

On-line

On-line PLC
Annual Report 2013
FOR THE YEAR ENDED
30 JUNE 2013

Registered Number: 3203042 (England and Wales)

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ADVFN PLC, 26 Throgmorton Street, London, EC2N 2AN

On-line plc
Financial Statements
for the year ended 30 June 2013

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On-line plc

Directors, Officers and Advisers

Directors

Michael Hodges (Chairman and Managing Director)
Clement Chambers
Jonathan Mullins

Secretary

Michael Hodges

Registered Office

Suite 27, Essex Technology Centre, The Gables, Fyfield Road, Ongar, Essex, CM5 0GA

Independent Auditor

Grant Thornton UK LLP, The Explorer Building, Fleming Way, Manor Royal, Crawley, West Sussex, RH10 9GT

Nominated Adviser

Grant Thornton UK LLP, Grant Thornton House, Melton Street, Euston Square, London, NW1 2EP

Broker

Throgmorton Street Capital, 26 Throgmorton Street, London, EC2N 2AN

Solicitors

Field Fisher Waterhouse, 35 Vine Street, London, EC3N 2AA

Registrars

Capita Registrars plc, Northern House, Woodsome Park, Fenay Bridge, Huddersfield, West Yorkshire, HD8 0LA

Company number: 3203042

On-line plc

Chairman's Statement

On-Line has continued to work with ADVFN as it makes progress in the financial data market. Our turnover for the year was £91,000 (2012: £160,000) giving us a loss before tax of £11,000 (2012: profit of £23,000).

Summary of key performance indicators of the Company

The Company's financial performance for the year has been analysed as follows:

	Year to 30 June 2013	Year to 30 June 2012
	£'000	£'000
Turnover	91	160
Operating (loss)/profit	(10)	23
Earnings per share	(0.14)p	0.30p

ADVFN plc

On-line is the largest shareholder in ADVFN, we work closely together to make ADVFN a success, which in time will be of great benefit to us. ADVFN has made progress and has remained strong during this financial crisis. Its performance for the year is detailed below.

Extract from ADVFN's 2013 accounts:

"HIGHLIGHTS

- **EBITDA profit for continuing operations of £108,000 (2012: loss of £362,000)**
- **Loss for the period of £539,000 (2012: loss of £1,676,000)**
- **ADVFN's registered user base continues to grow and is now over 2,800,000 (2012: 2,600,000)**

CHIEF EXECUTIVE'S STATEMENT

This financial year has been a significant success with the company turning in an EBITDA profit of £108,000 against an EBITDA loss of £362,000 in 2012.

The operating loss was improved by £568,000 from a loss of £1,439,000 in 2012 to £871,000 this year.

This has reflected in little change in our cash, which rose to £1,461,000 at the year end from £1,440,000 with sales broadly in line with last year at £8,077,000 down from £8,485,000 adjusted for discontinued businesses.

The global backdrop to our efforts has not been favourable but we have been able to adjust well because the international spread of our business gives us a robust platform even in these economically fragile times.

For example our US business has made up for weakness in other territories. The US economy is on the mend while our countries such as Brazil which have been historically strong are now suffering their own retrenchment.

Over the last year we have continued to shift our focus into international markets building out using our US model as a template.

We are making particular progress in Mexico, Japan and the Philippines. Meanwhile our US properties continue to deliver and show much promise.

Historically ADVFN's business has developed in bursts that end in plateaus. Over the last ten years or so this cycle has repeated every few years while the business has grown at a tremendous rate. The last couple of years have been such a plateau but we think we have a good chance to enter the next growth phase. To accelerate this we have set out to acquire established websites with investor communities, the first being Finance Manila. These new communities will then become the platforms on which to build larger sites, reproducing the template of our success in the US.

On-line plc

Extract from ADVFN's 2013 accounts (continued):

It would be nice to have equity markets back in fashion but we are confident that we can grow in markets even if they remain at historically low levels of investor activity.

While on the surface there is not much to report, the significant changes in our financial performance attests to major adaptations to a changing marketplace.

Our cost base is lighter and has shifted to focus more on new markets. Our initial forays into mobile, Events, newsletters and e-books have met with initial success and we have moved to begin actively acquiring new investor communities.

As such we feel 2013-2014 should be another solid year and a step towards our long term goal of building a much larger business.

Financial overview

These accounts have been prepared under International Financial Reporting Standards (IFRS) as adopted by the European Union.

This year's results show a significant improvement with EBITDA showing a £108,000 profit and improvement of £470,000 from last year's loss.

The result after tax, which includes £1,310,000 of non-cash items, was a loss of £539,000, an improvement of £1,137,000 against a loss in 2012 of £1,676,000.

During the year we have taken a robust position on costs which has given us the liquidity to continue to invest in R&D, international markets and acquisition.

