stockcube

Investment Research and Analysis

REPORT AND ACCOUNTS 2003

timing is everything.

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

Contents

Highlights

	2003 £000	2002 £000
Turnover	**2,458**	2,045
Profit/(Loss) before tax & exceptional item	**141**	(218)
Profit/(Loss) before tax	**141**	(2,013)
Profit/(Loss) after tax	**120**	(2,015)
Earnings/(Loss) – pence per share:	**0.13p**	(2.10)p

- Turnover up by 20.2%
- Profit of £141,000 before tax
- Dividend (proposed) of 0.05 pence per share
- Strong client retention by all elements of business
- Chartcraft traded profitably throughout year and cash generative
- Strong balance sheet with available cash of £4.14m

Julian Burney, Chief Executive Officer, said:

"Overall this is a pleasing result and the foundations are in place to help us begin to generate an acceptable return for the investment that we have made over the last few years in our staff and technology. Whilst, no doubt, the return of market confidence during 2003 has helped to underpin our own results with record turnover we think our growing reputation and ability to analyse stock and market trends is helping to establish us as an essential adviser in all market conditions.

"Stockcube remains in very good health and well positioned to fulfil 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 bearish stock markets"

For further information:

Stockcube	**Julian Burney**	**020-7352-4001**
Numis	**Simon Law**	**020-7776-1500**

Chairman’s Statement

Introduction

We are satisfied with our results for 2003 and are confident that Stockcube is becoming widely recognised as a leading provider of financial research and analysis for investors.

Financial review

Turnover for the year ended 31 December 2003 was £2,458,000, a new record for the group and over 20% higher than last year (2002: £2,045,000). We are pleased to report profit before tax and exceptional charge of £141,000 (2002: loss of £218,000). There was no exceptional charge in 2003 (2002: £1,795,000) and post-tax profit for the year amounted to £120,000. Earnings were 0.13p per 1p ordinary share compared to a loss of 2.10p in 2002.

Our balance sheet continues to be strong with available cash reserves and short-term deposits of £4,145,000 at 31 December 2003 (2002: £3,768,000).

Operations

Our stock market timing and sector analysis consultancy for institutional investors showed another strong performance. We increased income by 20% over 2002, benefiting from our growing reputation as well as increased investor confidence during the rally in the world’s equity markets since early spring 2003. We now have nine full-time consultant analysts and further investment in technology during the year has increased considerably the speed and value of their market timing and stock selection work for customers.

We are pleased to report that our US subsidiary, Chartcraft, contributed £62,000 from operations to consolidated group profits. Chartcraft was cash positive every month.

We have invested heavily in time and effort in bringing the services of Chartcraft and Investors Intelligence into a timely and meaningful format. This investment should continue to bear fruit, not just in our US services but elsewhere, as the data handling, analysis and web structures we have developed now form the framework for coverage of the world’s other major stock markets, currently serviced by Chartanalysts. Development work continues and we expect to launch our wider market services for UK, European, Japanese and South East Asian equities during 2004. This will give our analysts truly global coverage and enable our customers to subscribe for stock sector and market analysis and research on a modular basis with common navigability across all modules. We are actively seeking distribution partners for our work.

There has been a gradual re-awakening of subscriber interest in commodities, currencies and in classes of assets other than equities. We expect to see this awareness translate into increasing revenues for these areas of our work.

We have felt increasingly that the **Fullermoney** format of a monthly global strategy newsletter was outmoded and no longer serving subscribers’ interests to the maximum. Responding to subscriber demand, we have recently withdrawn the monthly hard copy service to concentrate on the daily website and David Fuller’s market audio broadcasts. It is early days but customer response has been encouraging and subscriptions have increased by 22% in the last six months following this change of emphasis. Our bi-annual Chart Seminars held in London were sell-outs.

After the year end we took a 34.4% stake in Sportcal Global Communications Limited, with the option to increase to 50.0% by 2007. Sportcal operates www.sportcal.com, the leading sport events calendar site for business-to-business use, and provides related services for the sports industry. Sportcal also builds websites and provides technical development and assistance to sports federations. In conjunction with our software development business, Ecube, we see considerable scope for sale to the sports industry of complete packages encompassing web-building, online publishing and data handling.

