stockcube

Investment Research and Analysis

Timing is everything!

Interim Report 2005

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stockcube

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.

www.stockcube.com

Enquiries

Julian Burney
Chief Executive Officer +44 (0)20 7352 4001

Shirley Yeoh
Finance Director +44 (0)20 7352 4001

Our website is:
www.stockcube.com

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

Welcome

"Our underlying business remains strong. Turnover for the period is down slightly on 2004 but attention to cost efficiencies has enabled us to double operating profit for the period. Profit on ordinary activities before tax, and before provision for impairment of value in Sportcal, has increased by 59%.

"Naturally, we are disappointed that Sportcal has not produced the returns we had expected at the time of our investment either from its underlying activities or from introductions of new business leads for Ecube's technology services. We are actively considering the future of our holding in Sportcal.

"On a happier note we are pleased with the progress made by our core activities and by the positive responses we are receiving from clients and subscribers to the research and analysis that we produce on their behalf. In addition, we welcome the direction from the Financial Services Authority concerning payment for research services, to be implemented next year. This gives us greater visibility with our client base and increased confidence that good research will be turned into revenue."

Julian Burney
Chief Executive of Stockcube
28 September 2005

Highlights

for the six months ended 30 June 2005

- Turnover of **£1,205,000 (2004: £1,258,000)**
- Loss before tax of **£20,000 (2004: profit £82,000)**
- Profit before tax and impairment up 59% at **£130,000 (2004: £82,000)**
- Loss per share of **(0.06)p (2004: profit per share of 0.06p)**
- Earnings per share before impairment 0.10p up **66%** **(2004: 0.06p per share)**

Chairman's Statement

Introduction

We continue to build our reputation for valuable and timely research and technical analysis to customers around the globe in stocks and many other financial instruments.

Financial review

Turnover for the six months ended 30 June 2005 amounted to £1,205,000, a slight decrease of 4% on £1,258,000 recorded for the same period in 2004. Group operating profit increased to £49,000 compared with £23,000 in 2004.

Whilst the group loss on ordinary activities before taxation of £(20,000) compares to a profit of £82,000 in 2004, profit on ordinary activities before tax and before the exceptional impairment charge for Sportcal was £130,000 compared with £82,000 in 2004.

We made our main investment in Sportcal in January 2004 and have now reviewed our holding in accordance with accounting standard FRS11 (Impairment of Fixed Assets and Goodwill). We have concluded that recent and current trading, together with prospects for the immediate future, do not support the carrying value in our books, as reduced by goodwill amortisation. Based on the information presented to us by Sportcal's management we have written down our investment by £150,000.

Unadjusted losses of (0.06p) per 1p ordinary share for the period 30 June, 2005 compared to earnings of 0.06p per share in 2004. However, underlying earnings per share, setting aside the Sportcal impairment, increased to 0.10p per share compared with 0.06p for 2004.

We had cash balances of £3,872,000 at 30 June 2005 compared with £3,561,000 at the beginning of the year.

Review of operations

We have continued to consolidate our **institutional investor consultancy** and analysis

Income from our institutional investor consultancy grew by 9% over the same period for 2003, which is an improvement that we expect to continue for the remainder of this year.

services by recruiting a number of experienced technicians. This will enable us to devote greater attention to individual client requirements as well as to extend our client base.

The shake-out of subscribers following the switch from **Fullermoney**'s monthly hardcopy publication to daily on-line and audio formats has now worked through and we are providing a more relevant and valuable service
to customers. Subscriptions are gradually building back up at higher unit prices whilst, at the same time, we have been able to eliminate printing and postage costs.

Subscriptions to our wider market services under the **Investors Intelligence** brand increased during the first half, mainly following the launch of our low price Exchange Traded Fund ('ETF') service in the US and our UK stocks services in the UK.

Our software business, Ecube, has extended its customer base and we continue to seek new applications and customers for our technology services.

As already stated, our investment in Sportcal has been a notable disappointment for us and we are actively considering the future of our holding and the remedies that may be available to us to recoup as much of our original cost as possible.

Trading outlook

We are as confident as ever that our underlying core business activities will continue to develop and grow, generating future quality earnings.

Edward Forbes
Chairman
London
28 September 2005

Our portfolio analysis review service is being well received by clients who value its bespoke nature.

Group Profit and Loss Account

	Unaudited Six Months 30 June 2005 £'000	Unaudited Six Months 30 June 2004 £'000	Audited Year to 31 Dec 2004 £000
Turnover	**1,205**	1,258	2,430
Administrative expenses	**(1,156)**	(1,235)	(2,360)
Group operating profit	**49**	23	70
Impairment in investment in associate	**(150)**	—	—
Share of operating profit/(loss) of associate	**3**	(14)	(8)
Amortisation of goodwill arising on acquisition of associate	**(15)**	(15)	(29)
	(162)	(29)	(37)
(Loss)/profit on ordinary activities	**(113)**	(6)	33
Interest receivable and similar income	**93**	88	168
(Loss)/profit on ordinary activities before taxation	**(20)**	82	201
Tax on (loss)/profit on ordinary activities	**(35)**	(22)	(45)
	(55)	60	156
Dividends	**—**	—	(48)
(Loss)/profit retained for the period	**(55)**	60	108
Basic/diluted (loss)/earnings per share	**(0.06p)**	0.06p	0.16p
Basic/diluted earnings per share before impairment	**0.10p**	0.06p	0.16p

