

18 December 2015



Octagonal plc
("Octagonal" or the "Company")

Unaudited Half Year Results for the Six Months to 30 September 2015

Octagonal (AIM: OCT), announces its unaudited half year results for the six months to 30 September 2015.

Summary of events for the six months to 30 September 2015

- New Board appointed;
- Acquisition of outstanding stake in Global Investment Strategies UK Limited ("GIS"). Octagonal becomes a trading Group in the financial services sector;
- Capital re-organisation;
- £1.7m raised via a placing of 85,000,000 shares at 2p; and
- Profit before tax of £139,000 compared with a loss for the year to 31 March 2015 in Octagonal (pre-acquisition) of £1,128,000.

CHAIRMAN'S STATEMENT

Octagonal has undergone a dramatic change during the last 6 months. The Company acquired all the remaining issued shares in GIS by way of a reverse takeover on 30 June 2015 and in parallel underwent a capital reorganisation and raised £1.7m by way of a share placement.

Such transactions are complex, time consuming and testing. Despite this, GIS's business continued to perform strongly gaining new clients, resulting in an increase in trade volumes of c.35% on last year, a 25% increase in revenues and gross margin being maintained above 60%. I thank John Gunn, his senior management and the entire team for their tireless work during this process and their continued focus on the business, resulting in this strong first half performance.

In addition, there are a number of ongoing initiatives aimed at reducing operating costs and developing additional revenue streams through ancillary services that will drive further revenue and profit growth.

Business Overview

The Company, through its subsidiary GIS, provides global settlement and safe custody services to investors, principally smaller institutions, family offices and high net worth individuals, along with other ancillary services. The business currently derives 80% of its revenues from settlement and safe custody services. It is growing, profitable and cash generative. The platform offers considerable scalability with high operational leverage that should drive up operating margins.

Whilst GIS's business is not unique, it aims to provide a low risk, low cost service where revenue growth is driven by growth in the number of clients and trading volumes. The business differentiates itself through the strong relationships it has established with customers and service providers (banks, settlement custodians and brokerages) and a fixed fee per transaction model.

Historically, GIS has successfully expanded its base of clients and counterparty banks and has continued to do so through this period. This is driving the volume of transactions coupled with GIS's track record of profitable growth and cash generation.

Trading results

This half year's results reflect the transition that the Group has undergone. Since completing the acquisition of GIS on 30 June 2015, the business has continued its strong trading performance and market conditions for the period remained supportive with high trading volumes. Aggregate trade volumes exceeded 47,800 for the 6 months to 30 September 2015, an increase of 34.5% on 2014, with June setting a monthly record number of transactions for the business at over 12,000 and July was another strong month with a 66% increase compared to the same month in 2014.

The revenue for the six months to 30 September 2015 from continuing operations was £1.9 million (H1 FY15: £1.5 million), a 25% increase on a like for like basis. The adjusted operating profit before exceptional items amounted to £0.4 million compared with an operating profit of £0.2 million in the same period last year. Gross profit margins remain strong at 62% (H1 FY15: 63%) with operating profit margins significantly increasing to 36% (H1 FY15: 24%).

Net Assets amounted to £4.9 million (H1 FY15: £2.8m) and Cash and Bank was £1.3m (H1 FY15: £0.3m).

Exceptional items

Exceptional items amounted to £0.47million (H1 FY15: Nil). This relates to the fees associated with the reverse takeover and subsequent admission to trading on AIM.

Business Initiatives

The business is currently reviewing some cost reduction measures aimed at its direct settlement costs. This should have an immediate and positive impact on gross profit that would fall directly to the bottom line.

In addition, we are seeking to increase revenues through the provision of adjacent execution-only services to existing clients in addition to the current settlement and custody services. Coupled with this is the implementation plans to develop and grow the nascent Asset Management and Investment Advisory Services business. The immediate impact on revenues and profits of these initiatives will be limited however. If successful, these could have meaningful impact in the 2017 financial year.

After many months of preparation and testing, the new Altimis cloud based settlement and client reporting IT system will go live very shortly, being deployed into the business during

December and early January. This system is the successor to Flagship (GIS's current IT system) and is a fully automated settlement and custody and client reporting system that provides significantly improved client reporting and experience. This fully automated system should enable cost savings and provide a fully scalable platform for future growth.

Board Appointment

On 11 November, post period end, Samantha Esqulant was appointed Chief Operating Officer of the Company and joined the board. Samantha has been with GIS for more than two years, has a wealth of experience in settlement operations and risk management and 16 years' experience with large and small financial services organisations including Bank of New York Mellon, LCF Rothschild and Barclays Capital. I welcome Samantha to the board and look forward to her continued contribution at a Company and board level.

