H. CLARKSON & COMPANY LIMITED

Annual Report 2013

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H. CLARKSON & COMPANY LIMITED

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H. CLARKSON & COMPANY LIMITED

DIRECTORS

J R Auckland
J Bagger
T G Baggio
T Becker
J B Beckwith
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M J C Cahill
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C G P Verdult
C Y Wang
J P Webber
R H White
R B Whittet
N C Williams
J D Woyda
V Yang
S Zois

ADVISORS

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COMPANY SECRETARY AND REGISTERED OFFICE
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3 Lower Thames Street
London
EC3R 6HE

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present the company's strategic report for the year ended 31 December 2013.

Principal activities

The company's principal activities during the year continued to be the provision of shipping-related services. These services include broking facilities for shipowners and charterers.

Business review

We are delighted to report that H. Clarkson & Company Limited ('HCCL') has delivered a strong result for the year. Whilst the last quarter of 2013 saw significant improvement in the trading conditions of some of our markets, the year as a whole was not without its challenges, following an extended period where markets reached historic lows. This good performance demonstrates that, despite the ongoing challenges of recent years, HCCL has remained focused on the future.

The entity's principal objectives and strategies are consistent with that of the parent company; these are discussed in the group's annual report which does not form part of this report.

Key performance indicators

The directors of the group manage operations on a segmental basis. For this reason, the company's directors believe that analysis using key performance indicators should be viewed in the context of the group. HCCL operates within the broking segment which is discussed at group level.

Financial risk management

The directors of the group manage the financial risk for HCCL on a group basis, rather than for the individual entity. For this reason, the company's directors believe that analysis of the company's risks should be viewed in the context of the group. HCCL operates within the broking segment which is discussed at group level.

FX risk management

Movements in the US dollar relative to other currencies, particularly sterling, have the potential to impact the results of the company both in terms of operating results and the revaluation of the balance sheet. HCCL continuously assesses the rate of exchange and non-sterling balances held with forward cover for 2014 and 2015 being put in place on a group level.

A review of business by division is given below. The amounts shown exclude adjustments such as foreign exchange differences and accommodation recharges.

Broking activities:

Revenue: £84.4m	(2012: £81.9m)
Segment result: £15.1m	(2012: £16.6m)
Forward order book for 2014: US$52m*	(2012 for 2013: US$39m*)

* Directors' best estimates of deliverable FOB

Dry bulk

In the first half of the year dry bulk freight rates were under pressure as anticipated and 11% weaker year-on-year. On capesizes, seasonal iron ore supply disruption affected Brazilian exports, which in turn reduced sea miles. For the smaller vessels, record South American grain crops and severe port congestion in those grain ports buffered the slide in the Baltic Dry Index.

The second half of the year saw economical/ slow steaming and an increase in Brazilian exports and iron ore imports into China creating good sea miles. Capesize rates rose just under fourfold in the first 6 months of the year. The panamax market showed a good improvement in the final quarter of 2013 with the larger panamaxes lifting additional coal cargoes. Supramax vessels traded well for most of 2013, ending with a very robust fourth quarter.

Deliveries slowed by 43% year-on-year while scrapping slowed by 28%. This led to a net fleet growth of 6.3%. Fleet expansion continued into the second half of the year, with a total of 106 capesizes delivering, and a final scrapping of 45 ships. This left an increase on the capesize fleet of 14m tons dwt. The panamax sector saw 249 ships delivered and only 64 scrapped, and in the supramax sector there were 247 deliveries and 68 scrapped.

Seaborne demand growth is increasing in all sectors, from grain to steel to coal. As mining supply logistics improve, export volumes rise, specifically in iron ore volumes from Australia. The global economy is forecast to grow by 3.6% in 2014 and this will help towards a forecast growth in seaborne dry bulk trade of 4.9%.

HCCL is well placed to increase its volumes and activities in line with the increase of world trade in all sectors. We have strengthened our broking team in London and Europe.

Containers

By nature, the containership business is forward business and our container team has managed to build a solid forward book for the group.

The new Panama Canal will be a 'gamechanger' for the industry as it allows for new containership designs to be deployed with significantly better fuel economy.

Business review (continued)
Broking activities (continued):

Containers (continued)

2013 was going to be a difficult trading period when looking at the newbuilding delivery schedules early in the year..Notwithstanding the scale of the post-panamax deliveries, economically the world failed to recover sufficiently to absorb fully these super 'eco' giants. There is no doubt of the economies they provide, and with the Panama Canal's now imminent widening about to impact, 'big is beautiful' is the way forward. However, as always, it is a question of timing, which to date is still out of sync.

Against this rather uninspired prevailing market, the container team has managed to perform well. With period business not the order of the day, the lines continued to fix short with optionality, meaning that revenue levels from broking remained under extreme pressure. However we have managed again to grow our volumes of business concluded and our client base in the period.

