STOCKHOUSE INC
Form 10-K/A
April 06, 2009

# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# Form 10-K /A

[ x ] **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2008**

**OR**

[ ] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

**Commission file no. 0-23687**

## STOCKHOUSE INC.

*(Exact name of registrant as specified in its charter)*

| | |
|---|---|
| **Colorado** | **84-1379282** |
| *(State or other jurisdiction of incorporation or organization)* | *(I.R.S. EmployerIdentification No.)* |

**Suite 500-750 West Pender Street Vancouver British Columbia Canada V6C 2T7**
*(Address of principal executive offices, including zip code)*

**(604) 331-0995**
**(Registrant s telephone number, including area code)**

**Securities registered pursuant to Section 12(b) of the Act: None**

| Title of Each Class | Name of Each Exchange on Which Registered |
|---|---|
| N/A | N/A |

**Securities registered pursuant to Section 12(g) of the Act:**

**Title of Each Class**
Common Stock, no par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes[ ] No[ x ]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes[ ] No[ x ]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes[ x ] No[ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K[ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

| | | |
|---|---|---|
| Large accelerated filer [ ] | | Non-accelerated filer [ ] |
| Accelerated filer [ ] | (Do not check if a smaller reporting company) | Smaller reporting company [ x ] |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes[ ] No[ x ]

The aggregate market value of common stock held by non-affiliates of the registrant, based upon the average bid and ask price of the registrant s common stock on June 30, 2008 as reported for such date by the OTC Bulletin Board was approximately $13,000,000. Common stock held by each executive officer and director of the registrant and by each person who owns 5% or more of the outstanding common stock have been excluded from this computation because such persons may be deemed affiliates of the registrant. This determination of affiliate status for this purpose does not reflect a determination that any persons are affiliates for any other purposes.

The number of shares of the registrant s common stock outstanding as of March 30, 2009, the most recent practicable date prior to filing of this report, was 41,295,922 shares.

**DOCUMENTS INCORPORATED BY REFERENCE**

None

**EXPLANATORY NOTE**

This Amendment No. 1 (this "Amendment") to the Annual Report on Form 10-K for the fiscal year ended December 31, 2008 of Stockhouse Inc. (“Stockhouse”) filed on April 1, 2009 (the “Original Filing”), is being filed for the purpose of removing $505,000 impairment of intangible assets expense in Stockhouse’s consolidated statement of operations for the year ended December 31, 2007, which was inadvertently included during the EDGARization process.

Other than as expressly set forth above, this Amendment does not, and does not purport to, update or restate the information in any Item of the Original Filing or reflect any events that have occurred after the Original Filing was filed. The filing of this Amendment shall not be deemed an admission that the Form 10-K, when made, included any known, untrue statement of material fact or knowingly omitted to state a material fact necessary to make a statement not misleading.

REPORT OF INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS

To the Board of Directors and Shareholders of Stockhouse Inc.

We have audited the accompanying consolidated balance sheets of Stockhouse Inc. and subsidiaries (the "Company") as of December 31, 2008 and 2007, and the related consolidated statements of operations, shareholders' (deficiency) equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated financial statements, the Company adopted Interpretation No. 48, Accounting for Uncertainty in Income Taxes  an Interpretation of FASB Statement No. 109, effective January 1, 2007.

The accompanying consolidated financial statements for the year ended December 31, 2008 have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company's recurring losses from operations and net shareholders  deficiency raise substantial doubt about its ability to continue as a going concern. Management's plans concerning these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Deloitte & Touche LLP
Independent Registered Chartered Accountants
Vancouver, Canada
March 31, 2009

**Stockhouse Inc.**
**(formerly Stockgroup Information Systems Inc.)**

CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of U.S. Dollars, except number of common shares)

Continuing operations (note 1)

| | As at December 31, 2008 | | As at December 31, 2007 | |
|---|---|---|---|---|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents (note 1) | $ | 728 | $ | 2,821 |
| Restricted cash (note 10) | | 131 | | - |
| Accounts receivable (net of allowance of $347 and $456) | | 1,327 | | 1,906 |
| Prepaid expenses and other current assets | | 253 | | 752 |
| TOTAL CURRENT ASSETS | | 2,439 | | 5,479 |
| Property and equipment, net (note 5) | | 555 | | 703 |
| Goodwill (note 3) | | - | | 99 |
| Intangible assets, net (notes 3 and 4) | | 208 | | 1,530 |
| TOTAL ASSETS | $ | 3,202 | $ | 7,811 |
| | | | | |
| LIABILITIES AND SHAREHOLDERS EQUITY | | | | |
| Current Liabilities: | | | | |
| Accounts payable (note 5) | $ | 1,561 | $ | 1,818 |
| Accrued liabilities (notes 4 and 5) | | 2,085 | | 2,824 |
| Deferred revenues | | 711 | | 1,341 |
| Debentures (note 6) | | 545 | | - |
| Capital lease obligations | | 78 | | 190 |
| TOTAL CURRENT LIABILITIES | | 4,980 | | 6,173 |
| Long-term capital lease obligations | | 4 | | 66 |
| Long term payable (note 4) | | - | | 41 |
| Long-term deferred revenues | | 103 | | 15 |
| TOTAL LIABILITIES | | 5,087 | | 6,295 |
| | | | | |
| SHAREHOLDERS (DEFICIENCY) EQUITY | | | | |
| | | | | |
| Preferred stock | | | | |
| Series A convertible, $1,000 per share | | | | |
| authorized 5,000,000 shares | | | | |
| issued and outstanding 3,000 shares | | 2,969 | | - |
| Common stock, no par value: | | | | |
| authorized 75,000,000 shares | | | | |
| issued and outstanding 41,295,922 and 40,916,921 shares | | 18,910 | | 18,902 |
| Additional paid-in capital | | 3,820 | | 3,652 |
| Accumulated deficit | | (27,584) | | (21,038) |
| TOTAL SHAREHOLDERS (DEFICIENCY) EQUITY | | (1,885) | | 1,516 |
| TOTAL LIABILITIES AND SHAREHOLDERS (DEFICIENCY) EQUITY | $ | 3,202 | $ | 7,811 |

Commitments and contingencies (note 10) Guarantees (note 11)

The accompanying notes are an integral part of these consolidated financial statements

**Stockhouse Inc.**
**(formerly Stockgroup Information Systems Inc.)**

CONSOLIDATED STATEMENTS OF OPERATIONS

(Expressed in thousands of U.S. Dollars, except per share data)

| | For the years ended December 31, 2008 | 2007 |
|---|---|---|
| REVENUES | | |
| Licensing and subscriptions | $ 9,210 | $ 10,170 |
| Advertising services | 2,600 | 3,978 |
| TOTAL REVENUES | 11,810 | 14,148 |
| OPERATING COSTS AND EXPENSES | | |
| Cost of revenues (exclusive of amortization) | 5,236 | 5,986 |
| Sales and marketing | 4,403 | 4,869 |
| Research and development | 1,434 | 1,925 |
| General and administrative | 6,372 | 6,100 |
| Amortization of intangible assets (notes 3 and 4) | 389 | 505 |
| Impairment of goodwill (notes 3 and 4) | 99 | - |
| Impairment of intangible assets (notes 3 and 4) | 889 | - |
| TOTAL OPERATING EXPENSES | 18,822 | 19,385 |
| | | |
| Loss from operations | (7,012) | (5,237) |
| Interest and other expense (income), net (notes 4,10 and 14) | (461) | (107) |
| Loss before income taxes | (6,551) | (5,130) |
| (Recovery of) provision for income taxes (note 8) | (5) | 4 |
| Net loss and comprehensive loss | $ (6,546) | $ (5,134) |
| | | |
| Net loss per common share: | | |
| Basic and diluted | $ (0.16) | $ (0.13) |
| | | |
| Common shares used in computing basic and diluted net loss per share (thousands) | 41,301 | 39,264 |

The accompanying notes are an integral part of these consolidated financial statements

