

ARCONTECH GROUP PLC
("Arcontech", the "Company" or the "Group")

PRELIMINARY RESULTS FOR THE YEAR ENDED 30 JUNE 2013

Chairman's Statement

Arcontech Group plc has continued to make steady progress during the year ended 30 June 2013. The business remains focused on the CityVision suite of software products with particular emphasis on Multi Vendor Contribution Systems ("MVCS"), Excelsator, our real time Excel product, and CityVision Cache. New contracts totaling £961,428 over three years were signed during the year with a number of international investment banks. Our sales prospects are becoming increasingly focused on contracts with customers serving multiple jurisdictions. Although the wider international footprint significantly increases sales opportunities, multi-location contracts can lengthen the sales process. Contract renewals during the year amounted to £1,463,000, again these generally cover a three year period.

As at 30 June 2013 our contracted annual recurring licence fees amounted to £1,884,778 (2012: £1,589,110) representing approximately 84% of our annual costs, which is broadly in line with last year (2012: 87%). We are maintaining our investment in product development and sales and marketing.

Turnover for the year increased by 25% to £1,830,717 (2012: £1,463,530). The operating loss for the year before exceptional items was £347,877, a reduction of £247,270 compared to the previous year (2012: £595,147). During the year we continued to invest significantly in product development and improvement. These costs are written off as they are incurred.

Financing

As at 30 June 2013 Arcontech had cash balances of £878,804 (2012: £746,675). The increase reflects the additional sales achieved during the year, part of which also gives rise to deferred revenue involving forward payments. The Group continues to keep costs under tight control in order to maximise working capital. The Board believes that Arcontech continues to have sufficient financial resources to achieve its objectives and to see the business through to profitability.

Employees

As in previous years I would like to thank our employees for their continued hard work, dedication and support over the last twelve months. Their continued support will undoubtedly contribute to the success of the Group and is greatly appreciated.

Outlook

Arcontech has an excellent customer base which includes a number of tier 1 banks. We believe these associations provide a sound platform for additional sales. In addition we have a number of exciting new prospects, although they are likely to take time to convert into sales. We are confident of making steady progress in the coming year.

Richard Last
Chairman

Chief Executive's Review

This is my first Review as Chief Executive of Arcontech since my appointment on 29 April 2013. I am pleased to report that the business has continued to show resilience and growth throughout the year, despite the difficult economic environment. This is a testament to the value proposition offered by Arcontech which both enables and creates efficiencies in the management and distribution of real-time data, whether internally generated or externally sourced.

Growth has been achieved from both existing and new clients as our value proposition becomes better understood and adopted more deeply and broadly across those organisations. As part of the responsiveness to client requests for which Arcontech prides itself, increased client usage and demands have required we develop and build out our offerings as well as support a geographically expanding footprint due to the global nature of our clients' business. As a result, product functionality has expanded and improved and the Group has a stronger base from which growth can be increased. We are also improving the way in which our value proposition is communicated and presented and this has already resulted in a stronger sales pipeline with both existing and prospective clients.

Arcontech now has clients in several continents which has meant we have had to ensure we can provide the necessary levels of support. We have, therefore, expanded our support operations with a combination of online and local support services. Support will remain a key focus for the Group given it is a major component in our overall value proposition.

A key strength of the Company is that we have a skilled and creative team of developers with extensive domain knowledge. We are now working to expand those skills to incorporate a greater understanding of end-user requirements. Once in place we believe we will be better positioned to manage the development function in a manner that focuses on prioritising and balancing client needs and revenue opportunities against any development considerations.

Overall, the Group is in a strong position. The renewed focus is firmly on our clients. Getting closer to them – identifying, discussing and understanding their needs and delivering and supporting the resultant solutions. More concisely; “exceeding our clients’ expectations” now underscores every aspect of the business.

I am confident that I will be able to report even more positively on the results of our efforts in my next Review.

Matthew Jeffs
Chief Executive

Enquiries

Arcontech Group plc
Matthew Jeffs, CEO

+44 20 7256 2300

Northland Capital Partners Limited
Matthew Johnson / Lauren Kettle

+44 20 7796 8800

Income Statement and Statement of Comprehensive Income for the Year Ended 30 June 2013

	Note	Before exceptional items 2013 £	Exceptional items 2013 £	Total 2013 £	Total 2012 £
Revenue	2	1,830,717	-	1,830,717	1,463,530
Distribution costs		(28,468)	-	(28,468)	(19,477)
Administrative costs		(2,150,126)	(160,994)	(2,311,120)	(2,039,200)
Operating loss	3	(347,877)	(160,994)	(508,871)	(595,147)
Finance income		7,127	-	7,127	8,756
Loss before taxation		(340,750)	(160,994)	(501,744)	(586,391)
Taxation		88,905	-	88,905	85,319
Loss for the year after tax		(251,845)	(160,994)	(412,839)	(501,072)
Total comprehensive income attributable to owners of the parent		(251,845)	(160,994)	(412,839)	(501,072)
Loss per share (basic and diluted)	4			(0.027)p	(0.033)p

