

Interim results for the six months ended 31 December 2015

24/02/2016

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: <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

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