**Stockhouse Inc.**
**(formerly Stockgroup Information Systems Inc.)**

CONSOLIDATED STATEMENT OF SHAREHOLDERS (DEFICIENCY) EQUITY
(Expressed in thousands)

| | Preferred shares No. of shares | Preferred shares $ | Common stock No. of shares | Common stock $ | Additional paid-in capital $ | Accumulated deficit $ | Total Shareholders (Deficiency) Equity $ |
|---|---|---|---|---|---|---|---|
| Balance at December 31, 2006 | - | - | 35,350 | 13,793 | 3,394 | (15,904) | 1,283 |
| Issuance of common shares pursuant to exercise of employee stock options | - | - | 734 | 236 | (54) | - | 182 |
| Private placement transaction common shares and warrants | - | - | 3,333 | 4,033 | 96 | - | 4,129 |
| Issuance of common shares pursuant to business acquisition | - | - | 1,500 | 840 | - | - | 840 |
| Stock-based compensation | - | - | - | - | 216 | - | 216 |
| Net loss and comprehensive loss | - | - | - | - | - | (5,134) | (5,134) |
| Balance at December 31, 2007 | - | - | 40,917 | 18,902 | 3,652 | (21,038) | 1,516 |
| Issuance of series A convertible preferred shares | 3 | 2,969 | - | - | - | - | 2,969 |
| Issuance of common stock pursuant to exercise of employee stock options | - | - | 779 | 176 | (9) | - | 167 |
| Shares returned to settle acquisition liabilities (note 3) | - | - | (400) | (168) | - | - | (168) |
| Stock-based compensation | - | - | - | | 177 | - | 177 |
| Net loss and comprehensive loss | - | - | - | - | - | (6,546) | (6,546) |
| Balance at December 31, 2008 | 3 | 2,969 | 41,296 | 18,910 | 3,820 | (27,584) | (1,885) |

The accompanying notes are an integral part of these consolidated financial statements

**Stockhouse Inc.**
**(formerly Stockgroup Information Systems Inc.)**

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of U.S. Dollars)

| | For the years ended December 31, 2008 | 2007 |
|---|---|---|
| Operating activities: | | |
| Net loss | $ (6,546) | $ (5,134) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Amortization of property and equipment | 340 | 446 |
| Amortization of intangible assets | 389 | 505 |
| Impairment of goodwill | 99 | - |
| Impairment of intangible assets | 889 | - |
| Stock-based compensation | 177 | 216 |
| Gain on write off of account payable (note 4) | (44) | - |
| Gain on sale of shares in Stockscores (note 14) | (75) | - |
| Changes in non-cash working capital (note 9) | (531) | 1,532 |
| CASH USED IN OPERATING ACTIVITIES | (5,302) | (2,435) |
| | | |
| Investing activities: | | |
| Purchases of property and equipment | (192) | (324) |
| Proceeds on sale of shares in Stockscores (note 14) | 75 | - |
| Acquisition of Mobile Finance Division (note 3) | - | (348) |
| Acquisition of Semotus assets (note 4) | (50) | (238) |
| Restricted cash (note 10) | (131) | - |
| CASH USED IN INVESTING ACTIVITIES | (298) | (910) |
| | | |
| Financing activities: | | |
| Proceeds on exercise of stock options | 167 | 182 |
| Proceeds on issuance of preferred shares, net of costs (note 7) | 2,969 | - |
| Proceeds on debentures, net of costs (note 6) | 545 | - |
| Proceeds on private placements, net of costs (note 7) | - | 4,129 |
| Repayment of capital lease obligations | (174) | (158) |
| CASH PROVIDED BY FINANCING ACTIVITIES | 3,507 | 4,153 |
| | | |
| Net (decrease) increase in cash and cash equivalents | (2,093) | 808 |
| Cash and cash equivalents, beginning of the year | 2,821 | 2,013 |
| Cash and cash equivalents, end of the year | $ 728 | $ 2,821 |
| Supplemental Cash Flow Information (note 9) | | |

The accompanying notes are an integral part of these consolidated financial statements

**Stockhouse Inc.**
**(formerly Stockgroup Information Systems Inc.)**

**Notes to the consolidated annual financial statements**
**December 31, 2008**

**1.Basis of Presentation and Continuing Operations**

Stockhouse Inc. (the Company or Stockhouse ) is a financial media company that provides various financial Internet solutions, tools, content and services to financial institutions, media publishers, public companies, and advertisers. The Company also helps the retail investor create and manage their personal wealth by delivering a consolidated source of financial data streams, news, portfolio management, analysis tools and a forum for capturing user-generated content. The Company also operates its StockHouse.com and StockHouse.ca websites, where it provides its advertising services.

The Company was incorporated under the laws of Colorado on December 6, 1994.

Effective July 10, 2008, the Company changed its name from Stockgroup Information Systems Inc. to Stockhouse Inc. ( Stockhouse or the Company ). As a result, effective July 21, 2008, Stockhouse traded on the Over-the-Counter Bulletin Board quotation service operated by the Nasdaq Stock Market, Inc. under its new trading symbol STKH.OB (previously since March 17, 1999 under the symbol SWEB ) and on the TSX Venture Exchange under its new trading symbol SHC.V (previously since December 17, 2002 under the symbol SWB ).

*Basis of Presentation*

These consolidated financial statements have been prepared in accordance with United States ( U.S. ) generally accepted accounting principles ( GAAP ). The accompanying financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated. All information is stated in U.S. dollars unless otherwise indicated.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern which contemplates the realization of assets and discharge of liabilities in the normal course of operations for the foreseeable future. The Company has incurred significant recurring operating losses over the past two years, and has not generated positive cash flow from operations since the first quarter of 2007. For year ended December 31, 2008 the Company had a net loss of $6,546,000. At December 31, 2008, the Company held cash and cash equivalents of $728,000 and had a net working capital deficit of $1,830,000. Net working capital is defined as current assets minus current liabilities excluding current deferred revenues. At March 30, 2009, the Company held cash and cash equivalents of $489,018. These conditions raise doubt about the Company s ability to continue as a going concern.

The Company has been able, thus far, to finance the losses, as well as the growth of the business through a series of equity and debt private placements. As further described in Note 7 to these consolidated financial statements, in May 2008, the Company closed a private placement of 3,000 shares of Series A convertible preferred stock at a price of $1,000 per share for net proceeds of $2,969,000. As further described in Note 6 to these consolidated financial statement, in November 2008, the Company entered into debenture purchase agreements with multiple subscribers under which the Company issued to the subscribers a total of $550,000 (C$672,000) of secured unregistered 18% debentures.

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**Notes to the consolidated annual financial statements**
**December 31, 2008**

General economic conditions deteriorated during 2008 and the Company s revenue, operating results and cash flows were significantly impacted by the economic slowdown. The duration and depth of this economic slowdown in markets in which the Company operates will continue to impact the Company s future advertising and subscription revenue. Management acted to reduce the Company s operating costs in the second, third, and fourth quarters of 2008, which included downsizing the number of staff and executives, renegotiating contracts with significant vendors to reduce costs, and closing unprofitable locations in Europe. Management believes that as a result of these cost reductions, the Company has sufficient resources for the next twelve months to meet its obligations as they fall due in the ordinary course of business.

The Company will also finance any further cash requirements, if necessary, through further debt or equity financings. There is no assurance however, that additional financing can be obtained, or if obtained, on terms that are acceptable to management. The accompanying consolidated financial statements do not include any adjustments to reflect the possible future effects on recoverability and classification of assets or liabilities should the Company not be able to continue as a going concern.

**2.Summary of Significant Accounting Policies**

*Use of estimates*

The preparation of financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are used for, but are not limited to, revenue recognition, accrued liabilities, contingencies and litigation, allowances for doubtful accounts, stock-based compensation and income and other taxes. Actual results could differ from those estimates.

*Foreign Currency*

The reporting and functional currency of the Company and its subsidiaries is the U.S. dollar. Foreign currency monetary assets and liabilities are translated into U.S. dollars at the exchange rate prevailing at the balance sheet date; non monetary assets denominated in foreign currencies are translated using the rate of exchange at the transaction date; and foreign exchange gains and losses are included in the determination of earnings.

*Revenue Recognition*

The Company generates its revenues from two primary sources: Licensing and Financial Subscription Services and Advertising Services. The Company records its revenues in accordance with the Securities and Exchange Commission ( SEC ) Staff Accounting Bulletin No. 104, *Revenue Recognition* ( SAB 104 ) and the Financial Accounting Standard Board ( FASB ) Emerging Issues Task Force ( EITF ) Issue No. 00-21, *Revenue Arrangements with Multiple Deliverables*. In all cases, revenue is recognized only when the price is fixed or determinable, persuasive evidence of an arrangement exists, the service is performed, and collectability of the resulting receivable is reasonably assured.

Licensing and Subscription services consist of managing, licensing, and delivering financial market information. Examples of financial market information are real time stock quotes, stock charts, public

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**Notes to the consolidated annual financial statements**
**December 31, 2008**

company profiles, investment information and technical stock analysis. Under these revenue contracts, the Company normally charges customers for set up fees, periodic maintenance fees, and the contractual monthly licensing fees for ongoing use of financial tools and content. These revenues are recognized ratably over the contract term, which is typically 24 months, beginning when the product is activated. Revenue from activation fees is recognized ratably over the determinable portion of the customer contract.

