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COMPANY NUMBER 1642534

PETROLEUM ARGUS LIMITED

Report and Financial Statements

**Year ended
30 June 1997**



PETROLEUM ARGUS LIMITED

Annual Report and Financial Statements for the year ended 30 June 1997

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Directors

J.A. Nasmyth
M.A. Binks
P. Caddy
D.C. Massey
S.Nelson

Secretary and Registered Office

S. Nusslé
93 Shepperton Road
London
N1 3DF

Company Number

1642534

Auditors

BDO Stoy Hayward
Willoughby House
439 Richmond Road
Nr Richmond Bridge
Middlesex
TW1 2HA

PETROLEUM ARGUS LIMITED

DIRECTORS' REPORT

30 June 1997

The directors submit their report together with the audited financial statements for the year ended 30 June 1997.

PRINCIPAL ACTIVITIES, TRADING REVIEW AND FUTURE DEVELOPMENTS

The principal activity of the company is the supply of information relating to the price and availability of crude oil and oil products.

The company has enjoyed another successful year of trading despite tough conditions in the market place. Results have been boosted by investment in new products, a reorganisation and expansion of the sales and marketing staff. Although conditions remain tough, the directors believe that the outlook for the company is favourable due to the level of investment already undertaken and a significant increase in investment which is planned for the next twelve months.

There have been no events since the balance sheet date which materially affect the position of the company.

RESULTS AND DIVIDENDS

The profit and loss account is set out on page 4 and shows the profit for the year. Dividends for the year totalled £393,868 (1996: £382,643) leaving a retained profit of £169,675 (1996: £198,503).

DIRECTORS

The directors of the company during the year and their beneficial interests in the shares of the company were as follows:

	A Ordinary 10p shares		B Ordinary 10p shares	
	1997	1996	1997	1996
J.A. Nasmyth	60,000	60,000	-	-
M.A. Binks	15,000	15,000	75,000	75,000
P. Caddy	7,650	7,650	-	-
D.C. Massey	3,990	3,990	-	-
S.Nelson	360	360	-	-

DIRECTORS' SHARE OPTIONS

At both 30 June 1996 and 30 June 1997, Scott Nelson held 2,500 unexercised options granted in December 1994 at a subscription price of £16.

PURCHASE OF OWN SHARES

On 29 January 1997, Petroleum Argus purchased 180 "A" ordinary 10p shares previously held by a former employee of the company.

These shares represent 0.06% of called up share capital and are the only such shares held by the company during the year.

PETROLEUM ARGUS LIMITED

DIRECTORS' REPORT (continued)

Year ended 30 June 1997

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements the directors are required to:

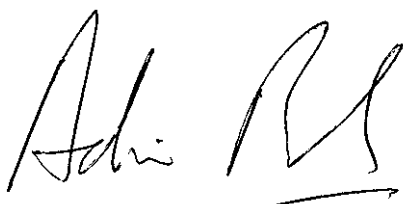
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking steps for the prevention and detection of fraud and other irregularities.

AUDITORS

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board



M.A. BINKS
Director

Date:

18 Dec 1997.

PETROLEUM ARGUS LIMITED

REPORT OF THE AUDITORS

To the members of Petroleum Argus Limited

We have audited the financial statements on pages 4 to 14 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and report our opinion to you.

Basis of 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward

BDO STOY HAYWARD

Chartered Accountants and Registered Auditors

RICHMOND UPON THAMES

Date: *29 December 1997*

PETROLEUM ARGUS LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30 June 1997

	Note	1997	1996
		£	£
TURNOVER	2	4,786,091	4,256,191
Administrative expenses		4,078,384	3,502,344
OPERATING PROFIT	4	707,707	753,847
Rent receivable		3,104	-
Franked investment income		7,283	7,283
Interest receivable		113,692	100,607
		124,079	107,890
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		831,786	861,737
Tax on profit on ordinary activities	5	268,243	280,591
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		563,543	581,146
Dividends	6	393,868	382,643
RETAINED PROFIT FOR THE YEAR	13	169,675	198,503

All recognised gains and losses are included in the profit and loss account.

