ARCONTECH GROUP PLC

("Arcontech" or the "Company")

PRELIMINARY RESULTS FOR THE YEAR ENDED 30 JUNE 2011

Arcontech Group PLC (AIM: ARC), providers of products and services for real-time financial market data processing and trading, reports its preliminary results for the year ended 30 June 2010.

Chairman's Statement

I am pleased to report progress in the year ended 30 June 2011, with turnover increasing to £1,287,409 (2010: £1,068,776) and operating loss reduced to £817,855 (2010: £918,754). We did not, however, quite achieve the level of sales we had hoped for, due primarily to the increasingly long sales cycles of the major investment banks. The demand for AXE, the CfD and spread betting solution was disappointing and we have taken the decision to concentrate sales resource on our CityVision Vendor Contribution, including Excelerator, products for which the opportunities are proving exciting.

Where possible we enter into recurring annual licence fee contracts, typically for a minimum of three years duration. It is our aim to increase our annual recurring revenues each year. As at 30 June 2011 the contracted future annual recurring revenues of the business were £1,538,216 (2010: £1,081,668), an increase of 42%. This level of annual recurring revenues, now covers approximately 73% (2010: 54%) of our expected cost base. Our level of recurring revenues now provide a sound base upon which to grow our business.

Whilst we continued to develop the AXE product, earlier in the year a lack of customer interest caused a change in focus to increasing the functionality, scope and capability, of our CityVision products. As in previous years, we have continued to write off all product development costs as they are incurred. The product developments completed during the year have been heavily influenced by prospective customers and have improved our competitive position significantly. We have invested notable sums, relative to our size to integrate our products with Bloomberg systems, which we believe will provide significant growth opportunities. We will continue to invest in product development, but in the future it is expected that this will increasingly be as a result of specific customer requirements. As our spend on pure product development declines we expect to increase resources in technical support, account management and sales and marketing. These additional costs, however, will not be incurred until increased revenues are secured.

Financing

As at 30 June 2011 Arcontech had cash balances of £841,204 (2010: £1,586,376). We believe, on the basis of current projections and expectations that the Group has sufficient resources to see it through to cash breakeven at the trading level and beyond.

Management and staff

Our management and staff are our key resource. They have continued to work with determination and dedication and I thank them for their continued support. As our customer base increases, particularly in overseas markets, the demands on our staff will undoubtedly increase. I am confident that they will continue to perform to the high standards that they have set in previous years.

Outlook

With the CityVision product developments completed since the year-end, we believe we are in a positive position to start to realise the sales opportunities identified previously for those products. Sales made since the year end for new products with international financial institutions, reinforce our belief that there is strong demand for our products in the market. It does, however, remain true that the sales cycles continue to be long and invariably involve pilot studies. Consequently it remains difficult to predict with any degree of certainty the precise timing of future sales. Accordingly we are maintaining a tight control over expenditure whilst continuing to develop opportunities for the business.

Richard Last
Chairman

Chief Executive's Review

Significant progress has been made this year in terms of product development, pipeline improvement and restructuring to address the demands of increasingly complex sales in a market which remains difficult. Whilst bottom-line financial performance is disappointing, due to the protracted sales cycle common in investment banking, there are strong signs that our efforts will pay off and I remain optimistic over forward revenues.

Engagement with several tier one international banks has lead to further refinement of the CityVision product suite for controlled, low latency market data distribution and systems integration. Close working with data vendor systems including those from Thomson Reuters and Bloomberg has lead to new product development with considerable market potential. Some significant sales have already been achieved, with a promising and growing prospect list.

We have seen less demand for AXE, our retail trading system product and have decided to restructure to concentrate our resources on CityVision, our sell-side market data technology where we believe there are greater opportunities.

Tight cost-control has remained a primary objective for many of our major target customers. Whilst this often reduces the immediate budget for our innovative solutions, it nonetheless provides opportunities for Arcontech as part of a vendor/technology replacement strategy. We have produced new products and re-engineered existing ones to provide compelling value propositions which are gaining considerable traction.

The main achievements and themes of the year have been:

- Greatly increased pre-sales activity, including global evaluations
- Pipeline progression leading to significant recently announced contracts
- Continued focus on the major international investment banks
- Expansion of global capability to provide follow-the-sun support in key regions
- Further product development based on feedback from clients and prospects

Work this year has resulted in new contracts in excess of £1.4 million over three years, which will affect our future bottom line. These include further sales of our Excelerator real-time desktop product, displacement of competitive incumbent vendor contribution systems and, perhaps most significantly, green-field deployments for our innovative 'gateway' technology for cross-connectivity between the major data vendors such as Thomson Reuters and Bloomberg. This technology is at the heart of further opportunities we are progressing and we are excited about developments in this area.

