


WeGoBeyond

Clarkson PLC
Annual Report 2016



Clarksons is the world's leading provider of integrated shipping services

Through our 'best in class' service offer we bring unique industry connections and expertise to our ever-wider and increasingly diverse client base across all sectors of the shipping and offshore industries, providing unrivalled professionalism and support in the markets in which they operate.

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Please visit
www.clarksons.com
for more information

GoingBeyond

Going beyond is more than a strap line.

It's our ethos.

It's our culture.

It's the way we do things at Clarksons.

From 49 offices, every one of our 1,398 employees making up Team Clarksons goes beyond for our clients every hour of every day.

Never standing still, always pushing boundaries and challenging ourselves to add value.

We share understanding, culture and ideas to deliver a truly local service worldwide to all our clients.

Revenue	Underlying profit before taxation	Reported profit before taxation
£306.1m	£44.8m	£47.3m
2015: £301.8m	2015: £50.5m	2015: £31.8m

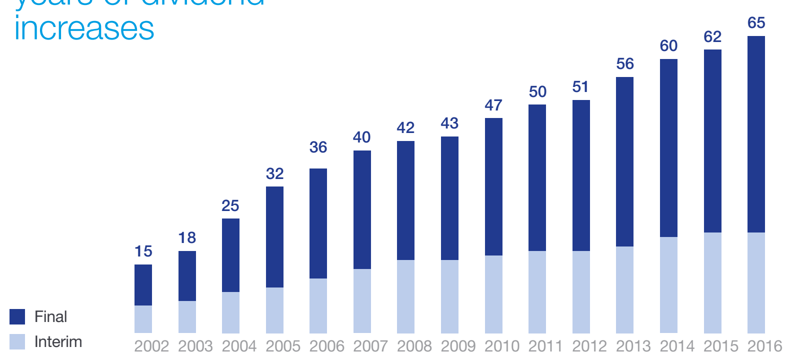
Alternative performance measures (APMs)
Clarksons uses APMs as key financial indicators to assess the underlying performance of the Group. Management considers the APMs used by the Group to better reflect business performance and provide useful information. Our APMs include underlying profit before taxation and underlying earnings per share. Explanations of the term 'underlying' and related calculations are included within the financial review on page 36.

Dividend per share

65p

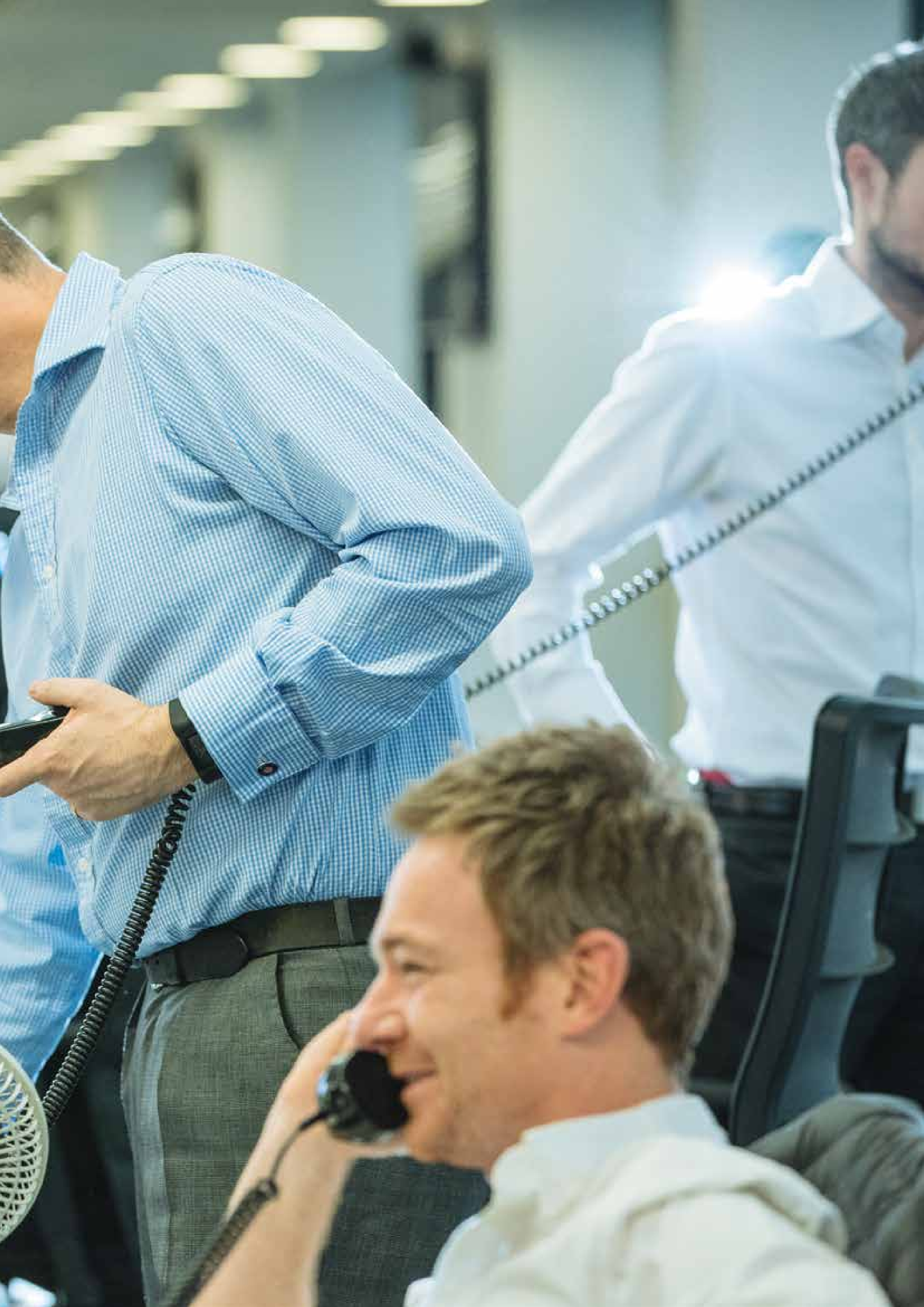
2015: 62p

14 consecutive years of dividend increases



WeGoBeyond

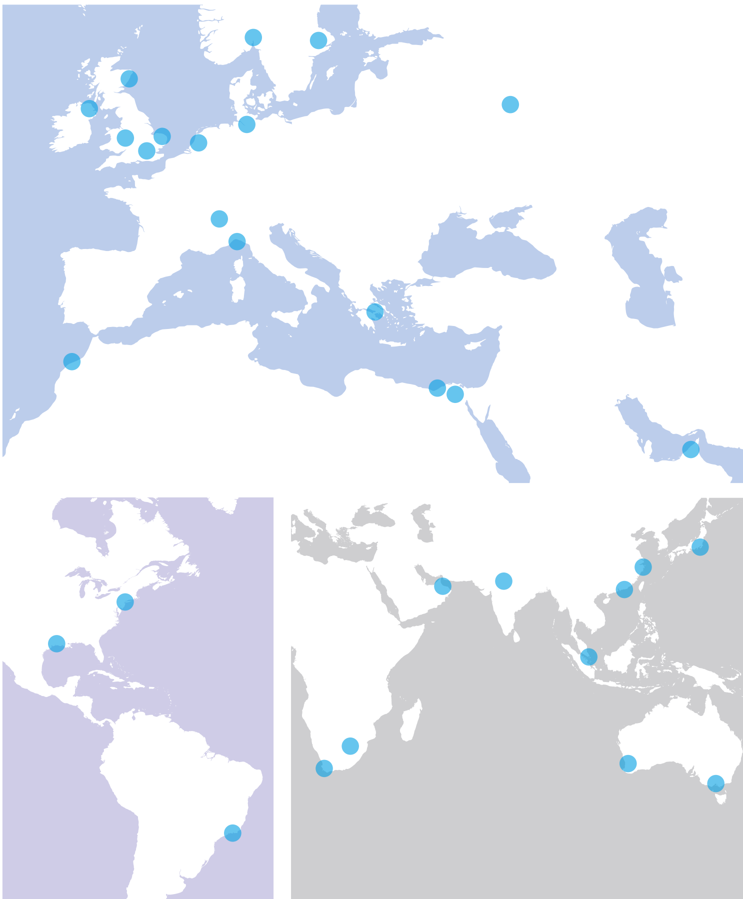
We gave five exceptional photographers access to our business in January 2017, and in this report you can see the result; a 24/7 business that never stops 'going beyond' for our clients, our colleagues and the diverse communities in which we work.



World's leading provider of integrated shipping services

As the world's leading provider of integrated shipping services, we work with our clients to achieve their business objectives across all aspects of this complex and dynamic industry.

Our global presence



Broking

What we do

Clarksons' broking services are unrivalled – in terms of the number and calibre of our brokers, our breadth of market coverage, geographical spread and depth of intelligence resources.

Our services

Dry cargo	LNG
Containers	Sale and purchase
Tankers	Offshore
Specialised products	Futures
Gas	

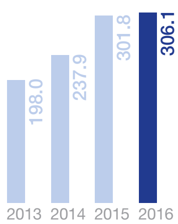
Revenue

76% of 2016 revenue

US$314.4m
(£233.6m)

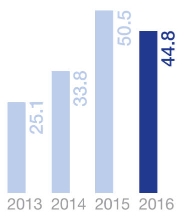
Financial highlights

Revenue



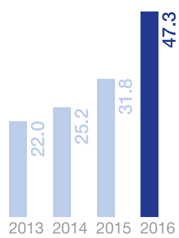
£306.1m

Underlying profit before taxation



£44.8m

Reported profit before taxation



£47.3m

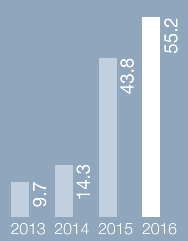
6 Continents | 49 Offices | 21 Countries | 1,398 Employees

Financial

From full investment banking services to project finance and the arrangement of dedicated finance solutions for the shipping, offshore and natural resources markets, we help our clients fund transactions and conclude deals that would often be impossible via other, more traditional routes.

- Securities
- Project finance
- Structured asset finance

13% of 2016 revenue



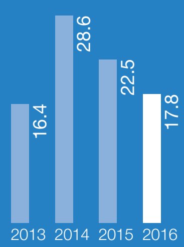
US$55.2m
(£41.0m)

Support

Our teams provide the highest levels of support with 24/7 attendance at a wide range of strategically located ports in the UK and Egypt, offering port services support, agency, freight forwarding, supplies and tools for the marine and offshore industries.

- Port and agency services
- Tools and supplies
- Stevedoring
- Freight forwarding and logistics

6% of 2016 revenue



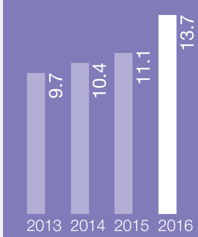
£17.8m

Research

Clarksons Research is the market leader in providing timely and authoritative information on all aspects of shipping. We provide data on over 135,000 vessels, 6,000 offshore fields, 40,000 companies and 600 shipyards as well as extensive trade and commercial data and over 100,000 time series.

- Digital
- Consultancy
- Valuations
- Reports

5% of 2016 revenue



£13.7m

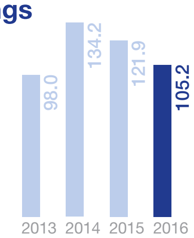
The strategic report on pages 1 to 48 was approved by the Board and signed on its behalf by:

Jeff Woyda
Chief Financial Officer and Chief Operating Officer

10 March 2017

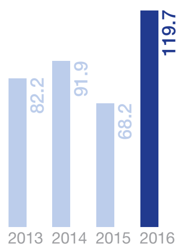
For more information about our services see the business review on pages 21 to 35.

Underlying earnings per share



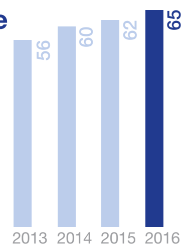
105.2p

Reported earnings per share



119.7p

Dividend per share



65p

Supply

CLARKSONS ACTIVITIES

Research

- WORLD FLEET MONITOR
- SHIPPING INTELLIGENCE NETWORK
- OFFSHORE INTELLIGENCE NETWORK

Financial

- **SECURITIES**
  Public & private equity
  Debt markets
  Restructuring
  Mergers & acquisitions
- **STRUCTURED ASSET FINANCE**
  Bank advisory
  Leasing
  Sale & leaseback
  Bareboats
- **PROJECT FINANCE**
  Funds & corporate management
  Lease structures
  Tax structures

Broking

- NEWBUILDING
- SALE AND PURCHASE
- SHIP RECYCLING

PROVIDERS OF CAPITAL

SHIPYARDS

MARKET PARTICIPANTS

PUBLIC COMPANIES | FAMILY OFFICES | GOVERNMENT BODIES | PRIVATE COMPANIES | FINANCIAL INSTITUTIONS

PROVIDERS OF CAPITAL

RECYCLERS

SUPPLY SIDE MARKET DRIVERS:

- FREIGHT RATES
- ASSET VALUES
- AVAILABILITY OF FINANCE
- CHANGING TECHNOLOGY
- REGULATORY CONSTRAINTS
- CHANGING CARGO FLOWS

SUPPLY PROCESS

+ VESSELS: NEWBUILDINGS → SECONDHAND SALE & PURCHASE

SLIPPAGE / DELIVERY

LAY UP / RECOMMISSION

SLOW STEAM / SPEED UP

– VESSELS: RECYCLING & DEMOLITION

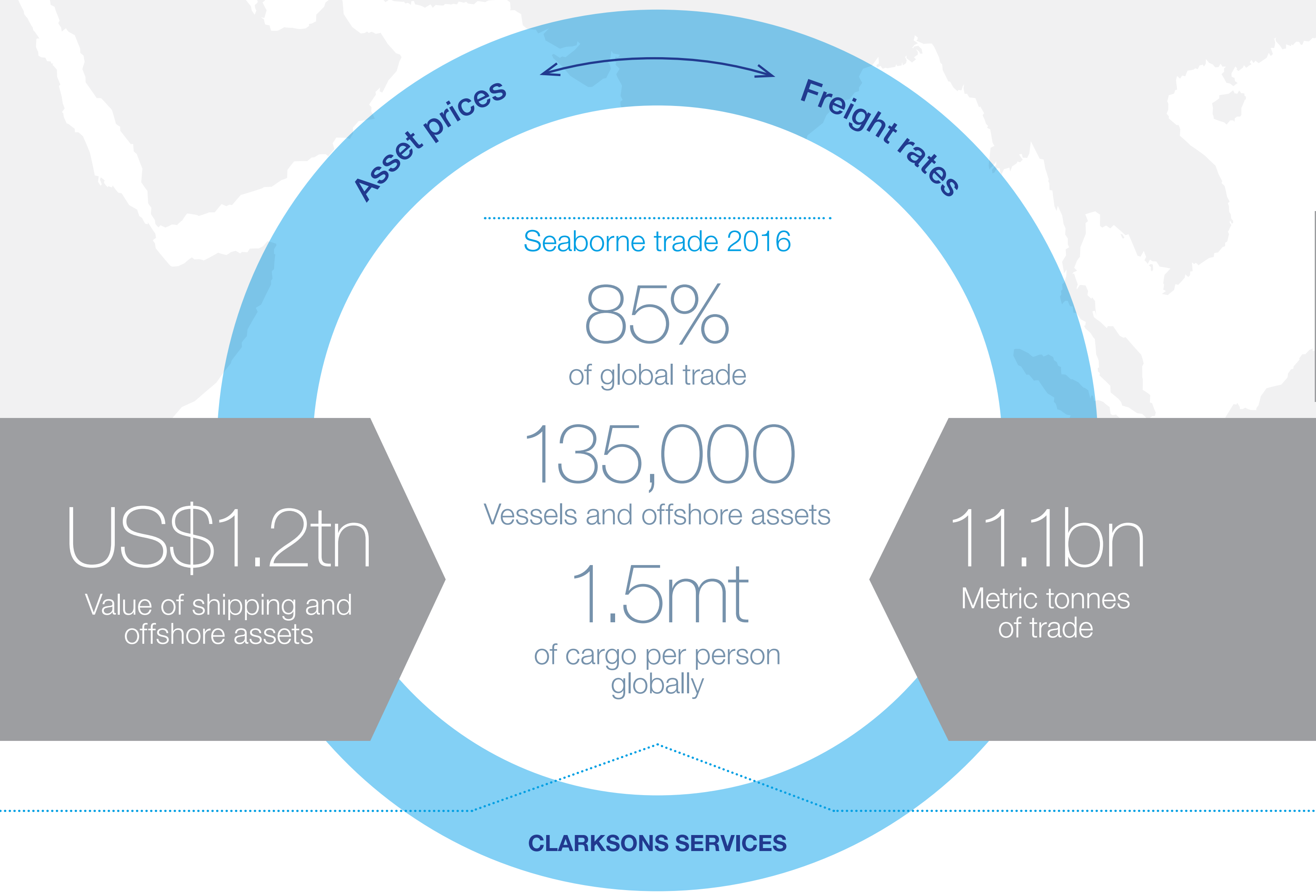
OFFSHORE SECTORS

DRILLING	SURVEY	CONSTRUCTION	PRODUCTION	SUPPORT	RENEWABLES
Jackups	Seismic	Subsea	FPSO	AHTS	Wind
Semi submersibles	Geophysics	Pipe layers	FSO	PSV	Tide
Drillships		Heavy lift	Shuttle tankers	Crew/FSV	

Clarksons enables global trade

Clarksons is the world's leading provider of integrated shipping services, bringing relationships, expertise, experience and information to a global client base.

The complex dynamics and multi-cyclical nature of the shipping and offshore markets means that Clarksons' leadership position across each and every sector, and its integrated model of consultancy and execution, linked to financing and analytics, provides a unique resilience throughout the economic cycles…



Demand

CLARKSONS ACTIVITIES

Research
- SHIPPING INTELLIGENCE NETWORK
- OFFSHORE INTELLIGENCE NETWORK

Support
- AGENCY SERVICES
- TOOLS & SUPPLIES
- FORWARDING & LOGISTICS
- STEVEDORING & WAREHOUSING

Broking
- SHIPPING
- COMMODITIES
- OFFSHORE

MARKET PARTICIPANTS

TRADING	DISTRIBUTION	MANUFACTURING	PRODUCTION	AGRICULTURAL	EXTRACTION	EXPLORATION	LOGISTICS
e.g. Hedge funds Proprietary traders	e.g. Freight forwarders Wholesalers	e.g. Fabricators Assembly Consumer goods	e.g. Steel mills Refineries	e.g. Farmers Lumber Grain houses	e.g. Oil companies Miners	e.g. Drilling/minerals Renewables	e.g. Ferry Ro-Ro Cruise operators

CONTRACT TYPES

- CONTRACT OF AFFREIGHTMENT
- TIME CHARTER
- VOYAGE CHARTER

DEMAND SIDE MARKET DRIVERS:

- SEABORNE TRADE
- COMMODITY PRICES
- CONSUMPTION
- GDP GROWTH
- POPULATION GROWTH
- INFRASTRUCTURE SPEND

SHIPPING SECTORS

DRY CARGO	TANKERS	SPECIALISED PRODUCTS	GAS	CONTAINERS	SPECIALIST
Iron ore	Crude oil	Chemicals	LPG	Components	Ro-Ro
Coal	Refined products	Fertilisers	Ammonia	Finished goods	Ferries
Steel		Edible oils	PCG	Commodities	Car carriers
Agricultural			LNG		Cruise

Economics of maritime markets

Clarksons is the world's leading provider of integrated shipping services, bringing relationships, expertise, experience and information to a global client base.

The complex dynamics and multi-cyclical nature of the shipping and offshore markets means that Clarksons' leadership position across each and every sector, and its integrated model of consultancy and execution, linked to financing and analytics, provides a unique resilience throughout the economic cycles…


Metric Tonnes Shipped by Owner

London


Clarksons iQ
CLARKSEA INDEX
11,092.4170
-168.3919
-1.5415%

Looking beyond the horizon

James Hughes-Hallett
Chairman

> In these difficult market conditions, we are pleased Clarksons has delivered a strong performance and once again delivered significant value for our shareholders.

Overview

2016 has been another challenging year for shipping markets, characterised by continued difficult trading conditions and tonnage oversupply. Freight rates have seen historic lows in some sectors during the year whilst in the second half volatility has been added, on the upside, by the strengthening of the US dollar (the currency of the great majority of our revenues) and, less positively, by the weakness of the pound sterling against several of the currencies in which our overhead costs are incurred. Against this uncertain backdrop, we are pleased Clarksons has delivered a robust performance and, once again, value for our shareholders. We have remained focused on our core strategy of delivering continuous service enhancement, thus offering Clarksons' clients the unique breadth of product and global reach that has enabled us to maintain, and in many cases extend, our leading position in our markets. One significant and virtuous outcome of this has been the actual growth of our broking transaction volumes in 2016, as has the healthy cash generation underlying our profit performance.

We have continued to invest in the technology to drive innovation across our business and we regard our focus in this area to be a key differentiator and source of even greater competitive advantage for the future; our research capability already underpins our full client service offering, and in 2017 we intend to offer further knowledge and data based initiatives to our clients. Our position at the heart of the shipping and offshore markets has ensured that in these difficult times, clients have turned to Clarksons for our deep sector knowledge and tailored ability to service their requirements; our capacity to offer both broking and a range of financial market solutions creates synergies and outcomes that are not available elsewhere.

Integration of the Platou business is now complete, with anticipated synergies realised and the complementary expertise of the combined businesses proven. The acquisition has broadened our service offering to clients and puts us in a strong position for when markets recover.

Our ability to continue to grow and gain share in more difficult markets has given us considerable confidence in the business. Clarksons is significantly more diverse in terms of product offering, reach and balance sheet strength than we were before the last upturn in the sector; we are well placed to continue the solid performance delivered in 2016 and are leveraged to benefit strongly from growth when the shipping cycle turns.

Results

Underlying profit before taxation was £44.8m (2015: £50.5m). Reported profit before taxation was £47.3m (2015: £31.8m).

Underlying earnings per share was 105.2p (2015: 121.9p). Reported earnings per share was 119.7p (2015: 68.2p).

Dividend

Clarksons continues to maintain its remarkable dividend record, having increased the dividend paid every year since 2002. In line with this progressive dividend policy, Clarksons again intends to raise the dividend paid to its shareholders. The Board is recommending a final dividend of 43p (2015: 40p). The interim dividend was 22p (2015: 22p), resulting in a 5% increase in the total dividend for the year to 65p (2015: 62p).

The dividend will be payable on 2 June 2017 to shareholders on the register at 19 May 2017, subject to shareholder approval.

People

Our people are the heart of our business and are the key to our success. This year we have continued to hire and invest across our business divisions to ensure we always have the best people delivering the best advice and the best transactional execution. We have a position to protect as the leading employer and operator in the sector and remain determined to do so.

Board

As previously announced, James Morley will be retiring from the Board following the AGM on 12 May 2017. I would like to thank James for the always wise guidance he has given Clarksons over the last nine years as a Board member and Chair of the audit committee.

I am delighted to have welcomed Marie-Louise Clayton to the Board at the beginning of 2017. Marie-Louise brings a wealth of board experience to the role and we look forward to her taking over as Chair of the audit committee.

Outlook

In the short-term at least, shipping markets seem most likely to remain challenging whilst current difficult market conditions and an unusually opaque global macro-economic environment persist, but there are now a number of indicators of improvement in the industry via measurable, if as yet relatively modest, demand growth and a slowing in the new capacity reaching the market.

James Hughes-Hallett
Chairman

10 March 2017

Oslo

Value beyond today

We are constantly looking at how we can increase shareholder value by re-investing in our business – whether this is in broadening our range of services, growing our global reach, attracting and retaining the best staff or the unique range of technological solutions we offer. All of this is a direct benefit to our clients, who know that Clarksons will always go beyond what is expected to ensure that they have access to the highest quality information and bespoke service available in the markets and locations where they operate.

Clarksons is the global market leader and is 'best in class' in every market segment

Clarksons' management teams, in each market sector and geography, are widely regarded as the best in the industry, and have a track record of delivering a proven growth strategy

Clarksons' diversified offering allows business expansion and market share growth, despite the cyclicality of the shipping industry

Clarksons has a clear strategy to grow its business profitably through innovation, consolidation, data & technology and further expansion of our integrated business model

Please see our business model on pages 12 and 13.

Clarksons continually invests in people, data, technology and tools for trade, professionalising the shipbroking industry and thus improving the service to our clients

Clarksons' expansion into investment banking and oil services will provide significant growth opportunities as the cycle improves

Clarksons is asset light, has a strong balance sheet and a history of significant free cash flow generation

Clarksons has a track record of increasing dividends every year for the last 14 years

Creating value at the heart of world trade

Underpinned by our values, our integrated business model provides the platform for an unrivalled level of service and information that enables trade and creates long-term value.

Resources and relationships

Financial
We are listed on the London Stock Exchange. We have a strong balance sheet, no bank borrowings and net cash available to fund the growth of the business.

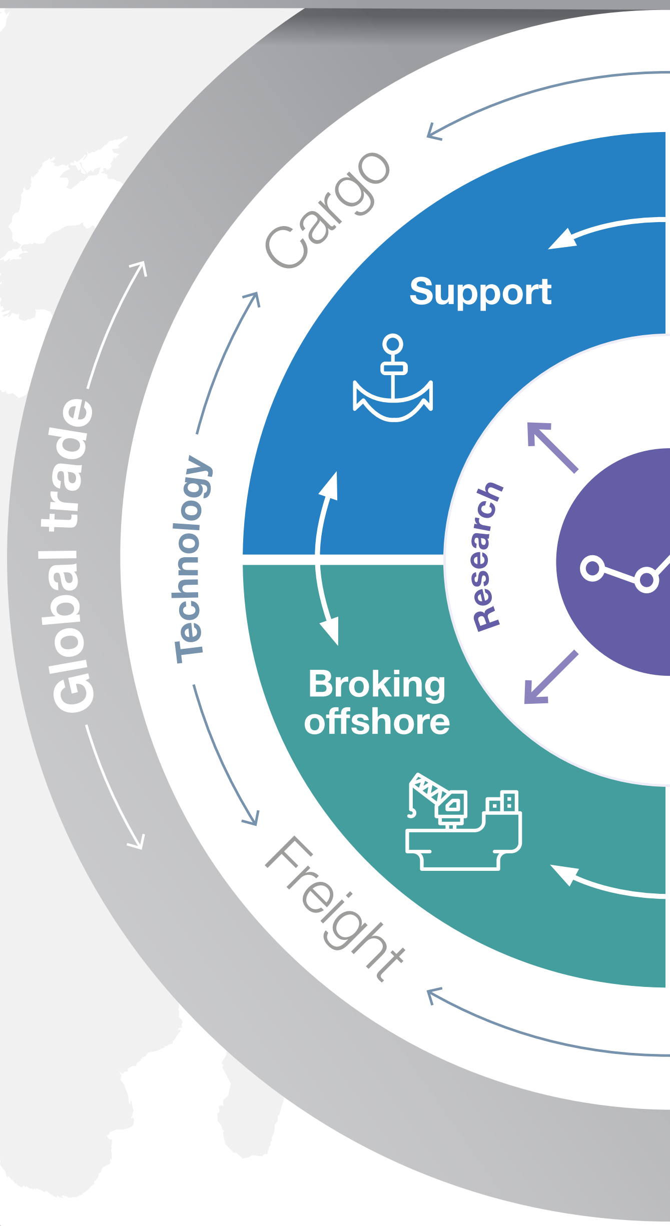
Market insight
Our research and analysis teams produce and validate data, analysis, key insights and valuations across all sectors of shipping and offshore and are acknowledged as market leaders.

Technology
Our in-house developed technology assists our clients to make informed and timely commercial decisions and allows them to interact better with our broking teams, whilst improving operational efficiencies. Our teams' access to the most up-to-date information shared seamlessly with our clients and extensive toolkit and information platforms ensure that they remain 'best in class'.

People
Our people are our most important asset across all parts of the business and we aim to recruit and retain the best in the industry.

Clients
We work ethically and build strong client relationships where our knowledge builds trust.

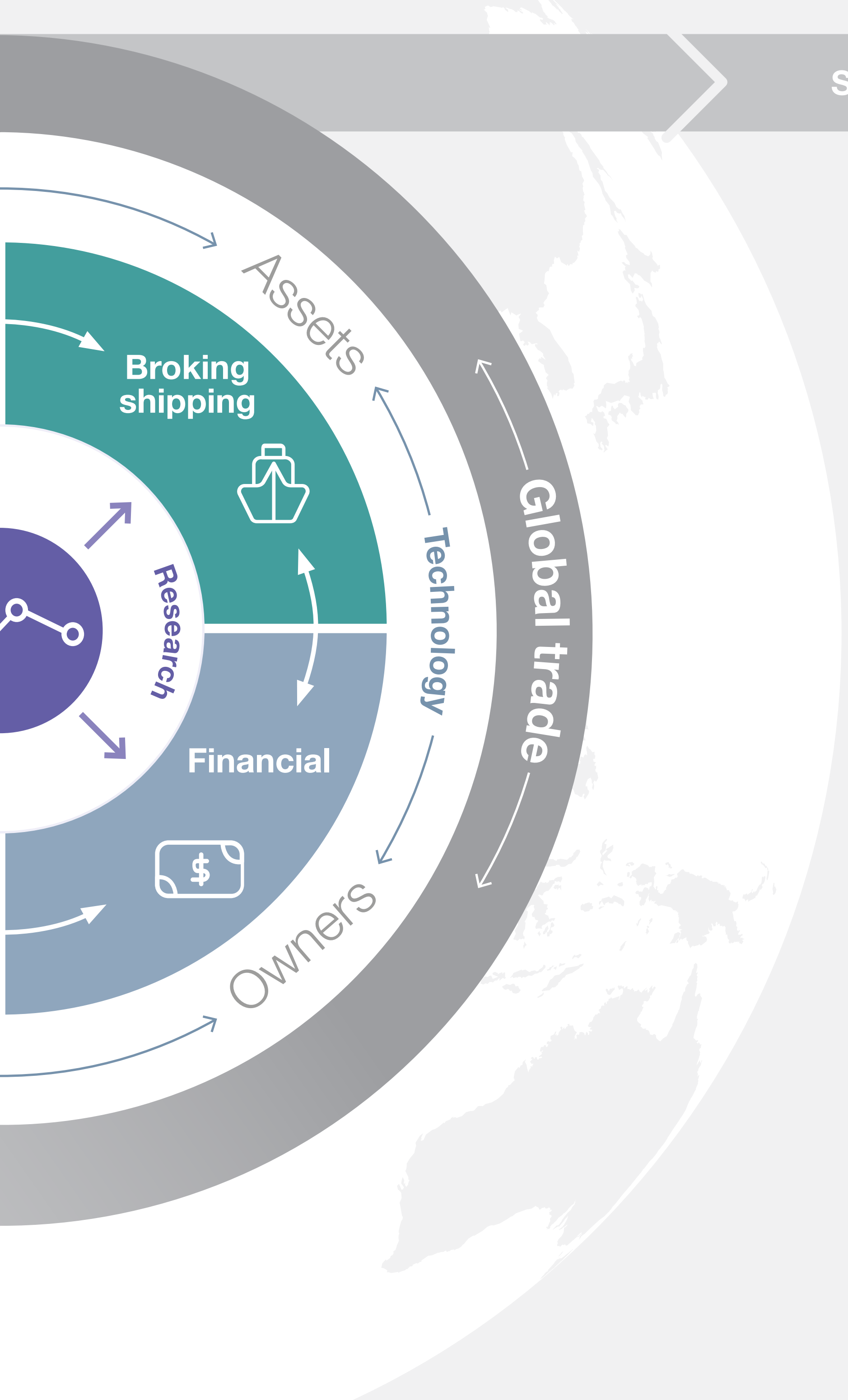
What we do



Our values

We aim always to act with **integrity, excellence, fairness and transparency** – key values for our clients, our staff and the market as a whole.

For more information see economics of maritime markets on pages 6 and 7.



Stakeholder value

Shareholders

We continue to provide shareholders with increasing dividends whilst maintaining a good financial standing and strong balance sheet.

65p
dividend per share

Clients

By ensuring that our clients receive the best information through a range of innovative technological solutions, we provide them with the tools they need to make key business decisions.

We encourage a responsible approach to business and foster close, long-term, mutually beneficial relationships with our customers.

15,000
vessel positions updated every minute

People

Our skills and knowledge ensure that world trade continues to flow in the most effective manner, that countries receive the raw materials to build and develop and people have the food and goods they need.

1,398
employees

Commodity/service providers and their end users

We enable global trade, benefiting both commodity providers and companies who provide goods and services.

An essential part of the global supply chain, we have the necessary skills and information at our fingertips to ensure we know what commodities need moving to where and when and the best solutions for this.

135,000+
vessels in the world fleet

Dubai


United Arab Emirates

Investing beyond the cycle

Andi Case
Chief Executive Officer

At Clarksons, our long-standing strategic focus on developing 'best in class' client service, coupled with our unique product breadth and global reach, has allowed us to face these headwinds again and continue to invest in our business, ensuring we are positioned for future opportunity.

2016 has been a year of growth, consolidation and delivery for Clarksons, despite the shipping market undergoing one of the most challenging periods in living memory, as highlighted by the lowest level for the ClarkSea Index since 1990, and the offshore market facing challenges as a result of the depressed oil price. To have once again increased market share shows we have a stronger, more diverse business that remains cash generative and highly profitable and has enabled us to deliver a 14th consecutive year of dividend growth for investors.

We had anticipated that 2016 would be another tough year, with oversupply, volatile commodity prices and global macro-economic uncertainty creating significant challenges for the sector as a whole. It is testament to the calibre of our teams and the breadth and depth of our client offering that, even in the most difficult of times, we have maintained or improved upon our market leading position across all of our divisions.

Despite the headwinds, we have focused on our long-term strategy for growth, delivering 'best in class' client service, investing in tools for trade and positioning the business to capitalise when the upturn in our markets comes.

Shipping markets are multi-cyclical, and our strategy of diversifying within our core markets has given us a unique product breadth and global reach and an ability to grow consistently, even in downturns. In these difficult times, we have continued to benefit from a 'flight to quality', in which clients are choosing Clarksons as their service provider.

Overall our broking teams have performed well, even though in offshore the operators continue to focus on cost cutting, with limited sanctioning of new field developments and moderated maintenance activities. The dry cargo market, which started the year with the weakest rates in recorded history, was also depressed, though there were some more encouraging signs towards the end of the year. However, the tankers, specialised products, gas and sale and purchase markets performed particularly well. Clarksons' teams have again increased broking volumes.

Our research offering has grown significantly this year, particularly in digital and valuations income, as our clients continued to value the importance of authoritative intelligence.

The port services teams remained profitable in some of the toughest markets ever seen for this type of business; the reduced spending by the oil and gas sector in the North Sea affected our supplies activities.

We are also particularly encouraged with the performance of our financial division, in its first 12 months as a fully-integrated division. The solutions and expertise of the financial team has greatly enhanced our client offering, uniquely positioned our business amongst its peers and places us well to deliver a service, with deep industrial understanding, to debt and equity providers alike. The team has achieved a leading position in the market, participating as sole or joint lead on a number of capital-raising transactions throughout shipping and offshore, whilst also leading restructuring mandates and generating a strong pipeline for future business.

Clarksons is a highly cash generative business and our strong balance sheet ensures that we have been able to invest strategically and react quickly to take advantage of opportunities as they arise. Our cash position gives us great comfort that, regardless of market conditions, we can position the Group for upturns in each of our markets when they come, invest in growth (tools for trade) and deliver shareholders a growing cash return. We have also looked hard at the structure of the business and focused on efficiencies where necessary to ensure our model is fit for purpose and best placed for the current market conditions.

Our market context

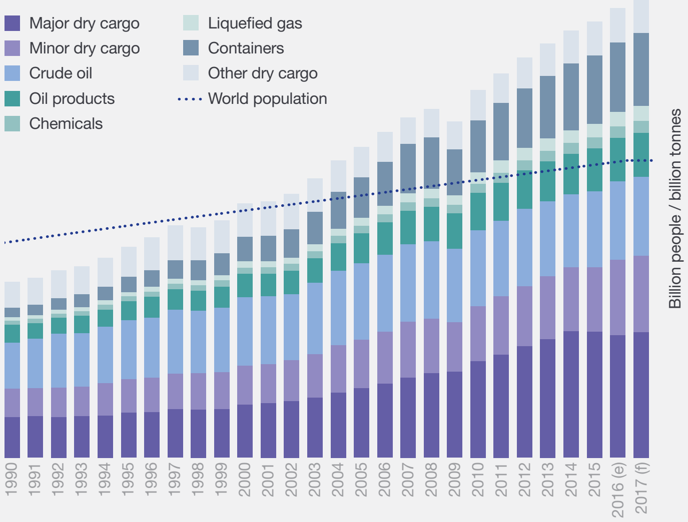
With seaborne transportation accounting for around 85% of the world's international trade, shipping is an essential part of the global economy. The increasing industrialisation and liberalisation of economies has fuelled free trade and a growing demand for consumer products, positively impacting a myriad of cargo sectors.

To put this in context, world seaborne trade by volume across all sectors was estimated at 11.1bn tonnes in 2016, almost twice the size than at the turn of the millennium, and over three times the size than the mid-1980s. At the same time, the world's population has continued to expand at a phenomenal rate, caused predominantly by increasing life expectancy and major improvements in fertility rates. This, combined with human aspiration, has led to rapid urbanisation and accelerating migration which in itself also fuels further population growth.

In addition to these underlying mega-trends, seaborne trade per capita is also on the rise and essentially compounds the upward shifts. To put this in perspective, in 1990 every person on the planet required 0.7 tonnes of cargo to be shipped; in 2016 this figure stands at more than double at 1.5 tonnes of cargo shipped per person.

With population growth momentum expected to continue for decades and emerging economies likely increasing their requirements for goods and raw materials that shipping transports so safely and efficiently, Clarksons are well placed to take advantage of these underlying long-term market fundamentals.

World seaborne trade



Seaborne trade as a % of global trade

85%

Cargo transported per person globally

1.5mt

We are seeing significant benefits from our investment in our market-leading technology platform, which is changing the way our brokers are able to access and use information, increasing knowledge and improving the communication of vast amounts of data across the business. The sheer scale of the market activity in which Clarksons is involved means that we are able to leverage our deep understanding of activity across the market by interpreting this data, and thus delivering the best advice to our clients.

We constantly strive to deliver 'best in class' client service, and the quality, knowledge and experience of our employees are central to Clarksons' continued outperformance across all sectors and geographies. We are a truly international and culturally diverse business, employing the best people from 65 nationalities across 21 countries to deliver first rate advice and expertise to our clients. The security of a robust balance sheet gives us the ability to hire and retain the best candidates and we have also made a number of extremely experienced hires across all of our divisions this year. As a team, we share the same goals and ambitions and I would like to thank all of our employees for their hard work and dedication over the course of the year.

Whilst we anticipate that the market will remain challenging in the near-term, we believe the medium-term outlook for the sector is more positive. Demand continues to progress and the recalibration of the demand/supply balance is improving following lower levels of ordering and continued scrapping assisted by the impact of environmental regulation. Seaborne trade continues to increase and further positives for growth include the prospect of higher infrastructure spending from the world's two largest economies. We have also seen a change in investor appetite from the fourth quarter. All of this gives us encouragement that the shipping and offshore markets are recalibrating. Accordingly, we are well positioned to benefit from any improvement.

The diverse nature of our business has enabled Clarksons to deliver healthy profits and continued dividend growth despite challenging shipping markets. As the markets progress, we believe we are well positioned to capitalise on the opportunities that 2017 will provide and look forward to the year ahead. We remain focused on executing our proven strategy of delivering 'best in class' service and offering a unique product breadth across our globally connected business.

Andi Case
Chief Executive Officer

10 March 2017

Focusing on our strengths

Our purpose
is to maintain and extend our industry leadership.

Our mission
is to grow value for our shareholders, building on our strong financial performance and supporting our progressive dividend policy by maintaining and developing our position as the world's leading shipping services Group.

Expanding our Breadth to better tailor our integrated offer

With an industry-leading range of products and services that span the maritime and financial markets, we are uniquely placed to deliver the best, bespoke commercial solutions to all our clients – large or small.

We are the 'best in class' intermediary across every sector of maritime trade – and no single company is our lead competitor in more than one market.

Our progress in 2016

- Key hires in banking and broking have expanded the product set and verticals we offer to our clients.
- We have expanded the sources of finance serviced within the Group as availability of capital from traditional maritime banks has significantly changed.

Extending our Reach to support clients globally

Ours is a global presence, enabling us to meet client needs wherever and whenever they arise. With 49 offices in 21 countries, we share understanding, culture, IT platforms and high standards of corporate governance across our business – a fine example of how joined-up thinking can deliver a truly local service, worldwide.

Our progress in 2016

- Our continued focus on the importance of Asia has resulted in the hire of key staff and the opening of a Tokyo office during the year.
- We have enhanced our services to the Middle East in agency and broking, bringing together and growing our presence across Dubai, Egypt and Morocco.
- We have strengthened our securities team in New York.

Better Understanding clients' needs

From oil majors, raw material producers and other multinationals to long-established shipowning families, our client base is second to none. We have worked with many of these clients for generations, building a deep understanding of their businesses and providing the services that have helped them to prosper.

Our progress in 2016

- Once again we have expanded the number of clients serviced in all regions around the world.
- Following requests from clients and extensive interaction through the development process, new products covering market information, decision-making tools and operational efficiencies have been delivered to the market.

Empowering People to fulfil their potential

We want Clarksons to be recognised as the place where the best people are empowered to do their best work. We hire the brightest talents and give them the tools to shine – including leading-edge IT systems, high quality training and development as well as financial reward.

Our progress in 2016

- 2016 has seen more internal training seminars and attendees at training weeks than in any previous year.