Strategy

Strategies are by definition "long term". Since day one back in 1999, we have seen ADVFN as an international offering and this continues to be our driving vision.

We are, as I write, according to Amazon's Alexa, ranked 510th largest website in the UK, 741 in the US, 828 in Brazil, 970 in Canada, 563 in Norway and so on. I would encourage shareholders to use Alexa to compare us to other well-known and valuable properties to gauge how well we are doing. We think you will be impressed with the company we keep.

A global audience gives us a robustness that means when conditions are weak in one country; another in a rally will compensate for it. This has helped insulate us from some very harsh economic times.

We have done well in the US and we hope to use this experience as a template to drive new territories and are using this experience to acquire and embed websites like Finance Manila into ADVFN.

Communities are the heart of the internet and we see an opportunity to embrace share trading communities around the world through acquisition and joint venture. With our premium content and advertising skills, over a period of time we can boost the monetisation of these properties.

Communities can be resistant to change so to protect the value of the community this process takes time, however, we have succeeded with Investors Hub in making this transformation.

If we can reproduce our success with Investors Hub in the US in other territories, which must be stressed was not overnight, then we will have a clear path to grow our business to the next level of scale.

Meanwhile mobile is making an increasing impact on online usage and we have been navigating this change with our popular mobile offering. This is still a fledgling market but we are well positioned in it with our iPhone and android versions of ADVFN. It is positive news that Google is making progress with its sales of mobile advertising as we are fast developing significant advertising inventory on the mobile format, one which is at an early stage of monetisation.

These apps alongside the website also address the growing tablet market, so we are already well positioned for developments in this important trend.

Our mobile platforms are also important as part of our international strategy as many markets have heavy mobile penetration where internet access via handsets has pre-empted desktop penetration".

On-line plc

On-line Plc

Strategy

We will continue to work with ADVFN to help them develop and build the business while at the same time looking for new investment opportunities that the company might benefit from.

Operating costs

Our costs remain reasonably fixed and predictable and we do not see that changing in the immediate future.

Research and development

We believe in trying to get the best from all areas that we work in. It is very important that On-line 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. It is our objective to improve our performance in this area.

Future developments for the business

We feel it is right for us to work with our investment and assist in their growth. This has seen them increase their business and allow new areas to be explored.

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 are of the opinion that a thorough risk management process is adopted which involves the formal review of all the risks identified below. Where possible, processes are in place to monitor and mitigate such risks.

Economic downturn

The success of the world's stock markets might affect the business given the sector our investment operates in. Many things around the world can affect a stock market from war to human error. This can also have a knock on effect to consumer spending power as has been seen with the current credit crunch around the world, although in the past when we have seen a market downturn this has not impacted on usage of ADVFN, with customers generally wanting to know what is happening in the markets, be it good or bad. In response to this potential risk, senior management aim to keep abreast of economic conditions around the world; not only should senior management be aware of it, likewise so should our customers and members. In cases of severe economic downturn, marketing and pricing strategies are modified to reflect the new market conditions.

High proportion of fixed overheads and variable revenues

A large proportion of the company's overheads are reasonably fixed. There is the risk that any significant changes in revenue may lead to the inability to cover such costs. Management closely monitor fixed overheads against budget on a monthly basis and cost saving exercises would be implemented should there be an anticipated decline in revenues.

Michael Hodges

Chairman

13 November 2013

On-line plc

Report of the Directors

The Directors submit their report and financial statements for the year ended 30 June 2013.

Principal activities and business review

The principal activity of the company is to hold investment in a company that develops and exploits internet content. A review of the business as required by the Companies Act 2006 has been provided within the Chairman's Statement.

Results

The loss for the financial year amounted to £11,000 (2012: profit of £23,000). The directors are unable to propose the payment of a dividend.

Directors

The directors holding office throughout the year were:

Michael Hodges, aged 50, Chairman and Managing Director

Michael Hodges has over 23 years experience in computer software development and publishing, while working with multi-user and Internet projects for the last fifteen years. He founded On-line plc (On-line), ADVFN plc (ADVFN) and ALL IPO plc (ALL IPO). He is currently Chairman of On-line plc, ADVFN and a director of ALL IPO.

Clement Chambers, aged 49, Director

Co-founder of On-line plc, Clement Chambers has been involved in the consumer software industry for over 24 years, primarily as a publisher of computer games and entertainment software. He is also managing director of ADVFN and a director of ALL IPO.

Jonathan Mullins, aged 43, Director

Jonathan Mullins has a degree in computer science from the University of East Anglia. He has been developing on line services, products and infrastructure for over ten years. He is also technical director of ADVFN where he has been responsible for the construction of the ADVFN website.

