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Research

At the forefront of global shipping services

Interim results announcement

6 months ended 30th June 2007





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Agenda

Introduction

Richard Fulford – Smith CHIEF EXECUTIVE

Financial overview

Jeff Woyda FINANCE DIRECTOR

Market drivers

Richard Fulford – Smith CHIEF EXECUTIVE

Review of operations

Richard Fulford – Smith CHIEF EXECUTIVE





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Financial Highlights

Revenue – US Dollar

\$144.7m **+53%**

(2006: \$94.7m)

Profit before Tax

£12.3m **+32%**

(2006: £9.3m)

Revenue

£73.2m **+39%**

(2006: £52.6m)

Earnings per Share

47.3p **+26%**

(2006: 37.5p)





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Financial Overview

6 months to 30th June 2007

Jeff Woyda

FINANCE DIRECTOR





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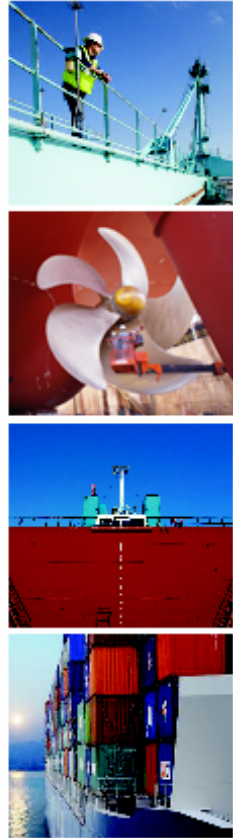


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Results summary

	H1 2007	H1 2006	%	
Revenue	£73.2m	£52.6m	+39%	
Continuing operations				
Profit before taxation	£12.3m	£9.3m	+32%	
Continuing operations				
EBITDA	£13.8m	£9.7m	+42%	
Continuing operations				
Profit from discontinued operations	£0.1m	£1.1m	-91%	
Net of taxation				
Earnings per share	47.3p	37.5p	+26%	
Continuing operations				
Dividend per share	14.0p	12.0p	+17%	



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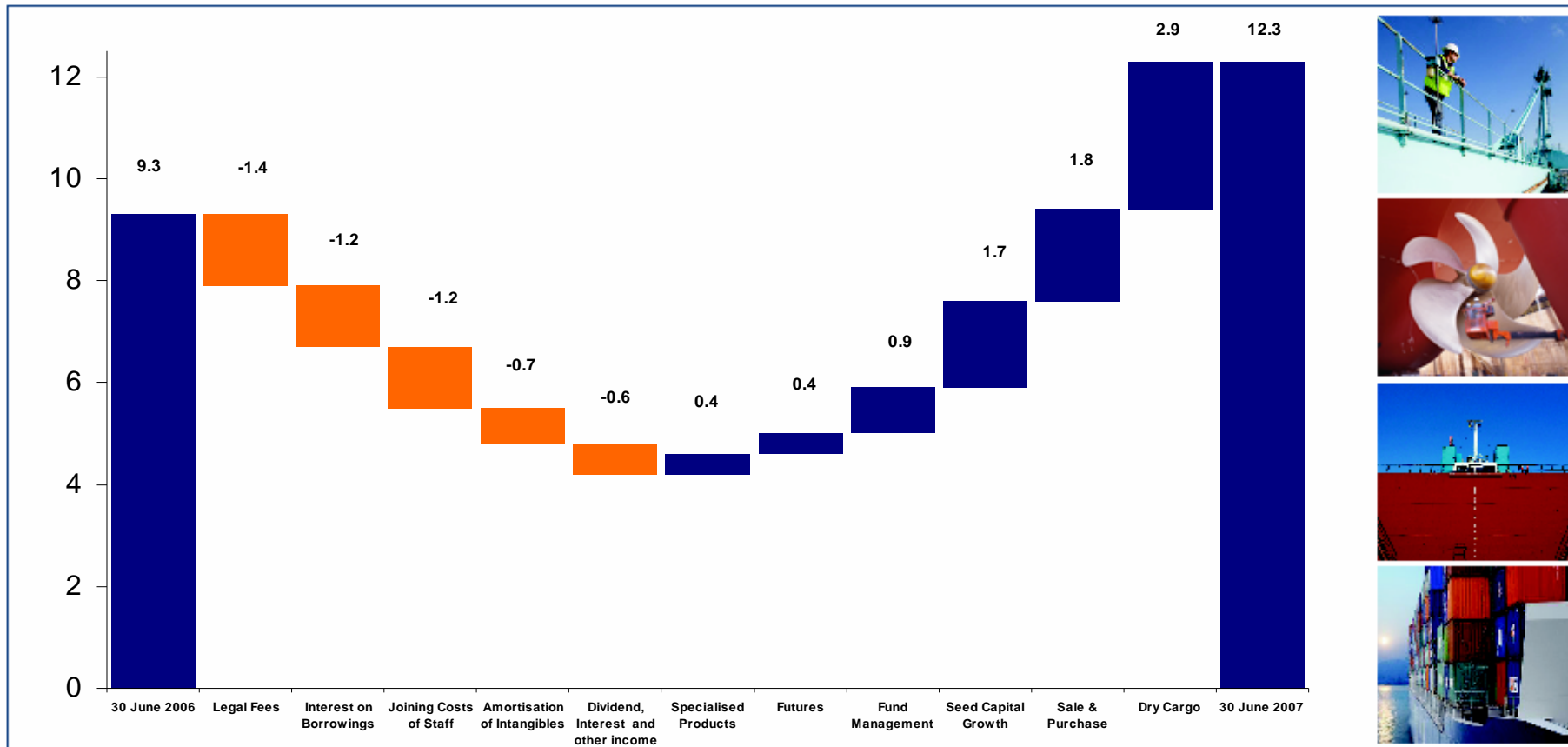
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Major movement in Profit before Tax

£million





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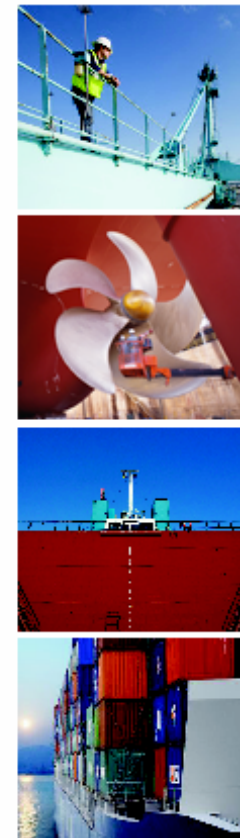
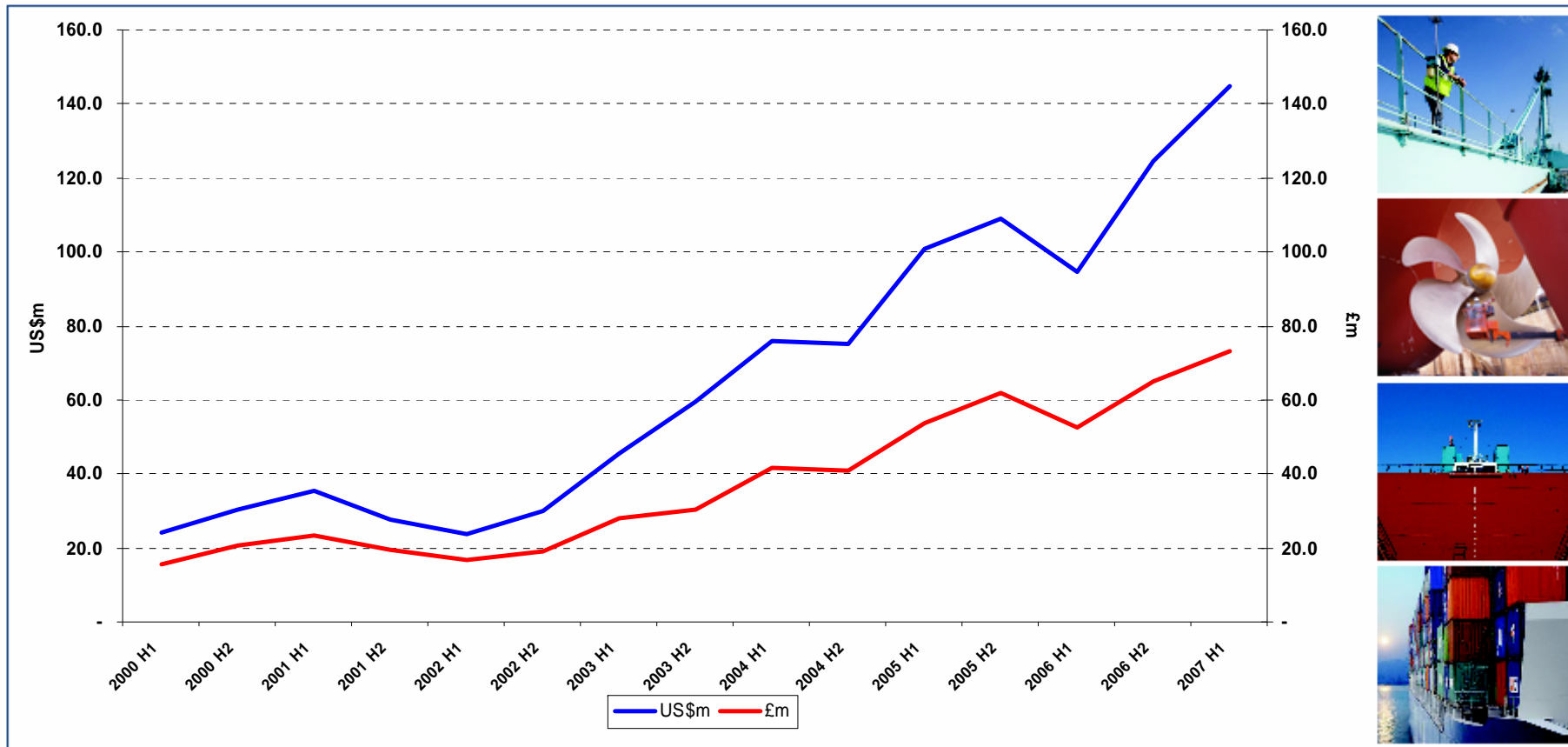


