

ADVFN

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ADVFN Plc Interim Report 1 July to 31 December 2017

Registered Number: 2374988 (England and Wales)

ADVFN PLC

(“ADVFN” or the “Company”)

Unaudited Interim Results for the Six Months Ended 31 December 2017

ADVFN today announces its unaudited interim results for the six months ended 31 December 2017 (the “Period”).

Chief Executive’s Statement

2017 was a year of consolidation at ADVFN. During the Period we announced the first phase of our Plus 1 Coin cryptocurrency project, which we had developed in conjunction with Online Blockchain plc (“Online”). Following testing within the ADVFN community, we offered our customers and members a Plus 1 coin wallet, which had been built on software developed by Online. Plus 1 coin is designed as a social media cryptocurrency to enable social media users to interact and “up vote” content of other social media. As previously announced, Online and ADVFN are each bearing their own costs in respect of the Plus 1 Coin cryptocurrency cooperation project and while there are currently no financial arrangements between the two companies in respect of this project, we anticipate that Online will in due course charge ADVFN a license fee for its software which supports the wallet, on terms to be agreed.

We continue to broaden our information service on cryptocurrencies and intend to make our Plus1 Coin product available to our international community.

ADVFN’s sales in the 6-month interim period have shown a top line growth of £456,000, an increase of 12% on the comparable period last year, from approximately £3.8m to £4.3m. Reported operating profit for the 6-month interim period was £24,000 (2016: operating loss, £66,000).

Financial performance

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

	Six Months ended 31 December 2017	Six Months ended 31 December 2016
	£'000	£'000
Turnover	4,282	3,826
Profit for the period	24	18
Operating profit/(loss)	24	(66)
Profit per share (see note 3)	0.09 p	0.07 p

Clem Chambers

CEO

16 March 2018

Consolidated income statement

	6 months to 31 Dec 2017 £'000 unaudited	6 months to 31 Dec 2016 £'000 unaudited	12 months to 30 June 2017 £'000 audited	
Notes				
Revenue	4,282	3,826	8,186	
Cost of sales	(90)	(130)	(201)	
Gross profit	4,192	3,696	7,985	
Share option charge	(3)	-	-	
Amortisation of intangible assets	(105)	(161)	(302)	
Other administrative expenses	(4,060)	(3,601)	(7,636)	
Total administrative expense	(4,168)	(3,762)	(7,938)	
Operating profit/(loss)	24	(66)	47	
Finance income	-	84	167	
Finance expense	-	-	-	
Profit before tax	24	18	214	
Taxation	-	-	30	
Profit for the period attributable to shareholders of the parent	24	18	244	
Earnings per share				
Basic and diluted	3	0.09 p	0.07 p	0.95 p

Consolidated statement of comprehensive income

	6 months to 31 Dec 2017 £'000 unaudited	6 months to 31 Dec 2016 £'000 unaudited	12 months to 30 June 2017 £'000 audited
Profit for the period	24	18	244
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(70)	167	(281)
Deferred tax on translation of foreign held assets	-	(29)	92
Total other comprehensive income	(70)	138	(189)
Total comprehensive income for the year attributable to shareholders of the parent	(46)	156	55

Consolidated balance sheet

	31 Dec 2017 £'000 unaudited	31 Dec 2016 £'000 unaudited	30 June 2017 £'000 audited
Assets			
Non-current assets			
Property, plant and equipment	54	65	53
Goodwill	913	999	948
Intangible assets	1,235	1,438	1,156
Deferred tax	6	-	6
Trade and other receivables	92	126	92
	2,300	2,628	2,255
Current assets			
Trade and other receivables	844	1,091	948
Cash and cash equivalents	969	840	963
	1,813	1,931	1,911
Total assets	4,113	4,559	4,166
Equity and liabilities			
Equity			
Issued capital	51	51	51
Share premium	145	145	145
Share based payments reserve	347	344	344
Foreign exchange reserve	208	605	278
Retained earnings	908	658	884
	1,659	1,803	1,702
Non-current liabilities			
Deferred tax	-	122	-
	-	122	-
Current liabilities			
Trade and other payables	2,454	2,610	2,464
Current tax	-	24	-
	2,454	2,634	2,464
Total liabilities	2,454	2,756	2,464
Total equity and liabilities	4,113	4,559	4,166

Consolidated statement of changes in equity

	Share capital	Share premium	Share based payment reserve	Foreign exchange	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 July 2016	51	119	344	467	640	1,621
Equity settled share options	-	-	-	-	-	-
Share issues	-	26	-	-	-	26
Transactions with owners	-	26	-	-	-	26
Profit for the period after tax	-	-	-	-	18	18
Other comprehensive income						
Exchange differences on translation of foreign operations	-	-	-	167	-	167
Deferred tax on translation of foreign held assets	-	-	-	(29)	-	(29)
Total comprehensive income	-	-	-	138	18	156
At 31 December 2016	51	145	344	605	658	1,803
Equity settled share options	-	-	-	-	-	-
Share issues	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-
Profit for the period after tax	-	-	-	-	226	226
Other comprehensive income						
Exchange differences on translation of foreign operations	-	-	-	(448)	-	(448)
Deferred tax on translation of foreign held assets	-	-	-	121	-	121
Total comprehensive income	-	-	-	(327)	226	(101)
At 30 June 2017	51	145	344	278	884	1,702
Equity settled share options	-	-	3	-	-	3
Share issues	-	-	-	-	-	-
Transactions with owners	-	-	3	-	-	3
Profit for the period after tax	-	-	-	-	24	24
Other comprehensive income						
Exchange differences on translation of foreign operations	-	-	-	(70)	-	(70)
Total comprehensive income	-	-	-	(70)	24	(46)
At 31 December 2017	51	145	347	208	908	1,659

