



**ONLINE BLOCKCHAIN PLC**  
Interim Report  
1 July to 31 December 2019

Registered Number: 3203042 (England and Wales)

## **Online Blockchain PLC ("Online" or the "Group")**

### **Unaudited Interim Results for the Six Months Ended 31 December 2019**

Online today announces unaudited interim results for the six months ended 31 December 2019 (the "Period").

#### **CEO's Statement**

Since the last report we have made good progress. Of particular note is the continuing development of Freefaucet, which has gone beyond the initial phase of pure development faster than our expectations. Freefaucet lets people claim small amounts of cryptocurrency free or buy cryptocurrency on subscription. Freefaucet is a "freemium" advertising supported model which is now generating small, but useful, amounts of revenue while still being very early stage.

While the Bitcoin price has been volatile during the emerging Coronavirus emergency, this has generally boosted cryptocurrency activity. Our main cryptocurrency blockchains are now established and, while they remain very small, they are building their brands.

Our other products are also developing within the boundaries of our expectations and the Board believes that 2020 is shaping up to be a positive period for OBC. In May, Bitcoin (BTC) is expected to see its next "halvening", the process by which there is a reduction of the reward for successfully mining a block. At present, the reward for mining a block is 12.5 BTC; in May, the reward for successfully adding a block to the blockchain will drop to 6.25 BTC per block. The Directors believe that the Bitcoin "halvening" offers the possibility of increased cryptocurrency activity from which OBC is in a good position to benefit.

Our reaction to the onset of Covid-19 has been to examine the potential impact of the virus on our operations and our market. We need to ensure that the welfare of our staff and the continued provision of our service is our priority. We are already a company of home-based staff and we have looked at reasonable worst-case scenarios and discussed potential mitigating strategies to ensure the continuity of our service. 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.

**Our investment in ADVFN Plc remains our largest asset and we show below an extract from the ADVFN Plc interim financial statements:**

#### ***ADVFN PLC - Chief Executive's Statement***

As previously reported, sales during the first half were generally flat, although in the lead up to Brexit, advertising sales volumes were below management's expectations while traffic levels and subscription levels remained unaffected. The impact of this lower than expected advertising demand in the first half can be seen in the reported loss, which is further increased by higher overheads which represented an effort to grow sales during the Autumn of 2019.

The uncertainty created by this change to our revenue from advertising led us to significantly adjust our cost base at the end of the year and in January. As it turns out, with the uncertain and adverse impact of the Covid-19 on markets and general business activity, this pre-emptive action has proved to be fortunate.

Our reaction to the onset of Covid-19 has been to examine the potential impact of the virus on our operations and our market. We need to ensure that the welfare of our staff and the continued provision of our service is our priority. We are currently a company of home-based

## Online Blockchain PLC

staff and we have looked at reasonable worst-case scenarios and discussed potential mitigating strategies to ensure the continuity of our service.

The Board believes it has reduced its cost base sufficiently to ride out the current business environment and we are beginning to see the return of advertising revenues. We are also experiencing a growth in subscriptions levels which, if sustained, will over time make up for suppressed advertising levels.

At the moment, our business seems to be performing well and with February a profitable month we are feeling confident that we are able to weather the storm.

One of the results of the disruption to advertising revenues is that the Group's cash levels decreased to £557,000 at the period end, whereas we would have hoped to see them improve. The Directors believe this has now stabilised and we look to benefit from the reductions made to the cost base, reflected in an improvement in performance in the second half, to restore our usual cash levels in the near future.

While it is clear there are many challenges ahead, your Board is committed to seeing the business through these, suddenly, extremely unpredictable times.

### ***ADVFN Plc - Financial performance for the six months ended 31 December 2019***

Key financial performance for the period has been summarised as follows:

	Six Months ended 31 December 2019	Six Months ended 31 December 2018
	£'000	£'000
Revenue	3,748	4,265
(Loss)/profit for the period	(399)	(214)
Operating (loss)/profit	(397)	(210)
(Loss)/profit per share	(1.56 p)	(0.84 p)

**Clement Chambers**

CEO

24 March 2020

## Online Blockchain PLC

### Consolidated statement of comprehensive income for the six months ended 31 December 2019

		Six months ended 31 December 2019 Unaudited £'000	Six months ended 31 December 2018 Unaudited £'000	Year ended 30 June 2019 Audited £'000
	Note			
Revenue		44	26	50
Cost of sales		-	(7)	(150)
		44	19	(100)
Share based payment		-	(14)	(13)
Other administrative expenses		(116)	(243)	(480)
Total administrative expenses		(116)	(257)	(493)
Operating loss		(72)	(238)	(593)
Finance income and expense		(1)	-	-
Share of post-tax loss of equity accounted associate		(71)	(38)	(73)
Loss before taxation		(144)	(276)	(666)
Taxation		-	-	-
<b>Loss and total comprehensive income for the period attributable to shareholders of the parent</b>		<b>(144)</b>	<b>(276)</b>	<b>(666)</b>
Loss per share				
Basic loss per ordinary share	3	(1.66 p)	(3.19 p)	(7.69 p)
Diluted loss per ordinary share	3	(1.66 p)	(3.19 p)	(7.69 p)