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Revenue 2000-2007





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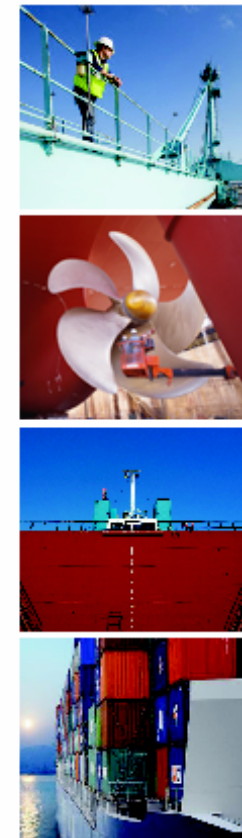
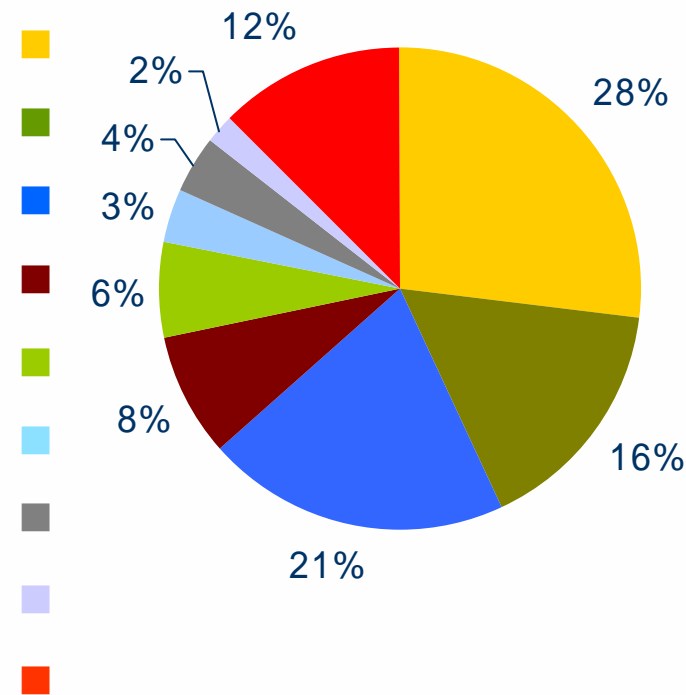


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Segment revenue

Continuing operations £ million

	2007 £m
Dry cargo	20.2
Tankers	12.0
Sale and purchase	15.0
Specialised products	6.3
Futures	4.8
Gas	2.6
Research	3.0
Fund Management	1.4
Other	9.2





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Revenue trend

US \$million

	H1 2007 \$m	H1 2006 \$m	%	
Dry bulk	39.9	23.0	+ 73.5	
Tankers	23.7	21.6	+ 9.7	
Sale & purchase	29.7	17.3	+ 71.7	
Specialised products	12.5	7.7	+ 62.3	
Futures	9.5	6.5	+ 46.2	
Property services	6.3	5.6	+ 12.5	
Gas	5.1	4.7	+ 8.5	
Research services	5.9	5.2	+ 13.5	
Containers	3.6	2.5	+ 44.0	
Logistics	2.6	2.2	+ 18.2	
Financial services	2.4	-	n/a	
Port and agency services	3.4	-	n/a	
Fund management	2.8	0.2	+1300	



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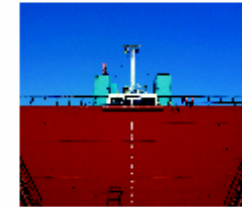


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Operating Profit

Continuing operations £million

	H1 2007	H1 2006	H1 2007	H1 2006
	£m	£m	Margin	Margin
Dry bulk	4.9	2.0	24%	16%
Tankers	2.8	2.8	23%	23%
Sale & purchase	3.5	1.7	23%	18%
Futures	1.2	0.8	25%	22%
Specialised products	1.0	0.6	16%	14%
Gas	0.4	0.6	15%	23%
Other	1.0	0.2	7%	2%





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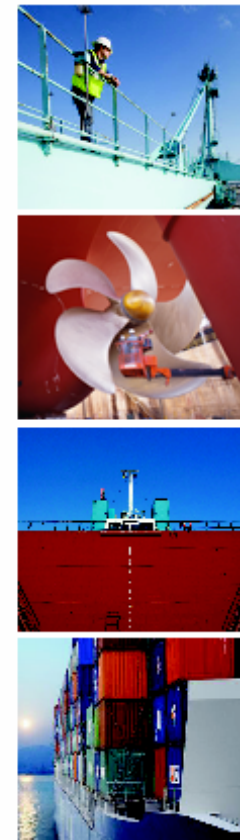
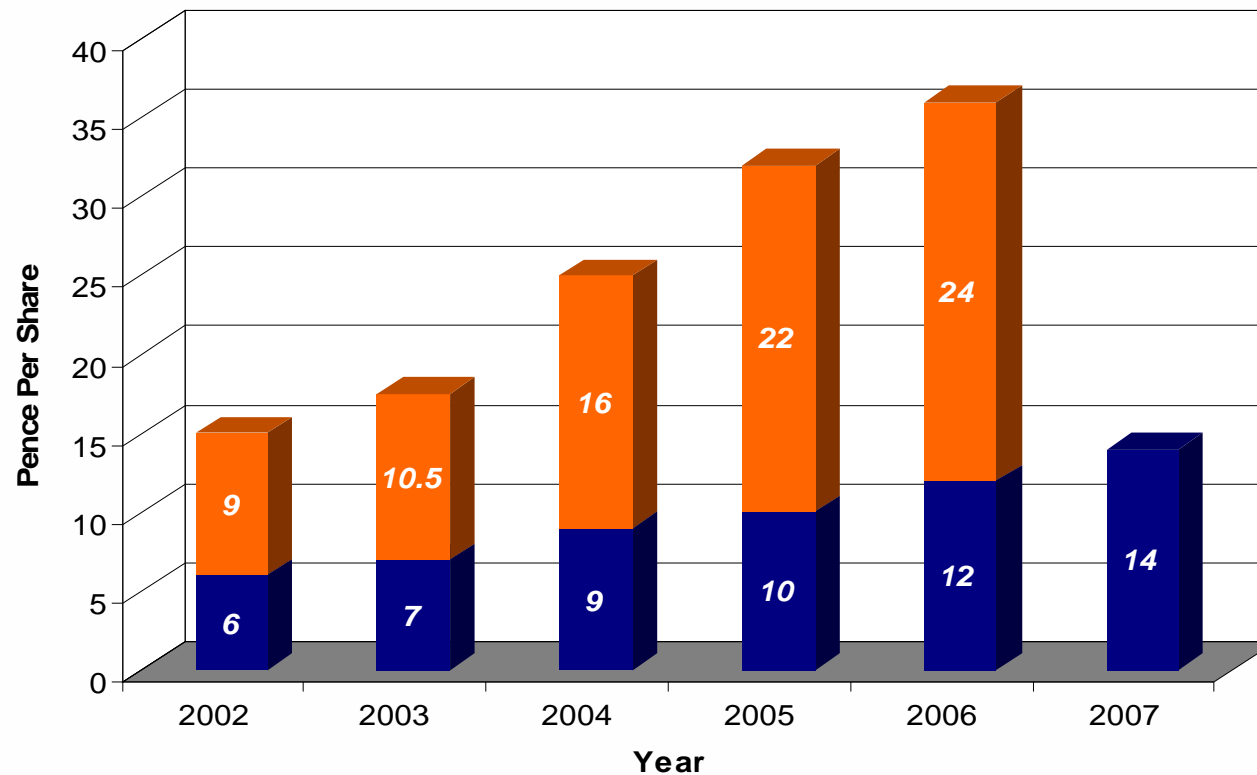


