HORACE CLARKSON

PLC

REPORT AND ACCOUNTS

1999

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FINANCIAL CALENDAR

Annual general meeting – 16 May 2000

Final dividend payable – 23 June 2000

Interim results for 2000 announced – August 2000

Interim dividend payable – September 2000

Final results for 2000 announced – March 2001

DIRECTORS AND ADVISERS

DIRECTORS

M E Beckett, *Chairman**

A Brooks*

S L James*

R D Ward, FCA

G D Weston, MCIT, MILT

**non-executive*

ADVISERS

AUDITORS
Ernst & Young

SOLICITORS
Simmons & Simmons

STOCKBROKERS
Cazenove & Co.

REGISTRARS
Exchange Registrars Limited

PRINCIPAL BANKERS
Bank of Scotland

SECRETARY AND REGISTERED OFFICE
D H Gilbert, ACIS
12 Camomile Street
London EC3A 7BP

REGISTERED NUMBER
1190238

CHAIRMAN'S STATEMENT

INTRODUCTION

PROFIT BEFORE TAX for the year ended 31 December 1999 was £1.3 million (1998: £1.1 million, excluding an exceptional gain on asset sales of £0.9 million). Turnover was £27.0 million (1998: £28.4 million).

During the year the company has continued to develop and extend its broking relationships with key clients by providing added value to the transactions they are conducting and by staying at the forefront of its industry in developing new products and providing relevant and timely advice. In addition, we have used our position as market leader to begin the implementation of an eBusiness strategy that will enable us to maintain our "best-of-brand" position.

REVIEW OF OPERATIONS

Market Overview

TURNOVER in US dollars, in which most of our business was done, decreased to US$43.5 million (£27.0 million), from US$47.0 million (£28.4 million), reflecting lower freight rates in most sectors.

Dry Cargo

THE DRY CARGO sector experienced another very difficult year. Average vessel earnings for much of the year were weaker than in 1998, a year which in itself saw returns fall to the lowest level since the mid 1980's.

An upturn in the global economy from the middle of the year however, led to a sudden increase in rates from the third quarter onwards. The recovery started with the largest units, before effecting the Panamax and Handy sectors, with Capesize earnings by the end of the year double the levels seen in the summer.

Whilst this recovery is a cause for optimism, it came too late to impact significantly on the results for 1999. The full effect of this change in our earnings will be felt in the coming year.

Tankers

THE TANKER sector felt the effects of OPEC's decision to restrict crude oil production from the second quarter onwards. VLCC rates in particular suffered, with earnings 30% down in the second half of the year. Suezmax and Aframax rates also weakened, but the falls were not as great as for VLCC's and both sectors enjoyed a healthy recovery towards the end of the year. The market is currently assessing the likely effect on chartering fixing practices of the "Erika" disaster. If charterers are forced to take more modern tonnage then this will undoubtedly ensure higher freight rates in year 2000.

Having been squeezed by the Asian slowdown and increased refinery capacity during 1999 which left earnings weak, product tanker rates also now look poised to stage a recovery. Consolidation in the fleet and rising demand were the major factors accounting for an improved gas carrier market towards the end of the year. Meanwhile, an extended period of weakness in the chemical tanker market came to an end in the second half of the year despite continued fleet growth.

Sale and Purchase

SALE AND PURCHASE activity was up significantly in 1999, particularly in the area of bulkcarrier newbuildings. Contracting of cargo vessels in 1999 rose 24% to 49 million dwt, with bulkers accounting for much of the ordering.

Total secondhand sales volume increased 30% to 822 vessels, though reduced average size and value of each transaction resulted in a decline in the value of reported sales to US$5.4 billion (1998: US$6.0 billion). The demolition market saw increased activity with 30 million dwt scrapped in 1999 as against 25 million dwt in 1998.

Although the division suffered from relatively weak spot earnings, particularly during the first half of the year, it ordered on behalf of clients a record number of ship newbuildings, surpassing the total number ordered in any previous year in the company's history.

During the early part of the year the container market declined. The recovery, when it came in late spring, was faster than anticipated. Shortage of space, particularly on the TransPacific trade route, encouraged new and existing operators to expand services on the back of low charter rates. Trade volumes continued to expand and, coupled with low deliveries, rates firmed. Reorganisation of our container department into an integrated team offering chartering, sale and purchase and research capabilities has proved timely.

Futures

ON THE BACK of a weak dry cargo market, "biffex" volumes declined. Over the counter swaps however, continue to increase in popularity, albeit with lower commission earnings than last year due to weaker rates in the underlying market. The division is expanding the range of products it offers to clients in both dry bulk and tanker sectors.

Research and Publications

IN A YEAR of much activity, the research and publications division increased its turnover. *Container Intelligence Monthly* and the new *Clarkson Register CD* were launched during the year and extended our market presence. The division reorganised to meet the new demands of our clients with a new research services unit.

The establishment of new databases and digital products as well as the development of web based delivery systems will help keep the division in the forefront of information provision to the shipping industry. The backbone of these developments is the *Shipping Intelligence Network*, officially launched in March 2000.

Overseas

OUR OVERSEAS companies again made a positive contribution to operating profits. In particular our Australian subsidiary, Austral Chartering (Pty) Limited, performed well. Clarkson Asia Singapore generated higher commission levels from its exposure to the VLCC markets and our offices in China continued to make steady progress.

Ship Management

DURING THE second half of 1999 the group acquired a 50% interest in Vanlink Group Limited, the parent company of Univan Ship Management Limited, a leading Hong Kong based ship management company. This move provides an entry into a growing related business area and represents a further step in our objective of providing our clients worldwide with a broader range of shipping services. The 1999 results include a positive contribution from this investment.

FINANCIAL

THE COMPANY implemented a plan to ensure that it was unaffected by any Year 2000 issues. All the projects were completed during 1999 and no issues were encountered either on 1 January or 29 February 2000.

Overall net cash balances stand at £4.5 million (1998: £4.6 million). This is sufficient to cover the working capital requirements of the group.

The overall effective tax rate for the year is 54.3% (1998: 34.8%). In 1999 the combination of UK disallowable expenses with a lower level of profitability has had a disproportionate affect on the overall rate. The 1998 tax rate reflected the utilisation of brought forward capital losses against exceptional profits.

The group only uses spot and forward foreign currency contracts to reduce the group's exposure to variations in the Sterling / US dollar exchange rate. As stated above, the main operating currency for shipping is US dollars.

