

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](http://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**

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

**Unaudited Group Statement of Financial Position**  
**As at 30 September 2016**

|                                 | Un audited<br>30 September<br>2016<br>£'000 | Un audited<br>30 September<br>2015<br>£'000 | Audited<br>31 March<br>2016<br>£'000 |
|---------------------------------|---|---|--------------------------------------|
| <b>Non-Current assets</b>       |   |   |                                      |
| Goodwill                        | 2,869                                       | 2,416                                       | 2,869                                |
| Property, plant and equipment   | 66  | 65  | 55                                   |
|                                 | <b>2,935</b>                                | <b>2,481</b>                                | <b>2,924</b>                         |
| <b>Current assets</b>           |   |   |                                      |
| Available for sale investments  | 579   | 679   | 689                                  |
| Trade and other receivables     | 644   | 471   | 705                                  |
| Cash and cash equivalents       | 2,628                                       | 1,316                                       | 1,552                                |
|                                 | <b>3,851</b>                                | <b>2,466</b>                                | <b>2,946</b>                         |
| <b>TOTAL ASSETS</b>             | <b>6,786</b>                                | <b>4,947</b>                                | <b>5,870</b>                         |
| <b>Current liabilities</b>      |   |   |                                      |
| Trade and other payables        | 345   | 127   | 270                                  |
| Current tax liabilities         | 350   | -   | 213                                  |
| Borrowings                      | -   | -   | 2                                    |
|                                 | <b>695</b>                                  | <b>127</b>                                  | <b>485</b>                           |
| <b>Non-Current liabilities</b>  |   |   |                                      |
| Borrowings                      | -   | -   | -                                    |
| <b>NET ASSETS/(LIABILITIES)</b> | <b>6,091</b>                                | <b>4,820</b>                                | <b>5,385</b>                         |
| <b>Equity</b>                   |   |   |                                      |
| 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)                                 |
| <b>TOTAL EQUITY</b>             | <b>6,091</b>                                | <b>4,820</b>                                | <b>5,385</b>                         |

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

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

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

|  | Unaudited                     | Unaudited                     | Audited                   |
|--|-------------------------------|-------------------------------|---------------------------|
|  | 30 September<br>2016<br>£'000 | 30 September<br>2015<br>£'000 | 31 March<br>2016<br>£'000 |
| <b>OPERATING ACTIVITIES</b>                                      |                               |                               |                           |
| 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)                           | -                         |
| <b>Operating cash flows before movements in working capital</b>  | <b>1,077</b>                  | <b>421</b>                    | <b>806</b>                |
| <b>(Increase)/Decrease in trade and other receivables</b>        | <b>61</b>                     | <b>306</b>                    | <b>308</b>                |
| <b>Increase/(Decrease) in trade and other payables</b>           | <b>(75)</b>                   | <b>51</b>                     | <b>117</b>                |
| <b>Net cash used in operations</b>                               | <b>(14)</b>                   | <b>357</b>                    | <b>1,231</b>              |
| <b>Net cash used in operating activities</b>                     | <b>1,063</b>                  | <b>778</b>                    | <b>1,231</b>              |
| <b>INVESTING ACTIVITIES</b>                                      |                               |                               |                           |
| 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                         |
| <b>Net cash from/(used in) investing activities</b>              | <b>14</b>                     | <b>(1,426)</b>                | <b>(1,630)</b>            |
| <b>FINANCING ACTIVITIES</b>                                      |                               |                               |                           |
| Net proceeds from share issues                                   | -                             | 1,615                         | 1,603                     |
| Interest paid  | (1)                           | -                             | (1)                       |
| <b>Net cash from/(used in) financing activities</b>              | <b>(1)</b>                    | <b>1,615</b>                  | <b>1,602</b>              |
| <b>Net (decrease)/increase in cash and cash equivalents</b>      | <b>1,076</b>                  | <b>967</b>                    | <b>1,203</b>              |
| <b>Cash and cash equivalents at beginning of year</b>            | <b>1,552</b>                  | <b>349</b>                    | <b>349</b>                |
| <b>Cash and cash equivalents at end of year</b>                  | <b>2,628</b>                  | <b>1,316</b>                  | <b>1,552</b>              |

**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: 2<sup>nd</sup> 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.

|  | <b>Unaudited</b>    | Unaudited    | Audited     |
|--|---------------------|--------------|-------------|
|  | <b>30 September</b> | 30 September | 31 March    |
|  | <b>2016</b>         | 2015         | 2016        |
|  | <b>£'000</b>        | £'000        | £'000       |
| Profit attributable to owners of the Group   | <b>£707,000</b>     | £139,000     | £603,000    |
| Weighted average number of ordinary shares in issue for basic and fully diluted earnings | <b>560,226,886</b>  | 335,889,092* | 448,057,989 |
| Earnings per share (pence per share)   |                     |              |             |
| Basic and fully diluted:   | <b>0.126p</b>       | 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](http://www.octagonalplc.com)) or directly from the Company at its registered address.

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