REGISTERED NUMBER: 04062416 (England and Wales)

Arcontech Group PLC

Year ended 30 June 2014

Contents

Chairman's Statement

Arcontech Group plc ("Arcontech", the "Company" or the "Group") 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

Strategic Report

The Directors present the group strategic report for Arcontech Group plc and its subsidiaries for the year ended 30 June 2014.

Principal activities

The principal activities of the Company and its subsidiaries during the year were the development and sale of proprietary software and provision of computer consultancy services.

Review of the business and prospects

A full review of the operations, financial position and prospects of the Group is given in the Chairman's Statement and Chief Executive's Summary on pages 1 to 2.

Key performance indicators (KPIs)

The Directors monitor the business using management reports and information, reviewed and discussed at monthly Board meetings. Financial and non-financial KPIs used in this report include:

- subscription, software development and consultancy revenues
- revenue and overhead variations against budget
- technical development (e.g. project updates and progress)
- personnel matters
- staff retention (net) 89% (2013 - 95%)
- staff costs spent on R&D 50% (2013 - 44%)

As noted in the group income statement on page 11, revenue for the year has increased by 8% (2013 – 25%), distribution and administrative costs (before exceptional administrative costs) decreased by 8% (2013 – increased by 6%), whilst the loss for the year (before exceptional administrative costs and taxation) from continuing activities has decreased by 90% (2013 – 43%). The earnings per share from continuing operations has increased by 115% (2013 – increased by 18%).

Principal risks and uncertainties

The Group's performance is affected by a number of risks and uncertainties, which the Board monitor on an ongoing basis in order to identify, manage and minimise their possible impact. General risks and uncertainties include changes in economic conditions, interest rate fluctuations and the impact of competition. The Group's principal risk areas and the action taken to mitigate their outcome are shown below:

Risk area	Mitigation
Competition	Ongoing investment in R&D Responding to the changing needs of clients to remain competitive
Loss of key personnel	Employee share option scheme in place

Approved on behalf of the board on 15 August 2014 by:

Matthew Jeffs
Chief Executive

Michael Levy
Group Finance Director

Company Information

Directors	Richard Last *(Chairman and Non-Executive Director)*+* Matthew Jeffs *(Chief Executive)+* Michael Levy *(Group Finance Director)* Louise Barton *(Non-Executive Director)*+*
Secretary and Registered Office	Michael Levy 8th Floor Finsbury Tower 103-105 Bunhill Row London EC1Y 8LZ
Nominated Adviser and Broker	Northland Capital Partners Limited 13 Finsbury Pavement London EC2A 1NT
Registered Number	04062416
Solicitors	DWF LLP Capital House 85 King William Street London EC4N 7BL
Auditors	Nexia Smith & Williamson Statutory Auditor Chartered Accountants Portwall Place Portwall Lane Bristol BS1 6NA
Registrars	Capita IRG Plc The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Principal Bankers	Nat West Bank Plc 94 Moorgate London EC2M 6UR
Company website	www.arcontech.com

* Members of the Remuneration Committee
+ Members of the Audit Committee

Board of Directors

Directors - Executive

Matthew Jeffs (52)

Matthew was appointed Chief Executive Officer in April 2013. Matthew spent 10 years with Barclays International, 10 years with Dow Jones and then 6 years with Reuters in a variety of senior roles. In addition to the UK, he has wide experience in the Asia Pacific region, working in Hong Kong, Japan, Korea (where he was country manager for Reuters and country representative for Dow Jones), Thailand and Vietnam. In his most recent role, Matthew was the Managing Director, ICS International at Broadridge Financial Solutions where he was responsible for the overall management of the Global Proxy business with offices in the U.K., U.S., Japan, Australia and India. Matthew has an MBA from Buckinghamshire Business School.

Michael Levy (52)

Michael was appointed Group Finance Director in May 2001. In addition he operates his own Chartered Accountants practice, Michael Levy & Co. Michael obtained a BA (Econ) in Economics and Social Studies from the University of Manchester in 1983. He qualified as a Chartered Accountant in 1986 with BDO Stoy Hayward and is a Fellow of The Institute of Chartered Accountants in England & Wales.

