Stockcube Plc

Preliminary Results for the year ended 31 December 2009

HIGHLIGHTS

	2009 *£'000*	*2008* *£'000*
Turnover	2,254	2,586
Profit before tax	22	192
Profit after tax	75	82
Earnings - pence per share – basic	0.78p	0.86p
Normalised Earnings – pence per share – basic	0.89p	1.86p
Earnings – pence per share – diluted	0.78p	0.86p

Group turnover 12.8% down on 2008

Profit before tax down to £22,000 from £192,000

Normalised earnings per share in 2009 (before share options charge of £62,000 and R&D tax credits of £51,000) down to 0.89p from 1.86p in 2008 (before share options charge of £41,000 and deferred tax charge of £55,000)

Balance sheet with net assets of 27.3p per share, with 26.6p per share in cash and marketable bonds

No dividend will be proposed for the year (2008: 0.75p per share)

Julian Burney, Chief Executive Officer, said:

"As was stated in our interim statement for 2009 we did not foresee an immediate increase in stock market activity and the trading outlook for the year ended 31 December 2009 was uncertain.

Stockcube's costs are largely fixed so that the group's operating profitability is highly sensitive to variations in our turnover. Turnover for 2009 was 12.8% below that achieved in 2008 and, although the Company remained profitable, the reduction in turnover was directly reflected in a drop of 52% in earnings per share on a like for like basis from 2008.

We believe that confidence and market activity will take some years to return to pre-2008 levels.

With this background in mind, the board of Stockcube has been actively reviewing how to balance shareholders' interests with the need to maximise cashflows and remunerate staff competitively. The Board has concluded that continuing to have the Company's shares admitted to trading on AIM is no longer appropriate and that the interests of non-management shareholders and their associates would be better served by a tender offer to buy back and cancel their holdings. Proposals to this effect are being made to shareholders today."

For further information:

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Chairman's Statement

Introduction

The well-publicised economic shocks of the previous two years are still being absorbed and 2009 saw a continuation of investor reluctance or inability to invest. We expect that the downturn in investment activity, particularly by institutional investors, will take some years to return to pre-2008 levels.

Overheads continued to be closely monitored during the year.

Financial review

Turnover showed a net decrease of 12.8% from £2.586m in 2008 to £2.254m for the year ended 31 December 2009. Profit before tax was £22,000, a decrease of 89% from 2008 (£192,000). Normalised profit after tax for 2009 was £86,000, after adjusting for the apportioned employee benefits arising from the grant of share options during the year and R&D tax credits, a decrease of 52% from 2008. There was a profit per share of 0.78p compared to a profit of 0.86p per share in 2008. The like for like decrease in normalised EPS between 2009 and 2008 was 52% from 1.86p to 0.89p.

Business review

Stockcube Research, our institutional consultancy service, suffered a 31% drop in revenues compared to 2008 directly reflecting the impact of the economic downturn in global markets and the sharp drop in stock turnover. The impact of lost turnover in our institutional business outweighed the gains made elsewhere in the group.

Our **Fullermoney** service recorded a 14% decrease in income.

More positively**, Investors Intelligence** showed a 7% increase in revenues due to increases in the provision of business to business data and analysis services and **Chartcraft** recorded a 12% increase in revenues in US dollar terms over 2008 and a similar increase in pounds sterling.

Ecube, our in-house software business, which develops and supports the group's technology needs, recorded an increase of 42% in revenues from third parties in 2009 as new customers were gained in the financial services sector and as existing customers commissioned further systems work.

Our **Treasury activities** were stepped up during the year to generate return of 4.6% on cash and available-for-sale investments.

Key performance indicators

The Board measure the Group's performance, principally using the following financial indicators:

	2009 £'000	2008 £'000	% (decrease)
Normalised operating (loss)/profit	(34)	115	(130%)
Normalised profit before tax	84	233	(64%)
Normalised earnings per share	0.89p	1.86p	(52%)
Dividend (proposed and paid)	-	0.75p	-

Normalised profit before tax of £84,000 for 2009 is profit before the share option charge of £62,000 and for 2008 is profit before the share options charge of £41,000 .

