

8 November 2018

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

Interim Results and Trading Update

Octagonal (AIM: OCT), announces its unaudited half-year results for the six months to 30 September 2018. These include the trading results for the Company's principle trading subsidiary GIS which, unlike previous periods, are being announced along with the consolidated figures for the Group.

Summary of Octagonal PLC Financial highlights for the six months to 30 September 2018

- Unaudited revenues for the six months to 30 September 2018 were £3.0 million (September 2017: £3.35m), the reduction is in part attributable to the decline in non-core corporate finance income reported for the same period to six months to 30 September 2017
- Unaudited operating profit for the group for six months to 30 September 2018 was £0.97m (September 2017: £1.05m)
- Unaudited operating profit excluding costs associated with Synergis Capital PLC for the six months to 30 September 2018 was £1.23m (2017: £1.51m)
- Net Assets as at 30 September 2018 was £9.20m (September 2017: £8.22m)
- Group cash balance as at 30 September 2018 was £5.72m (September 2017: £5.35m)

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Trading results for Global Investment Strategy UK Limited ("GIS") for the reporting period:

GIS, the Group's main trading entity reports revenues of £3.016 million and profits of £1.29 million for the 6 months to 30 September 2018 compared with £3.35 million and £1.6 million respectively, for the six months to 30 September 2017. This revenue reduction is attributed in part to a decline in non-core corporate finance income to £47,000 (2017: £201,000) in the reporting period. As a result, the net margins reduced to 42.6 % (2017: 47.5%). The core business



activity remained in line with internal targets and per management expectations during a period of increased market volatility.

Chairman Statement on group activities

Global Investment Strategy UK Ltd (GIS)

We are pleased to report that core settlement and safe custody business activity remains in line with our expectations during a period of market volatility.

US Dollar strength favours our business and we anticipate no significant headwinds from a potential no-deal Brexit scenario.

Whilst our core business remains strong, the management and wider team continue to focus efforts on the progression of new projects such as GIS Hong Kong and SynerGIS which will soon add diversity to the revenue stream of the group.

GIS have recently updated their business continuity plans and open a fully equipped disaster recovery centre in the City of London to exceed regulatory requirements and ensure seamless execution for clients continues in the event of any outage at our main trading address.

Following the enhancement of the Octagonal website, development work has commenced for an upgrade to the GIS UK website which will further highlight our value-add proposition for clients.

SynerGIS

Synergis Capital Plc is a 71.17% owned subsidiary of GIS.

As reported previously, the company has completed preparation of the Base Prospectus for the offer of debt securities with the Central Bank of Ireland (CBI) and Euronext Dublin (previously Irish Stock Exchange) with formal approval expected in due course. Our dialogue with the Prudential specialists at the Financial Conduct Authority is ongoing. We have received regular feedback in relation to the output delivered by our robust financial model which simulated various stress scenarios for the group and demonstrated how the wider business could maintain sufficient capital and liquidity to support the new lending business in each situation.

We expect these discussions are reaching their final stages and once approved by the FCA we will immediately submit the completed prospectus to the CBI and Euronext Dublin for subsequent sign off.

We have extended our soft marketing of the SynerGIS brand and the live website (<https://www.synergisbonds.com/>) continues to accept pre-applications from clients. We are

seeing increased traffic to our site and positive engagement with our brand and the firm's sales and marketing plan is in place to coordinate with any imminent launch.

Against a backdrop of high-profile outages and information breaches at financial services firms, GIS are pleased to confirm that we received our Cyber Essentials accreditation from the UK Government's National Cyber Security Centre. This is confirmation of the important preparatory work put into this project by GIS.

GIS has further developed a website for its SynerGIS secured lending business which supports online applications for prospective borrowers and is in the latter stages of beta testing. This will go live in conjunction with the launch of the SynerGIS Bonds.

We welcome the FCA consultation paper to enhance the FSCS compensation scheme to £85,000 from £50,000 for investments which is likely to be approved and enter the rulebook in Q2 2019. Investments into SynerGIS Bonds will fall into the scope of these rules. The FCA have also proposed an industry "Basic Savings Rate" which highlights how certain financial institutions are penalising long term savers with negligible rates - SynerGIS stand ready to serve them.

