




Investments, Research and Analysis

INTERIM REPORT 2003

timing is  
everything.



Three diamond shapes are arranged in a triangular pattern in the upper right quadrant of the dark blue background. The top diamond is bright blue, while the two diamonds below it are a lighter, greyish-blue.

**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.

## Board of Directors

**EDWARD FORBES** Chairman\*

**JULIAN BURNEY** Chief Executive Officer

**SHIRLEY YEOH** Finance Director

**ANDREW ASHMAN** Director

**TIMOTHY HORLICK** Director\*

**DENNISON VERU** Director\*

\* non-executive

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## Highlights

for the six months ended 30 June 2003

- ◆ Turnover up 7% at **£1,153,000** (2002: **£1,078,000**).
- ◆ **£34,000** profit (2002: **£34,000 loss**) before tax and exceptional items.
- ◆ Earnings per share **0.03p** (2002: **1.70p loss per share**).

“Volatile markets in the first six months of this year have tested the nerve of both the professional and non-professional investor. Such market conditions put a premium on the services of research houses like Stockcube because stock and market timing become ever more important both in the preservation of capital and in making positive returns. Although we have seen more, if fragile, optimism neither ‘buy and hold’ nor ‘stay in cash’ are realistic options for serious investors. This has created a favourable environment for the group’s technically based trading strategies and investment advice.

We have increased our turnover by 7% over 2002, which is particularly pleasing as we have also built steadily on our reputation by making some very well-timed calls for our clients.

I am also pleased that the group has returned to profit in the period and that Chartcraft has made its first positive contribution to the group since we acquired it, as well as making its first profit for many years.”

### Julian Burney

Chief Executive of Stockcube  
24 September 2003

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Our website is [www.stockcube.com](http://www.stockcube.com)



## Chairman's Statement

### Introduction

We continue to improve the quality and accessibility of our research services and to build our reputation in the UK and USA.

### Financial review

Turnover for the six months ended 30 June 2003 amounted to £1,153,000, a 7% increase over £1,078,000 for the same period in 2002.

The like-for-like comparison is a profit before tax of £34,000 against a loss of £34,000 before tax and exceptional items of £1,589,000 in 2002. We consider this is a satisfactory result and considerably ahead of our budgetary expectations.

The absorption of six months' additional Sapphyr-related costs together with lower earnings on our cash deposits squeezed our UK-generated pre-tax profit to £17,000 against £53,000 in 2002. However, this was more than compensated for by Chartcraft's turnaround to a profit of £17,000 against a loss of £87,000 in 2002.

Earnings of 0.03p per 1p ordinary share for the period to 30 June 2003 compare favourably to losses per share of (1.70)p in 2002.

We had cash balances of £3,952,000 at 30 June 2003 compared with £3,768,000 at the beginning of the year.

### Review of operations

**EFMtech's** income grew by 5% over the same period for 2002 and we expect this improvement to continue for the rest of the year. We are satisfied that we have established a strong track record in our field.

We firmly believe that independence of thought and opinion is one of our greatest assets. During the period we took the initiative to form the Association of Independent Research Providers. Formally constituted on 8 July 2003, the Association has eleven founder members; its aims are to promote the causes and interests of independent research in the UK and Europe and to further the commercial interests and technical skills of its members.

Our global strategy newsletter, **Fullermoney**, and related on-line market commentaries continue to attract a worldwide audience. We plan to integrate our 'wider picture' economic reviews into our stock-specific professional advisory services in the coming months.

In March we introduced greatly improved on-line services for **Chartcraft** and we are pleased that the business has been generating cash and profit since the end of last year. Despite little active marketing or selling effort during this bedding-in process, on-line revenues have been gradually increasing and Chartcraft is now very well positioned to benefit from a structured marketing and customer after sales effort.

During this period we successfully put together a number of contracts combining EFMtech's research and analysis services with **Ecube** by website building and delivery capability. We believe that up-to-date analysis packaged with value for money web-based access systems have a potentially wide market appeal.

We are in the process of launching our new professional website, which will include elements of rebranding over the coming months.

### Capital reorganisation

Subsequent to the year end, 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. This was registered by the

Registrar of Companies on 7 July 2003. The impact was to transfer £340,050 from the share premium account, thereby eliminating the deficit on the profit and loss account of the holding company as at 31 December 2002. Accordingly, if the accounts had been drawn up as at 7 July 2003, the consolidated balance sheet would show reductions of the same amount in the share premium account and in the deficit in the profit and loss account.

### Trading outlook

While we are cautious about the future directions of the markets we monitor and analyse, we are entirely confident of the soundness of our business and that the steady approach we have adopted to profitable organic growth will bear fruit.

We expect a favourable result for the year as a whole.



**Edward Forbes**

Chairman

London

24 September 2003



## Group Profit and Loss Account

For the period ended 30 June 2003

	<b>Unaudited Six Months 30 June 2003 £000</b>	Unaudited Six Months 30 June 2002 £000	Audited Year to 31 Dec 2002 £000
<b>Turnover</b>	<b>1,153</b>	1,078	2,045
Administrative expenses:			
Ongoing (excluding impairment and website development costs)	<b>(1,187)</b>	(1,116)	(2,293)
Website development costs	—	(82)	(125)
Impairment	—	(1,589)	(1,795)
<b>Administrative expenses</b>	<b>(1,187)</b>	(2,787)	(4,213)
<b>Group operating loss</b>	<b>(34)</b>	(1,709)	(2,168)
Interest receivable and similar income	<b>68</b>	86	155
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>34</b>	(1,623)	(2,013)
Tax on profit/(loss) on ordinary activities	<b>(6)</b>	(10)	(2)
<b>Profit/(loss) retained for the financial period</b>	<b>28</b>	(1,633)	(2,015)
<b>Basic earnings/(loss) per share</b>	<b>0.03p</b>	(1.70)p	(2.10)p
Diluted earnings/(loss) per share	<b>0.03p</b>	(1.70)p	(2.10)p

There were no recognised gains or losses other than the profit/(loss) for the period.

