stockcube

Investment Research and Analysis

Timing is everything!

Report and Accounts 2005

Investment Research and Analysis

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

Highlights

	2005 £000	2004 £000
Turnover	**2,420**	2,430
Profit before tax, impairment and amortisation of goodwill	**433**	230
Profit before tax	**251**	201
Profit after tax	**164**	156
Earnings before impairment — pence per share	**0.33p**	0.16p
Earnings — pence per share	**0.17p**	0.16p

- Group turnover slightly down on last year
- Profit before tax, impairment and amortisation of goodwill up **88% to £433,000**
- Profit before tax up **25% to £251,000**
- All elements of business show satisfactory performances
- Strong balance sheet with net assets of **4.5p per share,** of which **4.0p is cash and short-term deposits**
- Earnings per share before impairment up **106% to 0.33p** and after impairment up by 6% **to 0.17p**
- Dividend (proposed) increased by **50% to 0.075p per share**

Julian Burney, Chief Executive Officer, said:
"We have made considerable advances in all aspects of our business during 2005, which are reflected in our profit before tax and earnings per share before impairment and goodwill but not yet reflected in reported turnover. However, attention to cost control and cost efficiencies has enabled us to report an increase of 88% in profits before tax, impairment and amortisation of goodwill and an increase of 94% in earnings per share before impairment.

"During the year we upgraded our specialist hedge fund services which, together with favourable regulatory change, gives us greater confidence in our professional consultancy. We have the capacity to expand the business without significant additional cost. Our institutional services team is maturing nicely; our analytical expertise and client relationships are now more widely spread within our business than at any other time.

"We have also been greatly encouraged by the growth in numbers of subscribers for our wider market services and in the revenues arising from our business-to-business relationships with third party stockbrokers for whom we contribute an integral component of their own research.

"Our technology business, Ecube, is building very good foundations in the financial services sector combining bespoke functionality with Stockcube's technical research and analysis."

For further information:

Stockcube	***Julian Burney***	***020 7352 4001***
Corporate Synergy	***Luke Ahern***	***020 7448 4430***

Chairman's Statement

Introduction

We continued our progress to establish Stockcube as a leading provider of financial research and analysis for global investors.

Financial review

Turnover for the year ended 31 December 2005 was £2,420,000 — a slight decrease of 0.4% on last year (2004: £2,430,000). Profit before tax, goodwill and the exceptional impairment charge for Sportcal was £433,000, generating a very encouraging increase of 88% over 2004 (£230,000). Basic earnings per share, before impairment, were 0.33p per 1p ordinary share giving an increase of 106% over 2004. Earnings per share, after impairment, increased by 6% to 0.17p (2004: 0.16p). The impairment provision will not qualify for relief from corporation tax until actually realised.

Our balance sheet is as strong as ever with net assets of 4.5p per share, of which 4.0p is held in cash and short-term deposits at 31 December 2005.

Operations

Turnover from **Stockcube Research**, our stock market and sector analysis consultancy for institutional investors, reported an 8% drop from 2004, in line with our budget expectations. Such modest variations are not surprising in view of the size of some of our individual accounts and the diverse reactions of these clients to changing market conditions. We have now established the core of an excellent team of young, motivated analysts whose expertise in defined markets and reputations for making valuable market calls is growing apace. Our capacity to service a number of larger individual accounts has thereby been considerably increased and we are confident that this team will attract and retain significant new business going forward.

Last year's change in **Fullermoney** from monthly hard copy to daily online and audio formats is beginning to show good results with a net 20% growth in subscriptions during the year. The enhanced immediacy of this service has also enabled us to increase subscription prices, generating a 25% increase in income whilst removing distribution costs completely. The net growth in subscriptions is continuing in the current year. Our bi-annual **Chart Seminars** held in London continue to sell out and our bespoke consultancy for in-house training is developing satisfactorily.

Investors Intelligence online produced a very pleasing 37% increase in the number of individual subscriptions in 2005.