Capital reorganisation

On 3 July 2003, The High Court of Justice, Chancery Division, Companies Court confirmed a reduction of the share premium account of Stockcube plc by £340,050, which was registered by the Registrar of Companies on 7 July 2003. The reorganisation transferred £340,050 from the share premium account and eliminated the deficit on the profit and loss account of the holding company as at 31 December 2002, which had arisen from the write-off of goodwill in 2002.

Staff

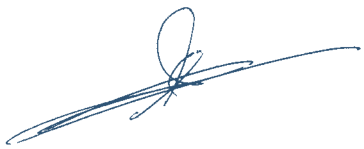
I should like to thank our staff for their contributions during the year and I am pleased to report that we have an excellent group of analysts and support staff.

Dividend

We are pleased to propose to shareholders that we pay a dividend of 0.05 pence per share in respect of the results for 2003.

Outlook

We have made a very promising start to 2004 and are confident that we are now well positioned to develop and grow our wider market services customer base. We intend to expand the reach of our business interests organically, in conjunction with distribution partners, as well as through carefully selected investments.



Edward Forbes
Chairman
London
20 April 2004

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 also administers the group's employee share option schemes and recommends 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 intention that the performance related element will form 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 is composed of Dan Veru and Tim Horlick, both of whom are independent non-executive directors.

Service agreements

Julian Burney, Shirley Yeoh and Andrew Ashman 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 was 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. Only basic salary is being treated as pensionable. There are four main elements of the directors' remuneration package:

- basic salary
- share option incentives
- benefits
- discretionary bonus

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

The executive directors have interests in the company's Share Option Schemes, details of which are 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
Andrew Ashman	3,030,000	120,000	3,150,000	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.

Benefits

Benefits for executive directors include health and life insurance 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 option incentives — non-executive directors

	Number of ordinary shares under options	Date of grant	Expiry date of option	Exercise price
Tim Horlick	450,000	18 April 2000	17 April 2010	8.5p
	400,000	29 April 2002	28 April 2012	8.5p
	850,000			
Dan Veru	450,000	1 May 2000	30 April 2010	8.5p
	400,000	29 April 2002	28 April 2012	8.5p
	850,000			
Wilmore Investments Corporation Inc	900,000	18 April 2000	17 April 2010	8.5p
	400,000	29 April 2002	28 April 2012	8.5p
	1,300,000			

The Company rebased options granted at the listing price of 25p to an exercise price of 8.5p in October 2001. 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 (closed to new members on 18 April 2000), the Stockcube PLC (Revenue Approved) Executive Share Option Scheme and the Stockcube PLC (No. 2) Executive Share Option Scheme (the 'Unapproved Scheme'). (See page 6 for further details.) Agreements granting options have also been entered into with the non-executive directors and consultants.

Directors' Report

The directors present their report and financial statements for the year ended 31 December 2003.

Results and dividends

The profit for the year, after taxation, amounted to £120,000 (2002: loss £2,015,000). This was stated after writing off website development costs as incurred of £30,344 (2002: £125,018). In 2002, the carrying values of purchased goodwill and other intangibles were reassessed in accordance with FRS 11, Impairment of fixed assets and goodwill, and accordingly £1,795,000 was written off as exceptional items within operating profit.

On 3 July 2003, the High Court of Justice, Chancery Division, Companies Court confirmed a reduction on the share premium account of £340,050 in Stockcube plc. The impact was to transfer £340,050 from the share premium, thereby eliminating the deficit on the profit and loss account of the company as at 31 December 2002 (see note 17).

The directors recommend the payment of a dividend of 0.05p per ordinary share.

