

15 November 2016

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

Unaudited Half-Year Results for the Six Months to 30 September 2016

Octagonal (AIM: OCT), announces its unaudited half-year results for the six months to 30 September 2016.

Summary of Financial highlights for the six months to 30 September 2016

- Unaudited revenues increased by 50% to £2.9m in the reporting period (September 2015: £1.9m and audited 12 months to 31 March 2016 £4.2m)
- Unaudited operating profit increased by 156% to £1.1m (September 2015: £0.4m and audited 31 March 2016: £0.8m)
- Unaudited operating profit after exceptional charge and before tax of £902,000 (September 2015: £0.1m and audited 31 March 2016: £0.8m)
- Net Assets £6.1m (September 2015: £4.8m and 31 March 2016: £5.4m)
- Cash balance of £2.6m (September 2015: £1.3m and audited 31 March 2016: £1.6m)

Interim period trading highlights:

- **Cost efficiencies and margin improvement**- Continue within Global Investment Strategy UK Ltd ("GIS") - Significant work continues being undertaken to improve processing efficiencies, client reporting and reducing frictional costs; as a result net margins have improved from 28% to 40% over the comparable period.
- **Positive US dollar impact** - Positive impact of the strong US\$, and to a lesser extent Euro, on margins as revenues are over 90% in these currencies.
- **Additional services to clients** – Enhanced FX, Futures and Options trading services have now gone live to existing clients. This continues the Company's strategy of organically growing, offering a broader range of services to clients where it sees long term value.

Business Overview

Trading results

This is the first full 6 month interim trading results for the Company post its acquisition of GIS in July 2015, GIS also reported record revenue and profit for the period.

The revenue for the six months to 30 September 2016 from continuing operations was £2.9m (September 2015: £1.9m), a 50% increase on a like for like basis. Operating profit amounted to £1.1m compared with just £0.4m in the same period last year. Gross profit margins remain strong at 68% (September 2015: 62%) with operating profit margins increasing significantly to 38% (September 2015: 21%).

In addition Net assets and Cash rose to £6.1 million (September 2015: £4.8m) and £2.6m (September 2015: £1.3m and audited 31 March 2016: £1.6m), respectively

'PLC' costs for the interim period remained low at £78,000, however, the Group was unable to avoid incurring an unrealised loss on its pre-RTO historic investments of £168,000.

Dividend

The Board propose no dividend at this point.

OPERATING REPORT

Prospects

The Company remains focused on organic growth and does not anticipate making any acquisitions in the near term. It's wholly owned subsidiary GIS, will continue looking at new business lines, but only where they will provide the opportunity to enhance earnings. Given the broad scope of our regulatory permissions, the Board see this as the most dynamic way to grow the profitability of the business. The long term objective remains increasing profitability and cash generation.

CEO Report

This is a good set of results for the half year as the second quarter is usually impacted by reduced trading volumes over the summer period.

The weakness in the pound has benefited GIS as revenues are by majority USD and to a lesser extent Euro and GBP.

Whilst the business remains subject to fluctuations in global markets, we continue to be confident in the outlook for the remainder of the financial year.

We have seen improved margins with our operating subsidiary GIS which has come as a result of improved processing efficiencies and reduced direct costs. We will continue to seek further improvements over the remainder of the financial year where possible.

We have seen two major political events this year with the referendum on BREXIT and most recently the US elections. Markets seem to have responded well post event, but as yet the longer term impact is unknown.

We are also pleased to announce that GIS is now offering futures trading across most major global indices to their existing client base. In addition, our enhanced foreign exchange service has gone live.

We have recently strengthened our Investment Management team with 4 additional personnel and will shortly be offering a Wealth Management service to Corporate Clients, Family offices and high net worth individuals. The Board does not anticipate that these additional services will contribute significantly to earnings in the current financial year, but will begin to do so in the medium term and this is in line with our strategy to broaden our line of services to clients and benefit future income streams and profitability.

