stockcube

Stockcube plc

Report and Accounts 2001

The Stockcube group produces research and analysis of the relative strengths and weaknesses of price trends of stocks, stock indices, currencies, bonds and technical data to assist professional and non-professional investors with the timing of investment transactions.

Contents

Officers and **Professional Advisers**

Edward Forbes Chairman

Julian Burney Chief Executive

Shirley Yeoh Finance Director

Dan Veru*

Timothy Horlick*

* non-executive

Secretary

Amanda Court
(appointed 1 August 2001)

Timothy Parker
(appointed 26 April 2001, resigned 1 August 2001)

Jennifer McGregor
(resigned 26 April 2001)

Nominated Adviser

Altium Capital Limited
5 Ralli Courts
West Riverside
Manchester, M3 5FT
(resigned 21 January 2002)

Nominated Brokers

Numis Securities Limited
Cheapside House
138 Cheapside
London, EC2V 6LH
(appointed joint brokers and advisers 21 January 2002)

Auditors

Ernst & Young LLP
Rolls House
7 Rolls Buildings
Fetter Lane
London, EC4A 1NH

Bankers

Barclays Bank PLC
PO Box 15165
50 Pall Mall
London, SW1A 1QF

Solicitors

Hammond Suddards Edge
7 Devonshire Square
Culter's Gardens
London, EC2M 4YH

Registered Office
Unit 1.23
Plaza 535
Kings Road
London, SW10 0SZ

Our web portal is:
www.stockcube.com

Chairman's **Statement**

Introduction

It would be an understatement to report that 2001 has not been an easy year for the financial markets or those investing in them — our customers. We have seen the separate and combined effects on investor confidence of the final evaporation of dot.com euphoria, the collapse of telecoms mania, and general economic uncertainty brought about by the impact and aftershocks of the attack on the World Trade Center.

Nevertheless, the Stockcube group continued to move forward. We have maintained and enhanced our position as one of the largest dedicated technical investment research companies in the world. We have increased our range of products analysing the relative strengths and weaknesses of price trends across the full global range of financial instruments for large institutions and professional investors, intermediaries, advisers and non-professional investors.

Stockcube's on-line services for non-professional investors have been expanded substantially. We launched our US website, www.chartcraft.com, towards the end of the year and have taken more than 450 paying subscribers. We continued the development of our UK site, www.ShareStar-uk.com, making it available to the public at the beginning of 2002.

Financial Review

Turnover for the year ended 31 December 2001 was £2,135,000, an increase of 34% over 2000. We are pleased to report profits before tax of £91,000 for the year (2000: £10,000) in spite of our continuing development and investment in systems in the UK and in the US. Post-tax profits were £30,000 (2000: £17,000) resulting in earnings of 0.03p per 1p ordinary share compared to 0.02p per share in 2000.

Our balance sheet remains strong with available cash reserves of £4,120,000 at the year end (2000: £4,257,000).

Operations

Global research for the professional investor, available at **www.efmtech.com,** continues to be well-received. The market and sector analysis which we provide to over 100 institutional investor clients is the mainstay of our business. In addition, members of our team appear regularly on Bloomberg TV and CNBC's *Squawkbox* and *European Market Wrap* helping viewers to understand markets and encouraging them to subscribe for our services.

Our first steps at selling our international equity research direct to US-based institutional investors are beginning to bear fruit despite the general US economic downturn and we are confident of a gradual but steady build-up of our client base.

We can report significant progress for our US subsidiary, Chartcraft Inc, where US interest in domestic stock markets has held up. We were pleased to see that the long-established Chartcraft brand is also a robust one. Revenues held up to our expectations during the year. By mid-year we had successfully brought data management and chart production in-house enabling us to launch our on-line service **www.chartcraft.com** at the end of November. The on-line service is extensive. We analyse and update price charts on a daily basis for over 10,000 stocks and other instruments quoted on the New York Stock Exchange, NASDAQ and ASE. We have been very encouraged by the level of take-up of Chartcraft's on-line services and look forward to extending our product range in the future.

We have consolidated our extensive on-line point and figure and candlestick chart libraries and our research and analysis of international stocks, currencies and other financial instruments under the website **www.chartanalysts.com**. ***Fullermoney***, our monthly global strategy newsletter, is available in hard copy as well as by electronic format accessible at **www.fullermoney.com**. Our bi-annual Chart Seminars in London were well attended.

During the year we launched our on-line *Market Intelligence Report* which analyses changes in market sentiment towards shares and sectors from the corporate perspective. The Report is targeted at the senior management of quoted companies and is updated daily. To date, take-up of the MIR has been below expectations but we believe that this may be a reflection of general market conditions and we remain convinced that the underlying concept is a sound one.

Staff

I should like to thank our staff for their creativity, hard work and dedication during the last twelve months.

Our team of full-time analysts, technical and other support staff totalling 27 makes us one of the world's largest independent firms of dedicated technical analysts.

Outlook

There has been an steady start to 2002.

