

13 November 2019

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

Interim Results

Octagonal (AIM: OCT), announces its unaudited half-year results for the six months to 30 September 2019. These include the trading results for the Company's principle trading subsidiary Global Investment Strategy UK Ltd (GIS) which are being announced along with the consolidated figures for the Group.

Summary of Octagonal PLC Financial highlights for the six months to 30 September 2019

- Unaudited revenues for the six months to 30 September 2019 were £3.4 million ("m") (September 2018: £3.0m), the increase is partly due to providing further ancillary services to our clients around their existing activity
- Unaudited operating profit for the group for six months to 30 September 2019 was £1.12m (September 2018: £0.97m)
- Unaudited operating profit excluding costs associated with Synergis Capital PLC and GIS HK for the six months to 30 September 2019 was £1.4m (2018: £1.2m)
- Net Assets as at 30 September 2019 was £10.20m (September 2018: £9.20m)
- Group cash balance as at 30 September 2019 was £6.08m (September 2018: £5.72m)

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

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

Octagonal Plc +44 (0) 20 7048 9400
John Gunn, Chairman

Beaumont Cornish Limited (Nominated Adviser and Broker) +44 (0) 20 7628 3396
James Biddle / Roland Cornish
www.beaumontcornish.com

Chairman Statement and update on group activities

Global Investment Strategy UK Ltd (GIS)

GIS, the Company's principle trading subsidiary, was pleased to report revenue of £3.36m and profits of £1.5m for the 6 months to 30th September 2019. This was an increase of 12% in revenue and 16.3% in profit compared with the corresponding period last year (revenue of £3m and profits of £1.29m for the 6 months to 30th September 2018).

These improvements have mainly come as a result of improvements in operating systems and processing efficiencies, giving us the ability to provide further ancillary services to our clients around their existing activity. These efficiencies will provide a long-term benefit for the business as we strive towards greater costs reductions and expansion of services to clients.

We have further established a new outsourced facility in Mumbai, which has given us access to system developers at a competitive cost, enabling us to build logically minded business tools which have improved our liquidity management and treasury functions.

GIS has also recently engaged with Euroclear/CREST to become a CREST participant and will shortly engage, under our existing permissions, in marketing to professional and regulated customers in the UK market, where we have traditionally not been very active. We wish to present ourselves as a global settlements and custody partner to small/medium sized stockbrokers, hedge funds, proprietary traders and family offices. The addition of our SFC regulated Hong Kong office has enabled us to expand these services to offering 24/5 trade execution, settlement and post trade operations to an international client base. As China starts to become a global player in equity and debt markets, coupled with the expansion of the Asia-Pacific (APAC) securities markets GIS and GISHK will be well placed to offer a service level seldom seen outside of the bulge bracket Tier 1 banks.

We hope that our shareholders will appreciate that management has placed considerable time and effort into the development of improving systems and processes, which has come at the expense of short-term growth, but this strategy paves a foundation for long term reward.

Global Investment Strategy Hong Kong

GIS HK is now operational and soft product marketing has commenced. We had some initial success in attracting both existing customers to the APAC securities markets and local business looking for a global reach. The immediate goal is to ensure that the respective offices support each other and develop with a common strategy. The HK office made a loss of £143,000 for the 6 months to September 2019 which was pre revenue, so we will be very focused on seeing an improvement as revenues start to materialise over the remainder of the year.

SynerGIS

Synergis reported a loss of £65,000, after a Research and Development tax refund of £82,000 in relation to the fintech development from inception of the division and was included in the 6 months to 30th September 2019.

We continue our dialogue with the regulator, and we will further update shareholders as soon as we have anything material to share.

The business remains operationally ready and ready to commence a product launch as soon as the regulatory process is complete. The board remain committed to this enterprise and feel that it sits well within our operational capabilities and will provide with long term benefits.

Recent high-profile failures of business offering consumer bonds have caused concerns for the FCA, so it is only natural that all new participants need to demonstrate strong competencies. The recent appointment of Chris Rollason, who was former head of capital and regulation for Jaywing PLC, to the board of GIS brings added skills to the Synergis team of market professionals. Chris is a chartered accountant, and has been a money market trader, before spending some 20 years in senior roles within strategy, risk and finance across a range of large banks and financial institutions. This unique skillset comes at a time when GIS are expanding their regulatory footprint both within the UK and in Hong Kong and compliments the existing Board configuration as the business continues to grow throughout this year and beyond.

Dividend

On 25th September 2019, the Company declared a dividend of 0.1 pence per share which was paid on 18th October 2019.

