dividend payments from overseas subsidiaries to the UK without incurring additional UK taxes.

The group's effective tax rate improved to 24.9% (2008: 30.9%). This overall effective tax rate is lower than the standard UK rate of tax, due to the impact of releasing deferred tax provisions previously held against overseas retained profits, following the payment of dividends from overseas entities. The group does, however, continue to incur a significant level of disallowable trading expenses, which increase the effective tax rate in the UK.

Earnings per share

Adjusted basic EPS was 90.0p per share (2008: 122.9p per share). Adjusted basic EPS excludes exceptional items. The group's basic EPS was 90.0p (2008: 41.9p).

Dividends

The board is recommending a final dividend of 27p (2008: 26p). The interim dividend was 16p (2008: 16p) giving a total dividend of 43p (2008: 42p). In taking its decision, the board took into consideration the 2009 performance, the strength of the group's balance sheet and its ability to generate cash and the forward order book. The dividend is covered in excess of two times by basic EPS.

Cash

The group remains strongly cash generative and ended the year with cash balances of £143.2m (2008: £184.4m). After the year-end, cash payments will be made including the final dividend and performance-related bonuses. After deducting these items, net cash amounted to £81.4m (2008: £87.5m) which, after borrowings, left net available funds of £33.1m (2008: £33.5m). The consolidated cash flow statement reflects the payment of the 2008 bonus in 2009 which was substantially larger than the amount accrued for 2009 (payable in early 2010).

Balance sheet

Net assets at 31 December 2009 were £96.8m (2008: £102.4m). There has been an improvement in the quality of the balance sheet whereby, before pension provisions, the group had £28.9m of net current assets less non-current liabilities as at the end of 2009 (2008: £16.4m). In addition, the group had invested seed capital in the Clarkson hedge funds of £12.6m (2008: £13.3m).

Changes in the position of the group's pension schemes have given rise to a combined deficit of £6.9m at 31 December 2009 (2008: surplus £9.7m). Significant increases in pension investment returns were more than offset by the effects on the liabilities of reduced discount rates and increased inflationary expectations. Triennial valuations for both schemes will be prepared based on the position as at 31 March 2010.

At the end of 2009, the group had drawn down £48.3m under the existing £50.0m multicurrency revolving credit facility with Barclays Bank PLC. During the year, £3.3m was repaid to DVB Bank in Singapore in full repayment of the remaining borrowings on the MV Hermien.

RISK MANAGEMENT

Credit risk

The group has an extensive client base, across all regions of the world, and is exposed to credit related losses from the non-payment of invoices by these clients.

The group mitigates this risk by closely monitoring outstanding amounts, both locally and globally, and by adopting a conservative approach to accounting for bad debt. Uncertainty in freight markets continues to affect the amount of debt that may be irrecoverable. Stringent credit management combined with lower revenues has resulted in the level of trade and other receivables decreasing by 38% in underlying currency and by 45% year-on-year in sterling terms.

Liquidity risk

The group's policy is to maintain borrowings and facilities at such a level that they provide access to funds sufficient to meet all of its foreseeable requirements. The strong generation of cash flow in the business, combined with the available facilities drawn down and cash available in the balance sheet, means that the group is well placed to fund future developments of its global business.

Foreign exchange risk

The major trading currency of the group is the US dollar. Movements in the US dollar relative to other currencies, particularly sterling, have the potential to impact the results of the group both in terms of operating results and the revaluation of the balance sheet. Where there are borrowings taken that specifically relate to assets held in foreign currencies, the borrowings are taken in the same currency as the assets. The group assesses the rate of exchange and non-sterling balances held continually, and has predominantly sold in the spot market during 2009, though some forward cover for the year was taken in 2008. The rates of exchange seen since the year-end are attractive. The group has therefore taken further forward cover for 2010 and 2011.

Interest rate risk

The group's borrowings are at variable rates of interest, and currently there is no cover taken to mitigate the exposure to interest rate movements.

Reputational risk

The group has built an enviable reputation in the market over the past 157 years, and relies upon this to attract business from all major participants in its markets. Clarksons protects against reputational risks by promoting an ethical work environment and providing training programmes where appropriate. The investment in compliance, quality assurance and legal functions also act to ensure that best practices are put in place throughout the group.

Operational risk

Operational risks are where the group may suffer direct or indirect losses from people, systems, external influences or failed processes. The group continually reviews the systems in place to mitigate against operational risk, and puts in place plans to protect against such risks wherever they are significant and practicable. Examples include Business Continuity Plans, Staff Contracts and IT security arrangements. The group also keeps in place and under review appropriate levels of insurance cover.