PROSPECTS

WITH ALL THE shipping markets in which we operate enjoying recovery, freight rates look set to firm in 2000. We are in a good position to take advantage of this upturn, given our concentration over the last two years on maintaining our critical mass in key markets and developing value added services.

In addition the group can now combine its unrivalled worldwide broking network with the excellence of Univan's ship management operation to give shipowners unique access to a wide range of shipping services in an independent manner. We believe the joint venture with Univan is capable of making a useful contribution to the group's profit in future years and indeed the company is focused on expanding its existing range of shipping related services.

CHAIRMAN'S STATEMENT

Above all, the group has been quick to respond to developments in new technology. We have invested heavily to develop an integrated eBusiness strategy that will enable us to leverage off our successful legacy business and position the company as a leading player in the emerging shipping eBusiness environment. The first in a range of eCommerce products, creating a shipping information portal, went on line in March 2000. We intend to launch a series of innovative information and trading platforms during the coming year.

DIVIDEND

THE BOARD will be recommending a final dividend of 2.50 pence per share to be paid on 23 June 2000 to shareholders on the register at the close of business on 9 June 2000. This final dividend, together with the interim dividend paid in October 1999, makes a total of 4.00 pence per share, the same as last year.

STAFF

THE BOARD wishes to place on record its thanks to all members of staff at home and abroad, who have contributed to the company's continuing success.

Michael Beckett
Chairman

29 March 2000

REPORT OF THE DIRECTORS

The directors present their report and the group accounts for the year ended 31 December 1999, which were approved by them on 29 March 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of an investment holding company, whose subsidiaries were primarily involved in ~~shipbroking and~~ the provision of shipping services. A review of the group's performance and likely future developments is contained in the chairman's statement on pages 2 to 5.

GROUP RESULTS AND DIVIDENDS

The results of the group, giving details of the profit, dividends and retained earnings are shown on page 15. An interim dividend of 1.50 pence per share was paid in October 1999. The directors will be recommending a final dividend of 2.50 pence per share, payable on 23 June 2000 to shareholders on the register at the close of business on 9 June 2000, making a total dividend for the year of 4.00 pence per share (1998: 4.00 pence per share).

DIRECTORS

The directors of the company as at the date of this report are shown on page 1.

In accordance with the company's articles of association, Mr M E Beckett will retire by rotation at the annual general meeting and offer himself for re-election.

No director had a material interest in any contract of significance to the group's business during the year.

NON-EXECUTIVE DIRECTORS

Mr M E Beckett (63) Chairman, was appointed a director of the company in 1988. He is a non-executive director of Ashanti Goldfields Company Limited, British Borneo Oil and Gas Syndicate Plc, BPB plc and Queens Moat Houses plc. He is chairman of Watts Blake Bearne & Company plc.

Mr A Brooks (64) was appointed a director of the company in October 1993 and is chairman of the remuneration committee. He was previously group managing director of BPB Industries Limited and chairman of British Gypsum Limited and Anglo United PLC.

Mr S L James (69) has been a director of the company since 1975 and is chairman of the audit committee.

The non-executive directors comprise the remuneration and audit committees of the company.

SUBSTANTIAL INTERESTS

The company has been notified of the following substantial interests in its issued share capital as at 15 March 2000 (being the latest practicable date prior to the approval of these accounts):

Employees and employee share trusts	38.98%
National Westminster Investment Managers	6.40%
M Hagn and connected interests	6.07%
C Tsakiris and connected interests	4.87%
CMB Group	4.57%
Petula Finance Corporation	3.21%

As at 15 March 2000, employees directly held 13.34% of the company's share capital and 25.64% was held by employee share trusts for use under the company's various incentive schemes.

The company has not received any other notifications of substantial interests in its issued share capital.

REPORT OF THE DIRECTORS

SHARE CAPITAL

Details of the company's share capital and any movements during the year are shown in note 15 to the accounts.

EMPLOYMENT POLICIES

The group operates worldwide and its employment policies vary to meet local conditions and legal requirements. It is committed to equal opportunities for all employees. In the UK, the policy of staff communication, consultation and participation has continued. Where such policies do not exist in acquired companies, steps are taken to introduce them. *Clarkson News*, the group's in-house magazine, provides employees and former employees who are now pensioners with information about the group and staff issues.

Employees are encouraged to become involved in the financial performance of the group through the operation of share option, profit sharing and restricted share plan schemes. At 15 March 2000, employee share trusts held 3,635,403 shares for allocation to employees at a future date under share incentive schemes. Of these, 726,340 shares were held for employees under the Savings Related and Senior Executive Share Option Schemes, 392,057 shares on behalf of the Profit Sharing Scheme, and 2,517,006 shares under the Restricted Share Plan. Details of options granted under the H Clarkson Senior Executive Share Option Scheme are shown in note 15 to the accounts.

Full and fair consideration is given to applications for employment by those with a disability. Where an employee becomes disabled whilst in the employment of a group company, every effort is made to find continuing employment wherever possible.

CHARITABLE AND POLITICAL DONATIONS

During the year, the group made various charitable donations amounting in aggregate to £10,595 (1998: £10,100). No political contributions were made.

CORPORATE GOVERNANCE

The non-executive directors, who are each appointed for a specific term, constitute the audit and remuneration committees of the company. The remuneration committee advises on remuneration and incentive schemes for senior staff and makes recommendations for the operation of the company's profit sharing and option schemes.

The company continues to be a member of CISCO, an organisation which is lobbying for changes to reflect the implications of corporate governance on smaller companies.

The Combined Code is the statement of best corporate governance practice. A review has been undertaken of the company's existing corporate governance practices to ensure that the company complied with the Principles of Good Governance introduced by the Code throughout the year.

The board considers that the company has complied with current best practice as detailed in the Combined Code in all respects.

GOING CONCERN

The directors believe that the group has adequate resources to continue in operation for the foreseeable future. These accounts have therefore been prepared on a going concern basis.

YEAR 2000 COMPLIANCE

As a result of the company's decision to implement a thorough review of its systems, no problems were reported with the year end date change or on 29 February 2000. In aggregate the group spent approximately £150,000 completing this review.

REPORT OF THE DIRECTORS

INTERNAL CONTROL

The board is responsible for the establishment and ongoing implementation of the company's internal control mechanisms. These are designed to identify and counter the particular risks to which the company is exposed. By their very nature, these controls can provide reasonable but not absolute assurance against material misstatement or loss.