The value of contracts achieved and in discussion continues to increase, with contractual recurring revenues as we enter the new financial year of £1,538,216, covering approximately 73% of our expenditure. Further product evaluations are underway and seem on track to yield meaningful additional revenue in the short to medium term.

Overall, despite the figures for the year, sales progress is positive and the level of interest in our next generation of products bodes well for the future. I would like to thank our staff, clients and prospects for their continued help and support and look forward to joint successes in the coming year.

Andrew Miller
Chief Executive

Enquiries, please contact:

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Group Income Statement

For the year ended 30 June 2011

	2011	2010
	£	£
Revenue	1,287,409	1,068,776
Distribution costs	(16,428)	(25,242)
Administrative costs	(2,088,836)	(1,962,288)
Operating loss	(817,855)	(918,754)
Finance income	13,134	5,681
Loss before taxation	(804,721)	(913,073)
Taxation	132,683	-
Loss for the year after tax	(672,038)	(913,073)
Total comprehensive income	(672,038)	(913,073)
Loss per share (basic and diluted)	(0.04)p	(0.07)p

All of the results relate to continuing operations.

Statement of Changes in Equity

For the year ended 30 June 2011

Group:

	Share capital	Share premium	Share option reserve	Retained earnings	Shares to be issued	Total equity
	£	£	£	£	£	£
Balance at 1 July 2009	736,443	8,516,940	108,742	(7,387,674)	200,606	2,175,057
Loss for the year	-	-	-	(913,073)	-	(913,073)
Total comprehensive income for the year	-	-	-	(913,073)	-	(913,073)
Share-based payments	-	-	34,555	-	-	34,555
Issue of shares	794,872	911,229	-	-	(200,606)	1,505,495
Balance at 30 June 2010	1,531,315	9,428,169	143,297	(8,300,747)	-	2,802,034
Loss for the year	-	-	-	(672,038)	-	(672,038)
Total comprehensive income for the year	-	-	-	(672,038)	-	(672,038)
Share-based payments	-	-	2,241	-	-	2,241

Balance at 30 June 2011	1,531,315	9,428,169	145,538	(8,972,785)	-	2,132,237

Company:

	Share capital	Share premium	Share option reserve	Retained earnings	Shares to be issued	Total equity
	£	£	£	£	£	£
Balance at 1 July 2009	736,443	8,516,940	108,742	(7,284,443)	200,606	2,278,288
Loss for the year	-	-	-	(162,935)	-	(162,935)
Total comprehensive income for the year	-	-	-	(162,935)	-	(162,935)
Share-based payments	-	-	34,555	-	-	34,555
Issue of shares	794,872	911,229	-	-	(200,606)	1,505,495
Balance at 30 June 2010	1,531,315	9,428,169	143,297	(7,447,378)	-	3,655,403
Loss for the year	-	-	-	(82,460)	-	(82,460)
Total comprehensive income for the year	-	-	-	(82,460)	-	(82,460)
Share-based payments	-	-	2,241	-	-	2,241
Balance at 30 June 2011	1,531,315	9,428,169	145,538	(7,529,838)	-	3,575,184

Balance Sheets

As at 30 June 2011

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Non-current assets				
Goodwill	1,715,153	1,715,153	-	-
Property, plant and equipment	37,426	46,597	-	-
Investments in subsidiaries	-	-	2,017,373	2,017,373
Total non-current assets	1,752,579	1,761,750	2,017,373	2,017,373
Current assets				
Trade and other receivables	366,425	213,921	1,450,431	1,257,236
Cash and cash equivalents	841,204	1,586,376	471,172	859,378
Total current assets	1,207,629	1,800,297	1,921,603	2,116,614
Current liabilities				
Trade and other payables	(827,971)	(760,013)	(363,792)	(478,584)
Total current liabilities	(827,971)	(760,013)	(363,792)	(478,584)
Net current assets	379,658	1,040,284	1,557,811	1,638,030
Net assets	2,132,237	2,802,034	3,575,184	3,655,403
Equity				
Called up share capital	1,531,315	1,531,315	1,531,315	1,531,315
Share premium account	9,428,169	9,428,169	9,428,169	9,428,169
Share option reserve	145,538	143,297	145,538	143,297
Retained earnings	(8,972,785)	(8,300,747)	(7,529,838)	(7,447,378)
	2,132,237	2,802,034	3,575,184	3,655,403