We continue to believe that large fund management houses and entrepreneurial fund managers will continue to establish specialist money management businesses in an effort to generate superior returns from less favourable markets. We think we are strongly positioned to provide precisely the kind of analysis which more sophisticated investment strategies require. We also believe that the independence of our research and advice will increasingly be valued by institutional investors.

We shall also pursue our strategy of providing high quality investment research to the serious non-professional investment community through value-added on-line subscription services, drawing on our extensive range of research developed for professional users.

We expect to continue the progress we have made to date.

Edward Forbes
Chairman
London

27 March 2002

Report on **Directors' Remuneration**

The role of the remuneration committee is to review the performance of the executive directors of the group and to set the scale and structure of their remuneration, including bonus arrangements. The remuneration committee will also administer the group's employee share option schemes and recommend the allocation of share options to directors, senior management and other employees. In exercising this role, the terms of reference of the remuneration committee require compliance with the Combined Code. Approval of this report will not be sought at the Annual General Meeting.

Remuneration policy for executive directors

The policy of the board is to provide executive remuneration packages sufficient to attract and retain the directors needed to run the company successfully, bearing in mind the company's size and available capital. The aim of the board is to maintain a policy that:

- provides remuneration levels which reflect the directors' responsibilities and contain incentives to deliver the company's objectives
- rewards directors according to both individual and company performance
- establishes an appropriate balance between fixed and variable elements of total remuneration with the performance related element forming an increasingly significant proportion of the package as the company's revenue grows
- aligns the interests of the executive directors with those of the shareholders through the use of performance related rewards and share options in the company
- ensures that directors' packages are in line with the company's remuneration policy

The remuneration committee has responsibility for making recommendations to the board on the company's general policy on remuneration and also specific packages for individual directors. It carries out the policy on behalf of the board. The committee comprises Dan Veru and Tim Horlick, both of whom are independent non-executive directors. The committee has met twice during the year and the last remuneration committee meeting was in September 2001.

Service agreement

Julian Burney and Shirley Yeoh each have a continuous employment contract which is terminable at not less than six months' notice by either party.

Edward Forbes is seconded to the company from Wilmore Investments Corporation Inc., as Chairman on the terms of a consultancy agreement. The agreement is for an initial twelve month period and is terminable at three months' notice.

Directors' remuneration

Details of each director's remuneration package can be found in note 4 to the financial statements. Details of each director's interests in shares and share options are set out in the Directors' Report. There are no other elements of remuneration, other than basic salary, which are treated as being pensionable. There are four main elements of the directors' remuneration package:

- basic salary
- share option incentives
- group-wide bonus scheme (related to annual growth in earnings per share)
- benefits

Basic salary

Basic salaries are usually reviewed annually by the committee and are set to reflect market conditions, personal performance and those paid for similar jobs in comparable organisations.

Share option incentives — executive directors

Both executive directors have interests in the company's Share Option Schemes, details of which are detailed below:

	Founder option	*Revenue approved*	*Total*	*Exercise period*
Julian Burney		120,000	120,000	3–10 years from grant
Shirley Yeoh	1,005,000	120,000	1,125,000	3–10 years from grant

Founder options were granted on 18 April 2000 and the approved options were granted on 3 May 2000. All options were granted at the listing price of 25p and are due to expire ten years from the date of the grant. On 18 October 2001, founder options were rebased to an exercise price of 8.5p. In all other respects, the Plan remains the same. No options have been exercised or have lapsed in the year.

Bonus scheme

The terms of the group-wide bonus scheme have been agreed and are included in the annual budget approved by the board. The scheme will reward the directors once the company's earnings per share each year reach a hurdle of at least 15% over the previous year.

Benefits

Benefits for executive directors include health and life insurance and the use of a motor bike and pension.

Non-executive directors

The remuneration arrangements of the Chairman and non-executive directors are decided by the board and are set out below. Edward Forbes is not remunerated by the company. His services are provided by Wilmore Investments Corporation Inc., for up to 20 hours per week at fees of £30,000 per year pro rata with his actual hours, subject to a minimum fee of £10,000 per year. The non-executive directors are not paid a fee for services. However they are entitled to reimbursement of travel, hotel and other expenses incurred by them in performing their duties as directors.

Share options incentives — non-executive directors

Tim Horlick	450,000	granted 18 April 2000
Dan Veru	450,000	granted 1 May 2000
Wilmore Investments Corporation Inc.	900,000	granted 18 April 2000

All options were granted at the listing price of 25p can be exercised after three years from the date of the grant and are due to expire ten years from the date of grant. The Company has rebased these to an exercise price of 8.5p, In all other respects, the Scheme remains the same. No options have been exercised or have lapsed in the year.

Option plan for staff

The directors believe it is in the interests of the company to incentivise employees through participation in the company's growth. The company has therefore established three discretionary executive share option schemes: the Stockcube Founder Employee Share Plan, the Stockcube PLC (Revenue Approved) Executive Share Option Scheme and the Stockcube PLC (No. 2) Executive Share Option Scheme (the 'Unapproved Scheme'). Agreements granting options have also been entered into with the non-executive directors and consultants.