Directors – Non-Executive

Richard Last (57)

Richard has over 20 years senior experience in information technology, having worked at board level for a number of publicly quoted and private companies operating in this sector. Richard is Chairman of Servelec Group plc, a healthcare software and automation group and British Smaller Companies VCT 2 plc, A venture capital trust, both fully listed on the London Stock Exchange. In addition, Richard is Chairman of Gamma Communications Limited, a privately held telecoms group. Richard also sits on the Boards of Corero plc, an AIM listed IT solutions provider and is Chairman of Lighthouse Group plc, an AIM listed financial services group, as well as a number of other private businesses.

Louise Barton (64)

Louise was appointed Non-Executive Director in February 2007. She has more than 30 years experience as an investment analyst. Louise’s background embraces a high profile City career, including having held senior positions with fund management group Prudential Portfolio Managers and stockbrokers CCF Laurence Prust and Investec Securities.

Directors' Report

The Directors present their Report and financial statements for the year ended 30 June 2014.

General information

Arcontech Group plc is a public limited company which is listed on the AIM market of the London Stock Exchange and is incorporated in the United Kingdom.

Results and dividends

Details of the results for the year are given on page 11. The Directors do not recommend the payment of a dividend (2013: £Nil).

Directors

The Directors who have held office during the period from 1 July 2013 to the date of this report are as follows:

Richard Last
Matthew Jeffs
Michael Levy
Louise Barton

In accordance with the Company's Articles of Association, Michael Levy, who retires by rotation and Matthew Jeffs, who was appointed during the year, offer themselves for re-election.

Except as disclosed in note 23 to the financial statements none of the Directors had an interest in any contracts with the Company or its subsidiaries during the year.

Employees

The Directors recognise the importance of good communication with employees to ensure a common awareness of factors affecting the Group. They also recognise their statutory responsibilities. Matters of current concern or interest are discussed with staff on a regular basis.

Corporate Governance

The Company's shares are traded on AIM, a market operated by the London Stock Exchange and the Company is not, therefore, required to report on compliance with the UK Corporate Governance Code ("the Code"). However, the Board of Directors support the Code and also the recommendations made by Quoted Companies Alliance in its bulletin "Corporate Governance Code for Small and Mid-Sized Quoted Companies 2013". The bulletin provides a series of recommendations for smaller quoted companies in approaching the question of corporate governance which the Company has complied with where it is considered justified as being relevant to a business of this size.

Internal control

The Directors acknowledge their responsibilities for the Group's system of internal control. The Board considers major business and financial risks. All strategic decisions are referred to the Board, which meets monthly, for approval. Accepting that no system of control can provide absolute assurance against material misstatement or loss, the Directors believe that the established systems of internal control within the Group are appropriate to the business.

Financial risk management

The Group's financial instruments comprise cash and cash equivalents, and items such as trade payables and trade receivables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate fluctuations and liquidity risk. It is the Group's policy to finance its operations through a mixture of cash and, where appropriate, external finance and to review the projected cash flow requirements of the Group with an acceptable level of risk exposure.

Directors' Report (continued)

Going concern

On the basis of current projections and having regard to the facilities available to the Group, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly the Directors have adopted the going concern basis in the preparation of the financial statements.

Research and Development

The Group continues to make progress in product development, while continuing to keep control of costs. Research and development expenditure is charged to the income statement in the year incurred, unless it meets the criteria under IAS 38 to capitalise.

Disclosures to auditors

In the case of each of the persons who are Directors at the time when the report is approved, the following applies:

- so far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and

- each of the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditors

A resolution to re-appoint Nexia Smith & Williamson will be proposed at the annual general meeting.

On behalf of the Board

Michael Levy
Company Secretary

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business;

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the members of Arcontech Group PLC

We have audited the financial statements of Arcontech Group PLC for the year ended 30 June 2014 which comprise the Group Income Statement and Statement of Comprehensive Income, the Group and Company Statement of Changes in Equity, the Group and Company Balance Sheets, the Group and Company Cash Flow Statements and the related notes 1 to 31. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2014 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor’s Report to the members of Arcontech Group PLC

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors’ remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Jonathan Talbot
Senior Statutory Auditor, for and on behalf of

Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants
Portwall Place
Portwall Lane
Bristol
BS1 6NA

