

ARCONTECH GROUP PLC

(“Arcontech”, the “Company” or the “Group”)

Final Results for the Year Ended 30 June 2016

Arcontech (AIM: ARC), the provider of products and services for real-time financial market data processing and trading, is pleased to announce its final audited results for the year ended 30 June 2016.

Financial highlights

- Profit before tax of £302,329 (2015: £243,660)
- Cash balance of £1,633,159 (2015: £1,069,755)
- Basic earnings per share of 0.027p (2015: 0.023p)

Operational highlights

- ‘Soft launch’ of a new Desktop product
- Good cost control (costs lowered by 2%)
- Continued investment in R&D to develop new solutions for existing and new clients
- Pipeline currently unaffected by Brexit

Distributable reserves and Proposed Share Consolidation

In March 2016 Arcontech obtained court approval to cancel its share premium account, creating positive distributable reserves. This will enable the directors to recommend the payment of dividends out of retained profits in the future, should the Board feel this is appropriate.

Due to the large number of shares in issue and to avoid fractional entitlements to any future dividend, it is the Board’s intention to consolidate the number of shares prior to announcing a dividend. Further details of the proposed share consolidation will be provided to shareholders in the Notice of Annual General Meeting.

Commenting on the results, Richard Last, Chairman of Arcontech said:

"We believe, as a result of continued product investment and from listening to our customers, we have a good product set that is suitable for our markets. Our focus is now fundamentally on winning new business and whilst we believe the opportunities for increased sales exist, the sales cycle remains longer than we would like. We also need to fully compensate for the reduction in revenue during the year from the Asian focused bank. Our prospects, however, whilst positive need to be tempered against uncertainties in the banking sector as a result of the low interest rate environment and potential issues following Brexit."

The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

Enquiries:

Arcontech Group plc

Richard Last, Chairman and Non-Executive Director 07713 214484

Matthew Jeffs, Chief Executive 020 7256 2300

finnCap Ltd (Nomad & Broker)

Carl Holmes/Simon Hicks 020 7220 0500

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

Chairman's Statement

Arcontech Group plc (“Arcontech“ or the “Company”) is pleased to report a profit before taxation for the year ended 30 June 2016 of £302,329 compared to £243,660 for the year ended 30 June 2015. After taking the benefit of the Research and Development tax credit of £105,813 (2015: £109,378) which the company receives due to the amount it has invested in qualifying product design and development, Arcontech achieved a profit after tax of £408,142 (2015: £353,038).

Turnover for the year increased modestly by 0.5% to £2,141,630 (2015: £2,129,958) reflecting the situation that new business predominantly from existing customers only marginally exceeded the impact of the loss in revenue from the Asian focused bank, previously reported, from the start of the second half. With the “soft launch” of our new Desktop product we would expect to see increased sales momentum in the coming year.

Throughout the year ended 30 June 2016 we maintained tight control of costs which has helped improve our profitability. We have continued to invest in new product development which we expect to maintain going forward as we believe product development and innovation is key to our future success. Further investment in sales and marketing resources is expected but this will be dependent on new sales wins.

Financing

As at 30 June 2016 Arcontech had no debt and cash balances of £1,633,159 (2015: £1,069,755), reflecting increased profitability. This leaves the business well financed for the future.

Employees

Once again I would like to thank our employees who are the core of the business and whose support and dedication is greatly appreciated.

Outlook

We believe, as a result of continued product investment and from listening to our customers, we have a good product set that is suitable for our markets. Our focus is now fundamentally on winning new business and whilst we believe the opportunities for increased sales exist, the sales cycle remains longer than we would like. We also need to fully compensate for the reduction in revenue during the year from the Asian focused bank. Our prospects, however, whilst positive need to be tempered against uncertainties in the banking sector as a result of the low interest rate environment and potential issues following Brexit.

Richard Last
Chairman

Chief Executive's Review

I am pleased to report that during the year our continued attention to managing costs whilst bringing the sales pipeline forward, has resulted in an increase in profit before tax of 24% compared to the previous year.

Our endeavours resulted in revenue growth of 0.5% and a reduction in costs of 2%. This had a significant and positive impact to our bottom line to generate a profit before tax of £302,329.

As well as progressing the sales pipeline, this year has also seen us improve our product offering by adding functionality to existing products as well as building out the product portfolio with a new Desktop component. This is currently in trials with several Tier 1 clients with whom prospects for commercial deployment are looking very promising.

More generally, the outlook for the business remains positive and as yet has been unaffected by the wider uncertainties surrounding Brexit. What does continue to affect revenues, however, is the length of the sales cycle. This is largely attributable to the fact that our traditional offerings invariably need to displace an incumbent for which the existing contract terms can affect our prospects. As has been stated previously, however, once a commercial relationship has been established, we inevitably find many opportunities to grow the relationship both through displacement and development of new solutions. We also look forward to securing cornerstone clients for our newly developed Desktop component in order to generate new and additional revenues outside of our traditional target market due to the broad appeal of its value proposition.

Having maintained momentum and grown profitability over the previous year, we have reconfirmed the value of our products to the market whilst strengthening our position. We are now working to capitalise on this by increasing revenues. Sales growth remains our clear priority.

