



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

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

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 2014.

Financial and business highlights:

- Turnover increased by 7% to £1,041,599 (six months ended 31 December 2013: £976,578).
- Operating profit increased to £115,900 (six months ended 31 December 2013: loss of £68,976).
- Annual run-rate of recurring revenues at 31 December 2014 amount to £2.1 million (2013: £1.9 million) and cover 112% of the cost base.
- Net cash of £1,073,948 at 31 December 2014 (31 December 2013: £664,098).

Richard Last, Chairman of Arcontech, said:

"The Board is pleased that the Group is making progress in delivering increasing levels of turnover and profitability in the medium to longer term. However, the level of profitability for the current year ending 30 June 2015 is uncertain, due to a significant customer requesting the termination of its contract 18 months early for reasons outside of our control. We are currently working to resolve the situation. Although we expect to achieve new sales wins before the year end, due to revenue on our contracts being taken to profit on a monthly basis, it is unlikely that we will be able to fully compensate for the loss of revenue should the contract be terminated. Nevertheless, the Board believes Arcontech will deliver a positive result for the six months ending 30 June 2015. With current net cash balances in excess of £1.2m and a healthy sales pipeline, we remain positive about the Group's prospects."

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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 with shareholders in a more environmentally friendly and cost effective manner.

Chairman's Statement

I am pleased to report that Arcontech has moved into profitability in the six months ended 31 December 2014. The operating profit for the period was £115,900, compared to an operating loss of £68,796 in the corresponding six month period ended 31 December 2013. This was achieved by an increase in turnover as well as operating efficiencies and cost reductions. Turnover for the six month period increased by 7% to £1,041,599 (six month period ended 31st December 2013: £976,578) of which £1,035,399 relates to recurring annual licence fees (six month period ended 31 December 2013: £962,378). At the same time, operating efficiencies and tight control of expenses resulted in cost reductions amounting to £119,855 compared to the corresponding period last year.

The sales cycle continues to take longer than we would like, however, our pipeline of qualified prospects remains encouraging. We are committed to product development focused both on enhancing our solutions for existing customers in response to their feedback, as well as developing new products. In particular, we have developed an interface to Open MAMA and Solace Systems, as well as working with FactSet Systems to enable them to receive and display real time data.

Financing

Arcontech is well financed, with net cash balances at 31 December 2014 of £1,073,948 (31 December 2013: £664,098). This represents an increase of £409,850 since the year end at 30 June 2014. Net cash at 19 March 2015 was £1,294,061. This places Arcontech in a positive position to maintain its level of product development and increase its sales capability.

Employees

I would like to thank our employees and my fellow directors for their hard work and support over the last six months. It is essential, particularly in small businesses, that everyone works together as a team and has a flexible approach. As a result this has enabled the Group to achieve profitability.

Outlook

The Board is pleased that the Group is making progress in delivering increasing levels of turnover and profitability in the medium to longer term. However, the level of profitability for the current year ending 30 June 2015 is uncertain, due to a significant customer requesting the termination of its contract 18 months early for reasons outside of our control. We are currently working to resolve the situation. Although we expect to achieve new sales wins before the year end, due to revenue on our contracts being taken to profit on a monthly basis, it is unlikely that we will be able to fully compensate for the loss of revenue should the contract be terminated. Nevertheless, the Board believes Arcontech will deliver a positive result for the six months ending 30 June 2015. With current net cash balances in excess of £1.2m and a healthy sales pipeline, we remain positive about the Group's prospects.