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Dividend



Final
Interim



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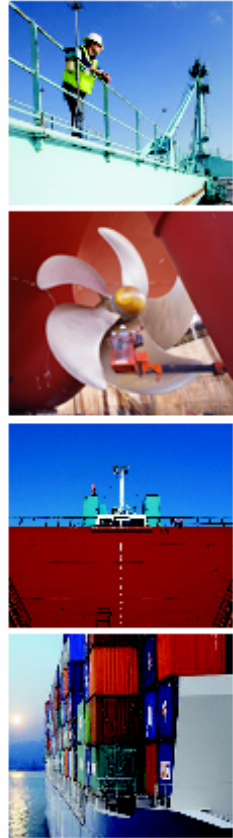


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Balance sheet

	June 2007 £m	December 2006 £m	Change %	
Non-current assets	98.7	90.7	9%	
Trade and other receivables	36.1	31.1	16%	
Cash and short-term deposits	62.6	74.8	(16%)	
Current liabilities	(58.6)	(70.1)	16%	
Non-current liabilities	(63.4)	(61.1)	(4%)	
	75.4	65.4	15%	



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Market Drivers

Richard Fulford – Smith

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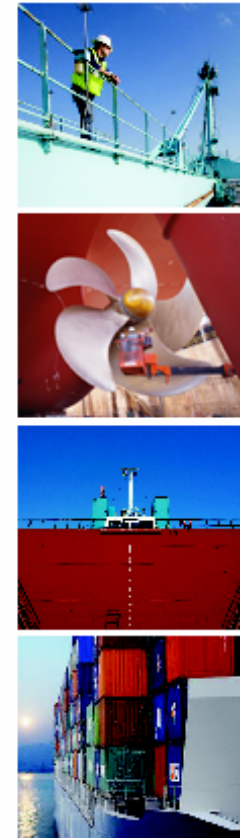
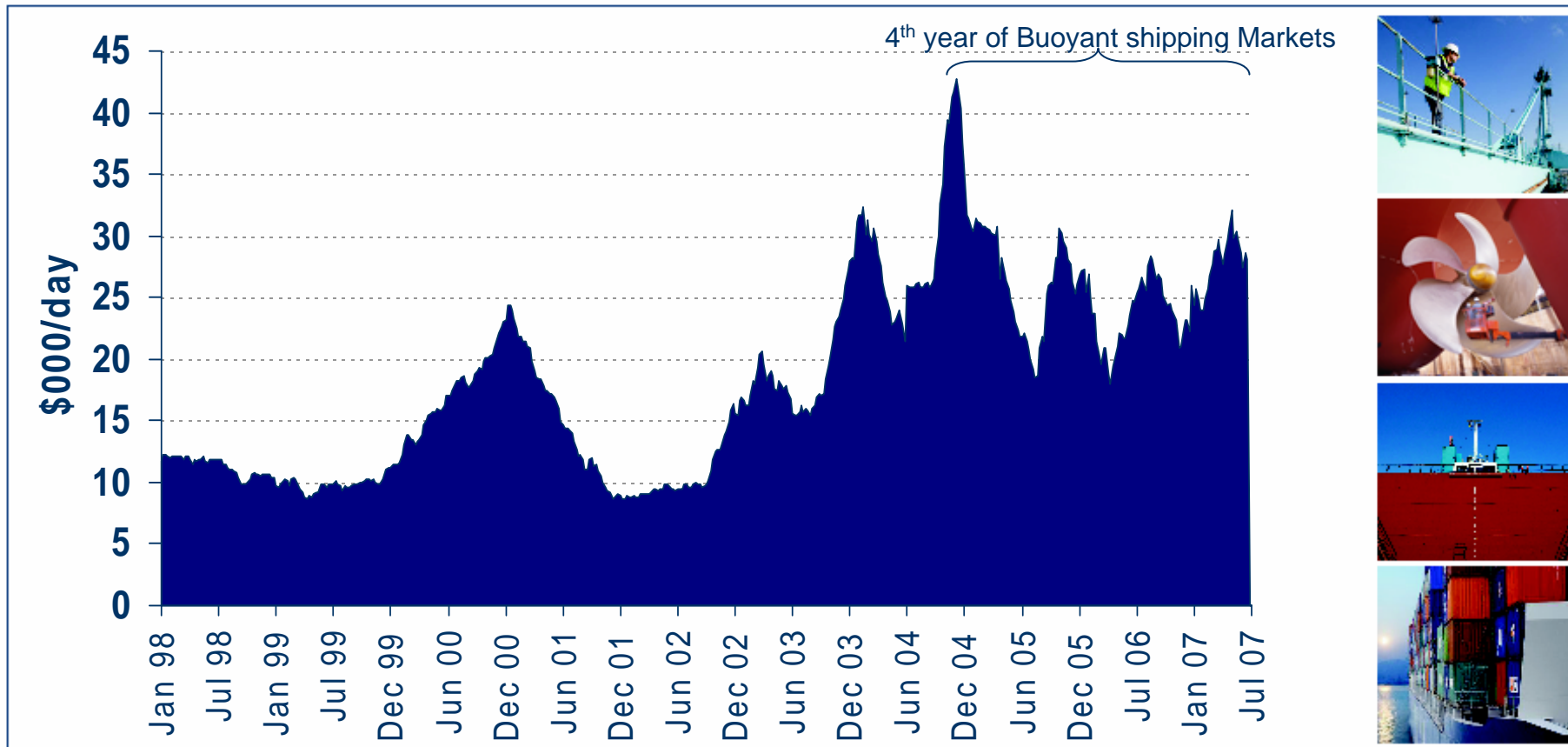
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Clarksea Index 1998-2007

The Clarksea Index (tankers, bulkers, containers, gas)