Group Cash Flow Statement

For the year ended 30 June 2011

	2011	2010
	£	£
Net cash used in operating activities	**(747,493)**	**(343,682)**
Investing activities		
Interest received	13,134	5,681
Acquisition of subsidiary, net of cash acquired	-	(1)
Purchases of plant and equipment	(11,214)	(8,232)
Disposal of plant and equipment	401	405
Net cash received/(used) in investing activities	**2,321**	**(2,147)**
Financing activities		
Proceeds on issue of shares	-	1,553,270
Expenses paid in connection with share issues	-	(47,775)
Net cash generated from financing activities	**-**	**1,505,495**
Net (decrease)/increase in cash and cash equivalents	**(745,172)**	**1,159,666**
Cash and cash equivalents at beginning of year	1,586,376	426,710
Cash and cash equivalents at end of year	**841,204**	**1,586,376**

Company Cash Flow Statement

For the year ended 30 June 2011

	2011	2010
	£	**£**
Net cash used in operating activities	**(395,785)**	**(737,485)**
Investing activities		
Interest received	7,579	3,089
Acquisition of subsidiary, net of cash acquired	-	(1)
Net cash generated from investing activities	**7,579**	**3,088**
Financing activities		
Proceeds on issue of shares	-	1,553,270
Expenses paid in connection with share issues	-	(47,775)
Net cash generated from financing activities	**-**	**1,505,495**
Net (decrease)/increase in cash and cash equivalents	**(388,206)**	**771,098**
Cash and cash equivalents at beginning of year	859,378	88,280
Cash and cash equivalents at end of year	**471,172**	**859,378**

Notes to the Financial Statements

For the year ended 30 June 2011

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period covered by these financial statements.

Reporting entity

Arcontech Group PLC ("the Company") is a company incorporated in the United Kingdom. The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (together referred to as "the Group").

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") endorsed by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

On the basis of current projections, confidence of future profitability and cash balances held the Directors have adopted the going concern basis in the preparation of the financial statements.

The financial statements have been prepared under the historical cost convention.

2. Revenue

An analysis of the Group's revenue is as follows:

	2011	**2010**
	£	**£**
Financial information service, advertising and sponsorship, software development and consultancy	1,287,409	1,068,776

All of the Group's revenue relates to continuing activities.

3. Operating loss for the year is stated after charging:

	2011	**2010**
	£	**£**
Depreciation of plant and equipment	16,893	18,868
Loss on disposal of fixed assets	3,091	-
Staff costs (*see note 7*)	1,473,442	1,453,848
Operating lease rentals - land and buildings (*see note 21*)	73,075	55,300
Research and development	812,559	636,386

4. Loss per share

	2011	**2010**

	£	£
Earnings		
Earnings for the purpose of basic and diluted earnings per share being net loss attributable to equity shareholders	(672,038)	(913,073)
	(672,038)	(913,073)
	No.	**No.**
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,531,314,870	1,335,592,398
Number of dilutive shares under option	-	-
Weighted average number of ordinary shares for the purposes of dilutive earnings per share	1,531,314,870	1,335,592,398

The calculation of diluted earnings per share assumes conversion of all potentially dilutive ordinary shares, all of which arise from share options. A calculation is done to determine the number of shares that could have been acquired at fair value, based upon the monetary value of the subscription rights attached to outstanding share options. Share options are anti-dilutive and are therefore not included above.

5. Dividends

There were no dividends paid or proposed during the period (2010: £nil).

6. Post balance sheet events

There were no events since the balance sheet date, which materially affect the position of the Group.

7. Annual General Meeting

The annual general meeting of the Company will be held at the Company's offices, 8th Floor, Finsbury Tower, 103-105 Bunhill Row, London EC1Y 8LZ on 18 October 2011 at 10 a.m.

8, Copies of this Statement

Copies of the Annual Report & Accounts will be sent to shareholders shortly and are available from the Company Secretary at the Company’s registered office at 8th Floor Finsbury Tower, 103-105 Bunhill Row, London, EC1Y 8LZ or from the Company’s website at www.arcontech.com.