

## ARCONTECH GROUP PLC

("Arcontech" or the "Group")

### INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

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 2012.

#### Financial and business highlights:

- Turnover increased by 22% to £848,101 (six months to 31 December 2011: £696,797).
- Operating loss reduced by 23% to £262,850 (six months to 31 December 2011: £342,789).
- Contracted future annual recurring revenues at 31 December 2012 amount to £1.7 million (2011: £1.3 million) and cover 73% (2011: 67%) of the cost base.
- Net cash of £0.6 million at 31 December 2012.

#### Richard Last, Chairman of Arcontech Group, said:

With our increased level of recurring revenues and tight control of operating costs we are making solid progress towards profitability. We have continued to invest in product development whilst also adding to our sales resource, which we believe will add to the continued successful growth of the Group.

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**To access more information on the Group please visit: [www.arcontech.com](http://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

Turnover for the Arcontech Group for the six month period to 31 December 2012 increased by 22% to £848,101 (six month period to 31 December 2011: £696,797), due primarily to the full year effect of sales made in the second half of the last financial year. Of this, £818,145 (96%) relates to recurring annual licence fees (six month period to 31 December 2011: £672,834 (97%)) and £29,956 (4%) relates to support revenues (six month period to 31 December 2011: £23,963 (3%)). The operating loss for the period was £262,850, 23% lower than the corresponding period for the six month period to 31 December 2011 (£342,789).

New customer contracts obtained during the six month period to 31 December 2012, together with contract wins in January 2013 result in our contracted annual recurring revenues amounting to £1.9 million covering 82% of the cost base.

## **Financing**

As at 31 December 2012 the Group had net cash balances of £602,157 (31 December 2011: £1,252,693). This reduction reflects the trading losses incurred by the Group and the continued development of our product portfolio, the cost of which is charged to the income statement as incurred. As a result of the timing of contract renewals our net cash balances as at 21 February 2013 increased to £854,206.

## **Board**

Arcontech announced on 3 January 2013 that Andrew Miller had resigned as Chief Executive Officer to pursue other business interests. Andrew's contribution to the growth and development of the business is greatly appreciated and we wish him every success for the future. We are currently in the process of considering candidates for this position and expect to make an announcement before the end of our financial year.

## **Employees**

I should like to thank all of our employees for their continued hard work, dedication and support over this last six months. Their continued focus on delivering quality software and support has provided the Group with the firm foundations needed to achieve growth.

## **Outlook**

With our increased level of recurring revenues and tight control of operating costs we are making solid progress towards profitability. We have continued to invest in product development whilst also adding to our sales resource, which we believe will add to the continued successful growth of the Group.

**Richard Last**  
**Chairman**

## CONSOLIDATED INCOME STATEMENT

	<b>Six months ended 31 December 2012 (unaudited) £</b>	Six months ended 31 December 2011 (unaudited) £	Year ended 30 June 2012 (audited) £
<b>Revenue</b>	<b>848,101</b>	696,797	1,463,530
Distribution costs	-	-	(19,477)
Administrative costs	<b>(1,110,951)</b>	(1,039,586)	(2,039,200)
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<b>Operating loss</b>	<b>(262,850)</b>	(342,789)	(595,147)
Finance income	<b>4,260</b>	3,385	8,756
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<b>Loss before taxation</b>	<b>(258,590)</b>	(339,404)	(586,391)
Taxation	<b>93,405</b>	85,319	85,319
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<b>Loss for the period after tax</b>	<b>(165,185)</b>	(254,085)	(501,072)
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<b>Total comprehensive income</b>	<b>(165,185)</b>	(254,085)	(501,072)
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<b>Loss per share (basic and diluted)</b>	<b>(0.011)p</b>	(0.017)p	(0.03)p

All of the results relate to continuing operations.