Directors' **Report**

The directors present their report and accounts for the year ended 31 December 2001.

Results and dividends

The profit for the year, after taxation, amounted to £30,000 (2000: profit £17,000). This was stated after writing off website development costs as incurred of £190,144 (2000: £198,010) and amortisation of goodwill arising on the Fullermarkets business of £46,102. The directors do not recommend the payment of a dividend.

Principal activity and review of the business

The company is the holding company of a group whose principal activity during the period continued to be provision of research and analysis of price trends in stocks.

Directors and their interests

The directors at 31 December 2001 and their interests in the share capital of the company were as follows:

	31 December 2001 Ordinary shares Beneficial	*31 December 2001 Ordinary shares Non-beneficial*	*31 December 2000 Ordinary shares Beneficial*	*31 December 2000 Ordinary shares Non-beneficial*
Edward Forbes	—	500,100	—	500,100
Julian Burney	7,500,000	27,965,550	7,500,000	27,965,550
Shirley Yeoh	50,000	—	50,000	—
Dan Veru	150,000	—	150,000	—
Tim Horlick	75,000	—	75,000	—

Share option schemes and other share options

The company has adopted the following share option schemes:

(i) The Stockcube Founder Employee Share Plan ('The Plan')

Under this plan, options to subscribe for 7,110,000 ordinary shares were granted to existing group employees at the placing price of 25p. This scheme is now closed. Following renunciations by leavers, there remain outstanding 6,553,000 options. The Company has rebased these to 8.5p.

(ii) The Stockcube PLC (Revenue Approved) Executive Share Option Scheme ('The Approved Scheme')

Application was granted by the Inland Revenue for this scheme under Schedule 9 of the Income and Corporation Taxes Act 1988 ('Taxes Act'). Options granted under this scheme (which following Revenue approval, are 'approved options') will be at the discretion of the Remuneration Committee.

(iii) The Stockcube PLC (No. 2) Executive Share Option Scheme ('The Unapproved Scheme')

Application will not be made to the Inland Revenue for the approval of this scheme. Options granted under this scheme (which will, therefore, be 'unapproved') will be at the discretion of the Remuneration Committee.

Details of share options issued and directors are disclosed on the Report on Directors' Remuneration on page 5.

Corporate governance

The board intends that, so far as is practicable and, to the extent appropriate having regard to the size of Stockcube, it will comply with the Combined Code prepared by the Committee on Corporate Governance chaired by Sir Ronald Hampel and which is appended to the Listing Rules of the Financial Services Authority. The board requires its directors and senior employees to comply with the AIM Model Code (which forms part of the AIM Rules).

Stockcube has established audit and remuneration committees. These committees comprise Tim Horlick and Dan Veru. The audit committee is responsible for ensuring that the financial performance of the group is properly monitored and reported on. It will receive and review reports from management and the company's auditors relating to annual and interim accounts and the internal control systems in use throughout the group. The roles and responsibilities of the remuneration committee are outlined on page 4.

At present, the main areas of compliance are as follows:

The Board – comprises three executive and two non-executive directors. The directors hold board meetings at which operating and financial reports are considered. The board is responsible for formulating, reviewing and approving the group's strategy, budgets, major items of capital expenditure and senior personnel appointments.

Going Concern – the directors are satisfied that the group has adequate resources to continue in existence for the foreseeable future and, for this reason, they continue to adopt the going concern basis of preparing the accounts.

Internal Controls – the directors have overall responsibility for ensuring that the group maintains internal controls to provide reasonable assurance on the reliability of the financial information used within the business and for safeguarding the assets. There are limitations in any system of internal control and accordingly, even the most effective system can only provide reasonable and not absolute assurance with respect to preparation of the financial information and the safeguarding of the assets.

The key elements of financial control are as follows:

Control Environment – presence of a clear organisational structure and well-defined lines of responsibility and delegation of appropriate level of authority.

Risk Management – business strategy and plans are reviewed by the board.

Financial Reporting – a comprehensive system of budgets and forecasts with monthly reporting of actual results against targets.

Control Procedures and Monitoring Systems – ensuring authorisation levels and procedures and other systems of internal financial controls are documented, applied and regularly reviewed.

Creditor payment policy

It is the group's policy that payments to suppliers are made in accordance with the terms and conditions agreed between the company and its suppliers. At 31 December 2001 the group had an average of 31 days' purchases outstanding in trade creditors.