John Gunn
Chairman

Unaudited Group Income Statement and statement of comprehensive income
For the 6 months ended 30 September 2019

	Unaudited	Unaudited	Audited
	30-Sep-19	30-Sep-18	31-Mar-19
	£'000	£'000	£'000
Revenue	3,315	3,006	5,311
Cost of sales	(710)	(643)	(1,308)
Gross profit	2,605	2,363	4,003
Administrative expenses	(1,482)	(1,391)	(2,998)
Share based payment expense			(63)
Operating profit	1,123	972	942
Other gains and losses	-	-	(16)
Finance income	-	-	-
Profit before tax	1,123	972	926
Taxation	82	(185)	1
Profit for the year	1,205	787	927
Attributable to:			
Shareholders in the Parent Company	1,220	869	1,061
Non-controlling Interests	(15)	(82)	(134)
	1,205	787	927
Earnings per share attributable to owners of the parent company (see Note 3. Below)			
Basic and diluted (pence per share)			
From continuing and total operations	0.215	0.154	0.187
Fully diluted	0.210	0.150	0.182

Unaudited Group Statement of Financial Position
As at 30 September 2019

	Unaudited	Unaudited	Audited
	30-Sep-19	30-Sep-18	31-Mar-19
	£'000	£'000	£'000
Non-Current assets			
Goodwill	2,869	2,869	2,869
Other Intangibles	723	503	657
Property, plant and equipment	44	68	40
Deferred Tax asset	-	67	-
	3,636	3,507	3,566
Current assets			
Available for sale investments	266	31	266
Trade and other receivables	853	796	708
Cash and cash equivalents	6,076	5,717	5,466
	7,195	6,544	6,440
TOTAL ASSETS	10,831	10,051	10,006
Current liabilities			
Trade and other payables	457	225	532
Current tax liabilities	182	626	561
Borrowings	-	-	-
	639	851	1,093
Non-Current liabilities			
NET ASSETS/(LIABILITIES)	10,192	9,200	8,913
Equity			
Share capital	285	284	285
Share premium account	171	171	171
Reverse acquisition reserve	679	679	679
Share option and warrant reserve	162	99	162
Retained earnings	8,814	7,841	7,558
Equity attributable to owners of the company	10,111	9,074	8,855
Non- Controlling interests	81	126	58
Total Equity	10,192	9,200	8,913

**Unaudited Group Statement of Changes in Equity
For the 6 months ended 30 September 2019**

	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	£'000
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 year	-	-	-	-	1,060	1,060	(134)	926
Capital reduction	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	(568)	(568)	-	(568)
Share issues	1	-	-	-	-	1	-	1
Share based payment expense	-	-	-	63	-	63	-	63
Adjustment arising from change in non-controlling interest	-	-	-	-	94	94	(16)	78
Balance at 31 March 2019	285	171	679	162	7,558	8,855	58	8,913
Total comprehensive income for the year	-	-	-	-	1,220	1,220	(15)	1,205
Adjustment arising from change in non-controlling interest	-	-	-	-	36	36	38	74
Balance at 30 September 2019	285	171	679	162	8,814	10,111	81	10,192

Unaudited Group Statement of Cash flows
For the 6 months ended 30 September 2019

	Unaudited	Unaudited	Audited
	30-Sep-19	30-Sep-18	31-Mar-19
	£'000	£'000	.
OPERATING ACTIVITIES			
Profit/(loss) for the year before taxation	1,123	972	925
Adjusted for:			
Share based payment	-	-	63
Depreciation	7	7	31
Investment impairment	-	-	15
Gain on disposal of investment	-	-	
Operating cash flows before movements in working capital	1,130	979	1,034
(Increase)/Decrease in trade and other receivables	(145)	(275)	(209)
Increase/(Decrease) in trade and other payables	(76)	(60)	246
Net cash from / (used in) operating activities	909	644	1,071
Tax paid	(262)	-	-
Net cash used in operating activities	647	644	1,071
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(4)	(8)	-
Development costs	(66)	(94)	(248)
Purchase of investments	-	-	(250)
Related party repayment of loan		-	(14)
Net cash from/ (used in) investing activities	(70)	(102)	(512)
FINANCING ACTIVITIES			
Non-controlling interest investment	33	(149)	150
Dividend paid	-	-	(568)
Net cash from/ (used in) financing activities	33	(149)	(418)
Net (decrease)/increase in cash and cash equivalents	610	393	142
Cash and cash equivalents at beginning of the period	5,466	5,324	5,324
Cash and cash equivalents at end of the period	6,076	5,717	5,466

**Notes to the interim statement
For the 6 months ended 30 September 2019**

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 2019 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 2019, 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 2019 were approved by the Board on 12 November 2019.

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 2019 assumes that all shares have been included in the computation based on the weighted average number of days since issue.

	Unaudited	Unaudited	Audited
	30-Sep-19	30-Sep-18	31-Mar-19
	£'000	£'000	£'000
Profit attributable to owners of the Group	1,220,000	869,000	1,060,000
Weighted average number of ordinary shares in issue for basic	568,576,886	564,706,598	567,866,749
Weighted average number of ordinary shares in issue for fully diluted earnings	582,326,886	578,453,598	581,616,749
Earnings per share (pence per share)			
Basic	0.215	0.154	0.187
Fully diluted	0.210	0.150	0.182

4. Dividend and post balance sheet events

On 25th September 2019, the Company declared a dividend of 0.1 pence per share which was paid on 18th October 2019.

5. Distribution

The half yearly report for the six-month period ended 30 September 2019 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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