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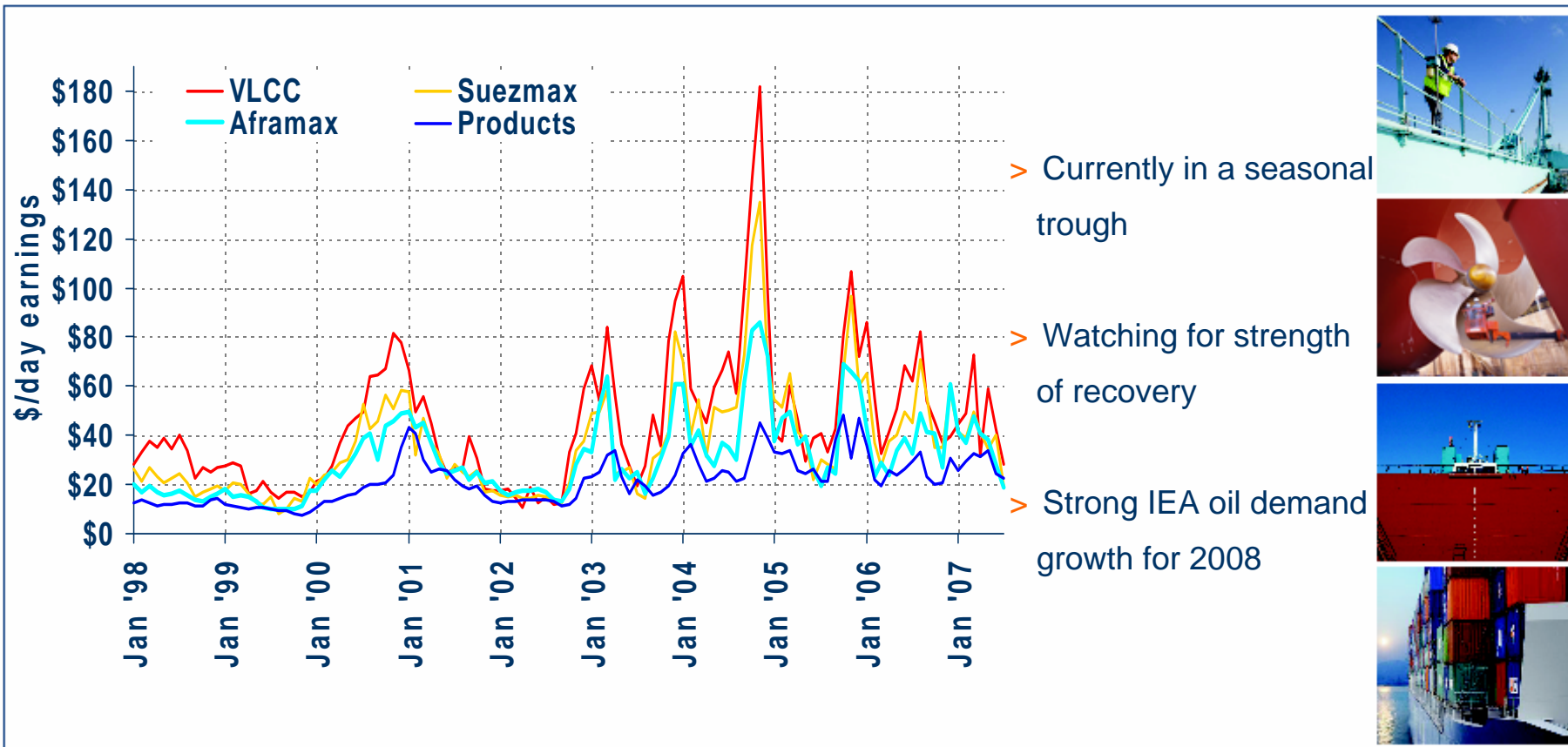


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Research

Tanker Earnings 1998-2007





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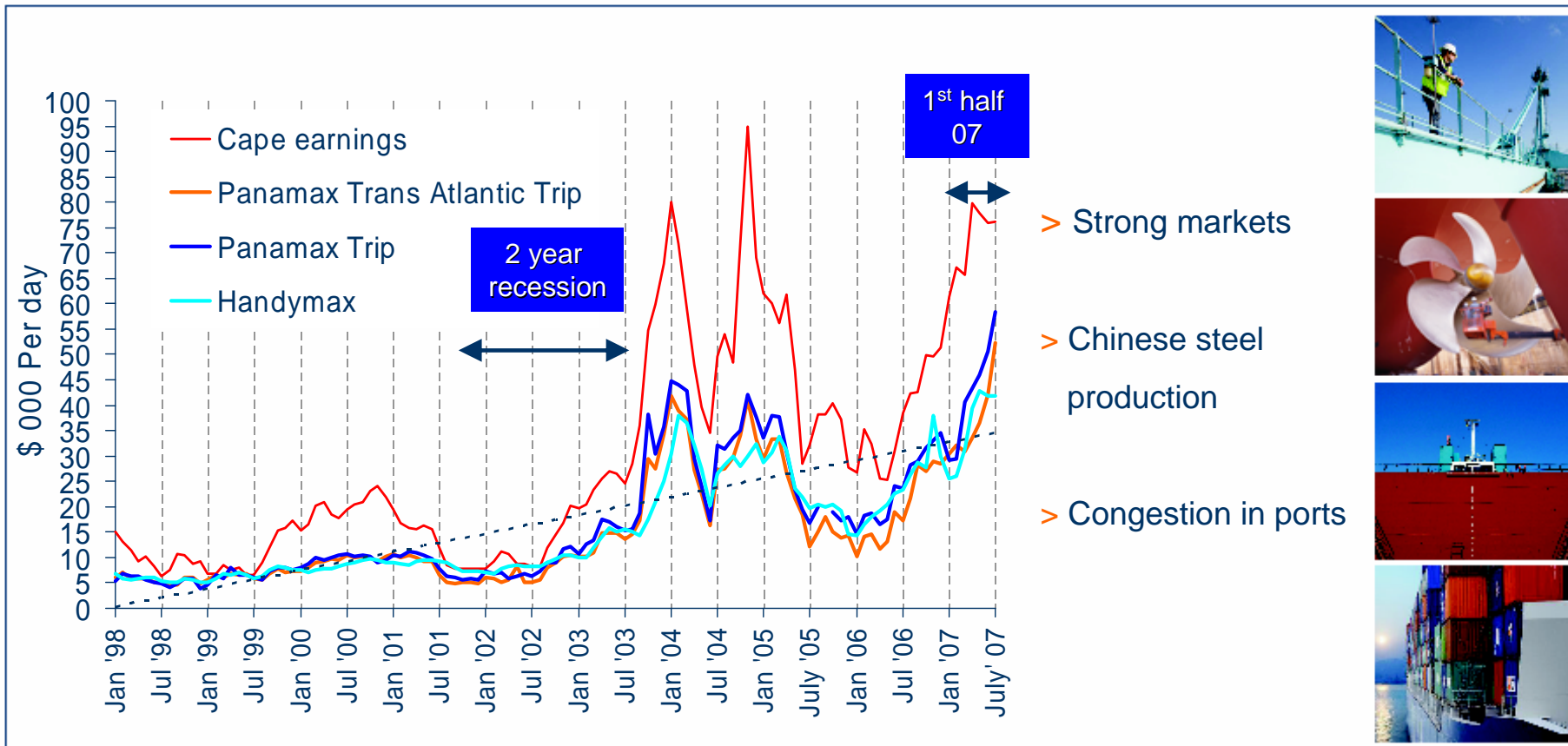


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Dry Bulk Earnings 1998-2007





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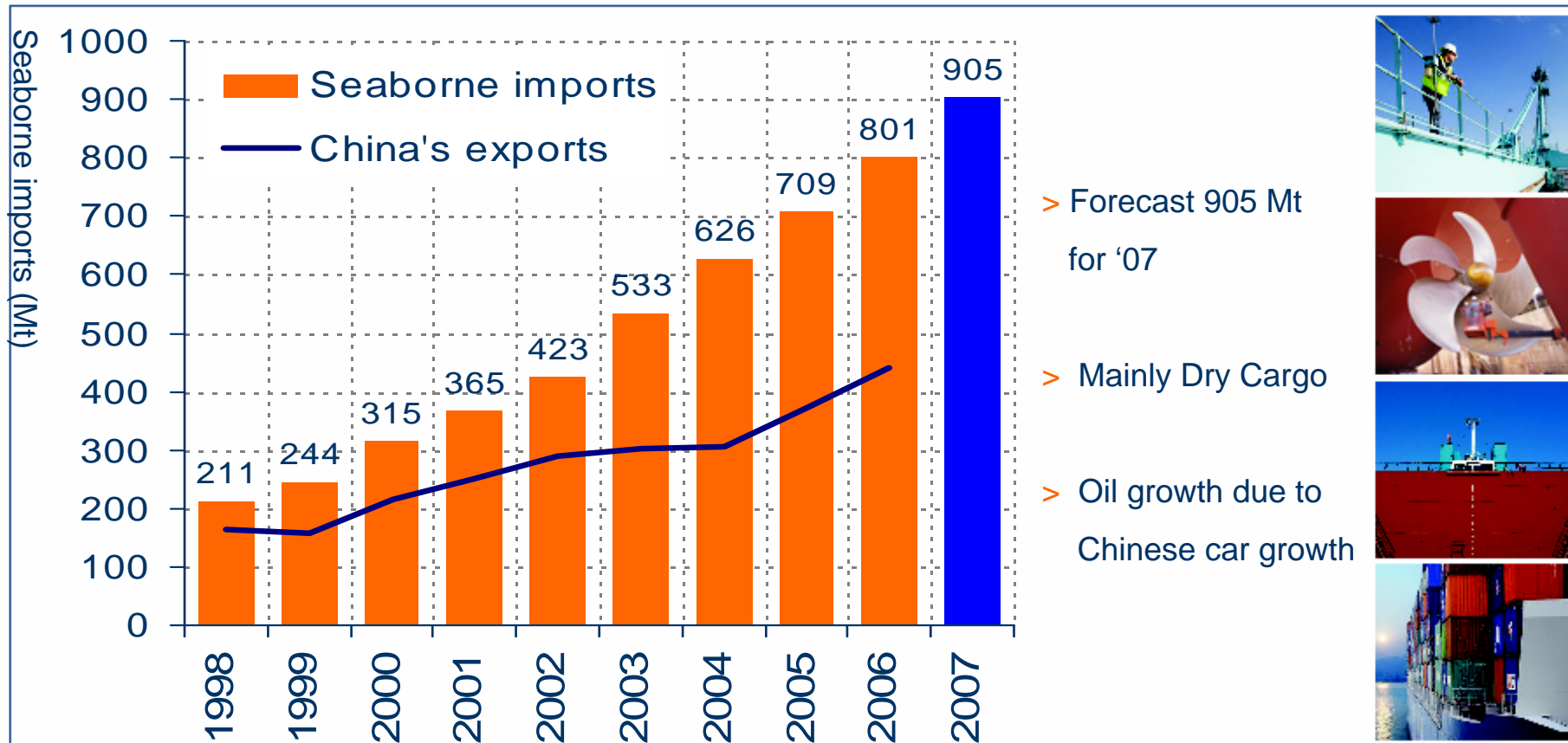