Tankers

Deep sea
2013 proved to be another challenging period for the deep sea tanker business. Early in the year rates were low and the returns for shipowners handling crude oil were set to be even lower than in 2012. Average earnings in the first nine months of the year for a VLCC were US$7,296 per day compared to US$16,573 for the whole of 2012. However there was a significant spike in the fourth quarter and daily earnings averaged US$36,258 to give a full year average of US$14,536. The suezmax and aframax markets also suffered depressed rates for most of the year, but as with the VLCC market, the final quarter has shown significant improvement as the global economic recovery continues and the seasonal winter market kicks in.

Many challenges remain, but our strategy has us extremely well placed to develop our team further. As ever the market remains sensitive to the geo political situation, but there is a greater sense of optimism in the market than at any time since the economic crash in 2008.

Should the positive sentiment in the fourth quarter be replicated in 2014, our coverage and extensive client portfolio will allow us to capitalise further still.

Products
The larger vessels in the product market have seen a slight fall off in rates whilst the medium sized vessels saw a reasonable increase. Average earnings for MR clean tankers in 2013 increased by 25% to US$13,226 per day relative to 2012. Our strategy continues to pay dividends and market share remains the focus of our business.

Specialised products

The specialised products team entered 2013 in a robust position whilst recognising that the year ahead would be challenging.

We have seen a reduction in the supply/demand imbalance throughout the year. A number of encouraging structural demand drivers have come to the fore, and a dearth of delivered newbuildings has constrained fleet growth.

The overall order book remains at a lower level compared to historical highs, but we have seen investor appetite around a small number of sub-sectors which has resulted in fresh contracting activity and secondhand deals. The specialised product sector is now beginning to resonate with the wider investment community. A relative scarcity of shipbuilding expertise and capacity exists especially at the more sophisticated end of the spectrum.

Although undoubtedly there is still some distress in the owning markets, the majority of those listed participants are now profitable again, echoing the gradually changing market dynamics. Despite this, some established specialty chemicals players continue to seek an all-important critical mass of tonnage through strategic joint ventures in order to leverage trading opportunities.

With the global specialised products markets inherently linked with wider macroeconomic performance, there remains a degree of uncertainty for all participants. Chinese appetite for specialised products imports remains a major driver for global seaborne demand, though concerns remain about the sustainability of this performance. In the US Gulf there are new exports as a result of the shale gas phenomenon. These two factors have resulted in long-haul volume growth to the East and an increase in overall tonne-day demand throughout the year.

The seasonality continues to affect the specialised product spot markets, however at the year-end a considerable upswing was only noted on the transpacific trade lane, with other main arterial routes trading in a narrow range. Contracts of affreightment, a useful barometer for the wider sector due to the sheer volume of tonnage procured under this method, have generally been renewed at increased levels and likewise the period charter markets have typically experienced positive trends.

The long-term outlook for the specialised products market continues to be healthy. Fleet growth looks set to be limited, amidst steadily improving seaborne demand fundamentals, despite a recent concentration of ordering activity in some sectors.

Petrochemical gases and small LPG

The European petrochemical sector has continued to face challenging trading conditions, as a result of competition from US shale gas. Consequently some European crackers were running below capacity and a number of loss-making plants were closed. That said, the coaster semi-refrigerated / ethylene market enjoyed good employment prospects as a result of relatively static fleet supply with earnings also stable. Looking into 2014 we anticipate this will continue with little in the way of newbuildings to alter this balanced position.

Business review (continued)
Broking activities (continued):

Petrochemical gases and small LPG (continued)

The market for the 8-12,000 cbm's, which is more reliant on long haul, proved challenging as seaborne petrochemical trade contracted year-on-year and as the units were further marginalised by the handygas sector who were able to offer charterers better economies of scale. The expectation is that employment prospects are unlikely to change near-term as the market absorbs new deliveries.

The coastal pressure market fared well with increases in time charter rates being witnessed across the sizes, although spot activity has had seasonal challenges to overcome. Overall, the market welcomed increased shipping opportunities over the period with notable increases in exports from the Black Sea.

Gas

Main gas team
2013 provided the team with several challenges as the gas markets prepared for some very significant structural changes in export and fleet supply. The year started with a contraction in LPG trade and fairly depressed rates on the larger vessels. This was compounded by a very illiquid spot market in the ammonia markets. Some new LPG projects which were expected to come on-line by the end of the year were pushed back and downgraded.

In contrast the commodity brokerage business was strong in all areas of activity, including Asia, Europe, West Africa and the Americas and this increase in activity remained positive throughout the year. Handy to mid-size shipping benefited from more stable rate levels where we were able to record some success on term business. Asset-related business was steady although the number of deals concluded was not greatly up on last year. The second half of 2013 saw much better rate levels on the large LPG sectors which helped to turn the year into an overall success.

We are prepared for changing industry dynamics and we are already seeing the benefit of efforts we have made developing an expanded cross-section of clients and emerging markets. LPG commodity broking is expected to face competition from screen-based trading platforms which are currently under development. However, shipping markets are expected to remain fairly buoyant.