Statement of Changes in Equity for the Year Ended 30 June 2013

	Share capital £	Share premium £	Share option reserve £	Retained earnings £	Total equity £
Balance at 1 July 2011	1,531,315	9,428,169	145,538	(8,972,785)	2,132,237
Loss for the year	-	-	-	(501,072)	(501,072)
Total comprehensive income for the year	-	-	-	(501,072)	(501,072)
Share-based payments	-	-	45,222	-	45,222
Balance at 30 June 2012	1,531,315	9,428,169	190,760	(9,473,857)	1,676,387
Loss for the year	-	-	-	(412,839)	(412,839)
Total comprehensive income for the year	-	-	-	(412,839)	(412,839)
Share-based payments	-	-	62,474	-	62,474
Balance at 30 June 2013	1,531,315	9,428,169	253,234	(9,886,696)	1,326,022

Balance Sheet as at 30 June 2013

	2013 £	2012 £
Non-current assets		
Goodwill	1,715,153	1,715,153
Property, plant and equipment	25,044	34,263
Investments in subsidiaries	-	-
Total non-current assets	1,740,197	1,749,416
Current assets		
Trade and other receivables	591,780	667,637
Cash and cash equivalents	878,804	746,675
Total current assets	1,470,584	1,414,312
Current liabilities		
Trade and other payables	(1,884,759)	(1,487,341)
Total current liabilities	(1,884,759)	(1,487,341)
Net current (liabilities)/assets	(414,175)	(73,029)
Net assets	1,326,022	1,676,387
Equity		
Called up share capital	1,531,315	1,531,315
Share premium account	9,428,169	9,428,169
Share option reserve	253,234	190,760
Retained earnings	(9,886,696)	(9,473,857)
	1,326,022	1,676,387

Cash Flow Statement for the Year Ended 30 June 2013

	2013 £	2012 £
Net cash generated from/(used in) operating activities	130,081	(90,351)
Investing activities		
Interest received	7,127	8,756
Purchases of plant and equipment	(5,079)	(12,934)
Net cash generated from/(used in) investing activities	2,048	(4,178)
Net increase/(decrease) in cash and cash equivalents	132,129	(94,529)
Cash and cash equivalents at beginning of year	746,675	841,204
Cash and cash equivalents at end of year	878,804	746,675

Notes to the Financial Statements

For the year ended 30 June 2013

1. Accounting policies

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

The financial information set out above for the years ended 30 June 2013 and 2012 does not constitute the Group's statutory accounts within the meaning of Section 434 of the Companies Act 2006 but is derived from those accounts. Statutory accounts for the year ended 30 June 2012 have been delivered to the Registrar of Companies and those for 2013 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts. The auditors' reports were unqualified and did not contain statements under s.498 (2) or (3) Companies Act 2006. The results have been prepared using accounting policies consistent with those used in the preparation of the statutory accounts.

The 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.

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

2. Revenue

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

	2013 £	2012 £
Financial information service, advertising and sponsorship, software development and consultancy	1,830,717	1,463,530

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

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

2013

2012

	£	£
Depreciation of plant and equipment	13,951	15,552
Loss on disposal of fixed assets	346	545
Staff costs (<i>see note 8</i>)	1,645,544	1,417,450
Operating lease rentals - land and buildings (<i>see note 22</i>)	79,000	79,000
Research and development	729,095	669,400

4. Loss per share

	2013	2012
	£	£
Earnings		
Earnings for the purpose of basic and diluted earnings per share being net loss attributable to equity shareholders	(412,839)	(501,072)
	(412,839)	(501,072)
Number of shares		
	No.	No.
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,531,314,870	1,531,314,870
Number of dilutive shares under option	-	-
Weighted average number of ordinary shares for the purposes of dilutive earnings per share	1,531,314,870	1,531,314,870
Loss per share (basic and diluted)		
Before exceptional items	(0.016)p	(0.033)p
Exceptional items	(0.011)p	-
Total	(0.027)p	(0.033)p

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 (2012: £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 at 8th Floor, Finsbury Tower, 103-105 Bunhill Row, London EC1Y 8LZ on 23 October 2013 at 10 a.m.

8. Annual report and accounts

Copies of the annual reports and accounts will be sent to shareholders in due course and will be 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.