Group Statement of Total Recognised Gains & Losses

	Unaudited Six Months 30 June 2005	Unaudited Six Months 30 June 2004	Audited Year to 31 Dec 2004
(Loss)/profit for the period excluding share of profits/(losses) of associate	**(58)**	74	164
Share of associate profits/(losses) for the period	**3**	(14)	(8)
	(55)	60	156
Exchange differences on retranslation of net assets of subsidiary undertaking	**(17)**	36	55
Total recognised gains and losses during the period	**(72)**	96	211

Group Balance Sheet

	Unaudited Six Months 30 June 2005 £'000	Unaudited Six Months 30 June 2004 £'000	Audited Year to 31 Dec 2004 £000
Fixed assets			
Intangible assets	**18**	—	19
Tangible assets	**340**	351	345
Investments	**239**	408	400
	597	759	764
Current assets			
Debtors	**441**	488	550
Short term deposits	**3,700**	3,600	3,450
Cash at bank and in hand	**172**	205	111
	4,313	4,293	4,111
Creditors: amounts falling due within one year	**(772)**	(909)	(665)
Net current assets	**3,541**	3,384	3,446
Total assets less current liabilities	**4,138**	4,143	4,210
Capital and reserves			
Called up share capital	**961**	961	961
Share premium account	**3,774**	3,774	3,774
Merger reserve	**568**	568	568
Profit and loss account	**(1,165)**	(1,160)	(1,093)
Equity shareholders' funds	**4,138**	4,143	4,210

Approved by order of the board on 28 September 2005

Julian Burney
Director

Group Statement of Cash Flows

	Unaudited Six Months 30 June 2005 £'000	Unaudited Six Months 30 June 2004 £'000	Audited Year to 31 Dec 2004 £000
Net cash inflow/(outflow) from operating activities	**276**	31	(193)
Returns on investments and servicing of finance			
Interest received	**93**	88	168
Taxation	**—**	—	(18)
Capital expenditure			
Payments to acquire tangible fixed assets	**(10)**	(22)	(36)
Payments to acquire intangible fixed assets	**—**	—	(20)
	(10)	(22)	(56)
Acquisitions and disposals			
Payments to acquire investments	**—**	(437)	(437)
Equity dividends paid	**(48)**		(48)
Net cash inflow/(outflow) before financing	**311**	(340)	(584)
Management of liquid resources			
(Increase)/decrease in short-term deposits	**(250)**	280	430
Increase/(decrease) in cash	**61**	(60)	(154)

Group Statement of Cash Flows

Reconciliation of net cash flow to movement in net funds

	Unaudited Six Months 30 June 2005 £'000	Unaudited Six Months 30 June 2004 £'000	Audited Year to 31 Dec 2004 £000
Increase/(decrease) in cash	**61**	(60)	(154)
Increase/(decrease) in short-term deposits	**250**	(280)	(430)
Movement in net funds	**311**	(340)	(584)
Net funds at 1 January	**3,561**	4,145	4,145
Net funds	**3,872**	3,805	3,561

Analysis of net funds

	Unaudited Six Months 30 June 2005 £'000	Unaudited Six Months 30 June 2004 £'000	Audited Year to 31 Dec 2004 £000
Cash at bank and in bank	**172**	205	111
Short-term deposits	**3,700**	3,600	3,450
	3,872	3,805	3,561

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 2004. 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 polices set out in the accounts for Stockcube plc for the year ended 31 December 2004 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.

Associates are accounted for using the equity method.

2. Earnings per share

The calculation of basic loss per ordinary share is based on losses of £55,000 (year to December 2004: profit of £156,000; six months to 30 June 2004: profit of £60,000) and on 96,106,300 (December 2004 and June 2004: 96,106,300) ordinary shares. The calculation of basic profit per ordinary share before impairment is based on profits of £95,000 and 96,106,300 ordinary shares.

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

3. Exceptional item

In accordance with FRS 11, we have reviewed our investment in Sportcal and based on current trading and prospects for the immediate future, we have written down our investment by £150,000.

4. Reconciliation of operating profit to net cash inflow from operating activities

	Unaudited Six Months 30 June 2005 £'000	Unaudited Six Months 30 June 2004 £'000	Audited Year to 31 Dec 2004 £000
Operating (loss)/profit	**(113)**	(6)	70
Impairment in investment in associates	**150**	—	—
Depreciation	**15**	27	36
Management fee receivable	**—**	(10)	—
Share of (profit)/loss in associate	**(3)**	14	—
Goodwill amortisation	**16**	15	1
Decrease/(increase) in debtors	**109**	179	(250)
Increase/(decrease) in creditors	**102**	(188)	(50)
Net cash inflow/(outflow) from operating activities	**276**	31	(193)

5. 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 2004. 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 2005, which comprises the Group Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Group Balance Sheet, Group Statement of Cash Flows and the related notes 1 to 5. 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 AIM Rules of the London Stock Exchange.

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 2005.

Ernst & Young LLP
London
28 September 2005

stockcube
Unit 1.23, Plaza 535,
King's Road,
London, SW10 0SZ.
www.stockcube.com