Jeff Woyda
FINANCE DIRECTOR

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The statement of Directors' Responsibilities below has been prepared in connection with the company's full Annual Report for the year ending 31 December 2009. Certain parts of the Annual Report have not been included in this announcement as set out in note 1 of the financial information.

We confirm to the best of our knowledge:

- the consolidated financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union and in accordance with rule 4.1.12(3)(a) of the Disclosure and Transparency Rules, have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and profit of the group and the undertakings included in the consolidation taken as a whole; and
- the business review has been prepared in accordance with rule 4.1.12(3)(b) of the Disclosure and Transparency Rules, and includes a fair review of the development and performance of the business and the position of the group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the group faces.

This responsibility statement was approved by the Board of Directors on 10 March 2010 and is signed on its behalf by:

Bob Benton
CHAIRMAN

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December

	2009			2008
	£m	Before exceptional item £m	Exceptional item £m	After exceptional item £m
Revenue – continuing operations	176.7	250.3	-	250.3
Cost of sales	(8.3)	(7.5)	-	(7.5)
Trading profit	168.4	242.8	-	242.8
Administrative expenses	(145.8)	(190.9)	(21.0)	(211.9)
Impairment of intangible assets	-	(13.9)	-	(13.9)
Operating profit – continuing operations	22.6	38.0	(21.0)	17.0
Finance revenue	1.6	4.3	-	4.3
Finance costs	(1.8)	(4.0)	-	(4.0)
Other finance revenue – pensions	0.1	0.9	-	0.9
Profit before taxation – continuing operations	22.5	39.2	(21.0)	18.2
Taxation	(5.6)	(16.4)	6.0	(10.4)
Profit for the year – continuing operations	16.9	22.8	(15.0)	7.8
Attributable to:				
Equity holders of the parent	16.9	22.8	(15.0)	7.8
Earnings per share				
Basic – continuing operations	90.0p	122.9p		41.9p
Diluted – continuing operations	88.9p	121.0p		41.3p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

	2009	2008
	£m	£m
Profit for the year	16.9	7.8
Actuarial loss on employee benefits – net of tax	(11.6)	(1.7)
Foreign exchange differences on retranslation of foreign operations	(5.0)	14.6
Foreign currency hedge – net of tax	1.4	-
Total comprehensive income for the year	1.7	20.7
Total comprehensive income attributable to:		
Equity holders of the parent	1.7	20.7

CONSOLIDATED BALANCE SHEET

As at 31 December

	2009 £m	2008 £m
Non-current assets		
Property, plant and equipment	14.6	17.7
Investment property	0.4	0.4
Intangible assets	32.5	32.3
Investments in associates and joint ventures	0.2	0.4
Trade and other receivables	0.6	1.3
Investments	14.9	16.1
Employee benefits	-	9.7
Deferred tax asset	11.6	9.3
	74.8	87.2
Current assets		
Trade and other receivables	29.7	53.7
Income tax receivable	0.9	1.5
Cash and short-term deposits	143.2	184.4
	173.8	239.6
Current liabilities		
Interest-bearing loans and borrowings	-	(3.3)
Trade and other payables	(86.9)	(146.5)
Income tax payable	(3.3)	(8.9)
Provisions	(0.3)	(0.3)
	(90.5)	(159.0)
Net current assets	83.3	80.6
Non-current liabilities		
Interest-bearing loans and borrowings	(48.3)	(50.7)
Trade and other payables	(1.0)	(4.7)
Provisions	(1.1)	(0.9)
Employee benefits	(6.9)	(1.2)
Deferred tax liability	(4.0)	(7.9)
	(61.3)	(65.4)
Net assets	96.8	102.4
Capital and reserves		
Issued capital	4.7	4.7
Share premium	27.8	27.1
ESOP reserve	(2.0)	(0.8)
Employee benefits reserve	2.7	1.8
Capital redemption reserve	2.0	2.0
Hedging reserve	1.4	-
Profit and loss	51.5	54.0
Currency translation reserve	8.7	13.6
Clarkson PLC group shareholders' equity	96.8	102.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December