Regarding the wider market, new providers such as Goldman Sachs with their Marcus product (who are rarely wrong with new ventures) are also identifying the gap in the consumer market targeted by SynerGIS. The positive reception given to Goldman Sachs' new venture highlights the appetite neglected UK savers have for alternative providers.

Global Investment Strategy Hong Kong

The Hong Kong Securities and Futures Commission (SFC) have advised the company that its application to carry out regulated activities has been accepted as complete and they have provided us with a Central Entity Number. We are in the process of onboarding a new key employee, licenced person and responsible officer (RO) which is currently going through the rigorous SFC vetting process. This individual has significant industry experience in the region and we are confident they can help spearhead our launch into the region. Feedback and dialogue with the regulator is good and we hope to make a further positive announcement soon. A dedicated website for the region with its own unique branding is currently under construction (<http://www.gisfshk.com/>) and a client facing portal is being designed for both English and Chinese speakers. Work visas for key employees and corporate accounts are now all set up. We are confident we will soon be able to roll out our key services to the family offices, institutional and high-net-worth clients of the Asia Pacific region.

Group Financial Review

The Group reported unaudited revenues of £3.006 million and net profits after tax of £0.79 million for the 6 months to 30 September 2018 compared with £3.35 million and £0.83 million respectively, for the six months to 30 September 2017. The reduction in the revenue and profits is in part attributable to the decline in non-core corporate finance income reported in 2017.

Group net assets and cash rose to £9.20m (September 2017: £8.22m) and £5.72m (September 2017: £5.35m) respectively.



Included in the operating profit above were consolidated 'PLC' costs for the interim period that remained low at £59,000 and Synergis operating costs for the period were £283,000.

Other activities post reporting period:

On 8th October 2018, the Company announced that it had awarded a total of 1,350,000 Ordinary 0.05 pence shares in the company to staff and employees.

Dividend

On 28th September 2018, the Company declared a dividend of 0.1 pence per share and was paid on 26th October 2018.

Chairman
John Gunn

Unaudited Group Income Statement and statement of comprehensive income
For the 6 months ended 30 September 2018

	Unaudited	Unaudited	Audited
	30 September	30 September	31 March
	2018	2017	2018
	£'000	£'000	£'000
Revenue	3,006	3,348	6,502
Cost of sales	(643)	(745)	(1,466)
Gross profit	2,363	2,603	5,036
Administrative expenses	(1,391)	(1,556)	(3,220)
Share based payment expense			(228)
Operating profit	972	1,047	1,588
Other gains and losses	-	-	(71)
Finance income	-	-	-
Profit before tax	972	1,047	1,517
Taxation	(185)	(220)	(492)
Profit for the year	787	827	1,025
Attributable to:			
Shareholders in the Parent Company	869	932	1,276
Non-controlling Interests	(82)	(105)	(251)
	787	827	1,025
Earnings per share attributable to owners of the parent company			
Basic and diluted (pence per share)			
From continuing and total operations	0.153p	0.166p	0.226p
Fully diluted	0.150p	-	0.221p

Unaudited Group Statement of Financial Position
As at 30 September 2018

	Unaudited 30 September 2018 £'000	Unaudited 30 September 2017 £'000	Audited 31 March 2018 £'000
Non-Current assets			
Goodwill	2,869	2,869	2,869
Other Intangibles	503	169	409
Property, plant and equipment	68	77	60
Deferred Tax asset	67	67	66
	3,507	3,182	3,404
Current assets			
Available for sale investments	31	108	31
Trade and other receivables	796	574	521
Cash and cash equivalents	5,717	5,349	5,324
	6,544	6,031	5,876
TOTAL ASSETS	10,051	9,213	9,280
Current liabilities			
Trade and other payables	225	309	285
Current tax liabilities	626	681	582
Borrowings	-	-	-
	851	990	867
Non-Current liabilities			
Borrowings	-	-	-
NET ASSETS/(LIABILITIES)	9,200	8,223	8,413
Equity			
Share capital	284	1,104	284
Share premium account	171	3,669	171
Reverse acquisition reserve	679	679	679
Share option and warrant reserve	99	-	99
Retained earnings	7,841	2,518	6,972
Equity attributable to owners of the company	9,074	7,970	8,205
Non- Controlling interests	126	253	208
Total Equity	9,200	8,223	8,413