The Turnbull Committee issued its guidance on internal control late in 1999. The group will put into place the necessary procedures to comply with that guidance for the year ending 31 December 2000. As permitted under the provisions of the Code, in the current report the board continues to review and report on the effectiveness of the group's system of internal financial control.

A number of key procedures have been established to provide effective internal financial controls. These include budgeting and reporting systems; monitoring, supervision and stewardship procedures and a continuing review of the group's controls.

The directors confirm that they have carried out a review of the effectiveness of the system of internal financial control.

PAYMENT OF CREDITORS

The group pays its trade creditors in accordance with the terms negotiated with them. Trade creditors principally represent client balances and are settled as requested. The company has no trade creditors.

ANNUAL GENERAL MEETING

A resolution will be proposed at the annual general meeting to renew the directors' authority to purchase the company's own shares. This authority was last granted at the annual general meeting in May 1999. Further details of this resolution can be found in the notice of meeting on pages 31 and 32.

AUDITORS

A resolution to re-appoint Ernst & Young as auditors of the company will be proposed at the annual general meeting.

By order of the board

D H Gilbert
Secretary

David Gilbert

29 March 2000

REPORT OF THE BOARD ON REMUNERATION

THE COMMITTEE

The remuneration committee is comprised of the non-executive directors, who have no day-to-day involvement with the business and no personal financial interest in the matters to be recommended.

TERMS OF REFERENCE

The committee's terms of reference include the determination of executive remuneration, to consider the granting of options and allocation of restricted share scheme shares and to make appropriate recommendations to the board.

GENERAL POLICY

The policy of the company is to ensure that executive rewards are linked to performance to provide an incentive to achieve the key business aims; deliver an appropriate level of total remuneration for acceptable performance and maintain a reasonable relationship of rewards to those offered in other companies in order to attract, retain and motivate executives within the bounds of what is acceptable to shareholders.

There are few, if any, comparable UK public companies involved solely in the business of providing shipping services. Comparisons are therefore made for this purpose with companies in the financial sector generally. In addition to consultation with the executive directors of the group, the remuneration committee is advised by a leading firm of executive remuneration consultants to maximise comparability with the benchmark companies.

In determining its remuneration policy, the committee has given full consideration to section 1, part B of the Combined Code annexed to the Listing Rules concerning directors' remuneration policy, service contracts and compensation.

BASIC SALARIES AND BENEFITS

Basic salaries and benefits for executive directors are reviewed annually having regard to individual performance, competitive market practice and comparable evidence of other similar companies.

ANNUAL PERFORMANCE BONUS

Executive directors participate in a bonus scheme which is linked to the achievement of group earnings per share targets. For those with divisional responsibility, bonus payments are based partly on the performance of the group as a whole and partly on the profit performance of their respective divisions. Targets are normally set above the prior year's results and are often set above the current year's budget.

LONG TERM INCENTIVE SCHEMES

Details of the company's various incentive schemes are as follows:

Restricted Share Plan

Awards under this plan are made annually to key executives by allocating a proportion of bonus entitlement towards the purchase of shares which are held in trust for at least four years and are then transferred to the executive, subject to their remaining with the company.

Senior Executive Share Option Scheme

The Horace Clarkson Senior Executive Share Option Scheme 1998 was adopted in May 1998 in place of the previous scheme which had expired. No options have been granted during the year. Subsisting options to purchase shares, granted under the company's previous scheme, were granted in phases, generally as a proportion of salary, and exercise can be subject to a performance condition.

REPORT OF THE BOARD ON REMUNERATION

Save As You Earn Share Option Scheme

This is an Inland Revenue approved sharesave scheme which enables the company to grant options to employees to purchase ordinary shares at a 20% discount to market price. These options can be exercised only with funds saved by employees over time in a qualifying savings account.

Profit Sharing Scheme

This is also an Inland Revenue approved scheme whereby up to 5% of UK profits are appropriated each year to purchase ordinary shares in the market which are held in trust for a minimum period of three years before being released to individual employees. Awards under this scheme cannot exceed £3,000 per employee or, if greater, 10% of the employee's remuneration for PAYE purposes with an overall limit of £8,000.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

The fees of non-executive directors are reviewed periodically by the full board after considering recommendations by the executive directors. The fee consists of an annual payment in connection with board meetings and, where relevant, an additional amount for services such as attending remuneration, audit and pension trustee committee meetings. Non-executive directors are not eligible for any other benefits or incentive schemes nor do they have service contracts with the company.

DIRECTORS' EMOLUMENTS

Details of directors' emoluments (excluding pension benefits) are set out below:

	Basic salaries and fees	*Benefits*	*Performance related bonuses*	*Total*	*Total*
	1999 £'000	*1999 £'000*	*1999 £'000*	*1999 £'000*	*1998 £'000*
Executive directors:					
R D Ward	**174**	**9**	**1**	**184**	210
G D Weston	**174**	**9**	**1**	**184**	200
Non-executive directors:					
M E Beckett	**41**	–	–	**41**	41
A Brooks	**25**	–	–	**25**	25
S L James	**23**	–	–	**23**	23
	437	**18**	**2**	**457**	499
Former directors:					
R W Harrington	–	–	–	–	19
H O McCoy	–	–	–	–	223
	437	**18**	**2**	**457**	741

Benefits include cash allowances in lieu of company cars and other benefits in kind. The performance related bonuses are an award under the profit related pay scheme in relation to 1998.

REPORT OF THE BOARD ON REMUNERATION

DIRECTORS' PENSION INFORMATION

Executive directors participate in the group pension schemes which provide a pension of up to two-thirds salary on retirement dependent on length of service. Pension benefits are provided only on basic salary. Details of directors' pension benefits are set out below:

	Additional pension earned during the year £'000	Increase in transfer value during the year £'000	Accrued pension entitlement at the end of the year £'000	Accrued pension entitlement at the start of the year £'000
R D Ward	**3**	**47**	**25**	21
G D Weston	**8**	**76**	**56**	48

The accrued pension entitlement shown is that which would be paid annually on retirement based on service to the end of the year. The additional pension earned during the year and increase in transfer value during the year excludes any increase for inflation. Members of the scheme have the option to pay additional voluntary contributions; neither the contributions nor the resulting benefits are included in the table. The pension scheme also provides dependents' pensions in the event of death, and lump sum benefits on death-in-service.

The company operates a funded unapproved retirement benefits scheme for UK members who joined the company after May 1989 and are therefore subject to Inland Revenue restrictions on their entitlement to benefit from the group's final pension scheme. Mr R D Ward participates in this arrangement and the company's contribution in respect of the year ended 31 December 1999 was £61,021.