Maintaining Trust in shipping intelligence

As the industry's leading provider of data and market intelligence on the shipping and offshore industries, our research team is the largest commercially-led unit in the maritime world. Our databases track over 135,000 ships and 6,000 offshore fields and our Shipping Intelligence Network is viewed more than four million times per year.

Our progress in 2016

- Our industry-leading AIS platform, SeaNet, together with other support tools, are now used daily by 850 staff throughout all activities within the Group.

Growing our business to improve performance

Consistently profitable and cash generative, our financial performance bears comparison with any business, not only in the shipping sector but across the FTSE. Our total shareholder return has been consistently strong and includes a progressive dividend policy that has been maintained for the last 14 years.

Our progress in 2016

- Despite the ClarkSea index being on average the lowest recorded in the last 20 years, the Group remains both cash generative and highly profitable.
- Net funds of £74.8m, being 64% higher than in 2015, enables increased focus on taking opportunities as they arise.

Singapore

Delivering beyond expectation

Broking

For more details please see pages 22 to 28

Financial

For more details please see pages 29 to 31

Support

For more details please see pages 32 to 33

Research

For more details please see pages 34 to 35

The breadth of our products and services, supported by our people and our ‘can-do’ culture, means we are sector leaders in both performance and service. Our aim is to continuously work with our clients to navigate challenges and identify opportunities together.

Broking

Growing volumes

The breadth of our fully integrated client offer combined with our geographic reach has enabled us to grow significantly volumes in our broking division during the year.

Revenue (US$)

US$314.4m

2015: US$365.3m

Revenue (£ equivalent)

£233.6m

2015: £239.5m

Segment underlying profit

£40.2m

2015: £49.1m

Forward order book for 2017

US$112m*

At 31 December 2015 for 2016: US$151m*

*Directors' best estimate of deliverable forward order book (FOB)

Dry cargo

2016 was an extraordinary year in the dry cargo sector, which started with the weakest rates in recorded history as the Baltic Dry Index (BDI) bottomed out at 290 in February. Vessels moved into various stages of idleness and lay-up and older tonnage rushed to demolition yards, witnessing the third highest level of demolition on record. Cash flow pressures led many owners to cancel or defer newbuilds, resulting in less than half of the 2016 order book being delivered on time.

After two years of lacklustre industrial production and a decline in new housing starts, China eased monetary policy which resulted in higher public investments and a recovery in the property market. New housing starts grew for the first time in two years, driving the demand for construction and thereby steelmaking raw materials. Thermal power demand has also surged and, together with Chinese coal mining cuts, created a rise in imports in what had previously been thought of as a defunct trade.

Commodity prices reached multi-year lows in February, before rebounding to significantly higher rates by the end of the year. The new record high rates were reinforced by the newly elected US President's infrastructure investment promises and the continuation of the multi-billion dollar infrastructure investment in the Chinese "One-Belt, One-Road" initiative. The positivity sent the BDI above 1,000 in November to a year high of 1,257 on 18 November, followed by the unwinding towards the traditional weaker first quarter.

Although the demand outlook remains positive for 2017, there is still more to contend with. Relatively firmer rates are likely to slow down demolition activity, whilst the still

2016 global trade in iron ore

1.55bn mt

substantial amounts of newbuilds yet to deliver will likely push net fleet growth higher and therefore likely result in uninspiring earnings.

However, due to the market weakness in 2016, newbuild contracting slipped to the lowest levels since 2001. A more positive rates scenario could act as a catalyst for additional ordering, however, for this to happen the newbuild price premium over the secondhand market will need to narrow considerably.

Looking ahead, our base case is for seaborne trade to increase by 3.4% and fleet growth to be slightly lower than this at 3.1% in 2017. As a result, freight rates could improve depending on the promptness of the fleet to adjust to the seasonal demand increases. Sudden acceleration in new deliveries will be less responsive than in demolition and thereby should act as a catalyst to volatility which should favour a more positive rate environment in 2017.

We have increased transaction volumes across all continents in the world and have continued to strengthen our presence by recruiting and relocating key staff as appropriate. In the final quarter we also benefited from the opening of a new office in Japan.

Containers

2016 saw the container shipping sector remain, as many expected, under severe pressure. Box freight rates in general remained weak, although by late in the year it did appear that they might be bottoming out on some trade lanes. Against this backdrop, charter market vessel earnings remained extremely challenged, at bottom of the cycle levels. The one year rate for a 2,750 TEU ship averaged US$6,000 per day in 2016, 27% lower than the average since the start of 2009. Old panamax types fared even worse, averaging US$4,979 per day in 2016, 56% down on the same basis, with the opening of the new locks at the Panama Canal impacting vessel deployment patterns.

Demand conditions did however improve in 2016, with global volumes projected to expand by around 3% in the full year to 181m TEU. Volumes on the key Far East-Europe trade returned to positive growth and the rate of growth on the intra-Asian trades accelerated back to more robust levels. However, North-South volumes and trade into the Middle East remained under severe pressure from the impact of diminished commodity prices, though volumes into the Indian Sub-Continent grew strongly.

Containership capacity growth did slow significantly in 2016, reaching not much more than 1% in the full year. Deliveries slowed dramatically to 0.9m TEU and demolition accelerated rapidly to a new annual record of 0.7m TEU. However, given the level of surplus built up in the sector in recent years, and in particular the impact of the delivery of substantial capacity, much of it in the form of new 'megaships', the improved fundamental balance seen in 2016 was not enough to generate an improvement in conditions. At the end of the year, 7% of total fleet capacity stood idle. The financial collapse of a major Korean operator was a further illustration of the acute distress facing the sector.

Looking ahead, further improvements in fundamentals still appear necessary to generate improved market conditions. However, pressurised earnings, financial distress and regulatory requirements are all expected to drive further recycling, and the ordering of newbuild capacity dropped to just 0.2m TEU in 2016, a dramatic slowdown compared to recent years; the order book fell to 16% of fleet capacity. Moreover, further significant steps in the consolidation of the sector have been taken in the form of merger and acquisition activity involving major operators.

We have made considerable progress in the last 12 months with a number of key clients and, as a result of the consolidation within the sector, significantly increased volumes.

Tankers

As expected, the tanker market was somewhat weaker in 2016 after the very strong market seen in 2015, as fleet growth took its toll. Earnings for VLCCs, suezmaxes and aframaxes were each down by some 40% on 2015's levels, however VLCC spot market earnings nevertheless averaged a relatively healthy US$41,000 per day, in line with long-run averages. Earnings in the products tanker sector were also lower in 2016, with returns on key routes down by between 35% and 50% on average from the high levels seen in 2015.

Rising Middle Eastern crude oil exports, coupled with very strong growth in Chinese and Indian crude imports, led to further increases in crude tanker demand. However the market suffered from disrupted Nigerian exports in the third quarter, leading to a deeper than anticipated seasonal downturn. In the products tanker sector trade growth continued, albeit at a slower pace, as an overhang of products inventory weighed on the market.

Global container trade growth in 2016, reaching 181m TEU

3.4%

Seaborne crude oil and oil products trade in 2016

3bn mt

Both the crude and products tanker fleets grew by some 6% in 2016. The crude tanker fleet is expected to grow by a further 5.1% in 2017, maintaining supply side pressure on earnings. Products tanker fleet growth is expected to fall to 3.7% in 2017. However, following strong fleet growth in 2015 and 2016, supply side pressure will likely remain in this sector. Extremely low levels of tanker ordering in 2016 point to reduced deliveries from 2018 and recent regulatory developments may accelerate removals of older tonnage.

Oil production cuts from both OPEC and non-OPEC countries seem likely to compound the strong crude tanker fleet growth in 2017. The cuts may be partially offset by additional cargo from Nigeria and Libya, which are exempt from OPEC's agreement, and Brazil may also raise exports. Uncertainty over compliance with production cuts and instability in some producing countries means there is potential for unexpected increases or decreases in crude tanker demand through 2017. In the US, higher oil prices resulting from the production cuts and potentially less stringent regulation, following the presidential election, point to a possible rebound in production. The derestriction of US crude exports now means that exports will likely increase as output grows and reductions in imports may be more muted. New refining capacity and strategic stock building should drive further growth in Chinese and Indian crude imports.

Re-balancing of the global oil market resulting from production cuts may eventually assist products' tanker demand, as inventories become depleted and trading opportunities re-emerge. Above average oil demand growth is still projected for 2017 by the major forecasting agencies, despite an expectation of somewhat higher prices.

We continue to increase volumes with the addition of new clients.

Vessels in the deep sea oil tanker fleet in 2016

4,500

Specialised products

Despite limited signs of an increase on certain arterial trade lanes towards the end of 2016, the chemical tanker spot markets have softened considerably. The Clarksons Platou Spot Chemical Index has seen a 6.9% decline year-on-year whilst the Edible Oils Index is 20.7% lower year-on-year. Earnings continue to remain under pressure and are significantly lower than seen in 2015. The delta between owners' and charterers' ideas has grown considerably into the second half of 2016, and, as such, deal volume on the period charter and asset markets has been lacklustre for the latter part of the year.

Overall trade volume growth in specialised products has been robust throughout 2016. That said, sentiment has been weak for the second half due primarily to petroleum products' market dynamics and also the hangover from the El Nino weather phenomenon and its impact on palm oil trade. Overall seaborne trade is estimated to have gained 2.3% year-on-year in 2016, to 283m mts.

China's imports of specialised products drove the market in 2015 with a gain of 8%, but during the first 11 months of 2016 Chinese import growth slowed to 3.2% year-on-year. India, now the world's fastest growing major economy, saw seaborne specialised products import growth of 16% for the first half of 2016 compared to the first half of 2015.

We estimate that the other part of the tonne-mile factor, distance growth, continued its increase in 2016 with chemical tankers on average travelling 1.8% further per voyage. US-China seaborne trade of specialised products gained 67% for January-August 2016 when compared to the same period in 2015.

Average annual growth for the total chemical tanker fleet accelerated in 2016 due to a number of stainless steel vessels being delivered throughout the year. From 2017 onward, we believe deliveries will slow down at a faster rate, with net fleet growth reducing from high 4% in 2016 to high 3% in 2017.

Our base case points to expected volumes at approximately 1.1x world GDP growth or around 3.5% per year, for the next few years. With average annual fleet growth in 2016 above these levels, we believe that steady utilisation continues to depend on both economic growth and longer trading distances contributing as expected.

Despite the persistence of weak market sentiment in the second half of 2016, and for the most part a lack of seasonality, based purely on fundamentals the medium-long term outlook for the sector remains encouraging.

Increase in Indian imports of specialised products in 2016

16%

Gas

As expected, the LPG carrier market has succumbed to a softer freight environment during 2016 as fleet supply continued to expand, most notably in the VLGC sector. VLGC freight rates continued to be placed under downward pressure with time charter earnings for an 84,000 cbm unit averaging 74% lower compared to 2015 levels. Spot freights have fallen by a similar magnitude, though the reduction has been slightly less marked with a 67% reduction.

Seaborne trade growth of LPG has continued during 2016, though export volumes from the US were dealt a blow over the summer months as price margins with Asia narrowed. This adversely impacted tonne-mile demand and an increase in export volumes from the Middle East placed additional downward pressure on average voyage time. The prospects for ammonia trade growth offer minimal respite in the near term, although growth in tonne-mile demand is expected to improve as Caribbean volumes are displaced into the North African and Asian markets. If US oil and gas production is encouraged by the new Trump administration, this should only prove positive for NGL availability.

There has been a significant volume of newbuilding tonnage delivered, with still more vessels to be absorbed in 2017 as an additional 27 units look set to hit the water. The order book begins to thin out from 2018 onwards, slowing the pace of fleet growth, which suggests that we may then start to see some tightening of the supply/demand balances.

Following a weak start to the year, the market for the smaller LPG carriers improved in the final months of 2016.

This uptick helped to slow the scale of the decline in freight rates year-on-year. Benchmark 12 month time charter levels for the small 3,500 cbm pressure vessels ended the year 6% down on 2015 at around US$170,000 pcm whilst the rates for the 3,200 cbm semi-refs fell by a more modest 2%.

Sluggish coastal LPG trade combined with reduced propylene import demand into China were the key factors behind the softer freight sentiment, as in the smaller segments there has been minimal change in fleet supply.

With no newbuildings currently on the order book, any increase in demand may shift the fundamental balance in the market.

The general feeling in the smaller sizes is that we may have reached the bottom of the market. That said, the size sector 8,000 cbm and above remains long, due to upsizing, plus newbuildings have still to deliver in the larger pressure segment.

Time charter levels for the 8,250 cbm ethylene units have fallen by 5% year-on-year whilst the assessed rates for the 12,000 cbm ethylene units dropped almost 9% on the back of fleet growth through 2015/16. Within the size segment 5-14,999 cbm there is still 7% of the fleet left to deliver in the pressure sector and 6% in the ethylene capable sector. Therefore, this diverging trend amongst the smaller and larger units is expected to continue through 2017.

The Clarksons Platou gas teams in London, Oslo, Singapore and Houston have all increased volumes in 2016.

LNG

The LNG shipping market fundamentals improved from June onward, after going through a challenging first half. The freight rate assessment for modern dual fuelled ships was at US$45,000 per day in late December, whilst averaging US$33,500 per day for the full year, around US$3,000 less than a year earlier. Shipping demand is estimated to have grown by 2% while the net fleet expanded by 7% during the year. The spot chartering activity continued to grow as over 210 fixtures were concluded in 2016, compared with circa 180 in 2015.

The 'wave' of new LNG production capacity started to reach the markets and after four stagnant years the seaborne trade increased by 7%, reaching circa 265m tonnes. Australia was the main contributor with five new liquefaction trains commissioned, lifting the nation's exports by 50% to 43m tonnes. Qatar, the world's biggest LNG exporter, also increased its exports by 3m tonnes and for the first time utilised its entire production capacity. The long-awaited LNG from US shale also started to reach the markets with the commissioning of two trains in the Sabine Pass.

Asian markets absorbed most of the incremental volumes in 2016. Flows into the world's two largest markets, Japan and Korea, remained relatively flat whilst China's appetite for LNG increased significantly with a 30% hike in imports. India experienced encouraging import growth on the back of lower gas prices, government subsidies and high economic activity.

Bulk seaborne LPG trade in 2016, 55% higher than 10 years ago

85m mt

2017 new LNG production capacity expected to be commissioned

43m mt

Middle East LNG imports were also strong, up by 50%, and the region formed a new significant market for spot trading and shipping. Low gas prices combined with an uptick in coal prices also proved an important factor for a 10% increase in European LNG imports.

The relatively low increase in shipping demand was attributed to the decline in average LNG transport distance as trade has become increasingly intra-basin. 29 new vessels entered the fleet in 2016, adding 4.9m cbm of carrying capacity, of which two ships were FSRUs. Meanwhile, two vessels were sold for scrapping and six carriers, one FSRU and one LNG bunkering vessel were ordered.

The tightening in the shipping market witnessed through the second half of 2016 is expected to carry through 2017 as significant new volumes from new plants commissioned through 2016 and 2017 will be lifted. These cargoes, coupled with an increase in short-term trading, will result in an alteration of the shipping balance as the growth in fleet supply, despite remaining strong, will still be below the growth in demand for required LNG tonnage.

On the LNG projects side, we could finally see an FID in Mozambique as well as potentially more decisions taken on US brownfield terminals where the new administration may provide favourable conditions for oil and gas industry and LNG export growth.

Sale and purchase

Secondhand

As mentioned in our half year commentary, 2016 continued to be an extremely challenging year across all sectors so it is with some degree of pride that we can report an increase in the number of second hand sale and purchase transactions we concluded year-on-year against 2015. Of course, with values under the pressures they were then, it was not possible to maintain the same levels of income but considering that we had the Baltic Indices at all-time lows in the early part of the year, the difference is not too negative, and when combined with our newbuilding desk overall we were up when compared to last year.

Looking forward into 2017, we have reason to be confident that for dry cargo the worst may well be behind us and that the oversupply of tonnage that the sector as a whole has been suffering for the past few years has started to work its way through, resulting in a level of confidence which we have not seen for some time. Sub-opex level charter rates are a thing of the past and the period time charter markets have even started to

return, allowing asset values at least to stabilise if not yet start to rise. We are by no means out of the woods but with newbuilding business remaining very quiet, it is reasonable to assume that negative fleet growth might even start to happen come 2018 as the new ballast water treatment regulations accelerate demolition of the older vessels.

On the tanker side, having generally enjoyed a better than expected 2016 as far as earnings are concerned, there is a rather more pessimistic view, at least in the short-term, and this continues to hamper the volume of business we are able to conclude. In general, values have yet to fall to the levels that buyers feel they need to be at in order for them to invest whilst sellers remain under little pressure to reduce their price expectations, having enjoyed the good earnings of 2016. For those who need to transact, the buying market is quite thin and as brokers we are not sure that this will change in the near term.

Having said that, our ability to continue to act for more corporate clients with their own ongoing requirements regardless of market cycles should shelter us somewhat from this. Additionally, we would hope to be able to continue to replicate some high value project type transactions in conjunction with our project finance and structured asset finance teams as some clients look to re-finance away from traditional bank debt more towards sale and leaseback type structures.

Newbuilding

In 2016 the shipping industry saw significant supply side adjustments in reaction to continued market pressures. Historically low levels of newbuild demand, higher levels of delivery slippage and strong demolition saw fleet growth fall to its lowest level in over a decade.

Bulk carrier tonnage sold in 2016 – an all-time record

44m dwt

Total containership demolition in 2016

736,000 teu

2016 was an extremely challenging year for the shipbuilding industry. Contracting activity fell to its lowest level in over 20 years with just 480 orders reported, down 71% year-on-year. Domestic ordering proved important for many builder nations and 68% of orders in dwt terms reported at the top three shipbuilding nations were placed by domestic owners last year. Despite a 6% decline in newbuild price levels over 2016, few owners were tempted to order new ships, especially with the secondhand market offering 'attractive' opportunities. Only 48 bulkers and 46 offshore units were reported contracted globally last year, both record lows, and tanker and boxship ordering was limited. As a result, just 126 yards were reported to have won an order (1,000+ GT) in 2016, more than 100 yards fewer than in 2015.

However, a record level of cruise ship and ferry ordering provided some positivity in 2016. Combined, these ship sectors accounted for 52% of last year's US$33.5bn estimated contract investment and, whilst such segments had not been a traditional focus for the Group, the addition of the newbuilding team in Oslo enabled us to take advantage of these more industrially routed opportunities, with contracting in these segments accounting for a significant proportion of Clarksons Platou newbuilding contracting activity in 2016.

European shipyards were clear beneficiaries, taking 3.4m CGT of orders in 2016, the second largest volume of orders behind Chinese shipbuilders' 4.0m CGT. Year-on-year, contracting at European yards increased 31% in 2016 in terms of CGT while yards in China, Korea and Japan saw contract volumes fall by up to 90% year-on-year.

In light of such weak ordering activity, the global order book declined by 29% over the course of 2016, reaching a 12 year low of 223.3m dwt at the start of January 2017. This is equivalent to 12% of the current world fleet. The number of yards reported to have a vessel of 1,000 GT or above on order has fallen from 931 yards back at the start of 2009 to a current total of 372 shipbuilders.

Looking forward, 2017 will continue to be a challenging proposition for shipbuilders and volumes are likely to remain tempered against the backdrop of prevailing fragility in the freight markets and a continued disconnect between secondhand values and newbuilding prices. Nevertheless, with the shipbuilding market having now endured a substantial period of inactivity, there is the potential for builders to consider making some strategic decisions in order to incentivise buyers and maintain levels of production and this in turn may deliver a little more activity into 2017.

Offshore

General

In spite of continued oil price strengthening in the last quarter of 2016, market conditions in general in the offshore segment remain highly challenging. Operators continue to focus on cost cutting, implying limited sanctioning of new field developments and moderated maintenance activities. This, combined with continued substantial overcapacity in the asset-heavy segments of offshore oil services, supported persistent low utilisation and rates. Looking to 2017, we expect activity to increase somewhat in certain offshore segments, but it will generally take time to work through overcapacity, suggesting adverse market conditions for most contractors. Operators have also signalled further investment reductions in 2017. Previous downturns have demonstrated that rebasing supply-chain costs usually takes 12-24 months. Even though costs have already come down significantly, we believe operators will seek further expenditure reductions and also require higher oil prices and visibility on the anticipated sustainability of prices before increasing investments again.

The Clarksons Platou offshore team continued to build market share in chartering, sale and purchase and restructuring, strengthening the team in anticipation of the recovery.

Drilling market

Reduced spending by operators has put severe downwards pressure on rig fixing activity which has declined by more than 65% since 2012-13. At the same time, legacy contracts have expired rapidly, and as a result active rig utilisation has dropped to 66% and 63% for jackups and floaters respectively. Day rates have followed and are close to operating expenses on both categories in all regions of the world. Rig owners are naturally aware of the situation and, due to the age of the existing fleet, scrapping/removals have started to come to fruition, especially on the floater side. There has also been considerable movement in the order book, where units have been delayed and cancelled. In spite of this, a rebalancing of the MODU-market is likely to take some time, mainly due to the overhang of supply.

The subsea market

For the subsea industry low sanctioning activity will have a great impact on demand for construction/installation and SURF subsea services. 2015 represented the lowest level of subsea tree awards since 2000, reflecting operators' reduced E&P spending and re-bidding of contracts to obtain the lowest possible pricing. The end

Newbuilding deliveries in 2016

100m dwt

Barrels per day of oil produced offshore

25m

result for 2016 was an even lower level of subsea equipment awards. On the back of the oil price strengthening, sanctioning of new projects could increase with more subsea equipment awards during 2017. This is important for SURF work, which is largely driven by new field developments. Subsea maintenance activity has also now largely been deferred for about two years, implying potential demand could be pent up. We are starting to see increasing tendering activity within the subsea maintenance sector, and we expect awards in this segment to increase through 2017. This should lead to a gradual improvement of subsea fleet utilisation, which was around 50% on a global basis in December 2016, naturally with significant variations per sub-segment.

PSV

The North Sea PSV market has remained challenging for owners in 2016, with spot rates ranging between £2,740 and £14,826 per day for 499-900m^2 deck PSVs and between £2,410 and £13,994 per day for 900m^2 PSVs. Term rates have bottomed out between £4,750-£6,000 per day for the different categories and year to date numbers are down 21-22% vs last year. Utilisation has been falling steadily since the middle of 2014, and the 900m^2 PSVs have obtained an average utilisation of 75% in the first 11 months of the year, compared to 88% for the same period last year. The current utilisation for the largest vessel category is 68%. Approximately 130 PSVs have been laid up in the North Sea, compared to 97 at the beginning of the year. As term contracts are at operating expense levels, and laid up vessels are still being bid for longer-term contracts, we expect rates to remain steady through 2017. Globally, rates have still decreased further both year-on-year and versus the second quarter of 2016. PSV rates across the vessel categories declined by an average of 13%, 20% and 1% versus the second quarter of 2016 in GoM, Brazil and West Africa. Figures for the first 11 months are down 35%, 28% and 32% versus the same period from 2015. Vessel lay ups have also increased in all regions of the world and around 30% of the global fleet is currently laid up.

AHTS

As for the PSVs, the North Sea AHTS market has remained challenging in 2016 with spot rates ranging between £4,750 and £52,920 per day for 16-20,000 BHP AHTS and between £5,997 and £62,705 per day for the largest class of AHTSs. The market for long-term AHTS contracts, historically a very small market, is almost non-existent. Around 56 vessels are currently laid up in the North Sea, representing 62% of the fleet. Utilisation has been falling steadily since mid-2014, and the 20,000 BHP category has obtained an average utilisation of 35% in the first 11 months of the year, compared to 51% for the same period last year. The current utilisation for the largest vessels is 29%. At the same time, we are seeing reduced demand for large AHTS vessels in certain regions. Globally, rates have still decreased further both year-on-year and versus the second quarter of 2015. Term rates across the AHTS vessel categories declined by an average of 7%, 10% and 1% versus the second quarter of 2016 in GoM, Brazil and West Africa, and year to date figures are down 26%, 23% and 26% versus year to date 2015 for the same regions.

With more vessels coming off contracts internationally (especially in Brazil), an increasing number of vessels will likely find their way to the North Sea spot market. Owners have few other places to trade large AHTS units, but many of these units will likely go straight into lay-up.

Futures

The first quarter of 2016 produced new lows for the Cape 4TC 172 with a record index of US$485 posted on 17 March. Panamax and supramax markets fared little better with first quarter averages of US$3,067 and US$3,800 respectively. By late April the same index had risen to US$8,374, proving once again the intrinsic volatility in the dry freight market. Despite a lacklustre summer, September saw a further rise and a period of increased volatility from a higher base, with capes peaking at US$20,063 on 17 November. The cape index for the year averaged US$6,373 (2015: US$6,996) whilst panamax averaged US$5,562 (2015: US$5,560) and supramax US$6,268 (2015: US$6,965). Market volumes on cape futures fell 14.3%, whilst the smaller panamax and supramax sectors showed minor volume improvements.

The promising start in freight options volumes witnessed in the first quarter was not sustained and the market volume ultimately shrank 10% year-on-year. Despite this we performed well.

The iron ore growth story continues with a 56% rise in market volumes to 1.34bn tonnes. Once again, we have increased our market share in this growing sector.

Reflecting the diminished volume in freight swaps, our team has reduced in size but renewed vigour has resulted in improved performance. At the same time, we have increased our staffing in the growing iron ore sector both in London and Singapore, where our volumes remain on a growth trajectory.

The adoption of the cape 180,000 5TC contract seems likely to take place early in 2017, removing some of the trader uncertainty and immediately providing an uplift in values of approximately US$1,000.

Supramax/handymax futures volumes increase in 2016

18%

Financial

Uniquely positioned

The solutions and expertise provided by the financial team have greatly enhanced our client offering and uniquely positions our business amongst its peers and places us well, as some of the major banks step back from lending to the shipping market.

Revenue (US$)

US$55.2m

2015: US$43.8m

Revenue (£ equivalent)

£41.0m

2015: £28.7m

Segment underlying profit

£6.8m

2015: £1.2m

Securities

2016 will be remembered as the year the UK voted to leave the European Union and the year Donald Trump was elected the incoming US President. Although these issues were predicted to impact the financial markets significantly, the capital markets have been relatively stable and resilient and have throughout the year survived relatively untroubled as a whole.

2016 started as 2015 left off; namely with a continuing downward spiral in the stock markets whereby major indices took a 10% haircut the first few weeks into 2016. The downward spiral was fuelled by concerns of China's slowing economy and the ever-falling oil prices. At the worst the oil price was below US$30 but at the end of the year was back above US$50. Our corporate finance revenues, however, increased approximately 40% compared to the same period in 2015. Similar to 2015, the first quarter of 2016 saw very strong secondary trading in bonds, mainly relating to trading in distressed offshore bonds, however activity came down in March and continued into April. Corporate finance revenues in the first quarter of 2016 were driven by equity capital markets transactions which kicked off in February with Golden Ocean (raising US$200m) followed by Scorpio Bulkers (raising US$63m) in March.

In the second quarter of 2016, the markets again took a hit as the UK voted to leave the EU, causing mass confusion about the future of European financial markets and the value of the British pound. Despite the difficult markets, we led a US$192m equity offering for Scorpio Bulkers Inc. in June, and advised Golar LNG in the establishment and private placement of US$500m of Golar Power in July, in addition to being retained as advisor for several Norwegian and international companies.

In the third quarter of 2016, markets were somewhat shut down within our core sectors despite our strong pipeline. Despite the still difficult market conditions we led the US$51.5m equity issue in Star Bulk Carriers Corp. completed in September 2016. In addition, we were retained for performing valuations and submitting fairness opinions to two US listed companies, one of which was a new client.

Equity capital raised for our clients in 2016

US$1.5bn

In the fourth quarter of 2016 markets recovered from the initial shocks following the Brexit vote and the soothing of China's stimulus that stabilised the global economy. The election of Donald Trump as the new President of the United States shook the markets in the minutes that followed, but ultimately resulted in a rally. Major indices added between 6% and 12% through the end of the year as investors bid up stocks in anticipation of deregulation, lower taxes, inflation and infrastructure spending. For Clarksons Platou Securities (CPS), markets opened up, and we completed six equity offerings raising in total approximately US$545m for, amongst others, Golar LNG, Maritime & Merchant Bank, Songa Bulk and Standard Drilling, in addition to being a part of the syndicate raising US$150m in senior notes for Rowan Industries, a new client of CPS, and a US$225m offering of convertible senior notes for Ship Finance International.

Looking into 2017, we believe it will likely be a more positive capital markets environment as we see improvement in both commodity prices and increasing investor risk appetite. Hence we remain cautiously optimistic for the year to come.

Project finance

Shipping

At the beginning of the year and until the end of the second quarter of 2016, we experienced lower transaction activity and fewer projects being placed in the Norwegian project finance market compared to earlier years. One major reason for this is clearly the lack of finance, due to the fact that banks have enough shipping exposure, and earnings in most segments are not sufficient to provide a cash flow that covers interest, amortisation and a return on equity. Another reason has been that the low charter levels and decline in ship values have had a negative effect on liquidity and balance sheets of shipowners, which has affected their creditworthiness and hence their access to finance.

In 2016, we have seen that the project finance market has been split into two categories: opportunistic asset play projects and long-term leasing deals. The asset play segments have been mostly dry cargo, offshore and containers, while we have seen leasing activity on the tanker side being quite active. The investors in the asset play deals have been mostly European investors with the deals arranged and syndicated in the Norwegian project finance market. On the leasing side, the Chinese leasing banks have been very active, and a few other private equity funds specifically targeting the offshore industry have also concluded a couple of transactions.

In the second half of the year we focused on financing projects with 100% equity. The activity picked up significantly after the summer, and in the second half of the year, we structured and placed three PSV projects (seven vessels), one handysize bulker project (one vessel) and one feeder containership project (two vessels). The total equity raised in these transactions amounted to close to US$65m.

In addition to this, our project sales team has successfully worked together with Clarksons Platou Securities on the placement of three private placement transactions.

The outlook for 2017 is positive, as we have several projects in the pipeline and the momentum going forward is strong.

Debt capital raised for our clients in 2016

US$0.9bn

Total KS market transaction volumes in 2016

US$2.1bn

Real estate

The Nordic real estate market continued the strong path in 2016 with strong growth in Sweden, Finland and Denmark compared to 2015. The Norwegian market however dropped from NOK118bn to an estimate of NOK70bn in 2016 mainly due to fewer large transactions than we experienced in 2015. Across the entire Nordic market, yields on prime assets and long leases compressed as institutional funds and family offices sought yielding assets with stable dividends in stable macro-economies like the Nordic. Foreign investors have had an increasing appetite for the Norwegian market over recent years but this was significantly down in 2016. The major reason is the continuous drop in CBD Oslo Yields with 3.75% as a new all-time-low record. This makes Oslo one of the most expensive commercial real estate markets in Europe. Domestic property companies and property funds (listed and unlisted) accounted for 63% of the volume. Even though yields on prime assets have declined, the yield gap (difference between real estate yield and interest rate level) is still attractive. The vacancy rate in the Oslo office market is expected to decline over the next two years as a result of conversion and demolition of older office buildings to residential properties combined with few new office buildings.

Whilst total transaction values have declined in 2016 compared to 2015 we still see strong demand from the equity side and expect this to continue.

Structured asset finance

During the course of 2016, it was evident that traditional shipping finance (particularly from financial institutions in Europe) had become much harder to obtain. This was largely driven by more stringent capital regulations, ongoing legacy portfolio losses and a more cautious approach to credit risk towards the sector. Whilst a number of smaller banks began to increase exposure to the sector, this in no way made up for the flight to quality and reduced syndicated lending from the major shipping banks.

The continuing emergence of global leasing companies (notably in China and Japan) has provided some of the much needed additional financing support for the sector but again, whilst these leasing companies are in expansionary mode and are actively looking for sound business opportunities beyond their national borders, they alone do not fill the void. Insurance companies, pension and wealth funds, incentivised by regulation to match medium-term liabilities with assets, remain hungry for volume and yield but continue to have limited risk appetite for the sector and this pool of capital, aside from a few notable recent US Private Placement transactions, remains largely untapped by the industry.

In summary, shipping financing is still available for the right transactions but liquidity is very tight and unlikely to improve in the next 12 months.

12 real estate transactions concluded by Clarksons in 2016

NOK 3.5bn

Total global syndicated marine finance loan volume in 2016

US$50.3bn

Support

Challenging conditions

It has been a very strong year for most areas of our business handling dry cargoes, but, as expected, 2016 was a struggle for those areas in the oil and gas sector. We have concentrated, therefore, on controlling overheads whilst providing a market-leading level of service.

Revenue

£17.8m

2015: £22.5m

Segment underlying profit

£2.1m

2015: £3.3m

Agency – dry cargo

Grain

As far as grain exports are concerned, 2016 has been an excellent year for the agency business. Ipswich, Tilbury and Southampton have seen high shipping volumes, and the smaller coastal ports such as Poole and Boston have remained busy too.

Additional grain export business has been won which has not only increased our activity in our traditional grain ports, but also has seen us handling grain in Sheerness and on the Tyne.

The indications from the trade are that volumes will fall off in the early part of 2017 as much of the UK exportable surplus has already been shipped, but levels should pick up again after July's harvest.

Animal feed

After a steady start to 2016, animal feed imports picked up significantly in the last few months of the year, with Liverpool and Avonmouth seeing much increased volumes.

Coal / biomass

Coal imports have now largely been replaced by biomass as power stations are either converted or closed.

The switch of fuel type alone has not affected Clarkson Port Services (CPS) but we have seen an overall reduction in activity as customers reduce volumes due to both planned maintenance on their burners and teething problems with new port side handling facilities. In 2017 we expect to return to more normal import volumes.

Agency – liquids

Although in 2016 CPS handled a small number of liquid calls, mainly based around Harwich, Fawley, Thames and the Mersey, the agency fees offered by the tanker owners remain very low.

Agency – offshore

Oil and gas

This has been much the hardest part of our business in 2016. We have seen volumes more than halved because of the downturn, forcing us to restructure our offices and decrease overheads, whilst ensuring we remain in a strong position to react to our customers' requirements both now and in the future.

A slight upturn was seen in the lower fee-earning PSV market towards the end of 2016, and we are starting to receive enquiries for a number of projects scheduled for early 2017. We hope that this is a sign of a slow market improvement, although it will be some time until it returns to previous levels.

Offshore renewables

Much of 2016 was spent laying the groundwork to ensure that CPS is involved in the various offshore wind projects commencing around the UK.

In the third quarter of 2016, we began handling projects in Belfast and East Coast UK, which will continue well into 2017. During the coming year we expect this activity to increase significantly and currently have sight of projects that we should be involved with at least until 2020.

Gibb Industrial Supplies

As with our other businesses involved in the oil and gas sector, 2016 was a tough year. Orders from the sector reduced significantly as clients reined in their spending and, consequently, we cut overhead in order to ensure we remain in a healthy position when the market improves.

The second half of the year showed signs of improvement but we continue to focus on promoting our supply business in other sectors. In addition, in 2016 we completed the implementation of an electronic stock system that will not only improve the service we are able to offer our clients, but should also help us control overheads.

Stevedoring

Our stevedoring operation in Ipswich has perhaps been the most successful area of our business in 2016, benefiting from an increased client base, a good harvest year and a widening of products handled. We continue to benefit from being one of the few facilities in the UK not directly connected to just a single major grain house.

With the cooperation of Associated British Ports we have been able to increase our storage facilities in the port, and are in discussions to take on additional space in 2017.

Although the prediction is that grain volumes will decrease in the first half of 2017, we are already seeing our customers switching their attention away from grain export and focusing on imported products such as animal feed and rice.

We continue to look for other stevedoring opportunities outside Ipswich.

Freight forwarding and logistics

In 2016, we concentrated on expanding our focus to new sectors including renewables, but the market remains challenging.

Total tonnage handled at Ipswich stevedoring operation in 2016

801,000 mt

Research

Significant growth

Our 2016 performance builds on a consistent long-term growth profile, supported by ongoing investment into this important area of our business.

Revenue

£13.7m

2015: £11.1m

Segment underlying profit

£4.9m

2015: £3.4m

Research revenues and results grew strongly in 2016, with sales reaching £13.7m (2015: £11.1m). Despite the challenging markets, underlying sales grew by an encouraging 19% during the year, as our clients continued to value the importance of authoritative intelligence. This performance builds on a consistent long-term growth profile, supported by ongoing investment into this important area of our business.

Clarksons Research is respected and trusted worldwide as the market-leading provider of authoritative intelligence and data across shipping, trade, offshore and energy. We continue to invest heavily to expand our wide ranging proprietary database, to develop and enhance our digital product offering and to promote the Clarksons' profile across the global shipping and offshore industries. Research also continues to be a core data provider to the broking, financial and support teams of Clarksons.

The research focus on the collection, validation, management, processing and analysis of integrated data about the shipping and offshore markets continues. Our fully integrated and relational database continues to expand in breadth and depth, with our shipping and trade database now providing coverage on over 135,000 vessels totalling 1.9bn dwt, over 40,000 companies, over 25,000 machinery models, over 600 active shipyards and fabricators, over 600,000 fixtures and over 100,000 commercial and trade time series, including coverage of 11bn tonnes of seaborne trade. The offshore and energy database provides comprehensive coverage of all offshore fields, projects, production platforms, subsea infrastructure, rigs, support vessels and construction vessels, all integrated within a Geographical Information System (GIS). The development of new proprietary data remains important, including the utilisation of AIS data, trade and commodity flows, the tracking of capital market activity and shipping loan data, machinery and environmental packages on board ships, offshore renewables, ports and terminals, ship repair yards and other shore side infrastructure relating to trade and energy.

Over 75% of research sales are annuity based and there is excellent customer retention. A broad and diversified client base includes good market penetration across the financial, shipowning, insurance, supplier, governmental, private equity, energy, commodity, shipyard, fabrication and oil service sectors. There is also broad global client spread, including across Asia Pacific. Total research headcount is now over 100, with a continued broadening of geographic footprint, involving expansion of operations in both Shanghai and Singapore during 2016.

Shipping Intelligence Weekly has been produced for

25 years

Research derived its income from the following principal areas:

Digital

Sales from digital products performed very well in 2016, growing by 19%. We continue to invest heavily in our digital product offering, utilising our growing proprietary database, IT and data analytics to remain both market leading and to develop new digital products to add to our offer.

Sales from our flagship maritime commercial database, Shipping Intelligence Network, continue to grow, while a major upgrade to our online vessel register, World Fleet Register, during the year was very well received by clients and helped support robust sales growth of 27%. Our relaunched register offers a range of new and powerful functionality including owner and yard profiles, alert functions and expanded data on equipment, incidents and additional fleet sectors. Sales of our digital offering across offshore continue to expand and a further product enhancement to World Offshore Register is planned for early 2017.

Our launch of a new ship tracking system in late 2016, Clarksons SeaNet, blends satellite and land based AIS data with our proprietary database of vessel characteristics and infrastructure. It tracks global vessel movements for over 60,000 ships, with a combined fleet tonnage of 1.2bn gt, across over 5,000 ports and zones. This is a very positive development and is fully complementary to both the research digital offer and broader technology strategy across broking and financial. Further new digital products and product enhancement are expected to come on line in 2017.

Services

Clarksons Research continues to expand its provision of bespoke service contracts to a range of large corporate and institutional clients in both the shipping and offshore industries. A specialist team concentrates on managing retainers and providing bespoke data, consultancy and valuations for banks, shipyards, fabricators, engineering companies, insurers, governments, asset owners and other corporates. These bespoke services often become embedded within our clients' workflows, supporting client retention.

Clarksons Valuations performed particularly strongly in 2016, growing its position as the leading provider of valuation services to the ship finance sector. The valuations team work closely with all major ship finance banks and leading owners, as the value our clients place on authoritative and comprehensive support increases with the challenging market conditions. The valuation team headcount has been expanded in 2016, along with investment in their operating support tools.

Reports

Market intelligence reports remain an important aspect of the Clarksons Research overall offering, generating provenance and profile. Research publishes weekly, monthly, quarterly and annual reports, publications, registers and maps, available both in print and within our digital offering, continuing a 50 year heritage. Our flagship shipping report, Shipping Intelligence Weekly, remains market-leading while our comprehensive offshore offering, including Offshore Drilling Rig Monthly and Offshore Support Vessel Monthly, continues to gain traction.

Viewings of Shipping Intelligence Network each year

>4,000,000

Number of valuations provided by Clarksons Valuations in 2016

>30,000

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Delivering shareholder value

Jeff Woyda
Chief Financial Officer and Chief Operating Officer

> The proposed total dividend for the year is 65p, representing the 14th consecutive year of increased dividends.

Results

The Group made revenue of £306.1m (2015: £301.8m) and incurred administrative expenses of £253.0m (2015: £242.0m). The majority of revenue, and a significant proportion of expenses, are earned in foreign currency. Following the Brexit vote in 2016, sterling has fallen against most currencies.

Underlying profit before taxation was £44.8m (2015: £50.5m). The term 'underlying' excludes the impact of exceptional items and acquisition related costs, which are shown separately on the face of the income statement. Management separates these items due to their nature and size and believe this provides further useful information, in addition to statutory measures, to assist users of the annual report to understand the results for the year.

	2016 £m	2015 £m
Underlying profit before taxation	44.8	50.5
Exceptional items	11.1	(2.5)
Acquisition related costs	(8.6)	(16.2)
Reported profit before taxation	47.3	31.8

Exceptional items

Exceptional items include the gain on the sale of shares in The Baltic Exchange to SGX. A special final dividend from The Baltic Exchange, which was closely linked to the sale, was also treated as an exceptional item in 2016, although the £1.4m special dividend received in 2015 was included in underlying income in keeping with the treatment in previous years.