In addition, we continue to pursue our strategy of seeking distribution partners for our analysis work. By building and powering online research 'microsites', bespoke stock universes and analysis tools, we are enabling third party stockbrokers to provide their own clients with daily technical market signals and stock analysis. Our own label subscription and white label 'B2B' models have together generated an encouraging increase of 51% in income during the year.

Income for our US subsidiary **Chartcraft**, in sterling terms, was the same as 2004 although its contribution to group profits was down by 14% on 2004.

Ecube, our in-house software business, continues to extend its expertise and customer base through development and installation of third party data microsites through the Investors Intelligence brand and through repeat business with third party financial and non-financial services businesses. Ecube reported a 13% increase in pure third party development and web-hosting income in 2005.

Staff

I should like to thank all our staff for their continued contribution during the year.

Dividend

We are pleased to seek shareholder approval for a dividend of 0.075 pence per 1p ordinary share in respect of the results for 2005, an increase of 50% over 2004.

Outlook

The current year has started well as we expand our institutional and subscriber customer bases. At this stage we have every confidence that 2006 will show another year of significant improvement.

Edward Forbes
Chairman
London
26 April 2006

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. 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 comprises Dennison Veru and Timothy 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 which 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 each director's 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 options incentives — executive directors

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

	Number of ordinary shares under options	Date of grant	Expiry date of option	Exercise price
	Founder Employee Share Plan			
Julian Burney	—	—	—	—
Shirley Yeoh	1,005,000	19 April 2000	18 April 2010	8.5p
Andrew Ashman	3,030,000	19 April 2000	18 April 2010	8.5p
	Revenue Approved Executive Share Option Scheme			
Julian Burney	120,000	4 May 2000	3 May 2010	25.0p
Shirley Yeoh	120,000	4 May 2000	3 May 2010	25.0p
Andrew Ashman	120,000	4 May 2000	3 May 2010	25.0p
	No. 2 Executive Share Option Scheme			
Julian Burney	1,000,000	1 May 2004	30 April 2014	8.5p
Shirley Yeoh	100,000	1 May 2004	30 April 2014	8.5p
Andrew Ashman	100,000	1 May 2004	30 April 2014	8.5p

Share options incentives — executive directors (continued)

All options are due to expire ten years from the date of the grant. On 18 October 2001, the Founder Employee Share Plan was rebased to an exercise price of 8.5p. In all other respects, the scheme still 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 contributions to money purchase pension plans.

Discretionary Bonus

Discretionary bonuses may be payable based on the performance of the individual and the company.

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.

The non-executive directors have options in the No. 2 Executive Share Option scheme, details of which are below:

Share options incentives — non-executive directors

	Number of ordinary shares under options	Date of grant	Expiry date of option	Exercise price
Timothy Horlick	450,000	18 April 2000	17 April 2010	8.5p
	400,000	29 April 2002	28 April 2012	8.5p
	850,000			
Dennison 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	900,000	18 April 2000	17 April 2010	8.5p
Corporation Inc.	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 grant incentives to 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 The Directors' Report.) 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 2005.

Results and dividends

The profit for the year, after taxation, amounted to £164,000 (2004: profit £156,000). This was stated after writing off impairment of £150,000 (2004: Nil) in the value of in the investment in the associated company and goodwill amortisation of £32,000 (2004: £29,000).

The directors recommend the payment of a 0.075p dividend per ordinary share (2004: 0.05p).

Principal activity and review of the business

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

Directors and their interests

The directors at 31 December 2005 and their interests in the share capital of the company were as follows:

	31 December 2005 Ordinary share Beneficial	**31 December 2005 Ordinary share Non-beneficial**	31 December 2004 Ordinary shares Beneficial	31 December 2004 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
Dennison Veru	**150,000**	**—**	150,000	—
Timothy 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 options over 5,595,000 ordinary shares. 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. There are outstanding options over 2,494,412 ordinary shares.

(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 options over 5,447,058 ordinary shares.

Details of share options issued to 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 consider and where appropriate comply with the principles set out in the Combined Code.

Stockcube has established audit and remuneration committees. These committees comprise non-executive directors, Timothy Horlick and Dennison 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 four 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 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.