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China Sea Trade 1998-2006





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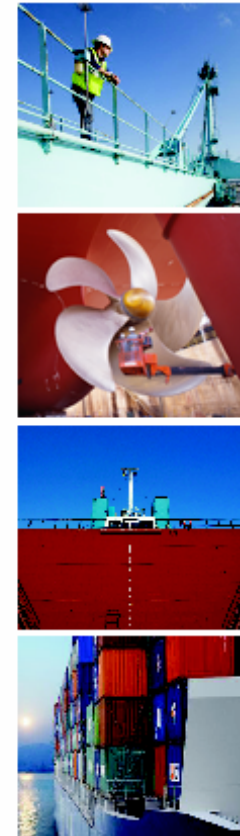
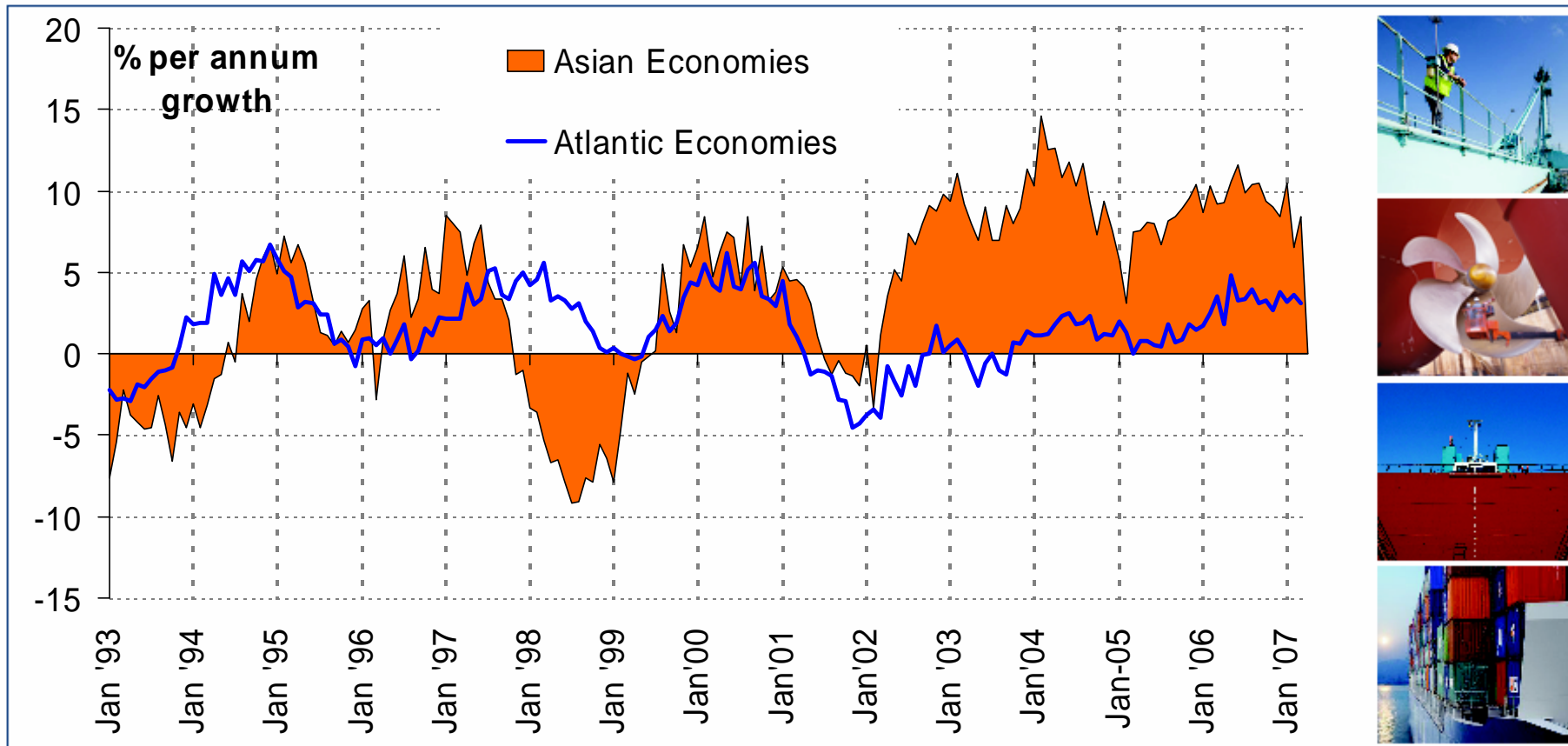


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World Industrial Production





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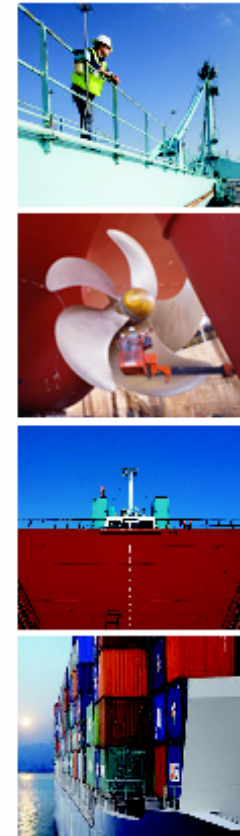
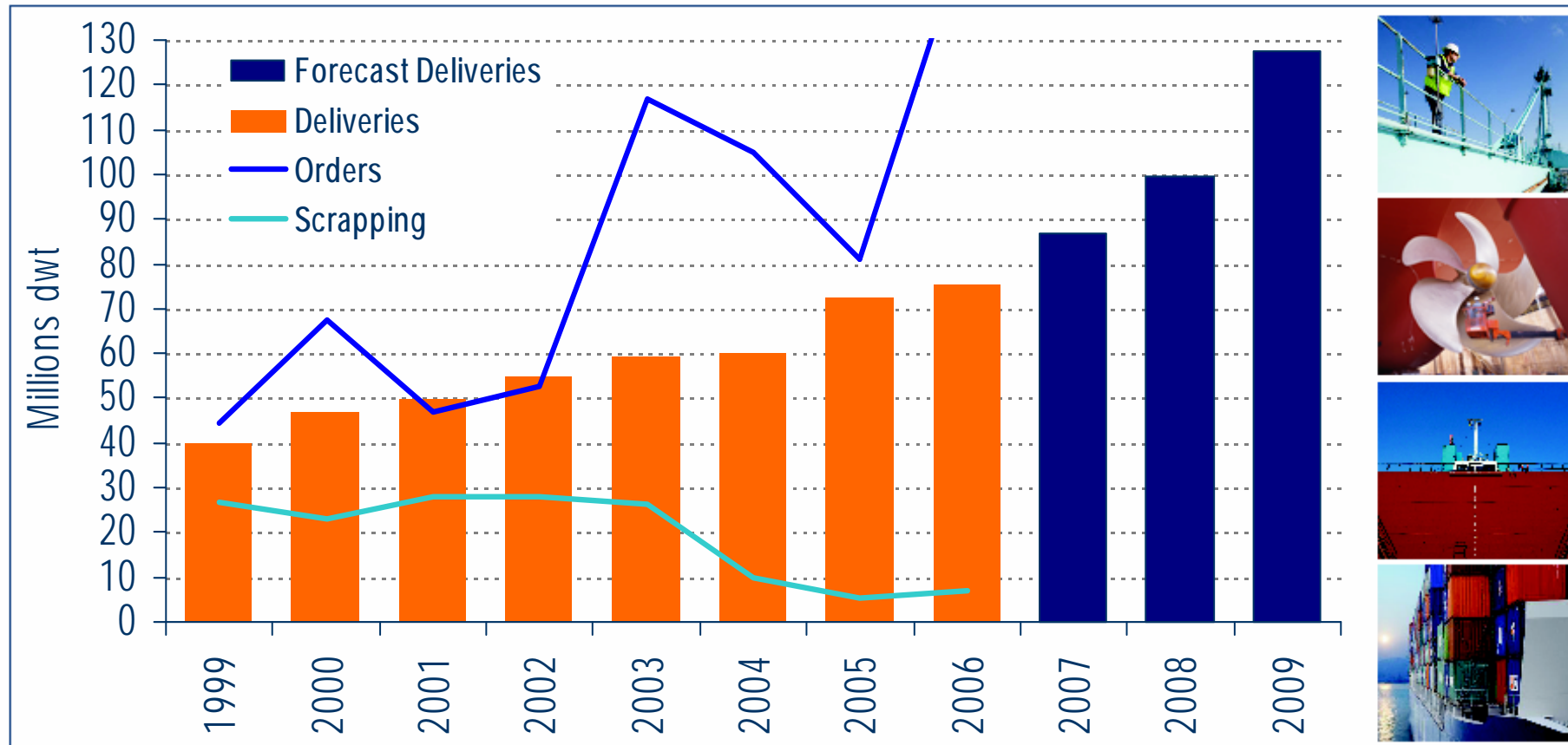


