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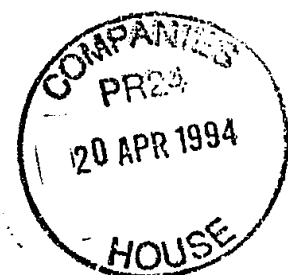
Oxford Analytica Limited
Annual report
for the six months ended 31 December 1992

Registered no: 1196703

Oxford Analytica Limited

Annual report for the six months ended 31 December 1992

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Oxford Analytica Limited

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Directors and advisers

Executive directors

D R Young - Chairman
S K Young
K C Leatman
J W Wood

Registered Auditors

Coopers & Lybrand
Harman House
1 George Street
Uxbridge
Middlesex
UB8 1QQ

Secretary and registered office

D R Young
91A High Street
Oxford
OX1 4BJ

Oxford Analytica Limited

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Directors' report for the six months ended 31 December 1992

The directors present their report and the audited financial statements for the period ended 31 December 1992.

Principal activities

The principal activity of the company continues to be the dissemination of information on current affairs.

Review of business

The profit and loss account for the period is set out on page 5.

During the period progress has been made in reducing costs. The directors have considered it prudent to make full provision against the sum due from Oxford Analytica Inc, which has the exclusive right to distribute and market the products and services of the company worldwide.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend for the period. The profit for the financial period of £24,578 (30 June 1992: loss £51,808) will be transferred to reserves.

Post balance sheet events

On 8 June 1993, ownership of the company passed to Oxford Analytica International Group Inc., who acquired 999 of the 1,000 ordinary 10p shares. The remaining share was converted into a trust share under the control of the following trustees:

D R Young
S K Young
K C Leaman
J W Wood

Changes in fixed assets

The movements in fixed assets are set out in note 9 to the financial statements.

Oxford Analytica Limited

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Directors' report for the period ended 31 December 1992 (continued)

Directors

The following were directors of the company for the whole period:

D R Young
S K Young
K C Leaman
J W Wood

Directors' interests in shares of the company

The interests of the directors at 31 December 1992 in the shares of the company were as follows:

| | Number of ordinary shares 10p each | | |
|------------|------------------------------------|---------------------|-----------------|
| | 31 December 1993 | 31 December 1992 | 30 June 1992 |
| D R Young | Nil | 850 | 850 |
| K C Leaman | Nil | 20 | 20 |


Close company provisions

In the opinion of the directors, the company is a close company within the meaning of Section 414 of the Income and Corporation Taxes Act 1988.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board


D R Young
Secretary
17 March 1994

Oxford Analytica Limited

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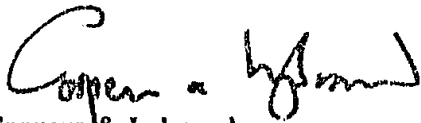
Report of the auditors to the members of Oxford Analytica Limited

We have audited the financial statements on pages 5 to 12 in accordance with Auditing Standards.

The accounts have been prepared on a going concern basis and the validity of this depends on additional finance being made available to the company. As stated in note 14 to the accounts, steps are being taken to raise new finance in Oxford Analytica Inc. Oxford Analytica Inc. will then inject new additional capital into Oxford Analytica Limited.

In the absence of additional funding this basis would be invalid. Provision would then have to be made for any loss that might arise when the company's assets were realised.

Subject to the success of the funding plans and injection of capital by Oxford Analytica Inc., in our opinion the financial statements give a true and fair view of the company's affairs at 31 December 1992 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
London, 23 March 1994

Oxford Analytica Limited

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Profit and loss account for the six months ended 31 December 1992

| | Notes | Six months ended 31 December 1992 £ | Year ended 30 June 1992 £ |
|---|-------|---|------------------------------------|
| Turnover | 1, 2 | 123,076 | 270,438 |
| Cost of sales | | (40,597) | (132,379) |
| Gross profit | | 82,479 | 138,059 |
| Administrative expenses | | (59,148) | (165,033) |
| Operating profit/(loss) | | 23,331 | (26,974) |
| Provision against deficiency of net assets in Oxford Analytica Daily Brief Ltd | | (31,221) | 4,424 |
| Release of provision against deficiency of net assets in Oxford Analytica Inc | | 33,921 | (24,237) |
| Interest payable and similar charges | 5 | (1,453) | (4,063) |
| Profit/(loss) on ordinary activities before taxation | 7 | 24,578 | (50,850) |
| Taxation | 8 | - | 958 |
| Profit/(loss) on ordinary activities after taxation | | 24,578 | (51,808) |
| Accumulated losses brought forward | | (294,968) | (243,160) |
| Accumulated losses carried forward | | (270,390) | (294,968) |