Richard Last
Chairman and Non-Executive Director

CONSOLIDATED INCOME STATEMENT

	Six months ended 31 December 2014 (unaudited) £	Six months ended 31 December 2013 (unaudited) £	Year ended 30 June 2014 (audited) £
Revenue	1,041,599	976,578	1,981,375
Distribution costs	-	-	(31,439)
Administrative costs	(925,699)	(1,045,554)	(1,989,156)
	115,900	(68,976)	(39,220)
Operating profit/(loss)			
Finance income	1,032	2,241	3,655
	116,932	(66,735)	(35,565)
Profit/(loss) before taxation			
Taxation	109,378	-	100,251
	226,310	(66,735)	64,686
Profit/(loss) for the period after tax			
	226,310	(66,735)	64,686
Total comprehensive income			
	0.015p	(0.004)p	0.004p
Profit/(loss) per share (basic)			
	0.014p	(0.004)p	0.004p
Profit/(loss) per share (diluted)			

All of the results relate to continuing operations.

CONSOLIDATED BALANCE SHEET

	31 December 2014 (unaudited) £	31 December 2013 (unaudited) £	30 June 2014 (audited) £
Non-current assets			
Goodwill	1,715,153	1,715,153	1,715,153
Property, plant and equipment	15,531	22,162	19,112
Total non-current assets	1,730,684	1,737,315	1,734,265
Current assets			
Trade and other receivables	757,616	254,526	361,016
Cash and cash equivalents	1,073,948	664,098	733,676
Total current assets	1,831,564	918,624	1,094,692
Current liabilities			
Trade and other payables	(609,224)	(485,184)	(561,434)
Deferred income	(1,303,096)	(892,790)	(850,638)
Total current liabilities	(1,912,320)	(1,377,974)	(1,412,072)
Net current liabilities	(80,756)	(459,350)	(317,380)
Net assets	1,649,928	1,277,965	1,416,885
Equity			
Share capital	1,536,672	1,531,315	1,536,672
Share premium account	9,430,312	9,428,169	9,430,312
Share option reserve	79,295	271,912	72,562
Retained earnings	(9,396,351)	(9,953,431)	(9,622,661)
	1,649,928	1,277,965	1,416,885

CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 31 December 2014 (unaudited) £	Six months ended 31 December 2013 (unaudited) £	Year ended 30 June 2014 (audited) £
Net cash generated from/(used in) operating activities	340,259	(213,830)	(151,013)
Investing activities			
Interest received	1,032	2,241	
Sales of plant and equipment	166	-	-
Purchases of plant and equipment	(1,185)	(3,117)	(5,270)
Issue of shares	-	-	7,500
Net cash generated from/(used in) investing activities	13	(876)	5,885
Net increase/(decrease) in cash and cash equivalents	340,272	(214,706)	(145,128)
Cash and cash equivalents at beginning of period	733,676	878,804	878,804
Cash and cash equivalents at end of period	1,073,948	664,098	733,676

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Share- based payments reserve	Retained earnings	Total
	£	£	£	£	£
At 1 July 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	-	-	18,677	-	18,677
At 31 December 2013	1,531,315	9,428,169	271,911	(9,953,431)	1,277,964
Total comprehensive income for the period	-	-	-	131,421	131,421
Issue of shares	5,357	2,143	-	-	7,500
Share-based payments	-	-	-	-	-
Share-based payments provision released	-	-	(199,349)	199,349	-
At 30 June 2014	1,536,672	9,430,312	72,562	(9,622,661)	1,416,885
Total comprehensive income for the period	-	-	-	226,310	226,310
Share-based payments	-	-	6,733	-	6,733
At 31 December 2014	1,536,672	9,430,312	79,295	(9,396,351)	1,649,928

NOTES TO THE FINANCIAL INFORMATION

1. The figures for the six months ended 31 December 2014 and 31 December 2013 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 2014 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 2014, 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 profit after tax and the weighted average number of shares in issue during the half year ended 31 December 2014 of 1,536,672,013 (31 December 2013: 1,531,314,870; 30 June 2014: 1,536,672,013). The number of dilutive shares under option at 31 December 2014 was 56,247,024 (31 December 2013: Nil; 30 June 2014: 13,314,419). 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.
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 (2013: Nil).
6. The Directors have elected not to apply IAS34 Interim financial reporting.