

# Commodity Watch Plc

ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2007

minesite.com

agriprods.com

poweralternatives.com

**COMMODITY WATCH PLC**  
**CONTENTS OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

---

	<b>Page</b>
<b>Company Information</b>	1
<b>Chairman's Statement</b>	2
<b>Report of the Directors</b>	3-5
<b>Report of the Independent Auditors</b>	6
<b>Profit and Loss Account</b>	7
<b>Balance Sheet</b>	8
<b>Cash Flow Statement</b>	9
<b>Notes to the Cash Flow Statements</b>	10
<b>Notes to the Financial Statements</b>	11-17

---

**COMMODITY WATCH PLC**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

---

**DIRECTORS:** David Hutchins – Chairman  
Emma Milton – Chief Executive Officer  
Charles Wyatt – Executive  
Malcolm Burne – Non-executive  
Fiona Kolek – Non-executive

**SECRETARY:** Cargil Management Services Limited

**REGISTERED OFFICE:** 27/28 Eastcastle Street  
London  
W1W 8DH

**REGISTERED NUMBER:** 02258507 (England and Wales)

**AUDITORS:** Saffery Champness  
Chartered Accountants  
Lion House  
Red Lion Street  
London  
WC1R 4GB

## COMMODITY WATCH PLC

### CHAIRMAN'S STATEMENT

---

Dear Shareholders,

It was onwards and upwards right through 2007, and your company, Commodity Watch, now looks extremely well positioned to take advantage of the ever-increasing global interest in the commodities and energy markets. This year we became a PLUS-quoted company, providing a secure trading platform for our shares, full visibility in our accounts and the possibility of using our shares to examine transactions with other media participants in the commodities and energy spaces. We launched two new websites, Agriprods.com and PowerAlternatives.com, and since the year-end we have begun increasing our coverage of the oil, gas and power industries. This means that your company now offers informed commentary and breaking news across the whole spectrum of the commodities and energy sectors – and gives Commodity Watch a commanding position in the current economic climate, especially since no other company in Europe offers such a unique combination of coverage.

The directors are pleased to report that the company's profit before tax for the year ended 31 December 2007 increased by 3% to £161,203 (2006: £156,613), while basic earnings per share increased by 1% to 2.48p from 2.45p. It should be noted that the current year pre-tax profits are after PLUS market listing costs. Your board is proposing a final dividend of 1.5p per share for the year ended 31 December 2007. The dividend will be payable on 27 June 2008 to all shareholders on the register as at 6 June 2008.

Minesite remains the flagship and principal revenue generator for now. Our annual sales almost reached the £1million mark this year. Most of those sales were derived from the junior to mid tier mining and exploration companies for which we provide a global voice - through news stories, company profiles and the prominent display of press releases on Minesite.com. In addition, the companies have the opportunity to present to a specialist audience of high net worth investors, fund managers and other industry specialists at our regular – and well attended – forums. Shareholders are cordially invited to attend any and all of these events as you will find them most illuminating, not only because the companies presenting often have great, but little known stories to tell, but they also provide the opportunity for meeting and exchanging ideas with industry specialists. This year, in September, we will host our first Agriprods forum and we believe that they will prove to be a similar success.

It is your directors' view that the outlook for commodities remains strong. Not only is demand from China, India and other emerging economies continuing to drive precious and base metals prices higher, but these new economic giants are also pushing up the price of oil and food. There is also an insatiable demand for power around the world, both of the conventional type and also for alternative sources. To give two examples: South Africa narrowly avoided economic meltdown early in 2008 as its grid power system collapsed under the strain of demand, and this summer the Chinese will shut down much of the industrial activity around Beijing in order to reduce smog levels for the Olympics. The Chinese move has got economists worried about the immediate prospects for Chinese growth this year, but it also points to a growing awareness on the part of the Chinese authorities that they can't rely on coal-fired power stations and old-fashioned polluting industries forever. At Commodity Watch we are perfectly positioned to take advantage of this continuing demand for commodities and energy, and it was with this in mind that we took the decision to invest significantly in our expanding business over the year.

