



ARCONTECH GROUP PLC

(“Arcontech” or the “Group”)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

Arcontech (AIM: ARC), the provider of products and services for real-time financial market data processing and trading, is pleased to report its unaudited results for the six months ended 31 December 2013.

Financial and business highlights:

- Turnover increased by 15% to £976,578 (six months to 31 December 2012: £848,101).
- Operating loss reduced by 74% to £68,976 (six months to 31 December 2012: £262,850).
- Annual run-rate of recurring revenues at 31 December 2013 amount to £1.9 million (2012: £1.7 million) and cover 94% of the cost base.
- Net cash of £0.7 million at 31 December 2013.

Richard Last, Chairman of Arcontech Group, said:

“Arcontech has continued to make steady progress towards profitability, which we expect to continue in the second half of the year. The Group has an increasing pipeline of opportunities with both existing and potential new customers, which gives us confidence that the business remains on track to continue to deliver improvements in operational performance.”

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To access more information on the Group please visit: www.arcontech.com

The interim report will only be available to view online enabling the Group to communicate in a more environmentally friendly and cost effective manner.

Chairman's Statement

Turnover for the Group for the six month period to 31 December 2013 increased by 15% to £976,578 (six month period to 31st December 2012: £848,101). Of this, £962,378 (99%) relates to recurring annual licence fees (six month period to 31 December 2012: £818,145 (96%)) and £14,200 (1%) relates to support revenues (six month period to 31 December 2012: £29,956 (4%)). The operating loss for the period was £68,976, 74% lower than the corresponding six month period to 31 December 2012 (£262,850).

Significant progress has been made in the six months to 31 December 2013 to improve the operating efficiency and level of costs in the business, the full benefit of which will not be seen until the fourth quarter of this financial year. The sales cycle remains longer than we would like, the first half has been one of primarily consolidating our relationships with our existing customers and increasing the size of our order pipeline. The annual run-rate of recurring revenues at 31 December 2013 was £1.9 million (31 December 2012: £1.7 million). As a result of this increase and the reduction in our operating costs recurring revenues now cover 94% of the cost base.

Financing

As at 31 December 2013 the Group had net cash balances of £664,098 (31 December 2012: £602,157). As a result of the timing of contract renewals our net cash as at 31 January 2014 increased to £839,530.

Employees

I should like to thank all of our employees for their continued hard work and support over the last six months, without which it would not have been possible to achieve the operating efficiencies that have enabled the business to continue to move towards profitability.

Outlook

Arcontech has continued to make steady progress towards profitability, which we expect to continue in the second half of the year. The Group has an increasing pipeline of opportunities with both existing and potential new customers, which gives confidence that the business remains on track to continue to deliver improvements in operational performance.

Richard Last
Chairman

CONSOLIDATED INCOME STATEMENT

	Six months ended 31 December 2013 (unaudited) £	Six months ended 31 December 2012 (unaudited) £	Year ended 30 June 2013 (audited) £
Revenue	976,578	848,101	1,830,717
Distribution costs	-	-	(28,468)
Administrative costs	(1,045,554)	(1,110,951)	(2,311,120)*
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Operating loss	(68,976)	(262,850)	(508,871)
Finance income	2,241	4,260	7,127
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Loss before taxation	(66,735)	(258,590)	(501,744)
Taxation	-	93,405	88,905
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Loss for the period after tax	(66,735)	(165,185)	(412,839)
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Total comprehensive income	(66,735)	(165,185)	(412,839)
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Loss per share (basic and diluted)	(0.004)p	(0.011)p	(0.027)p

*after non-recurring exceptional costs of £160,994

All of the results relate to continuing operations.