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Shipbuilding 1999-2009





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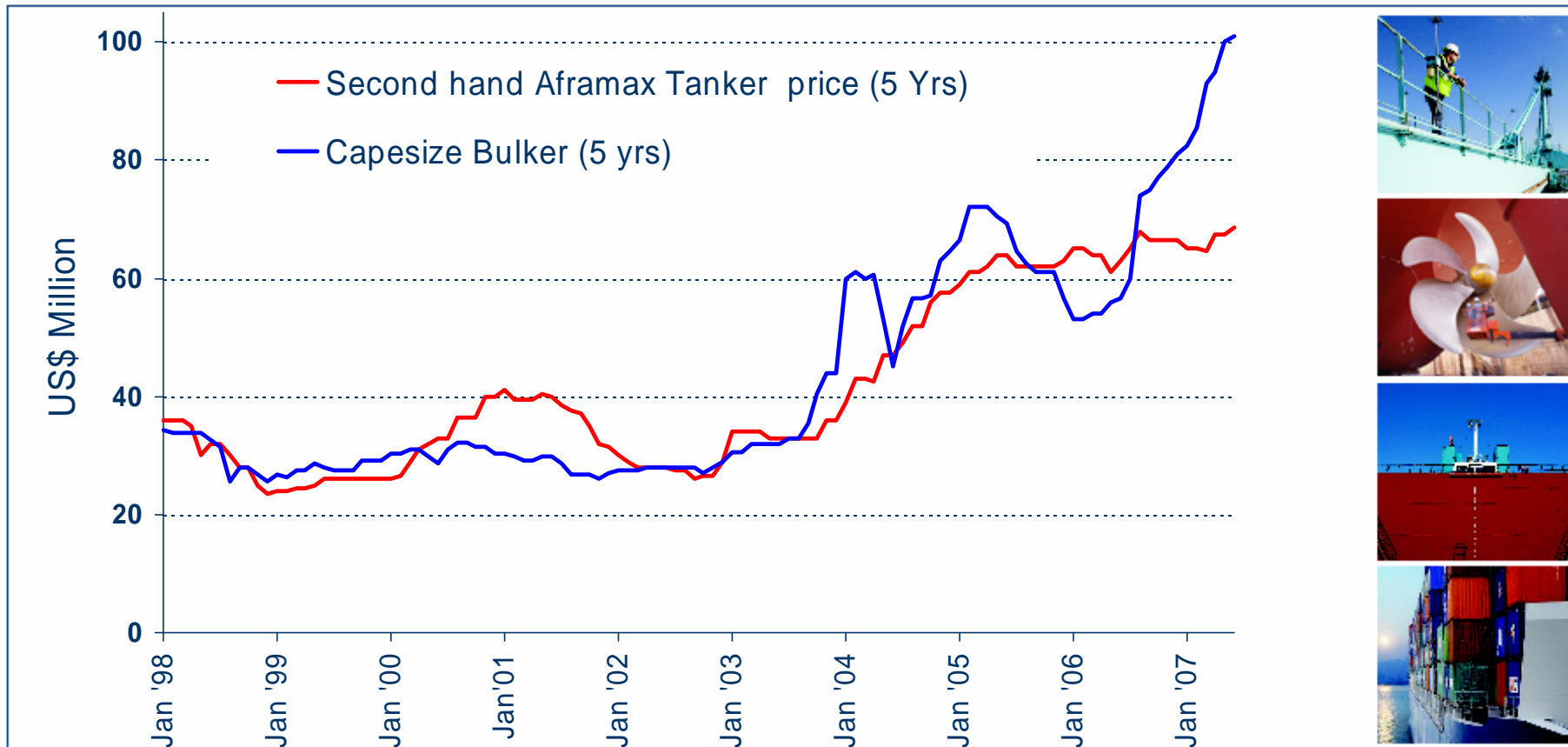


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Second Hand Prices 1998-2007





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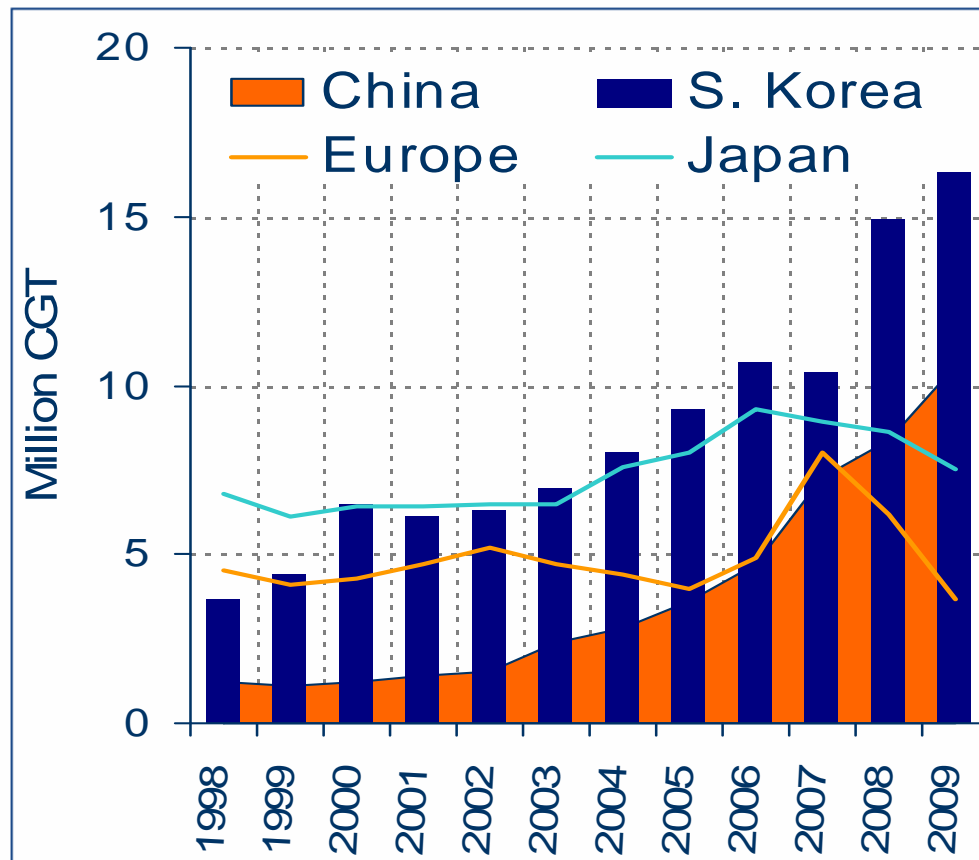


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Shipbuilding by Country 1998-2007



> Forecast output to increase from 30m cgt in 2006 to 40m cgt in 2009

> Growth is being shared between Korea and China





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Review of Operations

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Corporate Activity

AGA Cofimar – May 2007

- > Purchased the remaining 51% for US\$2.5m
- > Strengthens Dry Cargo team
- > Consolidates the group's relationships with significant clients