LNG
Although we saw a significant fall in both spot and time charter rates in 2013, rates are still at reasonably strong levels with spot market fixtures in December still around US$100,000 per day.

The number of deals concluded has started to increase as a result of this fall. We are beginning to gain traction in the market and a number of interesting deals with new charterers have been concluded; we concluded the last significant time charter deal of 2013. As the market matures, the opportunity to do more business irrespective of market conditions will allow our team to develop further. We continue to provide consultancy services as this remains a key entry point to many of the longer term time charter projects and newbuilding contracts.

Sale and purchase

Secondhand
The positive momentum of the first half of the year, continued to strengthen throughout the second half which allowed us to conclude a pleasing number of high capital transactions towards the end of the year. Some of these were on the basis of very prompt income for 2013 and some of which show in our forward book for 2014 and beyond.

Whilst we have no doubt been assisted by the steady increase in vessel values from January through to December (as much as 30% across the board in dry cargo and only slightly less in tankers), our successes were enhanced once again by the excellent dovetailing of resources from our chartering teams, having specific market knowledge of containers, gas and specialised tankers, with newbuilding, secondhand and projects desks and valuable assistance from our colleagues in the capital markets. This has allowed us to deliver some of the larger, more complex transactions which were concluded in the market during 2013.

Looking into 2014 we are confident that with continued hard work and provision of a professional, all round service to our clients, we will continue to be rewarded, via their loyal support, with similar levels of success.

Offshore
In contrast to merchant shipping, offshore has seen a more cautionary approach to new investment with many companies preferring to concentrate on fixing their assets away on term charters before adding to an already swollen order book.

On the newbuilding and secondhand side of our offshore business, a number of transactions that we had hoped would be completed by year-end have in fact been pushed into 2014. However, we are extremely well positioned for 2014 with a number of significant projects in the pipeline.

Business review (continued)
Broking activities (continued):

Sale and purchase (continued)

Newbuilding
2013 saw a strong performance from the newbuilding team which worked closely with most departments in the group, and exceeded previous peak volumes placed under considerably more conducive market conditions. We improved market share in a lower volume market, and ordered vessels in every major category, giving the benefit of a broader forward order book. The depth of service and internal synergies that the team both leverages and delivers, allowed us to grow and build our presence into the corporate and financial segments of the market and this has been key in an evolving newbuilding climate, where sources of capital showed a notable shift in 2013 from the historical bedrock of private investment.

We continue to push forward with a strong forward order book and with the start of 2014 active, we are poised to deliver promising results.

Non-trading activities:

Revenue: £0.2m	(2012: £0.1m)
Segment result: £(1.7)m	(2012: £0.7m)

Revenue predominatly relates to other fees receivable. Results includes divisional recharges.

By order of the board
P Watson
Company Secretary
26th March 2014

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and audited financial statements of the company for the year ended 31 December 2013, which were approved by them on ....26th.... March 2014.

Future developments
An increased forward order book within broking means that we begin 2014 with a degree of optimism. The shipping markets have begun to show signs of improvement and we are confident that our strategy to provide the best service to our clients should in turn provide enhanced shareholder return in the future.

RESULTS AND DIVIDENDS

The company's profit for the financial year is £11.3m (2012: £16.4m). Dividends totalling £5.0m (2012: £25.0m) were paid during the year. Transfers to reserves amounted to £6.3m (2012: £8.6m from reserves).

The directors recommend a final dividend for the year of £20.0m (2012: £5.0m).

DIRECTORS

The directors of the company on ...26th...... March 2014 are shown on page 1.

Appointments in the year were as follows:

J R Auckland	(appointed 11 June 2013)
P Broad	(appointed 03 December 2013)
J Green	(appointed 17 September 2013)
P Harding	(appointed 03 December 2013)
A Hatfield	(appointed 03 December 2013)
S B Jones	(appointed 17 September 2013)
S Kay	(appointed 03 December 2013)
J McNally	(appointed 03 December 2013)
S Nair	(appointed 03 December 2013)
M Roberts	(appointed 03 December 2013)
G Sewell	(appointed 03 December 2013)
S Zois	(appointed 19 March 2013)

Leavers during the year were as follows:

M J Cameron	(resigned 19 September 2013)
G M Campbell	(resigned 22 May 2013)
M A Duma	(resigned 10 October 2013)
A Finn	(resigned 25 May 2013)
G M Harness	(resigned 17 March 2014)
S Keyhan-Rad	(resigned 17 March 2014)
S A Lane	(resigned 05 June 2013)
G R Macdonald	(resigned 25 January 2013)
G I Margaronis	(resigned 30 January 2014)
C J Tyler	(resigned 17 May 2013)
E A F Williams	(resigned 19 September 2013)

DIRECTORS' INDEMNITIES, INSURANCE AND CONFLICTS OF INTEREST

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

EMPLOYMENT

The company employed 342 staff at the end of 2013, 264 in positions whereby they contribute directly to the earning of revenue and 78 employed in supporting roles. The company seeks to employ, motivate and retain high calibre staff. To retain flexibility, incentivise staff and protect the company's earnings, a significant proportion of total annual compensation is made in the form of variable discretionary bonuses linked to profits.