Financial risk management
The company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Credit risk
The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

Liquidity risk
The group actively maintains a combination of short-term interest bearing deposits that are designed to ensure the company has sufficient funds available for operations and planned expansions.

Interest rate risk
The company has interest bearing assets and no interest bearing liabilities. Interest bearing assets include only cash balances which earn interest at fixed and floating rates. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

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 is in operation.

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

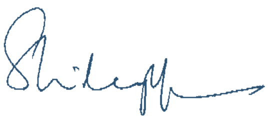
Creditor payment policy

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 2005 the group had an average of 36 days' purchases outstanding in trade creditors.

Auditors

A resolution to reappoint our auditors, Nexia Audit Limited (which will be changing its name to "Nexia Smith & Williamson Audit Limited") as the company's auditors will be put to the forthcoming Annual General Meeting. Nexia Audit Limited was appointed during the year.

By order of the board



S Yeoh
Secretary
26 April 2006

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 Shareholders of Stockcube plc

We have audited the group and parent company accounts ('the accounts') of Stockcube plc for the year ended 31 December 2005, which comprise the Consolidated Profit and Loss Account, the Group and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses, and the related notes 1 to 21. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the company'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 company'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

The directors' responsibilities for preparing the Annual Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited accounts. This other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and the group as at 31 December 2005 and of the profit of the group for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

Nexia Audit Limited
Chartered Accountants and Registered Auditors
26 April 2006

25 Moorgate
London
EC2R 6AY

Group Profit and Loss Account

for the year ended 31 December 2005

	Notes	2005 £000	2004 £000
Turnover	2	**2,420**	2,430
Administrative expenses		**(2,186)**	(2,360)
Group operating profit	3	**234**	70
Impairment in associate		**(150)**	—
Share of operating profit/(loss) in associate		**6**	(8)
Amortisation of goodwill		**(32)**	(29)
Total operating profit: group and share of associate		**58**	33
Interest receivable and similar income		**193**	168
Profit on ordinary activities before taxation		**251**	201
Tax on profit on ordinary activities	6	**(87)**	(45)
Profit on ordinary activities after taxation	17	**164**	156
Basic earnings per share	8	**0.17p**	0.16p

Group Statement of Total Recognised Gains and Losses

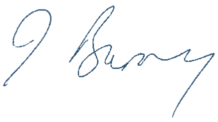
	Notes	2005 £000	2004 £000
Profit for the financial year excluding share of profits/(losses) of associate		**158**	164
Share of associate profit/(loss) for the year		**6**	(8)
Profit for the financial year attributable to members of the parent company		**164**	156
Exchange differences on retranslation of net assets of subsidiary undertaking	17	**(28)**	55
Total recognised gains during the year		**136**	211

Group Balance Sheet

at 31 December 2005

	Notes	2005 £000	2004 £000
Fixed assets			
Intangible assets	9	**17**	19
Tangible assets	10	**327**	345
Investments in associate	11	**226**	400
		570	764
Current assets			
Debtors	12	**426**	550
Cash at bank and in hand		**3,900**	3,561
		4,326	4,111
Creditors: amounts falling due within one year	13	**(550)**	(617)
Net current assets		**3,776**	3,494
Total assets less current liabilities		**4,346**	4,258
Capital and reserves			
Called up share capital	16	**961**	961
Share premium account	17	**3,774**	3,774
Merger reserve	17	**568**	568
Profit and loss account	17	**(957)**	(1,045)
Equity shareholders' funds		**4,346**	4,258

The financial statements were approved by the Board on 26 April 2006 and signed on its behalf



Julian Burney
Director

Company Balance Sheet

at 31 December 2005

	Notes	2005 £000	2004 £000
Fixed assets			
Investments	11	**1,767**	1,911
Current assets			
Debtors	12	**591**	561
Cash at bank and in hand		**3,792**	3,466
		4,383	4,027
Creditors: amounts falling due within one year	13	**(1,284)**	(1,102)
Net current assets		**3,099**	2,925
Total assets less current liabilities		**4,866**	4,836
Capital and reserves			
Called up share capital	16	**961**	961
Share premium account	17	**3,774**	3,774
Profit and loss account	17	**131**	101
Equity shareholders' funds		**4,866**	4,836