Dividend

The Board remains committed to a progressive dividend policy. Whilst payment of a dividend remains subject to sufficient distributable reserves being available, this policy will seek to target an annual dividend of approximately 50% of Company's free cash flow.

Prospects

The business has continued to see growth in both revenues and new client generation over this period. Octagonal remains focused on growing the core settlement and safe custody business organically and diversifying only into new areas that are earnings' enhancing.

The continued focus of the core business will be on organic development, improving relationships with both clients and counterparties and seeking to grow this base. The business has reached a point where it is scalable and provides a suitable platform to expand the number of clients and the number of services offered, without the need for significant new capital. Improvements have been made in operating systems, reporting capabilities and automation. I expect to see continued growth in both revenues and new client generation during the second half of the year.

In addition, the Company will seek to utilise its various FCA permissions to grow revenue; a focus will be targeting growth in the nascent Asset Management and Investment Advisory Services business. Plans are being implemented to increase Assets under Advisory Management and I'm hopefully of being able to report some positive news during the second half of the year.

The business has had a strong first half performance and there are a number of ongoing initiatives aimed at increasing clients and operating profits. The prospects for the second half remain very positive and the board is confident of achieving market expectations for the full year.

Grant Roberts

Chairman

OPERATING REPORT

These are the first set of results published by Octagonal since the reverse takeover (RTO) of Global Investment Strategy (GIS) in June.

The period under review was one of significant change for the Company. The Company acquired the remaining issued share capital of GIS, following its initial investment on 10 April 2014. The acquisition, which was in line with the Company's investing policy, resulted in a fundamental change in the business of the Company and constituted a reverse takeover under the AIM Rules.

At the General Meeting of the Shareholders of the Company held on 29 June 2015, Shareholders approved the Acquisition and the shares were admitted for trading on AIM on 30 June 2015.

The Enlarged Group become a financial services company, that provides settlement and safe custody services to smaller institutional funds, family wealth offices and high net worth investors along with other ancillary services.

Capital Re-organisation

As part of the acquisition of GIS, the Company undertook a capital re-organisation of its existing issued ordinary shares. This was achieved through a 1 for 11 share consolidation whereby the existing ordinary shares became 0.55p new ordinary shares. These 0.55p new ordinary shares were then sub-divided and reclassified into one new ordinary share of 0.05p and one deferred share of 0.50p each.

In addition, following the capital Re-organisation, the exercise price of all existing warrants was increased by a factor of 11.

Share Placement

The Company also raised £1,700,000 (gross) by the issue of new ordinary shares at 2p per share and the net proceeds from the Placing were used to part fund the acquisition of GIS and for the general working capital requirements of the Enlarged Group following Admission.

Directors

On 14 April 2015, Hamish Harris stepped down from the board.

On 30 June 2015, Grant Roberts (Non-Executive Chairman), John Gunn (CEO), Nilesh Jagatia (CFO) and Martin Davison (Non-Executive Director) all joined the board with Jason Berry, Donald Strang and David Lenigas stepping down on the same day.

The results reflect the costs of £0.47m associated with the RTO that were met in majority by Octagonal PLC.

Prospects

GIS continues to trade in line with market expectations for the full year.

GIS is focused on organic growth and does not anticipate making any acquisitions in the near term. GIS will though look at new business lines, but only where they will prove earnings' enhancing within the financial year. Given the broad scope of our regulatory permissions, we

see this as the most dynamic way to grow the profitability of the business. The long term objective remains cash generation and we reiterate our commitment to a progressive dividend policy.

John Gunn
Chief Executive Officer

For further information please visit www.octagonalplc.com or contact:

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**Unaudited Group Income Statement and statement of comprehensive income
For the 6 months ended 30 September 2015**

	6 months to 30 Sep 2015 Unaudited £'000	6 months to 30 Sep 2014 Unaudited £'000	12 months to 31 Mar 2015 Audited £'000
Revenue	1,908	1,523	3,319
Cost of sales	(729)	(560)	(1,312)
Gross profit	1,179	963	2,008
Administrative expenses	(760)	(731)	(1,535)
Operating profit	419	232	473
Finance costs	(4)	(1)	-
Costs relating to acquisition of subsidiary (Impairment loss)/reversal of impairment	(470)	-	-
Gain/(loss) on foreign exchange movement	11	-	-
Finance income	183	-	49
Profit before taxation	139	260	30
Taxation expense	-	-	(25)
Profit/(Loss) for the period	139	260	5
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Earnings per share attributable to owners of the Company for the period:			
Basic and diluted	0.02p	0.05p	-

The above comparative figures are those of Global Investment Strategy UK Limited, as per the accounting treatment under IFRS 3.

