ARCONTECH GROUP PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

Arcontech Group PLC (AIM: ARC), providers of products and services for real-time financial market data processing and trading, reports its unaudited results for the six months ended 31 December 2010.

Financial and business highlights:

- Turnover increased by 26% to £593,358 (six months to 31 December 2009: £471,945).
- Loss after taxation for the period £342,136 (six months to 31 December 2009 £390,402).
- Contracted future annual recurring revenues amount to £1.1 million (2009: £1.1 million) and cover 60% of our cost base.
- Net cash of £1.0 million at 31 December 2010.

Richard Last, Chairman of Arcontech Group, said:

Although we have not seen any material improvement in sales order inflow in the last six months, we are experiencing an increase in the level of sales opportunities. Predictability of the timing of order placement by our customers and prospects remains, as ever, difficult to forecast. Despite this we remain positive about the opportunities for Arcontech's products and believe we are well placed to benefit from the improvements seen in the prospects of the overall Financial Services market.

Enquiries:
Arcontech Group plc

Andrew Miller, Chief Executive Officer	020 7256 2300
Richard Last, Chairman and Non-Executive Director	01608 683108

Northland Capital Partners

Shane Gallwey/ Edward Hutton	020 7492 4775

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

The six months ended 31 December 2010 have been a period of investment in sales and marketing and in product development for Arcontech Group Plc ("Arcontech"). New sales have been lower than anticipated, which we believe is due to longer decision cycles by customers rather than any loss of opportunities. We have continued to invest in increased functionality and performance for our core contributions and distribution software and have improved resilience of the Axe product set in the six months to 31 December 2010.

Turnover for the six month period to 31 December 2010 increased by 26% to £593,358 (six months ended 31 December 2009: £471,945). The loss after taxation for the same period reduced to £342,136 (2009 - £390,402) reflecting our successful Research and Development tax credit claims.

The business has progressed well in the period, albeit this is not reflected in the financial results for the period. Our Excelerator real-time desktop product is being considered by a number of large and smaller financial organisations and whilst sales to date have been modest we remain confident as to the opportunities. We have also invested considerable time and hence cost in developing our products for connectivity and integration with Thomson Reuters and Bloomberg systems which are widely used in the financial services market. We believe we have a unique proposition to offer the market which should provide significant opportunity for future growth and are encouraged by strong interest from major investment banks.

We have continued to maintain a tight control of costs and have improved our efficiency and reduced administration costs to a minimum. We have invested in additional sales and pre-sales personnel and have increased our marketing spend, leading to an increase in the overall cost base of the business which we consider to be essential if we are to grow the business and deliver future opportunities. Despite the increase in costs our annual contracted revenues now cover 60% of our cost base compared to 58% at 31 December 2009.

Financing

Net cash balances at 31 December 2010 were approximately £1 million. Due to delays in orders being received and therefore project completion dates, we expect cash to remain at this level at the year-end.

Based upon our present business expectations we believe Arcontech has the necessary financial resources to continue to invest in sales, marketing and also product development in order to take the Group towards profitability.

Employees

I should like to thank all our employees for their hard work and dedication over the last six months and for their continued support for the company and its customers. Working in smaller technology companies requires flexibility and commitment from employees and both are clearly evident within Arcontech.

Outlook

Although we have not seen any material improvement in sales order inflow in the last six months, we are experiencing an increase in the level of sales opportunities. Predictability of the timing of order placement by our customers and prospects remains, as ever, difficult to forecast. Despite this we remain positive about the opportunities for Arcontech's products and believe we are well placed to benefit from the improvements seen in the prospects of the overall Financial Services market.

Richard Last
Chairman

CONSOLIDATED INCOME STATEMENT

	Six months ended 31 December 2010 (unaudited) £	Six months ended 31 December 2009 (unaudited) £	Year ended 30 June 2010 (audited) £
Continuing operations			
Revenue	**593,358**	471,945	1,068,776
Distribution costs	-	(11,994)	(25,242)
Administrative costs	**(1,074,956)**	(856,828)	(1,962,288)
Operating loss	**(481,598)**	(396,877)	(918,754)
Finance income	**6,779**	102	5,681
Loss before taxation	**(474,819)**	(396,775)	(913,073)
Taxation	**132,683**	-	-
Loss for the period from continuing operations	**(342,136)**	(396,775)	(913,073)
Discontinued operations			
Profit for the period after tax from discontinued operations	-	6,373	-
Total comprehensive income	**(342,136)**	(390,402)	(913,073)
Loss per share (basic and diluted)			
From continuing operations	**(0.022)p**	(0.035)p	(0.07)p
From discontinued operations	**-p**	0.001p	-p
From continuing and discontinued operations	**(0.022)p**	(0.034)p	(0.07)p