Matthew Jeffs
Chief Executive

Group Income Statement and Statement of Comprehensive Income

For the year ended 30 June 2016

	2016	2015
	£	£
Revenue	2,141,630	2,129,958
Administrative costs	(1,849,257)	(1,890,242)
<hr/>		
Operating profit	292,373	239,716
Finance income	9,956	3,944
<hr/>		
Profit before taxation	302,329	243,660
<hr/>		
Taxation	105,813	109,378
<hr/>		
Profit for the year after tax	408,142	353,038
<hr/>		
Total comprehensive income for the year	408,142	353,038
<hr/>		
Earnings per share (basic)	0.027p	0.023p
<hr/>		
Earnings per share (diluted)	0.026p	0.023p
<hr/>		

All of the results relate to continuing operations.

Statement of Changes in Equity

For the year ended 30 June 2016

Group:

	Share capital £	Share premium £	Share option reserve £	Retained earnings £	Total equity £
Balance at 30 June 2014	1,536,672	9,430,312	72,562	(9,622,661)	1,416,885
Profit for the year	-	-	-	353,038	353,038
Total comprehensive income for the year	-	-	-	353,038	353,038
Share-based payments	-	-	20,199	-	20,199
Balance at 30 June 2015	1,536,672	9,430,312	92,761	(9,269,623)	1,790,122
Profit for the year	-	-	-	408,142	408,142
Total comprehensive income for the year	-	-	-	408,142	408,142
Cancellation of share premium account	-	(9,430,312)	-	9,430,312	-
Issue of shares	5,060	2,024	-	-	7,084
Share-based payments	-	-	26,931	-	26,931
Balance at 30 June 2016	1,541,732	2,024	119,692	568,831	2,232,279

Balance Sheet

As at 30 June 2016

	Group 2016 £	Group 2015 £
Non-current assets		
Goodwill	1,715,153	1,715,153
Property, plant and equipment	44,785	41,605
Trade and other receivables	141,750	141,750
Total non-current assets	1,901,688	1,898,508
Current assets		
Trade and other receivables	265,360	478,402
Cash and cash equivalents	1,633,159	1,069,755
Total current assets	1,898,519	1,548,157
Current liabilities		
Trade and other payables	(1,567,928)	(1,656,543)
Total current liabilities	(1,567,928)	(1,656,543)
Net current assets/(liabilities)	330,591	(108,386)
Net assets	2,232,279	1,790,122
Equity		
Called up share capital	1,541,732	1,536,672
Share premium account	2,024	9,430,312
Share option reserve	119,692	92,761
Retained earnings	568,831	(9,269,623)
	2,232,279	1,790,122

Group Cash Flow Statement

For the year ended 30 June 2016

	2016 £	2015 £
Net cash generated from operating activities	567,420	369,982
Investing activities		
Interest received	9,956	3,944
Purchases of plant and equipment	(21,056)	(38,014)
Proceeds of sales of plant and equipment	-	167
Net cash invested in investing activities	(11,100)	(33,903)
Financing activities		
Issue of shares	7,084	-
Net cash generated from financing activities	7,084	-
Net increase in cash and cash equivalents	563,404	336,079
Cash and cash equivalents at beginning of year	1,069,755	733,676
Cash and cash equivalents at end of year	1,633,159	1,069,755

Notes to the Financial Information

For the year ended 30 June 2016

1. Status of financial information

Arcontech Group plc is a public limited company incorporated in England and Wales whose ordinary shares of 0.1p each are traded on the AIM Market of the London Stock Exchange. The Company's registered office is 1st Floor, 11-21 Paul Street, London, EC2A 4JU.

The Board of Directors approved this preliminary announcement on 9 August 2016. Whilst the financial information included in this preliminary announcement has been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union, this announcement does not itself contain sufficient information to comply with all the disclosure requirements of IFRS and does not constitute statutory accounts of the Company for the years ended 30 June 2016 or 30 June 2015.

The financial information has been extracted from the statutory accounts of the Company for the years ended 30 June 2016 and 30 June 2015. The auditors reported on those accounts; their reports were 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.

The statutory accounts for the year ended 30 June 2015 have been delivered to the Registrar of Companies, whereas those for the year ended 30 June 2016 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

2. Basis of preparation

This financial information has been prepared in accordance with the principles of International Financial Reporting Standards ("IFRS") as adopted by the European Union and International Financial Reporting Interpretations Committee ("IFRIC") recommendations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. For the purposes of the preparation of the consolidated financial information, the Group has applied all standards and interpretations that are effective for accounting periods beginning on or after 1 July 2015. There have been no changes in accounting policies during the year. The financial information has been prepared under the historical cost convention unless otherwise stated.

3. Profit per share

	2016	2015
	£	£
Earnings		
Earnings for the purpose of basic and diluted earnings per share being net profit attributable to equity shareholders	408,142	353,038
	<hr/> 408,142	<hr/> 353,038

	No.	No.
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,537,198,758	1,536,672,013
Number of dilutive shares under option	26,682,073	15,602,384
Weighted average number of ordinary shares for the purposes of dilutive earnings per share	1,563,880,831	1,552,274,847

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. Annual General Meeting

The Annual general meeting of Arcontech Group PLC will be held at the Company's offices, 1st Floor, 11-21 Paul Street, London EC2A 4JU on 27 September 2016 at 10 a.m.

5. Annual report and accounts

Copies of the annual report and accounts will be sent to shareholders shortly and will be 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