Acquisition related costs

Acquisition related costs includes £6.6m of amortisation of intangibles, £1.1m of cash and share-based payments spread over employee service periods and £0.9m of interest on loan notes, half of which were repaid in June 2016 and the last of which will be repaid in June 2017. Estimated acquisition related costs for 2017, assuming no other acquisitions are made, would be £4.9m.

Taxation

The Group's effective tax rate, before exceptional items and acquisition related costs, was 25.0% (2015: 24.9%), reflecting the broad international operations of the Group and the disallowable nature of many incurred costs, particularly entertaining. After exceptional items and acquisition related costs, the rate was 19.8% (2015: 29.8%).

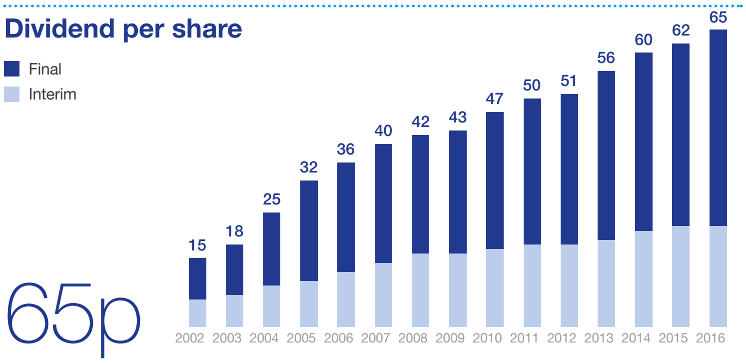
Earnings per share (EPS)

Underlying basic EPS was 105.2p (2015: 121.9p), calculated as underlying profit after taxation divided by the weighted average number of ordinary shares in issue during the year. The reported basic EPS was 119.7p (2015: 68.2p).

Forward order book (FOB)

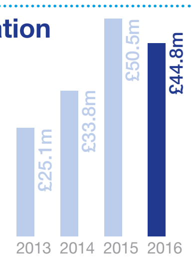
The Group earns some of its commissions on contracts where the duration extends beyond the current year.

Dividend per share



65p

Underlying profit before taxation



£44.8m

Reported profit before taxation was £47.3m

Where this is the case, amounts that are able to be invoiced and collected during the current financial year are recognised as revenue accordingly. However, those amounts which are not yet invoiced and recognised as revenue are held in the FOB. In challenging markets, such amounts may be cancelled or deferred into later periods. Consequently, the Directors review the FOB at the end of the year, and only publish the total of those items that are in the FOB which will, in their view, be invoiced in the following 12 months. At 31 December 2016, this estimate was US$112m (at 31 December 2015: US$151m). The reduction in forward visibility of earnings reflects the low levels of newbuilding contracting and the prevalence of spot business arising from the highly challenged rate environment, as highlighted in the interim statement.

Dividend

The Board is recommending a final dividend of 43p (2015: 40p), which will be paid on 2 June 2017 to shareholders on the register at the close of business on 19 May 2017. The interim dividend was 22p (2015: 22p) which, subject to shareholder approval, would give a total dividend of 65p (2015: 62p). In taking its decision, the Board took into consideration the 2016 performance, the strength of the Group's balance sheet and its ability to generate cash and the FOB. The dividend is covered 1.8 times by basic EPS (2015: 1.1 times). This increased dividend represents the 14th consecutive year that the Board has raised the dividend.

Foreign exchange

The average sterling exchange rate during 2016 was US$1.35 (2015: US$1.53). At 31 December 2016 the spot rate was US$1.24 (2015: US$1.47).

Cash and borrowings

The Group continues to be cash generative, ending the year with cash balances of £154.0m (2015: £168.4m), after the repayment of the first tranche of loan notes amounting to £23.3m in June 2016. A further £29.4m (2015: £5.4m) was held in short-term deposit accounts, classified as current investments on the balance sheet. The Board believes that deducting accrued bonuses before striking a total of net cash and available funds is a better representation of the net cash available to the business, as bonuses are typically only paid once a year after the year-end, and thus an element of the cash held at the year-end is earmarked for this purpose. Consequently, after deducting all outstanding loan notes and amounts accrued for performance-related bonuses, net cash and available funds amounted to £74.8m (2015: £45.5m). This significant increase arises as a result of profits, the proceeds from the sale of The Baltic Exchange, currency gains from holding non-sterling denominated funds and improved working capital management.

Balance sheet

Net assets at 31 December 2016 were £406.7m (2015: £340.9m). The balance sheet remains strong, with net current assets and investments exceeding non-current liabilities (excluding pension provisions) by £58.1m (2015: £36.2m). The overall provision for impairment of trade receivables was £15.5m (2015: £12.3m) and the underlying US dollar balance increased by US$1.0m, reflecting the continued challenging trading conditions in the shipping and offshore markets. The Group's pension schemes have a combined surplus before deferred tax of £2.3m (2015: £4.1m deficit). This improvement is a result of positive investment performances and updated actuarial assumptions more than offsetting the impact of the significantly lower year-end discount rate.

Key performance indicators (KPIs)

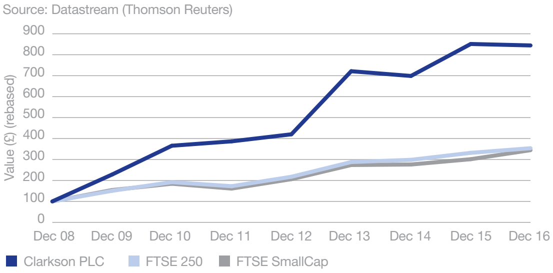
1. Financial KPIs used in the management of the business are included on pages 4, 5 and 22. These include revenue, profit before taxation, earnings per share and the FOB.
2. The business also aims to generate long-term shareholder value, as reflected by a review of total shareholder return.

Jeff Woyda
Chief Financial Officer and Chief Operating Officer

10 March 2017

Total shareholder return

Source: Datastream (Thomson Reuters)



This graph shows the value, by 31 December 2016, of £100 invested in Clarkson PLC on 31 December 2008, compared with the value of £100 invested in the FTSE 250 and FTSE SmallCap Indices on the same date.
The other points plotted are the values at intervening financial year-ends.

Managing our risks effectively

As with all businesses, Clarksons faces a number of risks and uncertainties in the course of its day-to-day operations. The balance of identifying and managing risks and embracing opportunities enables us to deliver our strategic objective: enhancing shareholder value by maintaining and extending our industry leadership.

As the world's leading provider of integrated shipping services, Clarksons' brand underpins the successful delivery of our strategy. It is imperative that the integrity and reputation of the Clarksons brand is preserved through effective risk management. The breadth of products and services that we offer to our global clients span the shipping, offshore, broking, banking, research and support markets and has the potential to expose us to a number of business specific risks.

Risk governance

The principle of individual accountability and responsibility for risk awareness, monitoring and management is a key feature of our culture. Overall responsibility for ensuring risk is effectively managed across the Group lies with the Board. The audit committee reviews the effectiveness of the Group's risk management process on behalf of the Board.

The Board is responsible for:

- **Managing risk to deliver opportunities** as a key element of the Company's business activities, which is undertaken using a practical and flexible framework, providing a consistent approach to risk evaluation;
- **Establishing risk management policies**, **key controls and procedures**, which are reviewed in accordance with applicable regulations and best practice guidelines, to ensure that they protect the Company's stakeholders and continue to be effective; and
- **Carrying out an annual review of the effectiveness of the system of internal control and risk management** and confirming that the ongoing process for identifying, evaluating and managing the Group's principal risks has operated throughout the year. The Board performs this role with advice from the audit committee.

The audit committee is responsible for:

- **Undertaking an annual review of the Group's internal controls**, including financial, operational, compliance and risk management controls and procedures and reviewing the external Auditors' report in relation to internal control observations;
- **Reviewing the adequacy and effectiveness of the Group's risk management systems and processes**;
- **Overseeing the development of internal control procedures** which provide assurance that the controls which are operating in the Group are effective and sufficient to counteract the risks to which the Company is exposed; and
- **Reviewing the need for an internal audit function**.

Risk appetite

The Board is responsible for the amount and type of risk the Group is willing to accept to achieve our strategic and operational objectives. It performs this function by setting the business strategy and approving the Group's policies and procedures, enabling, where possible, a reduction in risks to the tolerance levels set by the Board. The Board further considers the inherent risk attributes of our business when identifying its appetite and tolerances for risk and opportunities.

Top-down

Oversight, identification, assessment and mitigation of risk at corporate level

Board

- Overall responsibility for the Group's risk management and internal control systems
- Sets strategic objectives and defines risk appetite
- Monitors the nature and extent of risk exposure against risk appetite for our principal risks
- Provides direction on the importance of risk management

Audit committee

- Supports the Board in monitoring risk exposure against risk appetite
- Reviews the effectiveness of our risk management and internal controls systems

Operational management

- Risk management process and internal controls embedded across divisions and functional areas
- Risk identification, assessment and mitigation performed across the business
- Risk awareness and safety culture embedded across the business

Bottom-up

Identification, assessment and mitigation of risk at entity and divisional level

Inherent risk attributes of Clarksons' business include the following principles:

- We act as agents in the provision of services for and on behalf of our clients;
- We do not own physical assets of material value;
- We do not hold principal positions, other than in exceptional circumstances with the financial division, should there be a failure of a client to meet its obligations during the settlement period;
- Aside from cash held in regulated entities, we are not required to commit material amounts of capital in the conduct of our day-to-day business; and
- We have no external debt.

Risk appetite is at the heart of our risk management processes, since it is integral both to our consideration of strategy and to our medium-term planning process. Risk appetite is a key consideration in decision-making across the Group and helps us define the criteria for assessing the potential impact of risks and their mitigation.

The Group's risk appetite is formally reviewed and approved by the Board annually.

Risk management framework

Our risk management and internal control framework defines the procedures that manage and mitigate risks facing the business. This framework cannot eliminate risk entirely, and can only provide reasonable, not absolute, assurance against material misstatement or loss.

Our risk assessment is formed in stages:

- Identify the risks facing the Group by business sector;
- Document risks on a centrally-managed risk register;
- Assess the likelihood of occurrence of each risk;
- Evaluate the potential impact of each risk on the Group;
- Determine the strength and adequacy of the controls operating over each risk;
- Assess the effect of any mitigating procedures or processes;
- Plot the above factors on a risk matrix; and
- Monitor the above on a regular basis.

The Board recognises that whilst it has limited control over many of the external risks it faces, including, for example, the macro-economic environment, it nevertheless reviews the potential impact of such risks on the business and actively considers them in its decision-making. The Board also actively monitors internal risks and ensures that appropriate controls are in place to manage them.

Every year, through an integration of culture and compliance, we make further progress embedding our risk management approach with all employees. Our objectives and values are clearly communicated and our training, systems, processes and internal controls are developed in accordance with our risk management model. This is, of course, an ongoing process and we continue to work hard to improve risk awareness and embed controls and procedures to mitigate risks.

The Board and senior management take a forward-looking approach to risk to ensure early identification, timely assessment and, where necessary, mitigation of new and emerging risks, such that they can be evaluated alongside known and continuing risks.

In addition to our regular risk management activities, the priority for 2017 is to continue promoting a 'monitoring environment' which consists of validating, monitoring and reviewing the effectiveness of our current controls in order to support the Board in its responsibilities.

In November 2016, the audit committee carried out its annual formal assessment of risk which was communicated in full to the Board, which subsequently agreed the key risks, risk appetite, controls and risk management processes in place within the Group.

Viability statement

In accordance with provision C.2.2 of the revised 2014 UK Corporate Governance Code, the Board has assessed the prospects of the Group over a longer period than the 12 months required by the 'going concern' provision.

In carrying out their assessment, the Directors have considered the resilience of the Group (with reference to its current position, prospects and strategy), the Board's risk appetite, the Group's principal risks and the effectiveness of mitigating actions. This robust assessment considers the potential impact of the Group's principal risks on its strategy, business model, future operational and financial performance, solvency and liquidity over the period.

In determining the period over which to provide its viability statement, the Board took into consideration revenues, cash flows, funding requirements, profits, long-term time charters, the average construction period of newbuilding contracts, triennial valuations of pension schemes and the duration of the majority of the forward order book. The Board concluded that a period of three years was appropriate.

Based on their assessment of prospects and viability, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period ending 31 December 2019. In doing so, it is recognised that such future assessments are subject to a level of uncertainty that increases with time and, therefore, future outcomes cannot be guaranteed or predicted with certainty.

Going concern statement

The Directors also considered it appropriate to prepare the financial statements on the going concern basis, as explained in note 2.1.

Change in risk level

Slight increase in risk factor since 2015 | No change in risk factor since 2015 | S Relevance to strategy

Principal risks

The principal risks which may impact the Group's ability to execute its business strategy have not fundamentally changed since 2015, however, the likelihood of the risk occurring and mitigation in place have evolved.

The following risks, whilst not exhaustive, are a summary of the principal risks which we believe could have the greatest impact on our business. These risks have been the subject of debate at Board and audit committee meetings. The Board regularly reviews these risks in the knowledge that currently unknown, non-existent or immaterial risks could turn out to be significant in the future.

Risk description	Mitigation	Progress in 2016
Strategic – our priority is to ensure that strategic decisions achieve or exceed our objectives		
Failure to achieve strategic objectives Due to the size and international coverage of the Group, there is a risk that our objectives are not communicated effectively. There is also the risk that our strategy does not deliver the required and expected outcomes for stakeholders. S Growth See our strategy on pages 18 and 19	– Frequent communication between Executive Directors, global Managing Directors and staff. – The Chief Executive Officer hosts an annual meeting of all global Managing Directors which lasts a week and considers controls, strategy and general management. – Quarterly reviews of risks, operating and financial performance of each division with divisional Managing Directors. – Daily review of real-time financial information.	– We continue to focus on delivery of our strategy through 'best in class' service in extremely challenged markets. – We closely and continuously monitor developments in our industry. – We continuously engage with our clients to ensure we understand their needs and priorities and deliver beyond their expectations.
Reputational – we remain focused on constantly strengthening our relationships with stakeholders		
Negative perception of the Group as a result of employee misuse of confidential information Accidental or deliberate disclosure of confidential information could have a significant reputational and financial impact. S People	– Strict procedures over leavers to ensure no data is removed. – Employment contracts include confidentiality and non-compete clauses. – Investment in compliance, quality assurance and legal functions to ensure best practices are applied throughout the Group.	– We continue our commitment to training and an ethical work environment to promote high standards, consistency and a unified approach.
Operational – we are a value-added service provider aiming to go beyond client expectations		
Cyber and data security Financial loss, reputational damage or operational disruption from a major breach in cyber, system or information security. External threat of hackers or viruses and sensitive data being intercepted without authorisation. S Trust	– IT processes include penetration testing, use of anti-virus and firewall software, regular password changes, installation of email authentication and strict procedures on granting and removing access. – Operational processes include segregation of duties, business continuity planning and regular training.	– We have had a number of instances of unsuccessful attempted cyber attacks. – Continued investment in physical and IT controls and increased awareness through regular internal communications has enabled us to identify and avoid actual cyber events.
Economic factors World trade, global GDP and other general economic fluctuations impact the demand for ships. The actions of owners and financiers also have a direct impact on the supply side. A supply/demand imbalance causes fluctuations in freight rates, specifically an over-supply causes lower freight rates and asset values. A reduction in freight rates, volumes or asset prices results in a fall in the commission that the Group receives. S Growth See economics of maritime markets on pages 6 and 7	– Our operations and clients are located in all major maritime and trade centres globally and consequently we are not dependent on any one economy. – Our business model is built on the ability to deal with downturns and remain profitable. Our variable remuneration schemes, being profit-related, mean that overheads react to swings in asset values and freight rates. – Our activities are diversified across many product-offering verticals. Consequently, as shipping and offshore are multi-cyclical markets, we benefit from any market recovery, irrespective of sector, to find opportunities in volatile market conditions and are also able to take advantage of market turnarounds. – We review the performance of each office and product line on a monthly basis.	– Our results show the effectiveness of our strategy and business model against a backdrop of volatility in our markets, particularly those affected by falling commodity prices.

Risk description	Mitigation	Progress in 2016
People – our people are the assets of our business and are essential to our success		
Loss of key personnel Our success depends on the experience and performance of our specialist teams, which in turn maintains our excellent reputation. Losing key personnel may impair our coverage of a particular line of business. S People	– We offer competitive remuneration and an excellent working environment to help us to retain staff. – Our employment contracts include restrictive covenants, appropriate notice periods and gardening leave provisions to prevent the loss of key information. – We encourage teamwork across the Group, which is also reflected in our remuneration schemes. – We invest in our teams through training and promote further learning through lectures and encouraging personal study. – Succession-planning and documentation of key procedures help to minimise any impact of losing personnel. – We provide career development throughout the Group, irrespective of geography.	– We have not lost a key team during 2016. – We continue to make significant hires. – We monitor staff turnover and absenteeism and strive to understand the reasons behind such activity. – A number of employees have transferred locations within the Clarksons Group; accommodating both the employees and the Group's needs. – We have hired a dedicated recruitment resource in London.
Financial – we target the strengthening of our balance sheet and improvement of our results		
Adverse movements in foreign exchange The Group's revenue is mainly denominated in US dollars and the majority of expenses are denominated in local currencies. The Group can therefore be exposed to adverse movements in foreign exchange. S Growth See note 26 for financial risk management	– The Group hedges currency exposure through forward sales of US dollar revenues. We also sell US dollars on the spot market to meet local currency expenditure requirements. – We continually assess rates of exchange, non-sterling balances and asset exposures by currency.	– We continue to apply our hedging policy consistently and we have forward sold a proportion of US dollar anticipated revenues into 2019. – Following the Brexit vote, sterling declined significantly. If sustained, the fair value of existing hedges will decline, although sterling weakness would still be a net favourable movement for the Group.
Adverse financial commitments relating to pensions The Group operates three defined benefit schemes which are funded by the payment of contributions to separately administered funds. There are circumstances under which a pension obligation can crystallise and a principal employer be forced to settle the scheme, thereby creating a substantial financial obligation. S Growth See note 22 for employee benefits	– All defined benefit schemes are closed to new entrants. – We have in-house and outsourced global pension experts to manage the schemes in place, including monitoring fund manager performance. – Diversification of the investment funds which hold our schemes' assets reduces the impact of fund performance volatility and investment risk. – Regular review of pension fund liabilities ensures future funding requirements can be planned.	– Triennial valuations carried out in 2015/2016 and recently finalised by independent actuaries show one scheme had a surplus of £3.6m and the other two schemes had deficits of £1.2m and £2.1m. Contributions into the three schemes have reduced from £2.2m per annum to £1.2m per annum.
Financial loss arising from failure of a client to meet its obligations S Understanding See note 14 for trade and other receivables	– We regularly monitor both local and global client debt levels using information from a range of sources. – Provisions are based on ageing of balances, disputes or doubts over recoverability.	– Two major far eastern operations have filed for court protection during the year. – We continue to provide for doubtful debts on a prudent basis. – There were no unexpected losses arising from a client failure during the year.

Beyond Clarksons into the community

Jeff Woyda
Corporate social responsibility committee Chairman

"In addition to raising money, we have looked beyond today and helped the community gain experience, expertise and a vision for the future."

It is with great pride that I write to you as Chairman of the corporate social responsibility committee (CSR committee). Since taking over this role in 2013, Team Clarksons has continued to go **BEYOND** expectations, generously contributing to charities and working with the community to promote the maritime industry and provide work experience, employment and training opportunities to so many people, of all ages, wishing to find a way into the world of shipping and offshore.

Since 2013, members of Team Clarksons have gone **BEYOND** their safe zone – they have climbed mountains, conquered the North Pole, cycled hills and roads, completed marathons, triathlons and tough mudders, shaved off their hair and grown moustaches, tackled the 3 peaks and much, much more… all for charity. I am delighted to be able to say that Team Clarksons, during this time, has consequently contributed to over 90 charities, and raised around £1m for good causes around the world. As a committee, we support most charitable endeavours and also highlight each year up to four charities for larger donations and exploits. We also recognise needs in times of major disaster, such as the Philippines typhoon and the Japanese nuclear disaster.

Corporate social responsibility activities timeline

Since the formation of the CSR committee, Clarksons staff globally have supported an incredible 94 worthwhile causes, across maritime, health and childrens' charities. The timeline below shows just a few examples of how our staff have GONE BEYOND.

Clarksons in the Serengeti

At the finish for the Alzheimer's Society

Victorious Clarksons Olympians

2011

Abseiling West Ham for Marie Curie Cancer

At the peak of Mount Elbrus

In addition to raising money, we have looked **BEYOND** today and helped the community gain experience, expertise and a vision for the future. Students from the UK and overseas have undergone work experience, we have run 48 seminars for over 2,500 trainees, staff, clients and other market professionals and the John Marshall Lectures, one week of training in each of dry cargo and tankers, have taken place every year, training in excess of 200 people – from Clarksons' and the wider industry. We also have close relationships with many universities and business schools around the world specialising in maritime.

We have a dedicated training officer, and have run lectures in a broad range of topics from 'Life at sea' and 'Insights on India's impact on global trade and shipping' to 'Ballast water management' and 'Marine salvage'. We have worked and hosted lectures with the Institute of Chartered Shipbrokers, London Shipping Law Centre and UK Chamber of Shipping to name but a few, and have ensured all staff undergo ABC training on a regular basis. Staff are also supported in their career development, whether that involves qualifications with ICS, CIMA, ACCA or CIPD, MBA study or more practical first aid, health & safety and compliance training.

Over the past year, we are BEYOND proud that 'our Jeff' – the Lord Mountevans has been Lord Mayor of London. Clarksons were prominent in supporting Jeffrey wherever possible, including the Lord Mayor's parade and appeal during this historic milestone in Clarksons' 164 year history. During his year, he has promoted extensively the maritime theme, and a high point was the bringing together of all Managing Directors, Directors and Divisional Directors in the Egyptian hall of the Mansion House to celebrate Clarksons' unique talent and Jeffrey's appointment.

As a Group, we also go BEYOND the internal and reach out into the industry, with members of Team Clarksons also serving as Directors of the Baltic Exchange, ITIC, the London Tanker Brokers Panel, Dubai Maritime Advisory Council and Emirates Maritime Arbitration Centre.

So we at Clarksons go **BEYOND** in our social responsibilities in so many ways… in giving back to our staff, society at large, the markets in which we work and those less fortunate than ourselves. We will continue this approach **BEYOND** the now and into the future.

Jeff Woyda
Corporate social responsibility committee Chairman

10 March 2017


Launching the new safety boat in London's Docklands


Rebuilding after Typhoon Haiyan


Charity beach rugby at Canary Wharf


Clarksons' spinning for Charity Giving Day

2017

Poppy planters volunteering at the Tower of London


Almost at the finish line of the Three Peaks challenge


Dragon boating for the GOSH OSCAR appeal

Corporate responsibility

Supporting the local community and the wider world has always formed an important part of Clarksons' attitude to corporate responsibility, whether in terms of direct donations or supporting our employees as they strive to make a difference to society.

In 2013, as part of this continuing commitment, Clarksons formalised these activities by establishing a new CSR committee, chaired by the Chief Financial Officer and Chief Operating Officer and comprising representatives from different parts of the business. The CSR committee identified three potential areas towards which support should be focused: maritime causes, children's charities and health issues – the latter choice would be influenced by circumstances where a member of staff had been directly affected by a condition or situation requiring help. In the past four years Clarksons globally has supported an incredible 94 worthwhile causes.

Clarksons staff are encouraged to nominate charities that fall under these broad categories and these are regularly reviewed throughout the year by the CSR committee. From time to time, recognising that world events can produce situations of urgent need, the CSR committee has made specific one-off donations.

In 2016 significant donations were made to the Alzheimer's Society to help fund critical research, provide education and resources and raise awareness for a solution to the global Alzheimer's epidemic; the Children's Cancer Hospital Foundation in Egypt which is the largest paediatric oncology hospital in the world in terms of capacity; and the English Speaking Cancer Association in Switzerland which provides emotional support and practical help to those affected by cancer.

The Chain Gang team keeping up the pace at the 2016 Clarksons Charity Giving Day

Our activities reached a peak on 27 September with the first Clarksons Charity Giving Day when teams of six from Clarksons' Houston, London, Oslo, Dubai and Singapore offices competed to cycle 120km in less than four hours. The aim was to raise as much money as possible for two very worthwhile charities: the Juvenile Diabetes Research Foundation (one of the Lord Mayor's selected charities) and the London Sports Trust, which is dedicated to helping young Londoners through sport and works with disadvantaged children to fulfil their potential. In total Clarksons raised more than £50,000 for these two incredible causes.

Our people

Our people are our business. Without enthusiastic and engaged employees we simply could not do our job delivering the highest quality service to our clients. Employees are expected to use good judgement and act in the best interests of Clarksons and our clients at all times and each and every member of the team shares our common values and aspirations to conduct our business in an ethical, honest and professional manner wherever we operate.

One of the 26 teams taking part in the 2016 Clarksons Charity Giving Day

Clarksons is an equal opportunities employer which entrusts its reputation and market lead to more than 1,393 highly motivated employees globally. Our business is meritocratic. We seek to appoint the best candidate for each and every vacancy. Candidates are considered against fair and objective criteria which enable all employees, irrespective of gender, race or disability, to advance in their career.

Shipping is an industry that people enter into because they are enthusiastic about world trade. This industry is increasingly becoming an attractive employment option as it offers career opportunities, flexibility and incentives for those who commit themselves.

Of the 1,393 staff within the Group at 31 December 2016, 371 or 27% were female (26% in 2015). There were 251 managers within the Group, of which 44 or 18% were female, which is an increase of 15 or 7% year on year from 2015. From total new hires made in 2016, 27% were female.

Clarksons has undergone significant growth over the last decade, including the acquisition of Platou in 2015, which means that many employees have been employed for less than ten years. Nevertheless, we are proud that 22% of Clarksons employees have been with the organisation for more than ten years as commitment to the Company and its values ensures that there is continuity of practice throughout the organisation and a sophisticated understanding of how the Clarksons business model is maintained.

Participation in the Company's LTIP and other share schemes gives employees the opportunity to become shareholders in the Company and share in its continued growth and success.

Communicating with employees is an important priority. Our flat management structure means that any employee has direct access to the senior management team, with divisional managing directors working side by side with the trainees they recruit. All employees have access to the employee intranet which contains current news, details of employee policies and other relevant information. Employees have opportunities to attend briefings about the Company's business and Clarkson News, the Company's periodic in-house magazine, provides current and former employees with information about the Company's operations and colleagues around the world. Employees also have access to the Company's financial and regulatory publications, which are available on the corporate website.

We are a global business with an international workforce and the combination of languages, cultures and ideas brings a level of diversity and cultural richness that is the envy of our competitors. Clarksons' employees represent 65 nationalities globally and in a reflection of this cultural diversity, our management team represents 23 of those nationalities. Our global presence also means that we can offer our employees the opportunity for international mobility and development throughout the Clarksons Group.

Our investment in our people

At Clarksons people are empowered to do their best work. We hire the brightest talents, give them the tools to shine including IT systems and high quality training and ensure they are suitably rewarded. Clarksons is committed to investing in talent retention and staff development, ensuring that as we grow (both organically and through acquisition) the right people are identified and developed.

Employees are encouraged to broaden their knowledge of the business where possible. For example, employees in our Commodity Quay office are able to attend regular lunchtime seminars on different topics. These seminars are led by in-house experts and/or external speakers, covering a wide range of topics on either an area of Clarksons' business or an area of personal development. Employees, regardless of department, are encouraged to attend these seminars, which provide a forum for interested individuals to further their knowledge of a subject.

Our training schemes remain unique in our industry, blending the collective skilled counsel and guidance of our staff with the tutelage of external experts from all areas of the shipping, trading and commodity markets.

Our Trainee Broker Scheme is open to school, college and university graduates as Clarksons believes that the qualities of commitment, talent and passion we seek in a trainee require a more diverse approach to recruitment. Trainees can expect a fully rounded education where their individual talents are nurtured and developed into what we hope will enable them to become the future leaders of our business.

Successful development of future leaders requires a talent pool from which to select the best individuals. Clarksons operates a prominent recruitment process which attracts in excess of 2,500 applications annually. Our own analysis has determined that the ratio of male to female applications is circa 70:30. This is almost identical to the gender diversity statistics recorded by Cass Business School at the City University London for shipping-related degrees.

In addition to the Trainee Broker Scheme, we offer a small number of paid internships to students each year and through long-standing relationships with schools and academies we are able to offer regular work experience opportunities in our broking and research divisions.

Health and safety

Clarksons endeavours to create a working culture that is inclusive for all and to maintain our high standards across all sites. We believe that it is vital to look after the health, safety and well-being of our staff. This includes providing a safe and secure workplace. Our policies and procedures are designed to minimise the risk of injury and ill health of all employees as well as any other parties involved in the conduct of our business operations.

The conclusion of the Platou acquisition in 2015 brought new locations and new teams into the Group. In light of this recent growth and following the integration of the new teams, we conducted a review of the health and safety policy statement for Clarksons Group in 2016. Our objective was to establish whether the policy statement remained fit-for-purpose. Following this review, it was determined appropriate to issue a new Group Health and Safety Policy Statement. This new policy statement was approved by the Board in February 2017. Health and safety committees, operating under written terms of reference, will oversee the implementation of the new statement and ongoing management of the underlying policies in the UK.

To support the implementation of these new policies, Clarksons has established a training plan for employees who are responsible for the day-to-day management of health and safety in the UK. In 2017, employees with new responsibilities for health and safety management will be trained to Institute of Occupational Safety and Health (IOSH) Managing Safely certification. This is an internationally recognised certification for those who manage health and safety, accredited by IOSH who are the chartered body for health and safety professionals. It is anticipated that this training will be refreshed in line with recommended best practice. Refresher training is being undertaken in 2017 for existing health and safety personnel whose certification is over three years old. The health and safety committees review training needs on a regular basis for all employees as well as those directly responsible for health and safety. For example, upcoming training includes first aid qualifications.

Clarkson Port Services Limited (CPSL) sites cover a wide variety of activities from office-based support to port agents working alongside vessels at quayside. A well-established schedule of external and internal health and safety audits takes place at CPSL sites, targeting all aspects of the activities. Actions from audits are tracked to completion and reported to the CPSL health and safety committee. In line with the Clarkson approach for continual improvement, the health and safety team at CPSL is working towards achieving Occupational Health and Safety Standard 18001. Audit for this certification is expected to take place during August 2017.

Modern Slavery Act 2015

Clarksons recognises that slavery, servitude, forced labour and human trafficking (modern slavery) is a global issue.

We are committed to ensuring that there is no modern slavery in our operations or supply chains. The Clarkson Modern Slavery and Human Trafficking Statement for the financial year ended 31 December 2016 is available on our website at http://www.clarksons.com/modern-slavery-act/.

Environment

Clarksons is committed to managing its environmental impact and seeks to improve its performance and reduce emissions wherever possible. This is our fourth year of reporting greenhouse gas (GHG) emissions and we are pleased that significant progress has been made in disclosing the full impacts of our global offices.

In addition to reporting all material emission sources for which we have operational control, in 2016 we have greatly expanded our disclosure of Scope 3 to include emissions associated with business travel, water, waste and paper. Increasing the emissions sources reported has increased our total footprint compared with previous years but we believe this provides a more accurate representation of our environmental impact.

Total Scope 1 and 2 emissions measured in tonnes CO_2 equivalent (tCO_2e) have decreased by 10% to 2,944 tCO_2e in 2016, from 3,271 tCO_2e reported in 2015. This decrease is primarily attributable to significant improvements in data quality and coverage across our office portfolio. We are pleased to report substantial progress has been made this year in obtaining accurate emissions data from our global offices, following the addition of Platou in 2015. This includes enhanced coverage for our London head office, Commodity Quay, which was highly estimated last year.

Global emissions by scope

	tCO_2e 2016	2015
Scope 1 – Direct control *Natural gas, company cars, refrigerants*	**860**	922
Scope 2 – Indirect control *Purchased electricity, heat, steam and cooling*	**2,084**	2,349
Scope 3 – Clarksons influence *Transmission and distribution only*	**179**	195
Sub-total	**3,123**	3,466
Emissions intensity tCO_2e per full time employee (FTE)	**2.37**	2.51

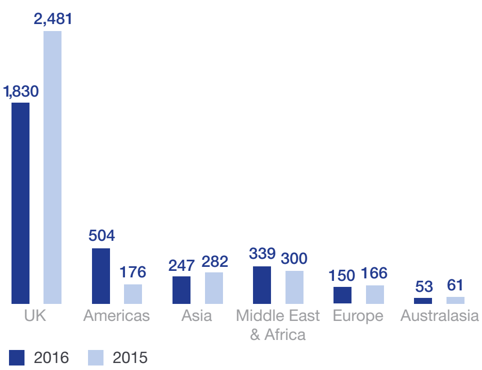
UK offices account for over half our Scope 2 emissions, and the 11% reduction in the UK electricity conversion factor in 2016 contributes to a 265 tCO_2e reduction in reported Scope 2 emissions.

Additional Scope 3 emissions

In line with best practice, we have for the first time included Scope 3 emissions reporting on business travel (flights, rail, company cars and taxis) and additional buildings-related emissions (water, waste and paper) for our global offices. This increases our total emissions across all scopes, however, given the nature of our business, emissions arising from flights are responsible for 46% of our carbon footprint and other business travel accounts for a further 6%. Water, waste and paper usage contribute to less than 3% of our total emissions.

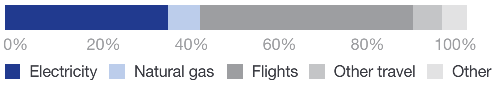
	tCO_2e 2016	2015
Additional Scope 3 Business travel, water, waste, paper	**3,273**	Not reported
Total all Scopes	**6,396**	3,466
Emissions intensity (tCO_2e per FTE)	**4.86**	2.51

Emissions breakdown by region (tCO_2e)



Comparison of emissions by region (tCO_2e) Scopes 1, 2 and part of Scope 3 (including transmission and distribution).

Emissions breakdown by resource (tCO_2e)



Excluding the additional Scope 3 emissions introduced in 2016, UK offices are responsible for 59% of Clarksons' total footprint, with our largest office, Commodity Quay, responsible for 40%.

Emissions intensity

Clarksons' business has expanded through a combination of acquisition and organic growth, creating fluctuations in our reported emissions on an annual basis. Increased data quality in 2016 has created a slight decrease in emissions intensity to 2.37 tCO_2e/FTE. By disclosing additional Scope 3 emissions, this intensity increases to 4.86 tCO_2e/FTE largely due to the impact of flights.

Methodology

Clarksons' GHG emissions were calculated in accordance with the requirements of the World Resources Institute 'Greenhouse Gas Protocol (revised version)', 'Environmental Reporting Guidelines: including mandatory greenhouse gas emissions reporting guidance' (Defra, 2013) and ISO 14064 – part 1.

Additional notes on methodology:

1 Clarksons' Scope 2 emissions calculated using location-based emissions factors. In line with WRI best practice, our Scope 2 market-based emissions for 2016 are 2,084 tCO_2e and calculated using residual mix factors by country and location-based factors. Clarksons will continue engagement with landlords to improve disclosure of market-based emissions and encourage a transition to more environmentally friendly suppliers and tariffs in subsequent reporting years.

2 Clarksons' new Tokyo office, opened in November 2016, is excluded from this year's reporting but will be included in future years.

3 This work is partially based on the country-specific CO_2 emission factors developed by the International Energy Agency,© OECD/IEA 2016 but the resulting work has been prepared by Carbon Smart and Clarksons and does not necessarily reflect the views of the International Energy Agency.

New York

James Hughes-Hallett
Chairman

> We are focused on delivering our strategy and strengthening our position as a modern, profitable business, underpinned by high standards of corporate governance.

Dear Shareholder

I am pleased to present to you the Board's corporate governance report. In this section you will find our review of corporate governance at Clarkson PLC together with reports from the audit, nomination and remuneration committees.

Board and committee changes

We welcomed Marie-Louise Clayton as an independent Non-Executive Director to the Board in January 2017. Marie-Louise has a wealth of financial and strategic experience gained in a wide range of businesses, from technology to manufacturing, sugar processing to power and energy. Marie-Louise will be appointed as Chair of the audit committee at the AGM in May 2017. Marie-Louise's extensive experience will bring a fresh insight to the Board as we continue to deliver against our strategy.

James Morley will be retiring from the Board at the 2017 AGM. James has served on the Board of Clarkson PLC and as Chair of the audit committee for nearly nine years. His guidance, knowledge and active participation in the Board have been invaluable and I would like to take this opportunity to thank James for his dedication and his service to Clarkson PLC and wish him the very best for the future.

Governance activity during the year

As part of our insurance renewal process in 2016, we instructed our insurance brokers to conduct a benchmarking exercise to compare our directors' and officers' liability coverage against that purchased by other companies in the FTSE 250 to ensure that it remained at a level comparable with that purchased by our peers. Following the review, the Board is comfortable that the level of directors' and officers' liability insurance cover is appropriate for a company of our size and our risk base, and comparable to that of our peer group.

The well-being of our employees is paramount. Integration from the Platou acquisition in February 2015 brought new employees and new locations into the Group. These changes warranted a review of our health and safety policies and procedures during 2016. The outcome of this review is a revised Group Health and Safety Policy Statement which was approved by the Board on 3 February 2017 along with refreshed procedures and committees. For more information about this review and the new policy, please see page 46.

Shareholder engagement

The Board believes that a key aspect of good corporate governance is engagement with shareholders and being aware of their views. We welcome meaningful communication with shareholders. For more details on how we stay in touch with shareholders, please see page 54.

External Board evaluation

An external Board evaluation was undertaken this year by Boardroom Review Limited. The review included individual interviews with Board members and the Company Secretary as well as observation at a Board meeting. For more information on the Board evaluation, please go to page 53.

Compliance with the UK Corporate Governance Code

As the financial year began before 17 June 2016, the 2014 UK Corporate Governance Code (the Code) was effective for the Company's current reporting period. We discuss how we comply with the Code in more detail on page 52.

I look forward to meeting you at our AGM on 12 May 2017 and addressing any questions you may have.

Yours faithfully

James Hughes-Hallett
Chairman

10 March 2017

James Hughes-Hallett, CMG
Chairman
(Non-Executive)

James Hughes-Hallett was appointed as a Director on 20 August 2014 and became Chairman on 1 January 2015. James is a Non-Executive Director of John Swire & Sons Limited. He is also Chairman of the Courtauld Institute of Art and of the Esmée Fairbairn Foundation. James was Chairman of John Swire & Sons Limited in London from 2005 to 2014 and before that Chairman of Cathay Pacific Airways Limited and Swire Pacific Limited in Hong Kong. Earlier in his career he was also the Managing Director and Chairman of The China Navigation Company and of Swire Pacific Offshore and chairman of the Hong Kong Shipowners Association. He served as a Non-Executive Director of HSBC Holdings PLC from 2005 to 2014.

James is a fellow of the Institute of Chartered Accountants in England and Wales and an honorary fellow of the University of Hong Kong and of Merton College, Oxford. He was made a CMG in the 2012 Queen's Birthday Honours.

James is Chair of the nomination committee and a member of the remuneration committee.

N R

Andi Case
Chief Executive Officer

Andi Case was appointed to the Board as Chief Executive Officer on 17 June 2008, having previously been Clarksons' Chief Operating Officer. Andi joined Clarksons in 2006 as Managing Director of the Group's shipbroking arm, H Clarkson & Company Limited. He began his shipbroking career with C W Kellock and later Eggar Forrester. Prior to joining Clarksons he was with Braemar Seascope for 17 years, latterly as head of sale and purchase and newbuildings.

Jeff Woyda
Chief Financial Officer
and Chief Operating Officer

Jeff Woyda was appointed to the Board on 1 November 2006. Jeff qualified as a chartered accountant with KPMG and before joining Clarksons was a member of the executive committee of Gerrard Group PLC. He also spent 13 years at GNI where he was Chief Operating Officer. Jeff serves as a Non-Executive Director of the International Transport Intermediaries Club (ITIC).

Peter M. Anker
President of Broking and
Investment Banking

Peter M. Anker joined the Board on 2 February 2015.

Peter started his career in RS Platou's Houston office in 1982 as an offshore broker.

After returning to Norway in 1986, Peter became Chief Executive Officer and Managing Partner of the RS Platou Group in 1987, a position he held until joining the Board of Clarkson PLC in February 2015.

Peter Backhouse
Senior Independent Director
(Non-Executive)

Peter Backhouse was appointed to the Board on 16 September 2013 and became Senior Independent Director on 5 November 2013. Peter is Chairman of the Supervisory Board of HES International B.V., a leading provider of port services in dry and liquid bulk handling and a member of the Advisory Board of US private equity firm Riverstone Energy Partners. He has over 40 years' experience in the international energy business. At British Petroleum he was Chairman and Chief Executive Officer of BP Europe, Executive Vice-President of global refining and marketing, and head of both North Sea oil development and global mergers and acquisitions. He served as a Non-Executive Director of BG Group PLC, the international energy company, between 2000 and 2014.

Peter is a member of the audit, remuneration and nomination committees.

A N R

Committee membership

- A Audit committee
- N Nomination committee
- R Remuneration committee
- A Chairman

Marie-Louise Clayton
Director
(Non-Executive)

Marie-Louise Clayton was appointed to the Board on 1 January 2017. Marie-Louise is a chartered accountant and currently Chair of the audit committee of Zotefoams PLC, a Non-Executive Director of GCHO Holdings Ltd and trustee of Street League, a youth employment charity. Marie-Louise has served as Finance Director of Venture Production PLC, Chief Financial Officer & IT Director of the Primary Food Group division of Associated British Foods plc and Chief Financial Officer of Lincoln Gas Turbines at GEC Alstom. She also held roles at Advent Venture Capital, Exxon Chemicals, Inland Revenue and Guest, Keen and Nettlefold.