All amounts relate to continuing activities.

Movements on reserves are shown in note 13.

The notes on pages 7 to 14 form part of these financial statements.

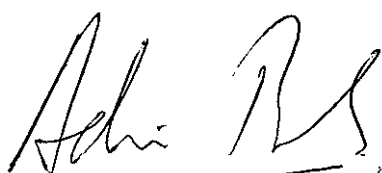
PETROLEUM ARGUS LIMITED

BALANCE SHEET

30 June 1997

	Note	1997	1996
		£	£
FIXED ASSETS			
Tangible assets	7	350,808	283,508
Investments	8	149,450	148,313
		<u>500,258</u>	<u>431,821</u>
CURRENT ASSETS			
Debtors	9	1,296,379	1,273,296
Cash at bank and in hand		2,802,114	2,024,982
		<u>4,098,493</u>	<u>3,298,278</u>
CREDITORS: amounts falling due within one year	10	3,368,857	2,666,998
NET CURRENT ASSETS		<u>729,636</u>	<u>631,280</u>
		<u>1,229,894</u>	<u>1,063,101</u>
CAPITAL AND RESERVES			
Called up share capital	12	32,374	32,392
Share premium account	13	33,328	33,328
Capital redemption reserve	13	18	-
Profit and loss account	13	1,164,174	997,381
SHAREHOLDERS' FUNDS	15	<u>1,229,894</u>	<u>1,063,101</u>

These financial statements were approved by the board and signed on its behalf by:



M.A. BINKS
Director

Date of approval: 18 Dec 1997.

The notes on pages 7 to 14 form part of these financial statements.

PETROLEUM ARGUS LIMITED

CASH FLOW STATEMENT

30 June 1997

	Note	1997	1996
		£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	16(a)	1,488,876	1,037,402
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Rental income		3,104	-
Income from investments		7,283	7,283
Interest received		113,692	115,971
Dividends paid		(393,868)	(379,422)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(269,789)	(256,168)
TAXATION			
UK corporation tax		(279,353)	(289,723)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets		(162,323)	(110,643)
Sale of tangible fixed assets		2,603	1,703
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS		(159,720)	(108,940)
NET CASH INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING		780,014	382,571
MANAGEMENT OF LIQUID RESOURCES			
Cash transferred into other bank deposits		(596,481)	(437,070)
FINANCING			
Purchase of shares		(2,882)	-
NET CASH INFLOW FROM FINANCING		(2,882)	-
INCREASE/(DECREASE) IN CASH	16(c)	180,651	(54,499)

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following accounting policies have been applied:

Depreciation

Depreciation is provided to write off the cost of tangible assets over their expected useful lives at 25% per annum on the reducing balance basis.

Foreign currencies

Transactions in foreign currencies are recorded at the average rate for the year.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences arising from changes in exchange rate are taken to the profit and loss account.

Lease commitments

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Turnover

Turnover, which is stated net of value added tax, represents the total amount receivable in the ordinary course of business for goods sold and services provided, after deducting discounts given and credit notes issued.

Turnover is credited to the profit and loss account in accordance with the subscription period to which it relates.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, to the extent that it is probable that a liability or asset will crystallise.

Pensions

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable.

Investments

Investment properties are held in the balance sheet at market value and no depreciation is provided.

Listed investments are stated at cost less any provision for a permanent diminution in value.