Consolidated cash flow statement

	6 months to 31 Dec 2017 £'000 unaudited	6 months to 31 Dec 2016 £'000 unaudited	12 months to 30 June 2017 £'000 audited
Cash flows from operating activities			
Profit for the year	24	18	244
Taxation	-	-	(30)
Net finance income in the income statement	-	(84)	(167)
Share based payment	3	-	-
Depreciation of property, plant and equipment	18	32	52
Amortisation	105	161	286
Profit on disposal of Investor Events	-	(56)	(56)
Adjustment to fair value of embedded derivative	-	112	225
Increase in trade and other receivables	104	(66)	82
Increase/(decrease) in trade and other payables	(10)	27	(119)
Net cash generated by continuing operations	244	170	517
Income tax received	-	36	14
Net cash generated by operating activities	244	206	531
Cash flows from financing activities			
Issue of share capital	-	26	26
Cash flows from investing activities			
Interest received	-	1	-
Payments for property, plant and equipment	(19)	(29)	(37)
Purchase of intangibles	(184)	(198)	(379)
Sale of Investor Events	-	40	40
Net cash used by investing activities	(203)	(186)	(376)
Net increase in cash and cash equivalents	41	20	181
Exchange differences	(35)	(23)	(61)
Net increase/(decrease) in cash and cash equivalents	6	(3)	120
Cash and cash equivalents at the start of the period	963	843	843
Cash and cash equivalents at the end of the period	969	840	963

1. Legal status and activities

ADVFN Plc ("the Company") is principally involved in the development and provision of financial information primarily via the internet and the development and exploitation of ancillary internet sites.

The company 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.

The Company is quoted on the Alternative Investment Market ("AIM") of the London Stock Exchange.

2. Basis of preparation

The unaudited consolidated interim financial information is for the six month period ended 31 December 2017. 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 2017, 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 2017 as described in those financial statements.

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 2017 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.

3. Earnings per share

	6 months to 31 Dec 2017 £'000	6 months to 31 Dec 2016 £'000	12 months to 30 June 2017 £'000
Profit for the year attributable to equity shareholders	24	18	244
Earnings per share (pence)			
Basic	0.09 p	0.07 p	0.95 p
Diluted	0.09 p	0.07 p	0.95 p
	Shares	Shares	Shares
Issued ordinary shares at start of the period	25,623,845	25,523,845	25,523,845
Ordinary shares issued in the period	-	100,000	100,000
Issued ordinary shares at end of the period	25,623,845	25,623,845	25,623,845
Weighted average number of shares in issue for the period	25,623,845	25,901,019	25,612,338
Dilutive effect of options	-	-	-
Weighted average shares for diluted earnings per share	25,623,845	25,901,019	25,612,338

Where a loss is reported for the period 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.

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. Events after the reporting date

On 9 March 2018 the directors announced that they have agreed amended terms on the arrangements relating to the sale of Equity Holdings Limited ('EHL'). As at 30 June 2017, the carrying value in ADVFN's audited accounts of the outstanding consideration to be received in respect of EHL, which had been fully provided for, amounted to GBP nil.

Background

The sale by ADVFN of its entire interest in EHL was first agreed and announced in July 2012. EHL is the holding company of Equity Development Limited ("EDL") which produces research material for distribution in the UK used by brokers, fund managers and investors. As set out in ADVFN's report and accounts for the year ended 30 June 2017 ("Accounts"), payments due from the shareholders of EHL and its subsidiary EDL as consideration for the purchase of the companies had not been received. Amounts outstanding as at 30 June 2017 comprised GBP200,000 in cash and the repayment of an outstanding loan note of GBP1,000,000 ("Loan Note") was due on 31 July 2017 (the "Consideration Debt"). Neither the loan note nor the cash instalments had been received and therefore, ADVFN Plc stated that it had the right to acquire 99.5% of the shares of EHL. The Directors further stated in the Accounts that they had decided not to enforce this right as the business of EHL remained outside of the longer term strategy of the ADVFN Group and that as a result, the Directors had commenced proceedings to alter the arrangements so as to potentially give ADVFN a right to equity in EHL should it grow in market value.

Amended EHL sale terms

The Board reports that on 8 March 2018 ADVFN agreed with EHL, EDL and Bashco Limited amended terms on the arrangements relating to the sale of EHL. ADVFN has agreed to waive, cancel and forgive the payment of the Consideration Debt in consideration for the issue to ADVFN of shares representing 30% in the share capital of EHL and GBP 50,000 to be settled in cash (the "Transaction").

Related party matters

Brian Basham, a director of ADVFN, is also a director of EHL and EDL and is interested in 100% of the issued share capital of Bashco Limited, which is the ultimate parent company of EHL. The Transaction is therefore classified as a related party transaction for the purposes of the AIM Rules. The independent directors of ADVFN (excluding Brian Basham) consider, having consulted with the Company's nominated adviser, that the terms of the transaction are fair and reasonable in so far as its shareholders are concerned.

Further AIM disclosures

As at 30 June 2017, the last date to which EHL published consolidated audited accounts, EHL's turnover and profit before tax amounted to GBP657,602 and GBP49,316 respectively. EHL's total assets as at 30 June 2017 amounted to GBP1,685,496 (of which GBP 1,000,000 represented an amount owed by a subsidiary undertaking in respect of the Loan Note).

The cash to be received by ADVFN on completion will be used for general working capital purposes. ADVFN intends to retain the EHL Shares for the time being.

5. Dividends

The directors do not recommend the payment of a dividend.

6. Financial statements

Copies of this statement are being posted to shareholders shortly and will be available from the company's registered office at Suite 27, Essex Technology Centre, The Gables, Fyfield Road, Ongar, Essex, CM5 0GA.