DIRECTORS' INTERESTS IN SHARES

The beneficial interests of the directors in the share capital of the company at 31 December 1999 are as follows:

	Ordinary shares	
	1999 Number	1998 Number
M E Beckett	**10,000**	2,000
A Brooks	**42,000**	32,000
S L James	**125,000**	–
R D Ward	**276,141**	109,042
G D Weston	**138,651**	80,269

On 20 January 2000 Messrs R D Ward and G D Weston respectively acquired beneficial interests in 52,500 and 5,000 ordinary shares in the company.

Messrs M E Beckett and R D Ward are directors and joint trustees of H Clarkson (Trustees) Limited which acts as trustee for the shares issued under the Profit Sharing Share Scheme and subject to options under the SAYE Share Option Scheme and certain options under the Senior Executive Share Option Scheme. Details of these are shown in the report of the directors under employment policies.

REPORT OF THE BOARD ON REMUNERATION

The numbers of ordinary shares subject to options held by the directors and granted under the SAYE Share Option Scheme and Senior Executive Share Option Scheme are detailed below:

		01.01.99	*Granted*	*Lapsed during the year*	*Exercised during the year*	***31.12.99***	*Exercise price - pence per share*	*Date options exercisable*	*Date options expire*
R D Ward	Senior Executive 1991	20,000	–	–	–	**20,000**	206.0	25.04.94	24.04.01
	Senior Executive 1994	25,000	–	–	–	**25,000**	91.0	31.03.00	03.11.04
	SAYE 1994	15,000	–	–	(15,000)	**–**	69.0	01.06.99	30.11.99
	SAYE 1997	4,534	–	–	–	**4,534**	86.0	08.05.00	07.08.00
	SAYE 1999	–	11,286	–	–	**11,286**	51.5	31.10.02	30.04.03
G D Weston	Senior Executive 1989	14,000	–	(14,000)	–	–	204.4	20.12.92	19.12.99
	Senior Executive 1991	11,000	–	–	–	**11,000**	206.0	25.04.94	24.04.01
	Senior Executive 1994	25,000	–	–	–	**25,000**	91.0	31.03.00	03.11.04
	SAYE 1994	6,600	–	–	(6,600)	**–**	69.0	01.06.99	30.11.99
	SAYE 1997	6,802	–	–	–	**6,802**	86.0	08.05.00	07.08.00
	SAYE 1999	–	7,524	–	–	**7,524**	51.5	31.10.02	30.04.03

The market price of the shares at 31 December 1999 was 93.5 pence and the range during 1999 was 61.0 pence to 94.5 pence.

A Brooks
Remuneration Committee Chairman

29 March 2000

DIRECTORS' STATEMENT OF RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those accounts, the directors are required to: select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS

to the members of Horace Clarkson PLC

We have audited the accounts on pages 15 to 29, which have been prepared under the historical cost convention and the accounting policies set out on pages 19 and 20.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the annual report. As described on page 13, this includes responsibility for preparing the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law or the Listing Rules regarding directors' remuneration and transactions with the group is not disclosed.

We review whether the corporate governance statements on pages 7 and 8 reflect the company's compliance with the seven provisions of the Combined Code specified for our review by the Stock Exchange, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of either the group's corporate governance procedures or the group's risk and control procedures.

We read the other information contained in the annual report, including the corporate governance statement, and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 31 December 1999 and of the results of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young
Registered Auditor

London
29 March 2000

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1999

Notes		*1999* *£'000*	*1998* *£'000*
2	TURNOVER	**26,958**	28,351
3	OPERATING PROFIT	**524**	457
	Share of profits of associated undertakings	**292**	119
3	Profit on disposal of fixed assets	**–**	861
	Interest receivable and similar income	**591**	671
	Interest payable and similar charges	**(129)**	(59)
2, 3	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	**1,278**	2,049
6	Taxation on profit on ordinary activities	**(694)**	(714)
	PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY	**584**	1,335
7	Dividends	**(567)**	(567)
17	RETAINED PROFIT FOR THE YEAR	**17**	768
8	EARNINGS PER SHARE		
	Basic	**4.14p**	7.94p
	Diluted	**4.08p**	7.85p
	DIVIDEND PER SHARE	**4.00p**	4.00p

The notes set out on pages 19 to 29 form part of these accounts.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 December 1999

	1999 **£'000**	*1998* *£'000*
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	**584**	1,335
Foreign exchange differences	**126**	(324)
Total recognised gains relating to the year	**710**	1,011

MOVEMENT IN SHAREHOLDERS' FUNDS

for the year ended 31 December 1999

	1999 **£'000**	*1998* *£'000*
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	**584**	1,335
Foreign exchange differences	**126**	(324)
Dividends	**(567)**	(567)
Other movements:		
Tender offer	**–**	(8,396)
Total movements during the year	**143**	(7,952)
Shareholders' funds at 1 January 1999	**8,757**	16,709
Shareholders' funds at 31 December 1999	**8,900**	8,757

The notes set out on pages 19 to 29 form part of these accounts.

BALANCE SHEETS

as at 31 December 1999

		Group		Company	
		1999	*1998*	**1999**	*1998*
Notes		**£'000**	*£'000*	**£'000**	*£'000*
	FIXED ASSETS				
9	Tangible assets	**3,254**	3,810	**732**	755
10	Investments	**1,386**	1,111	**14,106**	14,229
		4,640	4,921	**14,838**	14,984
	CURRENT ASSETS				
11	Debtors	**7,100**	7,036	**560**	1,139
	Cash and deposits	**6,915**	4,798	**–**	–
		14,015	11,834	**560**	1,139
12	CREDITORS				
	Amounts falling due within one year	**(9,727)**	(7,870)	**(3,142)**	(3,042)
	NET CURRENT ASSETS/(LIABILITIES)	**4,288**	3,964	**(2,582)**	(1,903)
	TOTAL ASSETS LESS CURRENT LIABILITIES	**8,928**	8,885	**12,256**	13,081
	CREDITORS				
13	Amounts falling due after more than one year	**(11)**	(9)	**–**	–
14	PROVISIONS FOR LIABILITIES AND CHARGES	**(17)**	(119)	**–**	–
		(28)	(128)	**–**	–
		8,900	8,757	**12,256**	13,081
	CAPITAL AND RESERVES				
15	Called up share capital	**3,545**	3,545	**3,545**	3,545
16	Share premium account	**1,753**	1,753	**1,753**	1,753
17	Other reserves	**3,602**	3,459	**6,958**	7,783
	Equity shareholders' funds	**8,900**	8,757	**12,256**	13,081

