

Regulatory Story

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Online Blockchain PLC - OBC Final Results
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Online Blockchain Plc
(‘Online’ or ‘the Company’)
Audited Results for the Year Ended 30 June 2019

Online today announces preliminary results for the year ended 30 June 2019.

CEO'S STATEMENT

The Blockchain space has been through a turbulent period this year, but we have continued with our developments while we have seen Crypto-currencies fall to fractions of their all-time high prices and then recover to multiples of their post-crash values.

We see this market volatility as normal for an emerging technology and once again mirroring previous technology cycles. We have slightly changed our view on the historic parallels in as much as we believe the current Crypto-currency market is a lot earlier in the development cycle than we felt it was in 2017. Rather than being in a moment analogous to 1998 to 2002, it is starting to seem likely we are in an earlier stage more like 1990-1994, in a period that saw the rise of AOL and online services from an obscure niche to the early adopter phase where the move online was still the preserve of a very small group within the technology community. This we believe is potentially an even more exciting prospect because the subsequent growth in the online-based sector had many cycles ahead of it at this point and many positive developments still to emerge.

Crypto-currency has recovered again because of the power of Bitcoin as a kind of digital gold, much in demand in Asia where political events and potential currency depreciations have driven uptake. Meanwhile Facebook, a company with billions of users, has announced its own plans for a Crypto-currency that should add further momentum and which, while it will be resisted, cannot in our view be held back.

We are of course minnows, but we believe that we are developing exciting products that will shortly be tested in the market. So far [Freefaucet.io](https://www.freefaucet.io) has proved its potential and has grown in a short period to have 20,000 registered users rising fast up the website usage rankings over the last 90 days, its sales are growing and we expect will soon become material. Meanwhile, Freeloadr is in later development stages and will soon be ready for the next testing stages. Other projects under development by Online are also coming along well and we expect there to be a progression of developments in the coming periods as products begin their product lives in test with customers.

Our products continue to trade on various exchanges with Plus1 recently appearing in the Top 100 mineable Cryptocurrencies. This is a significant rise in the rankings, and we believe Plus1 can continue to gather further market adoption.

Blockchains and Crypto currencies are the building blocks of a new breed of software services and this is the key to understanding the scope of the opportunity. To focus on Crypto currencies is understandable but it is the opportunity that money brings to economic activity where the greatest value lies with Crypto currency and Blockchain.

We continue to invest and now have we believe a developing portfolio of infrastructure, projects and assets, that we feel will add significant shareholder value in due course. Shareholders should note that the Company's own development of Blockchain products are still at an early stage but we look forward to reporting further progress over the coming year.

The Company's financial performance for the year and Key Performance Indicators are analysed in the Strategic Report.

EVENTS AFTER THE BALANCE SHEET DATE

There were no events of significance occurring after the balance sheet date to report.

INVESTMENT IN ADVFN plc

Online Blockchain Plc also has an interest of approximately 18% in ADVFN Plc. The activity of ADVFN Plc is therefore of importance to the Company and some information concerning ADVFN performance is set out below and has been extracted from ADVFN's audited results for the year ended 30 June 2019 which were announced last month:

EXTRACT FROM THE ADVFN plc CHIEF EXECUTIVE'S STATEMENT

"The financial year 2018/19 was a year of development that has seen us adapt to a changing marketplace and begin to strengthen our business by pushing forward with our US facing business. Work in 2017 was responsible for addressing negative developments in equities, replacing revenue from equity-focused clients with revenues from the growing Blockchain industry. We now have a strong and comprehensive on-line Crypto information and data offering and we expect that to lead to a range of opportunities going forward providing us with additional revenue and a chance to grow the website with new opportunities.

Thanks to these developments we hope to avoid both the effects of Brexit but also the European Contracts and Markets Authority (ESMA) which has had a significant impact on some of our customers who focus on Contract for Difference (CFD) and spread betting. We have therefore accelerated our investment in the future to try to capitalise on the potential of a rebound for these clients alongside the next phase of the blockchain development which is recently showing a strong comeback.