Marie-Louise's past non-executive appointments have included audit committee Chair of Diploma PLC and Forth Ports PLC and Non-Executive Director of Independent Oil & Gas Ltd and Ocean Rig ASA.

Marie-Louise is a member of the audit committee and remuneration committee.

A R

James Morley
Director
(Non-Executive)

James Morley was appointed to the Board on 5 November 2008. James is Senior Independent Director of Costain Group PLC and a Director of Minova Insurance Holdings Limited. He has served as Chief Operating Officer of Primary Insurance Group, Group Finance Director of Cox Insurance Holdings and Arjo Wiggins Appleton PLC, Group Executive Director (finance) at Guardian Royal Exchange, Deputy Chief Executive and Group Finance Director at AVIS Europe PLC and was a Non-Executive Director of The Bankers Investment Trust PLC, W S Atkins PLC, Trade Indemnity Group PLC, The Innovation Group PLC and Speedy Hire PLC. James is a chartered accountant.

James is Chair of the audit committee and a member of the remuneration and nomination committees.

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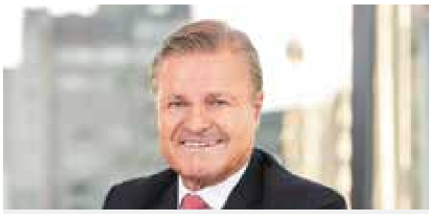


Birger Nergaard
Director
(Non-Executive)

Birger Nergaard joined the Board on 2 February 2015 and has been Deputy Chairman of the Board of Clarksons Platou AS (formerly RS Platou ASA) since 2008. He is a Board member at Clarksons Platou Securities AS and Maritime & Merchant Bank AS. Birger established Four Seasons Venture (today Verdane Capital) in 1985 and was the company's Chief Executive Officer until 2006. He is currently a Director of Verdane Capital's funds V, VI, VII and VIII, Nergaard Investment Partners AS and an advisor to the P/E fund Advent International in Norway.

Birger was awarded King Harald's gold medal in 2006 for pioneering the Norwegian venture capital industry. He holds a law degree from the University of Oslo.

Birger is a member of the remuneration committee.

R

Ed Warner, OBE
Director
(Non-Executive)

Ed Warner was appointed to the Board on 27 June 2008. Ed is Chairman of derivatives exchange LMAX, the Standard Life Private Equity Trust PLC and the Blackrock Commodities Income Investment Trust PLC. He is also Chairman of Grant Thornton UK LLP, a leading accountancy and advisory practice. He was previously Chairman of investment bank Panmure Gordon and Chief Executive of IFX Group PLC and Old Mutual Financial Services UK, head of Pan European Equities at BT Alex Brown, and head of global research at Dresdner Kleinwort Benson. Ed is Chairman of UK Athletics and the Crystal Palace Football Club Foundation.

Ed is Chair of the remuneration committee and a member of the audit and nomination committees.

A N **R**

Principles statement

Good corporate governance underpins the Company's objectives, strategy and business model, as set out in the strategic report on pages 1 to 47. The Board is committed to maintaining a high standard of corporate governance, which is critical to retaining investor trust in the Company and in the Board as custodian of the Company's assets and values.

Statement of compliance

The statement of corporate governance practices set out on pages 49 to 81, and information incorporated by reference, constitutes the Clarkson PLC corporate governance report setting out how the Company has applied the principles of the 2014 UK Corporate Governance Code (the Code), which was applicable to the Company for the financial year ended 31 December 2016. We are compliant with the Code.

It is noted that the UK Corporate Governance Code was revised in April 2016 (the Revised Code) and that the Revised Code will apply to the Company for the financial year beginning 1 January 2017.

The September 2014 and April 2016 editions of the Code can be viewed on the Financial Reporting Council website at https://frc.org.uk/Our-Work/Corporate-Governance-Reporting/Corporate-governance.aspx.

Leadership

The Board comprises James Hughes-Hallett (Chairman), Andi Case, Peter M. Anker, Jeff Woyda, Peter Backhouse (Senior Independent Director), Birger Nergaard, James Morley, Ed Warner and Marie-Louise Clayton. Marie-Louise Clayton joined the Board on 1 January 2017. James Morley, who has been a Non-Executive Director for nine years, will retire at the Annual General Meeting (AGM) to be held on 12 May 2017. James will be replaced as Chair of the audit committee by Marie-Louise Clayton. Biographies of the Directors in office at the date of signing the financial statements are set out on pages 50 to 51.

Ed Warner will reach his nine year tenure in 2017. Whilst taking into account the need to progressively refresh its members through new appointments, the Board recognises the importance of continuity and the value that Directors who serve for many years are able to bring. Given the changes that are currently taking place due to James Morley's retirement and the appointment of Marie-Louise Clayton, the Board recognises the need for stability and acknowledges the contribution, continuity and experience that Ed, as a long-serving Director, brings to the Board overall and the support he can provide. The nomination committee has recommended to the Board that it would be appropriate for Ed Warner to remain on the Board and as Chair of the remuneration committee and the Board has determined that Ed continues to demonstrate qualities of independence and judgement in carrying out his role. Ed's continued tenure will be subject to shareholder approval and rigorous review by the nomination committee and Board for each year of continued service.

The Board, supported by its committees, is responsible for ensuring leadership and setting strategic direction with the aim of delivering sustainable shareholder value. It is imperative that the combined experience and knowledge represented by the Board is appropriate to lead the Company in maintaining its market-leading position and achieving its strategic objectives. On appointment, the Chairman and the Non-Executive Directors met the independence criteria set out under the Code and confirmed that they have sufficient time available to discharge their responsibilities effectively. Non-Executive Directors are appointed for an initial three year term, subject to re-election by shareholders at each AGM, after which their appointment may be extended, subject to mutual agreement. All members of the Board will retire and seek re-election by shareholders at the 2017 AGM, with the exception of James Morley. Marie-Louise Clayton will seek election by shareholders having joined the Board at the beginning of the year.

There is a clear division of responsibilities between the Chairman and the Chief Executive Officer which is set out in writing and has been approved by the Board:

Chairman	Chief Executive Officer
– Leading the Board	– Running day-to-day business
– Ensuring Board effectiveness	– Implementing Board strategy
– Promoting high standards of corporate governance	

The Non-Executive Directors have a vital role in ensuring that the strategies proposed by the Executive Directors are appropriately discussed and constructively challenged. They help scrutinise the performance of management against the agreed goals and strategic objectives of the Board and monitor the integrity of the Company's financial information and systems of risk control and management. In addition, they are responsible for considering and approving executive remuneration. The Chairman maintains direct communication with each of the Non-Executive Directors without the Executive Directors present where necessary.

Powers of the Board

The Board meets regularly with at least four scheduled meetings each year plus additional meetings where required to address matters arising outside the normal course of business. The Non-Executive Directors serve on a number of committees established by the Board. More information regarding Board and committee meetings can be found on pages 55 and 56.

The Board has powers and duties as set out in all relevant laws and the Company's articles of association (the Articles). Amendments to the Articles may be made in accordance with the provisions of the Companies Act 2006. The Board has adopted a formal schedule of matters it reserves for its own decision-making, such as decisions relating to:

- strategy and management
- financial reporting and controls
- shareholder communications
- executive remuneration

- the Group's corporate and capital structure
- material contracts
- Board and other senior management appointments and membership of Board committees
- corporate governance procedures and other Group policies

Procedure to deal with Directors' conflicts of interest

A Director has a duty to avoid a situation in which he or she has a direct or indirect interest that conflicts, or may conflict, with the interests of the Company. The Board may authorise any potential conflicts, where appropriate, in accordance with the Articles. The Company has established comprehensive procedures for the disclosure of any such conflicts by Directors, and for the consideration and authorisation of these by the Board. The Board considers each conflict on its particular facts and in the context of the other duties owed by the Director to the Company. The Board regularly reviews and monitors potential conflicts of interest.

Jeff Woyda, Chief Financial Officer and Chief Operating Officer, is a Non-Executive Director of the International Transport Intermediaries Club (ITIC). During the year, Jeff Woyda received £16,600 remuneration for serving as a Non-Executive Director of ITIC.

Where a potential or possible conflict of interest arises, a Director will declare their interest and not participate in the decision-making process in respect of the relevant business.

Effectiveness

Succession planning

There are currently nine Directors on the Board of Clarkson PLC. The structure of the Board is regularly reviewed and we seek to appoint the best candidate for each vacancy.

The Board oversees the Group's senior management succession plan to ensure that there are appropriate skills and experience within the Company and on the Board.

The process for Board appointments is led by the nomination committee which, in accordance with its terms of reference, evaluates the balance of skills, experience, independence and knowledge on the Board and makes recommendations for appointments to the Board.

Non-Executive Directors are appointed for a specific term. Details of their service contracts can be found on page 63. A report on the work carried out by the nomination committee during the year is set out on page 56.

Director induction, training and support

A careful assessment is made of the time commitment required from the Chairman and the Non-Executive Directors to discharge their roles properly and, on appointment, new Directors are provided with a tailored induction programme relating to the Company's business. All Directors are encouraged to regularly update and refresh their skills and knowledge by attending seminars and training sessions. During the annual Board evaluation process, the Directors have the opportunity to highlight any areas in which they feel professional development would be beneficial, either individually or as a unit. The Board has access to the Company Secretary who provides advice on corporate governance matters.

The Company Secretary is responsible for ensuring that the Board has access to the information it requires and that such information is supplied in a timely manner and is of appropriate quality to enable Directors to discharge their duties effectively. In addition, Directors may take independent professional advice at the Company's expense in the course of discharging their duties.

The Senior Independent Director provides a sounding board for the Chairman and serves as an intermediary for other Directors when required.

The Company purchased and maintained directors' and officers' liability insurance throughout 2016 and it will be maintained throughout 2017.

Performance evaluation

An external Board evaluation was conducted by Boardroom Review Limited for the year ended 31 December 2016.

In preparation for the exercise, the Chairman and Company Secretary considered a number of Board evaluation consultancies and the range of services which they provide. Boardroom Review Limited was deemed to be the most suitable to conduct the review.

Following the evaluation review, the Board, its committees and individual Directors, were considered to be well-functioning and effective. In terms of the evaluation process, this focused on the following areas: basics (use of time, quality of information, operation, support); contribution (culture, dynamics, composition); and areas and depth of engagement (strategy, risk and control, performance management, stakeholder communications).

The review noted that there were particular strengths in the Board's positive culture, relevant composition and size, shared perspective on strategy, oversight of risk and control, approach to remuneration and talent management and communication with shareholders. Areas identified for further consideration include the Board's longer-term engagement with strategy, composition and succession planning and the use of time.

It should be noted that there are no connections between the Company and Boardroom Review Limited other than the services provided in relation to the evaluation review.

The Non-Executive Directors, led by the Senior Independent Director, Peter Backhouse, have also conducted a performance evaluation of the Chairman, taking into account the views of the Executive Directors. The review concluded that the Chairman continues to be effective in his role.

Appointment of Directors

Following amendment at the 2015 AGM, the Articles now provide that all Directors shall retire from office and, subject to satisfactory performance, are put forward for re-election at each AGM. Shareholders are provided with comprehensive information about the Directors subject to election and re-election, including their commitment to the role, in the notice of AGM.

James Morley will retire from the Board at the 2017 AGM when he reaches nine years' service as a Non-Executive Director.

Accountability

The Board is responsible for promoting the long-term success of the Company for the benefit of shareholders, assessing the Company's position and prospects, and for ensuring that the information presented to shareholders is fair, balanced and understandable. Further details of Directors' responsibilities for preparing the Company's financial statements are set out in the Directors' responsibilities statement on page 75.

The Board is responsible for:

- determining the nature and extent of the risks it is willing to take in achieving its strategic objectives;
- maintaining the Company's system of internal controls and risk management; and
- reviewing the effectiveness of these systems annually.

The audit committee is responsible for the independent review and challenge of the adequacy and effectiveness of the risk management approach and for reporting its findings to the Board.

Risk management and internal control

Managing risk to deliver opportunities is a key element of the Company's business activities, which is undertaken using a practical and flexible framework, providing a consistent and sustained approach to risk evaluation.

The Board has established policies and risk management procedures together with key controls, which are reviewed in accordance with applicable regulations and best practice guidelines, to ensure that they continue to be effective and protect the Company's stakeholders.

The Company's internal control system encompasses controls over areas including financial reporting, operations, compliance and risk management procedures. Such a system is designed to evaluate and manage rather than eliminate risk and can only provide reasonable and not absolute assurance against material misstatement or loss.

There is a comprehensive budgetary process in place with both annual and regular forecasts being considered and approved by the Board and monthly monitoring of trading results taking place in order to mitigate risks associated with financial reporting and the preparation of consolidated financial statements. An established compliance, legal and governance process is in place to monitor regulatory developments and to ensure that all existing and forthcoming regulations are complied with.

In addition to compliance with the Code, as required for all listed entities, the regulated entities in the Group are all governed by the respective regulators in their jurisdictions. Regulated entities include Clarksons Platou Securities AS (CPSA) and Clarksons Platou Project Sales AS (CPPSA), both of which are authorised and regulated by the Financial Supervisory Authority of Norway. Through its affiliation with the US entity Clarksons Platou Securities Inc., a Securities and Exchange Commission (SEC) regulated entity, CPSA adheres to best practice in respect of the SEC rules. Each of these regulatory bodies incorporates rules and practices which require all registered firms to adhere to high standards of corporate governance.

The Company issues a Code of Business Conduct and Ethics, to which all staff are expected to adhere, in order to maintain Clarksons' status as a responsible and trustworthy business.

All employees are responsible for ensuring compliance with Group policies and for identifying risks within their business areas and to ensure that these risks are controlled and monitored in the appropriate way.

The Board has established arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties or wrongdoing in financial reporting or other matters. The audit committee regularly reviews this arrangement.

The Board, with advice from the audit committee, has carried out an annual review of the effectiveness of the system of internal control and risk management and confirms that the ongoing process for identifying, evaluating and managing the Group's principal risks has operated throughout the year and up to the date of the approval of this annual report. Please refer to pages 40 to 41 for more details on the principal risks facing the business and the mitigation in place.

Board engagement with investors and relations with shareholders

The AGM gives all shareholders the opportunity to communicate directly with the Board and encourages their participation. The Company's AGM will be held on 12 May 2017 at the Company's office in Commodity Quay, St. Katharine Docks, London E1W 1BF. Further details of the business to be addressed at the meeting can be found in the notice of meeting.

The Executive Directors meet regularly with the Company's major shareholders and make presentations to analysts, institutional investors and investment managers following the announcement of the interim and full year results.

The Senior Independent Director is available to meet with shareholders and institutional investors as required.

We primarily communicate with shareholders via the Company's annual and interim reports and the Company's website on which the Company publishes its trading updates and other news released to the London Stock Exchange.

For shareholder information see page 74 or visit www.clarksons.com/investors.

Board committees

The Board is supported by the audit, nomination and remuneration committees. The responsibilities of each committee are set out in their respective terms of reference, which are approved by the Board and available on the Company's website at http://www.clarksons.com/investors/financial-calendar/.

The attendance of the Directors at Board and committee meetings during the year was as follows:

	Board	Audit committee	Remuneration committee	Nomination committee
Total number of meetings held in the year	**8**	**3**	**3**	**3**
James Hughes-Hallett	8	3*	3	3
Peter Backhouse	8	3	3	3
Andi Case	8	1*	2*	1*
Marie-Louise Clayton	–[1]	–[2]	–[3]	–
Peter M. Anker	7	–	–	–
Birger Nergaard	6	–	3	–
James Morley	8	3	3	3
Ed Warner	7	3	3	3
Jeff Woyda	8	3*	2*	1*

* Attends by invitation only.

1 Appointed 1 January 2017.

2 Appointed 2 March 2017.

3 Appointed 7 March 2017.

Clarkson PLC Board

James Hughes-Hallett (Chairman)

Peter Backhouse (Senior Independent Director)

Audit committee

James Morley (Chair)

Peter Backhouse

Marie-Louise Clayton[1]

Ed Warner

Nomination committee

James Hughes-Hallett (Chair)

Peter Backhouse

James Morley

Ed Warner

Remuneration committee

Ed Warner (Chair)

Peter Backhouse

Marie-Louise Clayton[2]

James Hughes-Hallett

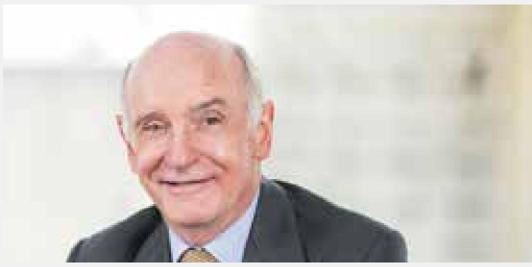
James Morley

Birger Nergaard

1 Appointed 2 March 2017.

2 Appointed 7 March 2017.

Audit committee



James Morley (Chair)

Peter Backhouse

Marie-Louise Clayton (appointed 2 March 2017)

Ed Warner

The audit committee is chaired by James Morley. James has been a Non-Executive Director and Chair of the audit committee for the last nine years and will retire from the Board at the AGM which will take place on 12 May 2017. Marie-Louise Clayton, who joined the Board on 1 January 2017 and the committee on 2 March 2017, will succeed him as Chair of the committee. Both James and Marie-Louise have been deemed by the Board to have recent and relevant financial experience.

The committee assists the Board by:

- monitoring the integrity of the Group's financial statements;
- reviewing the effectiveness of the Group's systems of internal control and risk management;
- monitoring the objectivity, effectiveness and performance of the external Auditors;
- examining the adequacy and security of the Company's arrangements for employees to raise concerns, in confidence, about possible wrongdoing in financial reporting;
- reviewing the Company's systems and controls for the prevention of bribery; and
- assessing reports from the Compliance and Money Laundering Officer.

The Chairman of the Board, the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer and other senior managers may be invited to attend meetings when appropriate. The external Auditors are invited to attend on a regular basis. The committee meets privately with the external Auditors in the absence of management.

Further details on the work of the audit committee are shown in the report on pages 72 and 73.

Nomination committee

James Hughes-Hallett (Chair)

Peter Backhouse

James Morley

Ed Warner

The committee is chaired by James Hughes-Hallett, except when the committee is dealing with the matter of succession to the chairmanship.

Responsibilities and activities of the committee include:

– regular reviews of the structure, size and composition of the Board (including the skills, knowledge and experience);
– leading the process for Board and committee appointments; and
– recommending appointments to the Board based on the balance of skills and experience.

The committee gives full consideration to planning for future succession to the Board, in particular for the key roles of Chairman and Chief Executive Officer, and other senior executives.

Clarksons recognises and embraces the benefits of a diverse Board. The committee will consider suitable candidates for Board appointments on the basis of a wide range of criteria including personal merit, ability, knowledge, experience and independence. This is to ensure that we are appointing the best possible candidate for each vacancy and to ensure a well-balanced Board.

Spencer Stewart & Associates Limited, an executive search and recruitment specialist, were engaged to assist with the appointment of a new Non-Executive Director. After a rigorous search and interview process, the committee recommended the appointment of Marie-Louise Clayton to the Board. There are no other connections between Spencer Stewart and Clarksons.

Remuneration committee

Ed Warner (Chair)

Peter Backhouse

Marie-Louise Clayton (appointed 7 March 2017)

James Hughes-Hallett

James Morley

Birger Nergaard

The committee is chaired by Ed Warner and is responsible for determining, in conjunction with the Board, the framework or broad policy for the remuneration of the Chief Executive Officer, Chairman, Executive Directors, Company Secretary and such other members of the executive management that it is designated to consider.

The remuneration of Non-Executive Directors is reviewed by the Chairman and the executive members of the Board. No Director or manager is involved in any decisions regarding their own remuneration.

James Morley will step down from the committee when he retires from the Board at the AGM which will take place on 12 May 2017. Marie-Louise Clayton joined the Board on 1 January 2017 and the committee on 7 March 2017.

Further details regarding the work of the remuneration committee are contained within the Directors' remuneration report on pages 57 to 71.

Ed Warner
Remuneration committee Chairman

Annual statement

I am pleased to introduce, on behalf of the Board, the Directors' remuneration report for the year ended 31 December 2016, which summarises the Company's performance and the resulting remuneration for the year.

This report will be subject to two shareholder votes at the forthcoming AGM:

- the current Directors' remuneration policy was approved by shareholders at our AGM in 2014 and, therefore, we are required to put a resolution to shareholders at the AGM in 2017 to approve a new policy. In 2016 the remuneration committee carried out a review of executive remuneration and concluded that the current policy remains fit for purpose and therefore, except for a strengthening of the share ownership guidelines, no material changes are proposed. This report sets out the proposed remuneration policy for the Company, which will be subject to shareholder approval. Following approval, it would operate from 1 January 2017 and become formally effective from the 2017 AGM.
- the annual report on remuneration will be subject to an advisory vote; this provides details of how the policy for 2017 will be operated and the remuneration earned by Directors in the year ended 31 December 2016.

We hope that you will be able to support both resolutions at the AGM on 12 May 2017.

Performance and reward for 2016

The performance bonuses are lower than last year reflecting the slight reduction in profit.

The challenging EPS targets set under the LTIP granted in 2014 have not been achieved, and consequently, all conditional shares awarded against this target will lapse. TSR performance has however exceeded the base target, and therefore a proportion of conditional shares, awarded against the TSR targets will vest. Overall, 15% of the conditional shares awarded will vest.

The Executive Directors have again made a sacrifice of a proportion of the bonuses they were eligible to receive, to enable the Company to reward other senior members of staff. The amount sacrificed has fluctuated over the past five years, and amounted to 5% of the entitlement in 2016. There were no changes in base salaries during the year.

Remuneration policy 2017

As mentioned above, the committee undertook a comprehensive review of senior executive remuneration at the Company and found that the current structure comprising base salary, benefits, a profit-related annual bonus and annual awards of performance shares remains appropriate. The committee has, however, strengthened the alignment between executives and shareholders by increasing the share ownership guideline for all Executive Directors.

The remuneration policy at Clarksons has been designed to attract and retain the best talent in our markets, while at the same time ensuring a close alignment between the interests of shareholders and management. There is a consistent approach to the application of the remuneration policy across the whole Company.

The overarching objectives of the remuneration policy are to ensure rewards are performance-based and encourage long-term shareholder value creation. Therefore, the policy for senior executives is directly linked to the achievement of the Company's business strategy; it drives long-term growth, encourages share ownership and secures high calibre leaders.

The major elements of the Executive Directors' reward structures are as follows:-

- Fixed pay comprising base salary, benefits and pension with increases expected to be in line with the general workforce but with flexibility to increase beyond this in certain circumstances:
- An annual bonus closely linked to the Company's adjusted pre-tax profits for the year, in line with typical practice in the industry. The bonus is structured whereby a lower threshold is set below which no bonuses are earned, with higher hurdles which trigger increased bonus rates;
- For 2017, consistent with previous years, the Directors have agreed that 10% of annual bonuses are paid in Clarkson PLC shares that are deferred for four years. There will be no change in Executive Director salaries; and
- Annual awards of performance shares subject to stretching EPS growth targets and a relative total shareholder return measure, as will apply in 2017.

All Executive Directors are shareholders in Clarksons and accordingly understand the imperative to deliver long-term returns for the Company's owners. Their short-term rewards are directly aligned to the profitability of the Company.

Shareholder views

The remuneration committee takes shareholder engagement seriously and actively seeks shareholder views on all remuneration matters.

We believe the principles underlying our new policy continue to be correct ones for a business such as Clarksons and I commend this remuneration policy to you. Should you have any questions, please contact me through the Company Secretary.

Ed Warner
Remuneration committee Chairman

10 March 2017

Directors' remuneration policy

The remuneration policy (the policy) will be put to a binding shareholder vote at the AGM on 12 May 2017 and, subject to approval, the new policy will take formal effect from that date (replacing the previous policy approved by shareholders at the 2014 AGM). It is intended that the policy will be in force for a period of three years from the date of approval.

There are no substantial changes proposed to the current executive remuneration structure, other than to increase the share ownership guidelines from 100% of salary to 200% of salary for the Chief Executive Officer and from 100% to 150% of salary for other Executive Directors. The increases are in line with current investor sentiment and provide even closer alignment between the interests of the executives and shareholders.

How the remuneration committee operates to set the remuneration policy

The remuneration committee is responsible, on behalf of the Board, for:

- setting the senior executives' remuneration policy and actual remuneration;
- reviewing the design of all share incentive plans for approval by the Board and shareholders; and
- approving the design of, and recommending targets for, any performance-related pay schemes the Company operates for senior executives.

The remuneration committee encourages dialogue with shareholders and takes into account their views when setting the policy.

Summary of overall remuneration policy

The objectives of the policy are to ensure that executive rewards are linked to performance, to provide an incentive to achieve the key business aims, deliver an appropriate link between reward and performance and to maintain a reasonable relationship of rewards to those offered in other competitor companies in order to attract, retain and motivate executives within a framework of what is acceptable to shareholders. We maintain a strong focus on ensuring that executives are incentivised to drive economic profit as well as being rewarded for creating sustainable value.

There are few comparable UK public companies involved solely in the business of providing shipping and related wholesale financial services. Comparisons are therefore made with City-based companies and private companies in the shipping sector, many of which are headquartered overseas. In the highly competitive global labour market which operates within the shipping services sector where business is based around personal client relationships, the retention of key talent is critical to continued business success. Remuneration levels are set to attract and retain the best talent and to ensure that market competitive rewards are available for the delivery of strong business and personal performance within an appropriate risk framework.

It is recognised by the remuneration committee that the current management team is highly regarded and would be attractive to Clarksons' competitors in the shipping industry and, increasingly, wholesale brokerage and agency businesses. Retention of key talent in this context is critical, whilst recognising the need for appropriate succession planning.

The proportionate breakdown of the total remuneration is such that, in line with most other wholesale brokerage and agency companies, a very high proportion of the package is performance-related. Where an Executive Director's role includes revenue generating broking responsibilities, the bonus may recognise this, in addition to the duties and responsibilities incumbent with the role of an Executive Director.

Consideration of shareholder views

The Company is committed to maintaining good communications with investors. The remuneration committee takes on board investors' views and maintains open dialogue, giving shareholders the opportunity to raise any issues or concerns they may have. In addition, the remuneration committee would engage directly with major shareholders should any material changes be made to the Directors' remuneration policy or in the way in which it is being implemented.

Details of the votes cast in respect of the resolutions to approve last year's remuneration report and any matters discussed with shareholders during 2016 are set out in the annual report on remuneration on page 71.

Remuneration policy report

Key elements of remuneration policy are set out below:

	Purpose and link to strategy	Operation	Maximum opportunity	Performance framework

Base salary	– To attract and retain high performing Executive Directors who are critical for the business
	– Set at a level to provide a core reward for the role and cover essential living costs
		– Normally reviewed annually
		– Paid monthly
		– Salaries are determined taking into account:
		  – the experience, responsibility, effectiveness and market value of the executive
		  – the pay and conditions in the workforce
			– There is no prescribed maximum annual increase. The committee is guided by the general increase for the broader workforce but on occasion may recognise an increase in certain circumstances, such as assumed additional responsibility or an increase in the scale or scope of the role or in the case of a new executive, a move towards the desired rate over a period of time where salary was initially set below the intended positioning	n/a

Benefits	– To provide a market standard suite of basic benefits in kind to ensure the Executive Directors' well-being	– Taxable benefits may include:
		  – car allowance
		  – healthcare insurance
		  – club membership
		– Participation in HMRC approved (or equivalent) schemes
		– Other benefits may be payable where appropriate
		– Any reasonable business-related expenses (including tax thereon) may be reimbursed if determined to be a taxable benefit
			– A car allowance in line with market norm. The value of other benefits is based on the cost to the Company and is not predetermined
			– HMRC (or equivalent) scheme participation up to prevailing scheme limits
				n/a

Annual bonus (including deferred shares)	– To reward significant annual profit performance
	– To ensure that the bonus plan is competitive with our peers. As a result, bonus forms a significant proportion of the remuneration package
	– To ensure that if there is a reduction in profitability, the level of bonus payable falls away sharply
		– 90% of the bonus is paid in cash and, although they have no contractual obligation, the Directors have agreed that 10% of annual bonus payable is deferred in shares, vesting after four years
		– Directors have voting rights and receive dividends on deferred shares
		– Performance criteria are reviewed and re-calibrated carefully each year to ensure they are linked to strategic business goals, take full account of economic conditions and are sufficiently demanding to control the total bonus pool and individual allocations
		– Clawback provision operates for overpayments due to misstatement or error
			– In line with Clarksons' peers, the annual bonus is not subject to a formal individual cap. This policy, which is contractual for the current Chief Executive Officer and Chief Financial Officer and Chief Operating Officer encourages the maximisation of profit, and ensures that Executive Directors are aligned with all stakeholders in the business	– Bonus is determined by Group performance measured over one year on the following basis:
				  – below a 'profit floor' set by the committee each year no bonus is triggered
				  – above the floor, an escalating percentage of profits is payable into a bonus pool for progressively higher profit before tax performance
				  – profit for bonus calculations may be adjusted by the remuneration committee where appropriate and does not include mark-to-market valuations or business that has not been invoiced
				  – for Executive Directors with revenue generating broking responsibilities, a further key determinant of the annual bonus is the significance of personally generated broking revenues
				  – a proportion of an individual's share of the bonus pool may be based on the achievement of personal objectives set by the remuneration committee at the start of the year

Remuneration policy report continued

	Purpose and link to strategy	Operation	Maximum opportunity	Performance framework
Long-term incentives	– To incentivise and reward significant long-term financial performance and share price performance relative to the stock market – To encourage share ownership and provide further alignment with shareholders	– Awards are performance-related and are normally structured as nil cost options – Awards are granted each year following the publication of annual results – Clawback provision operates for overpayments due to misstatement or error	– Annual maximum limit of 150% of basic salary for awards subject to long-term performance targets (200% of basic salary in exceptional circumstances) – Dividend equivalents (in cash or shares) may accrue between grant and vesting, to the extent that shares under award ultimately vest	– Currently, the awards are subject to performance conditions measured on a combination of three year EPS growth and relative TSR – The committee may introduce new measures or reweight the current EPS and TSR performance measures so that they are directly aligned with the Company's strategic objectives for each performance period – Normally measured over a three year performance period – 25% of an award will vest for achieving threshold performance, increasing pro-rata to full vesting for the achievement of stretch performance targets
Pension	– To provide a market competitive pension arrangement	– Executive Directors participate in a Company defined contribution pension scheme and/or receive a cash allowance in lieu of pension contributions	– Employer contributions are up to 15% of basic salary or an equivalent cash allowance net of employer's NI	n/a

Non-Executive Directors' fees	– To attract and retain high calibre Non-Executive Directors through the provision of market competitive fees	– Reviewed annually
		– Paid monthly
		– Fees are determined taking into account:
		  – the experience, responsibility, effectiveness and time commitments of the Non-Executive Directors
		  – the pay and conditions in the workforce
		– Additional fees may be payable in relation to extra responsibilities undertaken such as chairing a Board committee and/or a Senior Independent Director role or being a member of a committee
		– Any reasonable business-related expenses (including tax thereon) can be reimbursed if determined to be a taxable benefit
			– As for the Executive Directors there is no prescribed maximum annual increase. Fee increases are guided by the general increase for the broader workforce but on occasion may recognise an increase in certain circumstances, such as assumed additional responsibility or an increase in the scale or scope of the role	n/a

Share ownership guidelines	– To provide alignment between the longer-term interests of Directors and shareholders	– Executive Directors are expected to build up and maintain shareholdings in the Company – Executives are required to retain at least half of the net of tax vested number of shares awarded and received until the guideline has been achieved	– Chief Executive Officer: 200% of salary – Other Executive Directors: 150% of salary	n/a

1 A description of how the Company intends to implement the above policy for 2017 is set out in the annual report on remuneration on page 64.

2 The 2017 annual bonus is focused on profit before taxation (PBT) performance. PBT is a key financial metric and is used to reflect how successful the Company has been in managing its operations.

The long-term incentive plan (LTIP) performance measures, earnings per share (EPS) and total shareholder return (TSR), reward significant long-term returns to shareholders and long-term financial growth. EPS growth is derived from the audited financial statements while TSR performance is monitored on the remuneration committee's behalf by New Bridge Street.

Targets are set on a sliding scale that takes account of internal strategic planning and external market expectations for the Company. Only modest rewards are available for achieving threshold performance with maximum rewards requiring substantial out-performance of challenging strategic plans approved at the start of each year.

3 The committee operates the annual bonus and LTIPs according to their respective rules, and in accordance with the Listing Rules and HMRC rules where relevant.

Consistent with market practice, the committee retains flexibility and discretions in a number of key areas.

4 The remuneration policy for the Executive Directors is designed with regard to the policy for employees across the Group as a whole and is consistent between the Executive Directors and the remainder of the workforce. The annual bonus plan operates on a similar profit-driven basis across the Group and there is a relatively high level of employee share ownership. The key differences in policy for Executive Directors relate to participating in the LTIP awards, which have strict vesting conditions. This is considered appropriate to provide a link for a proportion of performance pay with the longer-term strategy thereby creating stronger alignment of interest with shareholders. The committee does not formally consult with employees in respect of the design of the Company's Executive Director remuneration policy, although the committee will keep this under review.

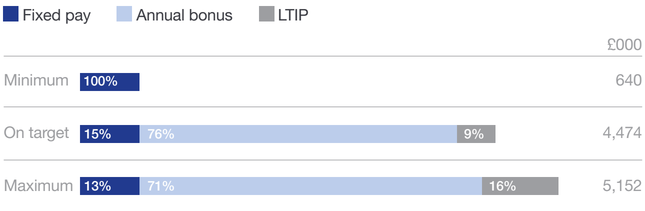
5 For the avoidance of doubt, in approving this Directors' remuneration policy, authority was given to the Company to honour any commitments entered into in the previous remuneration policy or with current or former Directors (such as, the payment of a pension or the vesting or exercise of past share awards) that have been disclosed in previous remuneration reports. Details of any payments to former Directors will be set out in the annual report on remuneration as they arise.

Directors' remuneration scenarios

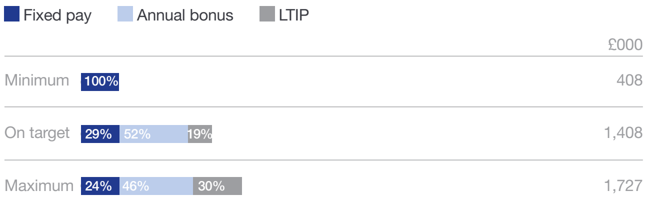
The Company's remuneration policy results in a proportionate breakdown of total remuneration such that, in line with most other wholesale brokerage and agency companies, a very high proportion of the package is performance-related.

The charts below show an estimate of the potential remuneration payable for the Executive Directors in office on 1 January 2017 at different levels of performance. The charts highlight that the performance-related elements of the package comprise a highly significant portion of the Executive Directors' total remuneration at target and maximum performance.

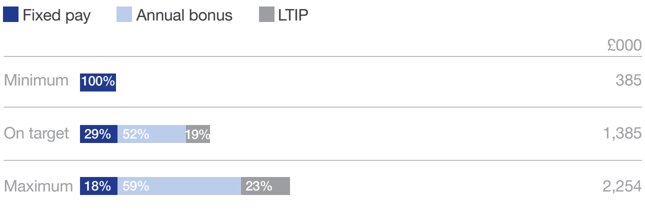
Chief Executive Officer



Chief Financial Officer and Chief Operating Officer



President of Broking and Investment Banking



1 Basic salary levels applying on 1 January 2017.

2 The value of taxable benefits is estimated at 2016 values.

3 The value of the pension receivable is up to 15% of basic salary.

4 - Minimum performance assumes no award is earned under the annual bonus plan and no vesting is achieved under the LTIP;
- on-target performance assumes an annual bonus calculated by reference to market expectations at the start of 2017 and 50% being achieved under the LTIP; and
- maximum performance assumes profit before taxation outperforms consensus and full vesting under the LTIP. It should, however, be noted that there is in fact no upper limit as explained on page 59 and the above charts are purely for illustrative purposes.

5 Share price movement has been excluded from the above analysis.

Directors' recruitment and promotions

The remuneration committee has the objective to attract and retain the best talent in our markets, while at the same time ensuring executive pay is aligned to the corporate plan and business goals as well as supporting the interests of shareholders.

If a new Executive Director was appointed, the Company would seek to align the remuneration package with the remuneration policy approved by shareholders, including the maximum limit for the LTIP and an annual bonus pool entitlement in line with the existing policy. An LTIP award could be made shortly following an appointment (assuming the Company is not in a close period).

Flexibility is retained to offer remuneration on appointment in respect of remuneration arrangements forfeited on leaving a previous employer. The committee will look to replicate the arrangements being forfeited as closely as possible and, in doing so, will take account of relevant factors including the nature of the deferred remuneration, performance conditions and the time over which they would have vested or been paid.

The initial notice period for a service contract may be longer than the policy of one year, provided it reduces to one year within a short space of time.

For an internal appointment, any ongoing remuneration obligations existing prior to appointment may continue.

The remuneration committee may also agree that the Company will meet certain relocation and incidental expenses as appropriate.

Directors' service contracts and payments for loss of office

The remuneration committee reviews the contractual terms for Executive Directors in light of developments in best practice and trends in our sector. The remuneration-related elements of the current contracts for Executive Directors are shown in the table below:

Provision	Detailed terms
Notice period	One year by the Company or the Director.
Termination payment	**Chief Executive Officer:** The Company may elect to pay in lieu of notice: – an amount equivalent to 12 months' base salary plus the cost of contractual benefits; plus – an amount equivalent to 50% of the last bonus received. **In addition:** – if not already paid, any bonus in respect of the prior year is payable (if not agreed, an amount equal to the last bonus received); and – a pro-rated bonus for the period of the year worked is payable.
	Chief Financial Officer and Chief Operating Officer: The Company may elect to pay in lieu of notice: – an amount equivalent to base salary, benefits and bonus for the relevant period of notice.
	President of Broking and Investment Banking: The Company may elect to pay in lieu of notice: – an amount equivalent to base salary and contractual benefits for the relevant period of notice only.
	The remuneration committee recognises that it is unusual in the context of listed PLCs to pay an amount in lieu of annual bonus for the notice period for the Chief Executive Officer and the Chief Financial Officer and Chief Operating Officer but considers that the policy is appropriate for the following reasons: – salary forms a lower proportion of remuneration than in most other UK companies; – typically, in the shipbroking industry, income from business conducted is received over a number of years in arrears; – bonuses are only payable if profit thresholds and targets are achieved i.e. there is no automatic entitlement to a bonus; and – unvested awards under the LTIP are capable of vesting subject to performance. For unvested entitlements to share awards under the 2004 Clarkson LTIP which reached the end of its ten year life in May 2014, the rules contain discretionary provisions setting out the treatment of awards where a participant ceases to be employed by the Group for designated reasons. In the case of the participant's injury, disability, statutory redundancy, retirement, a sale of their employing company or business in which they were employed or for any other reason at the discretion of the committee, the participant's awards will not be forfeited but will vest on the date of cessation of employment, subject to the satisfaction of the relevant performance conditions. In the case of a participant's death, any unvested awards will vest in full on the date of cessation. For unvested entitlements to share awards under the 2014 Clarkson LTIP, where a participant ceases to be employed by the Group due to ill-health, injury, disability, redundancy, retirement, a sale of his employing company or business or for any other reason at the discretion of the committee (good leaver circumstance), then he will be entitled to keep his award as described below: – performance-related awards will normally vest at the normal vesting dates (unless the remuneration committee determines that they should vest upon cessation) subject to the satisfaction of the relevant performance conditions and time pro-rating (unless the remuneration committee decides to disapply time pro-rating). In the case of, death or ill-health, awards will vest at cessation subject to the relevant performance conditions; and – deferred bonus awards will vest in full.

Provision	Detailed terms
Change of control	**Chief Executive Officer:** If, within 18 months of a change of control, the Company gives the Chief Executive Officer notice (except for reasons of gross misconduct or material breach of contract) or the Chief Executive Officer gives notice as a result of a material breach of his contract or the Company limits his ability to earn future bonuses, the Chief Executive Officer will, within 30 days of termination, receive an amount equivalent to one year's basic salary, 150% of the last annual bonus received and the gross annual value of contractual benefits (pro-rated). In these circumstances, the Chief Executive Officer's notice period is reduced to four weeks.
	Chief Financial Officer and Chief Operating Officer: Within one year of a change of control the executive or the Company may give notice (of not less than four weeks in the case of the former) whereupon the executive will receive immediately an amount equivalent to one year's basic salary, contractual benefits, employer pension contributions and annual bonus.
	President of Broking and Investment Banking: No change of control provisions exist.
	All unvested awards under the 2004 Clarkson LTIP would vest, to the extent that any performance conditions attaching to the relevant award have been achieved. All unvested awards under the 2014 Clarkson LTIP would vest, in respect of performance–related awards, the extent of vesting would be subject to any performance conditions attaching to the relevant award have been achieved and any time pro-rating applied at the discretion of the remuneration committee. In August 2008 it was contractually agreed with the current Chief Financial Officer and Chief Operating Officer, Jeff Woyda, that no time pro-rating will be applied to his LTIP awards. The remuneration committee recognises that it is now unusual, in the context of listed PLCs, for service contracts to contain change of control provisions and will therefore seek to avoid such provisions for future executive appointments to the Board.

Details of the current Executive Directors' service contracts are as follows:	Date of contract	Unexpired term	Notice period
Andi Case	17 June 2008	12 months	12 months
Jeff Woyda	3 October 2006	12 months	12 months
Peter M. Anker	27 November 2014	12 months	12 months

Service contracts are available for inspection at the Company's registered office.