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 2003 and their interests in the share capital of the company were as follows:

	31 December 2003 Ordinary shares Beneficial	31 December 2003 Ordinary shares Non-beneficial	31 December 2002 Ordinary shares Beneficial	31 December 2002 Ordinary shares Non-beneficial
Edward Forbes	—	500,100	—	500,100
Julian Burney	7,500,000	27,965,500	7,500,000	27,965,500
Shirley Yeoh	50,000	—	50,000	—
Andrew Ashman	—	1,500,000	—	1,500,000
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 5,955,000 options. The Company rebased the exercise price to 8.5p in October 2001.

(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') are at the discretion of the Remuneration Committee. During the year 453,530 new options were granted at 8.5p in line with the group's staff remuneration policy. There are outstanding 2,737,010 options.

(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') are at the discretion of the Remuneration Committee. There are outstanding 4,200,000 options.

Details of share options issued to directors are disclosed in the Report on Directors' Remuneration on pages 4 and 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.

Stockcube has established audit and remuneration committees. These committees comprise non-executive directors, 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 financial statements 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 three 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 financial statements.

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.

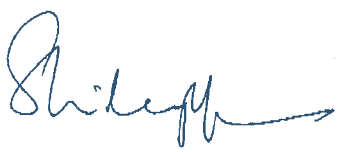
Creditor payment policy

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 2003 the group had an average of 39 days' purchases outstanding in trade creditors.

Auditors

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



Shirley Yeoh
Secretary
20 April 2004

Statement of Directors' Responsibilities in respect of the Financial Statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company and group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and 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's financial statements for the year ended 31 December 2003 which comprise the Group Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Group Balance Sheet, Balance Sheet, Group Statement of Cash Flows and the related notes 1 to 20. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the group's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the group's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

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

We report to you our opinion as to whether the financial statements 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 financial statements, if the company 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 company 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 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 affairs of the company and the group as at 31 December 2003 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 LLP
Registered Auditor
London
20 April 2004

Group Profit and Loss Account

For the year ended 31 December 2003

	Notes	2003 £000	2002 £000
Turnover	2	**2,458**	2,045
Administrative expenses			
Ongoing (excluding impairment)		**(2,452)**	(2,418)
Exceptional:			
Impairment of intangible assets		**—**	(1,795)
Administrative expenses		**(2,452)**	(4,213)
Group operating profit/(loss)	3	**6**	(2,168)
Interest receivable and similar income		**135**	155
Profit/(loss) on ordinary activities before taxation		**141**	(2,013)
Tax on profit/(loss) on ordinary activities	6	**(21)**	(2)
Profit/(loss) retained for the financial year		**120**	(2,015)
Dividends	7	**(48)**	—
Retained profit/(loss) for the year	17	**72**	(2,015)
Basic earnings/(loss) per share	8	**0.13p**	(2.10)p
Diluted earnings/(loss) per share	8	**0.11p**	(2.10)p

Group Statement of Total Recognised Gains and Losses

For the year ended 31 December 2003

	Notes	2003 £000	2002 £000
Profit/(loss) for the financial year		**120**	(2,015)
Exchange difference on retranslation of net assets of subsidiary undertaking	17	**34**	—
Total recognised gains and (losses) during the year		**154**	(2,015)

Group Balance Sheet

At 31 December 2003

	Notes	2003 £000	2002 £000
Fixed assets			
Tangible assets	10	**345**	346
		345	346
Current assets			
Debtors	12	**300**	394
Short-term deposits		**3,880**	2,860
Cash at bank and in hand		**265**	908
		4,445	4,162
Creditors: amounts falling due within one year	13	**(743)**	(567)
Net current assets		**3,702**	3,595
Total assets less current liabilities		**4,047**	3,941
Capital and reserves			
Called up share capital	16	**961**	961
Share premium account	17	**3,774**	4,114
Merger reserve	17	**568**	568
Profit and loss account	17	**(1,256)**	(1,702)
Equity shareholders' funds		**4,047**	3,941

Approved by order of the board on 20 April 2004.

