

**HUNTING OIL HOLDINGS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1997**

**Registered No: 1103530**



## **HUNTING OIL HOLDINGS LIMITED**

### **DIRECTORS' REPORT**

The directors' present their report, together with the audited financial statements, for the year ended 31 December 1997.

### **ACTIVITIES**

The Company is the parent undertaking of the Hunting PLC Group's Oil Division and is a wholly-owned subsidiary undertaking of Hunting PLC, a company registered in England and Wales.

The directors believe that subject to stability in oil prices, the Division is well placed to make further progress in 1998.

### **RESULTS AND DIVIDENDS**

The results and financial position of the Company are set out in the attached financial statements. The directors recommend the payment of a dividend for 1997 of £1,113,000 (1996: £6,851,359). The retained profit for the year of £46,879 has been transferred to reserves.

### **FIXED ASSETS**

The movements in fixed asset investments during the year are shown in note 7 to the financial statements.

### **DIRECTORS'**

The directors of the Company who served during the year were as follows:

K. W. Miller  
D. L. Clark

No director had a material interest in any contract of significance to which either the Company or its subsidiary undertakings were a party.

### **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

Hunting PLC maintains insurance against certain liabilities which could arise from a negligent act or a breach of duty by its directors and officers in the discharge of their duties.

## **HUNTING OIL HOLDINGS LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **DIRECTORS' INTERESTS**

Neither of the directors had any interest in the shares of the Company during the year.

The interest of the directors in the shares of Hunting PLC, the ultimate parent undertaking, are disclosed, in the 1997 Annual Report and Accounts of that company.

The market price of the ordinary shares at 31 December 1997 was 215p and the range during the year was 161p to 229p.

There were no movements in the interests of the directors between 24 March 1998 and 8 June 1998.

#### **SHARE CAPITAL**

There were no movements in the Company's share capital during the year as shown in note 11 to the financial statements.

#### **CHARITABLE AND POLITICAL CONTRIBUTIONS**

The Company made no payments during the year to charitable or political organisations (1996 : £ Nil).

#### **AUDITORS**

Price Waterhouse have indicated their willingness to continue in office. An elective resolution is in force which dispenses with the annual reappointment of auditors.

By Order of the Board

R. Fisher  
Secretary



8 June 1998

## **HUNTING OIL HOLDINGS LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for maintaining proper accounting records to enable them to prepare financial statements, as required by the Companies Act 1985, which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company.

The directors confirm that the financial statements, using applicable accounting standards, have been prepared on a going concern basis using suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the company, and to prevent and detect fraud and other irregularities.

**AUDITORS' REPORT  
TO THE SHAREHOLDERS OF HUNTING OIL HOLDINGS LIMITED**

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to 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 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

Price Waterhouse  
Chartered Accountants  
and Registered Auditors

8 June 1998

Southwark Towers  
32 London Bridge Street  
London  
SE1 9SY

# HUNTING OIL HOLDINGS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1997

	<u>Note</u>	<u>1997</u> £	<u>1996</u> £
Administrative expenses		(11)	(26,597)
Income from shares in subsidiary undertakings		1,317,000	7,026,833
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		<b>1,316,989</b>	<b>7,000,236</b>
Interest receivable	3	78,390	84,209
Interest payable	4	(9,942)	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	<b>1,385,437</b>	<b>7,084,445</b>
Taxation on profit on ordinary activities	6	(225,558)	(196,776)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>1,159,879</b>	<b>6,887,669</b>
Dividend - proposed		(1,113,000)	(6,851,359)
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	12	<b>46,879</b>	<b>36,310</b>

The profit for the year arises from the Company's continuing operations.  
There are no differences between the results shown above and the results on an unmodified historical cost basis.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 1997

	<u>Note</u>	<u>1997</u> £	<u>1996</u> £
Profit for the financial year		1,159,879	6,887,669
Currency translation differences on foreign currency net investments		-	1,925,685
Revaluation of fixed asset investments	13	(4,433,000)	12,854,000
<b>Total recognised gains and losses for the year</b>		<b>(3,273,121)</b>	<b>21,667,354</b>

The notes on pages 7 to 12 form part of these financial statements.