LNG Shipping – May 2007

- > Purchased the remaining 50% for US\$2.0m
- > Builds group's presence in consulting and broking of the LNG market

Normarine – July 2007

- > Acquired Offshore broking business for £2.7m
- > Completes joint relationship developed over 2 years
- > Strengthens global team in growth sector

Egypt – February 2007

- > 50% JV with the Bayoumi family
- > Ship agency in all Egyptian ports and Suez Canal transit
- > Broad offering of shipping services and chartering in Middle East





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Global footprint

UK

London
Ipswich
Ledbury

France

Paris

Italy

Genoa

Greece

Piraeus

Egypt

Alexandria

UAE

Dubai

China

Hong Kong
Shanghai

Singapore

Singapore

Australia

Sydney
Melbourne

New Zealand

Auckland

USA

Houston
San Francisco

South Africa

Johannesburg



Geneva

India





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Employees

- > 609 staff employed globally
- > 37% based outside UK
- > 65% revenue earners, 35% support staff





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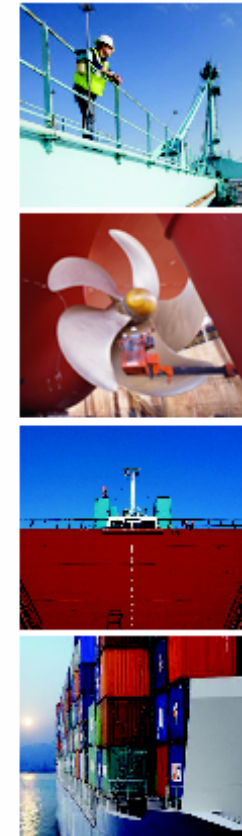
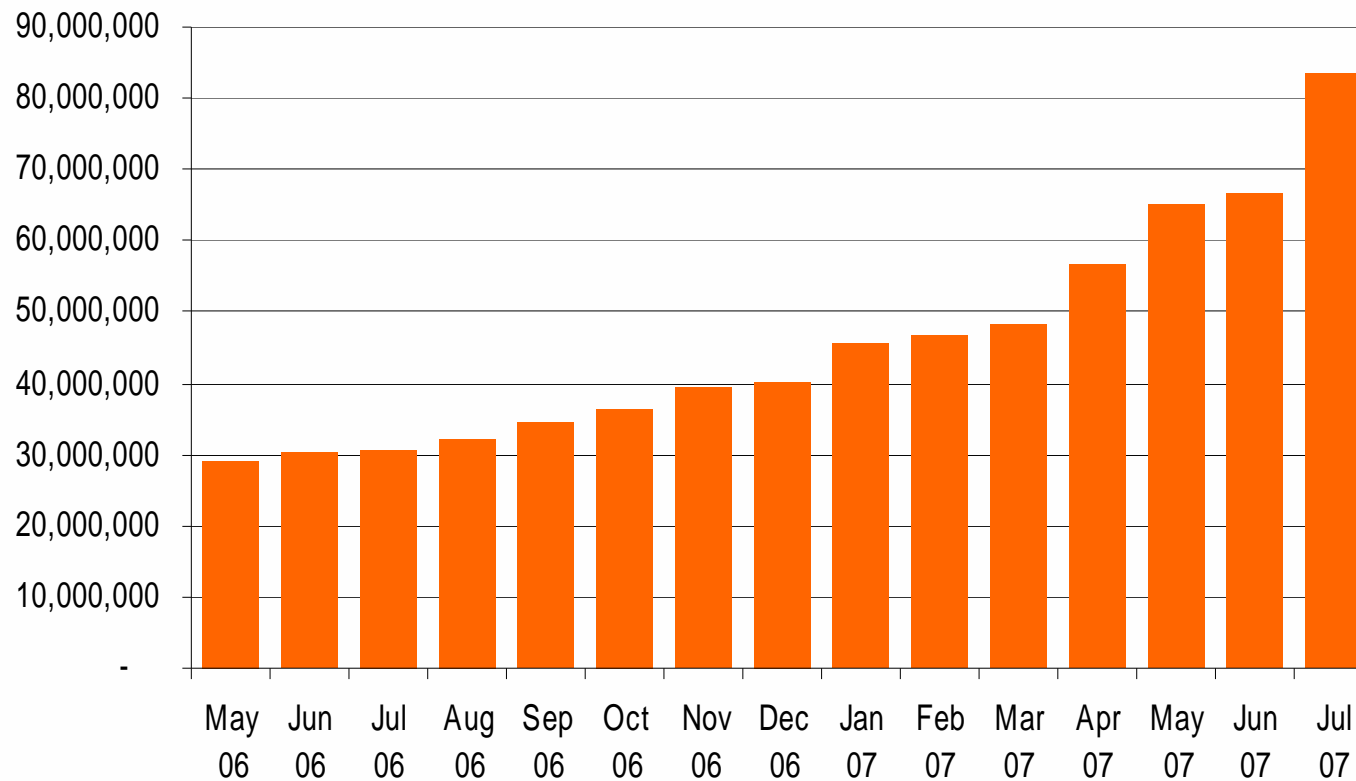
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Clarkson Hedge Fund

Funds Under Management (US\$)





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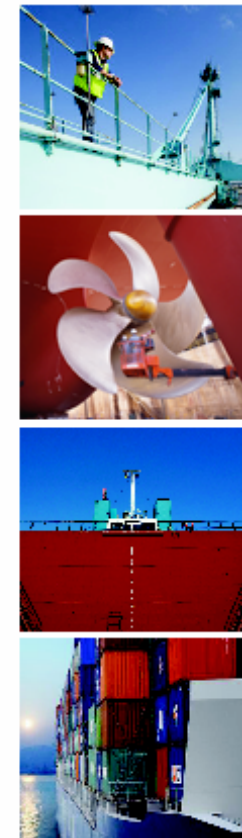
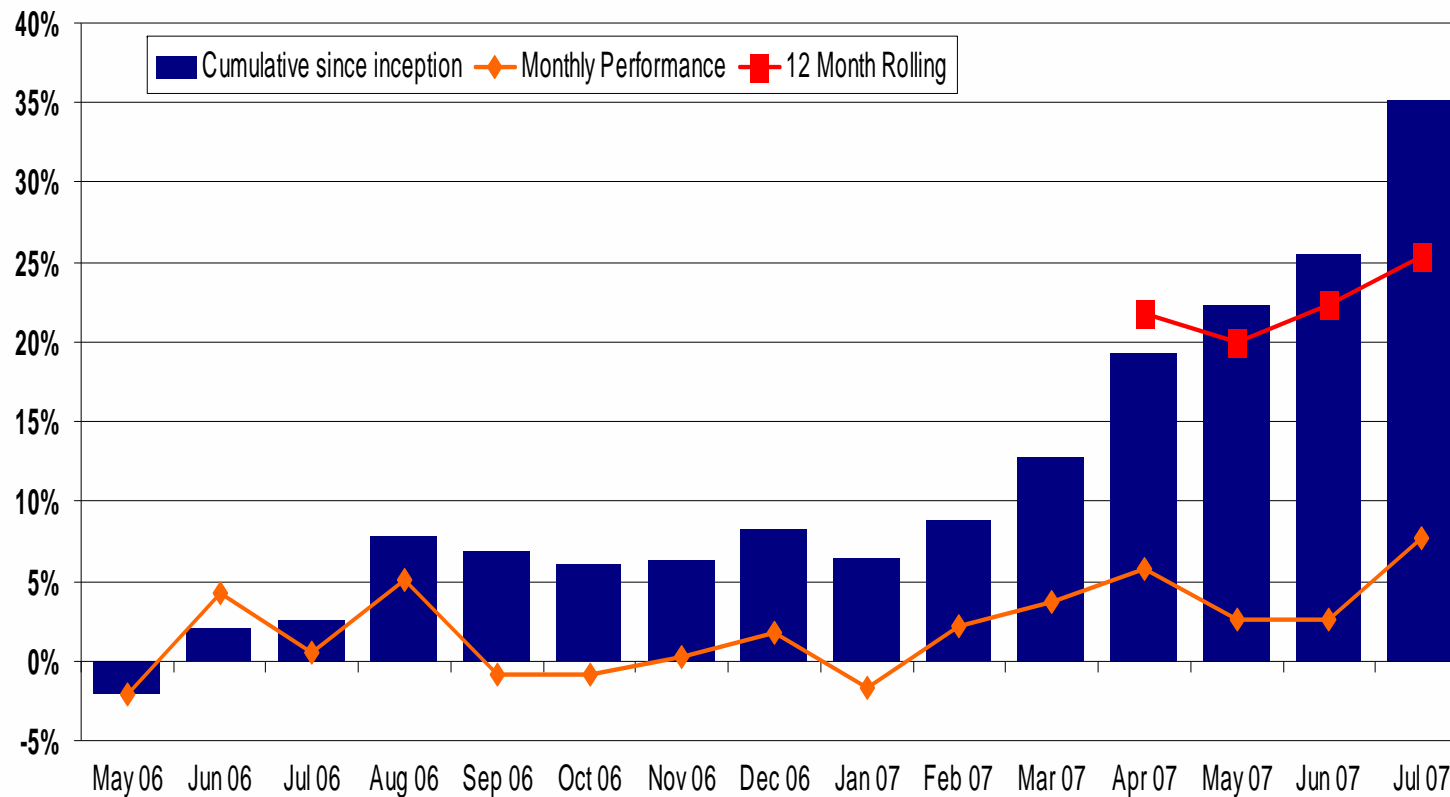
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Clarkson Hedge Fund