J Burney

Julian Burney
Director

Balance Sheet

At 31 December 2003

	Notes	2003 £000	2002 £000
Fixed assets			
Investment	11	**1,474**	1,474
		1,474	1,474
Current assets			
Debtors	12	**615**	608
Short-term deposits		**3,880**	2,860
Cash at bank and in hand		**16**	—
		4,511	3,468
Creditors: amounts falling due within one year	13	**(1,238)**	(207)
Net current assets		**3,273**	3,261
Total assets less current liabilities		**4,747**	4,735
Capital and reserves			
Called up share capital	16	**961**	961
Share premium account	17	**3,774**	4,114
Profit and loss account	17	**12**	(340)
Equity shareholders' funds		**4,747**	4,735

Approved by order of the board on 20 April 2004.

Julian Burney
Director

Group Statement of Cash Flows

For the year ended 31 December 2003

	Note	2003 £000	2002 £000
Net cash inflow/(outflow) from operating activities	18(a)	**273**	(205)
Returns of investments and servicing of finance			
Interest received		**135**	155
Corporation Tax Paid		**(2)**	(59)
Capital expenditure			
Payments to acquire tangible fixed assets		**(29)**	(25)
Acquisitions and disposals			
Payments to acquire investments		**—**	(218)
Net cash inflow/(outflow) before financing		**377**	(352)
Management of liquid resources			
(Increase)/decrease in short-term deposits		**(1,020)**	320
(Decrease) in cash		**(643)**	(32)

Reconciliation of net cash flow to movement in net funds

	Note	2003 £000	2002 £000
(Decrease) in cash		**(643)**	(32)
Increase/(decrease) in short-term deposits		**1,020**	(320)
Movement in net funds		**377**	(352)
Net funds at 1 January		**3,768**	4,120
Net funds at 31 December	18(b)	**4,145**	3,768

Notes to the Financial Statements

At 31 December 2003

1. Accounting policies

Basis of preparation

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

Basis of consolidation

The group financial statements consolidate the financial statements of Stockcube plc and all of its subsidiary undertakings for the year to 31 December 2003. No profit and loss account is presented for Stockcube plc as permitted by Section 230 of the Companies Act 1985.

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 financial statements has been written off as impaired.

Licence fees and trademarks

Licence fees and trademarks are written off to the profit and loss account as under current market conditions, their ongoing value is uncertain.

Depreciation

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

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.

Website development

Website development expenditure is written off as incurred.

Revenue recognition

Revenue from fixed retainers and subscriptions is recognised over the period of the contract with amounts invoiced/received in advance included in deferred income. Commissions and other revenue is recognised when the customer confirms that an amount is due or when cash is received.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be sufficient taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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 financial statements 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 defined contribution 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	
	2003	2002	**2003**	2002
	£000	£000	**£000**	£000
United Kingdom	**2,123**	1,748	**1,707**	1,185
United States of America	**335**	297	**521**	398
Rest of Europe	**—**	—	**121**	200
Rest of the World	**—**	—	**109**	262
	2,458	2,045	**2,458**	2,045

An analysis of assets by geographical segment is as follows:

	2003	2002
	£000	£000
United Kingdom	**4,094**	4,020
United States of America	**(47)**	(79)
	4,047	3,941

The directors believe that full compliance with the requirements of SSAP25 "Segmental Reporting" would be seriously prejudicial to the interests of the group as it would require disclosure of commercially sensitive information.

3. Operating profit/(loss)

This is stated after charging:

		2003	2002
		£000	£000
Impairment of intangible assets — exceptional		**—**	1,795
Loss on disposal of fixed assets		**—**	4
Depreciation of owned fixed assets		**30**	38
Amortisation of goodwill		**—**	24
Amortisation of other intangibles		**—**	2
Auditors' remuneration	— audit services	**33**	23
	— non-audit services	**5**	8
Operating lease rentals	— land and buildings	**70**	64
	— equipment	**6**	6
Foreign currency exchange		**2**	(10)
Website development expenditure		**30**	125
Rental income		**—**	(3)

Notes to the Financial Statements

At 31 December 2003

4. Directors' emoluments

	2003 £000	2002 £000
Emoluments	**300**	193
Company contributions paid to defined contribution pension schemes	**13**	8
	313	201

Directors	Salary/fees £'000	Benefits in kind £'000	Pension £'000	2003 Total £'000	2002 Total £'000
Chairman					
Edward Forbes	10	—	—	**10**	10
Executives					
Julian Burney	110	5	6	**121**	115
Shirley Yeoh	90	3	3	**96**	86
Andrew Ashman	90	2	4	**96**	—
Non-executives					
Dan Veru	—	—	—	**—**	—
Tim Horlick	—	—	—	**—**	—

Edward Forbes' fees were payable to Wilmore Investment Corp.