Details of the Non-Executive Directors' appointment terms are as follows:	Date of appointment	Unexpired term at 31 December 2016	Notice period
James Hughes-Hallett	20 August 2014	8 months	3 months
Peter Backhouse	16 September 2013	33 months	3 months
Ed Warner	27 June 2008	6 months	3 months
James Morley	5 November 2008	11 months	3 months
Birger Nergaard	2 February 2015	14 months	3 months
Marie-Louise Clayton	1 January 2017	N/A	3 months

Non-Executive Directors are appointed by letter of appointment for a fixed term not exceeding three years, renewable on the agreement of both the Company and the Director and are subject to re-election at each AGM. Each appointment can be terminated before the end of the three-year period with three months' notice due.

Fees payable for a new Non-Executive Director appointment will take into account the experience of the individual and the current fee structure.

Annual report on remuneration

Implementation of the remuneration policy for 2017

Base salary

	1 January 2017	1 January 2016 (or appointment if later)	% change
Andi Case	GBP 550,000	GBP 550,000	0%
Jeff Woyda	GBP 350,000	GBP 350,000	0%
Peter M. Anker*	NOK 4,015,000	NOK 4,015,000	0%

* Fixed in NOK as £350,000 at NOK/GBP 11.4723 at 2 February 2015 being the date Peter M. Anker joined the Board.

In particular there has been a widespread salary freeze for employees earning salaries of £100,000 p.a. or more. In contrast, salaries for lower paid employees have generally increased (on average across the population) each year.

Annual bonus for 2017

For 2017, the annual bonus opportunity will remain on the same basis as previous years and will continue to be based on a bonus pool derived from Group profit before tax as follows:

- below a 'profit floor' set by the committee no bonus is triggered; and
- above the floor, an escalating percentage of profits is payable into a bonus pool for progressively higher profit before tax performance.

Profit for bonus calculations may be adjusted by the remuneration committee where appropriate and do not include mark-to-market valuations or business that has not been invoiced.

The profit floor and challenges for 2017 have not been disclosed on a prospective basis as these are considered to be commercially sensitive although disclosure will be provided retrospectively. The threshold and maximum targets are higher than those that applied for 2016.

Consistent with the policy applied to the majority of senior employees, 90% of the bonus payable will be paid in cash with 10% deferred into restricted shares vesting four years after grant. Executive Directors have agreed to this deferral, although they have no contractual obligation to defer bonuses. Clawback provisions will continue to apply as previously highlighted, in circumstances of misstatement or error.

Long-term incentive awards to be granted in 2017

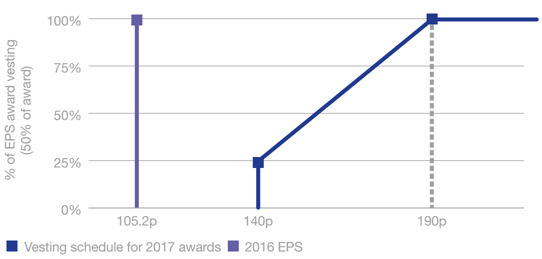
Consistent with past practice, it is envisaged that:

- Executive Directors will receive LTIP awards over shares worth up to 150% of salary in 2017.
- the vesting of 50% of the awards will be determined by the Company's EPS for 31 December 2019, as shown in chart (i) below. The EPS for 2016 is shown (black line) for reference; and
- the vesting of the remaining 50% will be determined by the Company's TSR performance from 1 January 2017 to 31 December 2019 against the constituents of the FTSE 250 Index (excluding investment trusts), as shown in chart (ii) below. The level of total shareholder return achieved against the FTSE 250 Index over the last three year cycle is shown (black line) for reference.

EPS and relative TSR are considered to be the most appropriate measures of long-term performance for the Group, in that they ensure executives are incentivised and rewarded for the earnings performance of the Group as well as returning value to shareholders.

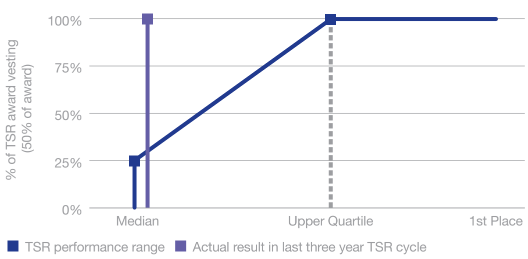
The awards will be subject to clawback provisions.

EPS target range for 2017 award (50% of award)



EPS target (pence) for FY ended 31 December 2019 for the 2017 award

TSR target range for 2017 award (50% of award)



TSR ranking at end of 3 year performance period

The committee has carefully considered the EPS range for the 2017 award and believes the 140p to 190p range is stretching against market consensus and the actual 2016 EPS delivered.

Directors' remuneration (audited)

Details of emoluments and compensation payable in their capacity as Directors during the year are set out below:

2016	Basic salary and fees £000	Benefits[1] £000	Pension[2] £000	Performance-related bonus[6] £000	Total remuneration before LTIP £000	Long-term incentives[7] £000	Total remuneration £000
Executive Directors							
Andi Case	550	16	74	2,938	3,578	100	3,678
Jeff Woyda	350	12	46	633	1,041	45	1,086
Peter M. Anker	356[3]	22	7	633	1,018	–	1,018
Non-Executive Directors							
James Hughes-Hallett	160	–	–	–	160	–	160
Peter Backhouse	73	–	–	–	73	–	73
Ed Warner	73	–	–	–	73	–	73
James Morley	73	–	–	–	73	–	73
Birger Nergaard	55	–	–	–	55	–	55
	1,690	50	127	4,204	6,071	145	6,216

2015	Basic salary and fees £000	Benefits[1] £000	Pension[2] £000	Performance-related bonus £000	Total remuneration before LTIP £000	Long-term incentives £000	Total remuneration £000
Executive Directors							
Andi Case	550	26	74	3,495	4,145	813[4]	4,958
Jeff Woyda	308	12	40	753	1,113	370[4]	1,483
Peter M. Anker[5]	309	22	5	655	991	–	991
Non-Executive Directors							
James Hughes-Hallett	140	–	–	–	140	–	140
Peter Backhouse	73	–	–	–	73	–	73
Ed Warner	73	–	–	–	73	–	73
James Morley	73	–	–	–	73	–	73
Birger Nergaard[5]	50	–	–	–	50	–	50
	1,576	60	119	4,903	6,658	1,183	7,841

We consider key management personnel to be Clarkson PLC Directors.
1 Benefits include cash allowances in lieu of company cars, healthcare insurance and club memberships.
2 Pension includes pension contributions and cash supplements where relevant.
3 Fixed salary of NOK 4,015,000.
4 The 2015 LTIP values have been restated to reflect the share price on the actual date of vesting.
5 Peter M. Anker and Birger Nergaard joined the Board on 2 February 2015 and therefore the salary numbers shown are pro-rated.
6 Annual bonus for 2016 was based on the allocation of the following pool:

Underlying profit before taxation and bonus	% of pre-bonus profit
If profit < £26.46m	0%
If profit > £26.47m then £0m - £52.92m	11%
If profit > £52.93m then £52.93m - £61.70m	16%
If profit > £61.71m then on profits > £61.71m	18%
Actual underlying profit before taxation	£44.8m
Actual underlying profit before taxation for bonus calculation after deducting the minority interest of pre-tax profit and adding back the cost of bonus	£48.5m
Actual bonus pool	£5.3m
% of pool allocated to Executive Directors (this is after 5% voluntary sacrifice by Directors)	79%

The bonus is paid 90% in cash and, although they have no contractual obligation, the Directors have agreed that 10% of the bonus will be deferred in shares, vesting after four years. Both the cash and share element of the bonus are subject to clawback where overpayments may be reclaimed in the event of misstatement or error.

Directors' remuneration (audited) continued

7 Long-term incentives relate to awards granted on 5 June 2014 which vest in June 2017 based on performance for the year ended 31 December 2016. The performance conditions attached to this award and actual performance against these conditions are as follows:

Performance measure	Performance condition	Threshold target	Stretch target	Actual	% vesting
Earnings per share (out of 50%)	25% of award vesting at threshold up to 100% of award vesting at stretch on straight-line basis	120p	160p	105.2p	0%
Total shareholder return (out of 50%)	25% vesting of award at threshold up to 100% of award vesting at stretch on straight-line basis	Median	Upper quartile	5.9%	30%
Total vesting (out of 100%)					**15%**

The award details for the Executive Directors are as follows:

Executive Directors	Number of shares granted	Number of shares to vest	Number of shares to lapse	Estimated value of vested shares* £000
Andi Case	31,682	4,801	26,881	100
Jeff Woyda	14,400	2,182	12,218	45
Peter M. Anker	n/a	n/a	n/a	n/a

* The estimated value of the vested shares is based on the average share price during the three month period from 1 October to 31 December 2016 of £20.81. These shares will vest on the third anniversary of grant, 4 June 2017, subject to continued employment.

Comparative LTIP values were based on the 2013 awards which vested in 2016 based on performance to 31 December 2015 and were based on a three month price to 31 December 2015 of £22.96. The actual share price at vesting was £22.59. 2015 LTIP amounts in the single figure table have been restated.

Fees for the Non-Executive Directors

Non-Executive Director fee levels for 2017 are as follows:

	2017 £000	2016 £000	% change
Chairman	163	160	2%
Non-Executive Director	56	55	2%
Chair of committee*	18	18	0%
Senior Independent Director*	18	18	0%

* Incremental fees above base Non-Executive Director fee.

Directors' outstanding share incentives (audited)

The table below sets out details of outstanding share awards held by the Executive Directors. The share awards have been granted as nil cost options under the LTIP, subject to the EPS and TSR performance criteria (50% of the award each) detailed in the LTIP section of this report on page 60.

	Interests under plan at 1 January 2016	Awards granted in the year	Awards exercised in the year	Awards lapsed in the year	Interests under plan at 31 December 2016	Face value at 31 December 2016[10] £	% vesting at threshold performance	Grant date	End of performance period	Vesting date	Date exercisable until
Andi Case	99,388[1]	–	99,388	–	–	–	25%	16 Dec 09	Dec 11	15 Dec 12	15 Dec 19
	36,581[2]	–	36,581	–	–	–	25%	24 Dec 10	Dec 12	23 Dec 13	23 Dec 20
	33,618[3]	–	33,618	–	–	–	25%	25 May 11	Dec 13	24 May 14	24 May 21
	42,719[4]	–	42,719	–	–	–	25%	11 May 12	Dec 14	10 May 15	10 May 22
	36,004[5]	–	36,004*	–	–	–	25%	10 May 13	Dec 15	9 May 16	9 May 23
	31,682[6]	–	–	26,881	4,801[9]	104,326	25%	5 Jun 14	Dec 16	4 Jun 17	–
	36,748[7]	–	–	–	36,748	798,534	25%	17 Apr 15	Dec 17	16 Apr 18	–
	–	36,601[8]	–	–	36,601	795,340	25%	15 Apr 16	Dec 18	14 Apr 19	–
Jeff Woyda	15,281[3]	–	15,281	–	–	–	25%	25 May 11	Dec 13	24 May 14	24 May 21
	19,418[4]	–	19,418	–	–	–	25%	11 May 12	Dec 14	10 May 15	10 May 22
	16,365[5]	–	16,365*	–	–	–	25%	10 May 13	Dec 15	9 May 16	9 May 23
	14,400[6]	–	–	12,218	2,182[9]	47,415	25%	5 Jun 14	Dec 16	4 Jun 17	–
	16,703[7]	–	–	–	16,703	362,956	25%	17 Apr 15	Dec 17	16 Apr 18	–
	–	23,291[8]	–	–	23,291	506,113	25%	15 Apr 16	Dec 18	14 Apr 19	–
Peter M. Anker	–	23,291[8]	–	–	23,291	506,113	25%	15 Apr 16	Dec 18	14 Apr 19	–

* Vested during the year.

The share price on the date of the award was 1. £8.06, 2. £11.22, 3. £12.05, 4. £13.50, 5. £16.50, 6. £24.99, 7. £22.16, 8. £22.12.

9 Although the performance period for these awards ended on 31 December 2016, the awards will vest on 4 June 2017.
10 Values calculated using the closing share price at 31 December 2016 of £21.73.

Directors who exercised share options during the year are contained in note 21.

Directors' interests in share options over ordinary shares are as follows:

Executive Directors		Options held at 1 January 2016	Options granted during the year	Options exercised during the year	Options lapsed during the year	Options held at 31 December 2016	Exercise price £	Date from which exercisable	Expiry date
Andi Case	Other options	25,000[1]	–	25,000	–	–	9.91	26 October 2010	25 October 2017
	ShareSave	993	–	–	–	993	18.12	1 July 2018	31 December 2018
Jeff Woyda	ShareSave	993	–	–	–	993	18.12	1 July 2018	31 December 2018

1 These options are fully vested and were exercised on 18 October 2016 at £19.50.

Directors' interests in shares

The Company requires Executive Directors to build a shareholding equivalent to 200% of salary for the Chief Executive Officer and 150% of salary for the other Executive Directors. Until this is attained they are required to retain 50% of any share award that vests.

The beneficial interests of the directors in the share capital of the Company at 31 December 2016 were as follows:

	Number of ordinary shares		% of salary required to be held in shares under the shareholding guidelines	Guideline met?
	31 December 2016	31 December 2015		
James Hughes-Hallett*	2,163	–	n/a	n/a
Andi Case	785,548[4]	645,910[4]	200%	Yes
Jeff Woyda	120,516[4]	93,149[4]	150%	Yes
Peter M. Anker	363,048[1,2,4]	529,144[4]	150%	Yes
Peter Backhouse	6,000	3,500	n/a	n/a
Ed Warner	15,000	15,000	n/a	n/a
James Morley	4,500	4,500	n/a	n/a
Birger Nergaard	205,869[3]	205,869	n/a	n/a
Marie-Louise Clayton*	1,100	n/a	n/a	n/a

* Shares held in part or in full by connected persons.
There was no change in the beneficial interests of the Directors in the share capital of the Company between 31 December 2016 and 9 March 2017, being the last practicable date before the signing of this report.

1 This figure includes restricted stock units.

2 This figure includes 357,477 shares held by Langebru AS on behalf of Peter M. Anker and his connected persons.

3 This figure includes 205,869 shares held by Acane AS on behalf of Birger Nergaard and his connected persons.

4 These figures include restricted shares and restricted stock units granted as part of annual bonus as follows:

			Number of shares			
	Type of award	Bonus year Vesting date	2012 April 2017	2013 June 2018	2014 June 2019	2015 June 2020
Andi Case	Restricted shares		13,103	9,924	15,233	15,506
Jeff Woyda	Restricted shares		2,795	2,117	3,249	3,341
Peter M. Anker	Restricted stock units		n/a	n/a	2,667	2,904

Further restricted share and restricted stock unit awards will be made in 2017 in respect of 10% of the Directors' 2016 bonus.

Pensions (audited)

Pension contributions were £nil (2015: £nil) for Andi Case and £nil (2015: £nil) for Jeff Woyda, with the balance for both Andi Case and Jeff Woyda (up to 15% of salary) paid as a cash supplement in lieu of pension (net of employer's NI) and included in the table on page 65 as pension. Peter M. Anker's pension contribution was NOK 77,430 (2015: NOK 66,000).

Payment to former Directors (audited)

No payments were made to past Executive Directors during the year ended 31 December 2016.

Payments for loss of office (audited)

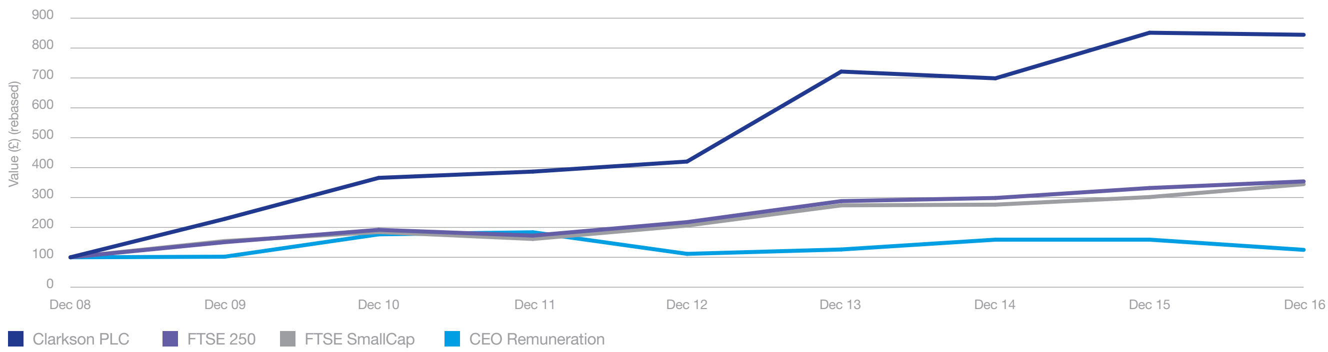
No payments were made in respect of loss of office during the year ended 31 December 2016.

Performance graph

This graph shows total shareholder return (that is, share price growth assuming re-investment of any dividends) of the Company over the last eight financial years compared to the FTSE SmallCap Index, which the committee considers an appropriate index for comparison purposes, and compared to the total remuneration of the Chief Executive Officer.

Total shareholder return

Source: Datastream (Thomson Reuters)



This graph shows the value, by 31 December 2016, of £100 invested in Clarkson PLC on 31 December 2008, compared with the value of £100 invested in the FTSE 250 and FTSE SmallCap Indices on the same date.

The other points plotted are the values at intervening financial year-ends.

The LTIP award vesting level as a percentage of the maximum opportunity for the Chief Executive Officer for each of the last eight years is as follows:

	2016	2015	2014	2013	2012	2011	2010	2009
LTIP vesting %	**15%**	70%	69%	50%	47%	98%	44%	50%

Percentage change in remuneration levels

The table below shows the movement in salary, benefits and annual bonus for the Chief Executive Officer between the 2015 and 2016 financial years, compared to the average for all employees:

	% change
Chief Executive Officer	
Salary and benefits	-1.7%
Bonus	-15.9%
All employees	
Salary and benefits	+4.4%
Bonus	+1.2%

Relative importance of spend on pay

The following table sets out the percentage change in profit, dividends and overall spend on pay in 2016 compared to 2015:

	2016 £m	2015 £m	% change
Underlying profit for the year	**33.6**	37.9	-11.3%
Dividends	**18.5**	18.2	+1.6%
Employee remuneration costs, of which:	**191.3**	186.1	+2.8%
Executive Directors' total pay excluding LTIP (continuing)	**5.6**	6.2	-9.7%
Executive Directors' annual bonus (continuing)	**4.2**	4.9	-14.3%

Remuneration committee

During the year the remuneration committee comprised the following Non-Executive Directors: Peter Backhouse, James Hughes-Hallett, James Morley, Birger Nergaard and Ed Warner. Marie-Louise Clayton joined the committee on 7 March 2017. The committee continues to be chaired by Ed Warner. None of the committee members have day-to-day involvement with the business nor do they have any personal financial interest in the matters to be recommended. The Company Secretary acts as secretary to the committee. The number of formal meetings held and the attendance by each member is shown in the table below. The committee also held informal discussions as required.

	Number of meetings attended out of potential maximum
James Hughes-Hallett	3 out of 3
Peter Backhouse	3 out of 3
Ed Warner	3 out of 3
James Morley	3 out of 3
Birger Nergaard	3 out of 3

In particular, the Board is satisfied that the committee has the range of skills and relevant business experience to reach an independent judgement on the suitability of the remuneration policy. The committee's remit already covers remuneration arrangements for all employees (where the committee reviews bonus payments for all employees in the business) and consideration of risk is foremost in the committee's deliberations.

External advisors

Following a tender process in 2016, New Bridge Street (NBS), part of Aon PLC, were retained by the committee to provide independent advice and services that materially assist the committee. The committee is satisfied that the quality of advice received during the year was sufficient and that NBS remain objective and independent.

The fees paid by the Company to NBS during the financial year for advice on share plans and to the remuneration committee were £39,069 (2015: £55,121).

NBS is a signatory to the Remuneration Consultants' Code of Conduct which requires its advice to be objective and impartial.

Statement of shareholder voting at AGM

At the 2016 AGM, the Directors' remuneration report received the following votes from shareholders:

	Total number of votes	% of votes cast
For	17,975,477	87.60%
Against	2,090,580	10.19%
Discretion	454,624	2.21%
Total	20,520,681	100%
Withheld	3,334,664	–

At the AGM to be held on 12 May 2017 a resolution approving this report is to be proposed as an ordinary resolution.

This report to shareholders provides information on the remuneration and share interests of all Clarkson PLC Directors and the criteria by which that remuneration has been determined. It has been prepared in accordance with the Companies Act 2006 and the applicable Listing Rules.

This report was approved by the Board and signed on its behalf by:

Ed Warner
Remuneration committee Chairman

10 March 2017

James Morley
Audit committee Chairman

During the year, the audit committee (the Committee) as further described on page 55 has continued to devote significant time to reviewing the following:

- the robustness and integrity of the Group's financial reporting, including accounting issues and judgements;
- monitoring the Group's internal control and risk management systems, including internal financial reporting controls, and identifying any significant deficiencies or material weaknesses in their operation; and
- monitoring the activities and performance of the external Auditors, and notifying the Board of any significant concerns arising from their audit work.

In addition to the above responsibilities, the Committee has reviewed the processes for the prevention, detection and reporting of fraud and the Group's Code of Business Conduct and Ethics.

The Committee's terms of reference are reviewed on regular basis to ensure compliance with the requirements of the Code and are also published on the Company's website. For more information on evaluation of the Board and its Committees during the year, please see page 53.

The Committee met three times during 2016 and addressed four main areas in the year:

(1) financial reporting and significant issues;

(2) internal control, risk management and internal audit;

(3) viability statement; and

(4) external Auditors.

1 Financial reporting and significant issues

The Committee reviewed and considered the following areas in respect of financial reporting and preparation of the interim and annual financial statements:

- the appropriateness of accounting policies used;
- compliance with internal and external financial reporting standards and policies;
- principal judgemental accounting matters, based on reports from management and external Auditors; and
- whether or not the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Committee also reviews reports by the external Auditors on the full year and half year results which highlight any issues with respect to the work undertaken on the audit. The issues and how they were addressed by the Committee are set out below:

Issue	Area of focus	How the issue was addressed by the Committee
Recoverability of trade receivables	A number of judgements are made in the calculation of the provision, primarily the age of the invoice, the existence of any disputes, recent historical payment patterns and the debtor's financial position.	The Committee discussed with management the results of its review, the internal controls and the composition of the related financial information. The Committee also discussed with the external auditors their review of the provision. The Committee is satisfied that the judgements made by management are reasonable and that appropriate disclosures have been included in the financial statements.
Revenue recognition	In the broking and financial segments, the Group's entitlement to commission revenue usually depends on third party obligations being fulfilled. Since the Group has no control over this, it is important to recognise revenue at the appropriate time.	The Committee considered the revenue recognition processes in place for all four business segments with management and cut-off procedures with the external Auditors. The Committee is satisfied with the control environment and that revenue has been recognised in the correct periods.
Carrying value of goodwill and intangible assets	Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which these assets have been allocated. The value-in-use calculation requires estimation of future cash flows expected to arise for each cash-generating unit, the selection of suitable discount rates and the estimation of future growth rates.	The Committee discussed with management and reviewed the results of its testing and evaluated the appropriateness of the assumptions used within its impairment models. The Committee also discussed with the external Auditors their review of management's testing. The Committee then discussed with both management and the external Auditors the headroom in each of the cash-generating units and the impact of sensitivity analysis from changes in key assumptions. The Committee is satisfied with management's assumptions, judgement and the conclusion not to record impairment in any of the cash-generating units and that appropriate disclosures have been included in the financial statements.

Issue	Area of focus	How the issue was addressed by the Committee
Classification and recognition of adjusting items	Exceptional items are those which are non-recurring in nature and considered to be material in size. In 2016, this column in the consolidated income statement represents the gain and special dividend arising on the sale of The Baltic Exchange shares. The 'acquisition related costs' column includes the amortisation of intangible assets, the expensing of the cash and share-based elements of consideration linked to ongoing employment obligations on acquisitions, acquisition related professional fees and interest on loan notes issued as part of the Platou acquisition.	The Committee considered the reasons behind showing these items separately and therefore excluding the costs from the 'underlying' earnings measures. The Committee agreed that the use of alternative performance measures, which exclude these items, can provide the users of the financial statements with a better understanding of the Group's underlying financial performance. The Committee is satisfied that the existing format is consistent with the Group's accounting policy.

The work described above, together with a review of the content of the strategic report, provided the assurance to the Committee and to the Board that the annual report for the year ended 31 December 2016, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and the Company's position and performance, business model and strategy.

2 Internal control, risk management and internal audit

The Company continually seeks to improve and update existing procedures and to introduce new controls where necessary. The risk management system is designed to identify principal risks and to provide assurance that these risks are fully understood and managed. As an ongoing process, the Committee oversees the development of the internal control procedures which provide assurance to the Committee that the controls which are operating in the Group are effective and sufficient to counteract the risks to which the Company is exposed. No significant control deficiencies were identified during the year. Further details of risk management are shown on pages 38-41.

The need for an internal audit function is reviewed regularly by the Board and the Committee. Given the changes in structure of the Group following the completion of the Platou acquisition in 2015 and the scale and regulatory nature of the Platou operations, it was considered necessary to establish an internal audit function for the banking and finance operations headquartered in Norway. Ernst & Young were appointed to carry out this function on an outsourced basis. The Committee will continue to review the possible need for an internal audit function in respect of the Group's other activities but to date has concluded that there is no immediate requirement for such a function.

The Committee, in conjunction with the Board, has established arrangements by which employees of the Group may, in confidence, raise concerns about possible improprieties or wrongdoing.

3 Viability statement

The Committee considered the form of the viability statement. In particular, there was a debate over the period of time that it was appropriate to consider and it was decided that it was appropriate to limit the statement to three years. The Committee reviewed the analysis supporting the viability statement and the processes underpinning the assessment of the Group's longer-term prospects were also reviewed. Further assessment of viability and the viability statement is set out on page 39.

4 External Auditors

The Committee reviews and makes recommendations to the Board regarding the re-appointment and remuneration of the external Auditors.

The Committee considered the following:

- quality and effectiveness of the audit for the prior year;
- external audit strategy for the current year;
- overall work plan;
- terms of engagement;
- external Auditors' overall performance and independence;
- effectiveness of the overall audit process;
- length of appointment as external Auditors (current length: eight years); and
- level of non-audit and audit fees.

To ensure that the Auditors maintain their independence and objectivity, the Committee has implemented a policy which is designed to ensure that the provision of non-audit services does not have an impact on the external Auditors' independence and objectivity. It restricts the engagement of the Auditors in relation to non-audit services, whilst recognising that there are some types of work, such as accounting and tax advice, where a detailed understanding of the Company's business is advantageous.

It also requires that individual engagements above a certain fee level may only be undertaken with appropriate authority from the Committee or the Committee Chair.

The Committee agreed in November 2016 that the Auditors would no longer be used for any non-audit services other than those either required or permitted by statute.

The fees for services provided by the Auditors during the year are shown in note 3.

The Committee meets privately on a regular basis with the external Auditors in the absence of management.

The Committee has discussed the requirements of the Code and the final order published by the Competition and Markets Authority in respect of tendering the Group's external audit and has recommended to the Board that it does not carry out a tender process for 2017; the next tender process is due in 2019. In making this assessment, the Committee has considered the performance of the current external Auditors, PricewaterhouseCoopers LLP (PwC), who have served since 2009. The current audit partner, John Waters, has served since 2014.

The Committee does not consider that PwC's independence or effectiveness are impaired. Accordingly, the Committee has recommended to the Board that PwC be re-appointed as Auditors and that a resolution be put to shareholders at the AGM.

James Morley
Audit committee Chairman

10 March 2017

The Directors' report required under the Companies Act 2006, together with the financial statements for the year ended 31 December 2016, comprises sections of the annual report incorporated by reference as set out below which, taken together, contain the information to be included in the annual report, where applicable, under Listing Rule 9.8.4.

Going concern	Page 39
Board membership	Pages 50 - 51
Dividend	Page 37
Directors' long-term incentives	Pages 57- 71
Waiver of Directors' emoluments	Page 57
Corporate governance report	Pages 52 - 56
Future developments of the business of the Group	Pages 16 - 35
Employee equality, diversity and involvement	Pages 44 - 45
Carbon emissions	Pages 46 - 47
Information to the Independent Auditors	Page 75
Dividend waiver	Page 111
Financial risk management	Pages 113 - 115
Subsidiaries	Pages 132 - 136
Indemnity provision	Page 113

Shareholder information

Share capital and control

Details of the Company's share capital are shown in note 23 to the financial statements. The rights and obligations attaching to the ordinary shares are set out in the Company's articles of association (the Articles), copies of which can be obtained free of charge from the Registrar of Companies at http://www.gov.uk/get-information-about-a-company.

The Chief Executive Officer is expected to maintain a shareholding equivalent to 200% of salary and other Executive Directors equivalent to 150% of salary.

A transfer of shares is only permitted for shares which are fully paid up. A transfer form must be duly stamped (if required) and made out in favour of a single transferee or no more than four joint transferees. The transfer form must be delivered to the Company's registrars, Computershare, accompanied by the share certificate to which it relates or such other evidence that proves the title of the transferor. Please contact Computershare on +44 (0) 370 707 1055 or online at http://www.clarksons.com/investors/.

The holders of ordinary shares have the right to:

- receive dividends when declared;
- receive the Company's report and financial statements;
- attend and speak at general meetings of the Company; and
- appoint proxies and exercise voting rights at general meetings.

There are no restrictions or special conditions regarding voting rights and control of the Company. Major shareholders have the same voting rights per share as all other shareholders. Shareholders who wish to appoint a proxy to exercise their voting rights at the AGM are required to submit a proxy voting form to the Company no later than 48 hours prior to the time of the meeting online at http://www.investorcentre.co.uk/eproxy.

Shares acquired through Clarksons' share schemes and plans rank equally with other shares in issue and have no special rights.

Restrictions on transfer of shares

There are no restrictions on transfers of ordinary shares in the Company other than:

- certain restrictions which may from time to time be imposed by law or regulations such as those relating to insider dealing;
- pursuant to the Company's share dealing rules where the Directors and designated employees require approval to deal in the Company's shares;
- certain restrictions on securities arising from company acquisitions; and
- under the Company's employee long-term incentive plans.

Change of control

The Company is not party to any significant agreements that would take effect, alter or terminate upon a change of control following a takeover bid.

Details of the Executive Directors' service contracts, including contractual arrangements in connection with a change of control of the Company, are set out in the Directors' remuneration report on pages 57 and 71.

Upon a change of control, all unvested awards under the 2004 Clarkson PLC LTIP would vest to the extent that, where applicable, any performance conditions attaching to awards have been achieved.

All unvested awards under the 2014 Clarkson PLC LTIP shall vest on the date of such event. In the case of performance awards, the number of shares to vest will be determined by the remuneration committee subject to the performance or any other conditions and/or pro rata reduction in the case of leavers.

Notifiable interests in share capital

The following interests have been disclosed to the Company by major shareholders under Rule 5 of the Disclosure and Transparency Rules (DTR) as at the end of the financial year and at 9 March 2017 (being the latest practicable date of this report):

	31-Dec-16	**9-Mar-17**
Franklin Templeton Investment Management Limited	14.39%	**14.39%**
RS Platou Holdings AS	7.10%	**7.10%**
Heronbridge Investment Management LLP	5.01%	**5.01%**
Legal & General Investment Management Limited	< 5%	**<5%**

Information provided to the Company pursuant to the DTR is published on a Regulatory Information Service and on the Company's website at: www.clarksons.com/news.

In addition, as at 9 March 2017, employees directly held 19.36% of the Company's share capital and 4.64% was held by employee share trusts for use under the Company's various incentive schemes.

Interests in the shares of the Company, or derivatives or any other financial instrument relating to those shares, conducted by the Directors of the Company on their own account, notified to the Company pursuant to Article 19 of the Market Abuse Regulation, are set out in the Directors' remuneration report on pages 57 and 71.

At the 2016 AGM the Company's shareholders authorised the Company, for the purposes of Section 701 of the Companies Act 2006, to make market purchases of its own shares up to a maximum aggregate amount of 3,023,260 shares (representing 10% of the Company's share capital as at 30 March 2016). This authority is due to expire at the end of the 2017 AGM and a resolution will be put to shareholders at that meeting to extend the authority for a further period. The Company has not acquired or disposed of any interests in its own shares.

By order of the Board

Penny Watson
Company Secretary

10 March 2017

Directors' responsibilities statement

The following statement, which should be read in conjunction with the Auditors' statement of their responsibilities set out in their reports on pages 76 to 81 and 117 to 118, is made to distinguish the respective responsibilities of the Directors and of the Auditors in relation to the financial statements.

The Directors are responsible for preparing the annual report, the Directors' remuneration report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Section 418 of the Companies Act 2006, each Director at the time of approval of this report confirms that so far as they are aware, there is no relevant audit information of which the Company's Auditors are unaware, and each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the strategic report on pages 1 to 47. The financial position of the Group, its cash flows and liquidity position are described in the financial review. The risk management section of the strategic report and note 26 to the financial statements include a description of the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposures to credit and liquidity risks.

The Group has considerable financial resources available and a strong balance sheet, as explained in the financial review on pages 36 to 37. As a result of this, the Directors believe that the Group is well placed to manage its business risks successfully despite the challenging market backdrop. The Directors have a reasonable expectation that the Group has sufficient resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Each of the Directors, whose names and functions are listed on pages 50 to 51 of this annual report, confirm that:

- to the best of their knowledge, the consolidated financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- to the best of their knowledge, the strategic report includes a fair review of the development and performance of the business and the position of the Group, together with a description of principal risks and uncertainties that it faces; and
- they consider the annual report, taken as a whole, to be fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

James Hughes-Hallett
Chairman

10 March 2017

Report on the consolidated financial statements

Our opinion

In our opinion, Clarkson PLC's consolidated financial statements (the financial statements):

- give a true and fair view of the state of the Group's affairs as at 31 December 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

What we have audited

The financial statements, included within the annual report, comprise:

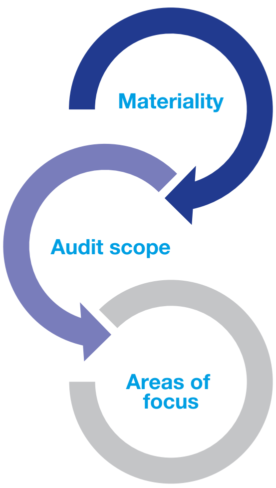
- the consolidated balance sheet as at 31 December 2016;
- the consolidated income statement and the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain share-based payment and Directors' remuneration disclosures which are required by the financial reporting framework have been presented elsewhere in the annual report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements in notes 21 and 28 respectively and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

Our audit approach

Overview



Materiality

- Overall Group materiality: £2.2m which represents 5% of profit before taxation, adjusted for exceptional items and acquisition related costs.

Audit scope

- We performed audit work over the complete financial information for reporting units which accounted for approximately 89% (2015: 91%) of the Group's revenue and 84% (2015: 93%) of the Group's profit before taxation, adjusted for exceptional items and acquisition related costs. These reporting units comprised certain operating businesses and centralised functions.
- Identified 70 reporting units, three of which were significant due to their size. These comprised certain operating business and centralised functions which required an audit of their complete financial information.
- Conducted specific audit procedures on certain balances and transactions in respect of a number of other reporting units.

Areas of focus

- Recoverability of trade receivables;
- Revenue recognition;
- Carrying value of goodwill and intangible assets; and
- Classification and recognition of the adjusting items (exceptional items and acquisition related costs).

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)).

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as 'areas of focus' in the following table. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Recoverability of trade receivables

Area of focus

Refer to page 72 (Audit committee report), note 14 of the financial statements and note 2.3 for the Directors' disclosures of the related accounting policies, judgements and estimates for further information.

At the year-end the Group had trade receivables of £58.2m before provisions for impairment of £15.5m. As set out in the business review section of the strategic report, the shipping industry has faced a challenging year and the global shipping market continues to be impacted by certain macro-economic factors such as oil prices and freight rates. Accordingly, the Group experienced uncertainty over the collectability of trade receivables from specific customers.

The determination as to whether a trade receivable is collectable involves management judgement. Specific factors management considers include the age of the balance, location and known financial condition of certain customers, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of the counterparty.

Management uses this information to determine whether a provision for impairment is required either for a specific transaction or for a customer's balance overall. We focused on this area because it requires a high level of management judgement and the materiality of the amounts involved.

How our audit addressed the area of focus

We tested aged balances where no provision was recognised to check that there were no indicators of impairment. This included verifying if payments had been received since the year-end, reviewing historical payment patterns and any correspondence with customers on expected settlement dates.

We selected a sample of the larger trade receivable balances where a provision for impairment of trade receivables was recognised and understood the rationale behind management's judgement for a provision being required. In order to evaluate the appropriateness of these judgements, we verified whether balances were overdue, the customer's location and historical payment patterns and whether any post year-end payments had been received up to the date of completing our audit procedures.

We also obtained corroborative evidence including correspondence supporting any disputes between the parties involved, attempts by management to recover the amounts outstanding and on the credit status of significant counterparties where available.

By performing the procedures set out above we also challenged management's rationale where provisions were recognised on transactions that were not overdue as at the balance sheet date and verified these were appropriately supported. In assessing the appropriateness of the overall provision for impairment, we considered the consistency of management's application of policy for recognising provisions with the prior year and in the context of the current macro-economic challenges. Specifically we considered:

i) how much of prior years' provisions had been utilised for bad debt write-offs during the year; and

ii) prior year provision amounts released where a customer had paid.

Releases of the provision during the year are disclosed in note 14. This included some infrequent payments of overdue amounts from customers where a provision continues to be recognised for new invoices raised. Despite these payments, management continues to provide for such customers on the basis there still remains ongoing uncertainty over their underlying financial condition as indicated by the ad hoc timing of payments beyond dates due.

From the work we have performed we consider the level of provisioning to be consistent with the evidence obtained.

Revenue recognition

Area of focus

Refer to page 72 (Audit committee report), notes 3 and 4 of the financial statements and note 2.3 for the Directors' disclosures of the related accounting policies, judgements and estimates for further information.

The Group's entitlement to commission revenue in the broking and financial segments is usually dependent upon the fulfilment of certain obligations, for example stage completion of a vessel build in broking or formal approval of a debt or equity transaction in financial between two or more third parties over which the Group has no control.

Consideration is therefore required as to whether the parties' obligations have been fulfilled and the commission revenue can be recognised.

Some of these transactions, such as within the sale and purchase, offshore or financial revenue streams, are individually significant in value. Consistent with the prior year, we therefore focused on these revenue streams, particularly transactions surrounding the year-end, where there is a risk that large transactions may be recorded in the incorrect period.

The other revenue streams, such as support and research, were relatively less significant. Revenue in respect of these streams is recognised when the service is completed or when the products are despatched, as explained further in note 2.21 of the financial statements. There is therefore less judgement and risk of a material cut-off error in these streams.

How our audit addressed the area of focus

For the sale and purchase, offshore and financial transactions near the year-end, we tested that revenue cut-off was appropriately determined. We selected a sample of transactions and agreed the details of these transactions to underlying contractual information or other supporting documents which demonstrated the timing of when obligations had been fulfilled by the parties to the transaction.

From the evidence obtained we found no material instances of revenue being recognised in the incorrect period.

Area of focus	How our audit addressed the area of focus
Carrying value of goodwill and intangible assets *Refer to page 72 (Audit committee report), note 13 of the financial statements and note 2.3 for the Directors' disclosures of the related accounting policies, judgements and estimates for further information.* The goodwill balance of £294.2m is allocated across multiple cash-generating units (CGUs), and is subject to an annual impairment review. Management used a value-in-use model to compute the present value of forecast future cash flows for each CGU which was then compared with the carrying value of the net assets of each CGU (including goodwill and intangible assets) to determine if there was an impairment. Determining if an impairment charge is required for goodwill and intangible assets involves significant judgements about forecast future performance and cash flows of the business, including growth in revenues and operating profit margins, as well as determining an appropriate discount factor and long-term growth rate. No charge for impairment of goodwill has been recognised in the current financial year. The risk that we focused on during the audit was that the goodwill and other acquired intangible assets may be overstated and that an impairment charge may be required. In particular, we focused on the goodwill and intangible assets in the offshore broking and securities CGUs which have been most affected by the economic conditions, described in the business review section of this annual report.	We evaluated the Directors' future cash flow projections for all CGUs with a particular focus on the offshore broking and securities CGUs and the process by which they were drawn up, including comparing them with the latest Board approved budget and forecasts, and testing the accuracy of the underlying calculations in the model. We concluded that the cash flow projections were consistent with the Board approved budgets and forecasts. For the Directors' key assumptions we: – Compared the timing and quantum of short and long-term growth rates in the forecasts against economic and industry forecasts and with the actual historical results of the enlarged Group; – Assessed the discount rate by comparing the cost of capital for the Group with comparable organisations as well as using our own experts; and – Considered the cyclical nature of each CGU and that this had been appropriately factored into the long-term forecasts. We found the Directors' assumptions to be in line with the information we compared them against and the discount rate to be within our expected range. We also performed sensitivity analyses on the key drivers of the cash flow projections including assumed profits, short and long-term growth rates and the discount rate. In performing these sensitivities we considered the level of historical budgeting inaccuracies and how the assumptions compared with the actual values achieved in prior years. Having ascertained the extent of change in those assumptions that either individually or collectively would be required for the goodwill or intangible assets to be impaired, we considered the likelihood of such a movement in those key assumptions arising. We determined that the disclosures made in note 13 regarding the related assumptions appropriately draw attention to the significant areas of judgement.
Classification and recognition of adjusting items (exceptional items and acquisition related costs) *Refer to page 73 (Audit committee report), note 2.1 (basis of preparation) of the financial statements and note 2.3 for the Directors' disclosures of the related accounting policies, judgements and estimates for further information.* The Group excludes adjusting items (exceptional items and acquisition related costs) from its 'underlying' earnings measure. The Directors believe that alternative or additional performance measures can provide the users of the financial statements with a better understanding of the Group's underlying financial performance and strategy, if properly used. If improperly used and presented, these measures could mislead the users of the financial statements by obscuring the real profitability and financial position of the Group. Management judgement is required as to what items qualify for this classification. There can also be judgement as to the point at which costs should be recognised and the amount to record. Included in adjusting items were: – Exceptional items: Exceptional items are explained further in note 5. – Acquisition related costs: Acquisition related costs are explained further in note 6. We also focused on the accuracy of other charges included in acquisition related costs due to their financial significance, such as ongoing earn-out charges and the amortisation of acquired intangible assets, which are presented as adjusting items consistently with prior periods.	We tested whether the exceptional items were non-recurring in nature and recognised and presented in accordance with the Group's disclosed accounting policy. In relation to the gain on sale of shares in The Baltic Exchange we examined disposal proceeds and agreements and verified the accuracy of management's computation of the amount of the gain recognised. In respect of other adjusting items we verified that management's computations of the costs were accurate. We have also assessed the extent to which 'underlying' financial information is given prominence in the annual report, whether it is clearly, accurately and consistently applied and whether the 'underlying' financial information is not otherwise misleading in the form and context in which it appears in the annual report. From the evidence obtained, we concurred with management's assessment to classify and disclose these items as adjusting items, in line with the disclosed accounting policy.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The financial statements are a consolidation of reporting units, comprising the Group's operating businesses and centralised functions.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at the reporting units by us, as the Group engagement team, or by component Auditors of other PwC network firms and other firms operating under our instruction. Where the work was performed by component Auditors, we determined the level of involvement we needed to have in the audit work at those reporting units to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole.