All Licensing and Subscription services are delivered via the Internet from the Company s Web servers to the clients websites on a continuous real time basis. Revenue begins to be earned on the day the data feed is activated and begins to deliver content to the client site. Revenue is earned on a fixed monthly fee, with some clients paying a page-view overage fee over a certain number of page-views. The page-view overages, if any, are billed to the client and recorded on a monthly basis as they occur and usually represent a small portion of the overall monthly fee from each customer. Usage usually refers to website page views and real-time quotes.

Advertising Services consist of advertising on the Company s investment-orientated websites; the Company s client direct advertising solutions portfolio, and e-mail services, Internet advertising services are sold either individually or bundled together into comprehensive programs.

A portion of advertising revenues on the Company s investment-oriented websites consists of continuous or rotating advertisements on various specialized web pages hosted by StockHouse.com, StockHouse.ca, SmallCapCenter.com and InvestorMarketPlace.com. Delivery of these profiles is based either on a certain number of days the advertising appears on the web pages or a certain quantity of impressions, profile views or click-throughs, depending on the agreement. An impression is a single instance of an Internet user viewing the page that contains the client s name and/or logo. A profile view is a single instance of an Internet user clicking on the client s profile link. A click-through is a single instance of an Internet user clicking on the client s profile and being redirected to the client s website. Revenue is recognized on such advertising programs based on delivery, and delivery organized and measured to equal the agreed monthly fee in each month the customer is profiled on the web pages.

E-mail services are mailings to a targeted list of e-mail addresses, with delivery consisting solely of transmitting the mailing to the e-mail targets. Each transmittal is called a flight. E-mail services may be bought on a per-flight basis, for which revenue is recorded when the flight occurs, or on a fixed-fee monthly basis in which the client receives access to a fixed number of flights per month. The Company records the revenue on the fixed fee monthly e-mail services on a pro-rata basis over the term of the agreement.

Internet advertising on the Company s websites is delivered, and revenue is earned, on a page-view basis, as this term is defined above. Advertising insertion orders are obtained from customers and advertisements are delivered in a set rotation on the Company s StockHouse websites. At the end of certain specified period, usually monthly, the customer is given a page-view delivery report and billed according to the number of page-views delivered.

Subscriptions to StockStream and MarketStream and its real-time streaming data information are sold online via our websites. Subscriptions are one month in duration and auto-renew unless cancelled by the subscriber. Revenue from subscriber services is recognized in the period earned.

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**Notes to the consolidated annual financial statements**
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Deferred revenues represent amounts for which the Company has received deposits which are to be applied to the end of the contract. The earnings process has not yet been completed for those payments. Deferred revenues primarily related to our license agreements, which are amortized ratably over the period of the contract and certain internet services for which the Company holds deposits.

*Cost of Revenues*

Cost of revenues is recorded if the cost relates directly to the services the Company sells or to its revenue-generating websites, namely StockHouse.com, StockHouse.ca, SmallCapCenter.com, and InvestorMarketPlace.com. Cost of revenues consist of subscription fees for access to data feeds of financial and business databases, as well as internet bandwidth costs, and direct advertising purchases. Data feeds are a key component of many of the Company s licensing and subscription services, as well as a key input into its revenue-generating websites. Bandwidth is consumed by the Company s revenue-generating websites, by its licensing and subscription services, and by its e-mail mailing services. Direct advertising purchases relate to Internet advertising purchases for the purpose of promoting a client or clients feature on one of the Company s websites.

*Fair value of Financial Instruments*

The Company s financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, accounts payable, accrued liabilities, and capital lease obligations. Unless otherwise stated the fair value of the financial instruments approximates their carrying value.

*Cash and Cash Equivalents*

Cash and cash equivalents, which consist of cash and short-term deposits with original maturities of ninety days or less, are recorded at fair value. The Company places its cash and cash equivalents with high quality financial institutions. Cash equivalents at December 31, 2008 and 2007, respectively, were US denominated term deposits of $nil and $1,465,000.

*Accounts Receivable*

Accounts receivable are stated net of allowance for doubtful accounts of $347,000 at December 31, 2008 and $456,000 at December 31, 2007. The Company makes judgments as to its ability to collect outstanding receivables and provides allowances for a portion of accounts receivable when collection becomes doubtful. Provisions are generally made for all accounts over 90 days, with certain exceptions based on the nature of the customer or where special arrangements are agreed to with the customer. In some cases an allowance is made before 90 days if the Company has a reasonable belief that the collection of the account is doubtful. Invoices which are over 120 days are generally sent to collections.

*Property and Equipment*

Property and equipment are carried at cost less accumulated amortization. Office equipment, computer software and equipment are amortized using the straight-line method over the assets estimated useful lives which range from 1 to 5 years. Capital leases of computer hardware are amortized over the term of the lease on a straight-line basis. Leasehold improvements are amortized over the shorter of the asset life or the remaining lease term on a straight-line basis.

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**December 31, 2008**

*Leases*

Leases are classified as either capital or operating leases. Leases which transfer substantially all the benefits and risks of ownership of the property to the Company are accounted for as capital leases. Capital lease obligations reflect the present value of future minimum lease payments, discounted at the appropriate interest rate. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

*Software development costs*

The Company applies FAS No. 86, *Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed* ( FAS 86 ) to software developed internally, acquired in business acquisitions or purchased. FAS 86 requires companies to capitalize eligible software development costs upon achievement of technological feasibility, subject to net realizable value considerations. Research and development costs prior to technological feasibility are expensed as incurred. Because the period between achievement of technological feasibility and the general release of the Company s products have been a relatively short duration, costs qualifying for capitalization were insignificant during 2008 and 2007. There were no capitalized software development costs at December 31, 2008 and 2007.

*Goodwill and Intangible assets*

In accordance with FAS No. 142, *Goodwill and Other Intangible Assets,* goodwill and intangible assets that have indefinite useful lives are no longer amortized to expense. Goodwill is required to be tested for impairment on an annual basis, or more frequently if certain indicators arise, using the guidance specifically provided. Furthermore, Statement No. 142 requires purchased intangible assets other than goodwill to be amortized over their useful lives unless these lives are determined to be indefinite.

Management reviews goodwill and other intangible assets at least annually, and on an interim basis when conditions require, evaluates events or changes in circumstances that may indicate impairment in the carrying amount of such assets. An impairment loss is recognized in the statement of operations in the period that the related asset is deemed to be impaired. Other intangible assets, which include intellectual property and customer relationships, with definite lives are amortized to expense on a straight-line basis over their respective estimated useful lives averaging approximately three years.

Impairment testing for goodwill is performed in accordance with FAS No. 142, *Goodwill and Other Intangible Assets* ( FAS 142 ). FAS 142, requires the Company to complete a two-step process that begins with an estimation of the fair value of the reporting unit. The first step of the impairment test, used to identify potential impairment, compares the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds its fair value, the second step of the impairment test is performed to measure the amount of the impairment loss, if any.

The Company evaluates long-lived tangible assets and definite-lived intangible assets for potential impairments in accordance with FAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* ( FAS 144 ). Under FAS 144, an impairment loss is recognized only if the carrying amount of a definite-lived intangible asset is not recoverable and exceeds its fair value. Recoverability of these assets is determined based upon the expected undiscounted future net cash flows from the operations to which

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**Notes to the consolidated annual financial statements**
**December 31, 2008**

the assets relate, utilizing management s best estimates, appropriate assumptions and projections at the time. When analyzing intellectual property for impairment the Company uses a relief from royalty method which calculates the cost savings associated with owning rather than licensing the intellectual property, applying an assumed royalty rate within the Company s discounted cash flow calculation. If the carrying value is determined not to be recoverable from future operating cash flows, the asset is deemed impaired and an impairment loss is recognized to the extent the carrying value exceeds the estimated fair market value of the asset.

*Income Taxes*

The Company accounts for its income taxes in accordance with FAS No. 109, *Accounting for Income Taxes* ( FAS 109 ) and related interpretations. This Interpretation requires that the impact of a tax position be recognized if it is more likely than not of being sustained in an audit, based on the technical merits of the position. Even though the Company is in a consolidated loss position, determining the provision for income tax expense, income tax liabilities, and deferred tax assets and liabilities involves judgment. In addition, tax interpretations, regulations and legislations are continually changing. Tax exposures can involve complex issues and may require an extended period to resolve.