We seek to appoint the best candidate for each and every vacancy. All appointments within the group are based on merit, and candidates are considered against objective criteria, having due regard to the benefits of diversity, including ethnicity, gender and age.

EMPLOYMENT (CONTINUED)

The company is an equal opportunities employer and applies employment policies which are fair and equitable. Appointments, training and career development are determined solely by application of job criteria, personal ability and competence regardless of gender, race, disability, age, sexual orientation or religious or political beliefs.

Full and fair consideration is given to applications for employment by those with a disability. For those colleagues who become disabled whilst in employment, every effort is made to assist them to continue in their current role or to find continuing employment where possible.

The company depends on the skills and commitment of its employees and ongoing training programmes seek to update knowledge and ensure that the company's goals are met in a correct and efficient way. Everyone is given the chance to reach their full potential and is treated fairly, applying the principles of equality and diversity. The company's core strength is its people and attracting and retaining the best is key to its success.

The policy of communication with employees is of high priority. Employees are provided with full information on all aspects of the business operations and are encouraged to have an active interest in promoting its commercial success. The company's intranet is accessible by all employees and contains current news and other employee information. 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 company through the operation of a restricted share plan and share option schemes. Employees holding restricted shares are entitled to dividends and voting rights. Participation in the company's Save-As-You-Earn share scheme allows employees to participate in the company's share price performance, and offers the opportunity, on maturity of the scheme, for employees to become shareholders in the company and share in its continued growth and success.

RISK MANAGEMENT

The identification, control and monitoring of risks facing the business remains a management priority and steps continue to be taken to improve further our risk management procedures. The principal risks monitored are foreign exchange risk, credit risk, liquidity risk, reputational risk and operational risk.

Foreign exchange risk

The major trading currency of the company is the US dollar. Movements in the US dollar relative to other currencies, particularly sterling, have the potential to impact the results of the company both in terms of operating results and the revaluation of the balance sheet. The company assesses the rate of exchange and non-sterling balances held continually, and has predominantly sold in the spot market during 2013, though some forward cover for 2014 and 2015 has been taken.

Credit risk

The company has an extensive client base, across all regions of the world, and is exposed to credit-related losses from the non-payment of invoices by these clients. The company mitigates this risk by closely monitoring outstanding amounts, both locally and globally, and by adopting a conservative approach to accounting for bad debt. Uncertainty in freight markets continues to affect the amount of debt that may be irrecoverable.

Liquidity risk

The group's policy is to maintain sufficient funds to meet all of its foreseeable requirements. The strong generation of cash flow in the business, combined with the cash available in the balance sheet, means that the group is well placed to fund future developments of its global business.

Reputational risk

The company has built an enviable reputation in the market and relies upon this to attract business from all major participants in its markets. The company protects against reputational risks by promoting an ethical work environment and providing training programmes where appropriate. A dedicated training officer has been appointed and a training programme implemented to improve consistency and approach. Investment in compliance, quality assurance and legal functions also act to ensure that best practices are put in place throughout the company.

Operational risk

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

DISCLOSURE OF INFORMATION TO AUDITORS

At the date of this report, as far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware and they have taken all the steps that ought to have been taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Report of the Directors 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board
P Watson
Company Secretary

26th March 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF H. CLARKSON & COMPANY LIMITED

REPORT ON THE FINANCIAL STATEMENTS

Our Opinion

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say below.

What we have audited

The financial statements for the year ended 31 December 2013, which are prepared by H. Clarkson & Company Limited, comprise:
- Profit and Loss Account;
- Statement of Total Recognised Gains and Losses;
- Balance Sheet;
- Reconciliation of Movements in Shareholder's Fund; and
- the related notes.

The financial reporting framework that has been applied in their preparation comprises applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

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

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.

OPINION ON MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF H. CLARKSON & COMPANY LIMITED (CONTINUED)

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, 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 International Standards on Auditing (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 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.

Andrew Paynter (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

…………… March 2014

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2013

Notes		2013 £m	2012 Before exceptional item £m	2012 Exceptional item (note 8) £m	2012 After exceptional item £m
2	TURNOVER	**84.6**	82.0	-	82.0
	Administrative expenses	**(71.4)**	(64.7)	-	(64.7)
	Other income	**0.2**	-	4.5	4.5
2&3	OPERATING PROFIT	**13.4**	17.3	4.5	21.8
4	Income from fixed asset investments	**0.1**	0.3	-	0.3
	PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAX	**13.5**	17.6	4.5	22.1
4	Interest receivable and similar income	**0.2**	0.3	-	0.3
	PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	**13.7**	17.9	4.5	22.4
7	Tax on profit on ordinary activities	**(2.4)**	(4.9)	(1.1)	(6.0)
	PROFIT FOR THE FINANCIAL YEAR	**11.3**	13.0	3.4	16.4

All amounts arise from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2013

Notes		2013 £m	2012 £m
	Profit for the financial year	**11.3**	16.4
16	Foreign currency hedge - net of tax	**2.3**	1.5
	TOTAL RECOGNISED GAINS RELATING TO THE YEAR	**13.6**	17.9

There are no material differences between the profit on ordinary activities before tax and the profit for the financial year stated above and their historical costs equivalents.