	2003 No.	2002 No.
Members of pension schemes	**3**	2

Further information on directors' emoluments is give on pages 4 and 5.

5. Staff costs

	2003 £000	2002 £000
Wages and salaries	**1,386**	1,228
Social security costs	**150**	125
Other pension costs (note 19)	**35**	34
	1,571	1,387

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

	2003 No.	2002 No.
Management and administration	**30**	28

6. Tax on profit on ordinary activities

a) The taxation charge is made up as follows:

	2003 £000	2002 £000
UK corporation tax	23	—
Corporation tax cover (over)/under provided in previous years	(2)	2
	21	2

b) Factors affecting current tax charge

	2003 £000	2002 £000
Profit/(loss) on ordinary activities before tax	120	(2,013)

	2003 £000	2002 £000
Profit/(loss) on ordinary activities multiplied by standard rate of Corporation Tax in UK of 30% (2002: 30%)	36	(604)
Expenses not deductible for tax purposes (primarily goodwill amortisation)	8	496
Depreciation in advance of capital allowances	(6)	(1)
Other timing differences	4	109
Adjustment to tax charge in respect of prior periods	(4)	2
Utilisation of brought forward tax losses	(17)	—
Total current tax (note 6a)	21	2

The effective tax rate for the current year is lower than standard, principally because of profits from the US subsidiary, Chartcraft Inc, of £62,000. Chartcraft has approximately £337,000 of trading losses carried forward. The ability to use these losses against future profit expires 20 years from the end of the accounting period.

c) Deferred tax asset

The deferred tax asset in respect of trading losses, capital losses and deferred capital allowances has not been recognised as there is insufficient evidence that the asset will be fully recoverable against taxable profits in the near term. The unrecognised asset can be analysed as follows:

	Unrecognised 2003 £000	Unrecognised 2002 £000
Trading losses	184	195
Accelerated capital allowances	3	8
Capital losses	4	4
	191	207

7. Dividends and other appropriations

	2003 £000	2002 £000
Equity dividends on ordinary shares — proposed final dividend	48	—

Notes to the Financial Statements

At 31 December 2003

8. Earnings per share

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

	2003 **£000**	2002 £000
Profit/(loss) for the year	**120**	(2,015)
Weighted average number of ordinary shares outstanding	**96,106**	96,106
Profit/(loss) per ordinary share (pence):		
Basic	**0.13p**	(2.10)p
Diluted	**0.11p**	(2.10)p

The diluted earnings (2002: loss) per share is based on 108,677,750 (2002: 108,706,750) ordinary shares which takes into account theoretical ordinary shares that would have been issued based on average market value if all outstanding options had been exercised.

9. Profit and loss account

Profit after taxation amounting to £59,644 (2002: loss £273,000) has been dealt with in the financial statements of the company.

10. Tangible fixed assets

Group	Land and buildings Long leasehold £000	Computer equipment £000	Fixtures, fittings and equipment £000	Total £000
Cost:				
At 1 January 2003	309	249	112	670
Additions	—	17	12	29
At 31 December 2003	309	266	124	699
Depreciation:				
At 1 January 2003	14	224	86	324
Provided during the year	3	20	7	30
At 31 December 2003	17	244	93	354
Net book value:				
At 31 December 2003	**292**	**22**	**31**	**345**
At 31 December 2002	295	25	26	346

11. Investments

Group	Investment £000
Cost:	
At 1 January 2003 and 31 December 2003	235
Amounts provided:	
At 1 January 2003 and 31 December 2003	235
Net book value:	
At 1 January 2003 and 31 December 2003	**—**