Fund performance net of fees (%)





Dry bulk

- > Buoyant market compared to difficult trading conditions in H1 2006
- > Continues growth from H2 2006
- > Minerals demand from China and India likely to support the market through 2007

	Revenue	Results
2007 – first half	£20.2m	£4.9m
2006 – first half	£12.8m	£2.0m
	+57.8%	+145%
2006 – full year	£28.6m	£6.0m





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Tankers

- > Challenging market conditions during year with rates falling
- > Revenue supported by increased volume and market share
- > Consolidation of leading position with major customers

	Revenue	Results
2007 – first half	£12.0m	£2.8m
2006 – first half	£12.0m	£2.8m
	+0%	+0%
2006 – full year	£24.3m	£5.7m





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Sale & Purchase

- > Investment in new teams during 2006 – arrived late 2006
- > Re emergence of big transactions and corporate fleet deals
- > Increase in prices and volumes
- > New clients and increased market share

	Revenue	Results
2007 – first half	£15.0m	£3.5m
2006 – first half	£9.6m	£1.7m
	+56.3%	+106%
2006 – full year	£20.6m	£3.5m





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Futures

- > Increased volumes
- > Business derived from both market hedging and client trading
- > Majority of business in Dry but rebuilding tankers too

	Revenue	Results
2007 – first half	£4.8m	£1.2m
2006 – first half	£3.6m	£0.8m
	+33.3%	+50%
2006 – full year	£9.0m	£2.5m





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Specialised products

- > 2006 acquisitions now fully integrated
- > Expansion of business line to Dubai and Singapore

	Revenue	Results
2007 – first half	£6.3m	£1.0m
2006 – first half	£4.3m	£0.6m
	+46.5%	+66.7%
2006 – full year	£10.5m	£1.9m





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Gas

> Very difficult market conditions in LPG

	Revenue	Results
2007 – first half	£2.6m	£0.4m
2006 – first half	£2.6m	£0.6m
	+0%	-33%
2006 – full year	£5.5m	£1.3m





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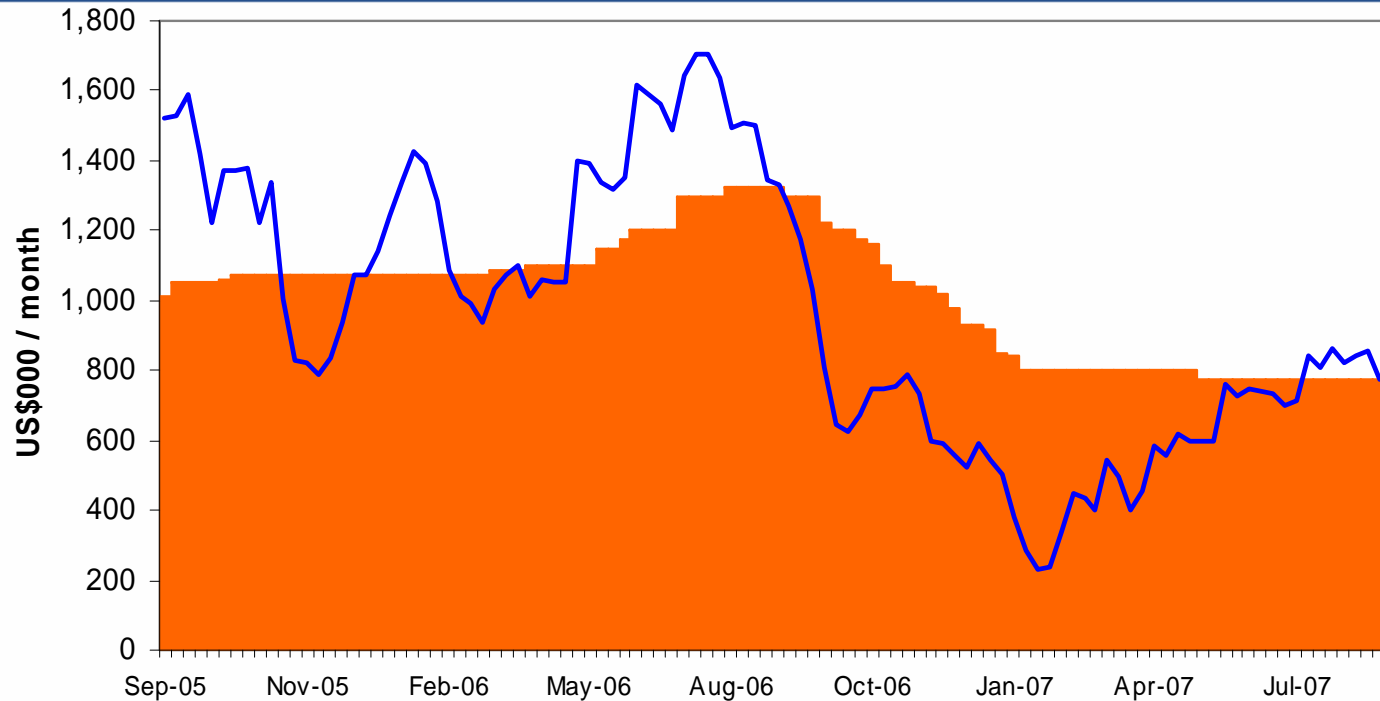


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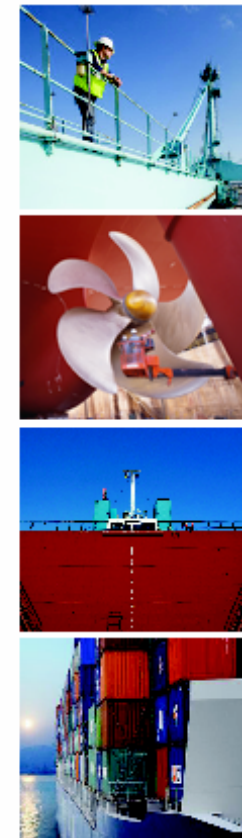


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LPG Charter rates



— MHI 78K CBM LPG 12 Month Timecharter Rate
— MHI 78K cbm LPG Timecharter Equivalent Rates





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Contingent Liabilities

- > **2 cases brought against us by Russian shipping companies Sovcomflot and Novoship**
- > **Total claims amount to US\$67m**
- > **About the payment of commissions to allegedly unauthorised Russian recipients**
- > **Defence to be submitted September**





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Summary and Outlook

- > **Excellent market conditions**
- > **Returns from corporate acquisitions and new teams justifying costs**
- > **Base broadening – including investment advisory**
- > **Back to growth path for the year**





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Appendix I: 10 year historical comparison

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	
	IFRS	IFRS	IFRS	UK GAAP	UK GAAP	UK GAAP	UK GAAP	UK GAAP	UK GAAP	UK GAAP	
Revenue											
Continuing operations	£117.7m	£115.6m	£82.4m	£56.8m	£35.1m	£42.5m	£36.4m	£27m	£28.4m	£33.1m	
Profit before taxation											
Continuing operations	£21.1m	£26.8m	£23.1m	£11.0m	£4.3m	£9.3m	£5.6m	£1.3m	£2.0m	£3.2m	
Earnings per share											
Continuing operations	83.1p	108.9p	98.0p	46.9p	18.0p	42.3p	26.0p	4.1p	7.9p	9.1p	
Dividend per share											
Continuing operations	36.0p	32.0p	25.0p	17.5p	15.0p	15.0p	10.0p	4.0p	4.0p	4.0p	