It was in that context that we launched the new websites and our, Chief Executive Officer, Emma Milton expanded the team. Jen Earle joined as website administrator, Fiona Hyland as our head of sales and marketing, and Alastair Ford as our new editor. Charles Wyatt continues to play an active and vital part in the business, but is able now to concentrate on what he does best – writing illuminating and informative articles. These new additions to our staff add to administrative expenses, as will the assumption of responsibility for the lease for our office space. Thus, with one-off listing costs included, administrative expenses have risen by over 20 per cent during this period. However, sales and profits have increased too, and as our work continues to generate interest internationally and our new websites come into their own, the outlook for this financial year remains very favourable. The new websites are already generating limited revenue, and the costs of running them remain very low.

The next big step for your company is to generate a real presence in the oil and gas sector. That process has already begun, and with London a prime capital market for the oil industry, we anticipate gathering momentum fairly quickly. We have a ready-made stable of well connected resources journalists based all round the world, so generating coverage of the increasingly active oil and gas sector ought to be relatively easy. Minesite.com currently receives an average of over 4,000 visitors per day. With oil pushing through US\$120 at the time of writing, we would aspire eventually to generate the same levels of interest from readers interested in the oil and gas space. These are exciting times to do business in the commodities space, and Commodity Watch has positioned itself to take maximum advantage.

David Hutchins  
**Chairman**

---

**COMMODITY WATCH PLC**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

---

The directors present their report with the financial statements of the company for the year ended 31 December 2007.

**PRINCIPAL ACTIVITY**

The principal activity is to provide customised Corporate Internet Services servicing a wide range of corporate customers, mainly the financial services and mining sector.

The company's strategy is to grow through increasing capacity and service offering and it has therefore been actively searching for additional facilities based on customer demand.

The company intends to use its current strength to improve its service to customers by investing further in its existing facilities and through the provision of further value added services.

**REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

The results of the company for the year are disclosed in the profit and loss account on page 7.

The financial position of the company is disclosed in the balance sheet on page 8.

The results for the year were in line with expectation, with sales increasing by 23% over the same period last year. The overheads reflected costs incurred as a result of listing on PLUS. A detailed review of the business is contained in the Chairman's Statement.

**DIVIDENDS**

The directors recommend a payment of a dividend of 1.5p per ordinary share for the year.

**EMPLOYEES**

The company's policy is to provide employees with regular information on matters of concern to them and to consult them regularly, as far as is practicable, so that their views can be taken into account when decisions are taken which could affect them.

It continues to be the company's policy to give full and fair consideration to disabled persons applying for employment, having full regard to their particular aptitudes and abilities. The company's policy is to provide equal opportunities to all its staff on the basis of objective criteria and personal merit.

**DIRECTORS**

The directors set out in the table below have held office during the whole of the period from 1 January 2007 to the date of this report unless otherwise stated.

Other changes in directors holding office are as follows:

Robert Venner - resigned 4 April 2007

The beneficial interests of the directors holding office at 31 December 2007 in the shares of the company, according to the register of directors' interests, were as follows:

	31 December 2007	1 January 2007
<b>Ordinary shares of 10p each</b>		
David Hutchins	-	375
Emma Milton	-	-
Charles Wyatt	-	3,633
Malcolm Burne	-	-
Fiona Kolek	-	1,267
<b>Ordinary shares of 1p each</b>		
David Hutchins	153,750	-
Emma Milton	-	-
Charles Wyatt	1,489,530	-
Malcolm Burne	-	-
Fiona Kolek	519,470	-

**COMMODITY WATCH PLC**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

---

**DIRECTORS (Continued)**

At the balance sheet date, Emma Milton held options to acquire 380,070 ordinary shares of 1p each (2006: 927 ordinary shares of 10p each).

These directors did not hold any non-beneficial interests in any of the shares of the company.

**COMPANY'S POLICY ON PAYMENT OF CREDITORS**

It is the company's policy to settle all agreed transactions within the terms established with the suppliers.

**RISK MANAGEMENT**

**Customer and financial market risk**

As the company mainly provides its services to publicly listed companies, the use made of these could be adversely affected by a downturn in financial market conditions.

**Operational risks**

The company's operational targets are subject to the completion of planned operational goals on time and within set budgets. Any failure to meet these goals in particular through the disruption of the supply of Information and Communications Technology to the Company could have an adverse effect on financial performance.

**Dependence on key personnel**

Whilst the company has entered into contractual arrangements with the aim of securing the services of its executive Directors and senior employees, the retention of their services cannot be guaranteed.