Substantial shareholdings

At 8 November 2013 the following had notified the company of a disclosable interest of 3% or more of the nominal value of the company's shares:

	Shareholding Ordinary	%	Shareholding Deferred	%
M J Hodges	1,365,642	17.8	1,132,014	17.8
C H Chambers	1,529,364	20.0	1,504,364	23.7
Barnard Nominees	-	-	252,000	4.0
P O'Reilly	1,185,000	15.5	-	-

Creditors' payment policy and practice

The company's policy is to settle the terms of payment with suppliers when agreeing the terms of the transaction, ensuring suppliers are made aware of the terms of payment and to abide by such terms of payment. The number of creditor days as at 30 June 2013 was 13 (2012: 8).

On-line plc

Report of the Directors

Financial risk management

Information relating to the company's financial risk management is detailed in note 9 to the financial statements.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each of the directors is aware there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

In accordance with section 489(4) of the Companies Act 2006, a resolution proposing the reappointment of Grant Thornton UK LLP will be put to the members at the forthcoming Annual General Meeting.

On behalf of the Board

Michael Hodges

Director

13 November 2013

On-line plc

Remuneration Report

Directors' emoluments

None of the directors received any emoluments during either the current or previous year.

Directors' share options

The interests of the directors in the options of the company at 30 June 2013 and 30 June 2012 were:

	At 30 June 2013 Number	At 30 June 2012 Number	Exercise price	Exercisable in the 7 years up to
M J Hodges	100,000	100,000	20p	9 May 2014
	150,000	150,000	20p	1 September 2022
C H Chambers	100,000	100,000	20p	9 May 2014
	150,000	150,000	20p	1 September 2022
J B Mullins	100,000	100,000	20p	9 May 2014
	150,000	150,000	20p	1 September 2022
	<u>750,000</u>	<u>750,000</u>		

The market price of the 5.0p ordinary shares at 30 June 2013 was 19p and the range during the year was from 25p to 19p.

Remuneration policy for executive directors

Whilst no remuneration is currently paid to directors, the company's policy on executive director remuneration is to:

- attract and retain high quality executives by paying competitive remuneration packages relevant to each director's role and experience and the external market; and
- incentivise directors to maximise shareholder value through share options.

Service contracts

The executive directors have contracts with a thirty six month notice period.

Directors' interests

The interests of the directors holding office at the year end in the ordinary and deferred shares of the company at 30 June 2013 and 30 June 2012 are as shown below:

	2013 Ordinary 5p Number	2013 Deferred 45p Number	2012 Ordinary 5p Number	2012 Deferred 45p Number
M J Hodges	1,365,642	1,132,014	1,365,642	1,132,014
C H Chambers	1,529,364	1,504,364	1,529,364	1,504,364
J B Mullins	164,486	164,486	164,486	164,486

On-line plc

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF ON-LINE PLC

We have audited the financial statements of On-line plc for the year ended 30 June 2013 which comprise the profit and loss account, the balance sheet, the cash flow statement, the accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the company financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

On-line plc

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Christian Heeger

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Gatwick

13 November 2013

On-line plc
Profit and Loss Account
for the year ended 30 June 2013

	Notes	2013 £'000	2012 £'000
Turnover	1	91	160
Administrative expenses		(101)	(137)
Operating (loss)/profit	2	(10)	23
Interest payable		(1)	-
(Loss)/profit on ordinary activities before taxation		(11)	23
Tax on (loss)/profit on ordinary activities	4	-	-
(Loss)/ profit on ordinary activities after taxation	11,13	(11)	23
Basic (loss)/earnings per ordinary share	5	(0.14)p	0.30p
Diluted (loss)/earnings per ordinary share	5	(0.14)p	0.29p

All operations are continuing.

There were no recognised gains or losses other than the loss or profit for the year.

The accompanying accounting policies and notes form an integral part of these financial statements.

On-line plc
Balance Sheet
at 30 June 2013

	Notes	2013 £'000	2012 £'000
Fixed assets			
Investments	6	868	868
Current assets			
Debtors	7	121	149
Cash at bank and in hand		-	-
		<hr/>	<hr/>
		121	149
Creditors: amounts falling due within one year	8	(64)	(87)
		<hr/>	<hr/>
Net current assets		57	62
		<hr/>	<hr/>
Total assets less current liabilities		925	930
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Called up share capital	10	3,242	3,242
Share premium account	11	2,205	2,205
Option valuation reserve	11	37	31
Profit and loss account	11	(4,559)	(4,548)
		<hr/>	<hr/>
Shareholders' funds	13	925	930
		<hr/> <hr/>	<hr/> <hr/>

The financial statements were approved by the Board of Directors on 13 November 2013

Michael Hodges
 Director

Jonathan Mullins
 Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Company Number: 3203042