## Group Balance Sheet

At 30 June 2003

	<b>Unaudited Six Months 30 June 2003 £000</b>	Unaudited Six Months 30 June 2002 £000	Audited Year to 31 Dec 2002 £000
<b>Fixed assets</b>			
Tangible assets	<b>343</b>	364	346
	<b>343</b>	364	346
<b>Current assets</b>			
Debtors	<b>584</b>	502	394
Cash at bank and in hand	<b>3,952</b>	4,325	3,768
	<b>4,536</b>	4,827	4,162
<b>Creditors:</b> amounts falling due within one year	<b>(910)</b>	(844)	(567)
<b>Net current assets</b>	<b>3,626</b>	3,983	3,595
<b>Total assets less current liabilities</b>	<b>3,969</b>	4,347	3,941
<b>Capital and reserves</b>			
Called up share capital	<b>961</b>	961	961
Share premium account	<b>4,114</b>	4,114	4,114
Merger reserve	<b>568</b>	568	568
Profit and loss account	<b>(1,674)</b>	(1,296)	(1,702)
Equity shareholders' funds	<b>3,969</b>	4,347	3,941

Approved by Order of the Board on 24 September 2003



**Julian Burney**  
Director



## Group Statement of Cash Flows

For the period ended 30 June 2003

	<b>Unaudited Six Months 30 June 2003 £000</b>	Unaudited Six Months 30 June 2002 £000	Audited Year to 31 Dec 2002 £000
<b>Net cash inflow/(outflow) from operating activities</b>	<b>126</b>	146	(205)
<b>Returns on investments and servicing of finance</b>			
Interest received	<b>68</b>	86	155
<b>Taxation</b>	<b>—</b>	(2)	(59)
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets	<b>(10)</b>	(25)	(25)
<b>Acquisitions and disposals</b>			
Payments to acquire investments	<b>—</b>	—	(218)
<b>Net cash inflow/(outflow) before financing</b>	<b>184</b>	205	(352)
<b>Management of liquid resources</b>			
(Increase)/Decrease in short-term deposits	<b>(940)</b>	140	320
<b>(Decrease)/increase in cash</b>	<b>(756)</b>	345	(32)



## Group Statement of Cash Flows

For the period ended 30 June 2003

### Reconciliation of net cash flow to movement in net funds

	<b>Unaudited Six Months 30 June 2003 £000</b>	Unaudited Six Months 30 June 2002 £000	Audited Year to 31 Dec 2002 £000
(Decrease)/increase in cash	(756)	345	(32)
Increase/(decrease) in short-term deposits	940	(140)	(320)
<b>Movement in net funds</b>	<b>184</b>	205	(352)
<b>Net funds at 1 January</b>	<b>3,768</b>	4,120	4,120
<b>Net funds</b>	<b>3,952</b>	4,325	3,768

### Analysis of net debt

	<b>Unaudited Six Months 30 June 2003 £000</b>	Unaudited Six Months 30 June 2002 £000	Audited Year to 31 Dec 2002 £000
Cash at bank and in bank	152	205	908
Short-term deposits	3,800	4,120	2,860
	<b>3,952</b>	4,325	3,768



## Notes to the Interim Report

### 1. Basis of preparation of interim financial information

The interim financial information has been prepared on the basis of the accounting policies set out in the group statutory accounts for the year ended 31 December 2002. The taxation charge is calculated by applying the directors' best estimate of the annual tax rate to the profit for the period. All other accounting policies set out in the accounts for Stockcube plc for the year ended 31 December 2002 were applied for the purposes of this statement.

#### Basis of consolidation

The group accounts consolidate the accounts of Stockcube plc and all its subsidiary undertakings.

### 2. Earnings per share

The calculation of basic earnings per ordinary share is based on profits of £28,000 (year to December 2002: loss of £2,015,000; six months to 30 June 2002: loss £1,633,000) and on 96,106,300 (December 2002: 96,106,300; June 2002: 96,106,300) ordinary shares.

The diluted earnings per share are based on 108,706,750 (December 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 were exercised.

### 3 Reconciliation of operating profit to net cash inflow from operating activities

	<b>Unaudited Six Months 30 June 2003 £000</b>	Unaudited Six Months 30 June 2002 £000	Audited Year to 31 Dec 2002 £000
Operating (loss)	(34)	(1,709)	(2,168)
Impairment	—	1,589	1,795
Depreciation	13	23	38
Goodwill amortisation	—	25	24
Amortisation of trademarks and licence fees	—	1	2
Loss on disposal	—	—	4
Exchange losses	—	12	—
(Increase)/decrease in debtors	(190)	(34)	74
Increase in creditors	337	239	26
Net cash inflow/(outflow) from operating activities	<b>126</b>	146	(205)

### 4. Publication of non-statutory accounts

The financial information contained in this statement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information for the preceding full year is based on the statutory accounts of Stockcube plc for the year ended 31 December 2002. Those accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.

# Independent Review Report to Stockcube plc

## Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2003, which comprises the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Statement of Cash Flows and the related notes 1 to 4. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with guidelines contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board. To the fullest extent permitted by the law, we do not accept or assume any responsibility to anyone other than the Company for our work, for this report, or for the conclusions we have formed.

## Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

## Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies and presentation have been consistently applied, unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

## Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2003.

## Ernst & Young LLP

London

24 September 2003



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