The notes set out on pages 13 to 20 form part of these financial statements.

H. CLARKSON & COMPANY LIMITED

BALANCE SHEET
as at 31 December 2013

Notes		2013 £m	2012 £m
	FIXED ASSETS		
10	Intangible assets	**1.0**	1.1
11	Tangible assets	**-**	-
12	Investments	**-**	-
		1.0	1.1
	CURRENT ASSETS		
13	Debtors (including £1.9m (2012: £1.6m) due after one year)	**46.0**	25.5
12	Investments	**-**	12.1
	Cash at bank and in hand	**31.0**	32.5
		77.0	70.1
14	CREDITORS - amounts falling due within one year	**(48.3)**	(50.1)
	NET CURRENT ASSETS	**28.7**	20.0
	NET ASSETS	**29.7**	21.1
	CAPITAL AND RESERVES		
15	Called-up share capital	**1.4**	1.4
16	Hedging reserve	**3.4**	1.1
16	Profit and loss account	**24.9**	18.6
17	TOTAL SHAREHOLDER'S FUNDS	**29.7**	21.1

The financial statements on pages 11 to 20 were approved by the board of directors on 26th March 2014, and signed on its behalf by:

J D Woyda *Finance Director*

H. Clarkson & Company Limited
Company Registration No. 00152738

26th March 2014

The notes set out on pages 13 to 20 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 STATEMENT OF ACCOUNTING POLICIES

(a) PREPARATION OF FINANCIAL STATEMENTS
The financial statements are 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, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below and have been applied consistently throughout the year.

The company is exempt from the requirement to produce consolidated financial statements by virtue of section 400 of the Companies Act 2006. The company is included in the consolidated financial statements of Clarkson PLC, a company registered in England and Wales. These financial statements therefore present information about the company as an individual undertaking and not about its group.

(b) TURNOVER
Turnover consists of commissions receivable from dry bulk chartering, container chartering, deep sea chartering, specialised products chartering, gas chartering and sale and purchase broking and is recognised by reference to the stage of completion. Stage of completion is measured by reference to the underlying commercial contract.

(c) DIVIDENDS RECEIVABLE
All dividends are credited when received.

(d) CURRENT TAX
Current income tax assets and liabilities for the current and prior years 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 by the balance sheet date.

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

(e) DEFERRED TAX
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

(f) 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 profit and loss account.

(g) SHARE-BASED PAYMENT TRANSACTIONS
The company operates a number of equity-settled, share-based compensation plans. The fair value of the employee services in exchange for the grant of the awards is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the awards granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of awards that are expected to vest. At each balance sheet date, the company revises its estimates of the number of awards that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the profit and loss account.

(h) TANGIBLE FIXED ASSETS AND DEPRECIATION
Tangible fixed assets are recorded at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

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 the company and for the particular class of asset as follows:

Motor vehicles	4 years

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

(i) 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 company's financial performance.

(j) INVESTMENTS
Investments are included in these financial statements at cost, less any provision for permanent diminution in value.

NOTES TO THE FINANCIAL STATEMENTS

1 STATEMENT OF ACCOUNTING POLICIES - continued

(k) PENSIONS

The company participates in two group schemes, being the Clarkson PLC scheme and the Plowrights scheme. The charge to annual profits for the defined benefit element of the UK pension scheme 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. The Clarkson PLC scheme 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. As it is not possible to identify the company's share of the scheme's asset and liabilities, these schemes are accounted for as defined contribution schemes.

The company also operates various defined contribution pension schemes. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the schemes.

(l) HEDGE ACCOUNTING

The company uses various financial instruments to reduce exposure to foreign exchange movements. These include forward foreign exchange contracts. 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.

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 company'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.

Where financial instrument derivatives do not qualify for hedge accounting, changes in the fair market value are recognised immediately in the profit and loss account.

(m) 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.

(n) PROVISIONING

Trade debtors are stated net of specific provisions against doubtful debts which are made on the basis of policies and regular reviews established by management. Provisions are established on the basis of the age of the amounts overdue. Further provisions are made in respect of particular problem balances.

(o) GOODWILL

Purchased goodwill is capitalised and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. The company evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

(p) INTANGIBLE ASSETS

Purchased intangible assets are capitalised at cost and amortised on a straight-line basis over their useful economic lives, which the directors believe to be 5 years. The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

(q) IMPAIRMENT OF NON-FINANCIAL ASSETS

The directors assess 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 directors estimate 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.