On-line plc
Cash Flow Statement
for the year ended 30 June 2013

	Notes	2013 £'000	2012 £'000
Net cash inflow/(outflow) from operating activities	14	15	(51)
		<u> </u>	<u> </u>
Increase/(decrease) in cash (Bank overdraft)/cash balance at the beginning of the period	15, 16	15	(51)
		<u> </u>	<u> </u>
		(50)	1
		<u> </u>	<u> </u>
Bank overdraft at the end of the period	15, 16	<u> </u> <u> </u>	<u> </u> <u> </u>

	2013 £'000	2012 £'000
Cash at bank and in hand	-	-
Bank overdraft	<u> </u> (35)	<u> </u> (50)
Bank overdraft at the end of the period	<u> </u> <u> </u>	<u> </u> <u> </u>

On-line plc

Accounting Policies

for the year ended 30 June 2013

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention. The principal accounting policies are set out below and are unchanged from the previous year.

The financial statements have been prepared on the going concern basis which assumes the company will continue in existence for the foreseeable future. The company has an agreed borrowing facility of £50,000 of which £35,000 was utilised during the year. The company could liquidate some of its investment if required, albeit it does not anticipate this being necessary. The Company has amounts due to it of £106,000 from ADVFN plc, which are anticipated to be repaid shortly. This will return the Company's bank balance to a positive position. No material uncertainties that cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors. Accordingly, the directors believe it is appropriate for the financial statements to be prepared on the going concern basis.

Turnover

Turnover is the total amount receivable in the ordinary course of business for recharged services invoiced to our investment, ADVFN plc and services purchased on their behalf, excluding VAT. Turnover is recognised when contractual obligations are met and a right to consideration is earned.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. Deferred tax balances are not discounted.

Investments

Fixed asset investments are included at cost less amounts written off

Impairment or provisions against fixed asset investments are shown in the profit and loss account.

Financial instruments

Financial assets are recognised in the balance sheet at the lower of cost and net realisable value. Provision is made for diminution in value where appropriate. Income and expenditure arising on financial instruments is recognised on the accruals basis and credited or charged to the profit and loss account in the financial period to which it relates.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

On-line plc

Accounting Policies for the year ended 30 June 2013

Share-based payments

The company has recognised a charge to the profit and loss account for all applicable share based payments, including share options. The company has equity-settled share based payments but no cash-settled share based payments. All share based payments awards granted after 7 November 2002 which had not vested prior to 1 July 2006 are recognised in the financial statements at their fair value at the date of grant.

As vesting periods and non-market based vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of share options expected to vest. Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. All equity-settled share based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to the option valuation reserve.

Where modifications are made to the vesting or lapse dates of options, charges relating to the original option conditions are accelerated and recognised immediately; any additional fair value created by the modification is expensed over the remaining vesting period.

On-line plc

Notes to the Financial Statements for the year ended 30 June 2013

1. Turnover and (loss)/profit on ordinary activities before taxation

The turnover and (loss)/profit before tax on ordinary activities are attributable to recharged costs. All turnover originated in the UK. As a result the directors regard this as a single segment for reporting purposes.

2. Operating (loss)/profit

Operating (loss)/profit is arrived at after charging the following items:

	2013 £'000	2012 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	9	9
Fees payable to the company's auditor for other services:		
Other services pursuant to legislation	15	15
Tax services	2	2
	<u> </u>	<u> </u>

3. Staff numbers and costs

The average monthly number of persons (including directors) employed by the company during the year was 3 (2012: 3). The directors received no emoluments in 2013 (2012: £nil).

4. Tax on (loss)/profit on ordinary activities

The tax can be reconciled as follows:

	2013 £'000	2012 £'000
(Loss)/profit on ordinary activities before tax	<u>(11)</u>	<u>23</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25.75% (2012: 27.5%)	(3)	6
Effect of:		
Expenses not deductible	6	2
Utilisation of tax losses	<u>(3)</u>	<u>(8)</u>
Current tax charge	<u> </u>	<u> </u>

The company has unused trading losses of approximately £3,805,000 (2012: £3,817,000) to carry forward against profits of the same trade which will be recovered once the company makes a profit.

On-line plc

Notes to the Financial Statements for the year ended 30 June 2013

4. Tax on (loss)/profit on ordinary activities (continued)

Deferred taxation

Deferred taxation not provided for in the financial statements is set out below. The amounts are calculated using tax rates of 23% (2012: 24%).

	2013 £'000	2012 £'000
Accelerated capital allowances	(1)	(5)
Trading losses	(875)	(916)
	<u>(876)</u>	<u>(921)</u>

The tax losses are available to carry forward against future taxable profits of the same trade. No provision has been included in the financial statements as there is insufficient evidence at the balance sheet date that the losses will be able to be utilised.