The accounts were approved by the board of directors on 29 March 2000, and signed on its behalf by:

M E Beckett, *Chairman*

R D Ward, *Finance Director*

The notes set out on pages 19 to 29 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 1999

Notes		1999 £'000	1998 £'000
19	NET CASH INFLOW FROM OPERATING ACTIVITIES	**1,029**	1,102
	DIVIDENDS FROM ASSOCIATES	**77**	61
20	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	**454**	612
	TAXATION	**(628)**	(2,503)
21	CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	**(518)**	407
	EQUITY DIVIDENDS PAID	**(567)**	(721)
24	MANAGEMENT OF LIQUID RESOURCES	**(99)**	9,106
	NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING	**(252)**	8,064
22	FINANCING	**–**	(8,396)
23, 24	DECREASE IN FUNDS	**(252)**	(332)

The notes set out on pages 19 to 29 form part of these accounts.

NOTES TO THE ACCOUNTS

1 STATEMENT OF ACCOUNTING POLICIES

(a) PREPARATION OF ACCOUNTS

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) BASIS OF CONSOLIDATION

The group accounts consolidate the accounts of Horace Clarkson PLC and all its subsidiary undertakings made up to 31 December each year. No profit and loss account is presented for Horace Clarkson PLC as provided by Section 230 of the Companies Act 1985.

The group profit and loss account includes the results of companies acquired during the year for the periods from their date of acquisition and of companies disposed of during the year for the periods up to the date of their disposal.

The accounts of the H Clarkson (Holdings) Executive Share Purchase Trust have been included in the consolidated accounts.

(c) ASSOCIATED UNDERTAKINGS

Entities, other than subsidiary undertakings, in which the group has a participating interest and over which it exerts significant influence are treated as associated undertakings. The group accounts include the appropriate share of these undertakings' results and reserves based on the latest available audited accounts.

(d) TURNOVER

Turnover represents brokerage and commission earnings from shipping related activities, and other income arising from shipping publications, research and consultancy.

(e) DIVIDENDS RECEIVABLE

Dividends from subsidiary undertakings are credited on the basis of amounts receivable. Other dividends are credited when received.

(f) DEFERRED TAXATION

Deferred taxation is provided on the liability method on all timing differences to the extent that they are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable. Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

(g) OVERSEAS CURRENCIES AND FINANCIAL INSTRUMENTS

The net assets of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. Monetary assets and liabilities held in foreign currency ledgers are considered to be separate foreign currency branches and are therefore also translated at the closing rate. Investments in subsidiary undertakings and other fixed assets are recorded at the rate ruling at the time of acquisition.

Exchange differences on foreign currency borrowings, to the extent that they are used to finance or provide against investments in foreign currency branches, are taken directly to reserves to offset the exchange difference on the carrying amount of the related investments.

The trading results of overseas subsidiary undertakings are translated at average rates for the year. The trading results of foreign currency branches are also translated at average rates, or at contracted rates if the trading results are covered by forward exchange contracts. The exchange differences on the retranslation of opening net assets are taken directly to reserves.

Any other exchange differences are taken directly to the profit and loss account.

The average Sterling / US dollar exchange rate for the year was 1.61 (1998: 1.66).

1 STATEMENT OF ACCOUNTING POLICIES CONTINUED

(h) DEPRECIATION

Depreciation is calculated to write off the cost of tangible fixed assets to their estimated residual values over their expected lives. Rates and bases (straight line or other) are those considered appropriate for each company in the group and for the particular class of assets as follows:

Freehold properties	60 years
Leasehold properties	Over period of lease
Office furniture and equipment	4-15 years
Motor vehicles	4 years

The carrying values of fixed assets are reviewed if circumstances indicate these values may have been impaired.

(i) INVESTMENTS

All the group's fixed investments are for the long term and are treated as fixed assets. Investments are included in these accounts at cost, less any provision for permanent diminution in value.

(j) PENSIONS

The charge to annual profits for pensions is calculated so as to recognise the cost on a rational and systematic basis over the period of the employees' service lives. Any adjustment arising from prior years is spread over the expected remaining service lives as a percentage of salary roll.

(k) CASH AND DEPOSITS

The group receives cash in the ordinary course of business for onward payment to its clients. The liability to clients for such cash is included in creditors due within one year.

(l) GOODWILL

Purchased goodwill is capitalised and amortised over its estimated useful life.

2 SEGMENTAL INFORMATION

The group is engaged in only one class of business, namely the provision of shipping services.

Turnover by geographical location of the invoicing subsidiary is as follows:	***1999* *£'000***	*1998* *£'000*
UK	**20,387**	20,545
USA	**1,263**	1,817
Rest of World	**5,308**	5,989
	26,958	28,351

Group profit before taxation and net assets are analysed as follows:	***Profit/(loss) before taxation***		***Net assets***	
	1999* *£'000	*1998* *£'000*	***1999* *£'000***	*1998* *£'000*
UK	**698**	1,449	**4,795**	4,737
USA	**(51)**	330	**1,188**	1,333
Rest of World	**631**	270	**2,917**	2,687
	1,278	2,049	**8,900**	8,757

NOTES TO THE ACCOUNTS

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after crediting/(charging):	1999 £'000	1998 £'000
Depreciation of tangible fixed assets	**(1,154)**	(1,110)
Operating lease rentals - property	**(834)**	(834)
Auditors' remuneration:		
Audit services	**(123)**	(114)
Non-audit services	**(60)**	(54)
Profit on disposal of fixed assets	**–**	861

Auditors' remuneration relates to services provided by Ernst & Young.

The profit on disposal of fixed assets comprises a gain on the sale of a leasehold property of £555,000 and a profit of £306,000 on the sale of various quoted investments.

4 EMPLOYEES

	1999 £'000	1998 £'000
Salaries, commission and fees	**14,199**	14,847
Profit share appropriation	**51**	54
Social security costs	**1,151**	1,007
Other pension costs	**1,598**	1,475
	16,999	17,383

The average number of persons employed by the group during the year including executive directors is analysed below:

	1999 Number	1998 Number
UK	**190**	187
USA	**13**	15
Rest of World	**70**	72
	273	274

Details of directors' remuneration, pension entitlements and share options are included on pages 10 to 12.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £'000	1998 £'000
Bank overdrafts	**129**	59

6 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1999 £'000	1998 £'000
UK corporation tax	**657**	532
Deferred taxation	**(107)**	(100)
	550	432
Overseas taxation	**144**	282
Taxation on profit on ordinary activities	**694**	714

The effective tax rate for the current year is higher than the standard rate of UK corporation tax. The group continues to suffer a higher than standard rate of tax on ordinary profits principally as a result of disallowable expenses in the UK.