	Share capital £m	Other reserves £m	Profit and loss £m	2009 Total equity £m
Balance at 1 January 2009	4.7	43.7	54.0	102.4
Profit for the year	-	-	16.9	16.9
Other comprehensive income:				
Actuarial loss on employee benefit schemes – net of tax	-	-	(11.6)	(11.6)
Transfer of currency translation reserves on closure of company	-	0.1	(0.1)	-
Foreign exchange differences on retranslation of foreign operations	-	(5.0)	-	(5.0)
Foreign currency hedge – net of tax	-	1.4	-	1.4
Total comprehensive (expense)/income for the year	-	(3.5)	5.2	1.7
Transactions with owners:				
ESOP shares acquired	-	(1.2)	-	(1.2)
Shares issued	-	0.7	-	0.7
Share-based payments	-	0.9	0.2	1.1
Dividend paid	-	-	(7.9)	(7.9)
	-	0.4	(7.7)	(7.3)
Balance at 31 December 2009	4.7	40.6	51.5	96.8

	Share capital £m	Other reserves £m	Profit and loss £m	2008 Total equity £m
Balance at 1 January 2008	4.7	24.6	54.7	84.0
Profit for the year	-	-	7.8	7.8
Other comprehensive income:				
Actuarial loss on employee benefit schemes – net of tax	-	-	(1.7)	(1.7)
Foreign exchange differences on retranslation of foreign operations	-	14.6	-	14.6
Total comprehensive income for the year	-	14.6	6.1	20.7
Transactions with owners:				
ESOP shares acquired	-	(2.3)	-	(2.3)
ESOP shares utilised	-	5.0	-	5.0
Profit on ESOP shares	-	-	0.2	0.2
Deferred share consideration	-	(0.9)	0.9	-
Shares issued	-	1.7	-	1.7
Share-based payments	-	1.0	-	1.0
Dividend paid	-	-	(7.9)	(7.9)
	-	4.5	(6.8)	(2.3)
Balance at 31 December 2008	4.7	43.7	54.0	102.4

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December

	2009 £m	2008 £m
Cash flows from operating activities		
Profit before tax	22.5	18.2
Adjustments for:		
Exceptional item	-	21.0
Foreign exchange differences	0.6	(12.3)
Depreciation and impairment of property, plant and equipment	3.7	5.4
Share-based payment expense	0.9	1.6
Loss on sale of property, plant and equipment	-	1.2
Loss/(profit) on sale of investments	0.2	(3.1)
Amortisation and impairment of intangibles	-	15.3
Impairment of investments	0.2	-
Provision for investments in associates and joint ventures	-	0.3
Difference between ordinary pension contributions paid and amount recognised in the income statement	(0.6)	(0.4)
Finance revenue	(1.6)	(4.3)
Finance costs	1.8	4.0
Other finance revenue – pensions	(0.1)	(0.9)
Decrease/(Increase) in trade and other receivables	23.8	(2.4)
(Decrease)/Increase in bonus accrual	(38.7)	45.3
(Decrease)/Increase in trade and other payables	(17.6)	6.2
Increase in provisions (adjusted for exceptional item)	0.2	0.2
Cash (utilised)/generated from operations	(4.7)	95.3
Settlement of exceptional item	-	(27.0)
Income tax paid	(13.3)	(10.4)
Net cash flow from operating activities	(18.0)	57.9
Cash flows from investing activities		
Interest received	0.6	3.7
Purchase of property, plant and equipment	(1.5)	(3.5)
Proceeds from sale of investments	-	6.7
Proceeds from sale of property, plant and equipment	0.1	1.0
Disposal of associates and joint ventures	0.2	-
Acquisition of subsidiaries and businesses, including deferred consideration	(0.6)	(2.3)
Dividends received from associates and joint ventures	-	0.4
Dividends received from investments	0.2	0.6
Net cash flow from investing activities	(1.0)	6.6
Cash flows from financing activities		
Interest paid	(1.8)	(3.3)
Dividends paid	(7.9)	(7.9)
Repayments of borrowings	(4.5)	(2.7)
ESOP shares acquired	-	(2.3)
Net cash flow from financing activities	(14.2)	(16.2)
Net (decrease)/increase in cash and cash equivalents	(33.2)	48.3
Cash and cash equivalents at 1 January	184.4	115.3
Net foreign exchange differences	(8.0)	20.8
Cash and cash equivalents at 31 December	143.2	184.4

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

1 General information

The preliminary financial information (financial information) set out in this announcement does not constitute the consolidated statutory accounts for the years ended 31 December 2008 and 2009, but is derived from those accounts. Statutory accounts for 2008 have been delivered to the Registrar of Companies and those for 2009 will be delivered following the company's Annual General Meeting. External auditors have reported on the accounts for 2008 and 2009; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.