**Financial Risk**

The major balances and financial risks to which the company is exposed and the controls in place to minimise those risks are disclosed in Note 18.

The Board considers and reviews these risks on a strategic and day-to-day basis in order to minimise any potential exposure.

**Internal Control**

The Board is responsible for maintaining a sound system of internal controls to safeguard shareholders' investment and company' assets. The Directors monitor the operation of internal controls. The objective of the system is to safeguard company assets, ensure proper accounting records are maintained and that the financial information used within the business and for publication is reliable. Any such system of internal control can only provide reasonable, but not absolute assurance against material mis-statement or loss.

Internal financial control procedures undertaken by the Board include:

- Review of monthly financial reports and monitoring performance.
- Prior approval of all significant expenditure including all major investment decisions.
- Review and debate of treasury policy.

The Board has reviewed the operation and effectiveness of the Company's system of internal control for the financial period and the period up to the date of approval of the financial statements.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these 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;  
prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

**COMMODITY WATCH PLC**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

---

**STATEMENT OF DIRECTORS' RESPONSIBILITIES (Continued)**

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

Messrs Saffery Champness were appointed as auditors by the directors during the year to fill a casual vacancy in accordance with Section 388(1) of the Companies Act 1985. Special notice pursuant to Section 388(3) having been given, a resolution to reappoint Saffery Champness as auditors will be proposed at the Annual General Meeting.

**ON BEHALF OF THE BOARD:**

.....  
Emma Milton – Chief Executive Officer

Date: 20<sup>th</sup> May 2008

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
COMMODITY WATCH PLC**

---

We have audited the financial statements of Commodity Watch Plc for the year ended 31 December 2007 on pages seven to seventeen. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities on pages four and five, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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.

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 to you 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

**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 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 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

**Saffery Champness**

Chartered Accountants  
Lion House  
Red Lion Street  
London  
WC1R 4GB

Date: .....

**COMMODITY WATCH PLC**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

	Notes	2007 £	<b>Restated</b> 2006 £
<b>TURNOVER</b>	2	948,235	770,332
Cost of sales		<u>258,365</u>	<u>187,897</u>
<b>GROSS PROFIT</b>		689,870	582,435
Administrative expenses		<u>545,255</u>	<u>447,672</u>
<b>OPERATING PROFIT</b>	4	144,615	134,763
Interest receivable and similar income		<u>16,588</u>	<u>21,850</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		161,203	156,613
Tax on profit on ordinary activities	5	<u>33,189</u>	<u>32,344</u>
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<u>128,014</u>	<u>124,269</u>
Earnings per share expressed in pence per share:	7		
Basic		2.48	2.45
Diluted		<u>2.34</u>	<u>2.23</u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profits for the current year or previous year.

The notes form part of these financial statements

COMMODITY WATCH PLC

BALANCE SHEET  
31 DECEMBER 2007

	Notes	2007 £	£	Restated 2006 £	£
<b>FIXED ASSETS</b>					
Tangible assets	8		56,614		70,887
Investments	9		<u>56,439</u>		<u>56,439</u>
			113,053		127,326
<b>CURRENT ASSETS</b>					
Debtors	10	270,659		256,157	
Cash at bank		<u>682,814</u>		<u>516,226</u>	
		953,473		772,383	
<b>CREDITORS</b>					
Amounts falling due within one year	11	<u>539,092</u>		<u>481,021</u>	
<b>NET CURRENT ASSETS</b>			<u>414,381</u>		<u>291,362</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>527,434</u>		<u>418,688</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		51,935		1,236
Share premium	14		169,394		265,996
Share option reserve	14		40,633		18,664
Profit and loss account	14		<u>265,472</u>		<u>132,792</u>
<b>SHAREHOLDERS' FUNDS</b>	17		<u>527,434</u>		<u>418,688</u>

The financial statements were approved by the Board of Directors on 20<sup>th</sup> May 2008 and were signed on its behalf by:

.....