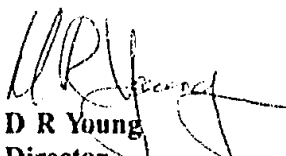
Oxford Analytica Limited

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Balance sheet at 31 December 1992

| | Notes | 31 December 1992 £ | 30 June 1992 £ |
|--|-------|--------------------------|----------------------|
| Fixed assets | | | |
| Tangible assets | 9 | 16,277 | 19,060 |
| Current assets | | | |
| Debtors | 10 | 15,138 | 25,223 |
| Cash at bank and in hand | | 559 | 2,289 |
| Total current assets | | 15,697 | 27,512 |
| Creditors: amounts falling due within one year | 11 | 302,264 | 341,440 |
| Net current liabilities | | (286,567) | (313,928) |
| Net liabilities | | (270,290) | (294,868) |
| Capital and reserves | | | |
| Called-up share capital | 12 | 100 | 100 |
| Profit and loss account | | (270,390) | (294,968) |
| | | (270,290) | (294,868) |

The financial statements on pages 5 to 12 were approved by the board of directors on 23 March 1994 and were signed on its behalf by:


D R Young
Director

**Notes to the financial statements
for the six months ended 31 December 1992**

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation and amortisation are calculated to write off the cost of tangible fixed assets over the expected useful lives of the assets concerned. The annual rate used is 20% straight line for all assets except motor vehicles, on which it is 25% reducing balance.

Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. All differences on exchange are taken to the profit and loss account.

Turnover

Turnover, which excludes value added tax and trade discounts, represents fee income from reports compiled and published by the company.

Deferred taxation

Deferred tax is accounted for in respect of material timing differences to the extent that it is foreseen that a liability will crystallise. Provision is made for deferred tax at the rate of corporation tax expected to be that ruling on the date when it is anticipated the timing differences will reverse.

2 Turnover and profit on ordinary activities before taxation

Under the terms of the marketing agreement between Oxford Analytica Inc. and the company dated 31 July 1987 and as amended on 21 December 1988, Oxford Analytica Inc. was granted the exclusive right to distribute and market the products and services of the company worldwide. This represents the main source of income for the company. In the event that Oxford Analytica Inc. is not able to provide sufficient income to the company to continue its activities the company will not be able to continue trading. At 31 December 1992 Oxford Analytica Inc. has a deficiency of net assets of £1,208,610 (\$1,825,001); (30 June 1992: deficiency, £922,181 (\$1,752,144)).

The terms of the marketing agreement have been renegotiated with effect from 1 January 1993.

3 Directors' emoluments

The remuneration paid to the directors of Oxford Analytica Limited for services in a managerial capacity was:

| | Six months ended 31 December 1992 £ | Year ended 30 June 1992 £ |
|-------------------------|--|------------------------------------|
| Directors' remuneration | <u>11,188</u> | <u>27,794</u> |

Fees and other emoluments (excluding pension contributions) include amounts paid to:

| | Six months ended 31 December 1992 £ | Year ended 30 June 1992 £ |
|--|--|------------------------------------|
| The chairman and highest paid director | <u>7,600</u> | <u>18,366</u> |

The number of directors (including the chairman and the highest paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

| | Six months ended 31. December 1992 Number | Year ended 30 June 1992 Number |
|--------------------|--|---|
| £0 to £5,000 | 3 | 2 |
| £5,001 to £10,000 | 1 | 1 |
| £15,001 to £20,000 | - | 1 |

4 Employee information

The average weekly number of persons (including executive directors) employed during the year was:

| | Six months ended 31 December 1992 Number | Year ended 30 June 1992 Number |
|--------------------------------------|---|---|
| Management | 5 | 5 |
| Administration | 14 | 19 |
| | <u>19</u> | <u>24</u> |
| | | |
| | Six months ended 31 December 1992 £ | Year ended 30 June 1992 £ |
| Staff costs (for the above persons): | | |
| Wages and salaries | 166,053 | 351,640 |
| Social security costs | 15,725 | 37,544 |
| | <u>181,778</u> | <u>389,184</u> |

Included in the above costs are 14 employees (30 June 1992: 17) who work entirely for Oxford Analytica Daily Brief Limited and the costs of £145,989 (30 June 1992: £279,045) associated with these employees are recharged accordingly.

5 Interest payable and similar charges

| | Six months ended 31 December 1992 £ | Year ended 30 June 1992 £ |
|--|--|------------------------------------|
| On bank loans, overdrafts and other loans: | | |
| Repayable within 5 years, not by instalments | <u>1,453</u> | <u>4,063</u> |

6 Investment in subsidiary

The company acquired the whole of the issued share capital, being 2 ordinary shares of £1 each, of Oxford Analytica Daily Brief Limited on 16 December 1988. The subsidiary is registered in England and Wales with its principal activity continuing to be the dissemination of information on current affairs. Group accounts have not been prepared as the directors have availed themselves of the exemption under Section 248 of the Companies Act. The subsidiary company shows a net deficiency of £118,485 (30 June 1992: £87,264 deficiency). A provision has been set up for this deficiency together with the cost of the investment. Oxford Analytica Daily Brief Limited incurred a loss for the six month period to 31 December 1992 of £31,221 (30 June 1992: profit of £4,424). The audit report for Oxford Analytica Daily Brief Limited contains a going concern qualification on the same basis as the audit report of the company (see page 4).