The Company records a valuation allowance to reduce its deferred tax assets to the amount of future tax benefit that is more likely than not to be realized. The Company believes its tax positions comply with current applicable tax law and that the Company has adequately provided for known tax contingencies.

In June 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109 (FIN 48). The Interpretation clarifies the accounting and disclosure for uncertainty in tax positions, as defined. The Company adopted the provisions of FIN 48 on January 1, 2007. The Company did not have any material uncertain tax positions upon adoption. As a result, there were no adjustments to the opening balance of accumulated deficit. The Company believes that its income tax filing positions and deductions will be sustained on audit and does not anticipate any adjustments that will result in a material adverse effect on the Company s financial condition, results of operations, or cash flow. Therefore, at December 31, 2008 and 2007, the Company had no material unrecognized tax benefits.

The Company s policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. For the years ended December 31, 2008 and 2007, the Company has not recorded or realized any material interest or penalties with respect to income taxes.

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The Company is subject to federal and state taxation in the United States as well as other foreign jurisdictions. The Company s major tax jurisdictions, as defined, are reflected below. As at December 31, 2008, income tax returns, whether filed or not, pertaining to taxation years that remain open to examination by major jurisdictions are as follows:

| | |
|---|---|
| United States | 2005 – 2008 |
| Canada | 2004 – 2008 |
| United Kingdom | 2007 – 2008 |
| Spain | 2004 – 2008 |
| Netherlands | 2003 – 2008 |

The Company does not anticipate any material change in the total amount of unrecognized tax benefits to occur within the next twelve months.

*Net Loss per Share*

In accordance with FAS No. 128, *Earnings per Share*, basic net income (loss) per share is computed based on the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed using the weighted average number of common shares and dilutive equivalent common shares outstanding during the using the treasury stock method. In a year of income, dilutive equivalent common shares consist of stock options and warrants where the calculated market price is in excess of the exercise price of these stock awards In a loss year, basic and fully diluted net income (loss) per share is equal.

*Contingencies and Litigation*

The Company evaluates contingent liabilities including threatened or pending litigation in accordance with FAS No. 5 *Accounting for Contingencies*. The Company assesses the likelihood of an adverse outcome or judgment to a potential claim or legal proceeding, as well as potential ranges of probable losses, when the outcome of the claims or proceedings are probable and reasonably estimable. A determination of the amount of accrued liabilities required, if any, for these contingencies is made after analysis of each matter. Because of uncertainties related to these matters, the Company bases its estimates on the information available at the time. As additional information becomes available, the Company reassesses the potential liability and may revise its estimates. Any revision to these estimates could have a material impact on the Company s results of operations and financial position.

*Accounting for Stock-based Compensation*

On January 1, 2006, the Company adopted the provisions of FAS No. 123R *Share-Based Payment* ( FAS 123R ) which requires recognition of stock-based compensation expense for all share-based payments based on fair value. On transition, the Company elected to use the modified prospective approach method. Stock-based compensation expense for all awards granted after January 1, 2006 is based on the grant-date fair values estimated in accordance with the provisions of FAS 123R. The Company recognizes these compensation costs, net of an estimated forfeiture rate, on a pro rata basis over the requisite service period of each vesting tranche of each award. The Company considers voluntary termination behavior as well as trends of actual option forfeitures when estimating the forfeiture rate.

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***Changes in accounting policies***

*Fair value measurements*

In September 2006, the FASB issued FAS No. 157 *Fair Value Measurements* , ( FAS 157 ) which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This statement does not require any new fair value measurements but provides guidance in determining fair value measurements under other accounting pronouncements that require or permit fair value measurements. FAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. In February 2008, the FASB issued FASB Staff Positions FAS No. 157-1 and FAS No. 157-2 which exclude FAS No. 13 *Accounting for Leases* from the scope of FAS 157 and defers the effective date of FAS 157 to fiscal years beginning after November 15, 2008 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in an entity s financial statements on a recurring basis. The adoption of FAS 157 on January 1, 2008 did not impact the Company s consolidated financial statements. In October 2008, the FASB issued FASB Staff Position No. 157-3 ( FSP 157-3 ). FSP 157-3 clarifies the application of FAS 157 in a market that is not active. The Company has considered the guidance provided by FSP 157-3 in its determination of estimated fair values as of December 31, 2008, and assessed there was no impact. (note 12 Fair value of financial instruments)

*Fair Value Option for Financial Assets and Financial Liabilities*

In February 2007, the FASB issued FAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities Including an amendment of FASB Statement No. 115* , ( FAS 159 ) which permits entities to choose to measure at fair value, at specified election dates, many financial instruments and certain other items that are not currently required to be measured at fair value. This statement is expected to expand the use of fair value measurement. The objective of FAS 159 is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. A business entity is required to report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. The statement does not affect any existing accounting literature that requires certain assets and liabilities to be carried at fair value. FAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company adopted the provisions of FAS 159 commencing January 1, 2008 and currently the Company has not elected to report any additional assets or liabilities at fair value that were not already being reported at fair value. The adoption of FAS 159 did not impact the Company s consolidated financial statements.

In May 2008, the FASB issued FAS No. 162 *The Hierarchy of Generally Accepted Accounting Principles* ( FAS 162 ). FAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States. FAS 162 is effective November 16, 2008.

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*Recent accounting pronouncements*

In December 2007, the FASB issued FAS No. 141 (revised 2007), *Business Combinations* ( FAS 141(R) ) establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquiree and the goodwill acquired. FAS 141(R) also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. FAS 141(R) is effective for fiscal years beginning after December 15, 2008.

In March 2008, the FASB issued FAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities* , ( FAS 161 ) which is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity s financial position, financial performance, and cash flows. FAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008 and is applicable to the Company beginning in the first quarter of 2009. The Company is currently evaluating the impact of FAS 161 on its consolidated financial statements.

**3. Business Acquisition**

On January 25, 2007 the Company announced that it had entered into a formal Purchase Agreement with TeleCommunication Systems, Inc. ( TCS ) pursuant to which the Company agreed to issue to TCS 1,500,000 common shares in the capital of the Company and to assume certain TCS liabilities in exchange for certain assets of TCS that made up its Mobile Finance Division ( MFD ). The transaction closed on January 31, 2007. The acquisition of MFD was accounted for as a purchase of a business, with the Company being identified as the acquirer and MFD as the acquiree. These consolidated financial statements include 100% of the operating results of MFD from February 1, 2007.

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The allocation of the purchase price at January 31, 2007 is as follows (in thousands of Dollars):

| | | |
|---|---|---|
| **Purchase Price:** | | |
| 1,500,000 common shares of Stockhouse | $ | 840 |
| Acquisition costs | | 348 |
| | $ | 1,188 |
| | | |
| **Net Assets Acquired:** | | |
| Accounts receivable | $ | 1,230 |
| Prepaid and other current assets | | 448 |
| Property and equipment | | 146 |
| Other assets | | 157 |
| Intellectual property | | 870 |
| Customer relationships | | 790 |
| Goodwill | | 99 |
| Accounts payable | | (476) |
| Accrued liabilities | | (1,269) |
| Customer deposits | | (291) |
| Deferred revenues | | (516) |
| | $ | 1,188 |

An independent valuation of the significant assets acquired supported management s allocation of the purchase consideration.

The fair value of the 1,500,000 common shares issued was determined based on the Company s common share price of $0.56 per share, representing the average closing price of the Company s shares for the two days before, the day of, and the two days after the date of announcement of the acquisition. The purchase price may be increased by up to $500,000, payable in cash, if certain performance requirements are achieved.

The Company tests the carrying amount of identifiable intangible assets and goodwill annually as of December 31, or whenever events or circumstances indicate that impairment may have occurred. Due to the combination of the continued decline in revenues from the acquired MFD business, and the departure of certain key MFD European employees, management concluded that there were sufficient indicators of impairment to test the carrying value of intangible assets and goodwill as at June 30, 2008, September 30, 2008 and December 31, 2008. The impairment test indicated that the implied fair value of the Company s goodwill was not in excess of its carrying value at June 30, 2008, and as a result the Company recorded an impairment loss to write-off the goodwill balance of $99,000 as a non-cash charge to operating expenses. As a result of the evaluation at June 30, 2008, the Company recorded an impairment loss totaling $524,000 to reduce the carrying value of the MFD definite-lived intangible assets to their estimated fair market values of $347,000 for intellectual property and $106,000 for customer relationships. An impairment test was also completed at September 30, 2008, and management concluded that no further impairment existed at that date. As a result of the evaluation conducted at December 31, 2008, the Company recorded a further impairment loss totaling $154,000 to reduce the carrying value of the MFD definite-lived intangible assets to their estimated fair market values of $208,000 for intellectual property and $Nil for customer relationships.