NOTES TO THE ACCOUNTS

7 DIVIDENDS

	1999 £'000	1998 £'000
Interim dividend paid of 1.50 pence per share (1998: 1.50 pence per share)	213	213
Final dividend proposed of 2.50 pence per share (1998: 2.50 pence per share)	354	354
	567	567

8 EARNINGS PER SHARE

The calculation of basic earnings per share arising from continuing activities is based on earnings of £548,060 (1998: £1,292,806) and on 13,239,700 (1998: 16,278,314) shares, being the weighted average number of ordinary shares in issue during the year. This is after excluding the shares and income arising thereon owned by the Executive Share Purchase Trust.

The diluted earnings per share is based on earnings of £548,060 (1998: £1,292,806) and on 13,421,485 (1998: 16,465,100) shares reflecting the dilutive effect of various option schemes.

9 TANGIBLE FIXED ASSETS

	Group					Company		
	Freehold properties £'000	Leasehold under 50 years £'000	Office furniture and equipment £'000	Motor vehicles £'000	Total £'000	Freehold properties £'000	Office furniture and equipment £'000	Total £'000
ORIGINAL COST								
At 1 January 1999	1,185	2,597	6,405	245	10,432	892	27	919
Additions	–	67	491	24	582	–	–	–
Disposals	–	–	(19)	(6)	(25)	–	–	–
Foreign exchange differences	(4)	–	30	22	48	–	–	–
AT 31 DECEMBER 1999	1,181	2,664	6,907	285	11,037	892	27	919
DEPRECIATION								
At 1 January 1999	167	1,367	4,999	89	6,622	159	5	164
Provided during the year	21	266	824	43	1,154	17	6	23
Disposals	–	–	(18)	(6)	(24)	–	–	–
Foreign exchange differences	–	–	24	7	31	–	–	–
AT 31 DECEMBER 1999	188	1,633	5,829	133	7,783	176	11	187
NET BOOK VALUE								
AT 31 DECEMBER 1999	993	1,031	1,078	152	3,254	716	16	732
At 31 December 1998	1,018	1,230	1,406	156	3,810	733	22	755

As at 31 December 1999 the group had annual commitments under non-cancellable property operating leases of £834,000 in respect of leases expiring within two to five years.

10 INVESTMENTS

	Group				
	Associated undertakings £'000	*Listed £'000*	*Unlisted £'000*	*Own shares £'000*	*Total £'000*
Cost at 1 January 1999	1	11	143	768	923
Additions	–	–	176	–	176
Disposals	–	–	(3)	(239)	(242)
Release of provision	–	–	–	116	116
Adjustments	–	–	6	–	6
COST AT 31 DECEMBER 1999	1	11	322	645	979
Group's share of post acquisition retained profit and reserves:					
At 1 January 1999	188	–	–	–	188
Retained for the year	292	–	–	–	292
Distributions	(77)	–	–	–	(77)
Adjustments	4	–	–	–	4
AT 31 DECEMBER 1999	407	–	–	–	407
NET BOOK VALUE AT 31 DECEMBER 1999	408	11	322	645	1,386
At 31 December 1998	189	11	143	768	1,111

The company's own shares are listed on the London Stock Exchange.

	Company		
	Investment in subsidiary undertakings £'000	*Own shares £'000*	*Total £'000*
Cost at 1 January 1999	13,461	768	14,229
Disposals	–	(239)	(239)
Release of provision	–	116	116
AT 31 DECEMBER 1999	13,461	645	14,106

Own shares represent 726,340 shares held by the Executive Share Purchase Trust against options granted to employees. The shares are stated at cost less provision for anticipated losses on exercise of the options and their market value at 31 December 1999 was £679,128. Dividends on the shares are paid into the trust and together with the expenses of the trust are included in the profit and loss account.

Market value of listed investments, including own shares held by the Executive Share Purchase Trust, at 31 December 1999 was £721,858 (1998: £859,473); if they had been sold at this value, there would have been no liability to taxation.

The directors consider the fair value of unlisted investments is not less than their book value.

In no case did the shares classified as listed and unlisted exceed 20% of the share capital of the company concerned.

NOTES TO THE ACCOUNTS

11 DEBTORS

	Group 1999 £'000	Group 1998 £'000	Company 1999 £'000	Company 1998 £'000
AMOUNTS FALLING DUE WITHIN ONE YEAR				
Trade debtors	**4,059**	3,584	**–**	–
Amounts owed by associated undertakings	**409**	415	**–**	–
Other debtors	**505**	837	**151**	505
Prepayments and accrued income	**766**	725	**29**	39
Taxation	**1,240**	1,314	**137**	525
Owed by group companies	**–**	–	**243**	70
	6,979	6,875	**560**	1,139
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR				
Other debtors	**121**	161	**–**	–
	7,100	7,036	**560**	1,139

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 1999 £'000	Group 1998 £'000	Company 1999 £'000	Company 1998 £'000
Trade creditors	**585**	791	**–**	–
Other creditors	**713**	589	**2**	–
Bank overdraft	**2,405**	232	**2,405**	231
Accruals and deferred income	**4,429**	4,805	**167**	266
Advance corporation tax on dividends	**–**	53	**–**	53
Corporation tax	**867**	703	**–**	8
Other tax and social security	**361**	338	**–**	–
Dividend	**355**	354	**355**	354
Owed to group companies	**–**	–	**213**	2,130
Owed to associated undertakings	**12**	5	**–**	–
	9,727	7,870	**3,142**	3,042

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 1999 £'000	Group 1998 £'000
Other creditors	**11**	9

NOTES TO THE ACCOUNTS

14 PROVISIONS FOR LIABILITIES AND CHARGES

	Group 1999 £'000	Group 1998 £'000
DEFERRED TAXATION		
United Kingdom:		
Accelerated capital allowances	**51**	162
Overseas:		
Short-term timing differences	**(34)**	(43)
Total deferred taxation	17	119

No provision has been made for deferred taxation in respect of earnings which are retained overseas.