7 Profit on ordinary activities before taxation

| Six months ended 31 December 1992 £ | Year ended 30 June 1992 £ |
|--|------------------------------------|
|--|------------------------------------|

Profit on ordinary activities before taxation is stated after charging:

| | | |
|---|-------|--------|
| Depreciation of tangible assets | 5,484 | 13,765 |
| Auditors' remuneration for audit services | 3,151 | 2,561 |
| Hire of plant and machinery | 2,570 | 4,911 |

Remuneration of the company's auditors for provision of non-audit services to the company was £1,276.

8 Taxation

There is no liability to United Kingdom corporation tax arising in the period due to the availability of losses brought forward from previous periods.

9 Tangible fixed assets

| | Computer equipment £ | Office furniture and fittings £ | Office equipment £ | Motor vehicles £ | Total £ |
|----------------------------|----------------------------|--|--------------------------|------------------------|---------------|
| Cost or valuation | | | | | |
| At 1 July 1992 | 49,390 | 10,220 | 12,936 | 11,271 | 83,817 |
| Additions | 792 | - | 1,909 | - | 2,701 |
| At 31 December 1992 | 50,182 | 10,220 | 14,845 | 11,271 | 86,518 |
| Depreciation | | | | | |
| At 1 July 1992 | 34,066 | 7,809 | 11,611 | 11,271 | 64,757 |
| Charge for period | 4,974 | 312 | 198 | - | 5,484 |
| At 31 December 1992 | 39,040 | 8,121 | 11,809 | 11,271 | 70,241 |
| Net book value | | | | | |
| At 31 December 1992 | 11,142 | 2,099 | 3,036 | Nil | 16,277 |
| Net book value | | | | | |
| At 30 June 1992 | 15,324 | 2,411 | 1,325 | Nil | 19,060 |

Oxford Analytica Limited

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10 Debtors

| | 31 December 1992 £ | 30 June 1992 £ |
|--|--------------------------|----------------------|
| Amounts falling due within one year | | |
| Amounts owed by group undertakings: | | |
| Oxford Analytica Inc. | 132,850 | 166,771 |
| Provision against Oxford Analytica Inc. deficiency of net assets | (132,850) | (166,771) |
| Oxford Analytica Daily Brief Limited | 118,485 | 87,264 |
| Provision against Oxford Analytica Daily Brief Limited | (118,485) | (87,264) |
| Oxford Patents Limited | 303 | 303 |
| Analytica Inc. | 40 | 40 |
| Other debtors: | | |
| Sundry | 14,795 | 24,880 |
| | <u>15,138</u> | <u>25,223</u> |

11 Creditors: amounts falling due within one year

| | 31 December 1992 £ | 30 June 1992 £ |
|--|--------------------------|----------------------|
| Bank overdraft | 89,879 | 169,747 |
| Trade creditors | 104,525 | 104,787 |
| Other taxation and social security payable | 28,652 | 20,930 |
| Accruals and deferred income | 79,208 | 45,976 |
| | <u>302,264</u> | <u>341,440</u> |

The bank overdraft is secured by a joint and several guarantee from Dr and Mrs Young.

12 Called-up share capital

| | 31 December 1992 £ | 30 June 1992 £ |
|--|--------------------------|----------------------|
| Authorised, allotted, called-up and fully paid 1,000 (30 June 1992: 1,000) ordinary shares of 10p each | <u>100</u> | <u>100</u> |

13 Financial commitments

At 31 December 1992 the company had annual commitments, for land and buildings, under non-cancellable operating leases as follows:

| | 1993 £ | 1992 £ |
|----------------------------------|---------------|---------------|
| Expiring in more than five years | <u>15,240</u> | <u>15,240</u> |

14 Post balance sheet events

Since the year end Oxford Analytica Inc, from whom the Company derives its main source of income (see Note 2), has taken new steps to correct the deficiency of net assets. New finance in the form of short term loans has been introduced. As at 31st December 1993 £509,934 (\$770,000) has been raised which becomes repayable out of the proceeds of new equity capital that is expected to be introduced in April 1994 without which a cash shortfall will occur.

On 8 June 1993, ownership of the company passed to Oxford Analytica International Group Inc., who acquired 999 of the 1,000 ordinary 10p shares. The remaining share was converted into a trust share under the control of the following trustees:

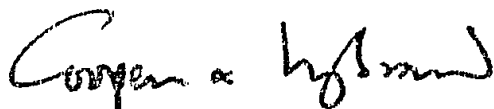
D R Young
S K Young
K C Leaman
J W Wood

In December 1993 the Company completed the purchase of freehold premises in Oxford. The Company's bankers have provided a commercial mortgage secured by a legal charge over the property.

Auditors' Report to the Directors of Oxford Analytica Limited under section 248(3) of the Companies Act 1985

We have examined the financial statements of the company and each of its subsidiaries for the period ended 31 December 1992. The scope of our work for the purposes of this report was limited to confirming that the company is entitled to the exemptions conferred by Section 248 from preparing group accounts.

In our opinion, the company is entitled to the exemption from preparing group accounts conferred by Section 248 of the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants & Registered Auditors
London, 23 March 1994