(r) LEASES

Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

2 SEGMENTAL INFORMATION

The company's primary segmental analysis is based on the classes of business it provides. Segments are consistent with the way the company manages itself and are reported in a manner consistent with the internal reporting provided to the board.

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.

All turnover, profit and net assets originate in the UK.

Business segments	Turnover		Results	
	2013	2012	**2013**	2012
	£m	£m	**£m**	£m
Broking	**84.4**	81.9	**15.1**	16.6
Other	**0.2**	0.1	**(1.7)**	0.7
SEGMENT TURNOVER/RESULTS	**84.6**	82.0	**13.4**	17.3
Exceptional item (see note 8)			**-**	4.5
Income from fixed asset investments			**0.1**	0.3
Interest receivable and similar income			**0.2**	0.3
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX			**13.7**	22.4
Tax on profit on ordinary activities			**(2.4)**	(6.0)
PROFIT FOR THE FINANCIAL YEAR			**11.3**	16.4

3 OPERATING PROFIT

		2013	2012
		£m	£m
Operating profit is stated after charging:			
Employee costs (see note 5)		**55.3**	51.1
Foreign exchange losses		**0.3**	0.5
Amortisation and impairment of goodwill and other intangibles		**0.1**	0.1
Auditors' remuneration:	Audit services	**0.1**	0.2
	Other services - tax compliance	**-**	0.1

4 INCOME FROM FIXED ASSET INVESTMENTS AND INTEREST RECEIVABLE

	2013	2012
	£m	£m
Dividends received	**0.1**	0.3
Bank interest received	**0.2**	0.3
	0.3	0.6

5 EMPLOYEES (INCLUDING DIRECTORS)

	2013	2012
	£m	£m
Salaries, performance-related bonuses and benefits-in-kind	**45.4**	42.5
Social security costs	**7.0**	5.7
Pension costs	**2.3**	2.4
Other salary costs	**0.6**	0.5
	55.3	51.1

Wages and salaries include cash allowances in lieu of company cars, pension supplements, healthcare insurance and club memberships.

The monthly average number of persons employed during the year, including executive directors, is analysed below:	**2013**	2012
	No.	No.
United Kingdom:-		
Contributing directly to the earning of revenue	**258**	250
Supporting roles	**71**	69
	329	319

5 EMPLOYEES (INCLUDING DIRECTORS) - continued

19 non-executive directors are remunerated by other companies within the group (2012: 19).

In 2013, executives participated in an annual bonus scheme which was linked principally to profits with the balance based on personal performance. For senior executives, up to 10% of the performance-related bonuses was paid in the form of restricted shares which vest after four years.

During the year, 98,142 shares (2012: 166,834 shares) at a weighted average price of £16.04 (2012: £13.44) were awarded to employees in settlement of 2012 (2011) cash bonuses. There was no expense in 2013 (2012: £nil) as a result of these awards. The fair value of these shares was determined based on the market price at the date of grant.

6 DIRECTORS	**2013 £m**	2012 £m
Aggregate emoluments in respect of qualifying services	**21.0**	20.0
Pension contributions	**0.6**	0.6
	21.6	20.6

The emoluments of the highest paid director, excluding pension contributions, were £1.7m (2012: £1.3m). Pension contributions of £25,000 (2012: £25,000) were made on behalf of the highest paid director. 49 directors received shares in respect of qualifying services (2012: 47).

The defined benefit section of the group's schemes, as described in note 19, closed to new entrants on 31 March 2004 and closed to further accrual for all existing members from 31 March 2006. 43 executive directors were members of the defined contribution scheme as at 31 December 2013 (at 31 December 2012: 42).

7 TAX ON PROFIT ON ORDINARY ACTIVITIES	**2013 £m**	2012 £m
(a) Tax on profit on ordinary activities		
Current Tax:		
UK corporation tax - current year	**1.1**	5.6
UK corporation tax - prior year	**(0.1)**	(0.1)
Total current tax	**1.0**	5.5
Deferred Tax:		
UK deferred tax - current year	**2.6**	0.4
UK deferred tax - prior year	**(1.4)**	(0.2)
UK deferred tax - impact of change in tax rate	**0.2**	0.3
Total deferred tax	**1.4**	0.5
Tax on profit on ordinary activities	**2.4**	6.0

(b) Tax relating to items charged or credited to equity	**2013 £m**	2012 £m
Deferred tax charge: Foreign currency hedge	**0.5**	0.5
Total tax charge in the statement of total recognised gains and losses	**0.5**	0.5

(c) Factors affecting the current tax charge — **2013 £m** / 2012 £m

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for the year ended 31 December 2013 of 23.25% (2012: 24.5%). This is explained below:

	2013 £m	2012 £m
Profit on ordinary activities before tax	**13.7**	22.4
Taxation at average UK corporation tax rate of 23.25% (2012: 24.5%)	**3.2**	5.5
Dividends from UK companies	**-**	(0.1)
Expenses not deductible for tax purposes	**0.5**	0.5
Share-based payments	**(2.6)**	(0.3)
UK corporation tax - prior year	**(0.1)**	(0.1)
Current tax charge for the year	**1.0**	5.5

NOTES TO THE FINANCIAL STATEMENTS

7 TAX ON PROFIT ON ORDINARY ACTIVITIES - continued

The standard rate of corporation tax in the UK decreased from 24% to 23% with effect from 1 April 2013. Accordingly, the company's profits for this accounting period is taxed at an effective rate of 23.25%.