## Online Blockchain PLC

### Consolidated balance sheet at 31 December 2019

		31 December 2019 Unaudited £'000	31 December 2018 Unaudited £'000	30 June 2019 Audited £'000
<b>Assets</b>	Note			
<b>Non-current assets</b>				
Property, plant and equipment		46	56	36
Intangibles		3	-	-
Other receivables		6	6	6
Investment in associate	4	1,104	1,210	1,173
Other equity investments		36	4	36
		<hr/>	<hr/>	<hr/>
		1,195	1,276	1,251
<b>Current assets</b>				
Trade and other receivables		117	214	95
Cash and cash equivalents		35	389	154
		<hr/>	<hr/>	<hr/>
		152	603	249
		<hr/>	<hr/>	<hr/>
<b>Total assets</b>		<b>1,347</b>	<b>1,879</b>	<b>1,500</b>
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Issued capital		3,292	3,292	3,292
Share premium		3,155	3,155	3,155
Share based payment reserve		64	66	64
Retained earnings		(5,210)	(4,680)	(5,072)
		<hr/>	<hr/>	<hr/>
		1,301	1,833	1,439
<b>Current liabilities</b>				
Trade and other payables		46	46	61
		<hr/>	<hr/>	<hr/>
		46	46	61
		<hr/>	<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>1,347</b>	<b>1,879</b>	<b>1,500</b>
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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Statement of changes in equity  
at 31 December 2019

	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
<b>At 1 July 2018</b>	3,292	3,155	51	(4,409)	2,089
Equity settled share options	-	-	15	-	15
<b>Transactions with owners</b>	-	-	15	-	15
Net asset movements of associate	-	-	-	5	5
<b>Total comprehensive loss for the period</b>	-	-	-	(276)	(276)
<b>At 31 December 2018</b>	3,292	3,155	66	(4,680)	1,833
Equity settled share options	-	-	(2)	-	(2)
<b>Transactions with owners</b>	-	-	(2)	-	(2)
Net asset movements of associate	-	-	-	(2)	(2)
<b>Total comprehensive loss for the period</b>	-	-	-	(390)	(390)
<b>At 30 June 2019</b>	3,292	3,155	64	(5,072)	1,439
Net asset movements of associate	-	-	-	6	6
<b>Total comprehensive loss for the period</b>	-	-	-	(144)	(144)
<b>At 31 December 2019</b>	3,292	3,155	64	(5,210)	1,301

## Online Blockchain PLC

### Consolidated cash flow statement for the six months ended 31 December 2019

	Six months ended 31 December 2019 Unaudited £'000	Six months ended 31 December 2018 Unaudited £'000	Year ended 30 June 2019 Audited £'000
<b>Cash flows from operating activities</b>			
Loss for the period	(144)	(276)	(666)
Add back loss from equity accounted associate	75	38	73
Net finance income in the income statement	-	-	-
Depreciation of property, plant & equipment	11	12	24
Share based payments	-	15	13
(Increase)/decrease in trade and other receivables	(22)	(31)	88
(Decrease)/increase in trade and other payables	(15)	(14)	1
Net cash used by operating activities	(95)	(256)	(467)
Income tax receivable	-	-	-
Net cash used by operating activities	(95)	(256)	(467)
<b>Cash flows from financing activities</b>			
Issue of share capital	-	-	-
Interest paid	-	-	-
Net cash generated/(used) by financing activities	-	-	-
<b>Cash flows from investing activities</b>			
Investment in equity shares	-	(4)	-
Payments for property plant and equipment	(21)	(3)	5
Payments for intangible assets	(3)	-	-
Financial asset held at fair value through profit and loss	-	-	(36)
Net cash used by investing activities	(24)	(7)	(31)
<b>Decrease in cash and cash equivalents</b>	(119)	(263)	(498)
<b>Cash and cash equivalents at the start of the period</b>	154	652	652
<b>Cash and cash equivalents at the end of the period</b>	35	389	154

### Cash and cash equivalents

	Six months ended 31 December 2019 Unaudited £'000	Six months ended 31 December 2018 Unaudited £'000	Year ended 30 June 2018 Audited £'000
Cash at bank	35	389	154
Borrowings (bank overdraft)	-	-	-
	35	389	154

### Notes to the interim statements

#### 1. Legal status and activities

Online Blockchain Plc is principally acting as an incubator and developer of businesses in internet and information-based technologies including developers, administrators and custodians of blockchains and cryptocurrencies.