We identified 70 reporting units, three of which were significant due to their size. These comprised certain operating business and centralised functions which required an audit of their complete financial information. We also conducted specific audit procedures on certain balances and transactions in respect of a number of other reporting units. This gave us coverage of 84% of the Group's profit before taxation, adjusted for exceptional items and acquisition related costs, and 89% of revenue. This, together with the additional procedures performed at the Group level, including testing the consolidation process, gave us the evidence we needed for our opinion on the financial statements as a whole.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	£2.2m (2015: £2.5m).
How we determined it	5% of profit before taxation, adjusted for exceptional items and acquisition related costs.
Rationale for benchmark applied	In arriving at this judgement we have had regard to profit before taxation, adjusted for exceptional items and acquisition related costs, because, in our view, this represents the most appropriate measure of underlying performance.

We agreed with the audit committee that we would report to them misstatements identified during our audit above £112,000 (2015: £125,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' report, set out by cross-reference on page 74, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the Directors' report about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the Directors' report, the Directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Group has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate.

As not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinion

In our opinion:

– the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

– the information given in the corporate governance statement set out on pages 52 to 56 with respect to internal control and risk management systems is consistent with the financial statements.

Other required reporting continued

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

– information in the annual report is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report.
– the explanation given by the Directors on page 75, in accordance with provision C.1.1 of the UK Corporate Governance Code (the Code), as to why the annual report does not include a statement that they consider the annual report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group acquired in the course of performing our audit.	We have no exceptions to report.
– the section of the annual report on page 72, as required by provision C.3.8 of the Code, describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee.	We have no exceptions to report.

The Directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

– the Directors' confirmation on page 39 of the annual report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.	We have nothing material to add or to draw attention to.
– the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
– the Directors' explanation on page 39 of the annual report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Under the Listing Rules we are required to review the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and the Directors' report in relation to the longer-term viability of the Group, set out on page 39. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Listing Rules we are required to review the part of the corporate governance statement relating to ten further provisions of the Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Directors' responsibilities statement set out on page 75, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Other matter

We have reported separately on the Parent Company financial statements of Clarkson PLC for the year ended 31 December 2016 and on the information in the Directors' remuneration report that is described as having been audited.

John Waters
Senior Statutory Auditor

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

10 March 2017

Consolidated income statement

for the year ended 31 December

	Notes	2016 Before exceptional items and acquisition related costs £m	2016 Exceptional items (note 5) £m	2016 Acquisition related costs (note 6) £m	2016 After exceptional items and acquisition related costs £m	2015 Before exceptional items and acquisition related costs £m	2015 Exceptional items (note 5) £m	2015 Acquisition related costs (note 6) £m	2015 After exceptional items and acquisition related costs £m
Revenue	3, 4	306.1	–	–	306.1	301.8	–	–	301.8
Cost of sales		(8.9)	–	–	(8.9)	(10.3)	–	–	(10.3)
Trading profit		297.2	–	–	297.2	291.5	–	–	291.5
Other income		–	9.7	–	9.7	–	1.3	–	1.3
Administrative expenses		(253.0)	–	(7.7)	(260.7)	(242.0)	(3.8)	(15.1)	(260.9)
Operating profit	3, 4	44.2	9.7	(7.7)	46.2	49.5	(2.5)	(15.1)	31.9
Finance revenue	3	0.8	1.4	–	2.2	2.5	–	–	2.5
Finance costs	3	(0.1)	–	(0.9)	(1.0)	(1.1)	–	(1.1)	(2.2)
Other finance costs – pensions	3, 22	(0.1)	–	–	(0.1)	(0.4)	–	–	(0.4)
Profit before taxation		44.8	11.1	(8.6)	47.3	50.5	(2.5)	(16.2)	31.8
Taxation	7	(11.2)	–	1.8	(9.4)	(12.6)	0.6	2.5	(9.5)
Profit for the year		33.6	11.1	(6.8)	37.9	37.9	(1.9)	(13.7)	22.3
Attributable to:									
Equity holders of the Parent Company		31.4	11.1	(6.8)	35.7	35.3	(1.9)	(13.7)	19.7
Non-controlling interests		2.2	–	–	2.2	2.6	–	–	2.6
Profit for the year		33.6	11.1	(6.8)	37.9	37.9	(1.9)	(13.7)	22.3
Earnings per share									
Basic	8	105.2p			119.7p	121.9p			68.2p
Diluted	8	104.2p			118.6p	120.5p			67.4p

Consolidated statement of comprehensive income

for the year ended 31 December

	Notes	2016 £m	2015 £m
Profit for the year		37.9	22.3
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss:			
Actuarial gain on employee benefit schemes – net of tax	22	4.0	7.2
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange differences on retranslation of foreign operations		50.5	(20.4)
Foreign currency hedge – net of tax	24	(3.9)	(1.1)
Other comprehensive income/(loss)		50.6	(14.3)
Total comprehensive income for the year		88.5	8.0
Attributable to:			
Equity holders of the Parent Company		85.8	6.3
Non-controlling interests		2.7	1.7
Total comprehensive income for the year		88.5	8.0

Consolidated balance sheet

as at 31 December

	Notes	2016 £m	2015 £m
Non-current assets			
Property, plant and equipment	10	30.0	30.8
Investment property	11	1.2	1.2
Intangible assets	12	300.5	263.2
Trade and other receivables	14	1.8	1.1
Investments	15	4.1	1.9
Employee benefits	22	7.5	–
Deferred tax asset	7	12.8	12.5
		357.9	310.7
Current assets			
Inventories	16	0.7	0.9
Trade and other receivables	14	56.7	61.3
Income tax receivable		2.3	1.7
Investments	15	29.8	5.7
Cash and cash equivalents	17	154.0	168.4
		243.5	238.0
Current liabilities			
Interest-bearing loans and borrowings	18	(23.6)	(23.1)
Trade and other payables	19	(142.3)	(139.3)
Income tax payable		(6.5)	(5.9)
Provisions	20	–	(0.2)
		(172.4)	(168.5)
Net current assets		71.1	69.5
Non-current liabilities			
Interest-bearing loans and borrowings	18	–	(23.0)
Trade and other payables	19	(11.3)	(8.1)
Provisions	20	(0.1)	–
Employee benefits	22	(5.2)	(4.1)
Deferred tax liability	7	(5.7)	(4.1)
		(22.3)	(39.3)
Net assets		406.7	340.9
Capital and reserves			
Share capital	23	7.6	7.6
Other reserves	24	240.1	194.2
Retained earnings		155.8	136.2
Equity attributable to shareholders of the Parent Company		403.5	338.0
Non-controlling interests		3.2	2.9
Total equity		406.7	340.9

The financial statements on pages 82 to 116 were approved by the Board on 10 March 2017, and signed on its behalf by:

James Hughes-Hallett
Chairman
Registered number: 1190238

Jeff Woyda
Chief Financial Officer and Chief Operating Officer

Consolidated statement of changes in equity

for the year ended 31 December

	Notes	Attributable to equity holders of the Parent Company					
	Notes	Share capital £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2016		7.6	194.2	136.2	338.0	2.9	340.9
Profit for the year		–	–	35.7	35.7	2.2	37.9
Other comprehensive income:							
Actuarial gain on employee benefit schemes – net of tax	22	–	–	4.0	4.0	–	4.0
Foreign exchange differences on retranslation of foreign operations	24	–	50.0	–	50.0	0.5	50.5
Foreign currency hedge – net of tax	24	–	(3.9)	–	(3.9)	–	(3.9)
Total comprehensive income for the year		–	46.1	39.7	85.8	2.7	88.5
Transactions with owners:							
Share issues	23,24	–	0.1	–	0.1	–	0.1
Employee share schemes	24	–	(0.3)	(1.8)	(2.1)	–	(2.1)
Tax on other employee benefits	7	–	–	0.3	0.3	–	0.3
Tax on other items in equity	7	–	–	(0.1)	(0.1)	–	(0.1)
Dividend paid	9	–	–	(18.5)	(18.5)	(2.4)	(20.9)
		–	(0.2)	(20.1)	(20.3)	(2.4)	(22.7)
Balance at 31 December 2016		7.6	240.1	155.8	403.5	3.2	406.7

	Notes	Attributable to equity holders of the Parent Company					
	Notes	Share capital £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2015		5.2	35.5	126.6	167.3	–	167.3
Profit for the year		–	–	19.7	19.7	2.6	22.3
Other comprehensive (loss)/income:							
Actuarial gain on employee benefit schemes – net of tax	22	–	–	7.2	7.2	–	7.2
Foreign exchange differences on retranslation of foreign operations	24	–	(19.5)	–	(19.5)	(0.9)	(20.4)
Foreign currency hedge – net of tax	24	–	(1.1)	–	(1.1)	–	(1.1)
Total comprehensive (loss)/income for the year		–	(20.6)	26.9	6.3	1.7	8.0
Transactions with owners:							
Share issues	23,24	2.4	178.7	–	181.1	–	181.1
Employee share schemes	24	–	0.6	0.3	0.9	–	0.9
Tax on other employee benefits	7	–	–	0.7	0.7	–	0.7
Tax on other items in equity	7	–	–	(0.1)	(0.1)	–	(0.1)
Acquisition of subsidiary	12	–	–	–	–	10.8	10.8
Dividend paid	9	–	–	(18.2)	(18.2)	(9.6)	(27.8)
		2.4	179.3	(17.3)	164.4	1.2	165.6
Balance at 31 December 2015		7.6	194.2	136.2	338.0	2.9	340.9

Consolidated cash flow statement

for the year ended 31 December

	Notes	2016 £m	2015 £m
Cash flows from operating activities			
Profit before taxation		47.3	31.8
Adjustments for:			
Foreign exchange differences	3	(3.6)	(1.9)
Depreciation of property, plant and equipment	3, 10	5.0	4.2
Share-based payment expense	21	1.3	1.6
Gain on sale of property, plant and equipment		(0.1)	(0.1)
(Gain)/loss on sale of investments		(9.6)	0.3
Amortisation of intangibles	3, 12	6.6	9.2
Difference between pension contributions paid and amount recognised in the income statement		(1.9)	(2.3)
Finance revenue	3	(2.2)	(2.5)
Finance costs	3	1.0	2.2
Other finance costs – pensions	3	0.1	0.4
Decrease in inventories	16	0.2	0.5
Decrease in trade and other receivables		13.9	20.8
Decrease in bonus accrual		(3.0)	(11.1)
Decrease in trade and other payables		(1.9)	(12.5)
Decrease in provisions	20	(0.1)	(2.8)
Cash generated from operations		53.0	37.8
Income tax paid		(7.4)	(13.1)
Net cash flow from operating activities		45.6	24.7
Cash flows from investing activities			
Interest received	3	0.6	0.8
Purchase of property, plant and equipment	10	(3.1)	(24.4)
Proceeds from sale of investments	15	11.3	6.8
Proceeds from sale of property, plant and equipment		0.4	0.3
Purchase of investments		(3.8)	–
Transfer (to)/from current investments (funds on deposit)		(24.0)	20.0
Acquisition of subsidiaries, including settlement of deferred consideration		(23.7)	(26.5)
Net cash and cash equivalents acquired on acquisitions	12	–	43.2
Dividends received from investments	3	1.5	1.7
Net cash flow from investing activities		(40.8)	21.9
Cash flows from financing activities			
Interest paid		(0.1)	(1.1)
Dividend paid	9	(18.5)	(18.2)
Dividend paid to non-controlling interests		(2.4)	(1.7)
Repayment of borrowings		–	(12.8)
Proceeds from shares issued (net of transaction costs)	23	–	1.2
ESOP shares acquired		(6.0)	–
Net cash flow from financing activities		(27.0)	(32.6)
Net (decrease)/increase in cash and cash equivalents		(22.2)	14.0
Cash and cash equivalents at 1 January		168.4	152.9
Net foreign exchange differences		7.8	1.5
Cash and cash equivalents at 31 December	17	154.0	168.4

Notes to the consolidated financial statements

1 Corporate information

The Group and Parent Company financial statements of Clarkson PLC for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Directors on 10 March 2017. Clarkson PLC is a Public Limited Company, listed on the London Stock Exchange, incorporated and registered in England and Wales and domiciled in the UK.

The term 'Company' refers to Clarkson PLC and 'Group' refers to the Company, its consolidated subsidiaries and the relevant assets and liabilities of the share purchase trusts.

Copies of the annual report will be circulated to all shareholders and will also be available from the registered office of the Company at Commodity Quay, St. Katharine Docks, London E1W 1BF.

2 Statement of accounting policies

2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2016.

The financial statements are presented in pounds sterling and all values are rounded to the nearest one hundred thousand pounds sterling (£0.1m) except when otherwise indicated.

The consolidated income statement is shown in columnar format to assist with understanding the Group's results by presenting profit for the period before exceptional items and acquisition related costs; this is referred to as underlying profit. Items which are non-recurring in nature and considered to be material in size are shown as 'exceptional items'. The column 'exceptional items' represents the gain and special dividend arising on the sale of The Baltic Exchange shares. The column 'acquisition related costs' includes the amortisation of intangible assets, the expensing of the cash and share-based elements of consideration linked to ongoing employment obligations on acquisitions, acquisition related professional fees and interest on the loan note obligations. These notes form an integral part of the financial statements on pages 82 to 85.

Statement of compliance

The financial statements of Clarkson PLC have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, IFRS IC interpretations and the Companies Act 2006 applicable to companies reporting under IFRSs.

The consolidated financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The Group has considerable financial resources available and a strong balance sheet, as explained in the financial review on pages 36 and 37. As a result of this, the Directors believe that the Group is well placed to manage its business risks successfully, despite the challenging market backdrop. The Directors have a reasonable expectation that the Group has sufficient resources to continue in operation for the next 12 months. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Basis of consolidation

The Group's consolidated financial statements incorporate the results and net assets of Clarkson PLC and all its subsidiary undertakings made up to 31 December each year.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

See note U to the Parent Company financial statements for full details on subsidiaries.

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

All inter-group transactions, balances, income and expenses are eliminated on consolidation, however for the purposes of segmental reporting, internal arm's-length recharges are included within the appropriate segments.

2.2 Changes in accounting policy and disclosures

New and amended standards adopted by the Group

The annual improvements (2014) to existing standards which are mandatory for the Group for the first time for the financial year beginning on or after 1 January 2016 have had no material impact on the Group.

There were no other new IFRSs or interpretations issued by the IFRS Interpretation Committee (IFRS IC) that had to be implemented during the year that significantly affect these financial statements.

New standards, amendments and interpretations issued but not yet effective for the financial year beginning 1 January 2016 and not early adopted.

As at the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective (and in some cases had not yet been adopted by the EU). The Group has not applied these standards and interpretations in the preparation of these financial statements.

- Amendment to IAS 7, 'Statement of cash flows' on disclosure initiative
- Amendment to IAS 12, 'Income taxes' on recognition of deferred tax assets for unrealised losses
- Amendment to IFRS 2, 'Share based payments' regarding how to account for certain types of share-based payment transactions
- IFRS 15 'Revenue from contracts with customers'
- IFRS 9 'Financial instruments'
- Amendments to IAS 40, 'Investment property' relating to transfers of investment property
- IFRIC 22, 'Foreign currency transactions and advance consideration'
- IFRS 16 'Leases'
- Annual improvements (2014 – 2016)

The impact on the Group's financial statements of the future adoption of these and other new standards and interpretations is still under review. The Group does not expect, with the exception of IFRS 15 'Revenue from contracts with customers' and IFRS 16 'Leases', that any of these changes will have a material effect on the results or net assets of the Group.

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

2.3 Key accounting judgements and estimates

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

Trade receivables

Trade receivables are amounts due from customers in the ordinary course of business. Trade receivables are classified as current assets if collection is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

The provision for impairment of receivables represents management's best estimate at the balance sheet date. A number of judgements are made in the calculation of the provision, primarily the age of the invoice, the existence of any disputes, recent historical payment patterns and the debtor's financial position.

Revenue recognition

The Group's entitlement to commission revenue in the broking and financial segments is usually dependent upon the fulfilment of certain obligations, for example stage completion of a vessel build in broking or formal approval of a debt or equity transaction in finance, between two or more third parties over which the Group has no control. Consideration is therefore required as to whether the parties' obligations have been fulfilled and the commission revenue can be recognised. See note 2.21 for further details.

Impairment testing of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which these assets have been allocated. The value-in-use calculation requires estimation of future cash flows expected to arise for the cash-generating unit, the selection of suitable discount rates and the estimation of future growth rates.

Classification and recognition of adjusting items

The Group excludes adjusting items (exceptional items and acquisition related costs) from its 'underlying' earnings measure. The Directors believe that alternative performance measures can provide the users of the financial statements with a better understanding of the Group's underlying financial performance, if properly used. If improperly used and presented these measures could mislead the users of the financial statements by obscuring the real profitability and financial position of the Group.

Management judgement is required as to what items qualify for this classification. There can also be judgement as to the point at which costs should be recognised and the amount to record.

2.4 Forward-looking statements

Certain statements in this annual report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. The Group undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

2.5 Property, plant and equipment

Land held for use in the production or supply of goods or services, or for administrative purposes, is stated on the balance sheet at its historic cost.

Freehold and long leasehold properties, leasehold improvements, office furniture and equipment and motor vehicles are recorded at cost less accumulated depreciation and any recognised impairment loss. Cost includes the original purchase price of the asset.

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

Freehold and long leasehold properties	10-60 years
Leasehold improvements	Over the period of the lease
Office furniture and equipment	2–10 years
Motor vehicles	4-5 years

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

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

2.6 Investment properties

Land and buildings held for long-term investment and to earn rental income are classified as investment properties. Investment properties are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged on a straight-line basis over the estimated useful life of the asset, and is charged from the time an asset becomes available for its intended use. Estimated useful lives are as follows:

Investment properties	60 years

In addition to historical cost accounting, the Directors have also presented, through additional narrative, the fair value of the investment properties in note 11.

2 Statement of accounting policies continued

2.7 Business combinations and goodwill

Business combinations are accounted for using the acquisition method.

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

All transaction costs are expensed in the income statement as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

2.8 Intangible assets

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

Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in income statement within administrative expenses.

Trade name and non-contractual commercial relationships

Amortisation is calculated using estimates of revenues generated by each asset over their estimated useful lives of between two and five years.

Forward order book on acquisition

Amortisation is calculated based on expected future cash flows estimated to be three years.

2.9 Impairment of non-financial assets

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

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

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

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

Goodwill

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

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

2.10 Investments and other financial assets

Classification

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

The Group determines the classification of its financial assets on initial recognition, taking into account the purpose for which the financial assets were acquired. Where allowed and appropriate, the Group re-evaluates this designation at each financial year-end.

Financial assets at fair value through profit or loss

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

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

Loans and receivables

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

Available-for-sale financial investments

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the two preceding categories or held-to-maturity investments. They are included in non-current assets unless the investment matures within 12 months of the end of the reporting period. Available-for-sale financial assets are measured at cost, since they are investments in unlisted companies where the fair value cannot be determined.

Recognition and measurement

Fair value

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

Amortised cost

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

Trade and other receivables

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

2.11 Impairment of financial assets

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

Assets carried at amortised cost

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

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

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

Available-for-sale financial investments

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

2 Statement of accounting policies continued

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of between one day and three months.

2.14 Derivative financial instruments and hedge accounting

The Group uses various derivative financial instruments to reduce exposure to foreign exchange movements. These can include forward foreign exchange contracts and currency options. All derivative financial instruments are initially recognised on the balance sheet at their fair value adjusted for transaction costs.

The fair values of financial instrument derivatives are determined by reference to quoted prices in an active market. Where no such active market exists, the fair value is determined using appropriate valuation techniques from observable data, including discounted cash flow analysis and the Black-Scholes option pricing model.

The method of recognising the movements in the fair value of the derivative depends on whether the instrument has been designated as a hedging instrument and, if so, the cash flow being hedged. To qualify for hedge accounting, the terms of the hedge must be clearly documented at inception and there must be an expectation that the derivative will be highly effective in offsetting changes in the cash flow of the hedged risk. Hedge effectiveness is tested throughout the life of the hedge and if at any point it is concluded that the relationship can no longer be expected to remain highly effective in achieving its objective, the hedge relationship is terminated.

Gains and losses on financial instrument derivatives which qualify for hedge accounting are recognised according to the nature of the hedge relationship and the item being hedged.

Cash flow hedges: derivative financial instruments are classified as cash flow hedges when they hedge the Group's exposure to changes in cash flows attributable to a particular asset or liability or a highly probable forecast transaction. Gains or losses on designated cash flow hedges are recognised directly in equity, to the extent that they are determined to be effective. Any remaining portion of the gain or loss is recognised immediately in the income statement. On recognition of the hedged asset or liability, any gains or losses that had previously been recognised directly in equity are included in the initial measurement of the fair value of the asset or liability. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in equity remains there and is recognised in the income statement when the forecast transaction is ultimately recognised. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Where financial instrument derivatives do not qualify for hedge accounting, changes in the fair market value are recognised immediately in the income statement.

2.15 Trade and other payables

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

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

2.16 Interest-bearing loans and borrowings

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

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

2.17 Provisions

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

2.18 Employee benefits

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

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

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

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

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

Past-service costs are recognised immediately in income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

2.19 Share-based payment transactions

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value of the element of these awards which have a Total Shareholder Return performance condition was valued using a stochastic model. All other elements of awards were valued using a Black-Scholes model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share (further details are given in note 8).

The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

2.20 Share capital

Ordinary shares are recognised in equity as share capital at their nominal value. The difference between consideration received and the nominal value is recognised in the share premium account, except when applying the merger relief provision of the Companies Act 2006.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Company shares held in trust in connection with the Group's employee share schemes are deducted from consolidated shareholders' equity. Purchases, sales and transfers of the Company's shares are disclosed as changes in consolidated shareholders' equity. The assets and liabilities of the trusts are consolidated in full into the Group's consolidated financial statements.

2.21 Revenue recognition

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

Broking

Shipbroking and offshore revenue consists of commission receivable and is recognised by reference to the stage of completion, which is measured by reference to the underlying commercial contract. Futures broking commissions are recognised when the services have been performed.

Financial

Revenue consists of commissions and fees receivable from financial services activities. Fees for investment banking activities, syndication and other financial solutions are recognised on a success basis when certain criteria in applicable agreements have been met. Commission from trading activities is recognised at trade date. Fees for advisory and accounting services are recognised as earned.

Support

Port service income is recognised on vessel load or discharge completion date and store rent on a time basis. Agency income is recognised when vessels arrive in port. Revenue from the sale of goods is recognised when the goods are physically despatched to the customer. Rental income arising from operating leases on properties is accounted for on a straight-line basis over the lease term.

Research

Revenue comprises fees, which are recognised as and when services are performed, and sales of shipping publications and other information, which is recognised when products are delivered. Subscriptions to periodicals and other information are recognised over the subscription period.

Finance income

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

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group considers the executive members of the Company's Board to be the chief operating decision-maker.

2 Statement of accounting policies continued

2.23 Foreign currencies

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in the income statement.

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

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

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

2.24 Taxation

Current income tax

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

Current income tax is recognised in the income statement, except on items relating to equity, in which case the related current income tax is recognised directly in equity.

Deferred income tax

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

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

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

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

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

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

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

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

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority, where there is an intention to settle the balances on a net basis.

2.25 Leases

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

2.26 Exceptional items

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

3 Revenue and expenses

	2016 £m	2015 £m
Revenue		
Rendering of services	293.9	288.0
Rental income	0.7	2.2
Sale of goods	11.5	11.6
	306.1	301.8

	2016 £m	2015 £m
Finance revenue		
Bank interest income	0.6	0.8
Income from available-for-sale financial assets	1.6	1.7
	2.2	2.5

	2016 £m	2015 £m
Finance costs		
Loan note interest	0.9	1.1
Loan interest	–	0.4
Overdraft interest	–	0.2
Other finance costs	0.1	0.5
	1.0	2.2

	2016 £m	2015 £m
Other finance costs – pensions		
Net benefit charge	0.1	0.4
	0.1	0.4

Operating profit

Operating profit from continuing operations is stated after charging/(crediting):

	2016 £m	2015 £m
Depreciation	5.0	4.2
Amortisation of intangible assets	6.6	9.2
Operating lease expense – land and buildings	11.3	13.9
Operating sublease income – land and buildings	(0.5)	(2.2)
Net foreign exchange gains	(3.6)	(1.9)

3 Revenue and expenses continued

	2016 £000	2015 £000
Auditors' remuneration		
Fees payable to the Company's Auditors for the audit of the Company's and Group financial statements	233	232
Fees payable to the Company's Auditors and their associates for other services:		
The auditing of financial statements of subsidiaries of the Company	301	322
Audit-related assurance services	64	50
Taxation compliance services	40	18
Taxation advisory services	18	102
	656	724

	2016 £m	2015 £m
Employee compensation and benefits expense		
Wages and salaries	170.7	165.8
Social security costs	15.7	15.5
Expense of share-based payments	1.3	1.6
Pension costs – defined contribution plans	3.6	3.2
	191.3	186.1

The numbers above include remuneration and pension entitlements for each Director. Details are included in the Directors' remuneration report in the Directors' emoluments and compensation table on page 65.

The average monthly number of persons employed by the Group during the year including Executive Directors is analysed below:

	2016	2015
Broking	1,021	1,012
Financial	121	121
Support	154	163
Research	96	89
	1,392	1,385

4 Segmental information

The Group considers the executive members of the Company's Board to be the chief operating decision-maker. The Board receives segmental operating and financial information on a regular basis. The segments are determined by the class of business the Company provides and are broking, financial, support and research. This is consistent with the way the Group manages itself and with the format of the Group's internal financial reporting.

Clarksons' broking division represents services provided to shipowners and charterers in the transportation by sea of a wide range of cargoes. It also represents services provided to buyers and sellers/yards relating to sale and purchase transactions. Also included is a futures broking operation which arranges principal-to-principal cash-settled contracts for differences based upon standardised freight contracts.

The financial division represents full-service investment banking, specialising in the maritime, oil services and natural resources sectors. Clarksons also provides structured asset finance services and structured projects in the shipping, offshore and real estate sectors.

Support includes port and agency services representing ship agency services provided throughout the UK and property services regarding the provision of accommodation.

Research services encompass the provision of shipping-related information and publications.

All areas of the business work closely together to provide the best possible service to our clients. Occasionally revenue is shared between different segments to reflect relative contributions to a particular transaction. Internal arm's-length recharges are included within the appropriate segments.

Business segments

	Revenue		Results	
	2016 £m	2015 £m	**2016 £m**	2015 £m
Broking	**233.6**	239.5	**40.2**	49.1
Financial	**41.0**	28.7	**6.8**	1.2
Support	**17.8**	26.2	**2.1**	3.3
Research	**13.7**	11.1	**4.9**	3.4
	306.1	305.5		
Less: property services revenue arising within the Group, included under support	**–**	(3.7)		
Segment revenue/results	**306.1**	301.8	**54.0**	57.0
Head office costs			**(9.8)**	(7.5)
Operating profit before exceptional items and acquisition related costs			**44.2**	49.5
Exceptional items			**9.7**	(2.5)
Acquisition related costs			**(7.7)**	(15.1)
Operating profit after exceptional items and acquisition related costs			**46.2**	31.9
Finance revenue			**2.2**	2.5
Finance costs			**(1.0)**	(2.2)
Other finance costs – pensions			**(0.1)**	(0.4)
Profit before taxation			**47.3**	31.8
Taxation			**(9.4)**	(9.5)
Profit for the year			**37.9**	22.3

4 Segmental information continued

Business segments

	Assets		Liabilities	
	2016 £m	2015 £m	**2016 £m**	2015 £m
Broking	**355.6**	348.1	**98.8**	102.2
Financial	**166.3**	130.8	**20.9**	22.2
Support	**8.7**	38.8	**5.3**	6.3
Research	**17.4**	9.6	**4.5**	4.6
Segment assets/liabilities	**548.0**	527.3	**129.5**	135.3
Unallocated assets/liabilities	**53.4**	21.4	**65.2**	72.5
	601.4	548.7	**194.7**	207.8

Unallocated assets predominantly relate to head office cash balances, the pension scheme surplus and tax assets. Unallocated liabilities include the pension scheme deficit, tax liabilities and loan notes.

Business segments

	Non-current asset additions				Depreciation		Amortisation and impairment	
	Property, plant and equipment 2016 £m	**Intangible assets 2016 £m**	Property, plant and equipment 2015 £m	Intangible assets 2015 £m	**2016 £m**	2015 £m	**2016 £m**	2015 £m
Broking	**1.6**	**–**	4.8	148.6	**4.3**	1.6	**6.4**	8.8
Financial	**0.9**	**–**	0.2	105.9	**0.2**	0.3	**0.2**	0.4
Support	**0.6**	**–**	19.4	–	**0.5**	2.3	**–**	–
	3.1	**–**	24.4	254.5	**5.0**	4.2	**6.6**	9.2

Geographical segments – by origin of invoice

	Revenue	
	2016 £m	2015 £m
Europe, Middle East and Africa*	**240.1**	231.1
Americas	**26.0**	29.5
Asia Pacific	**40.0**	41.2
	306.1	301.8

Geographical segments – by location of assets

	Non-current assets**	
	2016 £m	2015 £m
Europe, Middle East and Africa*	**312.9**	277.0
Americas	**3.3**	2.8
Asia Pacific	**21.4**	18.4
	337.6	298.2

* Includes revenue for the UK of £148.4m (2015: £154.0m) and non-current assets for the UK of £87.6m (2015: £83.2m).

** Non-current assets exclude deferred tax assets.

5 Exceptional items

2016

Exceptional items include a gain of £9.7m on the sale of shares in The Baltic Exchange to SGX. A special final dividend from The Baltic Exchange of £1.4m, which was closely linked to the sale, was also treated as an exceptional item in 2016, although a £1.4m special dividend received in 2015 was included in underlying income in keeping with the treatment in previous years.

2015

During 2014, Clarkson PLC signed a 15 year lease on a new flagship head office at Commodity Quay, St. Katharine Docks, London, commencing on 29 September 2014. The lease for the previous head office, St. Magnus House, London expired in December 2015. The additional rent and associated costs in the year were £1.9m for Commodity Quay up to the relocation date, and £0.4m for St. Magnus House after relocation. An onerous lease provision of £0.3m for a property in Singapore was also treated as an exceptional item. Costs associated with the reorganisation of the enlarged Group post-acquisition totalling £1.2m were treated as exceptional, as they are non-recurring. The release of the unutilised portion of the dilapidation provision for St. Magnus House of £1.3m was also treated as exceptional other income.

6 Acquisition related costs

Included in acquisition related costs are cash and share-based payment charges of £0.4m (2015: £2.1m) relating to previous acquisitions. These are contingent on employees remaining in service and are therefore spread over the service period. Also included is £0.7m (2015: £0.7m) relating to the acquisition of the remaining non-controlling interest in Clarksons Platou Tankers AS. The charge consists of cash and share-based payment charges which are linked to future service of the employees and are therefore spread over a four year period.

Also included is £nil (2015: £3.1m) of legal and professional fees relating to the Platou and other acquisitions and £6.6m (2015: £9.2m) relating to amortisation of intangibles acquired as part of the Platou and other prior acquisitions. Interest on the loan notes issued as part of the Platou acquisition totalled £0.9m (2015: £1.1m).

7 Taxation

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

	2016 £m	2015 £m
Current tax		
Tax on profits for the year	**9.5**	9.1
Adjustments in respect of prior years	**(1.0)**	0.5
	8.5	9.6
Deferred tax		
Origination and reversal of temporary differences	**0.7**	0.1
Impact of change in tax rates	**0.2**	(0.2)
	0.9	(0.1)
Total tax charge in the income statement	**9.4**	9.5

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

		2016 £m	2015 £m
Current tax			
Employee benefits	– on pension benefits	**(0.4)**	(0.4)
	– other employee benefits	**(1.5)**	(0.7)
Other items in equity		**0.1**	0.1
		(1.8)	(1.0)
Deferred tax			
Employee benefits	– on pension benefits	**1.0**	2.3
	– other employee benefits	**1.2**	–
Foreign currency hedge		**(0.9)**	(0.3)
		1.3	2.0
Total tax (credit)/charge in the statement of changes in equity		**(0.5)**	1.0

7 Taxation continued

Reconciliation of tax charge

The tax charge in the income statement for the year is lower (2015: higher) than the average standard rate of corporation tax in the UK of 20.00% (2015: 20.25%). The differences are reconciled below:

	2016 £m	2015 £m
Profit before taxation	47.3	31.8
Profit at UK average standard rate of corporation tax of 20.00% (2015: 20.25%)	9.5	6.4
Effects of:		
Expenses not deductible for tax purposes	1.6	2.8
Non-taxable income	(2.3)	(0.3)
Lower tax rates on overseas earnings	(0.4)	(0.1)
Tax losses not recognised	1.3	–
Adjustments relating to prior year	(0.7)	0.5
Adjustments relating to changes in tax rates	0.2	0.4
Other adjustments	0.2	(0.2)
Total tax charge in the income statement	9.4	9.5

Deferred tax

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

		2016 £m	2015 £m
Employee benefits	– on pension benefits	0.1	0.9
	– other employee benefits	1.4	0.1
Tax losses recognised		(0.6)	0.5
In relation to earnings of overseas subsidiaries		0.2	–
Intangible assets recognised on acquisition		(1.5)	(2.4)
Other temporary differences		1.3	0.8
Deferred tax charge/(credit) in the income statement		0.9	(0.1)

Deferred tax included in the balance sheet is as follows:

		2016 £m	2015 £m
Deferred tax asset			
Employee benefits	– on pension benefit liability	0.8	0.7
	– other employee benefits	8.9	10.6
Tax losses		1.0	–
Foreign currency contracts		1.2	0.3
Other temporary differences		0.9	0.9
		12.8	12.5
Deferred tax liability			
Employee benefits	– on pension benefit asset	(1.2)	–
In relation to earnings of overseas subsidiaries		(1.3)	(1.1)
Intangible assets recognised on acquisition		(1.4)	(2.6)
Other temporary differences		(1.8)	(0.4)
		(5.7)	(4.1)

Included in the above are deferred tax assets of £4.4m (2015: £4.3m) and deferred tax liabilities of £0.8m (2015: £1.3m) which are due within one year. Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable.

All deferred tax movements arise from the origination and reversal of temporary differences. The Group did not recognise a deferred tax asset of £4.4m (2015: £1.4m) in respect of unused tax losses, which have no expiry date.

8 Earnings per share

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

Diluted earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Parent Company 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:

	2016 £m	2015 £m
Profit for the year attributable to ordinary equity holders of the Parent Company	35.7	19.7

	2016	2015
Weighted average number of ordinary shares (excluding share purchase trusts' shares) for basic earnings per share	29,862,508	28,952,917
Dilutive effect of share options	269,262	330,362
Dilutive effect of acquisition related shares	795	870
Weighted average number of ordinary shares (excluding share purchase trusts' shares) adjusted for the effect of dilution	30,132,565	29,284,149

The share awards relating to Directors, where the performance conditions have not yet been met at the balance sheet date, are not included in the above numbers. The weighted average number of these shares was 136,634 (2015: 99,533).

9 Dividends

	2016 £m	2015 £m
Declared and paid during the year:		
Final dividend for 2015 of 40p per share (2014: 39p per share)	11.9	11.7
Interim dividend for 2016 of 22p per share (2015: 22p per share)	6.6	6.5
Dividend paid	18.5	18.2
Proposed for approval at the AGM (not recognised as a liability at 31 December): Final dividend for 2016 proposed of 43p per share (2015: 40p per share)	12.9	11.9

10 Property, plant and equipment

31 December 2016

	Freehold and long leasehold properties £m	Leasehold improvements £m	Office furniture and equipment £m	Motor vehicles £m	Total £m
Original cost					
At 1 January 2016	7.6	17.1	15.1	1.1	40.9
Additions	–	0.7	2.1	0.3	3.1
Disposals	–	(0.2)	(0.5)	(0.3)	(1.0)
Reclassified to investment property	(0.5)	–	–	–	(0.5)
Foreign exchange differences	0.6	0.5	1.3	–	2.4
At 31 December 2016	7.7	18.1	18.0	1.1	44.9
Accumulated depreciation					
At 1 January 2016	1.1	1.9	6.6	0.5	10.1
Charged during the year	0.2	1.4	3.0	0.3	4.9
Disposals	–	(0.1)	(0.4)	(0.2)	(0.7)
Reclassified to investment property	(0.4)	–	–	–	(0.4)
Foreign exchange differences	0.1	0.2	0.7	–	1.0
At 31 December 2016	1.0	3.4	9.9	0.6	14.9
Net book value at 31 December 2016	6.7	14.7	8.1	0.5	30.0

During the year a property in Dubai was reclassified as an investment property.

31 December 2015

	Freehold and long leasehold properties £m	Leasehold improvements £m	Office furniture and equipment £m	Motor vehicles £m	Total £m
Original cost					
At 1 January 2015	4.8	1.9	19.8	1.1	27.6
Additions	2.6	14.9	6.7	0.2	24.4
Arising on acquisitions	0.3	0.9	2.1	0.1	3.4
Disposals	(0.1)	(0.7)	(13.4)	(0.3)	(14.5)
Foreign exchange differences	–	0.1	(0.1)	–	–
At 31 December 2015	7.6	17.1	15.1	1.1	40.9
Accumulated depreciation					
At 1 January 2015	1.2	1.3	16.9	0.5	19.9
Charged during the year	–	1.1	2.8	0.3	4.2
Disposals	–	(0.7)	(13.4)	(0.3)	(14.4)
Foreign exchange differences	(0.1)	0.2	0.3	–	0.4
At 31 December 2015	1.1	1.9	6.6	0.5	10.1
Net book value at 31 December 2015	6.5	15.2	8.5	0.6	30.8

Included within additions are amounts relating to the office moves in London, Oslo and Singapore.

11 Investment property

	2016 £m	2015 £m
Cost		
At 1 January	1.5	0.6
Reclassified from property, plant and equipment	0.5	0.9
At 31 December	2.0	1.5
Accumulated depreciation		
At 1 January	0.3	0.3
Charged during the year	0.1	–
Reclassified from property, plant and equipment	0.4	–
At 31 December	0.8	0.3
Net book value at 31 December	1.2	1.2

The fair value of the investment properties at 31 December 2016 was £1.9m (2015: £1.4m). This was based on valuations from independent valuers who have the appropriate professional qualifications and recent experience of valuing properties in the location and of the type being valued.

12 Intangible assets

31 December 2016

	Goodwill £m	Other intangible assets £m	Total £m
Cost			
At 1 January 2016	264.0	28.3	292.3
Foreign exchange differences	42.6	3.2	45.8
At 31 December 2016	306.6	31.5	338.1
Accumulated amortisation and impairment			
At 1 January 2016	12.3	16.8	29.1
Charged during the year	–	6.6	6.6
Foreign exchange differences	0.1	1.8	1.9
At 31 December 2016	12.4	25.2	37.6
Net book value at 31 December 2016	294.2	6.3	300.5

None of the intangible assets are internally generated. The intangible assets have a remaining amortisation period of between one and three years.

Goodwill and other intangible assets are held in the currency of the businesses acquired and are subject to foreign exchange retranslations to the closing rate at each year-end.

12 Intangible assets continued

31 December 2015

	Goodwill £m	Other intangible assets £m	Total £m
Cost			
At 1 January 2015	52.7	7.8	60.5
Additions	232.6	21.9	254.5
Foreign exchange differences	(21.3)	(1.4)	(22.7)
At 31 December 2015	264.0	28.3	292.3
Accumulated amortisation and impairment			
At 1 January 2015	12.3	7.8	20.1
Charged during the year	–	9.2	9.2
Impairment	–	(0.2)	(0.2)
At 31 December 2015	12.3	16.8	29.1
Net book value at 31 December 2015	251.7	11.5	263.2

None of the intangible assets are internally generated.

Included within other intangible assets are £11.5m relating to customer relationships, forward order book and trade name which were identified as part of the Platou acquisition.

Business combinations
2016

There were no material business combinations in 2016.

2015

On 2 February 2015, Clarkson PLC acquired 100% of the share capital of RS Platou ASA (Platou), which subsequently changed its name to Clarksons Platou AS.