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The following table presents details of the acquired MFD intangible assets:

| (In thousands of Dollars) | Estimated Useful Life (in years) | As at December 31, 2008 | 2007 |
|---|---|---|---|
| Intellectual property | 4 | $ 208 | $ 671 |
| Customer relationships | 2 - 4 | - | 547 |
| | | $ 208 | $ 1,218 |

The estimated future amortization expense of the MFD intangible assets is as follows:

| (In thousands of Dollars) | |
|---|---|
| 2009 | $ 100 |
| 2010 | 100 |
| 2011 | 8 |
| Total | $ 208 |

For 2008 and 2007, amortization of MFD intangible assets was $332,000 and $442,000 respectively.

*Indemnity*

Under the terms of the Purchase Agreement with TCS the Company was indemnified for certain undisclosed liabilities of MFD as at the date of the transaction. On June 13, 2008, TCS and the Company agreed to settlement terms under the Purchase Agreement that in compensation for these previously indemnified liabilities, TCS would return 400,000 of the 1,500,000 Stockhouse common shares issued as part of the purchase consideration. These 400,000 shares were valued at the date of the settlement at $0.42 per share. The total value of the shares of $168,000 is considered full payment for initially undisclosed liabilities of $148,000 plus costs of $20,000 associated with additional professional fees incurred to determine the undisclosed liabilities as at the date of acquisition. The settlement agreement also provided for an extension of the indemnity period for certain claims of undisclosed liability for two years from June 13, 2008.

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*Pro forma Information (Unaudited)*

The following interim condensed pro forma consolidated financial summary is presented as if the acquisition of MFD was completed as of January 1, 2007. The pro forma combined results have been prepared for informational purposes only and do not purport to be indicative of the results which would have actually been attained had the business combination been consummated on the date indicated or of the results which may be expected to occur in the future.

| (In thousands of Dollars, except per share data) | | Year Ended December 31, 2007 |
|---|---|---|
| REVENUES | | |
| Licensing and subscriptions | $ | 10,870 |
| Advertising services | | 3,978 |
| | $ | 14,848 |
| Total Operating Expenses net of Other Income (Expense) | | 19,828 |
| | | |
| Net loss and comprehensive loss | $ | (4,980) |
| | | |
| Net loss per common share: Basic and diluted | $ | (0.13) |
| | | |
| Common shares used in computing basic and diluted net loss per share (in thousands) | | 39,431 |

**4. Asset Acquisition**

On May 8, 2007 the Company entered into an Asset Purchase Agreement with Semotus Solutions Inc. ( Semotus ) pursuant to which the Company agreed to acquire certain intangible assets related to Semotus Mobile Finance business for total cash consideration of up to $350,000 payable as: (a) $150,000 cash payable at the Closing Date; and (b) 30% of monthly gross revenues earned from customer contracts purchased from Semotus until the remaining $200,000 of the purchase price is fully paid or within two years whichever occurs first. Should monthly gross revenues fall below $15,000 per month the purchase price will be deemed to be paid in full.

This acquisition closed on May 8, 2007 and was accounted for as an asset purchase transaction for a total cost of $375,000 including $25,000 for acquisition costs. The purchase consideration was allocated, based on management s best estimates, to the identifiable intangible assets acquired in the amounts of $140,000 for intellectual property and $235,000 for customer relationships.

As revenues continued to decline from the acquired Semotus products, management concluded that there were sufficient indicators of impairment to test the carrying value of acquired intangible assets as at June 30, September 30, and December 31, 2008. As a result of this evaluation, the Company recorded an impairment loss totaling $212,000 at June 30, 2008 to reduce the carrying value of the Semotus definite-lived intangible assets to their estimated fair market value. The estimated fair market value of intellectual property was assessed at $53,000. Customer relationships were determined to have no

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estimated fair market value. An impairment test was also completed at September 30, 2008, and management concluded that no further impairment existed at that date

The following table presents details of the acquired Semotus identifiable intangible assets:

| (In thousands of Dollars) | Estimated Useful Life (in years) | As at December 31, 2008 | | 2007 | |
|---|---|---|---|---|---|
| Intellectual property | 4 | $ | - | $ | 116 |
| Customer relationships | 4 | | - | | 196 |
| | | $ | - | $ | 312 |

For 2008 and 2007, amortization of Semotus intangible assets was $57,000 and $63,000, respectively.

At December 31, 2007, of the $137,000 balance expected to be payable $96,000 was recorded in accounts payable and $41,000 was recorded as a long-term payable.

During the year ended December 31, 2008, purchase consideration of $50,000 related to monthly gross revenues was paid to the vendor under the terms of the Asset Purchase Agreement (2007  $63,000). In the fourth quarter of 2008, gross revenues attributable to the acquired customer contracts fell below $15,000 per month for three consecutive months and accordingly, the Company has deemed the Semotus purchase price paid in full. The Company derecognized the remaining $88,000 amount payable due to the Semotus vendor, reduced the remaining $44,000 carrying value of the intangible assets to zero, and recorded a gain of $44,000 in other income.

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**5. Balance Sheet Components**

| (In thousands of Dollars) | | As at December 31, 2008 | | 2007 |
|---|---|---|---|---|
| Property and equipment | | | | |
| Computer equipment | $ | 1,783 | $ | 1,580 |
| Computer equipment under capital lease | | 412 | | 530 |
| Computer software | | 168 | | 115 |
| Office furniture and equipment | | 107 | | 94 |
| Leasehold improvements | | 151 | | 110 |
| Total cost | | 2,621 | | 2,429 |
| Less: accumulated amortization | | (2,066) | | (1,726) |
| Property and equipment | $ | 555 | $ | 703 |
| | | | | |
| Accounts payable | | | | |
| Trade accounts payable | $ | 1,419 | $ | 1,517 |
| Current portion of amount due to asset acquisition vendor (note 4) | | - | | 95 |
| Sales taxes payable | | 142 | | 206 |
| Total Accounts payable | $ | 1,561 | $ | 1,818 |
| | | | | |
| Accrued liabilities | | | | |
| Accrued liabilities | $ | 779 | $ | 1,178 |
| Accrued data costs | | 1,108 | | 1,372 |
| Customer deposits | | 198 | | 274 |
| Total Accrued liabilities | $ | 2,085 | $ | 2,824 |

In 2008, amortization expense related to property and equipment totalled $340,000 including $144,000 amortization for capital assets under lease. In 2007, amortization expense was $446,000, including $167,000 of amortization for capital assets under lease.

Substantially all of the Company s property and equipment is located in located in Canada.

**6. Debenture financing**

In November 2008, the Company entered into debenture purchase agreements with six subscribers pursuant to which the Company issued to the subscribers a total of $550,000 (C$672,000) of secured unregistered 18% debentures which mature on November 14, 2009 (the debentures ). Of this amount, $450,000 is denominated in Canadian dollars and $163,000 (C$200,000) was subscribed for by the Company s Chief Executive Officer. Interest accrues on the debentures at a rate of 18% per annum, calculated monthly, and is payable at the end of each of the 4th calendar day of January, April, July and October. Subscribers may choose to receive all accrued interest on the maturity date in lieu of the quarterly payments of interest. The obligations of the Company under these debentures are secured by the assets of the Company s wholly-owned subsidiary Stockgroup Media Inc., pursuant to a general

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security agreement. The Company may redeem all or any portion of the debentures and any accrued interest thereon, at any time from April 30, 2009 until maturity.

## 7. Shareholders Equity

*Preferred Shares*

On May 13, 2008, the Company closed a private placement according to the terms of a stock purchase agreement entered on April 30, 2008 with PEAK6 Capital Management LLC ( PEAK6 ). Under the terms of the agreement the Company issued 3,000 shares of Series A convertible preferred stock at a price of $1,000 per share to PEAK6 for net proceeds to the Company of $2,969,000. Issue costs of $31,000 were allocated to preferred shares. In the event of any liquidation, dissolution or winding up of the affairs of the Company, the preferred shareholders are entitled to be paid first out of the assets of the Company up to $1,000 per share, subject to certain adjustments. Holders of preferred shares are entitled to receive dividends when, as, and if declared by the Company at a rate of 7%. Each preferred share is convertible to 2,200 common shares of the Company. The preferred shares are non-voting until conversion, are convertible 180 days after issuance, and automatically convert into common shares at the end of twenty four months from date of issuance at a price of $0.4545 per common share. The Company may redeem the preferred shares at any time after 90 days by paying 110% of their value.