Auditors

On 28 June 2001, Ernst & Young, the company's auditors, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to reappoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

By order of the board

Amanda Court

Amanda Court
Secretary

27 March 2002

Statement of Directors' Responsibilities **in Respect of the Accounts**

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts 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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent **Auditors' Report**

to the members of Stockcube plc

We have audited the group and company's accounts for the year ended 31 December 2001 which comprise the Group Profit and Loss Account, Group Balance Sheet, Balance Sheet, Group Cash Flow Statement, and the related notes 1 to 22. These accounts have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities, the group's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group'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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 31 December 2001 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young
Registered Auditor
London

27 March 2002

Group **Profit and Loss Account**

for the year ended 31 December 2001

	Notes	2001 £000	2000 £000
Turnover		**2,135**	1,590
Administrative expenses:			
Ongoing (excluding website development costs)		**(2,072)**	(1,573)
Website development costs		**(190)**	(198)
Administration expenses		**(2,262)**	(1,771)
Group operating loss	3	**(127)**	(181)
Interest receivable and similar income		**218**	207
Interest payable and similar charges	6	**—**	(16)
Profit on ordinary activities before taxation		**91**	10
Tax on profit on ordinary activities	7	**(61)**	7
Profit retained for the financial year	17	**30**	17
Earnings per share	8	**0.03p**	0.02p
Diluted earnings per share	8	**0.03p**	0.02p

There were no recognised gains or losses other than the profit for the year.

Group **Balance Sheet**

at 31 December 2001

	Notes	2001 £000	2000 £000
Fixed assets			
Intangible assets	9	**1,368**	1,184
Tangible assets	10	**363**	383
Investments	11	**235**	235
		1,966	1,802
Current assets			
Debtors	12	**468**	560
Cash at bank and in hand		**4,120**	4,257
		4,588	4,817
Creditors: amounts falling due within one year	13	**(598)**	(693)
Net current assets		**3,990**	4,124
Total assets less current liabilities		**5,956**	5,926
Capital and reserves			
Called up share capital	16	**961**	961
Share premium account	17	**4,114**	4,114
Merger reserve	17	**568**	568
Profit and loss account	17	**313**	283
Equity shareholders' funds		**5,956**	5,926

Approved by order of the Board on 27 March 2002

Julian Burney
Director

Balance **Sheet**

at 31 December 2001

	Notes	2001 £000	2000 £000
Fixed assets			
Intangibles	9	**21**	—
Investments	11	**1,709**	1,559
		1,730	1,559
Current assets			
Debtors	12	**216**	383
Cash at bank and in hand		**3,188**	3,129
		3,404	3,512
Creditors: amounts falling due within one year	13	**(126)**	(53)
Net current assets		**3,278**	3,459
Total assets less current liabilities		**5,008**	5,018
Capital and reserves			
Called up share capital	16	**961**	961
Share premium account	17	**4,114**	4,114
Profit and loss account	17	**(67)**	(57)
Equity shareholders' funds		**5,008**	5,018

Approved by order of the Board on 27 March 2002

Julian Burney
Director

Group **Statement of Cash Flows**

at 31 December 2001

	Notes	2001 £000	2000 £000
Net cash outflow from operating activities	19(a)	**(72)**	(595)
Returns of investments and servicing of finance			
Interest received		**185**	207
Interest paid		**—**	(16)
		185	191
Taxation		**(8)**	(16)
Capital expenditure			
Payments to acquire intangible fixed assets		**(70)**	—
Payments to acquire tangible fixed assets		**(22)**	(118)
Receipts from sales of tangible fixed assets		**—**	—
		(92)	(118)
Acquisitions and disposals			
Net cash acquired with subsidiary undertaking		**—**	20
Payments to acquire investment		**(150)**	(14)
		(150)	6
Net cash outflow before financing		**(137)**	(532)
Management of liquid resources			
Increase in short-term deposits		**(80)**	(1,950)
		(217)	(2,482)
Financing			
Issue of shares (net of expenses)		**—**	3,745
Net movement in short-term borrowings		**—**	(25)
Net movement in long-term borrowings		**—**	(216)
		—	3,504
(Decrease)/increase in cash		**(217)**	1,022
Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash		**(217)**	1,022
Increase in short-term deposits		**80**	1,950
Repayment of debt and lease financing		**—**	241
Movement in net funds		**(137)**	3,213
Loans/finance leases acquired/disposed of with subsidiaries		**—**	(90)
Net funds at 1 January		**4,257**	1,134
Net funds at 31 December	19(b)	**4,120**	4,257

Notes to the **Accounts**

at 31 December 2001

1. Accounting policies

Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of consolidation

The group accounts consolidate the accounts of Stockcube plc and all of its subsidiary undertakings for the year to 31 December 2001. No profit and loss account is presented for Stockcube plc as permitted by Section 230 of the Companies Act 1985.

On 20 December 1999 the company acquired by way of a share for share exchange the whole of the issued share capital of Stockcube Research Limited. Accordingly, as permitted by Financial Reporting Standard No 6, the combination has been merger accounted for as if the group as currently constituted had been in place for the whole of the period covered by these accounts. The group profit and loss account is prepared for the period from incorporation to 31 December 2000 on this basis.

