

Final Results for the Year Ended 30 June 2014

18/08/2014

Chairman's Statement

Arcontech has achieved a significantly improved operating result for the year ended 30 June 2014, with a loss before taxation and exceptional items of £35,565 (2013: loss before taxation and exceptional items of £340,750). After taking the benefit of the Research and Development tax credit of £100,251 (2013: £88,905) which the company receives due to the amount it has invested in qualifying product design and development, Arcontech achieved a profit after tax of £64,686 (2013: loss after tax of £251,845).

Turnover for the year was £1,981,375 (2013: £1,830,717), an increase of 8%. This increase, whilst positive, is lower than we would have hoped to achieve due in part to the continued lengthening of sales cycles and to customers prioritising areas subject to greater regulatory focus than those addressed by our products. However, at 30 June 2014 the annual recurring licence fees amounted to £1,985,355 (2013: £1,884,778) representing 98% of our annualised running costs (2013: 87%).

As a result of negative distributable reserves, Arcontech has not been able to declare a dividend (2013: £Nil). We intend, however, when the company moves into sustainable profitability, to seek court approval to re-designate our reserves and thereby enable the company to pay dividends.

Financing

As at 30 June 2014 Arcontech had no debt and cash balances of £733,676 (2013: £878,804), this reduction being due to the timing of sales invoicing and of cash receipts from customers.

Nevertheless, the company remains well financed.

Employees

Our employees are core to our business. They have responded positively to the challenges presented by a competitive market place during the last financial year and we again thank them for their continued hard work, dedication and support.

Outlook

With Arcontech's lower cost base and improved product offering we believe that the company is well placed to continue to grow its revenues. The level of sales prospects the company has are significant, however the timing of their conversion into actual sales orders is, as in previous years, extremely difficult to predict. We remain convinced that opportunities for the sale of our products to international investment banks, central banks and other financial institutions remain strong.

Richard Last
Chairman

Chief Executive's Review

During the year we have continued to work on positioning the business so that we have a solid, efficient and effective platform from which to grow. At the same time we have worked with our existing clients to strengthen and grow our relationships whilst also prospecting for new opportunities. In both areas we have succeeded and are now well positioned to move forward.

We have managed to reduce costs in running the organisation so that it is efficient and productive with all areas complementing each other in our goal for growth. We implemented stricter controls on development to ensure work undertaken generated revenue and contributed to making our

offerings more competitive. We also improved the way in which we test our software by building out automated processes where possible, which although requiring human input at the scripting phase does not require subsequent repetitive and costly human intervention.

Growing the business has been successful too, in a very challenging market. Ongoing issues in the marketplace such as the LIBOR-fixing scandal and staff reductions have served to prolong decision making. Despite this we managed to grow revenues by 8% and we are pleased to say we believe Excelerator to be the leading Excel Add-In in the financial market-place with one client having rolled out more than 300 positions across the organisation. We are also happy to have secured the world's oldest international financial organisation as a new MVCS client.

More generally we have also expanded our discussions with clients to identify additional areas in which we can add value to embed us further within their businesses and to aid development of our product portfolio. At the same time we have continued to improve our marketing function which, together with our overall business and sales strategy, increasingly addresses issues of regulation and compliance.

As we build on what has been done and develop these areas I look forward to achieving greater progress.

Matthew Jeffs
Chief Executive

For further information please visit <http://www.arcontech.com>

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