

Thursday, 03 April, 2003

Preliminary results for the year to 31 December, 2002

	2002	2001
	£000	£000
Turnover	2,045	2,135
(Loss) Profit before tax & exceptional item	(2,013)	91
(Loss) Profit before tax after exceptional item	(218)	91
(Loss) Profit after tax	(2,015)	30
(Loss) Earnings per share	(2.10)p	0.03p

- Turnover down by just 4.2%.
- Loss of £218,000 before tax and exceptional items after charging website development expenditure of £107,000 and goodwill amortisation of £26,000.
- Exceptional write-off - £1,795,000 of purchased goodwill and other intangible assets
- Robust client retention by all elements of business
- Chartcraft breaks into profit in last quarter of year
- Successful acquisition and integration of Sapphyr Technology into Ecube
- Strong balance sheet with available cash of £3.8mn after purchase of Sapphyr

Julian Burney, Chief Executive Officer, said:

“This has been the toughest year in the financial markets since [we established Stockcube Research over 12 years ago] with the second half being particularly trying. We are, therefore, tremendously re-assured by the maintenance of turnover near last year’s record for the group and by the level of retention of our client base in both our consultancies for the institutional market and our published wider market services. Our dedication to Chartcraft over the last two years has at last borne fruit as the business has now broken into profit following a number of cost saving measures and completion of our move onto on-line distribution.

As anticipated we incurred additional costs on the acquisition of Sapphyr’s business but we are pleased to report that our greatly enhanced technology expertise, concentrated in Ecube Limited, has already won its first contracts to build and sell third party web facilities

“Stockcube remains in very good health and well-positioned to fulfill and benefit from investors’ increasing need for clear, independent investment research and advice in what may turn out to be an extended period of flat or drifting markets”

For further information:

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STOCKCUBE PLC – REPORT AND ACCOUNTS FOR THE YEAR ENDED
31 DECEMBER, 2002

CHAIRMAN'S STATEMENT

Introduction

Stockcube plc continued to establish itself amongst the largest dedicated technical investment research companies in the world during the most difficult year for financial services for a decade.

Against a background of declining investor confidence and market sentiment we, along with many other businesses, reassessed the carrying value of our purchased goodwill and other intangibles. We concluded that the capacity of these assets to generate a return to support their carrying value was so uncertain that the most prudent course for us was to write them down by an exceptional charge of £1,795,000 and thereby give absolute clarity to our balance sheet moving forward.

Financial review

Turnover for the year ended 31 December 2002 was £2,045,000, a slight decrease on last year's record of £2,135,000. We accept the loss now of £218,000 before tax and exceptional items (2002: profit of £91,000) as the price of continuing our investment in the quality and future reach of our services and product offerings. Exceptional write offs for the year amounted to £1,795,000. Post-tax losses were £(2,015,000) (2001: profit of £30,000) making a loss of 2.10p per 1p ordinary share compared to a profit of 0.03p per share in 2001.

Our balance sheet remains strong with available cash reserves of £3,768,000 at the year-end (2001: £4,120,000).

Operations

The market and sector analysis consultancy, which we provide to over 100 institutional investor clients through www.efmtech.com, continues to be the mainstay of our business. Income has held up remarkably well, down just 2% on 2001 which was a record year, in the face of extremely difficult conditions experienced by the big investment houses and brokers.

Without doubt, recent criticisms about lack of integrity in certain in-house analysis functions and general concerns about the potential for conflict of interest have given us a considerable boost. Independence of thought and opinion are among our greatest assets. As is the quality and timeliness of our analysis.

We have now started our first venture with a major investment bank to run our analysis with their internal fundamental research as a tool for benchmarking that research and providing more precision to market timing.

Our analysts continue to appear regularly on Bloomberg TV and CNBC's *PowerLunch*, *Squawkbox* and *European Market Wrap* helping viewers to understand markets and publicising the Stockcube service and brand.

We report continuing progress by Chartercraft Inc which broke into profit on an on-going basis for the first time in the last quarter of the year. We have made careful cost savings and have now simplified our production into four main services: *Chartcraft on-line* for stocks, charts and related data, *US Market Timing Service* for market and sector timing, *C2F2* for commodities and currencies – all under the Investors Intelligence brand accessible through www.chartercraft.com - and hardcopy chart books.

Chartcraft has been proposed as one of three recommended providers of independent research and analysis by A G Edwards & Sons Inc, one of the USA's leading stockbrokers for private and business clients. We have re-engineered the Chartcraft web platform and introduced greatly improved services at the end of March. We are now able to use our proprietary software developed by the former Sapphyr team to extend Chartcraft's stock, sector and market timing methodologies to European and global stocks.

During the year we entered joint venture arrangements with IG Index for the provision of a mini-website hosting commodities and financial instrument analysis from C2F2, and with Cantor Fitzgerald and Man Financial for the provision of daily CFDs (contracts for differences) and pairs trading.

Fullermoney, our monthly global strategy newsletter, continues to thrive in hard copy as well as by electronic format at www.fullermoney.com David Fuller's daily website and audio have been very well received and have rapidly built up an enthusiastic audience from around the globe. Our bi-annual Chart Seminars in London were well attended.

Staff

I should like to thank our staff for their dedication during the year and I am pleased to welcome the technology and marketing expertise brought by the Saphyr Technology team who have added considerable skills to our business.

Capital reconstruction

We are asking shareholders to approve a limited capital reconstruction to make good the negative impact of the goodwill write off on retained earnings of the company and Stockcube Research Limited. This will be by transfer of reserves through cancellation of part of the share premium account in each company. As you will see from the Notice for Extraordinary General Meeting we intend to seek your approval to transfer £340,050 from the company's share premium account to retained earnings enabling the directors to declare dividends when appropriate. At the same time we intend to approve similar arrangements for Stockcube Research in the sum of £290,646.

Outlook

We have made a very encouraging start to 2003 and the group is trading profitably. We have been publishing some excellent market calls and generating very profitable trading ideas for our institutional consultancy clients, supporting further our confidence in our methodologies and our analytical skills.

We are confident that the quality and independence of our work is increasingly valued by institutional investors and our wider market audience, particularly in times when markets are driven more by changes in sentiment and confidence rather than underlying economic realities.

Edward Forbes,
Chairman,
London, April, 2003

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