CONSOLIDATED BALANCE SHEET

	31 December 2013 (unaudited) £	31 December 2012 (unaudited) £	30 June 2013 (audited) £
Non-current assets			
Goodwill	1,715,153	1,715,153	1,715,153
Property, plant and equipment	22,162	28,902	25,044
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Total non-current assets	1,737,315	1,744,055	1,740,197
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Current assets			
Trade and other receivables	254,526	392,902	591,780
Cash and cash equivalents	664,098	602,157	878,804
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Total current assets	918,624	995,059	1,470,584
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Current liabilities			
Trade and other payables	(485,184)	(382,129)	(553,117)
Deferred income	(892,790)	(813,597)	(1,331,642)
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Total current liabilities	(1,377,974)	(1,195,726)	(1,884,759)
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Net current liabilities	(459,350)	(200,667)	(414,175)
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Net assets	1,277,965	1,543,389	1,326,022
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Equity			
Share capital	1,531,315	1,531,315	1,531,315
Share premium account	9,428,169	9,428,169	9,428,169
Share option reserve	271,912	222,947	253,234
Retained earnings	(9,953,431)	(9,639,042)	(9,886,696)
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	1,277,965	1,543,389	1,326,022
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CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 31 December 2013 (unaudited) £	Six months ended 31 December 2012 (unaudited) £	Year ended 30 June 2013 (audited) £
Net cash (used)/received in operating activities	(213,830)	(146,300)	130,081
Investing activities			
Interest received	2,241	4,260	7,127
Purchases of plant and equipment	(3,117)	(2,478)	(5,079)
	(876)	1,782	2,048
Net (decrease)/increase in cash and cash equivalents	(214,706)	(144,518)	132,129
Cash and cash equivalents at beginning of period	878,804	746,675	746,675
Cash and cash equivalents at end of period	664,098	602,157	878,804

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Share- based payments reserve	Retained earnings	Total
	£	£	£	£	£
At 1 July 2012	1,531,315	9,428,169	190,760	(9,473,857)	1,676,387
Loss and comprehensive income for the period	-	-	-	(165,185)	(165,185)
Share-based payments	-	-	32,187	-	32,187
At 31 December 2012	1,531,315	9,428,169	222,947	(9,639,042)	1,543,389
Loss and comprehensive income for the period	-	-	-	(247,654)	(247,654)
Share-based payments	-	-	30,287	-	30,287
At 30 June 2013	1,531,315	9,428,169	253,234	(9,886,696)	1,326,022
Loss and comprehensive income for the period	-	-	-	(66,735)	(66,735)
Share-based payments	-	-	18,678	-	18,678
At 31 December 2013	1,531,315	9,428,169	271,912	(9,953,431)	1,277,965

NOTES TO THE FINANCIAL INFORMATION

1. The figures for the six months ended 31 December 2013 and 31 December 2012 are unaudited and do not constitute statutory accounts. The interim results have been prepared using accounting policies which are consistent with International Financial Reporting Standards as adopted by the European Union and are expected to be adopted in the next annual accounts.

The financial information for the year ended 30 June 2013 set out in this interim report does not comprise the Group's statutory accounts as defined in section 434 of the Companies Act 2006. The statutory accounts for the year ended 30 June 2013, which were prepared under International Financial Reporting Standards (IFRS) as adopted for use in the EU, applied in accordance with the provisions of the Companies Act 2006, have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified and did not contain a statement under either Section 498(2) or Section 498(3) of the Companies Act 2006 and did not include references to any matters to which the auditor drew attention by way of emphasis

2. Copies of this statement 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.
3. Earnings per share have been calculated based on the loss after tax and the weighted average number of shares in issue during the half year ended 31 December 2013 of 1,531,314,870 (31 December 2012 - 1,531,314,870; 30 June 2013 - 1,531,314,870). Share options are anti-dilutive and are therefore not included.
4. Taxation is based on the unaudited results and provision has been estimated at the rate applicable to the Company at the time of this statement and expected to be applied to the total annual earnings, adjusted for cash recovery of Research & Development tax credits during the period.
5. There were no dividends paid or proposed during the period (2012: Nil).
6. The Directors have elected not to apply IAS34 Interim financial reporting.