Our US offering is now our largest audience and this year we have spent significant time and money to build on our presence there. We believe that this investment should start to bear fruit in 2019 and significantly in 2020. We are very happy with progress there and the product developments that will also begin to impact.

Whilst it is hard to predict the future in such an uncertain political business landscape, 2018/19 has been a significant year for us in positioning ADVFN to grow. Although, in this year, the overall market has shrunk, to compensate there is less competition. We would prefer to be operating in a burgeoning market, but it certainly helps to be one of the few places where a private investor or Cryptocurrency trader can get real-time high-quality information. We are one of a small number of destinations where financial services companies can get access to a high value audience for their offerings.

ADVFN and Investorshub has a large audience whose high aggregate net worth, is at the core of our business and we have been working hard to broaden our offering to take advantage of it.

At the end of this year we feel we are well positioned to prosper in an environment many look at with trepidation and we are looking forward to developments next year which we feel will deliver a strong performance."

EXTRACT FROM THE ADVFN plc STRATEGIC REPORT

"The website is the centre of ADVFN's business and it can be seen at www.advfn.com. Our customer's demands on our website means we must provide sophisticated, technically challenging material which is subject to constant 24-hour maintenance and engineering. This is both a significant cost but also a wide defensive moat and barrier to entry for our business. The cost of provision of our kind of service has proved prohibitive to many competitors over the years.

Blockchain and Cryptocurrencies have allowed us to add new information and create a whole new area to the website dedicated to the needs of the growing global cryptocurrency audience for timely and accurate data. This has enhanced the whole ADVFN/Investorshub proposition.

In the UK our audience remains interested in Brexit and the impact it may or may not have, which creates much interest in the financial markets in the UK, which is to our advantage. ADVFN's data / information sites are a very important window into the world's financial markets that private investors in any part of the globe can use to help manage their investing and trading activities. We see opportunities for growth in many countries around the world and we support markets in many of them, however, at this time we are focused on developing audiences in the US, UK and Brazil."

SUMMARY OF ADVFN'S KEY PERFORMANCE INDICATORS

	2019 Actual	2019 Target	2018 Actual	2018 Target
Turnover	£8.7M	£8.8M	£9.2M	£8.5M
Average head count	46	44	46	40
ADVFN registered users	4.7M	4.6M	4.5M	4.2M

Clement Chambers
CEO
26 November 2019

The annual report and accounts will shortly be sent to shareholders and will be available on the Company's website, www.onlineblockchain.io

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. The person who arranged for the release of this announcement on behalf of the Company was Clement Chambers, Director.

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STRATEGIC REPORT FOR ONLINE BLOCKCHAIN PLC

The Directors present their Strategic Report for the year ended 30 June 2019.

The strategy for the Group is that of an incubator and developer of businesses in internet and information-based technologies including developers, administrators and custodians of blockchains and cryptocurrencies.

We created ADVFN www.advfn.com and today we still have a holding of 17.92% in ADVFN plc.

Online Blockchain plc continues to consider new related opportunities and particularly crypto currencies and blockchain opportunities.

Principal risks and uncertainties

The management of the Company and the nature of the Company's strategy are subject to a number of risks. The directors have set out below, the principal risks facing the business. The directors have adopted a thorough risk management process which involves the formal review of all the risks identified below. Where possible, processes are in place to monitor and mitigate such risks.

Blockchain and crypto-currency

This remains an unregulated market which means that it will be unpredictable and is currently extremely volatile. In addition, the market is not liquid except in the case of the major products such as Bitcoin and whilst the situation has improved in the last 12 months, for the smaller crypto-currencies, the transfer between crypto-currency and fiat currencies remains difficult.

There is uncertainty how the current interest in crypto-currencies may develop in the market. It may be that crypto-currency will become a major industry central to the economies of the world or, the potential interest we currently see may not develop as we had hoped. Likewise, the impact of Blockchain is difficult to predict, however, in this case there are some real-world applications which are increasingly attractive; the global supply chain, in its current state, is conducted via a fragmented set of business relationships among parties with issues relating to counter-party trust. This can result in inefficiencies and errors, and increases the risk for fraud. These problems may potentially be solvable using blockchain technology.