CONSOLIDATED BALANCE SHEET

	31 December 2010 (unaudited) £	31 December 2009 (unaudited) £	30 June 2010 (audited) £
Non-current assets			
Goodwill	**1,715,153**	1,715,153	1,715,153
Property, plant and equipment	**44,989**	50,365	46,597
Total non-current assets	**1,760,142**	1,765,518	1,761,750
Current assets			
Trade and other receivables	**731,557**	837,726	213,921
Cash and cash equivalents	**972,455**	1,715,070	1,586,376
Total current assets	**1,704,012**	2,552,796	1,800,297
Current liabilities			
Trade and other payables	**(1,002,476)**	(993,694)	(760,013)
Total current liabilities	**(1,002,476)**	(993,694)	(760,013)
Net current assets	**701,536**	1,559,102	1,040,284
Net assets	**2,461,678**	3,324,620	2,802,034
Equity			
Share capital	**1,531,315**	1,531,315	1,531,315
Share premium account	**9,428,169**	9,428,989	9,428,169
Share option reserve	**145,077**	142,392	143,297
Retained earnings	**(8,642,883)**	(7,778,076)	(8,300,747)
	2,461,678	3,324,620	2,802,034

CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 31 December 2010 (unaudited) £	Six months ended 31 December 2009 (unaudited) £	Year ended 30 June 2010 (audited) £
Continuing operations			
Cash used in operating activities	**(746,089)**	(222,416)	(343,682)
Taxes repaid	**132,683**	-	-
Net cash outflow from operating activities	**(613,406)**	(222,416)	(343,682)
Investing activities			
Interest received	**6,779**	102	5,681
Purchases of plant and equipment	**(7,294)**	(2,014)	(8,232)
Acquisition of subsidiary, net of cash acquired	-	-	(1)
Proceeds on disposal of plant and equipment	-	-	405
Net cash outflow from investing activities	**(515)**	(1,912)	(2,147)
Financing activities			
Proceeds on issue of shares	-	1,553,270	1,553,270
Expenses paid in connection with share issues	-	(46,955)	(47,775)
Net cash inflow from financing activities	-	1,506,315	1,505,495
Net (decrease) / increase in cash and cash equivalents from continuing operations	**(613,921)**	1,281,987	1,159,666
Discontinued operations			
Cash flows from operating activities	-	6,373	-
Net increase in cash and cash equivalents from discontinued operations	-	6,373	-
Net (decrease)/increase in cash and cash equivalents	**(613,921)**	1,288,360	1,159,666
Cash and cash equivalents at beginning of period	**1,586,376**	426,710	426,710
Cash and cash equivalents at end of period	**972,455**	1,715,070	1,586,376

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Share-based payments reserve	Retained earnings	Shares to be issued	Total
	£	£	£	£	£	£
At 1 July 2009	736,443	8,516,940	108,742	(7,387,674)	200,606	2,175,057
Loss and comprehensive income for the period	-	-	-	(390,402)	-	(390,402)
Issue of share capital net of expenses	794,872	912,049	-	-	(200,606)	1,506,315
Share-based payments	-	-	33,650	-	-	33,650
At 31 December 2009	**1,531,315**	**9,428,989**	**142,392**	**(7,778,076)**	**-**	**3,324,620**
Loss and comprehensive income for the period	-	-	-	(522,671)	-	(522,671)
Expenses incurred in connection with issue of share capital	-	(820)	-	-	-	(820)
Share-based payments	-	-	905	-	-	905
At 30 June 2010	**1,531,315**	**9,428,169**	**143,297**	**(8,300,747)**	**-**	**2,802,034**
Loss and comprehensive income for the period	-	-	-	(342,136)	-	(342,136)
Share-based payments	-	-	1,780	-	-	1,780
At 31 December 2010	**1,531,315**	**9,428,169**	**145,077**	**(8,642,883)**	**-**	**2,461,678**

NOTES TO THE FINANCIAL INFORMATION

1. The figures for the six months ended 31 December 2010 and 31 December 2009 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 2010 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 2010, 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 2010 of 1,531,314,870 (31 December 2009 - 1,147,281,895; 30 June 2010 - 1,335,592,398). 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 (2009: Nil).

6. The Directors have elected not to apply IAS34 Interim financial reporting.

7. The interim report is prepared on the basis of the accounting policies set out in the most recent set of annual financial statements.