Emma Milton - Director

The notes form part of these financial statements

**COMMODITY WATCH PLC**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

	Notes	2007 £	2006 £
<b>Net cash inflow from operating activities</b>	1	199,830	204,594
<b>Returns on investments and servicing of finance</b>	2	16,588	21,850
<b>Taxation</b>		(32,344)	(23,166)
<b>Capital expenditure and financial investment</b>	2	(1,266)	(74,712)
<b>Equity dividends paid</b>		<u>-</u>	<u>(88,868)</u>
		182,808	39,698
<b>Financing</b>	2	<u>(19,268)</u>	<u>-</u>
<b>Increase in cash in the period</b>		<u>163,540</u>	<u>39,698</u>
<hr/>			
<b>Reconciliation of net cash flow to movement in net funds</b>	3		
Increase in cash in the period		<u>163,540</u>	<u>39,698</u>
Change in net funds resulting from cash flows		<u>163,540</u>	<u>39,698</u>
<b>Movement in net funds in the period</b>		163,540	39,698
<b>Net funds at 1 January</b>		<u>500,997</u>	<u>461,299</u>
<b>Net funds at 31 December</b>		<u>664,537</u>	<u>500,997</u>

The notes form part of these financial statements

COMMODITY WATCH PLC

NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2007

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2007 £	2006 £
Operating profit	144,615	134,763
Depreciation charges	15,539	2,953
FRS 20 Share option charge	-	18,664
Loan to participating interest	(10,000)	-
Increase in debtors	(4,502)	(88,344)
Increase in creditors	<u>54,178</u>	<u>136,558</u>
<b>Net cash inflow from operating activities</b>	<u>199,830</u>	<u>204,594</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2007 £	2006 £
<b>Returns on investments and servicing of finance</b>		
Interest received	<u>16,588</u>	<u>21,850</u>
<b>Net cash inflow for returns on investments and servicing of finance</b>	<u>16,588</u>	<u>21,850</u>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(1,266)	(69,712)
Purchase of fixed asset investments	<u>-</u>	<u>(5,000)</u>
<b>Net cash outflow for capital expenditure and financial investment</b>	<u>(1,266)</u>	<u>(74,712)</u>
<b>Financing</b>		
Share issue	<u>(19,268)</u>	<u>-</u>
<b>Net cash outflow from financing</b>	<u>(19,268)</u>	<u>-</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.07 £	Cash flow £	At 31.12.07 £
Net cash:			
Cash at bank	516,226	166,588	682,814
Bank overdraft	<u>(15,229)</u>	<u>(3,048)</u>	<u>(18,277)</u>
	<u>500,997</u>	<u>163,540</u>	<u>664,537</u>
<b>Total</b>	<u>500,997</u>	<u>163,540</u>	<u>664,537</u>

The notes form part of these financial statements

COMMODITY WATCH PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007

1. ACCOUNTING POLICIES

**Accounting convention**

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

**Turnover**

Turnover represents the value of subscription services, excluding value added tax, apportioned evenly over the life of each subscription.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 20% on cost
Website	- 20% on cost
Computer equipment	- 33% on cost

**Deferred tax**

Deferred tax is recognised on all significant timing differences when the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

**Fixed Asset Investments**

Fixed asset investments are stated at a cost less any provision for impairment.

**Share-based payments**

The fair values of employees' services rewarded using share-based payments, are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All equity-settled share-based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to "share option reserve".

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

The effect of the implementation of this accounting policy has been to reduce the profit on ordinary activities before tax by £nil (2006 - £18,664). The 2006 accounts have been restated to reflect the implementation of this accounting policy.

2. TURNOVER

All turnover arises from internet-based services supplied within the United Kingdom.

3. STAFF COSTS

	2007	2006
	£	£
Wages and salaries	302,750	277,033
Social security costs	<u>36,082</u>	<u>33,215</u>
	<u>338,832</u>	<u>310,248</u>

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

2007	2006
<u>4</u>	<u>3</u>

On 4 April 2007, Dr R Venner exercised options in respect of 126,690 ordinary shares of 1p each.

COMMODITY WATCH PLC

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2007

4. OPERATING PROFIT

The operating profit is stated after charging:

	2007	2006
	£	£
Depreciation - owned assets	15,539	2,953
Auditors' remuneration	<u>7,500</u>	<u>3,500</u>
Directors' emoluments	228,500	196,667
Compensation to director for loss of office	<u>41,260</u>	<u>-</u>

Information regarding the highest paid director for the year ended 31 December 2007 is as follows:

	2007
	£
Emoluments etc	<u>136,250</u>

Details of other transactions with directors are set out in note 15.

