

Hemscott Investment Analysis Limited

Directors' report and financial statements

Year ended 31 December 2004

Registered number: 3563522



Hemscott Investment Analysis Limited

CONTENTS

Directors' report	3-4
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the accounts	8 - 9

Hemscott Investment Analysis Limited

DIRECTORS' REPORT

The directors present their annual report and the financial statements for the year ended 31 December 2004.

Principal activity

The company is regulated under the Financial Services and Markets Act 2000 to provide investment advice and related services. In this capacity, it produces the "Hemscott Analyst" services on behalf of Hemscott Group Ltd.

It also provides market commentaries to Hemscott Group Limited's website and to certain clients.

Hemscott Group Limited has a beneficial interest in all of the issued share capital of the company.

Review of business

Full details of the results for the year are set out in the profit and loss account on page 6.

Hemscott Analyst, the email share recommendations service, subscriber numbers dropped during 2004. Difficult market conditions continued throughout 2004. Chart Insight, the interactive technical analysis service, was discontinued in quarter three 2004. Analyst products are sold through Hemscott.com, a website owned and operated by Hemscott Group Limited, the company's parent. This website has more than 350,000 registered users and is a powerful platform to launch further subscription services.

Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend (2003: £nil). The retained loss transferred to reserves is £39,000 (2003: profit £5,000).

Directors and directors' interests

The directors who held office throughout the year, except as noted, were as follows:

R S Wilton
N A Sarker
S T Ashdown

(appointed 13 December 2004, resigned 11 January 2005)

None of the directors had any interest in the shares of the company at any time during the year. R S Wilton is a director of the ultimate holding company (see note 6) and her interests in the shares of that company are set out in its Remuneration Report.

Statement of directors' responsibilities

United Kingdom 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 as at the end of the financial year and of the profit or loss of the company 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; and
- Prepare the financial statements on a 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 enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Hemscott Investment Analysis Limited

Directors' Report (continued)

Auditors

The company has in place elective resolutions to dispense with the holding of annual general meetings, the laying of accounts before the shareholders in general meetings and the annual appointment of auditors.

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

By order of the board



N Sarker
Director
26 May 2005

Registered Office:
Finsbury Tower, 103-105 Bunhill Row
London, EC1Y 8TY

Hemscott Investment Analysis Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEMSCOTT INVESTMENT ANALYSIS LIMITED

We have audited the financial statements of Hemscott Investment Analysis Limited for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 6. These financial statements 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

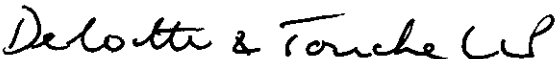
Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2004 and of the loss of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
26 May 2005

Hemscott Investment Analysis Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2004

	Notes	2004 £'000	2003 £'000
Turnover	1	265	287
Administrative expenses		<u>(304)</u>	<u>(282)</u>
(Loss) / profit on ordinary activities before taxation	3	(39)	5
Taxation	4	-	-
(Loss) / profit on ordinary activities after taxation and profit/(loss) for the financial year	5	<u><u>(39)</u></u>	<u><u>5</u></u>

All activities derive from continuing operations.

There are no gains or losses in either the current or previous year other than those that have been included in the profit and loss account above.

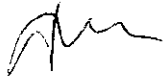
Hemscott Investment Analysis Limited

BALANCE SHEET

At 31 December 2004

	Notes	2004 £'000	2003 £'000
Current assets			
Debtors: amounts owed by immediate parent undertaking		28	17
Cash at bank and in hand		20	10
Creditors: Amounts falling due within one year - accruals		(50)	-
Net current (liabilities) / assets		<u>(2)</u>	<u>27</u>
Capital and reserves			
Called up share capital	2, 5	30	20
Profit and loss account	5	(32)	7
Equity shareholders' (deficit) / funds	5	<u>(2)</u>	<u>27</u>

Approved by the board on 26 May 2005 and signed on its behalf by:



N Sarker
Director

Hemscott Investment Analysis Limited

NOTES TO THE ACCOUNTS

1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the principal accounting policies, which have been applied consistently throughout the year and the preceding year is set out below.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1 (Revised 1996) the company is exempt from the requirement to prepare a cash flow statement as the cash flows are included in the ultimate parent undertaking's consolidated cash flow statement.

Turnover

Turnover represents amounts receivable from customers for goods and services provided in the normal course of business, net of VAT and other sales-related taxes. All turnover arose from sales within the United Kingdom.

Taxation

UK Corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred the balance sheet date. Timing differences are differences between the company's taxable profits and its result as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred asset is regarded as recoverable and is therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted. Deferred tax assets and liabilities are not discounted.

Deferred taxation is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

2 Called up share capital

	2004 £'000	2003 £'000
Authorised		
Ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
Ordinary shares of £1 each	30	20

On 7 January 2004, the company issued 10,000 ordinary £1 shares to its immediate holding company, Hemscott Group Limited, for cash consideration of £10,000.

3 (Loss) / profit on ordinary activities before taxation

The company's audit fee was borne by its parent company, Hemscott Group Limited for both the current and preceding year.

None of the directors received remuneration for their services during the year (2003: £nil).

The company does not directly employ any staff (2003: £none).

Hemscott Investment Analysis Limited

NOTES TO THE ACCOUNTS (CONTINUED)

4 Taxation

a) Following the surrender of losses from a fellow subsidiary for no consideration, the company has no liability to UK taxation (2003: £nil). No deferred tax liabilities or assets have been recognised in this year or the preceding year because no timing differences have arisen in the company.

b) Factors affecting the tax charge for the period

	2004 £'000	2003 £'000
(Loss) / Profit on ordinary activities before tax	(39)	5
Tax at standard rate of UK corporation tax @ 30%	(12)	2
Effects of:		
Expenses not deducted	15	
Group relief claimed for no consideration	(2)	(2)
Tax rate differences	(1)	-
Current tax charge for period	-	-

5 Reconciliation of movements in equity shareholders' funds

	Called up share capital £'000	Profit and loss account £'000	Total equity shareholders' funds £'000
At 1 January 2004	20	7	27
Share Issue	10	-	10
Loss for the year	-	(39)	(39)
At 31 December 2004	30	(32)	(2)

6 Ultimate parent company and parent undertaking of largest group of which the company is a member

The company's ultimate parent undertaking is Hemscott plc, a company incorporated in Great Britain. Hemscott PLC is the only company to prepare consolidated accounts containing the results of Hemscott Investment Analysis limited. The consolidated accounts of this company are available to the public and may be obtained from 2nd Floor Finsbury Tower, 103-105 Bunhill Row, London EC1Y 8TY. It therefore utilises the exemption contained in paragraph 3(c) of FRS 8 Related Party Disclosures not to disclose any transactions with any entities that are part of the group.

The company's immediate parent undertaking is Hemscott Group Limited, a company incorporated in Great Britain.