**Unaudited Group Statement of Financial Position
As at 30 September 2015**

	Notes	30 Sep 2015 Unaudited £'000	30 Sep 2014 Unaudited £'000	31 Mar 2015 Audited £'000
NON-CURRENT ASSETS				
Goodwill	7	2,416	-	-
Property, plant & equipment		65	67	65
Available for sale investments		672	817	564
		3,153	884	629
CURRENT ASSETS				
Available for sale investments		7	213	4
Trade and other receivables		471	1,507	1,141
Cash and cash equivalents		1,316	236	349
		1,794	1,956	1,494
TOTAL ASSETS		4,947	2,840	2,123
EQUITY				
Share capital	6	280	2,948	2,613
Share premium		1,708	-	-
Merger reserve		8,809	-	-
Reverse acquisition reserve		(5,815)	-	-
Retained earnings		(162)	(415)	(670)
Equity attributable to owners of the Company and total equity		4,820	2,533	1,942
CURRENT LIABILITIES				
Trade and other payables		127	252	178
Short term borrowings		-	49	-
		127	301	178
NON-CURRENT LIABILITIES				
Borrowings		-	6	2
		-	6	2
TOTAL EQUITY AND LIABILITIES		4,947	2,840	2,123

The above comparative figures are those of Global Investment Strategy UK Limited, as per the accounting treatment under IFRS 3.

**Unaudited Group Statement of Cash flows
For the 6 months ended 30 September 2015**

	30 Sep 2015 Unaudited £'000	30 Sep 2014 Unaudited £'000	31 Mar 2015 Audited £'000
OPERATING ACTIVITIES			
Profit/(Loss) before taxation	419	232	473
Depreciation	1	19	22
Loss on revaluation of intangible fixed assets	-	-	(65)
Loss on disposal of investments	-	-	-
Finance costs	4	1	-
(Increase)/decrease in current asset investments	(3)	(20)	190
(Increase)/decrease in trade and other receivables	306	(181)	(214)
Increase/(decrease) in trade and other payables	51	(12)	15
Net cash flow from operating activities	778	39	421
INVESTING ACTIVITIES			
Purchase of Property, plant and equipment	(1)	(66)	(67)
Finance income	183	-	-
Purchase of investments	(108)	-	(221)
Acquisition of subsidiary	(1,500)	-	-
Net cash flows from investing activities	(1,426)	(66)	(289)
FINANCING ACTIVITIES			
Issue of ordinary shares	1,615	-	-
Purchase of ordinary shares	-	13	(264)
Issue of non-equity shares	-	13	264
New finance leases	-	13	9
(Repayment of)/drawdown of loans	-	(100)	(142)
Net cash flows from financing activities	1,615	(87)	(133)
Net increase / (decrease) in cash and cash equivalents	967	(114)	(1)
Cash and cash equivalents at start of period	349	350	350
Cash and cash equivalents at end of period	1,316	236	349

**Notes to the interim statement
For the 6 months ended 30 September 2015**

1. General information

Octagonal plc is a company incorporated in the England and Wales with number 6214926, and whose registered office is: 2nd Floor, 2 London Wall Buildings, London EC2M 5PP, under the Companies Act 2006. The Company's main activity is that of a financial services business offering a wide range of services to institutional, family office and high net worth clients.

The Company's functional currency is Sterling. The Company's financial statements are presented in Sterling, which is the Company's presentational currency.

2. Basis of preparation

The financial information set out in this interim report for the six months ended 30 September 2015 is unaudited and does not constitute statutory accounts as defined in Section 434 of Companies Act (2006).

The Company's statutory financial statements for the period ended 31 March 2015, prepared under IFRS, have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

These financial statements have been prepared on a going concern basis under the historical cost convention. The Directors believe that the going concern basis is appropriate for the preparation of these interim financial statements as the Company is in a position to meet all its liabilities as they fall due. These interim financial statements for the six months to 30 September 2015 were approved by the board on 17 December 2015.

3. Adoption of IFRS

For all periods up to and including the year ended 31 March 2014, GIS prepared its Financial Statements in accordance with United Kingdom Generally Accepted Accounting Principles ("UK GAAP"). Following the acquisition of GIS, these Interim Financial Statements for the period ended 30 September 2015, together with the statutory financial statements for the year to 31 March 2015 are the first the Company has prepared in accordance with IFRS. Accordingly, the Company has prepared financial statements which comply with IFRS applicable for the period ending on 30 September 2015, together with the comparative period data as at and for the period ended 30 September 2014.

4. Basis of consolidation

These Group Interim Financial Statements consolidate the Interim Financial Statements of Octagonal plc and Global Investment Strategy UK Limited ("GIS") made up to 30 September 2015.

Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity.

The Company acquired GIS on 29 June 2015 through both cash consideration and a share-for-share exchange. As the shareholders of GIS have control of the legal parent, Octagonal plc, the transaction has been accounted for as a reverse acquisition in accordance with IFRS 3 "Business Combinations".