The financial statements were approved by the Board on 26 April 2006 and signed on its behalf

Julian Burney
Director

Group Statement of Cash Flows

for the year ended 31 December 2005

	Note	**2005 £000**	2004 £000
Net cash inflow/(outflow) from operating activities	18(a)	**276**	(193)
Returns on investments and servicing of finance			
Interest and other income received		**193**	168
Corporation tax paid		**(68)**	(18)
Capital expenditure			
Payments to acquire tangible fixed assets		**(14)**	(36)
Payments to acquire intangible fixed assets		**—**	(20)
Total capital expenditure		**(14)**	(56)
Acquisitions and disposals			
Payments to acquire investments in associates		**—**	(437)
Equity dividends paid		**(48)**	(48)
Net cash inflow/(outflow) before financing		**339**	(584)

Reconciliation of net cash flow to movement in net funds

	Note	**2005 £000**	2004 £000
Increase/(decrease) in cash and short-term deposits		**339**	(584)
Net funds at 1 January		**3,561**	4,145
Net funds at 31 December	18(b)	**3,900**	3,561

Notes to the Financial Statements

at 31 December 2005

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 2005.

Entities other than subsidiary undertakings, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

No profit and loss account is presented for Stockcube plc as permitted by Section 230 of the Companies Act 1985. Profit after taxation of £78,000 (2004: £90,000) has been dealt with in the financial statements of the company.

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.

Goodwill arising on the investments in Sportcal and Training Pages is amortised over a period of fifteen years.

Licence fees and trademarks

License fees and trademarks have been written off to the profit and loss account.

Depreciation

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

Leasehold	— over the period of lease
Computer equipment	— 33% per annum
Fixtures, fittings and equipment	— 15 to 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 subscriptions is recognised over the period of the contract with amounts invoiced/received in advance included in deferred income. Commission receivable and other revenue are 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 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 suitable 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 schemes.

Prior year adjustment

During the year, the company adopted FRS21, Events after the Balance Sheet date.

In previous years, equity dividends proposed by the Board of Directors were recorded in the accounts and accrued as liabilities at the balance sheet date, and equity dividends paid and proposed were recorded in the profit and loss account.

This policy has been changed and equity dividends proposed by the Board are not recorded in the accounts until they have been approved by the shareholders at the Annual General Meeting. Equity dividends paid are dealt with as a movement on retained profits.

2. Turnover

Turnover, which is stated net of value added tax, represents the sales value of work done in the year.

Turnover is attributable mainly 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	
	2005	2004	**2005**	2004
	£000	£000	**£000**	£000
United Kingdom	**2,145**	2,154	**1,836**	1,796
United States of America	**275**	276	**435**	460
Rest of Europe	**—**	—	**36**	94
Rest of the World	**—**	—	**113**	80
	2,420	2,430	**2,420**	2,430

An analysis of assets by geographical segment is as follows:

	2005	2004
	£000	£000
United Kingdom	**4,049**	3,784
United States of America	**71**	26
	4,120	3,810
Investment in Associate	**226**	400
	4,346	4,210

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

This is stated after charging/(crediting):

	2005	2004
	£000	£000
Depreciation of owned fixed assets	**36**	36
Auditor's remuneration — holding company	**9**	9
— subsidiary undertakings	**23**	24
Non-audit services paid to companies associated with the auditors	**7**	7
Operating lease rentals — land and buildings	**61**	62
Operating lease rentals — equipment	**—**	3
Foreign currency exchange	**(30)**	47
Website development expenditure	**12**	27

Notes to the Financial Statements

at 31 December 2005

4. Directors' emoluments

	2005	2004
	£000	£000
Fees	**10**	10
Emoluments	**330**	316
Company contributions paid to defined contribution pension schemes	**16**	15
	356	341

Directors	Salary/fees £'000	Benefits in kind £'000	Pension £'000	**2005 Total £'000**	2004 Total £'000
Chairman					
Edward Forbes	10	—	—	**10**	10
Executives					
Julian Burney	121	6	6	**133**	130
Shirley Yeoh	100	1	5	**106**	101
Andrew Ashman	100	2	5	**107**	100
Non-executives					
Dennison Veru	—	—	—	**—**	—
Timothy Horlick	—	—	—	**—**	—

Edward Forbes's fees were payable to Wilmore Investment Corp.