5. (Loss)/earnings per share

	2013 Profit £'000	2013 Number of shares '000	Earnings per share p	2012 Profit £'000	2012 Number of shares '000	Earnings per share p
Basic (loss)/earnings per share						
(Loss)/profit for the year	<u>(11)</u>			<u>23</u>		
Weighted average number of shares		<u>7,662</u>			<u>7,662</u>	
Basic (loss)/earnings per share			<u>(0.14)p</u>			<u>0.30p</u>
Diluted (loss)/earnings per share						
(Loss)/profit for the year	<u>(11)</u>			<u>23</u>		
Weighted average number of shares		7,662			7,662	
Dilutive effect of options		<u>68</u>			<u>245</u>	
Weighted average number of shares of diluted earnings per share		7,730			7,907	
Diluted (loss)/earnings per share			<u>(0.14)p</u>			<u>0.29p</u>

The calculation for the diluted earnings per share is provided for reference only. Where a loss is made in the year the impact of the exercise of share options is not dilutive.

On-line plc

Notes to the Financial Statements for the year ended 30 June 2013

6. Fixed asset investments

Associated
undertakings
£'000

Cost and net book amounts

At 30 June 2013	<u>868</u>
At 30 June 2012	<u>868</u>

The company owns 18.31% (2012:18.31%) of ADVFN plc (ADVFN) which is incorporated in England and Wales and its 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 aggregate share capital and reserves of ADVFN, prepared under UK GAAP, at 30 June 2013 was £2,021,000 (2012: £2,374,000) and its loss for the year then ended was £948,000 (2012: loss of £1,860,000). The loss of ADVFN under UK GAAP is greater than that presented in ADVFN's published financial statements prepared under IFRS, principally as UK GAAP requires the annual amortisation of goodwill, whilst IFRS does not.

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 On-Line plc and the resulting level of significant influence over the associate.

Were the company required to prepare consolidated financial statements and equity account for its associated undertaking, the company's interest in its associated undertaking and its share of its losses for the year would have been as follows:

Investment in associated undertaking	ADVFN plc £'000
At 1 July 2012	434
Share of associate's total gains and losses	<u>(174)</u>
At 30 June 2013	<u>260</u>

Interest in associate at net book amount includes:

	2013 £'000	2012 £'000
Listed investments at net book amount	<u>868</u>	<u>868</u>
Listed investments at market value	<u>4,435</u>	<u>5,671</u>

On-line plc

Notes to the Financial Statements for the year ended 30 June 2013

6. Fixed asset investments (continued)

Associate at investment in excess of 15%

	2013	2012
	£'000	£'000
Share of turnover of associates	1,482	1,660
Share of fixed assets	193	361
Share of current assets	450	511
	<u>643</u>	<u>872</u>
Liabilities due within one year	408	422
Liabilities due after more than one year	134	15
	<u>542</u>	<u>437</u>
Share of net assets	<u>101</u>	<u>435</u>

7. Debtors

	2013	2012
	£'000	£'000
Amounts due within one year :		
Trade debtors	11	-
Prepayments and accrued income	4	17
Other debtors (note 17)	106	132
	<u>121</u>	<u>149</u>

8. Creditors: amounts falling due within one year

	2013	2012
	£'000	£'000
Trade creditors	16	25
Bank overdraft	35	50
Accruals and deferred income	12	11
Other creditors	1	1
	<u>64</u>	<u>87</u>

On-line plc

Notes to the Financial Statements for the year ended 30 June 2013

9. Financial risk management

The company uses financial instruments, comprising cash balances and bank overdrafts, investments, debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The fair value of the financial assets and liabilities (except for fixed asset investments which are held at cost) is not significantly different to the amount included in the financial statements. The company had no borrowings, except for a bank overdraft facility amounting to £50,000, or foreign currency exposure and has no significant financial risk to manage.

Short term debtors and creditors have been excluded from all disclosures.

Liquidity risk

Liquidity risk is the risk that the company will have insufficient funds to meet its liabilities as they fall due. The directors monitor cash flow on a daily basis and at monthly board meetings in the context of their expectations for the business to ensure sufficient liquidity is available to meet foreseeable needs. Where required, the company funds operating losses through periodic share issues or sales of its investments to raise cash.

Interest rate risk

The directors do not consider that the business is exposed to material interest rate risk. The company finances its operations through cash reserves and bank overdraft facilities. The bank overdraft facility available to the company during the year has negated the need to use interest bearing borrowings.

Borrowing facilities

Committed facilities of £50,000, available to the company at 30 June 2013, have been utilised during the year. The facilities are repayable on demand and are renewed annually in November.