# HUNTING OIL HOLDINGS LIMITED

## BALANCE SHEET AT 31 DECEMBER 1997

	<u>Note</u>	<u>1997</u> £	<u>1996</u> £
<b>FIXED ASSETS</b>			
Investments	7	69,745,557	67,474,000
<b>CURRENT ASSETS</b>			
Debtors	8	26,430,733	29,061,823
Cash at bank and in hand		925,465	883,565
		27,356,198	29,945,388
<b>CREDITORS: amounts falling due within one year</b>	9	(5,042,842)	(7,678,911)
<b>NET CURRENT ASSETS</b>		22,313,356	22,266,477
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		92,058,913	89,740,477
<b>CREDITORS: amounts falling due after more than one year</b>	10	(41,880,480)	(35,175,923)
		50,178,433	54,564,554
<b>CAPITAL AND RESERVES</b>			
Called up equity share capital	11	16,880,550	16,880,550
Profit and loss account	12	2,237,323	2,190,444
Revaluation reserve	13	31,060,560	35,493,560
		50,178,433	54,564,554

Approved by the Board of Directors on 8 June 1998.

D. L. Clark  
Director



The notes on pages 7 to 12 form part of these financial statements.

## HUNTING OIL HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997

#### 1 ACCOUNTING POLICIES

##### Accounting convention

The financial statements have been prepared under the historical cost convention adjusted for the revaluation of fixed asset investments and in accordance with applicable accounting standards.

##### Group accounts

The Company has taken advantage of the exemption from preparing group accounts under s228(2) of the Companies Act 1985 as it is a wholly owned subsidiary undertaking of Hunting PLC, a company registered in England and Wales, in whose consolidated financial statements the Company is included.

##### Income from shares in group undertakings

Income from shares in group undertakings is accounted for on a receivable basis. Overseas dividends are stated in the profit and loss account inclusive of overseas withholding taxes but net of underlying overseas taxation attributable to dividends.

##### Foreign currencies

Assets and liabilities denominated in foreign currencies have been expressed in sterling at market rates ruling at 31 December. Exchange differences on foreign currency borrowings used to finance overseas investments and exchange differences on those investments are dealt with through reserves. Any other exchange differences are dealt with in the profit and loss account.

##### Investments

Investments in subsidiary undertakings are stated at directors' valuation based on the net asset values of the subsidiary undertakings at 31 December. The investments are revalued annually on a portfolio basis and surpluses and deficits arising on revaluation are dealt with through revaluation reserve.

#### 2 DIRECTORS AND EMPLOYEES

Neither director received any remuneration during the year in respect of their services to the Company (1996 : £ Nil).

There were no employees during the year (1996 : None).



# HUNTING OIL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997 (continued)

### 3 INTEREST RECEIVABLE

	<u>1997</u> £	<u>1996</u> £
Bank interest	78,390	84,209
	<u>          </u>	<u>          </u>

### 4 INTEREST PAYABLE

	<u>1997</u> £	<u>1996</u> £
Bank overdraft interest	9,942	-
	<u>          </u>	<u>          </u>

### 5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	<u>1997</u> £	<u>1996</u> £
Auditors' remuneration	-	-
	<u>          </u>	<u>          </u>

Auditors' remuneration has been dealt with in the consolidated financial statements of Hunting PLC (the Company's ultimate parent undertaking).

### 6 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>1997</u> £	<u>1996</u> £
UK Corporation tax at 31.5% (1996-33%)	1,027,423	1,054,430
Less: relief for overseas taxation	(1,005,865)	(1,024,879)
Deferred taxation	-	(1,775)
	<u>          </u>	<u>          </u>
Overseas withholding tax	21,558	27,776
	204,000	169,000
	<u>          </u>	<u>          </u>
	<u>225,558</u>	<u>196,776</u>

# HUNTING OIL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997 (continued)

### 7 INVESTMENTS

	Shares in subsidiary undertakings £
<u>Valuation</u>	
At 1 January 1997	67,474,000
Additions	6,704,557
Revaluation deficit (Note 13)	(4,433,000)
	<hr/>
At 31 December 1997	69,745,557
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On 2 June 1997 the Company acquired the shares in the Leach Colour Group Limited from a fellow subsidiary undertaking for a consideration of £1,905,000.

On 28 November 1997 the Company acquired the shares in Hunting Industries Limited and Zimfield (Holdings) Limited from a fellow subsidiary undertaking for consideration of £ 4,742,000 and £756 respectively.

On 24 December 1997 the Company acquired the shares in Huntfield Trust Limited from its parent undertaking for a consideration of £ 56,801.