Economic volatility

The success or failure of the world's stock markets will probably affect our business given the sector ADVFN operates in. Many things around the world can affect a stock market from war to the current trade war between China and the USA. As far as the UK is concerned Brexit remains at the forefront of most people's thoughts with the outcome far from clear at the time these accounts were signed. This could well have the effect of creating market upsets and turmoil. These are circumstances which, in the past, have been good for ADVFN as its customers want to know what is happening in the market.

However, the US Dollar and Euro exchange rates could be further affected as the Brexit debate continues and until it is settled there remains an underlying lack of confidence and the potential for volatility.

High proportion of fixed overheads

A large proportion of the Company's overheads are fixed. There is the risk that any significant changes in revenue may lead to the inability to cover such costs. We closely monitor fixed overheads against budget on a monthly basis and cost saving exercises are implemented on a constant review basis.

Investment in Encrypted Gaming

We continue to invest in this talented development group building games on the Ethereum Blockchain as announced in last year's financial statements.

More information on this project is available in note 11 and on the company website.

www.onlineblockchain.io

STRATEGIC REPORT FOR ONLINE BLOCKCHAIN PLC (continued)

Performance

The performance of the Company is closely linked to ADVFN plc. The Company supplies management services and makes advertising recharges to ADVFN which forms the turnover of the Company. As a result of this reliance the extract of the ADVFN accounts on page 4 will give necessary information and background on the factors affecting the performance of the Company. For the future we will look forward to our investments in Blockchain bearing fruit.

The following financial KPIs may prove helpful:

	2019 Actual	2019 Target	2018 Actual	2018 Target
Turnover (£'000)	50	90	56	90
Operating (loss)/profit (£'000)	(593)	12	(258)	12
Basic (loss)/earnings per share (pence)	(7.69 p)	0.16 p	(2.32 p)	0.16 p

The increase in our loss in the current financial year is the result of an increased management focus and continuing investment in the Crypto-currency and Blockchain space.

The financial indicators are designed to offer a dashboard check of the significant measures of the company's operations. The change in focus during the current year has meant a short-term downturn in these Key Performance measures. The company does not currently monitor non-financial KPI's and will do so when they can offer additional clarity to the financial performance measures.

Operating costs

Our costs remain reasonably fixed and predictable and we do not see that changing in the immediate future. They are firmly under control.

Research and development

We believe in trying to get the best from all areas that we work in. It is very important that Online Blockchain and ADVFN continue to invest in the quality and design of our products. We believe continued investment in our research and development is fundamental to the continuing growth of the business.

Environmental policy

This has always been important to the Company and as a whole we continue to look for ways to develop our environmental policy. We have a very small footprint and try to reduce any waste we create; we are a small team which makes this task easier. Most of our communications are electronic which again cuts our use of non-environmentally friendly products.

Future developments for the business

Last year's investment has given rise to expenditure in assets (computer equipment) and in management time and our results this year reflect this. However this is a short term effect and we are now well placed to make the most of what the new Blockchain and crypto-currency industries offer.

We continue to work with our investment in ADVFN and assist it with its growth as well. The prospect of ADVFN continuing to grow in the medium term provides the incentive to go on concentrating on this business in the immediate future.

Should other investment opportunities present themselves the Directors will investigate them appropriately.

Approved and signed on behalf of the Board of Directors

Clement Chambers

CEO

26 November 2019

Consolidated income statement incorporating the statement of comprehensive income

	Notes	30 June 2019 £'000	30 June 2018 £'000
Revenue		50	56
Cost of sales		(150)	(2)
Gross (loss)/profit		(100)	54
Share based payment		(13)	(15)
Other administrative expenses		(480)	(297)
Total administrative expenses		(493)	(312)
Operating loss		(593)	(258)
Finance income and expense		-	(1)
Share of post-tax (loss)/profit of equity accounted associate		(73)	71
Loss before tax		(666)	(188)
Taxation		-	-
Total loss for the period attributable to shareholders of the parent		(666)	(188)
Loss per share			
Basic	3	(7.69 p)	(2.32 p)
Diluted	3	(7.69 p)	(2.32 p)

There is no other comprehensive income for either the current or prior year.