10. Called up share capital

	2013 Number	2012 Number	2013 £'000	2012 £'000
Authorised				
Ordinary shares of 5p each	42,827,129	42,827,129	2,141	2,141
Deferred shares of 45p each	6,352,539	6,352,539	2,859	2,859
	<u>49,179,668</u>	<u>49,179,668</u>	<u>5,000</u>	<u>5,000</u>
Allotted, called up and fully paid				
Ordinary shares of 5p each	7,662,348	7,662,348	383	383
Deferred shares of 45p	6,352,539	6,352,539	2,859	2,859
	<u>14,014,887</u>	<u>14,014,887</u>	<u>3,242</u>	<u>3,242</u>

The Deferred Shares do not entitle the holders thereof to receive any dividend or other distribution nor to receive notice of or to attend or vote at any General Meeting of the Company. On a return of capital on a winding up the holders of Deferred Shares are only entitled to receive the amount paid up on such shares after the holders of the Ordinary Shares have received the sum of £100,000 for each Ordinary Share held by them and shall have no other right to participate in the assets of the company.

On-line plc

Notes to the Financial Statements for the year ended 30 June 2013

11. Reserves

	Profit and loss account £'000	Option valuation reserve £'000	Share premium account £'000
At 30 June 2012	(4,548)	31	2,205
Loss transferred to reserves	(11)	-	-
Share option charge	-	6	-
At 30 June 2013	<u>(4,559)</u>	<u>37</u>	<u>2,205</u>

12. Share-based payments

Equity-settled share-based payments

The company has a share option scheme for employees (including directors). Options are exercisable at a price set at the date of grant. The options vest immediately on grant except where re-dated; in which case the date of vesting has been deferred until the 2 September 2015 and in consequence the date of lapse until 1 September 2022. The options are settled in equity once exercised. If the options remain unexercised after a period of 7 years from the date of grant, the options expire.

The fair value of options granted after 7 November 2002 has been arrived at using the Black-Scholes model. The assumptions inherent in the use of this model are as follows:

- the option life is assumed to be at the end of the allowed life
- There are no vesting conditions which apply to the share options
- No variables change during the life of the option (e.g. dividend yield must be zero)
- Volatility has been calculated over the 3 years prior to the grant date by reference to the daily share price.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	2013 WAEP		2012 WAEP	
	No	p	No	p
Outstanding at the beginning of the year	750,000	20.00	1,110,000	20.00
Lapsed in the year	-	20.00	(360,000)	20.00
Outstanding at end of the year	<u>750,000</u>	<u>20.00</u>	<u>750,000</u>	<u>20.00</u>
Exercisable at the year end	<u>300,000</u>	<u>20.00</u>	<u>300,000</u>	<u>20.00</u>

On-line plc

Notes to the Financial Statements for the year ended 30 June 2013

12. Share-based payments (continued)

The share options outstanding at the end of the year have a weighted average remaining contractual life of 6 years (2012 - 7 years) and have the following exercise prices:

Expiry date	Exercise price p	2013 No	2012 No
9 May 2014	20.00	300,000	300,000
1 September 2022	20.00	450,000	450,000
		<u>750,000</u>	<u>750,000</u>

The charge for the year in the profit and loss account was £6,000 (2012: £7,000). No options were exercised during the year.

13. Reconciliation of movements in shareholders' funds

	2013 £'000	2012 £'000
(Loss)/profit for the financial year	(11)	23
Recognition of equity settled share based payments in the year (FRS20)	6	7
Net (decrease)/increase in shareholders' funds in the year	<u>(5)</u>	<u>30</u>
Shareholders' funds at 1 July	930	900
Shareholders' funds at 30 June	<u>925</u>	<u>930</u>

14. Reconciliation of operating (loss)/profit to net cash inflow/(outflow) from operating activities

	2013 £'000	2012 £'000
Operating (loss)/profit	(11)	23
Equity settled share based payments in the year	6	7
Decrease/(increase) in debtors	28	(68)
Decrease in creditors	(8)	(13)
Net cash inflow/(outflow) from operating activities	<u>15</u>	<u>(51)</u>

On-line plc

Notes to the Financial Statements for the year ended 30 June 2013

15. Reconciliation of net cash flow to movement in net funds

	2013 £'000	2012 £'000
Increase /(decrease) in cash for the year	15	(51)
Net funds at 1 July	<u>(50)</u>	<u>1</u>
Net funds at 30 June	<u><u>(35)</u></u>	<u><u>(50)</u></u>

16. Analysis of movement in net funds

	At 1 July 2012 £'000	Cash flow £'000	At 30 June 2013 £'000
Cash in hand and at bank	<u>(50)</u>	<u>15</u>	<u>(35)</u>

17. Related party transactions

At 30 June 2013 the company was owed £106,000 by ADVFN plc (2012: £132,000). The company made advertising recharges of £91,000 (2012: £160,000) relating to advertising costs to ADVFN plc for the year. ADVFN plc is related by virtue of having common directors; M J Hodges, C H Chambers, and J Mullins and as the company holds approximately 18% of the shares in ADVFN plc. Certain services were supplied by All IPO plc to On-Line plc free of charge which is the equivalent of £23,000 (2012: £23,000) for the year; On-line plc is related to ALLIPO plc, by virtue of On-line's investment in ADVFN plc, All IPO plc is a subsidiary of ADVFN plc, and common directorships.