Staff

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

Dividend

In view of the results for 2009, the company will not be proposing a final dividend for the year (2008: 0.75p).

Proposals for a reduction of capital, tender offer by Astaire Securities Plc, purchase of own shares and "de-listing" from AIM.

The Directors have concluded that for the reasons outlined below, admission of the Company's shares to trading on AIM (the "Listing") does not fulfil the Company's aim of conferring liquidity to the Company's shares or providing a means of expanding the Company's activities:

- since the Listing, the directors have been seeking acquisitions which would have synergy with Stockcube's businesses, would enhance shareholder value and would be available at what the directors consider appropriate values. The directors have now concluded that such acquisitions are very unlikely to be achieved;

- the directors have also concluded that the niche nature of the Company's methodologies and services regarding investment analysis and the method of their distribution are more suited to organic growth rather than growth by acquisition;

- this means that a key justification for the Listing, to provide a currency for growth by acquisition, is no longer considered applicable by the directors and is aggravated by poor levels of share liquidity;

- the market capitalisation of the Company is considerably below the level when it floated in May 2000 and its shares have traded in the last three months at a discount to net tangible assets and to cash and investment holdings of between 40% and 51%;

- the Company's shares suffer from a lack of liquidity and in practical terms a relatively small free float, which the board believes reduces demand. Trades in small volumes of shares tend to have a disproportionate effect on the share price and hence market capitalisation of the Company;

- low liquidity is coupled with high costs associated with the Listing relative to the Company's market capitalisation (approximately £143,000 per year); and

- recent and current uncertainty within the investment community has led to a significant reduction in the Group's income particularly from institutional customers and the directors believe that this necessitates a reorganisation of the Group's products and operational structure to remove surplus costs so that its cost base is more in line with the lower growth environment the directors see for the investment industry.

In the light of a number of these factors, the Company repaid £2,402,657.50 of surplus cash (in aggregate) to shareholders in 2007 and 2008.

The directors have formed the view that for the foreseeable future any benefits to the Company of the Listing are outweighed by the cost and resources required (i) to manage the Group in the public arena; and (ii) for an entity of its current size, to comply with increasingly complex financial reporting requirements.

Accordingly, the directors now firmly believe that the Company should seek cancellation of the admission of the its shares to trading on AIM. It is anticipated that, subject to shareholder approval and other conditions being met, the Company's ordinary shares will be cancelled from trading on AIM.

In addition, the directors have decided that they do not intend to provide, seek or support any arrangements whereby the Company's shares can be bought and sold on a market or on a matched bargain basis. As such, the directors believe that the Company's shares will be unlikely to be readily capable of sale and where a buyer is identified, it will be difficult to place a fair value on any such sale.

The directors recognise that many shareholders will not be able or willing to continue to own shares in the Company following the proposed de-Listing, particularly in view of the directors' intention of increasing the emphasis on staff incentivisation by results-driven remuneration, coupled with a nil dividend policy for the foreseeable future. Accordingly, the board has arranged for the Company to apply to Court to reduce its share premium account, for Astaire Securities Plc to make a tender offer to shareholders to buy their shares for cash and for such shares to then be bought back by the Company and cancelled (all subject to court approval and the approval of shareholders at a general meeting of the Company). Holders of shares totaling 57.6% of the issued shares have confirmed that they do not wish to participate in the tender offer which will be made to the holders of the remaining 42.4% of issued shares. A circular setting out the above proposals is being issued by the Company today.