The group profit and loss account has also been presented on a pro forma basis for the year ended 31 December 2000 to compare more meaningfully the performance of the underlying group. The statutory profit and loss account for the 16 month period from incorporation to 31 December 2000 is included in note 22 on page 21.

Goodwill

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life, up to a maximum of twenty years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable. All goodwill in these accounts is amortised over twenty years.

Licence fees and Trademarks

Licence fees and trademarks are valued at cost. They are amortised over the directors' estimate of their useful lives up to a maximum of 10 years.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

Leasehold	— over the period of lease
Computer equipment	— 33% per annum
Fixtures, fittings and equipment	— 15 to 20% per annum
Motor vehicles	— 20% per annum

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

From 1 January 2001 the method of depreciation for computer equipment changed from 50% per annum to 33% per annum in order to more accurately reflect the useful economic life of these assets. The effect of this has increased profits by £10,000.

Website development

Website development expenditure is written off as incurred. During the year the company incurred £190,144 (2000: £198,010) in respect of database and website development expenditure which was written off directly to the profit and loss account.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Deferred taxation assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Foreign currencies

Company

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward currency contract.

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

All differences are taken to the profit and loss account.

Group

The accounts of overseas subsidiary undertakings are translated at the rate ruling at the balance sheet date. The exchange differences on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pensions

The company contributes to various pension schemes for the benefit of the directors and staff. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

2. Turnover

Turnover, which is stated net of value added tax, represents the sales value of work done in the period. Turnover is attributable to the continuing activity of the provision of research and analysis of price trends in stocks, commodities, currencies and interest rates.

An analysis of turnover by geographical market is given below:

	Origin		Destination	
	2001 £000	2000 £000	**2001 £000**	2000 £000
United Kingdom	**1,762**	1,559	**1,082**	846
United States of America	**373**	31	**564**	90
Rest of Europe	**—**	—	**241**	287
Rest of the World	**—**	—	**248**	367
	2,135	1,590	**2,135**	1,590

An analysis of assets by geographical segment is as follows:

	2001 £000	2000 £000
United Kingdom	**6,042**	6,088
United States of America	**(86)**	(162)
	5,956	5,926

3. Operating loss

This is stated after charging:

	2001 £000	2000 £000
Depreciation of owned fixed assets	**42**	56
Amortisation of goodwill	**65**	46
Amortisation of other intangibles	**6**	—
Auditors' remuneration — audit services	**23**	18
— non-audit services	**11**	6
Operating lease rentals — land and buildings	**65**	23
Foreign currency exchange	**2**	4
Website development expenditure	**190**	198
Rental income	**(5)**	(3)

4. Directors' emoluments

	2001 £000	2000 £000
Emoluments	**150**	128
Company contributions paid to defined contribution pension schemes	**4**	4
	154	132

Directors	Salary/fees £000	Benefits in kind £000	Pension £000	**2001 Total £000**	2000 Total £000
Chairman					
Edward Forbes	—	—	—	**—**	—
Executives					
Julian Burney	78	2	1	**81**	69
Shirley Yeoh	65	3	3	**71**	63
Non-Executives					
Dan Veru	—	—	—	**—**	—
Tim Horlick	—	—	—	**—**	—

	2001 No.	2000 No.
Members of pension schemes	**2**	2

Further information on directors' emoluments is given on pages 4 to 5.

Notes to the **Accounts**

at 31 December 2001

5. Staff costs

	2001	2000
	£000	£000
Wages and salaries	**1,082**	729
Social security costs	**75**	77
Other pension costs (note 20)	**16**	15
	1,173	821

The average monthly number of employees during the year was made up as follows:

	2001	2000
	No.	No.
Management and administration	**27**	20

6. Interest payable and similar charges

	2001	2000
	£000	£000
Bank loans and overdrafts	**—**	16

7. Tax on profit on ordinary activities

The taxation charge is made up as follows:

	2001	2000
	£000	£000
UK corporation tax	**59**	12
Corporation tax under/(over) provided in previous years	**2**	(19)
	61	(7)

The effective tax rate for the current year is higher than standard because of losses in the US subsidiary that cannot be offset against profits in the UK companies.

8. Earnings/(loss) per share

The calculation of basic earnings per ordinary share is based on earnings as follows:

	2001	2000
	£000	£000
Profit for the year	**30**	17
Weighted average number of ordinary shares outstanding (000)	**96,106**	90,723
Profit per ordinary share (pence):		
Basic and diluted	**0.03p**	0.02p

The diluted earnings per share is based on 107,801,500 (2000: 99,249,711) ordinary shares which takes into account theoretical ordinary shares that would have been issued based on average market value if all outstanding options were exercised.