	2005	2004
	No.	No.
Members of pension schemes	**3**	3

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

5. Staff costs

	2005	2004
	£000	£000
Wages and salaries	**1,315**	1,387
Social security costs	**128**	164
Other pension costs (note 19)	**35**	32
	1,478	1,583

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

	2005	2004
	No	No
Management and administration	**27**	30

6. Tax on profit on ordinary activities

a) The taxation charge is made up as follows:

	2005 £000	2004 £000
UK corporation tax	103	45
Corporation tax (over) provided in previous years	(16)	—
	87	45

b) Factors affecting current tax charge

	2005 £000	2004 £000
Profit on ordinary activities before tax	251	201

	2005 £000	2004 £000
Profit on ordinary activities multiplied by standard rate of Corporation tax in UK of 30 % (2004: 30%)	75	60
Expenses not deductible for tax purposes	(3)	17
Group relief claimed	11	—
Capital allowances in excess of depreciation	3	(3)
Other timing differences	1	(3)
Utilisation of brought forward tax losses	—	(26)
Total current tax (note 6a)	87	45

The effective tax rate for the current year is lower than standard, principally because of profits from the US subsidiary, Chartcraft Inc, of £76,000 which are relieved against its own trading losses brought forward. Chartcraft has approximately £150,000 of trading losses carried forward. The ability to use these losses against future profit expires 20 years from the end of the accounting period to which the losses relate.

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 recoverable against future taxable profits. The unrecognised asset can be analysed as follows:

	Unrecognised 2005 £000	Unrecognised 2004 £000
Trading losses	77	158
Decelerated capital allowances	3	1
Capital losses	—	4
	80	163

7. Dividends and other appropriations

	2005 £000	2004 £000
Equity dividends on ordinary shares — paid	48	48
Equity dividends on ordinary shares — proposed	72	48

Notes to the Financial Statements

at 31 December 2005

8. Earnings per share

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

	2005	2004
	£000	£000
Profit for the year	**164**	156
	'000	'000
Weighted average number of ordinary shares outstanding	**96,106**	96,106
Profit per ordinary share (pence):		
Basic	**0.17p**	0.16p

There were no dilutive potential ordinary shares in 2005 (2004: nil).

9. Intangible fixed asset

	Goodwill
	£000
Cost	
At 1 January 2005 and 31 December 2005	20
Amortisation	
At 1 January 2005	1
Provided during the year	2
At 31 December 2005	3
Net book value	
At 31 December 2005	**17**
At 1 January 2005	19

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 2005	309	290	136	735
Additions	—	9	5	14
Adjustment/eliminated on disposal	—	(74)	—	(74)
At 31 December 2005	309	225	141	675
Depreciation				
At 1 January 2005	20	271	99	390
Provided during the year	3	21	8	32
Adjustment/eliminated on disposal	—	(74)	—	(74)
At 31 December 2005	23	218	107	348
Net book value				
At 31 December 2005	**286**	**7**	**34**	**327**
At 31 December 2004	289	19	37	345

11. Investments

Group	Associated undertaking £000	Other investments £000	Total £000
Cost			
At 1 January 2005	437	235	672
Disposal	—	(235)	(235)
At 31 December 2005	437	—	437
Accumulated provision and amortisation			
At 1 January 2005	37	235	272
Provision and amortisation	30	—	30
Disposal	—	(235)	(235)
Provision for diminution in value	150	—	150
Share of profits of associate	(6)	—	(6)
	211	—	211
Net book value			
At 31 December 2005	**226**	**—**	**226**
At 31 December 2004	400	—	400

Company	Subsidiary undertaking £000	Investment £000	Associates £000	Total £000
Cost				
At 1 January 2005	1,474	235	437	2,146
Disposal	—	(235)	—	(235)
At 31 December 2005	1,474	—	437	1,911
Amount provided				
At 1 January 2005	—	235	—	235
Disposal	—	(235)	—	(235)
Provision for dimunition in value	—	—	150	150
Share of profits of associate	—	—	(6)	(6)
At 31 December 2005	—	—	144	144
Net book value				
At 31 December 2005	**1,474**	**—**	**293**	**1,767**
At 31 December 2004	1,474	—	437	1,911

The other investment of £235,000 in the company and group related to an investment in the ordinary share capital of Sapphyr Technology Limited. Sapphyr Technology Limited has now been dissolved.