15 SHARE CAPITAL

	Number of shares	*Nominal value £'000*
At 1 January 1999		
Ordinary shares of 25p each:		
Authorised	**20,821,154**	**5,205**
Allotted, issued and fully paid	**14,179,400**	**3,545**
At 31 December 1999		
Ordinary shares of 25p each:		
Authorised	**20,821,154**	**5,205**
Allotted, issued and fully paid	**14,179,400**	**3,545**

Options subsisting under share option schemes at 31 December 1999 were:

Share scheme	*Year option granted*	*Number of options*	*Exercise price - pence per share*	*Period during which options are exercisable*
Senior Executive Share Option Scheme (non-performance related)	**1991**	**165,000**	**206.0**	**1994-2001**
Senior Executive Share Option Scheme (performance related)	**1994**	**460,000**	**91.0**	**2000-2004**
Savings Related Share Option Scheme	**1997**	**305,745**	**86.0**	**2000**
Savings Related Share Option Scheme	**1999**	**687,837**	**51.5**	**2002**

16 SHARE PREMIUM

	Group and Company £'000
At 1 January and 31 December 1999	**1,753**

NOTES TO THE ACCOUNTS

17 OTHER RESERVES

	Group			Company		
	Capital redemption reserve £'000	*Profit and loss reserves £'000*	*Total £'000*	*Capital redemption reserve £'000*	*Profit and loss account £'000*	*Total £'000*
At 1 January 1999	**2,045**	**1,414**	**3,459**	**2,045**	**5,738**	**7,783**
Foreign exchange differences	–	**126**	**126**	–	–	–
Retained profit for the year	–	**17**	**17**	–	**(825)**	**(825)**
AT 31 DECEMBER 1999	**2,045**	**1,557**	**3,602**	**2,045**	**4,913**	**6,958**

Goodwill amounting to £12,815,000 has been written off against reserves in previous years.

The loss dealt with in the accounts of the company was £258,000 (1998: profit £5,053,000).

18 FINANCIAL RISK MANAGEMENT

(a) FOREIGN CURRENCY RISK MANAGEMENT
The group uses spot and forward foreign currency contracts to reduce exposure to variations in the Sterling / US dollar exchange rate.

(b) INTEREST RATE RISK MANAGEMENT
The group operates a Sterling overdraft with a UK bank bearing floating rate interest at commercial rates. Deposits are made at local commercial rates.

(c) VALUATION OF FINANCIAL INSTRUMENTS
At 31 December 1999 there were forward contracts to sell US$6,000,000 for Sterling, all maturing within twelve months. There is no material difference between the contract value and the fair value.

In the normal course of business the group on occasions takes positions using "biffex" contracts to hedge against fluctuations in freight rates. There were no material outstanding contracts at 31 December 1999.

19 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1999 £'000	*1998 £'000*
Operating profit	**524**	457
Depreciation charges	**1,154**	1,110
Loss on sale of fixed assets	–	9
(Profit)/loss on sale and provision against investments	**(109)**	155
(Increase)/decrease in debtors	**(31)**	95
Decrease in creditors	**(509)**	(724)
Net cash inflow from operating activities	**1,029**	1,102

20 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	1999 £'000	1998 £'000
Dividends received	146	60
Interest received	437	611
Interest paid	(129)	(59)
	454	612

21 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	1999 £'000	1998 £'000
Purchase of tangible fixed assets	(582)	(541)
Purchase of trade investments	(176)	(55)
Sale of leasehold property	–	570
Sale of plant and machinery	3	41
Sale of own shares and trade investments	237	392
	(518)	407

22 FINANCING

	1999 £'000	1998 £'000
Repurchase of ordinary share capital	–	(8,396)

23 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1999 £'000	1998 £'000
Decrease in cash	(252)	(332)
Foreign exchange differences	80	(138)
Movement in net debt	(172)	(470)
Net funds at 1 January	3,215	3,685
Net funds at 31 December	3,043	3,215

24 ANALYSIS OF NET FUNDS

	At 1 January 1999 £'000	Cash flow £'000	Foreign exchange differences £'000	At 31 December 1999 £'000
Cash in hand, at bank	3,447	1,921	80	5,448
Bank overdraft	(232)	(2,173)	–	(2,405)
	3,215	(252)	80	3,043
Deposits	1,351	99	17	1,467
	4,566	(153)	97	4,510

NOTES TO THE ACCOUNTS

25 PENSION SCHEMES

The group's main pension scheme is in the UK. This is a defined benefit pension scheme, which is funded by the payment of contributions to a separately administered trust fund. The contributions to the scheme are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit method. The results of the most recent valuation, which was carried out as at 31 March 1998, were as follows:

Main assumptions:	
Annual rate of return on investments (above price inflation)	3.5%
Annual rate of salary increases (above price inflation)	1.5%
Annual rate of pension increases (above price inflation)	0.5%
Price inflation	3.0%
Market value of scheme's assets	£70.3 million
Level of funding, being the actuarial value of assets expressed as a percentage of the benefits accrued to members after allowing for future salary increases	107.0%

Contributions were being paid at a joint rate of 22.5% of pensionable salaries which was more than sufficient to meet the shortfall identified in the previous valuation. To eliminate the resulting surplus over the average expected future working life of the current membership, the group has reduced the joint rate to 21.0% of pensionable salaries.

The group operates a funded unapproved retirement benefits scheme for UK members who joined the company after May 1989 and are therefore subject to Inland Revenue restrictions on their entitlement to benefit.

Overseas pension arrangements have been determined in accordance with local practice and regulations.

The group also operates a bonus pension scheme which is a "money purchase" pension arrangement to give staff the facility of making additional pension provision on annual bonus payments.

The group incurs no material expenses in the provision of post-retirement benefits other than pensions.

NOTES TO THE ACCOUNTS

26 SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

Country of incorporation and operation	*Company*	*Percentage of equity shares*
PRINCIPAL SUBSIDIARY UNDERTAKINGS		
UK	H Clarkson & Company Limited	100
	Clarkson Mortgage Company Limited	100
	Clarkson Overseas Shipbroking Limited	100
	Clarkson Property Holdings Limited	100†
	Clarkson Securities Limited	100
	Clarkson Shipbroking Group Limited	100†
AUSTRALIA	Austral Chartering (Pty) Limited*	100
BERMUDA	Clarkson Pacific Limited*	100
CHINA ~~HONG KONG~~	Clarkson Asia Limited*	100
SINGAPORE	Clarkson Asia Pte Limited	100
SOUTH AFRICA	Afromar (Pty) Limited*	100
	Afromar Properties (Pty) Limited*	100
USA	C F Wiborg & Company*	100
	Seabrokers Inc.*	100
ASSOCIATED UNDERTAKINGS		
CHINA ~~HONG KONG~~	Vanlink Group Limited*	50
LEBANON	Middle East Tankers and Freighters Bunker Services SAL (Offshore)*	50
UK	H C Shipping & Chartering Limited*	25
USA	Overseas Wiborg Chartering Co. (Partnership)*	50

* *Not audited by Ernst & Young*
† *Held by Horace Clarkson PLC*

All the above companies are engaged in the provision of shipping services.