9. Intangible fixed assets

a) Group

Group	Licence fees £000	Trademarks £000	Goodwill £000	Total £000
Cost:				
At 1 January 2001	—	—	1,245	1,245
Adjustment (note 9b)	—	—	35	35
Increase during the year (note 9c)	45	25	150	220
At 31 December 2001	45	25	1,430	1,500
Amortisation:				
At 1 January 2001	—	—	61	61
Provided during the year	5	1	65	71
At 31 December 2001	5	1	126	132
Net book value:				
At 31 December 2001	**40**	**24**	**1,304**	**1,368**
At 31 December 2000	—	—	1,184	1,184

Company	Trademarks £000	Total £000
Cost:		
At 1 January 2001	—	—
Increase during the year	21	21
At 31 December 2001	21	21
Amortisation:		
At 1 January 2001	—	—
Provided during the year	—	—
At 31 December 2001	—	—
Net book value:		
At 31 December 2001	**21**	**21**
At 31 December 2000	—	—

Trademarks and licences are both being amortised over the directors' estimate of their useful economic lives of 10 years.

b) Acquisition of Chartcraft Inc

On 1 December 2000 the company acquired a 100% shareholding in Chartcraft Inc. In accordance with FRS7, an adjustment has been made in the 2001 accounts to the fair value used in the 2000 accounts. The difference has been taken as an adjustment to goodwill on acquisition.

Amended values of net liabilities are as follows:

	Fair value 2000 £000	Description	Revaluation adjustment £000	Amended value £000
Fixed assets	1			1
Debtors	5			5
Cash	20			20
Creditors	(259)	Under accrual of costs	(35)	(294)
Loan from parent undertaking	(65)			(65)
Other loans	(25)			(25)
	(323)		(35)	(358)
Goodwill arising on acquisition	323		35	358

c) Acquisition of Ecube

On 10 October 2001 Stockcube PLC acquired a 50% holding in Ecube Limited for £150,000. As a result, Ecube became a 100% subsidiary of Stockcube plc. As Ecube had no assets at the time, all of the acquisition cost is treated as goodwill. No fair value adjustments were required.

Notes to the **Accounts**

at 31 December 2001

10. Tangible fixed assets

Group	Land and buildings Long leasehold £000	Computer equipment £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
Cost:					
At 1 January 2001	309	218	96	6	629
Additions	—	7	15	—	22
At 31 December 2001	309	225	111	6	651
Depreciation:					
At 1 January 2001	8	166	72	—	246
Provided during the year	3	30	7	2	42
At 31 December 2001	11	196	79	2	288
Net book value:					
At 31 December 2001	**298**	**29**	**32**	**4**	**363**
At 31 December 2000	301	52	24	6	383

11. Investments

Group	Investment £000
Cost:	
At 1 January 2001 and at 31 December 2001	**235**

Company	Subsidiary undertakings £000	Investment £000	Total £000
At 1 January 2001	1,324	235	1,559
Additions	150	—	150
At 31 December 2001	**1,474**	**235**	**1,709**

The investment in the company and group relates to an investment in the ordinary share capital of Sapphyr Technology Limited. Sapphyr Technology Limited is not a listed company.

At 31 December 2001 the company held more than 20% of the nominal value of the share capital of the following:

Name of company	Country of incorporation	Holding	Proportion held	Nature of business
Subsidiary undertaking				
Stockcube Research Limited	England	Ordinary shares	100%	Research, analysis and forecasting trends in stocks and commodities
Ecube Limited	England	Ordinary shares	100%	Website and technology research and development

On 10 October 2001, Stockcube Plc acquired Sapphyr's 50% holding in Ecube Limited for £150,000. At that date, Ecube became a 100% subsidiary of Stockcube plc.

Chartcraft Inc.	USA	Ordinary shares	100%	Analysis of price trends of equities and other financial instruments

12. Debtors

	Group 2001 £000	Group 2000 £000	Company 2001 £000	Company 2000 £000
Trade debtors	**339**	303	**—**	—
Amounts owed by group undertakings	**—**	—	**170**	178
Other debtors	**67**	192	**45**	199
Prepayments and accrued income	**62**	65	**1**	6
	468	560	**216**	383

13. Creditors: amounts falling due within one year

	Group 2001 £000	Group 2000 £000	Company 2001 £000	Company 2000 £000
Trade creditors	**90**	93	**17**	28
Amounts due to group undertakings	**—**	—	**78**	—
Corporation tax	**61**	8	**—**	—
Other taxes and social security costs	**38**	52	**—**	—
Other creditors	**2**	19	**—**	—
Accruals and deferred income	**407**	521	**31**	25
	598	693	**126**	53

14. Other financial commitments

At 31 December 2001 the group had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2001 £000	Land and buildings 2000 £000
Operating leases which expire:		
In over five years	**40**	34

15. Derivatives and other financial instruments

The company's principal financial instruments are investments and cash. The company has other financial instruments such as trade debtors and trade creditors that arise directly from its operations. As permitted by FRS 13, short-term debtors and creditors have been excluded from the disclosure of financial liabilities and financial assets. The group's policy is not to enter into any derivative transactions such as interest rate swaps of financial foreign currency contracts. In view of the low level of foreign currency transactions, the board does not consider that there are significant risks in this respect. Substantially all of the financial assets and liabilities are denominated in £ sterling.