The fair value of the consideration was £249.9m, of which £23.5m was paid in cash, £179.9m being the fair value of ordinary shares issued (based on the Clarkson PLC share price on the acquisition date) and £46.5m comprised loan notes.

Further information on the Platou acquisition, including details of the consideration paid, the fair value of the assets acquired and the liabilities assumed, can be found on pages 88 and 89 of the 2015 annual report.

13 Impairment testing of goodwill

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

The carrying amount of goodwill acquired through business combinations is as follows:

	2016 £m	2015 £m
Dry cargo chartering	12.0	12.0
Container chartering	1.8	1.8
Tankers chartering	11.8	9.6
Specialised chartering	12.2	12.2
Gas chartering	2.7	2.7
Sale and purchase broking	50.7	42.0
Offshore broking	81.8	71.4
Securities	115.0	93.8
Port and agency services	2.9	2.9
Research services	3.3	3.3
	294.2	251.7

The movement in the aggregate carrying value is analysed in more detail in note 12.

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

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

The key assumptions used for value-in-use calculations are as follows:

- the pre-tax discount rate for the chartering and broking CGUs is 8.9% (2015: 12.0%), port and agency services is 8.9% (2015: 12.0%), research services is 8.9% (2015: 12.0%) and for securities is 9.2% (2015: 11.0%). As all broking and chartering CGUs have operations that are global in nature and similar risk profiles, the same discount rate has been used;
- these discount rates are based on the Group's weighted average cost of capital (WACC) and adjusted for CGU-specific risk factors. The Group's WACC is a function of the Group's cost of equity, derived using a Capital Asset Pricing Model (CAPM). The cost of equity includes a number of variables to reflect the inherent risk of the business being evaluated. In 2015, the Group's WACC was adjusted to reflect the relative uncertainty of the projected cash flows of the recently acquired Platou group. In 2016, however, there was much more certainty in the calculations of the future cash flows, as the Platou group was fully integrated with the wider Group, and therefore an additional risk factor was not required; and
- the cash flow predictions are based on financial budgets and strategic plans approved by the Board, extrapolated over a five year period. These are based on both past performance and expectations for future market development and take into account the cyclicality of the business in which the CGU operates. Cash flows beyond the five year period are extrapolated in perpetuity using a conservative growth rate of 1.7% (2015: 1.7%) across all CGUs.

The results of the Directors' review of goodwill, including sensitivity analyses for reasonable changes in assumptions, still indicate remaining headroom. Accordingly, no reasonably possible change is foreseen which gives rise to an impairment of goodwill.

In light of global macro-economic and geo-political uncertainty, the Board keeps the carrying value of goodwill under constant review. In the event that any of the markets in which we operate has a sustained downturn, an impairment of the relevant CGU's goodwill may be required.

14 Trade and other receivables

	2016 £m	2015 £m
Non-current		
Other receivables	1.8	1.1
Current		
Trade receivables	42.7	49.8
Other receivables	6.2	6.1
Prepayments and accrued income	7.8	5.4
	56.7	61.3

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

As at 31 December 2016, Group trade receivables at nominal value of £15.5m (2015: £12.3m) were impaired and fully provided for. The amount of the provision equates to the total amount of impaired debt. The provision is based on experience and ongoing market information about the credit-worthiness of counterparties.

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

	2016 £m	2015 £m
At 1 January	12.3	9.9
Arising on acquisition	–	2.1
Provision release	(5.5)	(4.3)
Written off	(2.9)	(2.4)
New provision	9.2	6.4
Foreign exchange differences	2.4	0.6
At 31 December	15.5	12.3

The other classes within trade and other receivables do not include any impaired items.

As at 31 December, the ageing analysis of trade receivables is as follows:

	2016 £m	2015 £m
Neither past due nor impaired	38.1	43.9
Past due not impaired > 90 days	4.6	5.9
	42.7	49.8

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2016 £m	2015 £m
US Dollar	28.2	32.4
Sterling	6.3	10.0
Norwegian Krone	7.5	6.6
Other currencies	0.7	0.8
	42.7	49.8

15 Investments

	2016 £m	2015 £m
Non-current		
Available-for-sale financial assets	4.1	1.9
Current		
Funds on deposit	29.4	5.4
Available-for-sale financial assets	0.3	0.2
Held for trading investments	0.1	0.1
	29.8	5.7

The movement in non-current available-for-sale financial assets in the year comprises the addition of a minority investment in CargoMetrics Technologies LLC of £3.8m and the disposal of The Baltic Exchange shares of £1.6m.

The Group held £19.4m (2015: £5.4m) in a deposit with a 95 day notice period. The Group also held £10.0m (2015: £nil) in a deposit with a maturity of six months at the year-end. These deposits are held with an A-rated financial institution.

Available-for-sale financial assets consist of investments in unlisted ordinary shares and are shown at cost. There are no reasonable pricing alternatives to be able to give a range of fair value to these assets.

16 Inventories

	2016 £m	2015 £m
Finished goods	0.7	0.9

The cost of inventories recognised as an expense and included in cost of sales amounted to £5.0m (2015: £7.0m).

17 Cash and cash equivalents

	2016 £m	2015 £m
Cash at bank and in hand	147.7	161.3
Short-term deposits	6.3	7.1
	154.0	168.4

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents is £154.0m (2015: £168.4m).

Included in cash at bank and in hand is £1.3m (2015: £1.8m) of restricted funds relating to employee tax.

18 Interest-bearing loans and borrowings

	2016 £m	2015 £m
Current		
Loan notes	23.6	23.1
Non-current		
Loan notes	–	23.0

Interest-bearing loans and borrowings comprise the vendor loan notes issued as part of the consideration for the Platou acquisition. Interest is charged at 12 month sterling LIBOR plus 1.25%. Half the loan notes were repaid on 30 June 2016, the balance is repayable on 30 June 2017.

19 Trade and other payables

	2016 £m	2015 £m
Current		
Trade payables	24.3	24.8
Other payables	6.9	8.4
Other tax and social security	2.7	2.8
Deferred consideration	0.9	0.3
Foreign currency contracts	4.2	1.2
Accruals and deferred income	103.3	101.8
	142.3	139.3
Non-current		
Other payables	9.3	7.4
Deferred consideration	–	0.5
Foreign currency contracts	2.0	0.2
	11.3	8.1

Terms and conditions of the financial liabilities:

- trade payables are non-interest bearing and are normally settled on demand; and
- other payables are non-interest bearing and are normally settled on demand.

20 Provisions

	2016 £m	2015 £m
Current		
At 1 January	0.2	3.0
Arising during the year	–	0.2
Utilised during the year	(0.2)	(1.7)
Released during the year	–	(1.3)
At 31 December	–	0.2
Non-current		
At 1 January	–	–
Arising during the year	0.1	–
At 31 December	0.1	–

Provisions have been recognised for the dilapidation of various leasehold premises which will be utilised on cessation of the lease between one and four years.

During the year, an onerous lease provision was utilised.

During 2015, the St. Magnus House dilapidation provision and onerous lease were utilised with the excess released to the income statement. This release was treated as an exceptional item as set out in note 5.

21 Share-based payment plans

	2016 £m	2015 £m
Expense arising from equity-settled share-based payment transactions	1.3	1.6

The share-based payment plans are described below. There have been no cancellations or modifications to any of the plans during 2016 or 2015.

Share options

Long term incentive awards

Details of the long term incentive awards are included in the Directors' remuneration report on page 60. Awards made to the Directors are given in the Directors' remuneration report on page 67. The fair value of the element of these awards, which have a TSR performance condition, was valued using a Stochastic model. All other elements of the awards were valued using a Black-Scholes model.

ShareSave scheme

The ShareSave scheme is approved by HMRC and enables eligible employees to acquire options over ordinary shares of the Company at a discount. The fair value of these awards was valued using the Black-Scholes model.

Other options

These options were granted in 2007 to senior executives where the performance conditions have since been met. The fair value of the element of these awards, which have a TSR performance condition, was valued using a Stochastic model. All other elements of the awards were valued using a Black-Scholes model.

Movements in the year

The following table illustrates the number of, and movements in, share options during the year:

	Outstanding at 1 January 2016	Granted in year	Lapsed in year	Exercised in year	Outstanding at 31 December 2016	Exercisable at 31 December 2016	Weighted average contractual life Years
Long term incentive awards[1]	398,907	83,183	(39,099)	(299,374)	143,617	–	8.25
2013 ShareSave[2]	16,135	–	(1,380)	(14,755)	–	–	–
2014 ShareSave[3]	36,715	–	(11,310)	–	25,405	–	1.00
2015 ShareSave[4]	132,597	–	(28,433)	–	104,164	–	2.00
2016 ShareSave[5]	–	64,888	(1,779)	–	63,109	–	3.33
Other options[6]	40,000	–	–	(25,000)	15,000	15,000	0.81
	624,354	148,071	(82,001)	(339,129)	351,295	15,000	

The weighted average share price at the date of exercise was £19.89 in relation to the long term incentive awards, £20.56 for the 2013 ShareSave options and £19.92 for the Other options.

There is one exercise price for each type of share option award, as follows: 1 £nil, 2 £13.03, 3 £21.11, 4 £18.12, 5 £17.19, 6 £9.91.

	Outstanding at 1 January 2015	Granted in year	Lapsed in year	Exercised in year	Outstanding at 31 December 2015	Exercisable at 31 December 2015	Weighted average contractual life Years
Long term incentive awards[1]	367,900	53,451	(22,444)	–	398,907	247,005	6.28
2012 ShareSave[2]	119,745	–	(1,427)	(118,318)	–	–	–
2013 ShareSave[3]	17,626	–	(1,491)	–	16,135	–	1.00
2014 ShareSave[4]	78,215	–	(41,347)	(153)	36,715	–	2.00
2015 ShareSave[5]	–	138,229	(5,632)	–	132,597	–	3.00
Other options[6]	40,000	–	–	–	40,000	40,000	1.82
	623,486	191,680	(72,341)	(118,471)	624,354	287,005	

The weighted average share price at the date of exercise was £23.90 in relation to the 2012 ShareSave options and £23.71 for the 2014 ShareSave options.

There is one exercise price for each type of share option award, as follows: 1 £nil, 2 £10.82, 3 £13.03, 4 £21.11, 5 £18.12, 6 £9.91.

21 Share-based payment plans continued

Significant inputs

The inputs into the models used to value options granted in the period fell within the following ranges:

	2016	2015
Share price at date of grant (£)	19.75 – 22.21	22.16 – 23.07
Exercise price (£)	0.00 – 17.19	0.00 – 18.12
Expected term (years)	3.0 – 3.3	3.0 – 3.3
Risk-free interest rate (%)	0.3 – 0.4	0.7 – 0.9
Expected dividend yield (%)	0.0 – 3.1	0.0 – 2.6
Expected volatility (%)	33.4 – 34.6	25.4 – 26.2

Other employee incentives

During the year, 284,509 shares (2015: 439,648 shares) at a weighted average price of £22.53 (2015: £22.45) were awarded to employees in settlement of 2015 (2014) cash bonuses. There was no expense in 2016 as a result of these awards.

The fair value of the above shares was determined based on the market price at the date of grant.

As part of previous acquisitions, certain elements of consideration are payable in the form of shares in Clarkson PLC. Where these are contingent on the employees remaining in service, the cost of these shares are charged to the consolidated income statement over the service period. The 2016 charge in relation to such awards is £0.4m (2015: £0.5m).

22 Employee benefits

The Group's three defined benefit pension schemes are in the UK and all financial information provided in this note relates to the sum of the three separate schemes.

The Group operates three defined benefit pension schemes, being the Clarkson PLC scheme, the Plowrights scheme and the Stewarts scheme, which are funded by the payment of contributions to separate trusts administered by Trustees who are required to act in the best interests of the schemes' beneficiaries. The schemes' assets are invested in a range of pooled pension investment funds managed by professional fund managers.

Defined benefit pension arrangements give rise to open ended commitments and liabilities for the sponsoring company. As a consequence, the Company closed its original defined benefit section of the Clarkson PLC scheme to new entrants on 31 March 2004. This section was closed to further accrual for all existing members as from 31 March 2006. The Plowrights scheme was closed to further accrual from 1 January 2006. The Stewarts scheme was closed to further accrual on 1 January 2004.

Every three years, a pension scheme must obtain from an actuary a report containing a valuation and a recommendation on rates of contribution. Triennial valuations for all the schemes have been prepared.

The valuation of the Clarkson PLC scheme showed a pension surplus of £3.6m as at 31 March 2016. Clarkson PLC and the Trustees agreed to cease funding with effect from 1 October 2016.

The valuation of the Plowrights scheme showed a pension deficit of £1.2m as at 31 March 2016. Clarkson PLC and the Trustees agreed to continue the funding plan, at the rate of £0.9m per annum, until 30 September 2017.

The valuation of the Stewarts scheme showed a pension deficit of £2.1m as at 1 September 2015. Clarksons Platou (Offshore) Limited have agreed with the Trustees to pay contributions to remove the deficit over a period of seven years from 1 September 2015 at the rate of £0.4m per annum until 31 October 2016 and £0.3m per annum thereafter.

The Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The scheme liabilities are calculated using a discount rate set with reference to corporate bond yields; if scheme assets underperform this yield, this will create a deficit. All schemes hold a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

Changes in bond yields

A decrease in corporate bond yields will increase scheme liabilities, although this will be partially offset by an increase in the value of the schemes' bond holdings.

Inflation risk

Some of the Group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities. The majority of the schemes' assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy

The majority of the schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the schemes' liabilities.

Other pension arrangements

Overseas defined contribution arrangements have been determined in accordance with local practice and regulations.

The Group also operates various other defined contribution pension arrangements. Where required, the Group also makes contributions into these schemes.

The Group incurs no material expenses in the provision of post-retirement benefits other than pensions.

The following tables summarise amounts recognised in the consolidated balance sheet and the components of net benefit charge recognised in the consolidated income statement:

Recognised in the balance sheet

	2016 £m	2015 £m
Fair value of schemes' assets	200.5	170.1
Present value of funded defined benefit obligations	(194.1)	(172.8)
	6.4	(2.7)
Minimum funding requirement in relation to the Plowrights scheme	(4.1)	(1.4)
Net benefit asset/(liability) recognised in the balance sheet	**2.3**	(4.1)

The net benefit asset/(liability) disclosed above is the combined total of the three schemes. The Clarkson PLC scheme has a surplus of £7.5m (2015: £0.6m deficit), the Plowrights scheme has a deficit of £0.6m (2015: £0.9m) and the Stewarts scheme has a deficit of £4.6m (2015: £2.6m). As there is no right of set-off between the schemes, the benefit asset of £7.5m (2015: £nil) is disclosed separately on the balance sheet from the benefit liability of £5.2m (2015: £4.1m).

A deferred tax asset on the benefit liability amounting to £0.8m (2015: £0.7m) and a deferred tax liability on the benefit asset of £1.2m (2015: £nil) is shown in note 7.

Recognised in the income statement

	2016 £m	2015 £m
Recognised in other finance costs – pensions:		
Expected return on schemes' assets	6.4	5.8
Interest cost on benefit obligation and minimum funding requirement	(6.5)	(6.2)
Recognised in administrative expenses:		
Scheme administrative expenses	(0.2)	(0.2)
Net benefit charge recognised in the income statement	**(0.3)**	(0.6)

Recognised in the statement of comprehensive income

	2016 £m	2015 £m
Actual return on schemes' assets	36.2	3.3
Less: expected return on schemes' assets	(6.4)	(5.8)
Actuarial gain/(loss) on schemes' assets	29.8	(2.5)
Actuarial (loss)/gain on defined benefit obligations	(22.6)	13.0
Actuarial gain recognised in the statement of comprehensive income	7.2	10.5
Tax charge on actuarial gain	(1.6)	(2.2)
Minimum funding requirement in relation to the Plowrights scheme	(2.6)	(1.4)
Tax credit on minimum funding requirement	1.0	0.3
Net actuarial gain on employee benefit obligations	**4.0**	7.2
Cumulative amount of actuarial losses recognised in the statement of comprehensive income	**(8.8)**	(16.0)

22 Employee benefits continued

Schemes' assets

	2016 %	2016 £m	2015 %	2015 £m
Equities*	**47.5**	**95.1**	48.9	83.2
Government bonds*	**31.8**	**63.7**	32.1	54.6
Corporate bonds*	**13.3**	**26.8**	12.7	21.6
Property	**3.5**	**7.0**	4.2	7.1
Cash and other assets	**3.9**	**7.9**	2.1	3.6
	100.0	**200.5**	100.0	170.1

* Based on quoted market prices.

Net defined benefit asset/(liability)

Changes in the fair value of the net defined benefit asset/(liability) are as follows:

31 December 2016

	Present value of obligation £m	Fair value of plan assets £m	Total £m	Impact of minimum funding requirement £m	Total £m
At 1 January 2016	**(172.8)**	**170.1**	**(2.7)**	**(1.4)**	**(4.1)**
Expected return on assets	**–**	**6.4**	**6.4**	**–**	**6.4**
Interest costs	**(6.4)**	**–**	**(6.4)**	**(0.1)**	**(6.5)**
Contributions	**–**	**2.1**	**2.1**	**–**	**2.1**
Administrative expenses	**–**	**(0.2)**	**(0.2)**	**–**	**(0.2)**
Benefits paid	**7.7**	**(7.7)**	**–**	**–**	**–**
Actuarial (loss)/gain	**(22.6)**	**29.8**	**7.2**	**(2.6)**	**4.6**
At 31 December 2016	**(194.1)**	**200.5**	**6.4**	**(4.1)**	**2.3**

31 December 2015

	Present value of obligation £m	Fair value of plan assets £m	Total £m	Impact of minimum funding requirement £m	Total £m
At 1 January 2015	(173.3)	163.0	(10.3)	–	(10.3)
Acquired on acquisition	(14.5)	9.8	(4.7)	–	(4.7)
Expected return on assets	–	5.8	5.8	–	5.8
Interest costs	(6.2)	–	(6.2)	–	(6.2)
Contributions	–	2.3	2.3	–	2.3
Administrative expenses	–	(0.2)	(0.2)	–	(0.2)
Insurance income for insured pensioners	–	0.1	0.1	–	0.1
Benefits paid	8.2	(8.2)	–	–	–
Actuarial gain/(loss)	13.0	(2.5)	10.5	(1.4)	9.1
At 31 December 2015	(172.8)	170.1	(2.7)	(1.4)	(4.1)

The Group expects, based on the valuations and funding requirements including expenses, to contribute £1.4m to its defined benefit pension schemes in 2017 (2016: £2.2m).

The principal valuation assumptions are as follows:

	2016 %	2015 %
Rate of increase in pensions in payment	**3.2 – 7.0**	2.8 – 7.0
Price inflation (RPI)	**3.3**	3.2
Price inflation (CPI)	**2.3**	2.2
Discount rate for scheme liabilities	**2.7**	3.8

The mortality assumptions used to assess the defined benefit obligation at 31 December 2016 is based on the 'SAPS Light' standard mortality tables published by the actuarial profession in 2014 (31 December 2015: 'SAPS Light' tables published in 2008). These tables have been adjusted to allow for anticipated future improvements in life expectancy using the standard projection model published in 2015 (31 December 2015: projection models published between 2011 and 2013). Examples of the assumed future life expectancy are given in the table below:

		Additional years 2016	2015
Post-retirement life expectancy on retirement at age 65:			
Pensioners retiring in the year	– male	22.0 to 23.1	24.4
	– female	24.0 to 24.3	25.6
Pensioners retiring in 20 years' time	– male	23.5 to 24.5	26.2
	– female	25.6 to 25.8	27.5

Experience adjustments

	2016 £m	2015 £m
Experience gain/(loss) on schemes' assets	29.8	(2.5)
Gain/(loss) on schemes' liabilities due to changes in demographic assumptions	14.1	–
(Loss)/gain on schemes' liabilities due to changes in financial assumptions	(40.6)	12.5
Experience gains on schemes' liabilities	3.9	0.5
Loss on minimum funding requirement	(2.6)	(1.4)
Total actuarial gain	4.6	9.1

Sensitivities

The table below provides information on the sensitivity of the defined benefit obligation to changes to the most significant actuarial assumptions. The table shows the impact of changes to each assumption in isolation although, in practice, changes to assumptions may occur at the same time and can either offset or compound the overall impact on the defined benefit obligation. These sensitivities have been calculated using the same methodology as used for the main calculations. The weighted average duration of the defined obligation is 17 years.

	Change in assumption	Change in defined benefit obligation
Discount rate for scheme liabilities	+0.25%	-4.0%
	-0.25%	+4.3%
Price inflation (RPI)	+0.25%	+2.5%
	-0.25%	-2.9%

An increase of one year in the assumed life expectancy for both males and females would increase the defined benefit obligation by 3.9% (2015: 4.1%).

23 Share capital

Ordinary shares of 25p each, issued and fully paid:	2016 Number	2015 Number	2016 £m	2015 £m
At 1 January	30,231,767	20,598,389	7.6	5.2
Additions	1,412	9,633,378	–	2.4
At 31 December	30,233,179	30,231,767	7.6	7.6

In 2016 the Company issued 1,412 shares in relation to the 2012 ShareSave scheme (2015: 115,009 shares). The difference between the exercise price of £10.82 and the nominal value of £0.25 has been taken to the share premium account, see note 24.

On 2 February 2015, the Company issued 9,518,369 shares at a nominal value of £2.4m as part of the acquisition of Platou, refer to note 12.

Shares held by employee trusts

The trustees have waived their right to dividends on the unallocated shares held in the employee share trust.

24 Other reserves

31 December 2016

	Share premium £m	ESOP reserve £m	Employee benefits reserve £m	Capital redemption reserve £m	Hedging reserve £m	Merger reserve £m	Currency translation reserve £m	Total £m
At 1 January 2016	29.0	(4.3)	4.1	2.0	(1.1)	177.5	(13.0)	194.2
Total comprehensive (loss)/income	–	–	–	–	(3.9)	–	50.0	46.1
Share issues	0.1	–	–	–	–	–	–	0.1
Employee share schemes:								
Share-based payments expense	–	–	1.2	–	–	–	–	1.2
Transfer to profit and loss on vesting	–	6.1	(2.8)	–	–	–	–	3.3
Net ESOP shares acquired	–	(4.8)	–	–	–	–	–	(4.8)
Total employee share schemes	–	1.3	(1.6)	–	–	–	–	(0.3)
At 31 December 2016	**29.1**	**(3.0)**	**2.5**	**2.0**	**(5.0)**	**177.5**	**37.0**	**240.1**

31 December 2015

	Share premium £m	ESOP reserve £m	Employee benefits reserve £m	Capital redemption reserve £m	Hedging reserve £m	Merger reserve £m	Currency translation reserve £m	Total £m
At 1 January 2015	27.8	(5.4)	4.6	2.0	–	–	6.5	35.5
Total comprehensive loss	–	–	–	–	(1.1)	–	(19.5)	(20.6)
Share issues	1.2	–	–	–	–	177.5	–	178.7
Employee share schemes:								
Share-based payments expense	–	–	1.6	–	–	–	–	1.6
Transfer to profit and loss on vesting	–	0.7	(2.1)	–	–	–	–	(1.4)
Net ESOP shares utilised	–	0.4	–	–	–	–	–	0.4
Total employee share schemes	–	1.1	(0.5)	–	–	–	–	0.6
At 31 December 2015	29.0	(4.3)	4.1	2.0	(1.1)	177.5	(13.0)	194.2

Nature and purpose of other reserves

ESOP reserve

The ESOP reserve in the Group represents 159,676 shares (2015: 280,106 shares) held by the share purchase trusts to meet obligations under various incentive schemes. The shares are stated at cost. The market value of these shares at 31 December 2016 was £3.5m (2015: £6.3m). At 31 December 2016 none of these shares were under option (2015: none). During the year the share purchase trusts acquired 535,238 shares at a weighted average price of £20.23 (2015: 481,514 shares at £22.93).

Employee benefits reserve

The employee benefits reserve is used to record the value of equity-settled share-based payments provided to employees. Further details are included in note 21.

Capital redemption reserve

The capital redemption reserve arose on previous share buy-backs by Clarkson PLC.

Hedging reserve

The hedging reserve comprises the effective portion of the fair value of cash flow hedging instruments relating to hedged transactions that have not yet occurred.

Currency translation reserve

The currency translation reserve represents the currency translation differences arising from the consolidation of foreign operations.

Merger reserve

This comprises the premium on the share placing in November 2014 and the shares issued in February 2015 as part of the Platou acquisition. No share premium is recorded in the financial statements, through the operation of the merger relief provisions of the Companies Act 2006.

25 Financial commitments and contingencies

Operating lease commitments

The Group has entered into commercial leases in relation to land and buildings and other assets on the basis that it is not in the Group's best interests to purchase these assets. The leases expire within one and 12 years and have varying terms, escalation clauses and renewal rights. Renewals are at the option of the specific entity that holds the lease. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	2016 £m	2015 £m
Within one year	9.1	6.9
After one year but not more than five years	39.4	36.0
After five years	53.4	55.1
	101.9	98.0

The Group has sublet space in certain properties. The future minimum sublease payments expected to be received under non-cancellable sublease agreements as at 31 December 2016 is £1.2m (2015: £1.2m).

Contingencies

The Group has given no financial commitments to suppliers (2015: none).

The Group has given no guarantees (2015: none).

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

The Group also maintained throughout the financial year directors' and officers' liability insurance in respect of its Directors.

26 Financial risk management objectives and policies

The Group's principal financial liabilities comprise loan notes, trade and other payables and accruals. The Group's principal financial assets are trade receivables, current asset investments and cash and cash equivalents and short-term deposits, which arise directly from its operations.

The Group has not entered into derivative transactions other than the forward currency contracts explained later in this section. It is, and has been throughout 2016 and 2015, the Group's policy that no trading in derivatives shall be undertaken for speculative purposes.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and foreign exchange risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Credit risk

The Group seeks to trade only with recognised, creditworthy third parties. Receivable balances are monitored on an ongoing basis and any potential bad debts identified at an early stage. The maximum exposure is the carrying amounts as disclosed in note 14; based on experience and ongoing market information about the creditworthiness of counterparties, we reasonably expect to collect all amounts unimpaired. There are no significant concentrations of credit risk within the Group.

With respect to credit risk arising from cash and cash equivalents and deposits held as current investments, the financial institutions used are closely monitored by the Group treasury function to ensure they are held with creditworthy institutions and to ensure there is no over-exposure to any one institution.

For all financial assets held, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

26 Financial risk management objectives and policies continued

Liquidity risk

Cash flow forecasting is performed at an entity level and also consolidated at a Group level. This is to ensure there is sufficient cash to meet operational requirements and any regulatory requirements where applicable.

The tables below summarise the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted payments.

31 December 2016

	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	Total £m
Interest-bearing loans and borrowings	–	–	23.9	–	23.9
Trade and other payables	31.2	–	–	9.3	40.5
Deferred consideration	–	–	0.9	–	0.9
Provisions	–	–	–	0.1	0.1
	31.2	–	24.8	9.4	65.4

31 December 2015

	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	Total £m
Interest-bearing loans and borrowings	–	–	23.4	23.9	47.3
Trade and other payables	33.2	–	–	7.4	40.6
Deferred consideration	–	0.3	–	0.5	0.8
Provisions	–	–	0.2	–	0.2
	33.2	0.3	23.6	31.8	88.9

Foreign exchange risk

The Group has transactional currency exposures arising from revenues and expenses in currencies other than its functional currency, which can significantly impact results and cash flows. The Group's revenue is mainly denominated in US dollars and the majority of expenses are denominated in local currencies. The Group also has balance sheet exposures, either at the local entity level where monetary assets and liabilities are held in currencies other than the functional currency, and at a group level on the retranslation of non-sterling balances into the Group's functional currency.

Our aim is to manage this risk by reducing the impact of any fluctuations. The Group hedges currency exposure through forward sales of US dollar revenues. We also sell US dollars on the spot market to meet local currency expenditure requirements. We also continually assess rates of exchange, non-sterling balances and asset exposures by currency.

The Group is most sensitive to changes in the US dollar and Norwegian Krone exchange rates. The following table demonstrates the sensitivity to a reasonably possible change in these rates, with all other variables held constant, of the Group's profit before taxation and equity.

			US$		NOK
	Strengthening/ (weakening) in rate	Effect on profit before taxation £m	Effect on equity £m	Effect on profit before taxation £m	Effect on equity £m
2016	5%	2.6	0.5	1.1	1.1
	(5%)	(2.3)	(0.5)	(1.0)	(1.0)
2015	5%	1.6	1.7	0.7	0.7
	(5%)	(1.5)	(1.5)	(0.6)	(0.6)

Derivative financial instruments

It is the Group's policy to cover or hedge a proportion of its transactional US dollar exposures with foreign currency contracts. Where these are designated and documented as hedging instruments in the context of IAS 39 and are demonstrated to be effective, mark-to-market gains and losses are recognised directly in equity (see note 24) and transferred to the income statement upon receipt of cash and conversion to sterling of the underlying item being hedged.

The fair value of foreign currency contracts at 31 December are as follows:

	Liabilities 2016 £m	2015 £m
Foreign currency contracts	6.2	1.4

At 31 December 2016 the Group had US$60m outstanding forward contracts due for settlement in 2017, 2018 and 2019 (2015: US$110m for settlement in 2016, 2017 and 2018).

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Total capital is calculated as equity as shown in the consolidated balance sheet.

The Group manages its capital structure, and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 31 December 2016 and 31 December 2015. These financial statements are prepared on the going concern basis and the Group continues to pay dividends.

A number of the Group's trading entities are subject to regulation by the Norwegian FSA, the FCA in the UK and NFA and FINRA in the US. Regulatory capital at entity level depends on the jurisdiction in which it is incorporated. In each case, the approach is to hold an appropriate surplus over the local minimum requirement. Each regulated entity complied with their regulatory capital requirements throughout the year.

27 Financial instruments

Fair values

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

– quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

– inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and

– inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December.

	Level 2 2016 £m	2015 £m
Liabilities		
Foreign currency contracts	6.2	1.4

The fair value of the foreign currency contracts are calculated by management based on external valuations received. These valuations are calculated based on forward exchange rates at the balance sheet date.

The classification of financial assets and financial liabilities at 31 December is as follows:

Financial assets

	2016 Held for trading £m	2016 Available-for-sale £m	2016 Loans and receivables £m	2016 Total £m	2015 Held for trading £m	2015 Available-for-sale £m	2015 Loans and receivables £m	2015 Total £m
Other receivables	–	–	8.0	8.0	–	–	7.2	7.2
Investments	0.1	4.4	29.4	33.9	0.1	2.1	5.4	7.6
Trade receivables	–	–	42.7	42.7	–	–	49.8	49.8
Cash and cash equivalents	–	–	154.0	154.0	–	–	168.4	168.4
	0.1	4.4	234.1	238.6	0.1	2.1	230.8	233.0

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27 Financial instruments continued

Financial liabilities

	2016			2015		
	Hedging instruments £m	**Amortised cost £m**	**Total £m**	Hedging instruments £m	Amortised cost £m	Total £m
Loan notes	–	23.6	23.6	–	46.1	46.1
Trade payables	–	24.3	24.3	–	24.8	24.8
Other payables	–	16.2	16.2	–	15.8	15.8
Foreign currency contracts	6.2	–	6.2	1.4	–	1.4
Other tax and social security	–	2.7	2.7	–	2.8	2.8
Deferred consideration	–	0.9	0.9	–	0.8	0.8
Accruals	–	99.1	99.1	–	98.3	98.3
Provisions	–	0.1	0.1	–	0.2	0.2
	6.2	166.9	173.1	1.4	188.8	190.2

Loan notes were initially recognised at fair value and have not been designated as 'fair value through profit or loss'. These are subsequently measured at amortised cost using the effective interest method. The carrying value of the loan notes and other current and non-current financial assets and liabilities is deemed to equate to the fair value at 31 December 2016.

28 Related party transactions

As in 2015, the Group did not enter into any related party transactions during the year, except as noted below.

Compensation of key management personnel (including Directors)

There were no key management personnel in the Group apart from the Clarkson PLC Directors. Details of their compensation are set out below.

	2016 £m	2015 £m
Short-term employee benefits	5.9	6.5
Post-employment benefits	0.1	0.1
Share-based payments	0.6	0.7
	6.6	7.3

Full remuneration details are provided in the Directors' remuneration report on pages 57 to 71.

Independent Auditors' report to the members of Clarkson PLC

Report on the Parent Company financial statements

Our opinion

In our opinion, Clarkson PLC's Parent Company financial statements (the financial statements):

- give a true and fair view of the state of the Parent Company's affairs as at 31 December 2016 and of its cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the annual report, comprise:

- the Parent Company balance sheet as at 31 December 2016;
- the Parent Company statement of changes in equity for the year then ended;
- the Parent Company cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the annual report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union and applicable law as applied in accordance with the provisions of the Companies Act 2006.

Other required reporting

Consistency of other information and compliance with applicable requirements

Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the strategic report and the Directors' report.

We have nothing to report in this respect.

ISAs (UK & Ireland) reporting

Under International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)) we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Parent Company acquired in the course of performing our audit; or
- otherwise misleading.

We have no exceptions to report arising from this responsibility.

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report – Companies Act 2006 opinion

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Directors' responsibilities statement set out on page 76, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Parent Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

With respect to the strategic report, Directors' report and corporate governance statement, we consider whether those reports include the disclosures required by applicable legal requirements.

Other matter

We have reported separately on the consolidated financial statements of Clarkson PLC for the year ended 31 December 2016.

John Waters
Senior Statutory Auditor
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

10 March 2017

Parent Company balance sheet

as at 31 December

	Notes	2016 £m	2015 £m
Non-current assets			
Property, plant and equipment	B	17.8	19.2
Investment property	C	0.3	0.3
Investments in subsidiaries	D	296.2	302.5
Employee benefits	N	7.5	–
Deferred tax asset	E	1.5	3.7
		323.3	325.7
Current assets			
Trade and other receivables	F	40.7	63.7
Income tax receivable		4.2	2.7
Investments	G	29.4	5.4
Cash and cash equivalents	H	0.7	0.1
		75.0	71.9
Current liabilities			
Interest-bearing loans and borrowings	I	(23.6)	(23.1)
Trade and other payables	J	(37.1)	(12.7)
		(60.7)	(35.8)
Net current assets		14.3	36.1
Non-current liabilities			
Interest-bearing loans and borrowings	I	–	(23.0)
Trade and other payables	J	(6.5)	(3.6)
Employee benefits	N	(0.6)	(1.5)
Deferred tax liability	L	(1.5)	–
		(8.6)	(28.1)
Net assets		329.0	333.7
Capital and reserves			
Share capital	O	7.6	7.6
Other reserves	P	210.6	212.5
Retained earnings		110.8	113.6
Total equity		329.0	333.7

The financial statements on pages 119 to 136 were approved by the Board on 10 March 2017, and signed on its behalf by:

James Hughes-Hallett
Chairman

Jeff Woyda
Chief Financial Officer and Chief Operating Officer

Registered number: 1190238

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Parent Company statement of changes in equity

for the year ended 31 December

	Notes	Share capital £m	Other reserves £m	Retained earnings £m	Total equity £m
		Attributable to equity holders of the Parent Company			
Balance at 1 January 2016		**7.6**	**212.5**	**113.6**	**333.7**
Profit for the year		**–**	**–**	**11.8**	**11.8**
Other comprehensive income:					
Actuarial gain on employee benefit schemes – net of tax	N	**–**	**–**	**5.8**	**5.8**
Total comprehensive income for the year		**–**	**–**	**17.6**	**17.6**
Transactions with owners:					
Share issues	O,P	**–**	**0.1**	**–**	**0.1**
Employee share schemes		**–**	**(2.0)**	**(1.7)**	**(3.7)**
Tax on other employee benefits		**–**	**–**	**(0.2)**	**(0.2)**
Dividend paid		**–**	**–**	**(18.5)**	**(18.5)**
		–	**(1.9)**	**(20.4)**	**(22.3)**
Balance at 31 December 2016		**7.6**	**210.6**	**110.8**	**329.0**

	Notes	Share capital £m	Other reserves £m	Retained earnings £m	Total equity £m
		Attributable to equity holders of the Parent Company			
Balance at 1 January 2015		5.2	33.1	95.3	133.6
Profit for the year		–	–	30.7	30.7
Other comprehensive income:					
Actuarial gain on employee benefit schemes – net of tax	N	–	–	6.1	6.1
Total comprehensive income for the year		–	–	36.8	36.8
Transactions with owners:					
Share issues	O,P	2.4	178.7	–	181.1
Employee share schemes		–	0.7	(0.7)	–
Tax on other employee benefits		–	–	0.4	0.4
Dividend paid		–	–	(18.2)	(18.2)
		2.4	179.4	(18.5)	163.3
Balance at 31 December 2015		7.6	212.5	113.6	333.7

Parent Company cash flow statement

for the year ended 31 December

	Notes	2016 £m	2015 £m
Cash flows from operating activities			
Profit before taxation		8.8	28.9
Adjustments for:			
Foreign exchange differences		(0.2)	(0.2)
Depreciation of property, plant and equipment	B	2.2	1.5
Share-based payment expense		0.6	0.7
Impairment of investments		–	4.6
Difference between pension contributions paid and amount recognised in the income statement		(1.5)	(1.8)
Finance revenue		(25.6)	(46.9)
Finance costs		0.9	1.1
Other finance costs – pensions		–	0.3
Decrease/(increase) in trade and other receivables		17.9	(18.3)
Increase/(decrease) in bonus accrual		7.5	(2.9)
Increase/(decrease) in trade and other payables		21.0	(5.0)
Decrease in provisions	K	–	(3.0)
Cash utilised from operations		31.6	(41.0)
Income tax received		3.8	2.8
Net cash flow from operating activities		35.4	(38.2)
Cash flows from investing activities			
Interest received		0.1	0.1
Purchase of property, plant and equipment	B	(0.8)	(18.8)
Transfer (to)/from current investments (funds on deposit)		(24.0)	20.0
Disposal of subsidiaries		6.3	–
Acquisition of subsidiaries, including settlement of deferred consideration	D	(23.4)	(23.5)
Dividends received from investments		25.4	46.9
Net cash flow from investing activities		(16.4)	24.7
Cash flows from financing activities			
Dividend paid		(18.5)	(18.2)
Repayment of borrowings		–	(1.5)
Proceeds from shares issued (net of transaction costs)	O	–	1.2
Net cash flow from financing activities		(18.5)	(18.5)
Net (decrease)/increase in cash and cash equivalents		0.5	(32.0)
Cash and cash equivalents at 1 January		0.1	32.1
Net foreign exchange differences		0.1	–
Cash and cash equivalents at 31 December	H	0.7	0.1

Notes to the Parent Company financial statements

A Statement of accounting policies

The accounting policies applied in the preparation of the Parent Company financial statements are the same as those set out in note 2 to the consolidated financial statements, and have been applied consistently to all periods, with the addition of the following:

Statement of compliance

The financial statements of Clarkson PLC have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, IFRS IC interpretations and the Companies Act 2006 applicable to companies reporting under IFRSs.

The Parent Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Parent Company income statement or statement of comprehensive income. The profit for the Parent Company for the year was £11.8m (2015: £30.7m).

Investments in subsidiaries

The Parent Company recognises its investments in subsidiaries at cost less provision for impairment. Income is recognised from these investments in relation to distributions received.

B Property, plant and equipment

31 December 2016

	Freehold and long leasehold properties £m	**Leasehold improvements £m**	**Office furniture and equipment £m**	**Total £m**
Original cost				
At 1 January 2016	**1.9**	**14.1**	**5.0**	**21.0**
Additions	**–**	**0.3**	**0.5**	**0.8**
At 31 December 2016	**1.9**	**14.4**	**5.5**	**21.8**
Accumulated depreciation				
At 1 January 2016	**0.4**	**0.5**	**0.9**	**1.8**
Charged during the year	**–**	**1.0**	**1.2**	**2.2**
At 31 December 2016	**0.4**	**1.5**	**2.1**	**4.0**
Net book value at 31 December 2016	**1.5**	**12.9**	**3.4**	**17.8**

31 December 2015

	Freehold and long leasehold properties £m	Leasehold improvements £m	Office furniture and equipment £m	Total £m
Original cost				
At 1 January 2015	1.9	0.5	6.9	9.3
Additions	–	14.1	4.7	18.8
Disposals	–	(0.5)	(6.6)	(7.1)
At 31 December 2015	1.9	14.1	5.0	21.0
Accumulated depreciation				
At 1 January 2015	0.3	0.5	6.6	7.4
Charged during the year	0.1	0.5	0.9	1.5
Disposals	–	(0.5)	(6.6)	(7.1)
At 31 December 2015	0.4	0.5	0.9	1.8
Net book value at 31 December 2015	1.5	13.6	4.1	19.2

C Investment property

	2016 £m	2015 £m
Cost		
At 1 January and 31 December	0.6	0.6
Accumulated depreciation		
At 1 January and 31 December	0.3	0.3
Net book value at 31 December	0.3	0.3

The fair value of the investment property at 31 December 2016 was £0.8m (2015: £0.6m). This was based on valuations from an independent valuer who has the appropriate professional qualification and recent experience of valuing properties in the location and of the type being valued.

D Investments in subsidiaries

	2016 £m	2015 £m
Cost		
At 1 January	302.5	54.0
Additions	–	253.1
Transfer to subsidiary	(6.3)	–
Impairment	–	(4.6)
At 31 December	296.2	302.5

2016

During the year an investment of £6.3m was transferred to a subsidiary, Clarkson Shipbroking Group Limited (CSGL). This investment was in relation to a previous acquisition where, subsequent to the acquisition, the employees transferred to a subsidiary of CSGL.