(d) Deferred tax Included in debtors (note 13) is a deferred tax asset comprising:	Share-based payments £m	Foreign currency contracts £m	Other £m	Total £m
At 1 January 2013	2.9	(0.3)	0.2	2.8
Adjustment relating to prior year	1.4	-	-	1.4
Provided during the year in respect of short-term timing differences	(2.0)	-	(0.4)	(2.4)
Tax amounts recognised in equity	-	(0.7)	-	(0.7)
Impact of change in tax rate	(0.3)	0.1	-	(0.2)
At 31 December 2013	2.0	(0.9)	(0.2)	0.9

During the year, as a result of the changes in the UK corporation tax rate to 21% from 1 April 2014 and to 20% from 1 April 2015, which were substantively enacted on 2 July 2013, the relevant deferred tax balances have been re-measured.

8 EXCEPTIONAL ITEM

In November 2011 the company announced that the Court of Appeal in London had decided to deny the claimant (Yuri Nikitin) leave to appeal in the cases between Mr Nikitin and the company, previously highlighted in the contingencies note in the 2011 Annual Report.

In March 2012, the company reached a full and final settlement with Mr Nikitin and the corporate entities involved to conclude all outstanding matters between them. Under the terms of the settlement, which all parties have agreed will remain confidential, an amount of US$7.0m has been received by the company which is disclosed as an exceptional item in these financial statements.

9 DIVIDENDS

	2013 £m	2012 £m
Equity dividends on ordinary shares:		
Final dividend for 2012 paid £1.85 (2011: £5.56) per 50p share.	5.0	15.0
Interim dividend for 2013 paid £nil (2012: £3.70) per 50p share	-	10.0
	5.0	25.0
Proposed for approval at the company's board meeting (not recognised as a liability at 31 December):		
Final dividend for 2013 proposed £7.41 per 50p share	20.0	5.0

10 INTANGIBLE ASSETS

	Intangible assets £m	Goodwill £m	Total £m
ORIGINAL COST			
At 1 January 2013 and as at 31 December 2013	6.8	2.5	9.3
ACCUMULATED AMORTISATION			
At 1 January 2013	6.8	1.4	8.2
Provided during the year	-	0.1	0.1
At 31 December 2013	6.8	1.5	8.3
NET BOOK VALUE AT 31 DECEMBER 2013	-	1.0	1.0
Net book value at 31 December 2012	-	1.1	1.1

Goodwill acquired through business combinations has been allocated for impairment testing purposes to the gas chartering cash-generating unit. The carrying amount of goodwill allocated to this cash-generating unit is £1.0m (2012: £1.1m).

Goodwill is tested for impairment annually.

NOTES TO THE FINANCIAL STATEMENTS

10 INTANGIBLE ASSETS - continued

The recoverable amounts of the cash-generating units 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 cash-generating unit to which the goodwill is allocated. The key assumptions used for value-in-use calculations are set out as follows:

- The pre-tax discount rate used is based on the company's WACC and adjusted for risks within each cash-generating unit. The company pre-tax discount rate is 13% (2012: 13%);
- 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;
- The key drivers in the plans are revenue growth, margin and operating profit percentage and include conservative annual growth rates of between 0% and 5%; and
- Cash flows beyond this five year period are calculated applying a multiple which does not exceed the amount if calculated using the long-term average growth rate for businesses operating in gas chartering. A change in this rate to 0% would not result in impairment.

The results of the directors' review of goodwill including sensitivity analyses for reasonable changes in assumptions still indicate remaining headroom.

11 TANGIBLE ASSETS

	Motor vehicles £m	Total £m
ORIGINAL COST		
At 1 January and 31 December 2013	0.1	0.1
ACCUMULATED DEPRECIATION		
At 1 January and 31 December 2013	0.1	0.1
NET BOOK VALUE AT 31 DECEMBER 2013	-	-
Net book value at 31 December 2012	-	-

12 INVESTMENTS

Fixed	Unlisted £m
Cost at 1 January and 31 December 2013	-

The company holds listed investments at a cost of less than £50,000. The market value of the listed investments at 31 December 2013 was £54,278 (2012: £46,859).

The directors believe that the carrying value of the investments is supported by their underlying net assets. The principal subsidiary is detailed in note 22.