2 Accounting policies

The financial information set out in this announcement is based on the consolidated financial statements which are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted for use by the European Union and complies with the disclosure requirements of the Listing Rules of the UK Financial Services Authority. The financial information is in accordance with the accounting policies set out in the 2008 financial statements except for adoption of new accounting standards in 2009, the most significant of which are outlined below.

IFRS 8 'Operating Segments' is effective from 1 January 2009, resulting in a reduction in the number of reportable segments presented.

IAS 1 'Presentation of financial statements' is effective from 1 January 2009, requires the presentation of a statement of changes in equity as a primary statement, separate from the income statement and statement of comprehensive income. As a result, a statement of changes in equity for each year is presented.

3 Segmental information

Segmental information on continuing operations for revenue and results is as follows:

Business segments	Revenue		Results	
	2009 £m	2008 £m	2009 £m	2008 £m
Broking	139.1	193.3	26.7	44.9
Financial	14.9	33.9	(0.5)	4.2
Support	18.8	19.8	(0.4)	(3.8)
Research	6.7	6.1	1.1	0.8
	179.5	253.1		
Less property services revenue arising within the group, included under Support	(2.8)	(2.8)		
Segment revenue/results	176.7	250.3	26.9	46.1
Unallocated other costs			-	(4.5)
Head office costs			(4.3)	(6.7)
Profit on sale of investments			-	3.1
Operating profit before exceptional item			22.6	38.0
Exceptional item			-	(21.0)
Operating profit after exceptional item			22.6	17.0
Finance revenue			1.6	4.3
Finance costs			(1.8)	(4.0)
Other finance revenue - pensions			0.1	0.9
Profit before taxation			22.5	18.2
Taxation			(5.6)	(10.4)
Profit after taxation			16.9	7.8

4 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 2008 in addition to the £6.0m provided in 2007.

5 Taxation

The major components of income tax expense in the consolidated income statement are:

	2009 £m	2008 £m
Continuing operations:		
Taxation on profit before exceptional item at 28.0% (2008: 28.5%)	6.3	11.2
Taxation on exceptional item at 28.5%	-	(6.0)
Tax on unremitted earning of overseas operations	(1.6)	1.2
Expenses not deductible for tax purposes	3.2	5.7
Other adjustments	(2.3)	(1.7)
Taxation on profit after exceptional item	5.6	10.4

6 Earnings per share

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

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, 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:

	2009 Before exceptional item £m	2008 Before exceptional item £m	2009 After exceptional item £m	2008 After exceptional item £m
Net profit attributable to ordinary equity holders of the parent	16.9	22.8	16.9	7.8

	2009 Number millions	2008 Number millions
Weighted average number of ordinary shares	18.7	18.6
Diluted weighted average number of ordinary shares	19.0	18.8

7 Dividends

The board is recommending a final dividend of 27p (2008: 26p), giving a total dividend of 43p (2008: 42p). This final dividend will be payable on 11 June 2010 to shareholders on the register at the close of business on 28 May 2010, subject to shareholder approval.

8 Employee benefits

The company operates two defined benefit schemes: the Clarkson PLC scheme and the Plowrights scheme.

As at 31 December 2009 the Clarkson PLC scheme and the Plowrights scheme had a combined deficit of £6.9m (2008: £9.7m 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 £1.9m (2008: £2.7m on the surplus, £0.3m on the minimum funding requirement). The market value of the combined assets was £121.6m (2008: £114.6m) and independent actuaries have assessed the present value of the combined funded obligations at £128.5m (2008: £104.9m).

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.

9 Analysis of net funds

	31 December 2008 £m	Cash flow £m	Foreign exchange differences £m	31 December 2009 £m
Cash and short-term deposits	184.4	(33.2)	(8.0)	143.2
Current interest-bearing loans and borrowings	(3.3)	3.0	0.3	-
Non-current interest-bearing loans and borrowings	(50.7)	1.5	0.9	(48.3)
Net funds	<u>130.4</u>	<u>(28.7)</u>	<u>(6.8)</u>	<u>94.9</u>

10 Contingencies

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

Since June 2006, H Clarkson & Company Limited received commissions amounting to US\$15.5m which were the subject of the claims brought against the company by the Russian companies, Sovcomflot and Novoship. H Clarkson & Company Limited held those monies in separate designated accounts pending determination as to who was entitled to receive them. It became clear to the board that these monies were rightfully payable to the Claimants and thus, as part of the settlement agreed with the Claimants on 26 June 2008, they were released to their account. There remain Part 20 Claims from two of the defendants that these monies are rightfully theirs. In June 2009 a further claim was received from entities associated with one of the defendants amounting to US\$5.2m. 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 commenced in October 2009.