PETROLEUM ARGUS LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

30 June 1997

2 TURNOVER AND PROFITS

The turnover and profit before taxation is wholly attributable to the principal activities of the company. Turnover is analysed by market value below:

	1997 £	1996 £
United Kingdom	1,522,381	1,101,070
United States	913,070	952,205
Europe	1,380,991	767,419
Rest of the World	969,649	1,435,497
	<u>4,786,091</u>	<u>4,256,191</u>

3 EMPLOYEES

The average number of employees, including directors, during the year was as follows:

	Number	Number
Editorial	44	40
Marketing	10	8
Management and administration	22	17
	<u>76</u>	<u>65</u>

Staff costs consist of:

	£	£
Wages and salaries	2,151,854	1,736,876
Social security costs	142,793	178,322
Pension costs	65,319	97,630
	<u>2,359,966</u>	<u>2,012,828</u>

PETROLEUM ARGUS LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)
30 June 1997

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

Is stated after charging/(crediting):	1997 £	1996 £
Depreciation	92,904	80,684
Profit on sale of fixed assets	(484)	(1,703)
Write back of provision made for diminution in value of investments	(1,137)	(838)
Auditors' remuneration	9,350	9,400
Hire of equipment	1,531	3,673
Losses/(gains) on foreign exchange	57,548	(20,612)
Directors emoluments:	<u>423,605</u>	<u>411,738</u>
Emoluments (excluding pension contributions) of:		
Highest paid director	<u>159,448</u>	<u>144,987</u>
Pension contributions on behalf of directors	<u>49,689</u>	<u>29,000</u>

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

Corporation tax	266,786	279,480
Tax on franked investment income	1,457	1,457
	<u>268,243</u>	<u>280,937</u>
Adjustment relating to previous year:		
Corporation tax	-	(346)
	<u>268,243</u>	<u>280,591</u>

6 DIVIDENDS

"A" ordinary shares - interim	99,496	89,611
- final	195,905	197,394
"B" ordinary shares - interim	33,165	29,870
- final	65,302	65,768
	<u>393,868</u>	<u>382,643</u>

PETROLEUM ARGUS LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

30 June 1997

7 TANGIBLE FIXED ASSETS

	Motor vehicles £	Computer equipment £	Fixtures, fittings and other equipment £	Total £
Cost				
At 1 July 1996	30,520	325,844	242,066	598,430
Additions	25,999	91,989	44,335	162,323
Disposals	(10,503)	-	-	(10,503)
	<u>46,016</u>	<u>417,833</u>	<u>286,401</u>	<u>750,250</u>
Accumulated depreciation				
At 1 July 1996	21,473	172,439	121,010	314,922
Charge for the year	8,680	48,531	35,693	92,904
Disposals	(8,384)	-	-	(8,384)
	<u>21,769</u>	<u>220,970</u>	<u>156,703</u>	<u>399,442</u>
Net book value				
At 30 June 1997	<u>24,247</u>	<u>196,863</u>	<u>129,698</u>	<u>350,808</u>
At 30 June 1996	<u>9,047</u>	<u>153,405</u>	<u>121,056</u>	<u>283,508</u>

8 INVESTMENTS

	1997 £	1996 £
Listed investments at cost	81,950	81,950
Less: provision	-	(1,137)
	<u>81,950</u>	<u>80,813</u>
Net book value	81,950	80,813
Investment in freehold property	67,500	67,500
	<u>149,450</u>	<u>148,313</u>

The company holds a 75% interest in the freehold property. The freehold property was valued at 30 June 1996 by the directors at £90,000. The value attributable to the company's share is therefore £67,500.

The market value of the listed investments at 30 June 1997 was £95,850 (1996: £80,813).

PETROLEUM ARGUS LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

30 June 1997

9 DEBTORS

Amounts receivable within one year

	1997 £	1996 £
Trade debtors	1,053,908	1,196,506
Other debtors	208,748	49,402
Prepayments	33,723	27,388
	<u>1,296,379</u>	<u>1,273,296</u>

10 CREDITORS: Amounts falling due within one year

Trade creditors	185,598	133,560
Taxation and social security	139,155	68,177
Dividend proposed	-	3,221
Corporation tax	238,500	249,610
Prepaid subscriptions	2,523,704	2,043,782
Other creditors	281,900	168,648
	<u>3,368,857</u>	<u>2,666,998</u>