## CONSOLIDATED BALANCE SHEET

	<b>31 December 2012 (unaudited) £</b>	31 December 2011 (unaudited) £	30 June 2012 (audited) £
<b>Non-current assets</b>			
Goodwill	<b>1,715,153</b>	1,715,153	1,715,153
Property, plant and equipment	<b>28,902</b>	32,364	34,263
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Total non-current assets	<b>1,744,055</b>	1,747,517	1,749,416
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<b>Current assets</b>			
Trade and other receivables	<b>392,902</b>	256,986	667,637
Cash and cash equivalents	<b>602,157</b>	1,252,693	746,675
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Total current assets	<b>995,059</b>	1,509,679	1,414,312
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<b>Current liabilities</b>			
Trade and other payables	<b>(382,129)</b>	(456,872)	(355,447)
Deferred income	<b>(813,597)</b>	(909,137)	(1,131,894)
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Total current liabilities	<b>(1,195,726)</b>	(1,366,009)	(1,487,341)
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<b>Net current (liabilities)/assets</b>	<b>(200,667)</b>	143,670	(73,030)
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<b>Net assets</b>	<b>1,543,389</b>	1,891,187	1,676,387
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<b>Equity</b>			
Share capital	<b>1,531,315</b>	1,531,315	1,531,315
Share premium account	<b>9,428,169</b>	9,428,169	9,428,169
Share option reserve	<b>222,947</b>	158,573	190,760
Retained earnings	<b>(9,639,042)</b>	(9,226,870)	(9,473,857)
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	<b>1,543,389</b>	1,891,187	1,676,387
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## CONSOLIDATED CASH FLOW STATEMENT

	<b>Six months ended 31 December 2012 (unaudited) £</b>	<b>Six months ended 31 December 2011 (unaudited) £</b>	<b>Year ended 30 June 2012 (audited) £</b>
<b>Net cash (used)/received in operating activities</b>	<b>(146,300)</b>	410,924	<b>(90,351)</b>
<b>Investing activities</b>			
Interest received	<b>4,260</b>	3,385	8,756
Purchases of plant and equipment	<b>(2,478)</b>	(2,820)	(12,934)
<b>Net cash generated from/(used) in investing activities</b>	<b>1,782</b>	565	<b>(4,178)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(144,518)</b>	411,489	<b>(94,529)</b>
Cash and cash equivalents at beginning of period	<b>746,675</b>	841,204	841,204
<b>Cash and cash equivalents at end of period</b>	<b>602,157</b>	<b>1,252,693</b>	<b>746,675</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Share- based payments reserve	Retained earnings	Total
	£	£	£	£	£
<b>At 1 July 2011</b>	1,531,315	9,428,169	145,538	(8,992,785)	2,132,237
Loss and comprehensive income for the period	-	-	-	(254,085)	(254,085)
Share-based payments	-	-	13,035	-	13,035
<b>At 31 December 2011</b>	<b>1,531,315</b>	<b>9,428,169</b>	<b>158,573</b>	<b>(9,226,870)</b>	<b>1,891,187</b>
Loss and comprehensive income for the period	-	-	-	(246,987)	(246,987)
Share-based payments	-	-	32,187	-	32,187
<b>At 30 June 2012</b>	<b>1,531,315</b>	<b>9,428,169</b>	<b>190,760</b>	<b>(9,473,857)</b>	<b>1,676,387</b>
Loss and comprehensive income for the period	-	-	-	(165,185)	(165,185)
Share-based payments	-	-	32,187	-	32,187
<b>At 31 December 2012</b>	<b>1,531,315</b>	<b>9,428,169</b>	<b>222,947</b>	<b>(9,639,042)</b>	<b>1,543,389</b>

## NOTES TO THE FINANCIAL INFORMATION

1. The figures for the six months ended 31 December 2012 and 31 December 2011 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 2012 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 2012, 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 8<sup>th</sup> Floor Finsbury Tower, 103-105 Bunhill Row, London, EC1Y 8LZ or from the Company's website at [www.arcontech.com](http://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 2012 of 1,531,314,870 (31 December 2011 - 1,531,314,870; 30 June 2012 - 1,531,314,870). 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 (2011: Nil).
6. The Directors have elected not to apply IAS34 Interim financial reporting.