The group also holds investments in other subsidiaries which are either not trading or not significant. In compliance with section 231 of the Companies Act 1985, a complete list of subsidiaries will be annexed to the company's next annual return.

FIVE YEAR FINANCIAL RECORD

PROFIT AND LOSS ACCOUNT

	1999 £'000	*1998 £'000*	*1997 £'000*	*1996 £'000*	*1995 £'000*
TURNOVER					
Continuing operations:					
Shipping services	**26,958**	28,351	33,057	33,363	32,456
Shipowning	**–**	–	–	–	60
Total continuing operations	**26,958**	28,351	33,057	33,363	32,516
Discontinued operations:					
Insurance broking	**–**	–	–	–	9,413
	26,958	28,351	33,057	33,363	41,929
PROFIT/(LOSS) BEFORE TAXATION					
Continuing operations:					
Shipping services	**1,278**	1,188	3,248	3,238	4,464
Shipowning	**–**	–	–	–	60
Exceptional items	**–**	861	–	673	–
Total continuing operations	**1,278**	2,049	3,248	3,911	4,524
Discontinued operations:					
Insurance broking	**–**	–	–	–	(8,968)
	1,278	2,049	3,248	3,911	(4,444)
Taxation	**(694)**	(714)	(1,321)	(1,480)	(1,548)
Minority interests	**–**	–	–	(11)	–
Dividend	**(567)**	(567)	(814)	(894)	(671)
Retained profit/(loss) for the year	**17**	768	1,113	1,526	(6,663)

BALANCE SHEET

	1999 £'000	*1998 £'000*	*1997 £'000*	*1996 £'000*	*1995 £'000*
Fixed assets	**4,640**	4,921	5,782	5,858	5,802
Current assets	**14,015**	11,834	20,088	21,596	21,527
Current liabilities	**(9,727)**	(7,870)	(9,059)	(9,362)	(9,838)
Other long term liabilities	**(28)**	(128)	(102)	(248)	(311)
Shareholders' funds	**8,900**	8,757	16,709	17,844	17,180

STATISTICS

	1999	*1998*	*1997*	*1996*	*1995*
Earnings/(loss) per share – basic:					
Continuing activities	**4.14p**	7.94p	9.07p	11.21p	13.87p
Discontinued activities	**–**	–	–	–	(41.82p)
Total	**4.14p**	7.94p	9.07p	11.21p	(27.95p)
Dividend per share	**4.00p**	4.00p	4.00p	4.00p	3.00p

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the twenty-fifth annual general meeting of the members of Horace Clarkson PLC ("the company") will be held at 12 Camomile Street, London EC3A 7BP on Tuesday 16 May 2000 at 11 o'clock for the following purposes:

AS ORDINARY BUSINESS

1 To receive and adopt the directors' report and accounts for the year ended 31 December 1999 and the auditors' report thereon.

2 To declare a final dividend of 2.50 pence per ordinary share of 25 pence each in respect of the year ended 31 December 1999, making with the interim dividend of 1.50 pence per ordinary share already paid, a total dividend for the year of 4.00 pence per ordinary share.

3 To re-elect Mr M E Beckett, who retires by rotation, as a director of the company.

4 To re-appoint Ernst & Young as auditors of the company to hold office until the conclusion of the next general meeting of the company at which accounts are laid and to authorise the directors of the company to agree their remuneration.

AS SPECIAL BUSINESS

5 To consider and, if thought fit, to pass the following resolution, which will be proposed as an ordinary resolution:

That pursuant to section 166 of the Companies Act 1985 ("the Act") and article 50A of the company's articles of association, the company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 163(3) of the Act) of ordinary shares of 25 pence each in the capital of the company ("ordinary shares") in such manner and on such terms as the directors may determine up to a maximum aggregate amount of 2,126,910 ordinary shares at a price per ordinary share not exceeding 5% above the average of the middle market quotations (as derived from the London Stock Exchange Daily Official List) for an ordinary share on each of the five business days immediately preceding the day of purchase and less than 25 pence per ordinary share (in each case excluding stamp duty, commissions and other expenses), provided that unless previously varied, renewed or revoked the authority conferred by this resolution shall expire at the conclusion of the next annual general meeting of the company following the date of this resolution or on the expiry of 18 months from the date of this resolution, whichever shall be the earlier (except that the company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract).

Explanatory note to resolution 5:

The directors consider that it would be appropriate and in the best interests of the company to seek authority to make market purchases of its ordinary shares on the London Stock Exchange. There may be occasions when, for a variety of reasons, the directors consider that it would be desirable to reduce the issued share capital by purchases in the market. This authority will expire at the conclusion of the next annual general meeting of the company or in 18 months after the passing of the resolution, whichever is the earlier. It is the board's intention to seek to renew the authority at the next annual general meeting and to make such renewal part of the regular business of the annual general meeting.

NOTICE OF MEETING

6 To transact any other business which may be properly transacted at an annual general meeting.

By order of the board

D H Gilbert
Secretary

Registered office:
12 Camomile Street
London EC3A 7BP

29 March 2000

Notes

1 A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the company. On a poll every member is entitled to one vote for each ordinary share of which he is the holder.

2 A form of proxy for use at the annual general meeting is enclosed. To be valid, the form of proxy duly completed and executed, together with the power of attorney or other authority (if any) under which it is executed, or a notarially certified copy of such power of attorney or authority, must be returned to the company's registered office, 12 Camomile Street, London EC3A 7BP so as to be received not later than 11 o'clock on Sunday 14 May 2000. Completion and return of a form of proxy will not preclude a member from attending and voting in person at the meeting.

3 The register of directors' interests in the shares or debentures of the company and its subsidiaries and copies of all directors' service contracts with the company or its subsidiaries will be made available for inspection at the registered office of the company during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this notice until the date of the annual general meeting and on that day, at the place of the meeting for at least fifteen minutes prior to the meeting and until its conclusion.

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