Company	Subsidiary undertakings £000	Investment £000	Total £000
At 1 January 2003 and 31 December 2003	1,474	235	1,709
Amounts provided			
At 1 January 2003 and 31 December 2003	—	235	235
Net book value:			
At 1 January 2003 and 31 December 2003	**1,474**	**—**	**1,474**

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 2003 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
Chartcraft Inc	USA	Ordinary shares	100%	Analysis of price trends of equities and other financial instruments

On 20 January 2004, Stockcube completed a transaction to take an initial 32.4% investment in Sportcal Global Communications Limited (Sportcal), a leading business-to-business website for sports events. Stockcube will purchase a further 2% in May 2004, and has entered into option arrangements that could lead to the acquisition of 50% of Sportcal by 2007. The total cost of the 34.4% investment will be in the region of £400,000.

Notes to the Financial Statements

At 31 December 2003

12. Debtors

	Group 2003 £000	Group 2002 £000	**Company 2003 £000**	Company 2002 £000
Trade debtors	**183**	244	**—**	18
Amounts owed by group undertakings	**—**	—	**578**	585
Other debtors	**69**	96	**35**	—
Prepayments and accrued income	**48**	54	**2**	5
	300	394	**615**	608

13. Creditors: amounts falling due within one year

	Group 2003 £000	Group 2002 £000	**Company 2003 £000**	Company 2002 £000
Trade creditors	**83**	102	**30**	10
Amounts due to group undertakings	**—**	—	**1,125**	168
Corporation tax	**23**	4	**—**	—
Other taxes and social security costs	**54**	93	**—**	—
Other creditors	**5**	—	**—**	—
Accruals and deferred income	**530**	368	**35**	29
Proposed dividend	**48**	—	**48**	—
	743	567	**1,238**	207

14. Other financial commitments

At 31 December 2003 the group had annual commitments under non-cancellable operating leases as set out below:

	Land & buildings 2003 £000	**Other equipment 2003 £000**	Land & buildings 2002 £000	Other equipment 2002 £000
Operating leases which expire:				
In two to five years	**16**	**6**	14	14
In over five years	**20**	**0**	20	—

15. Derivatives and other financial instruments

The group's principal financial instruments are investments and cash. The group 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 or financial foreign currency contracts. The company has significant cash resources and no borrowing or borrowing facilities. As such, there is no interest rate or liquidity risk. 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.

Financial assets

The group has no financial assets other than £4,145,492 (2002: £3,767,726) of short-term deposits and cash at floating interest rates, all of which are denominated in sterling, except £73,019 (2002: £12,806) denominated in dollars. The cash is available to make selected complementary acquisitions and strategic alliances as opportunities arise.

The investment is in shares in an incorporated business whose shares are not actively traded. This is held at cost. A full impairment write-down was recognised in 2002. The fair value of the group's financial liabilities and assets is not considered to be materially different from the book value.

16. Share capital

	Issued & called-up		Authorised	
Ordinary 1p shares	No.	£	No.	£
At 1 January 2003 and at 31 December 2003	**96,106,300**	**961,063**	**145,000,000**	**1,450,000**

At 31 December 2003, the following share options were outstanding:

Date of grant	Option Plan	Option price	Outstanding 31 December 2002	Granted during year	Outstanding 31 December 2003
18 April 2000	Executive	8.5p	1,350,000		1,350,000
19 April 2000	Founders	8.5p	5,955,000		5,955,000
1 May 2000	Executive	8.5p	450,000		450,000
4 May 2000	Approved	25p	1,440,000		1,440,000
18 April 2001	Executive	8.5p	600,000		600,000
29 April 2002	Executive	8.5p	1,200,000		1,200,000
1 May 2002	Approved	8.5p	843,480		843,480
1 May 2002	Executive	8.5p	600,000		600,000
1 January 2003	Approved	8.5p		25,000	25,000
1 October 2003	Approved	8.5p		428,530	428,530
	Totals		12,438,480	453,530	12,892,010

No options were exercised or lapsed during the year. All grants are exercisable three years and expire ten years from the date of grant.