*Common Stock*

On May 15, 2007, the Company completed a private financing led by Jennings Capital Inc. and including Cormark Securities Inc. (the Underwriters ), and issued, on a bought deal basis, 3,333,334 common shares at C$1.50 ($1.36) per share for total gross proceeds of C$5,000,000 ($4,534,000). The Company paid underwriter fees of 6% of the gross proceeds of the financing and issued 200,000 warrants to the agents equal to 6% of the common shares issued in the financing. The warrants expired unexercised in 2008. These warrants were assigned a value of $105,000 based on a Black-Scholes valuation model leaving gross proceeds of $4,428,000 attributable to the common shares. The following assumptions were used in the Black-Scholes model:

| | |
|---|---|
| Expected life (in years) | 1 year |
| Risk-free interest rate | 4% |
| Expected volatility | 97% |
| Fair value per warrant | $0.58 |

Share issue costs of $395,000 and $9,000 were allocated to common shares and to warrants, respectively.

*Warrants*

The Company issued warrants in prior periods pursuant to equity financing and private placement transactions. All warrants expired unexercised in 2008.

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*Stock Based Compensation Plans*

The Company grants stock options pursuant to shareholder approved stock option plans. On June 4, 2007, the shareholders of the Company approved the 2007 Stock Option Plan that authorized the issuance of a maximum of 3,300,000 shares of the Company s common stock granted to directors, officers, employees, consultants or advisors of the Company. The Company s 1999, 2000, 2001, 2002, 2003 and 2007 Stock Option Plans (collectively the Plans ) authorize a total of 8,520,600 common shares for issuance. The Plans entitle employees, non-employee directors, and consultants to purchase common shares of the Company on the exercise of stock options. Options immediately become exercisable once vested. Any options that do not vest as the result of a grantee leaving the Company are forfeited and the common shares underlying them are returned to the reserve if they were granted under the 2003 or 2007 Stock Option Plans.

The Company generally grants stock options for a fixed number of shares to employees with an exercise price equal to at least the fair market value of the underlying common shares on the date of grant. The standard vesting schedule used for stock option grants to most employees is a two year vesting calendar, with equal vesting occurring at the end of each quarterly period. Stock option grants to management generally follow a four year vesting calendar, with vesting occurring at the end of each quarterly period. All stock options are denominated in U.S. dollars and expire either five or six years after the date of grant.

The following table provides information on the Company s outstanding options and options available for grant at December 31, 2008, and activity since December 31, 2006:

| | | Options Outstanding | | | | |
|---|---|---|---|---|---|---|
| | Number of Options Available For Grant | Number of Options | Price Per Share $ | Weighted Average Exercise Price $ | Weighted-Average Remaining Contractual Term (in years) | Aggregate Intrinsic Value $ 000 |
| Balance at December 31, 2006 | 391,325 | 3,884,250 | $0.12 - $0.59 | $0.29 | 2.56 | 448 |
| Additional options authorized | 3,300,000 | | | | | |
| Options granted | (1,107,000) | 1,107,000 | $0.41 - $1.25 | $0.85 | | |
| Options exercised | - | (732,175) | $0.12 - $0.43 | $0.23 | | |
| Options expired and forfeited | 347,450 | (397,450) | $0.31 - $1.08 | $0.57 | | |
| Balance at December 31, 2007 | 2,931,775 | 3,861,625 | $0.12 - $1.25 | $0.64 | 2.34 | 865 |
| Options granted | (2,808,000) | 2,808,000 | $0.08 $0.59 | $0.31 | | |
| Options exercised | - | (779,000) | $0.17 - $0.42 | $0.22 | | |
| Options forfeited | 2,139,000 | (2,155,000) | $0.15 - $1.25 | $0.52 | | |
| Available and outstanding at December 31, 2008 | 2,262,775 | 3,735,625 | $0.08 - $0.59 | $0.33 | 3.04 | - |
| | | | | | | |
| Vested and exercisable at December 31, 2008 | | 1,692,625 | | $0.39 | 1.29 | - |

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The Company ceased granting of stock options under its 1999, 2000, 2001 and 2002 Stock Option Plans in December 2002. Stock options outstanding to purchase common shares under these plans continue to be exercisable as vested until exercised or forfeited, and if forfeited, they are no longer available for future grants.

In 2008, 779,000 options were exercised for proceeds of $167,000. Subsequent to December 31, 2008, an additional 836,000 options have been granted under the 2007 Option Plan at an average exercise price of $0.08.

The aggregate intrinsic value is equal to the difference between the quoted closing market price of the Company s common shares at December 31, 2008 and the exercise price of the underlying awards, where the stock options are in-the-money. At December 31, 2008, there were no in-the-money options outstanding and no in-the-money options vested and exercisable.

The following table summarizes the Company s unvested equity award activity for the year ended December 31, 2008:

| Unvested Shares | Number of Awards | | Weighted-Average Grant Date Fair Value $ |
|---|---|---|---|
| Unvested at December 31, 2007 | 1,098,906 | $ | 0.50 |
| Granted | 2,808,000 | $ | 0.23 |
| Vested | 275,094 | $ | 0.24 |
| Forfeited | (2,139,000) | $ | 0.36 |
| Unvested at December 31, 2008 | 2,043,000 | $ | 0.24 |

As of December 31, 2008, total unrecognized compensation expense related to unvested awards granted under the Plans was $183,000, which is expected to be recognized over a weighted-average period of 3.04 years. Forfeiture rates used to determine unrecognized compensation expense were based on forfeiture rates experienced for the year ended December 31, 2007.

*Stock-Based Compensation Expense*

| (In thousands of Dollars) | For the years ended December 31, | | | |
|---|---|---|---|---|
| | | 2008 | | 2007 |
| Sales and marketing | $ | 11 | $ | 41 |
| Research and development | | 4 | | 29 |
| General and administrative | | 162 | | 146 |
| Total stock-based compensation expense | $ | 177 | $ | 216 |

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*Valuation Assumptions Used in Fair-Value Based Calculation Method*

The fair-value of the Company s stock-based awards was estimated using the Black-Scholes option-pricing model using the following weighted average assumptions:

| | For the years ended December 31, | | | |
|---|---|---|---|---|
| | | 2008 | | 2007 |
| Expected life (in years) | | 5 years | | 5 years |
| Risk-free interest rate | | 3% | | 4% |
| Expected volatility | | 111% | | 86% |
| Dividend yield | | 0% | | 0% |
| Fair value per stock option | $ | 0.21 | $ | 0.58 |

The expected life of employee stock options is based on the average expected life of all outstanding stock options taking into consideration past employee exercise behavior. The exercise price of the stock option is equal to the market value of the Company s common stock on the grant date. The Company uses the zero coupon interest yield rate comparable to the expected life of the option. Expected volatility is based on historical computations of the Company s volatility. The estimated fair value of the stock-based awards is amortized over the vesting period of the underlying awards, on a graduated basis.

The Black-Scholes option pricing valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions, are fully transferable and do not have employment or trading restrictions. Employee stock options have characteristics significantly different from those of traded options.

**8. Income Taxes**

The Company is subject to United States federal and state income taxes at an approximate rate of 41% (2007 approximate rate of 42%). The reconciliation of the provision for income taxes at the United States federal statutory rate compared to the Company s income tax expense as reported is as follows:

| | For the Years Ended December 31, | | | |
|---|---|---|---|---|
| (In thousands of Dollars) | | 2008 | | 2007 |
| Tax recovery at U.S. statutory rates | $ | (2,716) | $ | (2,167) |
| Lower statutory rates on the losses of foreign subsidiaries | | 542 | | 366 |
| Change in statutory tax rates in the USA and Canada | | (47) | | 173 |
| Change in and adjustment to valuation allowance | | 1,971 | | 1,249 |
| Non-deductible expenses | | 250 | | 379 |
| Other | | (5) | | 4 |
| (Recovery of) provision for income taxes | $ | (5) | $ | 4 |

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Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company has recognized a valuation allowance for the deferred tax assets for which it is not more likely than not that realization will occur. Significant components of the Company s deferred tax assets are as follows:

| (In thousands of Dollars) | As at December 31, 2008 | 2007 |
|---|---|---|
| Net operating loss carry forwards | $ 7,242 | $ 6,759 |
| Net capital loss carry forwards | 84 | 87 |
| Property and equipment | 647 | 743 |
| Deferred revenue | 155 | 317 |
| Financing fees | 101 | 137 |
| Other | 188 | 46 |
| Total deferred tax assets | 8,417 | 8,089 |
| Less: valuation allowance | (8,417) | (8,089) |
| Net deferred tax assets | $ - | $ - |

