

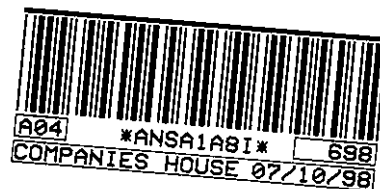
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COMPANY NUMBER 1642534

PETROLEUM ARGUS LIMITED

Report and Financial Statements

**Year ended
30 June 1998**



PETROLEUM ARGUS LIMITED

Annual report and financial statements for the year ended 30 June 1998

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Directors

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

Secretary and Registered Office

Peter Jayawardena
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

Year ended 30 June 1998

The directors submit their report together with the audited financial statements for the year ended 30 June 1998.

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, oil products, liquid petroleum gas and natural gas.

The company has enjoyed another successful year of trading despite difficult conditions in the market place. Results have been boosted by investments in new products, and an 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 £407,414 (1997: £393,868) leaving a retained profit of £147,940 (1997: £169,675).

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	
	1998	1997	1998	1997
J.A. Nasmyth	-	-	-	-
M.A. Binks	15,303	15,000	75,000	75,000
P. Caddy	7,650	7,650	-	-
D.C. Massey	4,047	3,990	-	-
S.Nelson	Nil	360	-	-

S. Nelson resigned as a director of the company on 5 March 1998. J.A. Nasmyth has a beneficial interest in 60,000 'A' ordinary shares which are held in a discretionary trust.

DIRECTORS' SHARE OPTIONS

At 30 June 1998, directors did not hold unexercised options (1997: Scott Nelson held 2,500 unexercised options granted in December 1994 at a subscription price of £16).

PETROLEUM ARGUS LIMITED

DIRECTORS' REPORT (continued) Year ended 30 June 1998

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;
- 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.

YEAR 2000 COMPLIANCE

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

The directors have initiated a project to determine the potential risks to the company's activities arising from the date change to the Year 2000. Until this analysis is prepared it is not possible to assess the likely impact on our business or develop action plans to deal with the key risks.

Much of the cost of implementing the action plans will be subsumed into the recurring activities of the company. The total cost of modifications to our computer hardware and software will be expensed as incurred and will be spread fairly evenly between 1999 and 2000.

By order of the board


M.A. BINKS

Director

Date: 11 September 1998.

PETROLEUM ARGUS LIMITED

REPORT OF THE AUDITORS

To the members of Petroleum Argus Limited

We have audited the financial statements on pages 4 to 15 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 1998 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: *16 September 1998*

PETROLEUM ARGUS LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 30 June 1998

	Note	1998	1997
		£	£
TURNOVER	2	5,277,847	4,786,091
Administrative expenses		4,754,549	4,078,384
OPERATING PROFIT	4	523,298	707,707
Rent receivable		3,150	3,104
Income from other fixed asset investments		46,355	7,283
Interest receivable		169,987	113,692
		219,492	124,079
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		742,790	831,786
Tax on profit on ordinary activities	6	187,436	268,243
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		555,354	563,543
Dividends	7	407,414	393,868
RETAINED PROFIT FOR THE YEAR	14	147,940	169,675

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 14.

The notes on pages 7 to 15 form part of these financial statements.

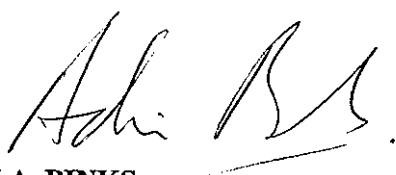
PETROLEUM ARGUS LIMITED

BALANCE SHEET

30 June 1998

	Note	£	1998 £	£	1997 £
FIXED ASSETS					
Tangible assets	8		449,920		350,808
Investments	9		92,750		149,450
			<u>542,670</u>		<u>500,258</u>
CURRENT ASSETS					
Debtors	10	1,587,522		1,296,379	
Cash at bank and in hand		3,139,972		2,802,114	
		<u>4,727,494</u>		<u>4,098,493</u>	
CREDITORS: amounts falling due within one year	11	3,884,330		3,368,857	
		<u>3,884,330</u>		<u>3,368,857</u>	
NET CURRENT ASSETS					
			843,164		729,636
			<u>1,385,834</u>		<u>1,229,894</u>
CAPITAL AND RESERVES					
Called up share capital	13		32,424		32,374
Share premium account	14		41,278		33,328
Capital redemption reserve	14		18		18
Profit and loss account	14		1,312,114		1,164,174
			<u>1,385,834</u>		<u>1,229,894</u>
SHAREHOLDERS' FUNDS					
	16		<u>1,385,834</u>		<u>1,229,894</u>

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

x 
M.A. BINKS
 Director

Date of approval:

11 September 1998.

The notes on pages 7 to 15 form part of these financial statements.