Consolidated balance sheet

	30 June 2019 £'000	30 June 2018 £'000
Assets		
Non-current assets		
Property, plant and equipment	36	65
Other receivables	6	6
Investment in associate	1,173	1,243
Financial asset held at fair value through profit and loss	36	-
	1,251	1,314
Current assets		
Trade and other receivables	95	183
Cash and cash equivalents	154	652
	249	835
Total assets	1,500	2,149
Equity and liabilities		
Equity		
Issued capital	3,292	3,292
Share premium	3,155	3,155
Share based payment reserve	64	51
Retained earnings	(5,072)	(4,409)
	1,439	2,089
Current liabilities		
Trade and other payables	61	60
Total liabilities	61	60
Total equity and liabilities	1,500	2,149

Consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
At 1 July 2017	3,242	2,205	36	(4,219)	1,264
Share based payment	-	-	15	-	15
Issue of shares	50	950	-	-	1,000
Transactions with shareholders	50	950	15	-	1,015
Net asset movements of associate	-	-	-	(2)	(2)
Total comprehensive income for the year	-	-	-	(188)	(188)
At 30 June 2018	3,292	3,155	51	(4,409)	2,089
Share based payment	-	-	13	-	13
Transactions with shareholders	-	-	13	-	13
Net asset movements of associate	-	-	-	3	3
Total comprehensive income for the year	-	-	-	(666)	(666)
At 30 June 2019	3,292	3,155	64	(5,072)	1,439

Consolidated cash flow statement

	12 months to 30 June 2019 £'000	12 months to 30 June 2018 £'000
Cash flows from operating activities		
Loss for the year	(666)	(188)
Loss/(profit) from equity accounted associate	73	(71)
Net finance income in the income statement	-	1
Depreciation of property, plant & equipment	24	5
Share based payments - options	13	15
Decrease/(increase) in trade and other receivables	88	(64)
Increase in trade and other payables	1	23
Net cash used by continuing operations	(467)	(279)
Income tax receivable	-	-
Net cash used by operating activities	(467)	(279)
Cash flows from financing activities		
Issue of share capital	-	1,000
Interest paid	-	(1)
Net cash generated by financing activities	-	999
Cash flows from investing activities		
Financial asset held at fair value through profit and loss	(36)	-
Payments for property plant and equipment	5*	(70)
Net cash used by investing activities	(31)	(70)
Net (decrease)/increase in cash and cash equivalents	(498)	650
Cash and cash equivalents at the start of the period	652	2
Cash and cash equivalents at the end of the period	154	652

*reversal of entry of 9 from previous period, payment for property, plant and equipment (4)

1. Basis of preparation

The consolidated and company financial statements are for the year ended 30 June 2019. They have been prepared in compliance with International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRIC) interpretations as adopted by the European Union as at 30 June 2019. The consolidated and company financial statements have been prepared under the historical cost convention and are presented in Sterling rounded to the nearest thousand except where indicated otherwise.

Going concern

The financial statements have been prepared on the going concern basis which assumes the Group will continue in existence for the foreseeable future. The Directors have prepared a detailed forecast of future trading and as the new Faucet products launched since the year end gather momentum and the current products continue to build as planned, the Directors believe that trading will gradually improve over the next 12 months. This improvement in trading and the resulting increased income over the next 12 to 18 months will mean that the current bank balance will stabilize and then increase. In addition, to maintain liquidity, the Group has access to an overdraft facility amounting to £50,000 and if necessary the option is available to raise additional funds on the market or, ultimately, to sell shares in ADVFN Plc. Accordingly, the Directors have prepared these financial statements on the going concern basis.

Standards and amendments to existing standards adopted in these accounts

IFRS 15: Revenue from contracts with customers - the standard establishes the principles that an entity will report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Group adopted the standard on 1 July 2018 and have applied the 5 step approach in these financial statements. The Company and Group invoiced recharges for management services amounting to £50,000 (2018: £50,000) on a monthly basis to the associate and which is a service delivered over a period. However, there are no external sales and no revenue from external customers. The revenue from crypto mining activity does not involve a customer and therefore does not fall within the scope of the standard. The revenue is recognised as the payment for mining is made. The new standard will not impact the group.