On-line PLC

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held in the Conference Room, Essex Technology Centre, The Gables, Fyfield Road, Ongar, Essex, CM5 0GA on Thursday 12th December 2013 at 11.30 a.m. for the following purposes:

Ordinary Business

1 To receive and adopt the financial statements and reports of the directors and auditors for the financial period ended 30 June 2013.

2 To re-elect Mr. M J Hodges as a director of the Company, who will retire by rotation in accordance with the Company's Articles of Association and offers himself for re-election.

3 To re-appoint Grant Thornton UK LLP as auditors of the Company to hold office until the next Annual General Meeting and to authorise the directors to fix their remuneration.

Special Business

4 To consider, and if thought fit, to pass the following as an ordinary resolution:-

That the directors of the Company (the "**Directors**") be and are hereby authorised generally and unconditionally pursuant to and for the purposes of Section 551 of the Companies Act 2006 (the "**Act**") to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("**Rights**") up to an aggregate nominal amount of £ 191,559 provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2014 save that the Company may make an offer or agreement before the expiry of this authority which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights pursuant thereto as if the authority conferred hereby had not expired, such authority to be in substitution for any existing authorities conferred on the Directors pursuant to Section 80 of the Companies Act 1985.

5 To consider, and if thought fit, to pass the following as special resolutions:- That, conditional on the passing of resolution 5 above, the Directors be and are hereby generally empowered pursuant to Section 570 of the Act to allot equity securities (as defined in Section 560 of the Act) pursuant to the authority conferred by resolution 5 above as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be in substitution for any previous powers conferred on the Directors pursuant to Section 95 of the Companies Act 1985 and shall be limited to:

(a) allotments of equity securities where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to holders of ordinary shares made in proportion (or as nearly as may be) to their existing holdings of ordinary shares in the Company subject to the Directors having a right to make such exclusions or other arrangements in connection with such offering as they may deem necessary or expedient:-

(i) to deal with equity securities representing fractional entitlements; and
(ii) to deal with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory; and

(b) other allotments (otherwise than pursuant to sub-paragraph (a) above) of equity securities for cash up to an aggregate nominal amount equal to £ 191,559

and such authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2014 save that the Company may make an offer or agreement before the expiry of this power which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant thereto as if the power conferred hereby had not expired.

Registered Office:

Suite 27,
Essex Technology Centre
The Gables, Fyfield Road
Ongar
Essex
CM5 0GA

By order of the Board
Michael Hodges
Director

13th November 2013

On-line PLC

NOTES:

1. A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of him. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. The proxy need not be a member of the Company. Please refer to the notes to the Form of Proxy for further information on appointing a proxy, including how to appoint multiple proxies (as the case may be).
2. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them. If you wish to appoint a proxy other than the Chairman of the meeting, cross out the words "the Chairman of the meeting" on the Form of Proxy and write the full name and address of your proxy on the dotted line. The change should be initialled.
3. In the absence of instructions, the person appointed proxy may vote or abstain from voting as he/she thinks fit on the specified resolutions and, unless otherwise instructed, may also vote or abstain from voting on any other matter (including amendments to resolutions) which may properly come before the meeting.
4. In the case of joint holders, the signature of any one of them will suffice but the names of all joint holders should be stated. The vote of the senior who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the votes of the other holders. For this purpose, seniority is determined by the order in which the names stand in the register of members in respect of the joint holding.
5. To be effective, the enclosed Form of Proxy must be duly completed and deposited together with any power of attorney or other authority (if any) under which it is executed (or a duly certified copy of such power or authority) and lodged at the offices of the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 11.30 a.m. on 10th December 2013. Please note that the pre-paid address printed on the reverse of the Form of Proxy is only for use if you are posting from within the United Kingdom.
6. Completion and return of the Form of Proxy will not preclude a shareholder from attending and voting in person at the meeting.
7. The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members entered on the register of members of the Company at 6 p.m. UK time on 10th December 2013 shall be entitled to attend and vote at the meeting or, if the meeting is adjourned, 6 p.m. on the day two days prior to the adjourned meeting. Changes to entries on the register of members after such time shall be disregarded in determining the right of any person to attend or vote at the meeting.