PETROLEUM ARGUS LIMITED

CASH FLOW STATEMENT

Year ended 30 June 1998

	Note	1998		1997	
		£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	17(a)		1,000,949		1,546,424
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Rental income		3,150		3,104	
Income from investments		44,897		7,283	
Interest received		169,987		113,692	
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			218,034		124,079
TAXATION					
UK corporation tax			(261,268)		(279,353)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Purchase of tangible fixed assets		(214,847)		(162,323)	
Sale of investment		43,400		-	
Sale of tangible fixed assets		8,444		2,603	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS			(163,003)		(159,720)
EQUITY DIVIDENDS PAID			(407,414)		(393,868)
NET CASH INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING			387,298		837,562
MANAGEMENT OF LIQUID RESOURCES					
Cash transferred into other bank deposits			(554,624)		(596,481)
FINANCING					
Purchase of shares		-		(2,882)	
Issue of shares		8,000		-	
NET CASH IN/(OUT)FLOW FROM FINANCING			8,000		(2,882)
(DECREASE)/INCREASE IN CASH	17(c)		(159,326)		238,199

PETROLEUM ARGUS LIMITED

NOTES ON THE FINANCIAL STATEMENTS **Year ended 30 June 1998**

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)

Year ended 30 June 1998

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:

	1998	1997
	£	£
United Kingdom	1,663,563	1,522,381
United States	1,223,405	913,070
Europe	1,036,668	1,380,991
Rest of the World	1,354,211	969,649
	<u>5,277,847</u>	<u>4,786,091</u>

3 EMPLOYEES

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

	1998	1997
	Number	Number
Editorial	47	44
Marketing	13	10
Management and administration	19	22
	<u>79</u>	<u>76</u>

Staff costs consist of:

	£	£
Wages and salaries	2,449,939	2,151,854
Social security costs	172,730	142,793
Pension costs	78,953	65,319
	<u>2,701,622</u>	<u>2,359,966</u>

PETROLEUM ARGUS LIMITED**NOTES ON THE FINANCIAL STATEMENTS (continued)**
Year ended 30 June 1998**4 OPERATING PROFIT**

Is stated after charging/(crediting):	1998 £	1997 £
Depreciation	101,550	92,904
Loss/(profit) on sale of - fixed assets	5,741	(484)
- fixed asset investments	13,300	-
Write back of provision made for diminution in value of investments	-	(1,137)
Auditors' remuneration - Audit services	9,000	8,750
- Non audit services	5,995	600
Operating leases - Other	138,658	147,756
Hire of equipment	1,271	1,531
Losses on foreign exchange	57,440	57,548
	<u> </u>	<u> </u>

5 DIRECTORS' EMOLUMENTS

Director's emoluments	353,799	423,605
	<u> </u>	<u> </u>
Emoluments (excluding pension contributions) of:		
Highest paid director	177,719	159,448
	<u> </u>	<u> </u>
The above amount includes pension contributions of £15,900 paid by the company		
Pension contributions on behalf of directors	43,284	49,689
	<u> </u>	<u> </u>

During the year three of the directors were members of the defined contribution pension scheme.

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

Corporation tax	196,080	266,786
Tax on franked investment income	1,458	1,457
Adjustment to prior year corporation tax	(10,102)	-
	<u> </u>	<u> </u>
	187,436	268,243
	<u> </u>	<u> </u>

PETROLEUM ARGUS LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)
Year ended 30 June 1998

7 DIVIDENDS

"A" ordinary shares - interim	102,979	99,496
- final	202,582	195,905
"B" ordinary shares - interim	34,326	33,165
- final	67,527	65,302
	<u>407,414</u>	<u>393,868</u>

8 TANGIBLE FIXED ASSETS

	Motor vehicles £	Computer equipment £	Fixtures, fittings and other equipment £	Total £
Cost				
At 1 July 1997	46,016	417,833	286,401	750,250
Additions	10,994	172,137	31,716	214,847
Disposals	(3,137)	-	(14,825)	(17,962)
	<u>53,873</u>	<u>589,970</u>	<u>303,292</u>	<u>947,135</u>
At 30 June 1998				
Accumulated depreciation				
At 1 July 1997	21,769	220,970	156,703	399,442
Charge for the year	6,265	59,674	35,611	101,550
Disposals	(1,583)	-	(2,194)	(3,777)
	<u>26,451</u>	<u>280,644</u>	<u>190,120</u>	<u>497,215</u>
At 30 June 1998				
Net book value:				
At 30 June 1998	<u>27,422</u>	<u>309,326</u>	<u>113,172</u>	<u>449,920</u>
At 30 June 1997	<u>24,247</u>	<u>196,863</u>	<u>129,698</u>	<u>350,808</u>

PETROLEUM ARGUS LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

Year ended 30 June 1998

9 INVESTMENTS

	Freehold property £	Listed investments £	Total £
Cost and net book value:			
At 1 July 1997	67,500	81,950	149,450
Disposals	-	(56,700)	(56,700)
At 30 June 1998	<u>67,500</u>	<u>25,250</u>	<u>92,750</u>

The company holds a 75% interest in the freehold property. The freehold property was valued at 30 June 1998 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 1998 was £35,188 (1997: £95,850).