Consequently, although these Interim Financial Statements are prepared in the name of the legal parent, they are in substance a continuation of those of the legal subsidiary. The following accounting treatment has been applied in respect of the reverse acquisition:

- the assets and liabilities of the legal subsidiaries within GIS are recognised and measured in the consolidated financial statements at their pre-combination carrying amounts, without restatement to fair value;
- the equity structure appearing in the consolidated financial statements reflects the equity structure of the legal parent, Octagonal plc, including the equity instruments issued to effect the business combination;
- comparative numbers presented in the consolidated financial statements are those reported in the financial statements of the legal subsidiaries consolidated within GIS.

The cost of acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition related costs are expensed as incurred. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

5. Loss per share

Loss per share is calculated by reference to the weighted average of 560,226,886 ordinary shares in issue during the period.

The diluted loss per share is the same as the basic loss per share as the losses in each period have an anti-dilutive effect.

6. Dividend

The board is not recommending the payment of an interim dividend for the period ended 30 September 2015.

7. Business combinations

During the year ended 31 March 2015 the Company acquired 9.97% of the share capital of GIS for £800,000.

On 29 June 2015, the Company acquired the remaining 90.03% of the share capital and obtained control of GIS for £8,223,000.

The acquisition has been treated as a reverse acquisition hence accounted for in accordance with IFRS 3, as set out in the accounting policies. The following table summarises the consideration paid for Octagonal plc through the reverse acquisition and the amounts of the assets acquired and liabilities assumed at the acquisition date.

In accordance with IFRS 3, goodwill under a reverse acquisition is calculated on the net assets of the legal parent. The goodwill of £2,416,000 arising from the acquisition is attributable to the value of the parent company.

	£'000
Initial consideration on 10 April 2014	804
Consideration at 29 June 2015:	
Equity instruments in issue (118,463,469 ordinary shares at 2p each)	2,369
TOTAL CONSIDERATION	3,173

Recognised amounts of identifiable assets acquired and liabilities assumed	£'000
Non-current assets	237
Current assets	873
Current liabilities	(352)
Non-current liabilities	-
TOTAL IDENTIFIED NET ASSETS	758
GOODWILL	2,416

In a reverse acquisition, the fair value of the consideration transferred by GIS, as at the acquisition date, is based on the number of equity instruments that GIS would have had to issue to the owners of Octagonal Plc to give the owners of Octagonal Plc the same percentage of equity interests that results from the reverse acquisition. However, in the absence of a reliable valuation of Octagonal plc, the cost of the combination was calculated using the fair value of all the pre-acquisition issued equity instruments of Octagonal plc at the date of acquisition. The fair value was based on the placing price of Octagonal plc ordinary shares of the same day.

8. Share capital

No. of shares	30 Sep 2015	30 Sep 2014*	31 Mar 2015*
At the beginning of the year/period	1,193,098,159	716,943,422	716,943,422
Capital re-organisation: Consolidation on a 11:1 basis ordinary shares of 0.55p each			
- Sub-division into deferred shares of 0.50p	108,463,469		
- Sub-division into ordinary shares of 0.05p	108,463,469		
Shares issued in the period	451,763,417	105,466,666	476,154,737
At the end of the year/period	560,226,886	822,410,088	1,193,098,159
	£'000	£'000	£'000
Share capital			
Ordinary shares of £0.0005	280	411	597
	280	411	597

*The comparative figures for the above table show the amounts relating to Octagonal plc. As part of the accounting treatment for a reverse acquisition, as detailed in notes 4 and 7, the comparative figures in the remaining notes and the primary statements, being the Statement of Financial Position and Statement of Comprehensive Income, show the comparative figures for GIS for the year to 31 March 2015 and the 6 month period to 30 September 2014.

On 29 June 2015 the Company undertook an acquisition of Global Investment Strategy UK Limited ("GIS"). As part of the acquisition the existing ordinary shares were consolidated on a 1-for-11 basis, resulting in the number of outstanding shares in issue, being 108,463,469.

On the same day, as part of the acquisition 336,136,132 new ordinary shares were issued to the shareholders of GIS as part of the consideration. 30,627,285 new ordinary shares were also issued to satisfy certain existing commitments.

Also, on the same day the Company issued 85,000,000 new ordinary shares at a price of 2p per share, as part of a placing, raising gross proceeds of £1,700,000.

Immediately following the acquisition of GIS, the Company's issued share capital was £280,113, comprising 560,226,886 ordinary shares.

9. Post Balance Sheet Events

On 11 November 2015 Samantha Esqulant was appointed to the Board as Chief Operating Officer.

10. Distribution

The half yearly report for the six-month period ended 30 September 2015 will shortly be available on the Company's website (www.octagonalplc.com) or directly from the Company at its registered address.

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