The Company has net capital losses of $323,000 available to offset future taxable capital gains in Canada. At December 31, 2008, the Company had operating losses available to be carried forward in several tax jurisdictions that will expire as follows:

| (In thousands of Dollars) | USA | Canada | United Kingdom | Netherlands | Spain | Total |
|---|---|---|---|---|---|---|
| 2011 | $ - | $ - | $ - | $ 368 | $ - | $ 368 |
| 2012 | - | - | - | 43 | - | 43 |
| 2013 | - | - | - | 110 | - | 110 |
| 2014 | - | - | - | 6 | - | 6 |
| 2015 | - | - | - | 177 | - | 177 |
| 2016 | - | - | - | 170 | - | 170 |
| 2017 | - | - | - | 426 | - | 426 |
| 2022 | - | - | - | - | 158 | 158 |
| 2023 | 517 | - | - | - | 31 | 548 |
| 2024 | 161 | - | - | - | - | 161 |
| 2025 | 267 | - | - | - | - | 267 |
| 2026 | 273 | - | - | - | - | 273 |
| 2027 | 394 | 2,798 | - | - | - | 3,192 |
| 2028 | 800 | 2,279 | - | - | - | 3,079 |
| Indefinite | - | - | 17,410 | - | - | 17,410 |
| Total | $ 2,412 | $ 5,077 | $ 17,410 | $ 1,300 | $ 189 | $ 26,388 |

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### 9. Supplemental Cash Flow Information

During the years end December 31, 2008 and 2007, the Company had the following changes in non-cash working capital accounts:

| | For the years ended December 31, | | | |
|---|---|---|---|---|
| (In thousands of Dollars) | | 2008 | | 2007 |
| Accounts receivable | $ | 579 | $ | 137 |
| Prepaid and other current assets | | 499 | | 37 |
| Accounts payable | | (160) | | 512 |
| Accrued liabilities | | (907) | | 880 |
| Deferred revenues | | (542) | | (34) |
| | $ | (531) | $ | 1,532 |

| | For the years ended December 31, | | | |
|---|---|---|---|---|
| (In thousands of Dollars) | | 2008 | | 2007 |
| Cash | $ | 728 | $ | 1,356 |
| Cash equivalents | $ | - | $ | 1,465 |
| Interest paid | $ | 17 | $ | 18 |
| Taxes paid | $ | - | $ | 2 |
| *Non-cash investing and financing activities* | | | | |
| Assets acquired through capital lease transactions | $ | 63 | $ | 181 |
| Value of warrants issued in connection with private placement | $ | - | $ | 96 |
| Value of shares issued for acquisition of Mobile Finance Division | $ | - | $ | 840 |
| Value of shares returned to settle Mobile Finance Division acquisition liabilities | $ | 168 | $ | - |

### 10. Commitments and Contingencies

*Commitments*

| (In thousands of dollars) | Payments Due by Period | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Total | | Within 1 Year | | 2 3 Years | | 4 5 Years |
| Operating leases | $ | 2,138 | $ | 485 | $ | 956 | $ | 697 |
| Capital leases | | 104 | | 100 | | 4 | | - |
| Data provider commitment | | 411 | | 372 | | 39 | | - |
| Total contractual cash obligations | $ | 2,653 | $ | 957 | $ | 999 | $ | 697 |

The Company leases its facilities under operating leases that expire at various times to March 2014. Total rent expense was $608,000 in 2008 and $621,000 in 2007. In June 2008, on the expiry of an existing lease the Company secured larger premises in Toronto with a lease term to October 2013. The Company leases certain computer equipment, mainly servers, under capital leases. Of the total amount of capital lease payments above, approximately $1,000 relates to interest payments due in future years. Interest expense related to capital lease obligations was $3,000 for 2008 and $20,000 for 2007.

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*Contingencies*

The Company was the plaintiff in a lawsuit filed in Ontario Superior Court of Justice against Hollinger Inc. and Hollinger Canadian Publishing Holdings Co in which the Company sought to recover approximately $457,000 from the defendant. The defendant was a vendor to the Company and the amount sought by the Company consisted of unused advertising credits which were prepaid by the Company in 1999. The case was resolved by a negotiated settlement during the first quarter of 2008 and the defendant paid $340,000 to the Company in full settlement, which is included in other income.

The Company was the defendant in a lawsuit filed in the Supreme Court of British Columbia by the plaintiff, Tanis Churchill. The Plaintiff, a former employee of the Company, sought damages, interest and costs in the order of approximately $218,000 for alleged wrongful dismissal from her employment with the Company. The matter was heard by the Supreme Court of British Columbia and on May 8, 2008, the Supreme Court found in favor of the plaintiff and awarded damages in the amount of $9,000(C$11,000). The Court awarded costs to the Company.

The Company is the plaintiff in a lawsuit filed in the Commercial & Equity Division of the County Court of Victoria in Melbourne, Australia against The Eight Black Partnership Pty and Simon Chen, in which the Company seeks to recover approximately $435,000 from the defendant. The defendant was a reseller of the Company s Marketstream service in Australia and the amount sought by the Company consists of unpaid Marketstream subscription fees from July 2006 to May 2007, plus interest. The case is currently pending final resolution and there is uncertainty as to what value, if any, will be derived from the lawsuit. No provision has been made for recovery of these credits in the financial statements in any period.

During 2008, an employee of the Company made an application to the District Court of Amsterdam, the Netherlands requesting the Court to order the Company to restore his access to Company systems and continue paying his salary. He further requested that the Court order the temporary restriction of funds then held in the Company s Dutch subsidiary s bank accounts until the terms of his employment could be determined. The Court granted this application and ordered the transfer of €89,110 ($131,000) from the operating bank accounts to a restricted account. This amount is classified as restricted cash on the consolidated balance sheet at December 31, 2008. Subsequent to December 31, 2008 the matter was resolved by negotiation, and the restriction on the Company s funds lifted by the Court.

In addition to the above, the Company is involved in various other legal matters which arise from time-to-time in the ordinary course of the Company s business, none of which is believed to be material to its results of operations, liquidity or financial condition at this time. Unless otherwise noted, the Company cannot reasonably estimate at this time whether a monetary settlement will be reached or predict the ultimate resolution of these legal matters.

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**11. Accounting for and Disclosure of Guarantees**

From time-to-time, the Company enters into certain types of contracts that require it contingently to indemnify parties against third party claims. These contracts primarily relate to: (i) service level agreements with clients, under which the Company may be required to indemnify clients for liabilities related to data transmission and dissemination; and (ii) certain agreements with the Company s officers, directors and employees and third parties, under which the Company may be required to indemnify such persons for liabilities arising out of their duties to the Company.

The Company regularly enters into service level agreements with clients, under which the Company guarantees consistent streaming of data within certain pre-defined tolerances. The terms of these obligations vary and generally are not limited in amount, so it is not possible to express the amount at risk in dollars. Historically, the Company has not been obligated to make significant payments on account of these obligations, and accordingly, no liabilities were recorded for these obligations of this nature on its balance sheets as of December 31, 2007 and December 31, 2006. The Company carries coverage under certain insurance policies to protect itself in the case of an unexpected liability; however, this coverage may not be sufficient.

**12. Fair Value of Financial Instruments**

The Company adopted SFAS 157 on January 1, 2008. SFAS 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The standard outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures. Under GAAP, certain assets and liabilities must be measured at fair value, and SFAS 157 details the disclosures that are required for items measured at fair value.

The Company has various financial instruments that must be measured under the new fair value standard including: cash and cash equivalents, restricted cash, and debentures. The Company currently does not have non-financial assets or non-financial liabilities that are required to be measured at fair value on a recurring basis, with the exception of intangible assets. The Company s financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. The three levels are as follows:

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. The fair value of the Company s cash equivalents and restricted cash based on quoted prices and therefore classified as Level 1.

Level 2 - Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 - Unobservable inputs that reflect our assumptions about the assumptions that market participants would use in pricing the asset or liability.

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The following table provides a summary of the fair values of assets and liabilities under SFAS 157:

| | Carrying Value December 31, 2008 | Fair Value Measurements at December 31, 2008 | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| Assets: | | | | |
| Cash and cash equivalents | $ 728 | $ 728 | $ - | $ - |
| Restricted cash | 131 | 131 | - | - |
| Total | $ 859 | $ 859 | $ - | $ - |
| | | | | |
| Liabilities: | | | | |
| Debentures | $ 545 | $ - | $ - | $ 545 |

As the debentures were issued late in 2008, the Company believes that the market rate of interest as at December 31, 2008 was not materially different to the rate of interest at which the debentures were issued. Accordingly, the Company believes that the fair value of the debentures approximated their carrying value at December 31, 2008

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**13. Segmented Information**

The Company operates in one reportable segment. The Company defines a reportable operating segment as a component of the Company for which separate financial information is available and which is evaluated regularly by the Chief Executive Officer in deciding how to allocate resources and in assessing performance.