The principal subsidiary undertakings comprise:

	Country of incorporation and operations	% interest in ordinary shares	Business
*Gibson Crude Oil Purchasing Co. Ltd	Canada	100	Holding company
Gibson Holdings Ltd +	Canada	64	Holding company
Gibson Petroleum Company Ltd +	Canada	64	Oil marketing and distribution
Gibson Gas Liquids Ltd +	Canada Note (3)	75	Propane and butane trading
Gibson Gas Processing Ltd +	Canada Note (3)	64	Fractionation plant
Artesian Enterprises Ltd +	Canada Note (3)	64	Oil transportation
*E A Gibson Shipbrokers Ltd	England	100	Shipbroking
*Hunting Petroleum France SA +	France	100	Holding company
Société Internationale d'Equipments et de Réalisations Pétrolières et Chimiques SA +	France	100	Refinery and pipeline equipment
Larco SA +	France	100	Petroleum equipment
Hunting Industrial Coatings Ltd	England	100	Industrial coatings
Enviro Pac Limited	England	100	Industrial coatings
*Hunting Oilfield Services (Int) Ltd	England	100	Oilfield services
*Hunting Oilfield Services (UK) Ltd	England	60	Oilfield services
*Leach Colour Group Ltd +	England	100	Photographic and printing services
*Huntfield Trust Ltd	England	100	Investment holding company
*Hunting Industries Ltd	Zimbabwe	74.3	Holding company

## HUNTING OIL HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997 (continued)

#### 7 INVESTMENTS (continued)

##### Notes

- (1) Certain subsidiary undertakings and associated companies have been excluded where, in the opinion of the directors, they do not have a material bearing on the profits or assets of the Company.
- (2) Subsidiary undertakings and associated companies marked + are audited by firms other than Price Waterhouse.
- (3) Owned by Gibson Petroleum Company Limited.
- (4) Interests in companies marked \* are held directly by Hunting Oil Holdings Limited.

#### 8 DEBTORS

	<u>1997</u> £	<u>1996</u> £
Due within one year:		
Amount owed by parent undertaking	3,195,826	121,826
Amounts owed by subsidiary undertakings	5,018,447	7,649,360
Amounts owed by fellow subsidiary undertakings	18,213,471	21,287,471
Other debtors	2,989	3,166
	<hr/>	<hr/>
	26,430,733	29,061,823
	<hr/> <hr/>	<hr/> <hr/>

#### 9 CREDITORS: amounts falling due within one year

	<u>1997</u> £	<u>1996</u> £
Amount owed to subsidiary undertaking	2,837	-
Amount owed to parent undertaking	3,905,447	798,000
Corporation tax	21,558	29,552
Proposed dividend	1,113,000	6,851,359
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	5,042,842	7,678,911
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# HUNTING OIL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997 (continued)

### 10 CREDITORS: amounts falling due after more than one year

	<u>1997</u> £	<u>1996</u> £
Amount owed to parent undertaking	5,257,715	5,200,913
Amounts owed to fellow subsidiary undertakings	24,397,542	26,125,010
Amounts owed to subsidiary undertakings.	12,225,223	3,850,000
	<hr/>	<hr/>
	41,880,480	35,175,923
	<hr/>	<hr/>

### 11 SHARE CAPITAL

	£
Ordinary equity shares of £1 each:	
Authorised, allotted and fully paid	
At 1 January and 31 December 1997	16,880,550
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### 12 PROFIT AND LOSS ACCOUNT

	£
At 1 January 1997	2,190,444
Retained profit for the year	46,879
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At 31 December 1997	2,237,323
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### 13 REVALUATION RESERVE

	£
At 1 January 1997	35,493,560
Deficit on revaluation of investments in subsidiary undertakings (Note 7)	(4,433,000)
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At 31 December 1997	31,060,560
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## HUNTING OIL HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997 (continued)

#### 14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1997</u> £	<u>1996</u> £
Profit for the financial year	1,159,879	6,887,669
Dividends	(1,113,000)	(6,851,359)
	<hr/>	<hr/>
	46,879	36,310
Other recognised gains and losses for the year	(4,433,000)	14,779,685
	<hr/>	<hr/>
Net (decrease) increase in shareholders' funds	(4,386,121)	14,815,995
Opening shareholders' funds	54,564,554	39,748,559
	<hr/>	<hr/>
Closing shareholders' funds	<u>50,178,433</u>	<u>54,564,554</u>

#### 15 BANKING ARRANGEMENTS

The Company is a party to a Group set-off arrangement with Lloyds Bank Plc and Barclays Bank Plc.

#### 16 CASH FLOW STATEMENT

The Hunting PLC financial statements for the year ended 31 December 1997 contain a consolidated statement of cash flows. The Company has taken advantage of the exemption granted by FRS 1 (revised) whereby it is not required to publish its own cash flow statement.

#### 17 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Hunting PLC, a company registered in England and Wales. The only group of which the Company is a member and for which consolidated financial statements are prepared is Hunting PLC. The consolidated financial statements of Hunting PLC can be obtained from its registered office at 3 Cockspur Street, London SW1Y 5BQ.