Financial liabilities

There were no financial liabilities that require disclosure under FRS 13.

Financial assets

The company has no financial assets that require disclosure under FRS 13 other than £4,119,302 (2000: £4,257,406) of short-term deposits and cash at floating interest rates and an interest-free investment of £235,491 (2000: £235,491). All except £8,270 is denominated in sterling (2000: £15,125). The cash is available to make selected complementary acquisitions and strategic allowance as opportunities arise.

The investment is in shares in an unincorporated business, where the shares are not actively traded. As a result, it is not possible to estimate with sufficient reliability the fair value of the asset. This is held at cost. The fair value of the liabilities and assets is not considered to be materially different from the book value.

Notes to the **Accounts**

at 31 December 2001

16. Share capital

Ordinary 1p shares	Issued No.	Issued £	Authorised No.	Authorised £
At 1 January 2001and at 31 December 2001	**96,106,300**	**961,063**	**145,000,000**	**1,450,000**

17. Reconciliation of shareholders' funds and movement on reserves

Group	Share capital £000	Share premium account £000	Merger reserve £000	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2000	514	817	568	266	2,165
Shares issued	173	4,326	—	—	4,499
Bonus issue	274	(274)	—	—	—
Expenses of issue	—	(755)	—	—	(755)
Profit for the year	—	—	—	17	17
At 31 December 2000	961	4,114	568	283	5,926
Profit for the year	—	—	—	30	30
At 31 December 2001	**961**	**4,114**	**568**	**313**	**5,956**

Company	Share capital £000	Share premium account £000	Profit and loss account £000	Total shareholders' funds £000
On incorporation	—	—	—	—
Acquisition of Stockcube Research Limited	473	—	—	473
Shares issued	214	5,143	—	5,357
Bonus issue	274	(274)	—	—
Expenses of issue	—	(755)	—	(755)
Loss for the year	—	—	(57)	(57)
At 31 December 2000	961	4,114	(57)	5,018
Loss for the year	—	—	(10)	(10)
At 31 December 2001	**961**	**4,114**	**(67)**	**5,008**

18. Profit and loss account

Loss after taxation amounting to £9,574 has been dealt with in the accounts of the company.

19. Notes to the statement of cash flows

(a) Reconciliation of operating loss to net cash outflow from operating activities

	2001 £000	2000 £000
Operating loss	**(127)**	(181)
Depreciation	**42**	56
Amortisation of goodwill	**65**	46
Amortisation of trademarks	**6**	—
Loss on disposal	**—**	1
Decrease/(increase) in debtors	**125**	(215)
(Decrease) in creditors	**(183)**	(302)
Net cash outflow from operating activities	**(72)**	(595)

At 31 December 2001, the operating loss is stated after writing off the website development expenses of £190,144 (2000: £198,010).

19. Notes to the statement of cash flows continued

(b) Analysis of changes in net funds

	At 1 January 2001 £000	Cash flow £000	At 31 December 2001 £000
Cash at bank and in hand	1,157	(217)	940
Short-term deposits*	3,100	80	3,180
	4,257	(137)	4,120

* short-term deposits are included within cash at bank and in hand in the balance sheet

20. Pension commitments

The company makes contributions to various defined contribution pension schemes on behalf of the directors and staff. These are based on 5% of gross salary. Contributions are charged to the profit and loss account as they are paid. The charge for the year was £16,562 (2000: £14,642).

21. Related parties

Amounts of £197,824 (2000: £220,125) were paid in the year to Sapphyr Technology Limited. At the balance sheet date £nil (2000: £19,622) was due to Sapphyr. The company holds a 19.9% holding in the ordinary share capital of Sapphyr.

£3,000 was receivable from Luanshya Services Limited, a company in which Julian Burney's father is a director, for the rental of office space. At the balance sheet date, £250 was owing from Luanshya Services Limited which has subsequently been paid.

£37,325 was receivable from Palisade Capital Limited, a company in which Dennison Veru (non-executive director of Stockcube plc) is an executive director, for the provision of research. At the balance sheet date, £7,275 was due from Palisade Capital Limited.

22. Statement of group profit and loss account for the period

	Period 9 September 1999 to 31 December 2000 £000
Turnover	2,013
Administrative expenses	(2,343)
Group operating loss	(330)
Interest receivable and similar income	218
Interest payable and similar charges	(19)
Loss on ordinary activities before taxation	(131)
Taxation	(6)
Loss retained for the period	(137)

Notice of **Annual General Meeting**

NOTICE IS HEREBY GIVEN that THE ANNUAL GENERAL MEETING OF STOCKCUBE plc will be held at Unit 1.21, Plaza 535, Kings Road, London, SW10 0SZ, on Friday 26 April 2002 at 3 pm.