5. TAXATION

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	2007	2006
	£	£
Current tax:		
UK corporation tax	<u>33,189</u>	<u>32,344</u>
Tax on profit on ordinary activities	<u>33,189</u>	<u>32,344</u>

**Factors affecting the tax charge**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2007	2006
	£	£
Profit on ordinary activities before tax	<u>161,203</u>	<u>156,613</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.750% (2006 - 19%)	31,838	29,756
Effects of:		
Non deductible expenses	156	5,219
Excess of depreciation over capital allowances	1,195	(6,178)
Issue of share options	<u>-</u>	<u>3,547</u>
Current tax charge	<u>33,189</u>	<u>32,344</u>

6. DIVIDENDS

	2007	2006
		£
Ordinary shares of 10p each		
Final	<u>-</u>	<u>88,868</u>

COMMODITY WATCH PLC

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2007

7. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

Reconciliations are set out below.

	Earnings £	2007 Weighted average number of shares	Per-share amount pence
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	128,014	5,161,190	2.48
<b>Effect of dilutive securities</b>			
Options	-	<u>303,177</u>	-
<b>Diluted EPS</b>			
Adjusted earnings	<u>128,014</u>	<u>5,464,367</u>	<u>2.34</u>

	Earnings £	2006 Weighted average number of shares	Per-share amount pence
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	124,269	5,066,780	2.45
<b>Effect of dilutive securities</b>			
Options	-	<u>506,760</u>	-
<b>Diluted EPS</b>			
Adjusted earnings	<u>124,269</u>	<u>5,573,540</u>	<u>2.23</u>

8. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Website £	Computer equipment £	Totals £
<b>COST</b>				
At 1 January 2007	1,899	69,712	15,855	87,466
Additions	-	-	<u>1,266</u>	<u>1,266</u>
At 31 December 2007	<u>1,899</u>	<u>69,712</u>	<u>17,121</u>	<u>88,732</u>
<b>DEPRECIATION</b>				
At 1 January 2007	1,899	-	14,680	16,579
Charge for year	-	<u>13,942</u>	<u>1,597</u>	<u>15,539</u>
At 31 December 2007	<u>1,899</u>	<u>13,942</u>	<u>16,277</u>	<u>32,118</u>
<b>NET BOOK VALUE</b>				
At 31 December 2007	<u>-</u>	<u>55,770</u>	<u>844</u>	<u>56,614</u>
At 31 December 2006	<u>-</u>	<u>69,712</u>	<u>1,175</u>	<u>70,887</u>

COMMODITY WATCH PLC

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2007

9. **FIXED ASSET INVESTMENTS**

	Shares in group undertakings £	Unlisted investments £	Totals £
<b>COST</b>			
At 1 January 2007 and 31 December 2007	<u>47,000</u>	<u>9,439</u>	<u>56,439</u>
<b>NET BOOK VALUE</b>			
At 31 December 2007	<u>47,000</u>	<u>9,439</u>	<u>56,439</u>
At 31 December 2006	<u>47,000</u>	<u>9,439</u>	<u>56,439</u>

The company's investments at the balance sheet date in the share capital of companies include the following:

**Associated Companies**

**Jobs4 Mining Limited**

Country of incorporation: England  
Nature of business: Operating a website

Class of shares:	% holding
Ordinary	50.00

	2007 £	2006 £
Aggregate capital and reserves	(38,167)	10,000
Loss for the year	<u>(48,167)</u>	<u>-</u>

**Oilbarrel.com Limited**

Country of incorporation: England  
Nature of business: Operating a website

Class of shares:	% holding
Ordinary	23.18

	2007 £	2006 £
Aggregate capital and reserves	(46,900)	(40,830)
Loss for the year	<u>(6,070)</u>	<u>(20,482)</u>

10. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2007 £	2006 £
Trade debtors	259,081	246,312
Amounts owed by participating interests	10,000	5,000
Other debtors	-	4,845
Prepayments	<u>1,578</u>	<u>-</u>
	<u>270,659</u>	<u>256,157</u>