2015

On 2 February 2015, the Company acquired 100% of the share capital of RS Platou ASA (Platou), which subsequently changed its name to Clarksons Platou AS, for £249.9m. On 20 October 2015 the Company acquired 100% of the share capital of Clarkson Norway AS for £3.2m from its subsidiary Clarkson Overseas Shipbroking Limited, prior to a merger between Clarkson Norway AS and Clarksons Platou AS.

In 2015, the Company impaired £4.6m of a direct investment in a subsidiary which has ceased all trading during that year.

E Deferred tax asset

		2016 £m	2015 £m
Employee benefits	– on pension benefit liability	–	0.3
	– other employee benefits	1.5	3.0
Other temporary differences		–	0.4
		1.5	3.7

Included in the above are deferred tax assets of £0.1m (2015: £0.4m) which are due within one year. Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable.

All deferred tax movements arise from the origination and reversal of temporary differences.

F Trade and other receivables

	2016 £m	2015 £m
Other receivables	–	0.1
Prepayments and accrued income	0.4	0.3
Owed by Group companies	40.3	63.3
	40.7	63.7

The Company has no trade receivables (2015: none).

As at 31 December 2016, the Company did not provide for related party receivables (2015: £nil). Further details of related party receivables are included in note T.

G Investments

	2016 £m	2015 £m
Funds on deposit	29.4	5.4

The Company held £19.4m (2015: £5.4m) in a deposit with a 95 day notice period. The Company also held £10.0m (2015: £nil) in a deposit with a maturity of six months at the year-end. These deposits are held with an A-rated financial institution.

H Cash and cash equivalents

	2016 £m	2015 £m
Cash at bank and in hand	0.7	0.1

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. The fair value of cash and cash equivalents is £0.7m (2015: £0.1m).

I Interest-bearing loans and borrowings

	2016 £m	2015 £m
Current		
Loan notes	23.6	23.1
Non-current		
Loan notes	–	23.0

Interest-bearing loans and borrowings comprise the vendor loan notes issued as part of the consideration for the Platou acquisition. Interest is charged at 12 month sterling LIBOR plus 1.25%. Half the loan notes were repaid on 30 June 2016, the balance is repayable on 30 June 2017.

J Trade and other payables

	2016 £m	2015 £m
Current		
Owed to Group companies	19.6	1.5
Accruals and deferred income	17.5	11.2
	37.1	12.7
Non-current		
Other payables	6.5	3.6

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

Further details of related party payables are included in note T.

K Provisions

	2016 £m	2015 £m
At 1 January	–	3.0
Utilised during the year	–	(1.7)
Released during the year	–	(1.3)
At 31 December	–	–

During 2015, the St. Magnus House dilapidation provision and onerous lease were utilised with the excess released to the income statement.

L Deferred tax liability

	2016 £m	2015 £m
Employee benefits – on pension benefit liability	1.2	–
Other temporary differences	0.3	–
	1.5	–

None of the above deferred tax liabilities are due within one year.

All deferred tax movements arise from the origination and reversal of temporary differences.

M Share-based payment plans

	2016 £m	2015 £m
Expense arising from equity-settled share-based payment transactions	0.6	0.7

For more information on the Parent Company share-based payment plans, see note 21 of the consolidated financial statements.

N Employee benefits

The Company operates two defined benefit pension schemes, being the Clarkson PLC scheme and the Plowrights scheme, which are funded by the payment of contributions to separate trusts administered by Trustees who are required to act in the best interests of the schemes' beneficiaries. All financial information provided in this note relates to the sum of the two separate schemes. The schemes' assets are invested in a range of pooled pension investment funds managed by professional fund managers.

Defined benefit pension arrangements give rise to open ended commitments and liabilities for the sponsoring company. As a consequence, the Company closed its original defined benefit section of the Clarkson PLC scheme to new entrants on 31 March 2004. This section was closed to further accrual for all existing members as from 31 March 2006. The Plowrights scheme was closed to further accrual from 1 January 2006.

Every three years, a pension scheme must obtain from an actuary a report containing a valuation and a recommendation on rates of contribution. Triennial valuations for all the schemes have been prepared.

The valuation of the Clarkson PLC scheme showed a pension surplus of £3.6m as at 31 March 2016. Clarkson PLC and the Trustees agreed to cease funding with effect from 1 October 2016.

The valuation of the Plowrights scheme showed a pension deficit of £1.2m as at 31 March 2016. Clarkson PLC and the Trustees agreed to continue the funding plan, at the rate of £0.9m per annum, until 30 September 2017.

The Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility
The scheme liabilities are calculated using a discount rate set with reference to corporate bond yields; if scheme assets underperform this yield, this will create a deficit. Both schemes hold a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

Changes in bond yields
A decrease in corporate bond yields will increase scheme liabilities, although this will be partially offset by an increase in the value of the schemes' bond holdings.

Inflation risk
Some of the Company pension obligations are linked to inflation, and higher inflation will lead to higher liabilities. The majority of the schemes' assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy
The majority of the schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the schemes' liabilities.

N Employee benefits continued

Other pension arrangements

The Company operates a defined contribution pension scheme. Where required, the Company also makes contributions into this scheme.

The Company incurs no material expenses in the provision of post-retirement benefits other than pensions.

The following tables summarise amounts recognised in the balance sheet and the components of net benefit charge recognised in the income statement:

Recognised in the balance sheet

	2016 £m	2015 £m
Fair value of schemes' assets	189.5	160.1
Present value of funded defined benefit obligations	(178.5)	(160.2)
	11.0	(0.1)
Minimum funding requirement in relation to the Plowrights scheme	(4.1)	(1.4)
Net benefit asset/(liability) recognised in the balance sheet	6.9	(1.5)

The net benefit asset/(liability) disclosed above is the combined total of the two schemes. The Clarkson PLC scheme has a surplus of £7.5m (2015: £0.6m deficit) and the Plowrights scheme has a deficit of £0.6m (2015: £0.9m). As there is no right of set-off between the schemes, the benefit asset of £7.5m (2015: £nil) is disclosed separately on the balance sheet from the benefit liability of £0.6m (2015: £1.5m).

A deferred tax asset on the benefit liability amounting to £nil (2015: £0.3m) is shown in note E and a deferred tax liability on the benefit asset of £1.2m (2015: £nil) is shown in note L.

Recognised in the income statement

	2016 £m	2015 £m
Recognised in other finance costs – pensions:		
Expected return on schemes' assets	6.0	5.4
Interest cost on benefit obligation and minimum funding requirement	(6.0)	(5.8)
Recognised in administrative expenses:		
Scheme administrative expenses	(0.2)	(0.2)
Net benefit charge recognised in the income statement	(0.2)	(0.6)

Recognised in the statement of comprehensive income

	2016 £m	2015 £m
Actual return on schemes' assets	35.2	3.2
Less: expected return on schemes' assets	(6.0)	(5.4)
Actuarial gain/(loss) on schemes' assets	29.2	(2.2)
Actuarial (loss)/gain on defined benefit obligations	(19.7)	11.0
Actuarial gain recognised in the statement of comprehensive income	9.5	8.8
Tax charge on actuarial gain	(2.1)	(1.6)
Minimum funding requirement in relation to the Plowrights scheme	(2.6)	(1.4)
Tax credit on minimum funding requirement	1.0	0.3
Net actuarial gain on employee benefit obligations	5.8	6.1
Cumulative amount of actuarial losses recognised in the statement of comprehensive income	(8.2)	(17.7)

Schemes' assets

	2016		2015	
	%	£m	%	£m
Equities*	48.0	91.0	49.5	79.2
Government bonds*	33.2	62.8	32.2	51.5
Corporate bonds*	12.8	24.3	13.5	21.6
Property	3.5	6.6	4.1	6.6
Cash and other assets	2.5	4.8	0.7	1.2
	100.0	189.5	100.0	160.1

* Based on quoted market prices.

Net defined benefit asset/liability

Changes in the fair value of the net defined benefit asset/(liability) are as follows:

31 December 2016

	Present value of obligation £m	Fair value of plan assets £m	Total £m	Impact of minimum funding requirement £m	Total £m
At 1 January 2016	(160.2)	160.1	(0.1)	(1.4)	(1.5)
Expected return on assets	–	6.0	6.0	–	6.0
Interest costs	(5.9)	–	(5.9)	(0.1)	(6.0)
Contributions	–	1.7	1.7	–	1.7
Administrative expenses	–	(0.2)	(0.2)	–	(0.2)
Benefits paid	7.3	(7.3)	–	–	–
Actuarial (loss)/gain	(19.7)	29.2	9.5	(2.6)	6.9
At 31 December 2016	(178.5)	189.5	11.0	(4.1)	6.9

31 December 2015

	Present value of obligation £m	Fair value of plan assets £m	Total £m	Impact of minimum funding requirement £m	Total £m
At 1 January 2015	(173.3)	163.0	(10.3)	–	(10.3)
Expected return on assets	–	5.4	5.4	–	5.4
Interest costs	(5.8)	–	(5.8)	–	(5.8)
Contributions	–	1.9	1.9	–	1.9
Administrative expenses	–	(0.2)	(0.2)	–	(0.2)
Insurance income for insured pensioners	–	0.1	0.1	–	0.1
Benefits paid	7.9	(7.9)	–	–	–
Actuarial gain/(loss)	11.0	(2.2)	8.8	(1.4)	7.4
At 31 December 2015	(160.2)	160.1	(0.1)	(1.4)	(1.5)

The Company expects, based on the valuations and funding requirements including expenses, to contribute £0.9m to its defined benefit pension schemes in 2017 (2016: £1.9m).

N Employee benefits continued

The principal valuation assumptions are as follows:

	2016 %	2015 %
Rate of increase in pensions in payment	3.2 – 7.0	2.8 – 7.0
Price inflation (RPI)	3.3	3.2
Price inflation (CPI)	2.3	2.2
Discount rate for scheme liabilities	2.7	3.8

The mortality assumptions used to assess the defined benefit obligation at 31 December 2016 is based on the 'SAPS Light' standard mortality tables published by the actuarial profession in 2014 (31 December 2015: 'SAPS Light' tables published in 2008). These tables have been adjusted to allow for anticipated future improvements in life expectancy using the standard projection model published in 2015 (31 December 2015: projection models published between 2011 and 2013). Examples of the assumed future life expectancy are given in the table below:

		Additional years	
		2016	2015
Post-retirement life expectancy on retirement at age 65:			
Pensioners retiring in the year	– male	23.1	24.4
	– female	24.3	25.6
Pensioners retiring in 20 years' time	– male	24.5	26.2
	– female	25.8	27.5

Experience adjustments

	2016 £m	2015 £m
Experience gain/(loss) on schemes' assets	29.2	(2.2)
Gain on schemes' liabilities due to changes in demographic assumptions	13.9	–
(Loss)/gain on schemes' liabilities due to changes in financial assumptions	(37.5)	10.5
Experience gains on schemes' liabilities	3.9	0.5
Loss on minimum funding requirement	(2.6)	(1.4)
Total actuarial gain	6.9	7.4

Sensitivities

The table below provides information on the sensitivity of the defined benefit obligation to changes to the most significant actuarial assumptions. The table shows the impact of changes to each assumption in isolation although, in practice, changes to assumptions may occur at the same time and can either offset or compound the overall impact on the defined benefit obligation. These sensitivities have been calculated using the same methodology as used for the main calculations. The weighted average duration of the defined obligation is 17 years.

	Change in assumption	Change in defined benefit obligation
Discount rate for scheme liabilities	+0.25%	-4.0%
	-0.25%	+4.3%
Price inflation (RPI)	+0.25%	+2.8%
	-0.25%	-3.2%

An increase of one year in the assumed life expectancy for both males and females would increase the defined benefit obligation by 3.8% (2015: 4.1%).

O Share capital

Ordinary shares of 25p each:	2016 Number	2015 Number	2016 £m	2015 £m
At 1 January	30,231,767	20,598,389	7.6	5.2
Additions	1,412	9,633,378	–	2.4
At 31 December	30,233,179	30,231,767	7.6	7.6

In 2016 the Company issued 1,412 shares in relation to the 2012 ShareSave scheme (2015: 115,009 shares). The difference between the exercise price of £10.82 and the nominal value of £0.25 has been taken to the share premium account, see note P.

On 2 February 2015, the Company issued 9,518,369 shares at a nominal value of £2.4m as part of the acquisition of Platou, refer to note 12 of the consolidated financial statements.

P Other reserves

31 December 2016

	Share premium £m	Employee benefits reserve £m	Capital redemption reserve £m	Merger reserve £m	Total £m
At 1 January 2016	29.0	4.0	2.0	177.5	212.5
Share issues	0.1	–	–	–	0.1
Employee share schemes:					
Share-based payments expense	–	0.8	–	–	0.8
Transfer to profit and loss on vesting	–	(2.8)	–	–	(2.8)
Total employee share schemes	–	(2.0)	–	–	(2.0)
At 31 December 2016	29.1	2.0	2.0	177.5	210.6

31 December 2015

	Share premium £m	Employee benefits reserve £m	Capital redemption reserve £m	Merger reserve £m	Total £m
At 1 January 2015	27.8	3.3	2.0	–	33.1
Share issues	1.2	–	–	177.5	178.7
Employee share schemes:					
Share-based payments expense	–	1.0	–	–	1.0
Transfer to profit and loss on vesting	–	(0.3)	–	–	(0.3)
Total employee share schemes	–	0.7	–	–	0.7
At 31 December 2015	29.0	4.0	2.0	177.5	212.5

Nature and purpose of other reserves

Capital redemption reserve

The capital redemption reserve arose on previous share buy-backs by the Company.

Merger reserve

This comprises the premium on the share placing in November 2014 and the shares issued in February 2015 as part of the Platou acquisition. No share premium is recorded in the financial statements, through the operation of the merger relief provisions of the Companies Act 2006.

Q Financial commitments and contingencies

Operating lease commitments

The Company has entered into a commercial lease in relation to land and buildings on the basis that it is not in the Company's best interests to purchase these assets. The lease has a life of 15 years with renewal terms included in the contract. There are no restrictions placed upon the Company by entering into this lease.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	2016 £m	2015 £m
Within one year	**2.1**	1.1
After one year but not more than five years	**18.8**	16.1
After five years	**36.5**	41.0
	57.4	58.2

The Company has sublet space in its property. The future minimum sublease payments expected to be received under non-cancellable sublease agreements as at 31 December 2016 is £1.1m (2015: £1.0m).

Contingencies

The Company has given no financial commitments to suppliers (2015: none).

The Company has given no guarantees (2015: none).

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

The Company maintained throughout the year directors' and officers' liability insurance in respect of itself and its Directors.

R Financial risk management objectives and policies

The Company's principal financial liabilities comprise loan notes, loans from Group companies and accruals. The Company has various financial assets such as current asset investments and loans to Group companies, which arise directly from its operations.

The Company has not entered into any derivative transactions.

The main risks arising from the Company's financial instruments are credit risk and liquidity risk.

Credit risk

With respect to credit risk arising from cash and cash equivalents and current investments, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk

The Company monitors its risk to a shortage of funds using projected cash flows from operations.

The tables below summarise the maturity profile of the Company's financial liabilities at 31 December based on contractual undiscounted payments.

31 December 2016

	On demand £m	**Less than 3 months £m**	**3 to 12 months £m**	**1 to 5 years £m**	**Total £m**
Interest-bearing loans and borrowings	**–**	**–**	**23.9**	**–**	**23.9**
Trade and other payables	**–**	**–**	**–**	**6.5**	**6.5**
	–	**–**	**23.9**	**6.5**	**30.4**

31 December 2015

	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	Total £m
Interest-bearing loans and borrowings	–	–	23.4	23.9	47.3
Trade and other payables	–	–	–	3.6	3.6
	–	–	23.4	27.5	50.9

Capital management

For information on the Parent Company capital management objectives, policies and processes, see note 26 of the consolidated financial statements.

S Financial instruments

The classification of financial assets and liabilities at 31 December is as follows:

Financial assets

	2016		2015	
	Loans and receivables £m	Total £m	Loans and receivables £m	Total £m
Other receivables	–	–	0.1	0.1
Owed by Group companies	40.3	40.3	63.3	63.3
Investments	29.4	29.4	5.4	5.4
Cash and cash equivalents	0.7	0.7	0.1	0.1
	70.4	70.4	68.9	68.9

Financial liabilities

	2016		2015	
	Amortised cost £m	Total £m	Amortised cost £m	Total £m
Loan notes	23.6	23.6	46.1	46.1
Other payables	6.5	6.5	3.6	3.6
Owed to Group companies	19.6	19.6	1.5	1.5
Accruals	17.4	17.4	11.1	11.1
	67.1	67.1	62.3	62.3

T Related party transactions

During the year, the Company entered into transactions, in the ordinary course of business, with related parties.

Transactions with subsidiaries during the year were as follows:

	2016 £m	2015 £m
Management fees charged	3.1	2.7
Rent receivable	4.1	2.1
Dividends received	25.4	46.9
Impairment of investments in subsidiaries	–	(4.6)
Transfer of investment in subsidiaries	(6.3)	–

Balances with subsidiaries at 31 December were as follows:

	2016 £m	2015 £m
Amounts owed by related parties	40.3	63.3
Amounts owed to related parties	(19.6)	(1.5)

There were no terms or conditions attached to these balances.

Compensation of key management personnel (including Directors)

There were no key management personnel in the Company apart from the Clarkson PLC Directors. Details of their compensation are set out in note 28 to the consolidated financial statements.

U Subsidiaries

The Parent Company had the following subsidiaries at 31 December 2016:

Company	Registered address	Principal activity	Direct or indirect	% of equity shares
Clarkson Capital Markets LLC	211 East 7th Street, Suite 620, Austin, TX 78701, USA	Advice for shipping-related projects	Indirect	100
Clarkson Cloud Limited	*	Creating electronic products and services for shipping clients	Indirect	100
Clarkson Morocco Sarl	92 Boulevard d'Anfa, Cote Boulevard, 5e étage, Casablanca, Morocco	Shipbroking	Indirect	100
Clarkson Port Services Limited	*	Ship agency and port services	Indirect	100
Clarkson Research Services Limited	*	Research services and products relating to shipping and offshore	Indirect	100
Clarkson Shipbroking (Shanghai) Co Limited	Room 111, 3# Building, No 170 Huo Shan Road, Shanghai, China 200032	Shipbroking	Indirect	100
Clarkson Shipping Agency	Tower B, 2nd Floor, 2 El Hegaz Street, Roxi, Heliopolis, Cairo, Egypt	Ship agency and port services	Indirect	***48
Clarkson Shipping Services India Private Limited	507-508 The Address, 1 Golf Course Road, Sector 56, Gurgaon, 1220011 Haryana, India	Shipbroking	Indirect	100
Clarkson Valuations Limited	*	Valuation services to the shipping industry	Indirect	100
Clarksons Platou (Africa) Limited	*	Shipbroking	Indirect	100
Clarksons Platou (Australia) Pty Limited	Level 12, 636 St. Kilda Road, Melbourne, VIC 3004, Australia	Shipbroking	Indirect	100
Clarksons Platou (Brasil) Ltda	Avenida Rio Branco, 89 Sala 1601, Centro Rio de Janeiro, 20040-004, Brazil	Shipbroking	Indirect	100
Clarksons Platou (Hellas) Limited	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 **	Shipbroking	Indirect	100
Clarksons Platou (Italia) Srl	Piazza R. Rosetti, 3A, 16129 Genoa, Italy	Shipbroking	Direct	100
Clarksons Platou (Nederland) BV	De Coopvaert, 6th Floor, Blaak 522, 3011 TA, Rotterdam, The Netherlands	Shipbroking	Indirect	100
Clarksons Platou (Offshore) Limited	*	Shipbroking	Indirect	100
Clarksons Platou (South Africa) (Pty) Limited	2 Amadina Road, Douglasdale Ext 68, Sandton 2146, South Africa	Shipbroking	Indirect	100
Clarksons Platou (Sweden) AB	Uppsala Castle, 752 37 Uppsala, Sweden	Shipbroking	Indirect	100
Clarksons Platou AS	Munkedamsveien 62C, 0270 Oslo, Norway	Shipbroking	Direct	100
Clarksons Platou Asia Limited	Room 3209-14 Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong	Shipbroking	Indirect	100
Clarksons Platou Asia Pte. Limited	12 Marina View, #29-01 Asia Square Tower 2, Singapore 018961	Shipbroking	Indirect	100
Clarksons Platou Commodities USA LLC	211 East 7th Street, Suite 620, Austin, TX 78701, USA	Introducing broker for LPG swaps	Indirect	100

* Commodity Quay, St. Katharine Docks, London E1W 1BF, UK

** Trading in Greece

*** Controlled

Company	Registered address	Principal activity	Direct or indirect	% of equity shares
Clarksons Platou DMCC	Office 2603-4 Reef Tower, Jumeirah Lakes Towers, Sheikh Zayed Road, PO Box 102929, Dubai, UAE	Shipbroking	Indirect	100
Clarksons Platou Drift AS	Munkedamsveien 62C, 0270 Oslo, Norway	Property-related services	Indirect	***25
Clarksons Platou Futures Limited	*	Brokerage of shipping-related derivative financial instruments	Direct	100
Clarksons Platou GmbH	Johannisbollwerk 20, 5th Floor, Hamburg 20459, Germany	Shipbroking	Indirect	100
Clarksons Platou Japan K.K.	2nd Floor Azabu KF Building, 1-9-7 Azabu Juban, Minato-Ku, Tokyo 106-0045, Japan	Shipbroking	Indirect	100
Clarksons Platou Legal Services Limited	*	Legal services to the shipping industry	Indirect	100
Clarksons Platou Offshore (Asia) Pte. Limited	12 Marina View, #29-01 Asia Square Tower 2, Singapore 018961	Shipbroking	Indirect	100
Clarksons Platou Project Finance AS	Munkedamsveien 62C, 0270 Oslo, Norway	Shipping and offshore project syndication	Indirect	50.02
Clarksons Platou Project Sales AS	Munkedamsveien 62C, 0270 Oslo, Norway	Equity placements for shipping, offshore and real estate projects and secondary trading of project ownership	Indirect	***41
Clarksons Platou Property Management AS	Munkedamsveien 62C, 0270 Oslo, Norway	Property-related services	Indirect	***25
Clarksons Platou Real Estate AS	Munkedamsveien 62C, 0270 Oslo, Norway	Real estate project syndication	Indirect	***31
Clarksons Platou Securities AS	Munkedamsveien 62C, 0270 Oslo, Norway	Equity and fixed income sales and trading, research and corporate finance services, including equity and debt capital markets and M&A transactions	Indirect	100
Clarksons Platou Securities Inc	280 Park Avenue, 21st Floor, New York, NY 10017, USA	Equity and fixed income sales and trading, research and corporate finance services, including equity and debt capital markets and M&A transactions	Indirect	100
Clarksons Platou Shipbroking (Switzerland) SA	Rue de la Fontaine1, 1204 Geneva, Switzerland	Shipbroking	Indirect	100
Clarksons Platou Shipping Services USA LLC	211 East 7th Street, Suite 620, Austin, TX 78701, USA	Shipbroking	Indirect	100
Clarksons Platou Structured Asset Finance Limited	*	Structured asset finance advice for shipping-related projects	Direct	100
Clarksons Platou Tankers AS	Munkedamsveien 62C, 0270 Oslo, Norway	Shipbroking	Indirect	100
Company Event Management Limited	*	Event management services	Indirect	100
Gibb Tools Limited	271 King Street, Aberdeen AB24 5AN, UK	Supply of tools for industrial, commercial and retail use	Indirect	100
H. Clarkson & Company Limited	*	Shipbroking	Indirect	100

* Commodity Quay, St. Katharine Docks, London E1W 1BF, UK

*** Controlled

U Subsidiaries continued

Company	Registered address	Principal activity	Direct or indirect	% of equity shares
LNG Shipping Solutions Limited	*	Shipbroking	Indirect	100
Manfin Consult AS	Munkedamsveien 62C, 0270 Oslo, Norway	Shipping and offshore project syndication	Indirect	50.1
Maritech Limited	*	Creating electronic products and services for shipping clients	Indirect	100
Norwegian Marine Services AS	Munkedamsveien 62C, 0270 Oslo, Norway	Shipping and offshore project syndication	Indirect	50.02
Shiplease Management AS	Munkedamsveien 62C, 0270 Oslo, Norway	Shipping and offshore project syndication	Indirect	50.02
Tokyo Shipping and Trading Limited	Room 3209-14 Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong	Shipbroking	Indirect	100
Clarkson Australia Holdings Pty Limited	Level 12, 636 St. Kilda Road, Melbourne, VIC 3004, Australia	Holding company	Indirect	100
Clarkson Capital Limited	*	Holding company	Direct	100
Clarkson Holdings Limited	*	Holding company	Indirect	100
Clarkson Overseas Shipbroking Limited	*	Holding company	Indirect	100
Clarkson Research Holdings Limited	*	Holding company	Direct	100
Clarkson Shipbroking Group Limited	*	Holding company	Direct	100
Clarkson Shipping Investments Limited	*	Holding company	Direct	100
Clarksons Platou (USA) Inc	2711 Centerville Road, Suite 400, Wilmington, DE 19808, USA	Holding company	Indirect	100
Clarksons Platou Offshore (Singapore) Pte. Limited	12 Marina View, #29-01 Asia Square Tower 2, Singapore 018961	Holding company	Indirect	100
Genchem Holdings Limited	*	Holding company	Direct	100
Afromar Properties (Pty) Limited	2 Amadina Road, Douglasdale Ext 68, Sandton 2146, South Africa	Non-trading	Indirect	100
Bonus Plus Investments Limited	Room 3209-14 Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong	Non-trading	Indirect	100
Boxton Holding AS	Munkedamsveien 62C, 0270 Oslo, Norway	Non-trading	Indirect	100
Clarkson Logistics (HK) Limited	Room 3209-14 Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong	Non-trading	Indirect	100
Clarkson Paris SAS	90 Avenue des Champs Elysees, 75008, Paris, France	Non-trading	Direct	100
Clarkson Port Services Ireland Limited	6 Northbrook Road, Ranelagh, Dublin 6, Ireland	Non-trading	Indirect	100
Clarkson Property Holdings Limited	*	Non-trading	Direct	100
Clarksons Platou Futures Pte. Limited	12 Marina View, #29-01 Asia Square Tower 2, Singapore 018961	Non-trading	Indirect	100
Clarksons Platou Securities Limited	*	Non-trading	Direct	100
Diligent Challenger Limited	Room 3209-14 Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong	Non-trading	Indirect	100
Rigships FZCO	Building W3, Office 512, Dubai Airport Free Zone, Dubai, UAE	Non-trading	Indirect	55
RS Platou (Hellas) Limited	58 Arch. Makarios III Avenue, Iris Tower, Office 602, Nicosia, Cyprus	Non-trading	Indirect	100
RS Platou (USA) Inc	701 Brazos Street, Suite 1050, Austin, TX 78701, USA	Non-trading	Indirect	100

* Commodity Quay, St. Katharine Docks, London E1W 1BF, UK

Company	Registered address	Principal activity	Direct or indirect	% of equity shares
RS Platou Africa Limited	First Island House, 19-21 Peter Street, St. Helier, Jersey, Channel Islands	Non-trading	Indirect	100
RS Platou Energy LLP	44th Floor, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AB, UK	Non-trading	Indirect	51
RS Platou Finance Singapore Pte. Limited	12 Marina View, #29-01 Asia Square Tower 2, Singapore 018961	Non-trading	Indirect	50.02
RS Platou Geneve (Dry) SA	20 Route de Pré-Bois, CP 1852, 1215 Geneva 15, Switzerland	Non-trading	Indirect	100
RS Platou Houston Inc	1999 Bryan Street, Suite 900, Dallas, TX 75201, USA	Non-trading	Indirect	100
RS Platou LLP	44th Floor, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AB, UK	Non-trading	Indirect	51
Stewart Offshore Ghana Limited	Wesley House, Liberia Road, PO Box 6274, Accra, Ghana	Non-trading	Indirect	75
Stewart Offshore Services (Jersey) Limited	First Island House, 19-21 Peter Street, St. Helier, Jersey, Channel Islands	Non-trading	Indirect	100
Calypso Shipping Investments Limited	*	Dormant	Indirect	100
Clarkson Dry Cargo Limited	*	Dormant	Indirect	100
Clarkson Ewings Limited	Hurst House, 15-19 Corporation Square, Belfast BT1 3AJ, UK	Dormant	Indirect	100
Clarkson Investment Services (DIFC) Limited	Level 6, Liberty House, Dubai International Financial Centre, PO Box 283869, Dubai, UAE	Dormant	Indirect	100
Clarkson IQ Limited	*	Dormant	Indirect	100
Clarkson Logistics Limited	*	Dormant	Indirect	100
Clarkson Market Analysis Limited	*	Dormant	Indirect	100
Clarkson Sale and Purchase Limited	*	Dormant	Indirect	100
Clarkson Shipbrokers Limited	*	Dormant	Indirect	100
Clarkson Shipping Services Acquisition USA LLC	1333 West Loop South, Suite 1525, Houston, TX 77027, USA	Dormant	Indirect	100
Clarkson Tankers Limited	*	Dormant	Indirect	100
Coastal Shipping Limited	*	Dormant	Indirect	100
EnShip Limited	70 St. Clement Street, Aberdeen AB11 5BD, UK****	Dormant	Indirect	100
Halcyon Shipping Limited	*	Dormant	Indirect	100
J. O. Plowright & Co. (Holdings) Limited	*	Dormant	Direct	100
Levelseas Limited	*	Dormant	Indirect	100
LNG UK PLC	*	Dormant	Direct	100
Marinet (Ship Agencies) Limited	*	Dormant	Indirect	100
Michael F. Ewings (Shipping) Limited	Hurst House, 15-19 Corporation Square, Belfast BT1 3AJ, UK	Dormant	Indirect	100
Oilfield Publications Limited	*	Dormant	Indirect	100

* Commodity Quay, St. Katharine Docks, London E1W 1BF, UK

**** Changed in 2017 to 303 King Street, Aberdeen AB24 5AP, UK

U Subsidiaries continued

Company	Registered address	Principal activity	Direct or indirect	% of equity shares
RS Platou AS	Munkedamsveien 62C, 0270 Oslo, Norway	Dormant	Indirect	100
RS Platou Economic Research AS	Munkedamsveien 62C, 0270 Oslo, Norway	Dormant	Indirect	100
RS Platou Offshore AS	Munkedamsveien 62C, 0270 Oslo, Norway	Dormant	Indirect	100
RS Platou Shipbrokers AS	Munkedamsveien 62C, 0270 Oslo, Norway	Dormant	Indirect	100
Samuel Stewart & Co (London) Limited	*	Dormant	Indirect	100
Shipvalue.net Limited	*	Dormant	Indirect	100
Small and Co. (Shipping) Limited	*	Dormant	Indirect	100
Stewart Offshore Services Limited	*	Dormant	Indirect	100
The Stewart Group Limited	*	Dormant	Indirect	100
Waterfront Services Limited	Hurst House, 15-19 Corporation Square, Belfast BT1 3AJ, UK	Dormant	Indirect	100

* Commodity Quay, St. Katharine Docks, London E1W 1BF, UK

Aframax	A tanker size range defined by Clarksons as between 80-120,000 dwt.
AG	Arabian Gulf.
AHTS	Anchor Handling Tug and Supply vessel. Used to tow offshore drilling and production units to location and deploy their anchors, and also perform a range of other support roles.
Ballast voyage	A voyage with no cargo on board to get a ship in position for the next loading port or docking. On voyage the ship is said to be in ballast.
Bareboat charter	A hire or lease of a vessel from one company to another (the charterer), which in turn provides crew, bunkers, stores and pays all operating costs.
BHP	Brake horse power.
Bulk cargo	Unpackaged cargoes such as coal, ore and grain.
Bunkers	A ship's fuel.
Cabotage	Transport of goods between two ports or places located in the same country, often restricted to domestic carriers.
Capesize (cape)	Bulk ship size range defined by Clarksons as 100,000 dwt or larger.
Capesize 4tc	An index derived from an average of four Capesize time charter rates, published by the Baltic Exchange.
Cbm	Cubic metres. Used as a measurement of cargo capacity for ships such as gas carriers.
Cgt	Compensated gross tonnage. This unit of measurement was developed for measuring the level of shipbuilding output and is calculated by applying a conversion factor, which reflects the amount of work required to build a ship, to a vessel's gross registered tonnage.
Charterer	Cargo owner or another person/company who hires a ship.
Charter-party	Transport contract between shipowner and shipper of goods.
CIF	Cost, insurance and freight. Delivery of goods is the seller's responsibility to the port of discharge. The freight is paid for by the supplier of goods.
ClarkSea index	A weighted average index of earnings for the main vessel types where the weighting is based on the number of vessels in each fleet sector.
Clean products	Refined oil products such as naphtha.
COA	Contract of Affreightment. An agreement to transport a defined amount of cargo at an agreed freight rate, with the shipowner choosing the ship.
Combination carrier	Ship capable of carrying oil or dry cargo, thereby increasing the productivity of the vessel. Typically termed OBO or Ore/Oiler.
Containership	A cargo ship specifically equipped with cell guides for the carriage of containerised cargo.
Crude oil	Unrefined oil.
CST	Centistokes. A measure of viscosity used to classify marine fuels.
Daily operating costs	The costs of a vessel's technical operation, crewing, insurance and maintenance, but excluding costs of financing, referred to in the industry as opex.
Demurrage	Money paid to shipowner by charterer, shipper or receiver for failing to complete loading/discharging within time allowed according to charter-party.
Dirty products	Less refined oil products such as fuel oil.
Dry (market)	Generic term for the bulk market.
Dry cargo carrier	A ship carrying general cargoes or sometimes bulk cargo.
Dry docking	To put a vessel into a dry dock for inspection, repair and maintenance. Normally done on a regular basis.
Dwt	Deadweight tonne. A measure expressed in metric tonnes (1,000 kg) or long tonnes (1,016 kg) of a ship's carrying capacity, including bunker oil, fresh water, crew and provisions. This is the most important commercial measure of the capacity.
E&P	Exploration and Production.

FFA	Forward Freight Agreement. A cash contract for differences requiring no physical delivery based on freight rates on standardised trade routes.
FOB	Free on Board. Cost of the delivery of goods is the seller's responsibility only up to the port of loading. The freight is paid for by the buyer of the goods.
Forward order book (FOB)	Estimated commissions collectable over the duration of the contract as principal payments fall due. The forward order book is not discounted.
FOSVA	Forward Ship Value Agreement. An FFA based product designed specifically for the sale and purchase market.
FPSO	Floating Production, Storage and Offloading unit. Used offshore for the production and processing of hydrocarbons in remote deepwater areas.
Freight rate	The agreed charge for the carriage of cargo expressed per tonne of cargo (also Worldscale in the tanker market) or as a lump sum.
FSO	Floating Storage and Offloading. A vessel used for the storage and offloading of crude oil or gas, typically on an offshore field, but occasionally also at a port or terminal.
FSRU	Floating Storage & Regasification Unit. This vessel type acts as a floating discharge terminal, typically shore-side within a port, to allow a discharge solution for LNG carriers in ports which may only have seasonal gas import needs, or need a lower-cost solution than a land-based regasification terminal.
FSV	Fast Supply Vessel. A type of vessel specialised for crew transport to offshore platforms, along with some transport of supplies. Typically found in regions such as the US Gulf, Mexican Bay of Campeche and West Africa, which have relatively dense fixed platform infrastructure requiring crew changes.
Handysize	Bulk carrier size range defined by Clarksons as 10-40,000 dwt or tanker size range defined by Clarksons as 10-60,000 dwt.
Handymax	Bulk carrier size range defined by Clarksons as 40-65,000 dwt. Includes supramax and ultramax vessels.
IMO	International Maritime Organisation. A United Nations agency devoted to shipping.
ISM code	International Safety Management code for the safe operation of ships and for pollution prevention as adopted by the IMO.
LGC	Large Gas Carrier. Vessel defined by Clarksons as 40-65,000 cbm.
LNG	Liquefied Natural Gas.
LPG	Liquefied Petroleum Gas.
LR1	Long Range 1. Coated products tanker defined by Clarksons as 60,000-80,000 dwt.
LR2	Long Range 2. Coated products tanker defined by Clarksons as 80,000-120,000 dwt.
MGC	Mid-sized Gas Carrier. Vessel defined by Clarksons as 20-40,000 cbm.
MLP	Master Limited Partnership. A limited partnership that is publicly traded on a securities exchange.
MOA	Memorandum of Agreement.
MR	Medium Range. A product tanker of around 45-60,000 dwt.
MT	Metric tonne (see tonne).
NGL	Natural gas liquids.
OBO	Oil, Bulk, Ore carrier (see combination carrier).
Oil tanker	Tanker carrying crude oil or refined oil products.
OPEC	Organisation of the Petroleum Exporting Countries.
OSV	Offshore Support Vessels. Such as AHTSs and PSVs. Ships engaged in providing support to offshore rigs and oil platforms.
OTC	Over the counter. Directly between two parties, without any supervision of an exchange.
Panamax	Bulk carrier size range defined by Clarksons as 65-100,000 dwt or tanker size range defined as 60-80,000 dwt. Containership size range defined as vessels 3,000+ TEU capable of transiting the Panama Canal.

Parcel tanker	Tanker equipped to carry several types of cargo simultaneously.
Product tanker	Tanker that carries refined oil products.
PSV	Platform Supply Vessel. Used in supporting offshore rigs and platforms by delivering materials to them from onshore.
Reefer	A vessel capable of handling refrigerated cargoes such as meat, fish and fruit.
Ro-Ro	Ship with roll-on roll-off ramps for wheeled or tracked cargo.
Semi-refrigerated	Semi-refrigerated gas carriers. Ships which employ a combination of refrigeration and pressurisation to maintain the transported gas in liquid form.
Shipbroker	A person/company who on behalf of a shipowner/shipper negotiates a deal for the transportation of cargo at an agreed price. Shipbrokers also act on behalf of shipping companies in negotiating the purchasing and selling of ships, both secondhand tonnage and newbuilding contracts.
Shuttle tanker	Tanker carrying oil from offshore fields to terminals.
SOx/NOx	Sulphur Oxides/Nitrogen Oxides. A ship's emissions which are subject to regulatory limits.
Spot business	Broker commission negotiated and invoiced within the same business year.
Spot market	Short-term contracts for voyage, trip or short-term time charters, normally no longer than three months in duration.
Suezmax	A tanker size range defined by Clarksons as 120-200,000 dwt.
Supramax	A sub-sector of the wider handymax bulk carrier fleet defined by Clarksons as 50-60,000 dwt.
SURF	Subsea, Umbilicals, Risers and Flowlines. A term for the type of contract often agreed between an offshore construction services company and a field operator for construction work on a field which will need subsea production infrastructure.
TEU	20-foot Equivalent Units. The unit of measurement of a standard 20 foot long container.
Time charter	An arrangement whereby a shipowner places a crewed ship at a charterer's disposal for a certain period. Freight is customarily paid periodically in advance. The charterer also pays for bunker, port and canal charges.
Time Charter Equivalent (TCE)	Gross freight income less voyage costs (bunker, port and canal charges), usually expressed in US$ per day.
Tonne	Imperial/Metric tonne of 2,240 lbs/1,000 kilos (2,204 lbs).
ULCC	Ultra Large Crude Carrier. Tanker of more than 320,000 dwt.
Ultramax	A modern sub-sector of the wider handymax bulk carrier fleet, defined by Clarksons as 60-65,000 dwt, including some vessels up to 70,000 dwt.
VLCC	Very Large Crude Carrier. Tanker over 200,000 dwt.
VLGC	Very Large Gas Carrier. Vessel defined by Clarksons as 65,000 cbm or larger.
Voyage charter	The transportation of cargo from port(s) of loading to port(s) of discharge. Payment is normally per tonne of cargo, and the shipowner pays for bunker, port and canal charges.
Voyage costs	Costs directly related to a specific voyage (e.g. bunker, port and canal charges).
Wet (market)	Generic term for the tanker market.
Worldscale (WS)	An international index of freight for tankers. Worldscale is a schedule of freight rates for a standard ship in US dollars per tonne of oil for an array of oil routes. The rates listed in the table are designated as Worldscale Flat or WS100 and are revised annually.

Income statement

	2016* £m	2015* £m	2014* £m	2013* £m	2012*† £m
Revenue	306.1	301.8	237.9	198.0	176.2
Cost of sales	(8.9)	(10.3)	(13.3)	(6.2)	(6.3)
Trading profit	297.2	291.5	224.6	191.8	169.9
Administrative expenses	(253.0)	(242.0)	(191.3)	(166.9)	(150.8)
Operating profit	44.2	49.5	33.3	24.9	19.1
Profit before taxation	44.8	50.5	33.8	25.1	20.0
Taxation	(11.2)	(12.6)	(8.7)	(6.9)	(6.0)
Profit for the year	33.6	37.9	25.1	18.2	14.0

* Before exceptional items and acquisition related costs.
† Restated for the effects of IAS 19 (revised).

Cash flow

	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m
Net cash inflow/(outflow) from operating activities	45.6	24.7	37.8	22.8	(4.4)

Balance sheet

	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m
Non-current assets	357.9	310.7	65.7	63.9	65.2
Inventories	0.7	0.9	1.4	0.9	–
Trade and other receivables (including income tax receivable)	59.0	63.0	44.2	47.8	33.5
Current asset investments	29.8	5.7	25.3	25.2	25.2
Cash and cash equivalents	154.0	168.4	152.9	96.9	89.4
Current liabilities	(172.4)	(168.5)	(108.1)	(89.4)	(72.2)
Non-current liabilities	(22.3)	(39.3)	(14.1)	(7.6)	(15.1)
Net assets	406.7	340.9	167.3	137.7	126.0

Statistics

	2016	2015	2014	2013	2012
Earnings per share – basic*	105.2p	121.9p	134.2p	98.0p	74.8p
Dividend per share	65p	62p	60p	56p	51p

* Before exceptional items and acquisition related costs.

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