The company took a 34.4% investment in Sportcal Global Communications Limited, a business to business website for sports events, in January 2004 and May 2005. Stockcube entered into option arrangements that could have led to the acquisition of 50% of Sportcal by 2007. It is unlikely the unexpired arrangements will be exercised. The total cost of the investment was £437,000.

Notes to the Financial Statements

at 31 December 2005

11. Investments (continued)

At 31 December 2005 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
Associated undertaking				
Sportcal Global Communications Ltd	England	Ordinary shares	34.4%	Provision of information on sports events and web development

The accounting reference dates for Chartcraft Inc. and Sportcal Global Communications Ltd are 30 June and 30 April respectively.

12. Debtors

	Group 2005 £000	Group 2004 £000	**Company 2005 £000**	Company 2004 £000
Trade debtors	**361**	456	**—**	—
Amounts owed by group undertakings	**—**	—	**581**	550
Other debtors	**29**	89	**9**	9
Prepayments and accrued income	**36**	5	**1**	2
	426	550	**591**	561

13. Creditors: amounts falling due within one year

	Group 2005 £000	Group 2004 £000	Company 2005 £000	Company 2004 £000
Trade creditors	**65**	49	**4**	7
Amounts due to group undertakings	**—**	—	**1,257**	1,080
Corporation tax	**73**	50	**—**	—
Other taxes and social security costs	**55**	66	**—**	—
Accruals and deferred income	**357**	452	**23**	15
	550	617	**1,284**	1,102

14. Other financial commitments

At 31 December 2005 the group had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2005 £000	Land and buildings 2004 £000
Operating leases which expire:		
In two to five years	**16**	16
In over five years	**20**	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 foreign currency contracts. The group has significant cash resources and no borrowings or borrowing facilities. In respect of financial liabilities, there are no interest rate or liquidity risks. In view of the significant short-term deposit balances earning interest at variable rates, the results of the group are significantly impacted by changes in interest rates.

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.

There were no financial liabilities.

Financial assets

The group has no financial assets other than £3,787,000 (2004: £3,561,000) of short-term deposits and cash at floating interest rates, all of which are denominated in sterling, except £61,000 (2004: £68,000) denominated in dollars and £6,000 denominated in euros (2004: £nil). The financial assets with floating interest rates generate interest based on LIBOR, and maybe fixed in advance for periods of up to three months. The cash is available to make selected complementary acquisitions and strategic alliances as opportunities arise.

The fair value of the group's financial assets is not considered to be materially different from the book value.

16. Share capital

Ordinary 1p shares	Issued No.	Issued £	Authorised No.	Authorised £
At 1 January 2005 and at 31 December 2005	96,106,300	961,063	145,000,000	1,450,000

At 31 December 2005, the following share options were outstanding:

Date of grant	Option Plan	Option price	Outstanding 31 December 2004	Granted/ (Lapsed) during year	Outstanding 31 December 2005
18 April 2000	Executive	8.5p	1,350,000	—	1,350,000
19 April 2000	Founders	8.5p	5,775,000	(180,000)	5,595,000
1 May 2000	Executive	8.5p	450,000	—	450,000
4 May 2000	Approved	25.0p	1,320,000	(170,000)	1,150,000
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	(540)	842,940
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	381,472	—	381,472
1 October 2003	Executive	8.5p	47,058	—	47,058
1 May 2004	Executive	8.5p	1,200,000	—	1,200,000
1 November 2004	Approved	8.5p	95,000	—	95,000
			13,887,010	(350,540)	13,536,470

No options were exercised but options over 350,540 shares lapsed during the year. All grants are exercisable three years after the date of grant and expire after ten years from the date of grant.