IFRS 9: Financial instruments - The standard was adopted on 1 July 2019 and is a replacement for IAS 39 'Financial Instruments'. The Company and Group's financial assets consist of receivables and the liabilities consist of payables. There are no material borrowings. Under the provisions of the standard the treatment of

any doubtful receivables will change to reflect an expected credit loss rather than an incurred credit loss. The Group currently has no trade receivables. Classification of financial assets and liabilities will change under the new standard however, the result will not impact the income statement. Changes to rules covering hedge accounting will not apply as the Group does not use hedge accounting.

The standards and amendments adopted in these accounts had no material effect on the financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company in the 30 June 2019 financial statements

IFRS 16: Leases - this standard establishes the principles for the recognition, measurement, presentation and disclosure of leases with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. Effective for the period beginning on 1 July 2019. The Company and Group has rented premises subject to a lease agreement which ends on 14 April 2021. If the lease were reported at the current year end the right of use asset would amount to £30,000. Should the current lease not be renewed, the Group will take advantage of the short-term lease exemption when the lease is reported at the year end 30 June 2020. Based on the current situation the standard will not impact the Group.

The Directors continue to monitor the impact of future changes to the reporting requirements but do not believe the proposed changes will significantly impact the financial statements.

2. Segmental analysis

The Directors identify operating segments based upon the information which is regularly reviewed by the chief operating decision maker. The Group considers that the chief operating decision makers are the executive members of the Board of Directors.

The Group has two reportable operating segments, being that of the mining of crypto-currency and the provision of management services. The two newly incorporated subsidiary companies are currently operating at a very low level and their revenues, expenses, assets and liabilities are considered to be immaterial. Segment information can be analysed as follows for the reporting period under review:

2019	Provision of management services £'000	Mining crypto currency £'000	Total £'000
Revenue from related party	44	-	44
Revenue from mining	-	6	6
Depreciation and amortisation	-	(24)	(24)
Other operating expenses	(423)	(196)	(619)
Segment operating loss	(379)	(214)	(593)
Interest income	-	-	-
Interest expense	-	-	-
Segment assets	1,453	47	1,500
Segment liabilities	(50)	(11)	(61)
Purchases of non-current assets	-	4	4
2018	Provision of management services £'000	Mining crypto currency £'000	Total £'000
Revenue from related party	52	-	52
Revenue from mining	-	4	4
Depreciation and amortisation	-	(5)	(5)
Other operating expenses	(307)	(2)	(309)
Segment operating loss	(255)	(3)	(258)
Interest income	-	-	-
Interest expense	1	-	1
Segment assets	2,073	76	2,149
Segment liabilities	(60)	-	(60)
Purchases of non-current assets	-	70	70

During both 2019 and 2018 a related party accounted for more than 10% of the Group's total revenues.

3. Loss per share

	12 months to 30 June 2019 £'000	12 months to 30 June 2018 £'000
Loss for the year attributable to equity shareholders	(666)	(188)
Total loss per share - basic and diluted		
Basic	(7.69 p)	(2.32 p)
Diluted	(7.69 p)	(2.32 p)
	Shares	Shares
Weighted average number of Ordinary shares in issue for the year	8,662,348	8,130,841
Dilutive effect of options	-	227,049
Weighted average shares for diluted earnings per share	8,662,348	8,357,890

Where a loss has been recorded for the year the diluted loss per share does not differ from the basic loss per share as the exercise of share options would have the effect of reducing the loss per share and is therefore not dilutive under the terms of IAS 33. Where a profit has been recorded but the average share price for the year remains under the exercise price the existence of options is likewise not dilutive.

4. Events after the balance sheet date

There were no significant events to report after the balance sheet date.

5. Publication of Non-Statutory Accounts

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in section 435 of the Companies Act 2006.

The balance sheet at 30 June 2019 and the income statement, statement of changes in equity, the statement of cashflows and associated notes for the year then ended have been extracted from the Company's 2019 statutory financial statements upon which the auditors' opinion is unqualified and does not include any statement under Section 498(2) or (3) of the Companies Act 2006.

ENDS

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