COMMODITY WATCH PLC

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2007

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	£	£
Bank loans and overdrafts (see note 12)	18,277	15,229
Trade creditors	15,470	76,142
Corporation tax	33,189	32,344
Social security and other taxes	10,961	9,159
Other creditors	-	8,500
Accruals and deferred income	461,195	339,647
	<u>539,092</u>	<u>481,021</u>

12. LOANS

An analysis of the maturity of loans is given below:

	2007	2006
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>18,277</u>	<u>15,229</u>

13. CALLED UP SHARE CAPITAL

Authorised:		Nominal value:	2007	2006
Number:	Class:		£	£
200,000	Ordinary	10p	-	20,000
100,000,000	Ordinary	1p	<u>1,000,000</u>	-
			<u>1,000,000</u>	<u>20,000</u>

Allotted, issued and fully paid:		Nominal value:	2007	2006
Number:	Class:		£	£
5,193,470	Ordinary	1p	51,935	-
NIL (2006 - 12,358)	Ordinary	10p	-	<u>1,236</u>

On 15 February 2007, the company's share capital was restructured as follows :-

- The authorised share capital of 200,000 ordinary shares of 10p each was subdivided into 2,000,000 ordinary shares of 1p each.
- The authorised share capital was increased from £20,000 to £1,000,000 by the creation of a further 99,800,000 ordinary shares of 1p each, ranking pari passu with the existing share capital.
- The company issued 4,943,200 ordinary shares by way of a bonus issue to existing shareholders 40 ordinary shares of 1p for each existing share held, from share premium account.
- The company issued 126,690 ordinary shares in respect of share options exercised.

COMMODITY WATCH PLC

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2007

14. RESERVES

	Profit and loss account £	Share premium £	Share option reserve £	Totals £
At 1 January 2007	132,792	265,996	18,664	417,452
Profit for the year	128,014			128,014
Share issue and listing costs	-	(113,875)	-	(113,875)
Exercise of options	4,666	17,273	(4,666)	17,273
FRS 20 share option charge	-	-	26,635	26,635
At 31 December 2007	<u>265,472</u>	<u>169,394</u>	<u>40,633</u>	<u>475,499</u>

15. RELATED PARTY DISCLOSURES

Malcolm Burne, a director of the company is also a director of Jubilee Platinum Plc. During the year under review the company supplied services to Jubilee Platinum Plc to the value of £13,513 in the normal course of business. At the balance sheet date Jubilee Platinum Plc owed the company £5,288.

David Hutchins, a director of the company is also a director of Endstone Capital Limited. During the year under review, Endstone Capital Limited invoiced the company £14,100 in respect of Mr Hutchins' services as the company's chairman. At the balance sheet date the company owed £1,175 to Endstone Capital Limited.

16. ULTIMATE CONTROLLING PARTY

In the opinion of the directors there is no ultimate controlling party.

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Profit for the financial year	128,014	124,269
Dividends	-	(88,868)
	128,014	35,401
Proceeds of share issue	18,540	-
Costs of flotation	(37,808)	-
FRS 20 share option reserve	-	18,664
<b>Net addition to shareholders' funds</b>	108,746	54,065
Opening shareholders' funds	<u>418,688</u>	<u>364,623</u>
<b>Closing shareholders' funds</b>	<u>527,434</u>	<u>418,688</u>

**COMMODITY WATCH PLC**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

---

**18. FINANCIAL INSTRUMENTS**

The company uses financial instruments, other than derivatives, comprising cash liquid resources and various items such as debtors, creditors and other items that arise directly from its operations. The main purpose of these financial statements is to utilise finance in the company's operations.

The main risks arising from the company's financial instruments are interest risk, liquidity risks and currency risk. The directors review and agree policies for managing these risks and these are summarised below:

Short-term debtors and creditors have been excluded from all the following disclosures:

**Interest rate risk**

The company finances its operations through equity financing to alleviate the interest rate risk. The interest rate exposure of the financial assets of the Company as at 31 December 2007 relates wholly to floating interest rates in respect of cash at bank and is held in the following currencies:

	2007	2006
	£	£
<b>Sterling – Cash at bank</b>	682,814	516,226
	<u>                    </u>	<u>                    </u>

**Liquidity risk**

The company seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

**Currency risk**

The company manages its currency risk by holding financial investments in sterling and financing the investment in overseas securities on an arising basis.

**Fair values**

The fair values of the company's instruments are considered not materially different to the book value.