



ARCONTECH GROUP PLC

(“Arcontech” or the “Group”)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

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 2015.

Financial and business highlights:

- Turnover increased by 9% to £1,132,246 (six months ended 31 December 2014: £1,041,599).
- Operating profit increased by 78% to £205,889 (six months ended 31 December 2014: £115,900).
- Annual run-rate of recurring revenues at 31 December 2015 amount to £1.9 million (2014: £2.1 million) and cover 105% of the cost base (2014: 112%).
- Net cash of £1,538,519 as at 31 December 2015 (31 December 2014: £1,073,948).

Richard Last, Chairman of Arcontech Group, said:

“The Board is pleased to report continued progress by the Group in delivering increasing levels of turnover and profitability. Results for the current year ending 30 June 2016 remain on target taking into account the reduced revenue from one of our clients in Asia. Costs continue to be managed closely. With net cash balances as at 22 February 2016 of £1.8m and a good sales pipeline, we are increasingly 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 in a more environmentally friendly and cost effective manner.

Chairman's Statement

I am pleased to report that Arcontech has continued to grow profits in the six months ended 31 December 2015. The operating profit for the period was £205,889 compared to £115,900 in the corresponding six month period ended 31 December 2014, an increase of 78%. This was achieved by increasing turnover for the six month period by 9% to £1.13 million (six month period ended 31 December 2014: £1.04 million) and by continued strict cost control. Of the total revenue, £1.13 million relates to recurring annual licence fees (six month period ended 31 December 2014: £1.04 million). Fully diluted earnings per share increased by 42% to 0.02 pence per share compared to 0.014 pence per share for the corresponding period last year.

We continue to work towards making up for the termination of a significant contract with an Asia focused bank (as announced on 26 March 2015) requesting the termination of its contract 18 months early, and which was agreed to take effect from 1 January 2016. Despite this loss, the annual run-rate of recurring revenues at 31 December 2015 (excluding that contract) amounts to £1.9 million (2014: £2.1 million including that contract) and covers 105% of the cost base (2014: 112%).

The sales cycle continues to be longer than we would like. With our strengthened pipeline of qualified prospects, along with the additional offerings under development we believe the frequency of new sales wins will improve. Our product development continues to focus both on enhancing solutions for existing customers, as well as developing new products and is showing good progress. We have been working with several clients to broaden the appeal of Excelerator as well as enhance our server-side systems to better integrate with clients' infrastructure.

Financing

Arcontech has net cash balances at 31 December 2015 of £1,538,519 (31 December 2014: £1,073,948). This has allowed Arcontech to continue to maintain its level of product development and further increase its sales capability. Cash balances at 22 February amount to £1,803,370.

Employees

I should like to thank our employees and my fellow directors for their continuing hard work and dedication over the last six months, without which we would not have been able to achieve the reported results and to increase profitability.

Outlook

The Board is pleased to report continued progress by the Group in delivering increasing levels of turnover and profitability. Results for the current year ending 30 June 2016 remain on target taking into account the reduced revenue from one of our clients in Asia. Costs continue to be managed closely. With net cash balances as at 22 February 2016 of £1.8m and a good sales pipeline, we are increasingly positive about the Group's prospects.

Richard Last
Chairman and Non-Executive Director

GROUP INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 31 December 2015 (unaudited) £	Six months ended 31 December 2014 (unaudited) £	Year ended 30 June 2015 (audited) £
Revenue	1,132,246	1,041,599	2,129,958
Administrative costs	(926,657)	(925,699)	(1,890,242)
	205,589	115,900	239,716
Operating profit			
Finance income	4,071	1,032	3,944
	209,660	116,932	243,660
Profit before taxation			
Taxation	105,813	109,378	109,378
	315,473	226,310	353,038
Profit for the period after tax			
	315,473	226,310	353,038
Total comprehensive income	315,473	226,310	353,038
Profit per share (basic)	0.021p	0.015p	0.023p
Profit per share (diluted)	0.020p	0.014p	0.023p

All of the results relate to continuing operations.

BALANCE SHEETS

	31 December 2015 (unaudited) £	31 December 2014 (unaudited) £	30 June 2015 (audited) £
Non-current assets			
Goodwill	1,715,153	1,715,153	1,715,153
Property, plant and equipment	49,840	15,531	41,605
Trade and other receivables	141,750	-	141,750
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Total non-current assets	1,906,743	1,730,684	1,898,508
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Current assets			
Trade and other receivables	589,294	757,616	478,402
Cash and cash equivalents	1,538,519	1,073,948	1,069,755
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Total current assets	2,127,813	1,831,564	1,548,157
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Current liabilities			
Trade and other payables	(609,223)	(609,224)	(779,542)
Deferred income	(1,306,273)	(1,303,096)	(877,001)
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Total current liabilities	(1,915,496)	(1,912,320)	(1,656,543)
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Net current assets/(liabilities)	212,317	(80,756)	(108,386)
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Net assets	2,119,060	1,649,928	1,790,122
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Equity			
Share capital	1,536,672	1,536,672	1,536,672
Share premium account	9,430,312	9,430,312	9,430,312
Share option reserve	106,226	79,295	92,761
Retained earnings	(8,954,150)	(9,396,351)	(9,269,623)
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	2,119,060	1,649,928	1,790,122
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GROUP CASH FLOW STATEMENT

	Six months ended 31 December	Six months ended 31 December	Year ended 30 June
	2015 (unaudited) £	2014 (unaudited) £	2015 (audited) £
Net cash generated from operating activities	481,898	340,259	369,982
Investing activities			
Interest received	4,071	1,032	3,944
Sales of plant and equipment	-	166	167
Purchases of plant and equipment	(17,205)	(1,185)	(38,014)
Net cash (used in)/generated from investing activities	(13,134)	13	(33,903)
Net increase in cash and cash equivalents	468,764	340,272	336,079
Cash and cash equivalents at beginning of period	1,069,755	733,676	733,676
Cash and cash equivalents at end of period	1,538,519	1,073,948	1,069,755

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Share- based payments reserve	Retained earnings	Total
	£	£	£	£	£
At 1 July 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
Total comprehensive income for the period	-	-	-	126,728	126,728
Share-based payments	-	-	13,466	-	13,466
At 30 June 2015	1,536,672	9,430,312	92,761	(9,269,623)	1,790,122
Total comprehensive income for the period	-	-	-	315,473	315,473
Share-based payments	-	-	13,465	-	13,465
At 31 December 2015	1,536,672	9,430,312	106,226	(8,954,150)	2,119,060

NOTES TO THE FINANCIAL INFORMATION

1. The figures for the six months ended 31 December 2015 and 31 December 2014 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.
2. The financial information for the year ended 30 June 2015 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 2015, 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.
3. Copies of this statement are available from the Company Secretary at the Company's registered office at 1st Floor 11-21 Paul Street, London, EC2A 4JU or from the Company's website at www.arcontech.com.
4. 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 2015 of 1,536,672,013 (31 December 2014: 1,536,672,013; 30 June 2015: 1,536,672,013). The number of dilutive shares under option at 31 December 2015 was 22,187,953 (31 December 2014: 56,247,024; 30 June 2015: 15,602,834). 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 the average market price during the period, based upon the issue price of the outstanding share options including future charges to be recognised under the share based payment arrangements.
5. 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. No corporation tax has been charged in the period as any liability has been offset against tax losses brought forward from prior years. The tax credit represents the cash recovery of Research & Development tax credits during the period.
6. There were no dividends paid or proposed during the period (2014: Nil).
7. The Directors have elected not to apply IAS34 Interim financial reporting.