**Unaudited Group Statement of Changes in Equity
For the 6 months ended 30 September 2018**

	Share capital	Share Premium	Reverse acquisition reserve	Share option reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	£'000	£'000	£'000	-	£'000	£'000	£'000	£'000
Balance at 31 March 2016	1,104	3,669	679	-	(67)	5,385	-	5,385
Total comprehensive income for the year	-	-	-	-	1,035	1,035	(33)	1,002
Adjustment arising from change in non-controlling interest	-	-	-	-	180	180	70	250
Balance at 31 March 2017	1,104	3,669	679	--	1,148	6,600	37	6,637
Total comprehensive income for the year	-	-	-	-	1,276	1,276	(251)	1,025
Capital reduction	(824)	(3,669)	-	-	4,493	-	-	-
Dividend Paid	-	-	-	-	(568)	(568)	-	(568)
Shares issued	4	171	-	-	-	175	-	175
Share based payment expense	-	-	-	99	-	99	-	99
Adjustment arising from change in non-controlling interest	-	-	-	-	623	623	422	1,045
Balance at 31 March 2018	284	171	679	99	6,972	8,205	208	8,413
Total comprehensive income for the period	-	-	-	-	869	869	(82)	787
Balance at 30 September 2018	284	171	679	99	7,841	9,074	126	9,200

Unaudited Group Statement of Cash flows
For the 6 months ended 30 September 2018

	Unaudited	Unaudited	Audited
	30 September 2018 £'000	30 September 2017 £'000	31 March 2018 £'000
OPERATING ACTIVITIES			
Profit/(loss) for the year before taxation	972	1,047	1,517
Adjusted for:			228
Share based payment	-	-	-
Shares in settlement of termination payment	-	-	46
Depreciation	7	7	21
Investment impairment	-	18	75
Gain on disposal of investment	-	-	(4)
Operating cash flows before movements in working capital	979	1,072	1,883
(Increase)/Decrease in trade and other receivables	(275)	(247)	(183)
Increase/(Decrease) in trade and other payables	(60)	22	(1)
Net cash from / (used in) operating activities	644	(225)	1,699
Tax paid	-		(300)
Net cash used in operating activities	644	847	1,399
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(8)	(14)	(19)
Development costs	(94)	(119)	(359)
Purchase of investments	-	-	-
Disposal of investments			24
Related party repayment of loan	-	-	(11)
Net cash from/(used in) investing activities	(102)	(133)	(365)
FINANCING ACTIVITIES			
Non-controlling interest investment	(149)	821	1,045
Dividend paid	-	-	(568)

Net cash from/ (used in) financing activities	(149)	821	477
Net (decrease)/increase in cash and cash equivalents	393	1,535	1,511
Cash and cash equivalents at beginning of the period	5,324	3,813	3,813
Cash and cash equivalents at end of the period	5,717	5,348	5,324

**Notes to the interim statement
For the 6 months ended 30 September 2018**

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 2018 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 2018, 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 2018 were approved by the Board on 8 November 2018.

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 period ended year ended 30 September 2018 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
	2018	2017	2018
	£'000	£'000	£'000
Profit attributable to owners of the Group	£869,000	£932,279	£1,276,000
Weighted average number of ordinary shares in issue for basic	564,706,598	560,893,552	564,706,598
Weighted average number of ordinary shares in issue for fully diluted earnings	578,453,598	-	578,453,598
Earnings per share (pence per share)			
Basic	0.153p	0.166p	0.226p
Fully diluted	0.150p	-	0.221p

4. Dividend and post balance sheet events

On 28th September 2018, the Company declared a dividend of 0.1 pence per share and was paid on 26th October 2018.

On 8th October 2018, the Company announced that it had awarded a total of 1,350,000 Ordinary 0.05 pence shares in the company to staff and employees that were in employment during the AIM Re-admission in July 2015.

5. Distribution

The half yearly report for the six-month period ended 30 September 2018 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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