As Ordinary Business

1. To receive and adopt the Directors' Report and the Audited Statement of Accounts for the year ended 31 December 2001.
2. To re-elect as a director of the company, Mr Dennison Veru, pursuant to article 31.1 of the company's Articles of Association and who, being eligible, offers himself for re-election.
3. To reappoint Ernst & Young as auditors and authorise the directors to fix their remuneration.
4. To grant the board the authority to grant further options during the year as the board sees fit, up to the limit approved prior to flotation.
5. To approve the grant of options over a further 400,000 shares each of Stockcube plc to Dennison Veru, Tim Horlick and Wilmore Investment Inc., at the strike price of 8.5p.

As Special Business

6. To grant authorisation to the company to purchase its own shares.

   This special resolution will authorise the company to purchase up to 10% of the issued share capital as at 22 March 2002. The board considers it desirable to have this authority to provide additional flexibility in the management of the company's capital resources. The authority will only be exercised if the directors believe that to do so would result in increased earnings per share and would be in the best interests of the shareholders generally.

   The authority given by this resolution will expire at the conclusion of the Annual General Meeting in 2003 unless renewed, varied or revoked at any earlier general meeting of shareholders.

To consider and, if thought fit, approve the following Resolution as a Special Resolution:

7. That the directors be and are hereby empowered pursuant to Section 89 of the Act to make allotments of equity securities (as defined by Section 94 of the Companies Act 1985) pursuant to the authority conferred on them on 20 April 2001, as if Section 89(1) of the Act did not apply to such allotment, provided that this power shall be limited to:

   (a) the allotment of equity securities in connection with an issue in favour of shareholders where equity securities respectively attributable to the interests of the shareholders are proportionate (as nearly as may be) to the respective number of ordinary shares held by them, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with legal or practical problems in respect of overseas shareholders, fractional entitlements or otherwise; and

   (b) the allotment otherwise than pursuant to sub-paragraph (a) above of equity securities up to an aggregate nominal value of £192,213

   provided that this power shall, unless previously revoked or varied by special resolution of the Company in general meeting, expire fifteen months from the date of this Resolution or, if earlier, on the date of the next Annual General Meeting of the Company save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

By order of the board

Company Secretary
Dated the 27th day of March 2002

Registered Office: Unit 1.23, Plaza 535, King's Road, London, SW10 0SZ, UK

Note:
1. A member who is entitled to attend and vote at the above meeting may appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the company. A proxy is not entitled to vote except on a poll.
2. To be valid, a duly executed Form of Proxy for use at the meeting together, if appropriate, with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority or such other evidence as the directors may require must be deposited at the offices of the Company's registrars, Northern Registrars, Northern House, Woodsome Park, Fenay Bridge, Huddersfield, HD8 0LA, United Kingdom, not less than 48 hours before the time fixed for the meeting.
3. In the case of a corporation the Form of Proxy should be executed under its common seal or signed by a duly authorised officer or attorney of the corporation.
4. Completion and return of the Form of Proxy will not preclude a member from attending the meeting and voting in person if he wishes to do so.
5. Copies of each director's contract of service with the company or its subsidiaries, are available for inspection at the registered office of the company during normal business hours (Saturdays excepted) except on the day of the meeting, when they will be available at the meeting venue from 2.45 pm until the conclusion of the meeting.
6. A register of interests and dealings of each director in shares of the company is available at the registered office of the company during normal business hours (Saturdays excepted) except on the day of the meeting when it will be available at the meeting venue from 2.45 pm until the conclusion of the meeting.

Form of **Proxy**

I, ...

of ....

being a member of Stockcube plc, hereby appoint the Chairman of the Meeting

or, failing him, ... of ....

.... as my proxy, to vote for

me on my behalf at the ANNUAL GENERAL MEETING of the Company to be held on the 26th day of April 2002, and at any adjournment thereof.

This form is to be used in respect of the resolutions mentioned below as follows:

Resolution No. 1	for	☐	against	☐
Resolution No. 2	for	☐	against	☐
Resolution No. 3	for	☐	against	☐
Resolution No. 4	for	☐	against	☐
Resolution No. 5	for	☐	against	☐
Resolution No. 6	for	☐	against	☐
Resolution No. 7	for	☐	against	☐

Unless otherwise instructed, the Proxy will vote as he/she thinks fit.

Signature of Member: .... Date: ....

Note:

1. A member who is entitled to attend and vote at the above meeting may appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the company. A proxy is not entitled to vote except on a poll.
2. To be valid, a duly executed Form of Proxy for use at the meeting together, if appropriate, with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority or such other evidence as the directors may require must be deposited at the offices of the Company's registrars, Northern Registrars, Northern House, Woodsome Park, Fenay Bridge, Huddersfield, HD8 0LA, United Kingdom, not less than 48 hours before the time fixed for the meeting.
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BUSINESS REPLY SERVICE
Licence No. HF106

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Northern Registrars
Northern House
Woodsome Park
Fenay Bridge
HUDDERSFIELD
HD8 0JQ

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and tuck in flap opposite

stockcube

Unit 1.23, Plaza 535
535 King's Road
London
SW10 0SZ