Edward Forbes,
Chairman,
London
30 March 2010

Consolidated Income Statement

for the year ended 31 December 2009

	2009	*2008*
	£000	*£000*
Continuing Operations		
Revenue	2,254	2,586
Cost of sales	(287)	(328)
Gross Profit	1,967	2,258
Administrative expenses	(2,063)	(2,184)
Operating(loss)/ profit	(96)	74
Finance income	118	118
Profit before taxation	22	192
Taxation	53	(110)
Profit for the year attributable to equity holders of the parent	75	82
Basic earnings per share	0.78p	0.86p

Diluted earnings per share	0.78p	0.86p

Consolidated Statement of Financial Position

At 31 December 2009

Company Number 3838579

	2009	*2008*
	£000	*£000*
Non current assets		
Intangible assets	17	17
Available for sale investments	1,059	700
Property, plant and equipment	300	329
	1,376	1,046
Current assets		
Trade and other receivables	338	229
Available for sale investments	727	515
Cash and cash equivalents	774	1,413
Total current assets	1,839	2,157
Current liabilities		
Trade and other payables	(588)	(603)
Current tax payable	–	(60)
Total current liabilities	(588)	(663)
Net current assets	1,251	1,494
Net assets	2,627	2,540
Equity		
Share capital	961	961
Share premium account	1,294	1,294
Merger reserve	568	568
Share options reserve	103	41
Available for sale investments reserve	11	9
Translation reserve	–	(20)
Retained earnings	(310)	(313)
Total equity	2,627	2,540

Consolidated Statement of Cash Flows

for the year ended 31 December 2009

	2009	2008
	£000	£000
Net cash(outflow)/ inflow from operating activities	(105)	526
Cash flows from investing activities		
Interest and other income received	118	118
Sales of available-for-sale investments	1,601	668
Purchases of property, plant and equipment	(9)	(10)
Purchase of available-for-sale investments	(2,172)	(1,874)
Net cash used in investing activities	(462)	(1,098)
Cash flows from financing activities		
Capital reorganisation - cash repaid to shareholders and associated expenses	–	(203)
Equity dividends paid	(72)	(120)
Net cash used in financing activities	(72)	(323)
Net decrease in cash and cash equivalents	(639)	(895)
Cash and cash equivalents at beginning of year	1,413	2,308
Cash and cash equivalents at end of year	774	1,413

Notes

1. Nature of financial information

This financial statements does not constitute financial statements under Section 434 of the Companies Act 2006. The results of the year ended 31 December 2008 are extracts from the Group financial statements which have been delivered to the Registrar of Companies. They carry an unqualified auditor's report and did not contain a statement under Section 495 of the Companies Act 2006and did not include references to any matters to which the auditor drew attention by way of emphasis. The statutory accounts for the year ended 31 December 2009 have not yet been delivered to the Registrar of Companies nor have the auditors reported on them. They will be finalised on the basis of the information presented by the Directors in this preliminary announcement.

2. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period covered by these financial statements.

Basis of preparation

The financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the EU.

The financial statements have been prepared on a historical cost basis, except for available for sale assets which are measured at fair value.

Basis of consolidation

The group financial statements incorporate the financial statements of Stockcube PLC and all of its subsidiary undertakings for the year to 31 December 2009.

All subsidiaries are controlled by Stockcube Plc. Control is achieved where the Company has the power to govern the financial and operating policies of than investing entity so as to obtain benefits from its activities.

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

3. Revenue

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

Revenue is attributable mainly to the continuing activity of the provision of research and analysis of price trends in stocks, commodities, currencies and interest rates.

4. Operating segments

Segmental information is presented in the consolidated financial statements based on how information is reported to the Chief Operating Decision Maker. The Group derives its revenues from three separate streams and these have formed the basis of the reportable segments.

All inter-segment sales are transacted at arms-length basis. The results of each segment have been prepared using accounting policies consistent with the Group as a whole.