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 2016**

	Unaudited	Unaudited	Audited
	30 September	30 September	31 March
	2016	2015	2016
	£'000	£'000	£'000
Revenue	2,853	1,908	4,202
Cost of sales	(907)	(729)	(1,289)
Gross profit	1,946	1,179	2,913
Administrative expenses	(875)	(760)	(2,125)
Operating profit	1,071	419	788
Other gains and losses	(168)	(459)	-
Finance income	-	183	4
Finance costs	(1)	(4)	(1)
Profit before tax	902	139	791
Taxation	(195)	-	(188)
Profit for the year	707	139	603
Earnings per share attributable to owners of the parent company			
Basic and diluted (pence per share)			
From continuing and total operations	0.126p	0.04p	0.135p

Unaudited Group Statement of Financial Position
As at 30 September 2016

	Un audited 30 September 2016 £'000	Un audited 30 September 2015 £'000	Audited 31 March 2016 £'000
Non-Current assets			
Goodwill	2,869	2,416	2,869
Property, plant and equipment	66	65	55
	2,935	2,481	2,924
Current assets			
Available for sale investments	579	679	689
Trade and other receivables	644	471	705
Cash and cash equivalents	2,628	1,316	1,552
	3,851	2,466	2,946
TOTAL ASSETS	6,786	4,947	5,870
Current liabilities			
Trade and other payables	345	127	270
Current tax liabilities	350	-	213
Borrowings	-	-	2
	695	127	485
Non-Current liabilities			
Borrowings	-	-	-
NET ASSETS/(LIABILITIES)	6,091	4,820	5,385
Equity			
Share capital	1,104	280	1,104
Share premium account	3,669	1,708	3,669
Reverse acquisition reserve	679	2,994	679
Retained earnings	639	(162)	(67)
TOTAL EQUITY	6,091	4,820	5,385

**Unaudited Group Statement of Changes in Equity
For the 6 months ended 30 September 2016**

	Share capital	Share Premium	Reverse acquisition reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2014	2,613	-	-	(675)	1,938
Total comprehensive income for the year	-	-	-	5	5
Balance at 31 March 2015	2,613	-	-	(670)	1,943
Total comprehensive income for the year	-	-	-	603	603
Adjustment for reverse acquisition	(1,552)	2,109	679	-	1,236
Proceeds of share issues	43	1,657	-	-	1,700
Share issue costs	-	(97)	-	-	(97)
Audited Balance at 31 March 2016	1,104	3,669	679	(67)	5,385
Total comprehensive income for the year	-	-	-	706	706
Unaudited Balance at 30 September 2016	1,104	3,669	679	639	6,091

**Unaudited Group Statement of Cash flows
For the 6 months ended 30 September 2016**

	Unaudited	Unaudited	Audited
	30 September 2016 £'000	30 September 2015 £'000	31 March 2016 £'000
OPERATING ACTIVITIES			
Profit/(loss) for the year before taxation	902	419	791
Adjusted for:			
Finance expense	-	4	1
Finance income	-	-	(4)
Depreciation	7	1	18
Investment impairment	168	(3)	-
Operating cash flows before movements in working capital	1,077	421	806
(Increase)/Decrease in trade and other receivables	61	306	308
Increase/(Decrease) in trade and other payables	(75)	51	117
Net cash used in operations	(14)	357	1,231
Net cash used in operating activities	1,063	778	1,231
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(11)	(1)	(8)
Purchase of investments	-	(108)	(50)
Payment to shareholders as part of reverse acquisition (Note 14)	-	(1,500)	(1,500)
Loan to a related party	25	-	(76)
Finance income received	-	183	4
Net cash from/(used in) investing activities	14	(1,426)	(1,630)
FINANCING ACTIVITIES			
Net proceeds from share issues	-	1,615	1,603
Interest paid	(1)	-	(1)
Net cash from/(used in) financing activities	(1)	1,615	1,602
Net (decrease)/increase in cash and cash equivalents	1,076	967	1,203
Cash and cash equivalents at beginning of year	1,552	349	349
Cash and cash equivalents at end of year	2,628	1,316	1,552

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 2016 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 2016, 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 2016 were approved by the Board on 15 November 2016.

3. Earnings per share

The basic earnings per share is based on the profit for the year divided by the weighted average number of shares in issue during the year. The weighted average number of ordinary shares for the year ended 31 March 2016 assumes that all shares have been included in the computation based on the weighted average number of days since issue.

	Unaudited	Unaudited	Audited
	30 September	30 September	31 March
	2016	2015	2016
	£'000	£'000	£'000
Profit attributable to owners of the Group	£707,000	£139,000	£603,000
Weighted average number of ordinary shares in issue for basic and fully diluted earnings	560,226,886	335,889,092*	448,057,989
Earnings per share (pence per share)			
Basic and fully diluted:	0.126p	0.04p*	0.135p

*The weighted average number of shares amended to reflect the number of shares issued on the acquisition of GIS.

4. Dividend

The Board is not recommending the payment of an interim dividend for the period ended 30 September 2016.

5. Distribution

The half yearly report for the six-month period ended 30 September 2016 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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