Notes to the Financial Statements

At 31 December 2003

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 31 December 2001	961	4,114	568	313	5,956
Loss for the year	—	—	—	(2,015)	(2,015)
At 31 December 2002	961	4,114	568	(1,702)	3,941
3 July 2003 — Capital Reorganisation		(340)		340	—
Retained profit for the year				72	72
Exchange difference on the retranslation of net assets of subsidiary undertaking				34	34
At 31 December 2003	**961**	**3,774**	**568**	**(1,256)**	**4,047**

Company	Share capital £000	Share premium account £000	Profit and loss account £000	Total shareholders' funds £000
At 31 December 2001	961	4,114	(67)	5,008
Loss for the year	—	—	(273)	(273)
At 31 December 2002	961	4,114	(340)	4,735
3 July 2003 — Capital Reorganisation		(340)	340	—
Retained profit for the year			12	12
At 31 December 2003	**961**	**3,774**	**12**	**4,747**

Capital reorganisation

On 3 July 2003, The High Court of Justice, Chancery Division, Companies Court confirmed a reduction of the share premium account of Stockcube plc by £340,050, which was registered by the Registrar of Companies on 7 July 2003. The reorganisation transferred £340,050 from the share premium account and eliminated the deficit on the profit and loss account of the holding company as at 31 December 2002, which had arisen from the write-off of goodwill in 2002.

18. Notes to the statement of cash flows

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

	2003	2002
	£000	£000
Operating profit/(loss)	**6**	(2,168)
Exchange differences	**34**	—
Impairment of tangible assets	**—**	1,795
Depreciation	**30**	38
Amortisation of goodwill	**—**	24
Amortisation of trademarks and licence fees	**—**	2
Loss on disposal	**—**	4
Decrease in debtors	**94**	74
Increase in creditors	**109**	26
Net cash inflow/(outflow) from operating activities	**273**	(205)

b) Analysis of changes in net funds

	At 1 January 2003 £000	Cash flow £000	At 31 December 2003 £000
Cash at bank and in hand	908	(643)	265
Short-term deposits	2,860	1,020	3,880
	3,768	377	4,145

19. Pension commitments

The group makes contributions to various defined contribution pension schemes on behalf of the directors and staff. These are based on either 3% or 5% of gross salary. Contributions are charged to the profit and loss account as they are paid. The charge for the year was £34,675 (2002: £33,639).

20. Related parties

£19,397 (2002: £15,456) was payable to Priority Chauffeur Services, a company associated with Julian Burney, for the provision of transport services. At the year end nothing (2002: £1,420) was due to Priority.

£36,000 (2002: £40,978) was receivable from Bank of Bermuda, who are trustees to The Burney Family Trust for the provision of professional services. At the year end, £9,000 (2002: £1,000) was receivable from Bank of Bermuda. This has now been received.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that THE ANNUAL GENERAL MEETING OF STOCKCUBE plc will be held at Suite 1.23, Plaza 535, Kings Road, London, SW10 0SZ, on 17 May 2004 at 11.00 am.

As ordinary business

1. To receive and adopt the Directors' Report and the Audited Financial Statements for the year ended 31 December 2003.

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 confer on 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 payment of a dividend of 0.05p per ordinary share payable on 1 June 2004 to shareholders on the register of members at the close of business on 30 April 2004.

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 20% of the issued share capital as at 28 February 2004. 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 an increase in 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 2004 unless renewed, varied or revoked at any earlier general meeting of shareholders.

By order of the board

Shirley Yeoh

Company Secretary
Dated 20 April 2004

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

Notes:

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, Capita Registrars (Proxies), PO Box 25, Beckenham, Kent, BR3 4BR, 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 9.30 am 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 9.30 am until the conclusion of the meeting.

Officers and Professional Advisers

Registered No: 3838579

Directors
Edward Forbes* Chairman
Julian Burney Chief Executive
Shirley Yeoh
Andrew Ashman
Dan Veru*
Tim Horlick*
* non-executive

Secretary
Shirley Yeoh

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