	Consultancy	*Subscriptions*	*Technology*	*Total*	*Consultancy*	*Subscriptions*	*Technology*	*Total*
	31Dec	*31Dec*	*31Dec*	*31 Dec*	*31Dec*	*31Dec*	*31Dec*	*31 Dec*
	2009	*2009*	*2009*	*2009*	*2008*	*2008*	*2008*	2008
	£000	£000	£000	£'000	£000	£000	£000	£000
External Revenue	894	1,153	207	2,254	1,303	1,137	146	2,586
Inter-segment sales	–	–	179	179	–	–	273	273
Eliminations	–	–	(179)	(179)	–	–	(273)	(273)
Total Revenue	894	1,153	207	2,254	1,303	1,137	146	2,586
Segment Results	20	96	(12)	104	175	121	(40)	256
Unallocated Expenses				(200)				(182)
Group Operating (Loss)/profit				(96)				74
Net Financing income				118				118
Profit before tax				22				192
Income tax(repayment)/ Expense				53				(110)
Profit for the year				75				82

	Consultancy	*Subscriptions*	*Technology*	*Total*	*Consultancy*	*Subscriptions*	*Technology*	*Total*
	31Dec	*31Dec*	*31Dec*	*31 Dec*	*31Dec*	*31Dec*	*31Dec*	*31 Dec*

	2009	*2009*	*2009*	*2009*	*2008*	*2008*	*2008*	2008
	£000	£000	£000	£'000	£000	£000	£000	£000
Segment Assets	1,275	1,645	295	3,215	1,614	1,408	180	3,203
Segment Liabilities	(233)	(301)	(54)	(588)	(334)	(291)	(37)	(663)
Net assets	1,042	1,344	241	2,627	1,280	1,117	143	2,540

Group assets and liabilities have been allocated to segments based on turnover.

The Group's operations are in two geographical segments, the United Kingdom and United States.

	UK 2009 £000	US 2009 £000	Total £000	UK 2008 £000	US 2008 £000	Total £000
External turnover	1,765	489	2,254	2,237	349	2,586

No customer accounts for more than 10% of group revenue.

All non-current assets are located in the UK.

5. Earnings per share

	2009	*2008*
Earnings	*£000*	*£000*
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity shareholders	75	82
Number of shares	'000	'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	9,611	9,611

Profit per ordinary share (pence):		
Basic	0.78p	0.86p
Normalised basic	0.89p	1.86p
Diluted	0.78p	0.86p
Normalised diluted	0.89p	1.86p

Normalised earnings per share is calculated by adding back the share option benefits charge of £62,000 and adjusted R&D tax credits of £51,000 (2008: share options benefits charge of £41,000 and deferred tax charge of £55,000), to give an adjusted earnings after tax of £86,000 (2008: £178,000).

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. Based on these calculations there were no dilutive potential ordinary shares in 2009 (2008: nil) as the market price is less than the grant price of the options. 1,564,647 options were potentially dilutive at 31 December 2009.

6 . Cash (used in)/generated from operations

Group	*2009*	*2008*
	£000	*£000*
Operating (loss)/profit	(96)	74
Depreciation	38	20
Exchange differences	20	(27)
Share options charge	62	41
Available for sale investments revaluations	2	—
(Increase)/decrease in trade receivables	(109)	562
Increase/(decrease) in trade payables	25	(95)
Cash (used in) generated from operations	(58)	575
Tax paid	(47)	(49)
Net cash (outflow)/inflow from operating activities	(105)	526

Company	*2009*	*2008*
	£000	*£000*
Operating loss	(475)	(181)
Provision for amounts due from group undertaking	275	—
Share options charge	62	41
Available for sale investments revaluations	2	—
Decrease in trade and other receivables	7	198
Increase in trade and other payables	25	354
Net cash (outflow)/inflow from operating activities	(104)	412

7. Post Balance Sheet Event

Recent and current uncertainty within the investment community has led to a significant reduction in the Group’s income, particularly from institutional customers.

The Directors now firmly believe that the Company should seek cancellation of the admission of the Ordinary Shares to trading on AIM.

The proposal to Shareholders to delist the Company’s shares to trading on AIM will constitute a post balance sheet event.

8. Annual report and accounts

The annual report and accounts will be posted to shareholders on 31 March 2010 and copies will be available free of charge during normal business hours on any day (except Saturdays, Sundays and public holidays) at the offices of the Company at Unit 1.23 Plaza 535, King’s Road, London SW10 0SZ.