On-line PLC

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING (“AGM”) OF ADVFN PLC (THE “COMPANY”)

At the AGM, resolutions will be proposed as explained below.

Resolution 1 – Receiving the accounts

An ordinary resolution will be proposed that the report of the directors and the accounts for the year ended 30 June 2013 together with the report of the auditors on those accounts be received and adopted.

Resolution 2 – Re-election of Mr. M J Hodges as a director of the Company

An ordinary resolution will be proposed to re-elect Mr. M J Hodges, who is retiring and, being eligible, offers himself for re-election as a director of the Company.

Resolution 3 – Re-appointment of auditors

An ordinary resolution will be proposed that Grant Thornton UK LLP be re-appointed as auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company and that their remuneration be fixed by the directors of the Company (the “Directors”) from time to time.

Special Business

Resolution 4 – Authority to allot relevant securities

An ordinary resolution will be proposed giving the Directors authority pursuant to section 551 of the Companies Act 2006 (the “2006 Act”) to exercise all powers of the Company to allot shares or grant rights to subscribe for or to convert any security into shares up to a maximum aggregate nominal amount of £ 191,559 to such persons at such times and upon such terms and conditions as the Directors may determine (subject always to the articles of association of the Company). Such authority will, unless renewed, varied or revoked, expire at the conclusion of the Annual General Meeting of the Company to be held in 2014.

Resolution 5 – Authority to disapply pre-emption rights

Subject to the passing of resolution 4, a special resolution will be proposed to empower the Directors to allot equity securities pursuant to the authority conferred by resolution 4 as if the pre-emption rights set out in section 561(1) of the 2006 Act did not apply, in respect of the following matters:

(a) the allotment of equity securities in connection with an offer of such securities by way of a rights issue or other issues pro rata to existing entitlements to holders of relevant equity securities in proportion (as nearly as may be) to the respective amounts of equity securities held by them but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with equity securities which represent fractional entitlements or legal or practical difficulties under the laws of any territory or the requirements of any regulatory body, stock exchange or other authority in any jurisdiction; and

(b) the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to a maximum aggregate nominal amount of £ 191,559. Such authority will, unless renewed, varied or revoked, expire at the conclusion of the Annual General Meeting of the Company to be held in 2014.

On-line PLC

FORM OF PROXY

To:
The Directors
On-line PLC (the Company)
c/o Capita Registrars
PXS
Beckenham
Kent
BR3 4TU

Dear Sirs

I/We.....
of.....
being a member of the Company hereby appoint.....
of.....

or failing him, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 12th December 2013 at 11:30 a.m. and at any adjournment thereof.

I/we direct that my/our proxy vote as indicated below in respect of the resolutions, which are referred to in the notice convening the meeting (see note 1 below).

**Resolutions For Against
Ordinary Resolutions:**

- 1. To adopt the Report and Accounts for the year ended 30 June 2013
- 2. To re-elect Mr.M J Hodges as a director of the Company
- 3. To re-appoint Grant Thornton UK LLP as the Company's auditors

For Against Abstain

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Special Business

- 4. To authorise the directors to allot shares or grant rights pursuant to section 551 of the Companies Act 2006 (the "2006 Act")
- 5. To authorise the Directors to allot equity securities for cash pursuant to section 570 of the 2006 Act.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

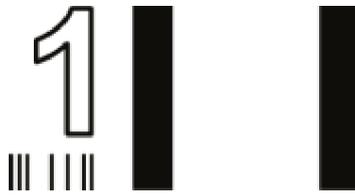
Date..... Signature.....

Notes :

- 1. Please indicate with an "X" in the appropriate space how you wish your votes to be cast. If no indication is given your proxy will vote or abstain from voting at his discretion.
- 2. A member entitled to attend and vote is entitled to appoint a proxy to exercise all or any rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company. To be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of authority, must arrive at the address shown above not less than 48 hours before the time appointed for the meeting or any adjournment of the meeting.
- 3. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given.
- 4. This form of proxy, if completed by a corporation, should be executed under the common seal of that corporation or be signed by an officer or attorney duly authorised to do so, whose capacity should be stated.
- 5. A member wishing to appoint as his proxy a person other than the Chairman of the Meeting, should insert in block capitals the full name of the person of his choice where indicated, and delete the words "the Chairman of the Meeting". All alterations should be initialled.
- 6. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated. Otherwise, in order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. In the case of a corporation, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
- 7. If you submit more than one valid proxy appointment but the instructions in such appointments are not compatible with each other, the appointment received last before the latest time for the receipt of proxies will take precedence.

Third fold and tuck in

**Business Reply
Licence Number
RSBH-UXKS-LRBC**



**PXS
34 Beckenham Road
BECKENHAM
BR3 4TU**

First fold

Second fold