Current

In 2012, the company had £12.1m in deposits with a maturity of 95 days.

13 DEBTORS

	2013 £m	2012 £m
Trade debtors	13.0	6.9
Amounts owed by group undertakings (includes £7.4m due after more than one year)	17.7	11.2
Other debtors	8.8	1.9
Corporation tax	0.3	-
Derivatives	4.3	1.5
Deferred tax asset (note 7) - includes £1.9m (2012: £1.6m) due after more than one year	0.9	2.8
Prepayments and accrued income	1.0	1.2
	46.0	25.5

Derivatives represent the fair value of outstanding foreign exchange contracts at the year-end. At 31 December 2013 the company had US$80.0m outstanding forward contracts due for settlement in 2014 and 2015 (2012: US$60.0m for settlement in 2013 and 2014).

NOTES TO THE FINANCIAL STATEMENTS

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £m	2012 £m
Trade creditors	**4.0**	3.5
Other creditors	**-**	0.3
Accruals and deferred income	**29.7**	31.1
Corporation tax	**-**	2.0
Other tax and social security	**3.7**	1.3
Amounts owed to group undertakings	**10.9**	11.9
	48.3	50.1

15 CALLED-UP SHARE CAPITAL

	Number of shares	Nominal value £m
At 1 January and 31 December 2013		
Ordinary shares of 50p each: nominal value		
Allotted, issued and fully paid	**2,700,000**	**1.4**

16 RESERVES

	Hedging reserve £m	Profit and loss account £m	2013 Total £m	Hedging reserve £m	Profit and loss account £m	2012 Total £m
At 1 January	**1.1**	**18.6**	**19.7**	(0.4)	27.2	26.8
Profit for the financial year	**-**	**11.3**	**11.3**	-	16.4	16.4
Dividend paid	**-**	**(5.0)**	**(5.0)**	-	(25.0)	(25.0)
Movement during the year	**2.3**		**2.3**	1.5	-	1.5
At 31 December	**3.4**	**24.9**	**28.3**	1.1	18.6	19.7

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.

17 RECONCILIATION OF SHAREHOLDER'S FUNDS

	2013 £m	2012 £m
At 1 January	**21.1**	28.2
Profit for the financial year	**11.3**	16.4
Dividend paid	**(5.0)**	(25.0)
Movement in hedging reserve during the year	**2.3**	1.5
At 31 December	**29.7**	21.1

18 CONTINGENT LIABILITIES

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.

19 PENSION COMMITMENTS

The company participates in two group schemes which are operated for the employees of the Clarkson PLC group and certain of its subsidiaries. The schemes are defined benefit schemes, funded by the payment of contributions to separately administered trust funds. The contributions to the schemes are each determined by a qualified actuary on the basis of triennial valuations. The most recent valuations, as at 31 March 2013 are disclosed in the financial statements of Clarkson PLC.

For the purposes of the disclosures required under Financial Reporting Standard 17 'Retirement Benefits', qualified actuaries have updated the valuations to assess the liabilities of the schemes at 31 December 2013. Schemes' assets are stated at their market value at 31 December 2013. The pension deficit for the schemes arising under these valuations is £1.8m (2012: £9.4m deficit). It is not possible to identify the company's share of the schemes' assets and liabilities, details of which are disclosed in the financial statements of Clarkson PLC.

The group also operates various pension schemes which are 'money purchase' arrangements. Where required the company also makes contributions into these schemes. Pension contributions made in the year are disclosed in notes 5 and 6. There are no amounts prepaid or outstanding at the year end.

20 ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Clarkson Shipbroking Group Limited.

The ultimate parent undertaking and controlling party is Clarkson PLC, a company registered in England and Wales, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Clarkson PLC consolidated financial statements can be obtained from St. Magnus House, 3 Lower Thames Street, London EC3R 6HE.

21 CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURES

The company is a wholly-owned subsidiary of Clarkson PLC and is included in the consolidated financial statements of Clarkson PLC, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1.

The company is also exempt under the terms of FRS 8 from disclosing related party transactions with wholly-owned entities that are part of the Clarkson PLC group. There were no other related party transactions (2012: none).

Included within other debtors is £nil (2012: £0.4m) of loans to directors.

22 SUBSIDIARY UNDERTAKINGS

	Country of incorporation	Percentage of equity shares	
SUBSIDIARY UNDERTAKING			
Clarkson Legal Services Limited	England and Wales	100	Held indirectly

The above company is engaged in the provision of shipping-related services.

In the opinion of the directors the aggregate value of the company's investments is not less than the amount at which they are stated in the financial statements.

This company also holds investments in other subsidiaries which are either not trading or not significant. In compliance with Section 410 of the Companies Act 2006, a complete list of the subsidiaries will be annexed to the company's next annual return.

The company's share of the net assets of the above is not shown as all of the companies listed above prepare separate financial statements and are included in the consolidated financial statements of Clarkson PLC.