The following information is presented by the customer s geographic area:

(in thousands of Dollars)

| 2008 | North America | United Kingdom | Other | Total |
|---|---|---|---|---|
| REVENUES | | | | |
| Licensing and subscription | $ 7,061 | $ 1,136 | $ 1,013 | $ 9,210 |
| Advertising services | 2,600 | - | - | 2,600 |
| TOTAL REVENUES | $ 9,661 | $ 1,136 | $ 1,013 | $ 11,810 |

| 2007 | North America | United Kingdom | Other | Total |
|---|---|---|---|---|
| REVENUES | | | | |
| Licensing and subscription | $ 7,206 | $ 1,572 | $ 1,392 | $ 10,170 |
| Advertising services | 3,978 | - | - | 3,978 |
| TOTAL REVENUES | $ 11,184 | $ 1,572 | $ 1,392 | $ 14,148 |

As of December 31, 2008 and 2007, one customer accounted for 10% of outstanding trade receivables. During 2008 and 2007, the Company had no customers whose revenue represented greater than 10% of total revenues.

**14. Related Party Transactions**

In the third quarter of 2007, the Company entered into a one year agreement with a third party. Under the agreement the Company provides the implementation set up fee and Intraday Indices at no charge, with the remaining portions of the agreement billed at market price. In exchange for the no charge services, the third party agreed to set up a link on the third party s website indicating Markets provided by StockHouse.com. These services were valued at the market rate for the set up fee provided. In the third quarter of 2008 the contract was renewed for a further one year term. A member of the third party s senior management s team is a director of the Company.

The Canadian subsidiary of Stockhouse owned 50% of Stockscores Analytics Corp. ( Stockscores ), a British Columbia corporation with limited activity and no material impact on the Company. During 2008, the Company disposed of its 50% share in Stockscores to the other shareholder for $75,000 which is recorded as Other Income for the year ended December 31, 2008.

PART IV

**Item 15 EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

The following consolidated financial statements of Stockhouse Inc. and subsidiaries are filed as part of this Form 10-K/A:

**Statements**

| |
|---|
| Report of Independent Registered Chartered Accountants |
| Consolidated Balance Sheets December 31, 2008 and 2007 |
| Consolidated Statements of Operations Years ended December 31, 2008 and 2007 |
| Consolidated Statements of Stockholders' (Deficiency) Equity and Comprehensive Loss Years ended December 31, 2008 and 2007 |
| Consolidated Statements of Cash Flows Years ended December 31, 2008 and 2007 |
| Notes to Consolidated Financial Statements |

All schedules are omitted because they are not applicable or the required information is shown in the Financial Statements or notes thereto.

**EXHIBITS**

| **Description** | **Exhibit number** | **Form** | **Filing Date** | **Filed with this 10-K/A** |
|---|---|---|---|---|
| ***Articles of Incorporation and Bylaws*** | | | | |
| Articles of Incorporation & Bylaws | 3.1 | 10SB12G | 1/29/1998 | |
| Articles of Amendment dated July 10, 2008 | 3.2 | 8-K | 7/24/2008 | |
| Articles of Amendment dated September 30, 2001 | 3.3 | 8-K | 9/30/2001 | |
| | | | | |
| ***Instruments defining the rights of security holders*** | | | | |
| Certificate of Designation for Series A Convertible Preferred Stock | 4.1 | 10-Q | 5/14/2008 | |
| | | | | |
| | | | | |
| | | | | |
| ***Material Contracts financing agreements*** | | | | |
| Private Placement Subscription Agreement dated September 26, 2006 between the Company and various directors and senior management | 10.1 | 8-K | 9/28/2006 | |
| Purchase Agreement between Stockgroup Information Systems Inc., Stockgroup Systems Ltd., Stockgroup Media, Inc., TeleCommunication Systems, Inc., and TeleCommunication Systems (Holdings) Limited | 10.2 | 8-K | 2/16/2007 | |
| Audited Combined Financial Statements of Mobile Finance Division (A division of TeleCommunication Systems, Inc.) ( MFD ) for the years ended December 31, 2005 and 2006 and Unaudited *Pro forma* Consolidated Financial Statements of Stockgroup Information Systems as of December 31, 2006 | 10.3 | 8-K/A | 4/16/2007 | |
| Form of Private Placement Subscription Agreement dated May 15, 2007 | 10.4 | 8-K | 5/21/2007 | |
| Form of Registration Rights Agreement dated May 15, 2007 | 10.5 | 8-K | 5/21/2007 | |

| | | | |
|---|---|---|---|
| Asset Purchase Agreement dated May 8, 2007 between the Company and Semotus Solutions Inc. | 10.6 | 8-K | 5/10/2007 |
| Amended Purchase Agreement dated January 24, 2007 between the Company and TeleCommunication Systems, Inc. | 10.7 | 8-K | 2/20/2007 |

| | | | | |
|---|---|---|---|---|
| Purchase Agreement dated January 24, 2007 between the Company and TeleCommunication Systems, Inc. | 10.8 | 8-K | 2/20/2007 | |
| Series A Convertible Preferred Stock Purchase Agreement dated April 30, 2008 | 10.9 | 8-K | 5/7/2008 | |
| Form of Secured Debenture Agreement dated November 14, 2008 Canadian Version | 10.10 | 10-Q | 11/17/2008 | |
| Form of Secured Debenture Agreement dated November 14, 2008 US Version | 10.11 | 10-Q | 11/17/2008 | |
| Debenture Purchase Agreement | 10.12 | 10-Q | 11/17/2008 | |
| General Security Agreement | 10.13 | 10-Q | 11/17/2008 | |
| Lease agreement dated September 19, 2006 between the Company and Pacific Centre Leaseholds Limited | 10.14 | 10-K | 3/31/2009 | |
| Lease agreement dated May 8, 2008 between the Company and University Equities Inc | 10.15 | 10-K | 3/31/2009 | |
| ***Material Contracts management contracts and compensatory plans*** | | | | |
| Stockgroup Information Systems Inc. 2003 Stock Option Plan Amended | 10.16 | S-8 | 5/19/2006 | |
| Stockgroup Information Systems Inc. Amended and Restated Stock Option Plan 2007 | 10.17 | 10-Q | 8/13/2008 | |
| Employment Agreement dated February 9, 2004between the Company and Marcus New | 10.18 | 10-KSB | 03/11/2004 | |
| Employment Agreement dated December 28, 2007 between the Company and Karl Buhr | 10.19 | 8-K | 2/21/2008 | |
| Employment Agreement dated February 20, 2008 between the Company and Audrey Brownmiller | 10.20 | 8-K | 2/21/2008 | |
| Amended employment agreement dated October 31, 2008 between the Company and Karl Buhr | 10.21 | | | |
| Employment Agreement dated December 8, 2008 between the Company and Joseph Lee | 10.22 | 8-K | 1/8/2009 | |
| | | | | |
| ***Additional Exhibits*** | | | | |
| List of subsidiaries of the Company | 21.1 | 10-K | 3/31/2009 | |
| Consent of Independent Registered Chartered Accountants | 23.1 | 10-K | 3/31/2009 | |
| Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act | 31.1 | | | X |
| Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act. | 31.2 | | | X |
| Certification of Chief Executive Officer furnished pursuant to Rule13a-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350). | 32.1 | | | X |
| Certification of Chief Financial Officer furnished pursuant to Rule 13a-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350). | 32.2 | | | X |

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**STOCKHOUSE INC**.

By: /s/ Marcus New
Marcus A. New
President and Chief Executive Officer
Date: April 3, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

| Signature | Capacity in Which Signed | Date |
|---|---|---|
| /s/ David Caddey<br>David Caddey | Chairman of the Board of Directors | April 3, 2009 |
| /s/ Marcus New<br>Marcus New | President, Chief Executive Officer and Director<br>(Principal Executive Officer) | April 3, 2009 |
| /s/ Joseph Lee<br>Joseph Lee | Chief Financial Officer<br>(Principal Financial and Accounting Officer) | April 3, 2009 |
| /s/ Thomas Baker<br>Thomas Baker | Director | April 3, 2009 |
| /s/ Stephen Zacarias<br>Stephen Zacarias | Director | April 3, 2009 |