11 DEFERRED TAXATION

	1997		1996	
	Total potential liability £	Provided in accounts £	Total potential liability £	Provided in accounts £
Accelerated capital allowances	8,847	-	1,915	-
Timing differences	-	-	-	-
	<u>8,847</u>	<u>-</u>	<u>1,915</u>	<u>-</u>

PETROLEUM ARGUS LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)
30 June 1997

12 SHARE CAPITAL

	1997 £	1996 £
Authorised		
425,000 "A" ordinary shares of 10p each	42,500	42,500
75,000 "B" ordinary shares of 10p each	7,500	7,500
	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid		
248,740 (1996: 248,920) "A" ordinary shares of 10p each	24,874	24,892
75,000 "B" ordinary shares of 10p each	7,500	7,500
	<u>32,374</u>	<u>32,392</u>

The company's profits are distributable 75% to the holders of "A" shares and 25% to holders of "B" shares. These percentages also apply to distributions on a winding up. On a poll, holders of "B" shares may exercise one third of the votes that are capable of being cast by holders of "A" shares.

On 29 January 1997, 180 ordinary shares with a nominal value of £18 were purchased by the company for £2,881.80.

Unexercised share options

At 30 June 1997, 10,500 unexercised share options granted in December 1994 at a subscription price of £16 remained (1996: 13,000).

Movements during the year related to the lapse of three employees' options.

13 RESERVES

	Share premium account £	Capital redemption reserve £	Profit and loss account £
At 1 July 1996	33,328	-	997,381
Purchase of own shares	-	18	(2,882)
Retained profit for the year	-	-	169,675
	<u>33,328</u>	<u>18</u>	<u>1,164,174</u>
At 30 June 1997	33,328	18	1,164,174

14 PENSIONS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

PETROLEUM ARGUS LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)
30 June 1997

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	1997 £	1996 £
Profit for the financial year	563,543	581,146
Dividends	(393,868)	(382,643)
	<u>169,675</u>	<u>198,503</u>
Purchase of own shares	(2,882)	-
	<u>166,793</u>	<u>198,503</u>
Net addition to shareholders' funds	1,063,101	864,598
Opening shareholders' funds		
	<u>1,229,894</u>	<u>1,063,101</u>
Closing shareholders' funds		

16 NOTES ON THE CASH FLOW STATEMENT

a) Reconciliation of operating profit to net cash inflow from operating activities

	1997 £	1996 £
Operating profit	707,707	753,847
Depreciation charges	92,904	80,684
Amortisation of intangible assts	-	-
Profit on sale of tangible fixed assets	(484)	(1,703)
Provision for diminution in value	(1,137)	(838)
Increase in debtors	(23,083)	(189,677)
Increase in creditors	712,969	395,089
	<u>1,488,876</u>	<u>1,037,402</u>
Net cash inflow from operating activities		

b) Reconciliation of net cash flow to movement in net funds

Increase in cash in the period	180,651
Cash outflow from increase in liquid resources	596,481
	<u>777,132</u>
Change in net funds resulting from cash flows	
Net funds at 1 July 1996	<u>2,024,982</u>
Net funds at 30 June 1997	<u>2,802,114</u>

NOTES ON THE FINANCIAL STATEMENTS (continued)

30 June 1997

16 NOTES ON THE CASH FLOW STATEMENT (continued)

c) Analysis of changes in net funds	Opening balance £	Cashflow £	Closing balance £
Cash in hand and at bank	557,656	180,651	738,307
Other bank deposits	1,467,326	596,481	2,063,807
Total	<u>2,024,982</u>	<u>777,132</u>	<u>2,802,114</u>

17 COMMITMENTS UNDER OPERATING LEASES

At 30 June 1997, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	1997 £	1996 £
Operating leases which expire:		
Within one year	-	31,995
Within two to five years	145,282	77,637
In over five years	-	-
	<u>145,282</u>	<u>109,632</u>

18 TRANSACTIONS WITH DIRECTORS

The company holds a 75% interest in a freehold property. Mr Binks, a director of the company, continues to hold the remaining 25%.

During the year a loan of £3,084 was made to Mr Nelson, a director of the company.