10 DEBTORS

Amounts receivable within one year:

	1998 £	1997 £
Trade debtors	1,422,635	1,204,701
Other debtors	125,185	57,955
Prepayments	39,702	33,723
	<u>1,587,522</u>	<u>1,296,379</u>

11 CREDITORS

Amounts falling due within one year:

Trade creditors	316,398	185,598
Taxation and social security	80,101	139,155
Corporation tax	163,210	238,500
Prepaid subscriptions	3,117,203	2,523,704
Other creditors	207,418	281,900
	<u>3,884,330</u>	<u>3,368,857</u>

PETROLEUM ARGUS LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

Year ended 30 June 1998

12 DEFERRED TAXATION

	1998		1997	
	Total potential liability £	Provided in accounts £	Total potential liability £	Provided in accounts £
Accelerated capital allowances	31,506	-	8,847	-
	<u>31,506</u>	<u>-</u>	<u>8,847</u>	<u>-</u>

13 SHARE CAPITAL

	1998 £	1997 £
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		
249,920 (1997: 248,740) "A" ordinary shares of 10p each	24,924	24,874
75,000 "B" ordinary shares of 10p each	7,500	7,500
	<u>32,424</u>	<u>32,374</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.

Share options

At 30 June 1998, 8,332 unexercised share options granted in December 1994 at a subscription price of £16 remained (1997: 10,500).

Movements during the year related to the exercise of options on 500 shares and the remainder to the lapse of three employees' options.

PETROLEUM ARGUS LIMITED**NOTES ON THE FINANCIAL STATEMENTS (continued)****Year ended 30 June 1998****14 RESERVES**

	Share premium account £	Capital redemption reserve £	Profit and loss account £
At 1 July 1997	33,328	18	1,164,174
Issue of share capital	7,950	-	-
Retained profit for the year	-	-	147,940
At 30 June 1998	<u>41,278</u>	<u>18</u>	<u>1,312,114</u>

15 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.

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Profit for the financial year	555,354	563,543
Dividends	(407,414)	(393,868)
	<u>147,940</u>	<u>169,675</u>
Purchase of own shares	-	(2,882)
Issue of share capital	50	-
Share premium issue of shares	7,950	-
	<u>155,940</u>	<u>166,793</u>
Net addition to shareholders' funds	1,229,894	1,063,101
Opening shareholders' funds	<u>1,385,834</u>	<u>1,229,894</u>
Closing shareholders' funds	<u>1,385,834</u>	<u>1,229,894</u>

PETROLEUM ARGUS LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

Year ended 30 June 1998

17 NOTES ON THE CASH FLOW STATEMENT

a) Reconciliation of operating profit to net cash inflow from operating activities	1998	1997		
	£	£		
Operating profit	523,298	707,707		
Depreciation charges	101,550	92,904		
Loss/(profit) on disposal of tangible assets	5,741	(484)		
Loss on disposal of investments	13,300	-		
Provision for diminution in value	-	(1,137)		
Increase in debtors	(291,143)	(23,083)		
Increase in creditors	590,763	712,969		
Exchange differences	57,440	57,548		
	<hr/>	<hr/>		
Net cash inflow from operating activities	1,000,949	1,546,424		
	<hr/>	<hr/>		
b) Reconciliation of net cash flow to movement in net funds				
Decrease in cash in the period	(159,326)			
Cash outflow from increase in liquid resources	554,624			
Exchange differences	(57,440)			
	<hr/>			
	337,858			
Change in net funds resulting from cash flows				
Net funds at 1 July 1997	2,802,114			
	<hr/>			
Net funds at 30 June 1998	3,139,972			
	<hr/>			
c) Analysis of changes in net funds	Opening balance	Cashflow	Exchange movements	Closing balance
	£	£	£	£
Cash in hand and at bank	738,307	(159,326)	(57,440)	521,541
Other bank deposits	2,063,807	554,624	-	2,618,431
	<hr/>	<hr/>	<hr/>	<hr/>
Total	2,802,114	395,298	(57,440)	3,139,972

PETROLEUM ARGUS LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

Year ended 30 June 1998

18 COMMITMENTS UNDER OPERATING LEASES

At 30 June 1998, the company had annual commitments under non-cancellable operating leases as set out below:

	1998		1997	
	Land and Buildings £	Other Leases £	Land and Buildings £	Other Leases £
Operating leases which expire:				
Within one year	77,355	-	122,143	-
Within two to five years	16,002	7,137	16,002	7,137
	<u>93,357</u>	<u>7,137</u>	<u>138,145</u>	<u>7,137</u>

19 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% and is entitled to the same proportion of rental income arising from the property.