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 2003	961	3,774	568	(1,208)	4,095
Profit for the financial year	—	—	—	156	156
Exchange differences on retranslation of net asset of subsidiary undertaking	—	—	—	55	55
Dividends paid	—	—	—	(48)	(48)
At 31 December 2004	961	3,774	568	(1,045)	4,258
Profit for the financial year	—	—	—	164	164
Exchange differences on retranslation of net asset of subsidiary undertaking	—	—	—	(28)	(28)
Dividends paid	—	—	—	(48)	(48)
At 31 December 2005	**961**	**3,774**	**568**	**(957)**	**4,346**

Company	Share capital £000	Share premium account £000	Profit and loss account £000	Total shareholders' funds £000
At 31 December 2003	961	3,774	59	4,794
Retained profit for the year	—	—	42	42
At 31 December 2004	961	3,774	101	4,836
Retained profit for the year	—	—	78	78
Dividends paid	—	—	(48)	(48)
At 31 December 2005	**961**	**3,774**	**131**	**4,866**

18. Notes to the statement of cash flows

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

	2005	2004
	£000	£000
Operating profit	**234**	70
Depreciation	**32**	36
Decrease/(increase) in debtors	**124**	(250)
(Decrease) in creditors	**(114)**	(49)
Net cash inflow/(outflow) from operating activities	**276**	(193)

(b) Analysis of changes in net funds

	At 1 January 2005	Cash flow	**At 31 December 2005**
	£000	£000	**£000**
Cash at bank and in hand	111	1	**112**
Short-term deposits	3,450	338	**3,788**
	3,561	339	**3,900**

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. At the year end £2,706 (2004: £2,500) was still outstanding. .

20. Related parties

During the year £15,000 (2004: £nil) was receivable from New Church Cars Limited, a company of which Julian Burney is a director, for the rental of office space. At the year end, nothing (2004: £nil) was receivable from New Church Cars Limited. During the year nothing was receivable (2004: £30,000) from the Bank of Bermuda, who are trustees to the Burney Family Trust.

The company has taken advantage of the exemptions conferred by Financial Reporting Standard 8 and has not disclosed in these financial statements transactions undertaken with its ultimate parent company and other group companies during the year.

21. Contingent liabilities

A contingent liability existed due to the company being a member of a VAT group. No security has been provided for this contingent liability. At 31 December 2005, the group had a VAT liability of £22,552.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that THE ANNUAL GENERAL MEETING OF STOCKCUBE plc will be held at Unit 1.23, Plaza 535, King's Road, London, SW10 0SZ, on 24 May 2006 at 11.00 a.m.

As ordinary business

1. To receive the accounts and the reports of the directors and auditors for the year ended 31 December 2005.

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 Nexia Audit Limited (who will be changing their name to Nexia Smith & Williamson) as auditors and authorise the directors to agree 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 declare a final dividend of 0.075p per ordinary share in respect of the year ended 31 December 2005 payable on 7 June 2006 to shareholders on the register of members at the close of business on 12 May 2006.

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 2006. 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 the 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 next Annual General Meeting unless renewed, varied or revoked at any earlier general meeting of shareholders.

By order of the board

Shirley Yeoh
Company Secretary
Dated 26 April 2006

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), 34 Beckenham Road, Beckenham, Kent, BR3 4TU, United Kingdom, not less than 48 hours before the time fixed for the meeting, whether or not they propose to be present at 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 authorized 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 10.00 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 10.00 am until the conclusion of the meeting.

Officers and Professional Advisers

Directors

Edward Forbes	Chairman
Julian Burney	Chief Executive
Shirley Yeoh	Finance Director
Andrew Ashman	
Dennison Veru*	
Timothy Horlick*	

* non-executive

Secretary

Shirley Yeoh

Nominated brokers and advisers

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30 Old Broad Street
London
EC2N 1HT

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Nexia Audit Limited (Appointed 6 January 2006)
25 Moorgate
London
EC2R 6AY

Bankers

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SW1A 1QF

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