Online Blockchain Plc is a public limited liability company incorporated and domiciled in England and Wales. The address of its registered office is Suite 27, Essex Technology Centre, The Gables, Fyfield Road, Ongar, Essex, CM5 0GA.

Online Blockchain Plc is quoted on the Alternative Investment Market ("AIM") of the London Stock Exchange.

#### 2. Basis of preparation

The unaudited consolidated financial information is for the six month period ended 31 December 2019. The financial information does not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2019, which were prepared under IFRS as adopted by the European Union (EU).

The accounting policies adopted in this report are consistent with those of the annual financial statements for the year to 30 June 2019 except as described below.

The financial statements are presented in Sterling (£) rounded to the nearest thousand except where specified.

The interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the financial statements of the Group for the year ended 30 June 2019.

The interim financial information has 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 our products continue to build as planned, the Directors believe that trading will gradually improve. This improvement in trading and the resulting increased income over the next 12 months will mean that the current bank balance will stabilize and then increase.

Our reaction to the onset of Covid-19 has been to examine the potential impact of the virus on our operations and our market. We need to ensure that the welfare of our staff and the continued provision of our service is our priority. We are already a company of home-based staff and we have looked at reasonable worst-case scenarios and discussed potential mitigating strategies to ensure the continuity of our service. 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.

The interim financial information has not been audited nor has it been reviewed under ISRE 2410 of the Auditing Practices Board. The financial information presented does not constitute statutory accounts as defined by section 434 of the Companies Act 2006. The Group's statutory accounts for the year to 30 June 2019 have been filed with the Registrar of Companies. The auditors, Grant Thornton UK LLP reported on these accounts and their report was unqualified and did not contain a statement under section 498(2) or Section 498(3) of the Companies Act 2006.

New standards adopted in the period:

##### *IFRS 16 Leases*

The standard has replaced IAS 17 and introduces a single lessee accounting model. Under the provisions of the new standard most leases, including the majority of those previously classified as operating leases, are brought onto the financial position statement as a right-of-use asset and as an offsetting lease liability. Both asset and liability are based on present values of the lease payments due over the term of the lease with the asset being depreciated in accordance with IAS 16 'Property, plant and equipment' and the liability increased by the addition of interest and reduced as lease payments are made.

Notes to the interim statements

3. Loss per ordinary share

	Six months to 31 Dec 2019 £'000	Six months to 31 Dec 2018 £'000	Year to 30 June 2019 £'000
Loss for the period	(144)	(276)	(666)
	Shares	Shares	Shares
Weighted average number of Ordinary shares	8,662,348	8,662,348	8,662,348
Dilutive effect of options	-	-	-
Weighted average Ordinary shares for diluted earnings per share	<u>8,662,348</u>	<u>8,662,348</u>	<u>8,662,348</u>
<b>Loss per share</b>			
Basic earnings per share	(1.66 p)	(3.19 p)	(7.69 p)
Diluted earnings per share	<u>(1.66 p)</u>	<u>(3.19 p)</u>	<u>(7.69 p)</u>

Where a loss occurs 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.

In addition, where a profit has been recorded but the average share price for the period remains under the exercise price the existence of options is not dilutive.

4. Investments in associate undertakings

	Six months ended 31 December 2019 £'000	Six months ended 31 December 2018 £'000	Year ended 30 June 2019 £'000
At historical cost	868	868	868
At market value	874	1,175	1,267
Percentage ownership	<u>17.92%</u>	<u>17.98%</u>	<u>17.92%</u>
Total net assets of ADVFN Plc	1,319	1,902	1,702
Percentage ownership interest held by the group	17.92%	17.98%	17.92%
Share of net assets of ADVFN Plc	236	342	305
Cost of investment in ADVFN Plc	<u>868</u>	<u>868</u>	<u>868</u>
	<u>1,104</u>	<u>1,210</u>	<u>1,173</u>

**Notes to the interim statements**

**Investments in associate undertakings** (continued)

Online Blockchain Plc owns 17.92% (2018: 17.98%) of ADVFN plc (ADVFN) which is incorporated in England and Wales and whose principal activity is the development and provision of financial information, primarily via the internet, research services and the development and exploitation of ancillary internet sites.

The investment in ADVFN plc is treated for the purposes of financial reporting as an associate due to the common directorships held between ADVFN plc and Online Blockchain plc and the resulting level of significant influence over the associate.

**5. Events after the balance sheet date**

Our assessment of the impact of the COVID-19 virus is set out in Note 2. There are no other events of significance occurring after the balance sheet date to report.

**6. Dividends**

The directors do not recommend the payment of a dividend.

**7. Financial statements**

Copies of these accounts are available from the Online Blockchain Plc's registered office at Suite 27, Essex Technology Centre, The Gables, Fyfield Road, Ongar, Essex, CM5 0GA or from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

[www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)

and from the Online Blockchain plc website:

[www.onlineblockchain.io](http://www.onlineblockchain.io)