15 August 2014

Group Income Statement and Statement of Comprehensive Income

For the year ended 30 June 2014

	Note	2014 £	Before exceptional items 2013 £	Exceptional items 2013 £	Total 2013 £
Revenue	3	1,981,375	1,830,717	-	1,830,717
Distribution costs		(31,439)	(28,468)	-	(28,468)
Administrative costs	4	(1,989,156)	(2,150,126)	(160,994)	(2,311,120)
Operating loss	5	(39,220)	(347,877)	(160,994)	(508,871)
Finance income		3,655	7,127	-	7,127
Loss before taxation		(35,565)	(340,750)	(160,994)	(501,744)
Taxation	9	100,251	88,905	-	88,905
Profit/(loss) for the year after tax		64,686	(251,845)	(160,994)	(412,839)
Total comprehensive income for the year		64,686	(251,845)	(160,994)	(412,839)
Profit/(loss) per share (basic and diluted)	10	0.004p			(0.027)p

All of the results relate to continuing operations.

The notes on pages 16 to 38 form part of these financial statements

Statement of Changes in Equity

For the year ended 30 June 2014

Group:

	Share capital £	Share premium £	Share option reserve £	Retained earnings £	Total equity £
Balance at 30 June 2012	1,531,315	9,428,169	190,760	(9,473,857)	1,676,387
Loss for the year	-	-	-	(412,839)	(412,839)
Total comprehensive income for the year	-	-	-	(412,839)	(412,839)
Share-based payments	-	-	62,474	-	62,474
Balance at 30 June 2013	1,531,315	9,428,169	253,234	(9,886,696)	1,326,022
Profit for the year	-	-	-	64,686	64,686
Total comprehensive income for the year	-	-	-	64,686	64,686
Issue of shares	5,357	2,143	-	-	7,500
Share-based payments	-	-	18,677	-	18,677
Share-based payments provision released	-	-	(199,349)	199,349	-
Balance at 30 June 2014	1,536,672	9,430,312	72,562	(9,622,661)	1,416,885

Company:

	Share capital £	Share premium £	Share option reserve £	Retained earnings £	Total equity £
Balance at 30 June 2012	1,531,315	9,428,169	190,760	(7,565,688)	3,584,556
Loss for the year	-	-	-	(189,820)	(189.820)
Total comprehensive income for the year	-	-	-	(189,820)	(189.820)
Share-based payments	-	-	62,474	-	62,474
Balance at 30 June 2013	1,531,315	9,428,169	253,234	(7,755,508)	3,457,210
Profit for the year	-	-	-	23,186	23,186
Total comprehensive income for the year	-	-	-	23,186	23,186
Issue of shares	5,357	2,143	-	-	7,500
Share-based payments	-	-	18,677	-	18,677
Share-based payments provision released	-	-	(199,349)	53,091	(146,258)
Balance as at 30 June 2014	1,536,672	9,430,312	72,562	(7,679,231)	3,360,315

The notes on pages 16 to 38 form part of these financial statements.

Balance Sheets
Registered number: 04062416

As at 30 June 2014

	Note	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Non-current assets					
Goodwill	11	1,715,153	1,715,153	-	-
Property, plant and equipment	12	19,112	25,044	-	-
Investments in subsidiaries	13	-	-	2,017,373	2,017,373
Total non-current assets		1,734,265	1,740,197	2,017,373	2,017,373
Current assets					
Trade and other receivables	14	361,016	591,780	1,510,725	1,648,084
Cash and cash equivalents	15	733,676	878,804	37,854	54,817
Total current assets		1,094,692	1,470,584	1,548,579	1,702,901
Current liabilities					
Trade and other payables	16	(1,412,072)	(1,884,759)	(205,637)	(263,064)
Total current liabilities		(1,412,072)	(1,884,759)	(205,637)	(263,064)
Net current (liabilities)/assets		(317,380)	(414,175)	1,342,942	1,439,837
Net assets		1,416,885	1,326,022	3,360,315	3,457,210
Equity					
Called up share capital	18	1,536,672	1,531,315	1,536,672	1,531,315
Share premium account	19	9,430,312	9,428,169	9,430,312	9,428,169
Share option reserve	25	72,562	253,234	72,562	253,234
Retained earnings		(9,622,661)	(9,886,696)	(7,679,231)	(7,755,508)
		1,416,885	1,326,022	3,360,315	3,457,210

Approved on behalf of the board on 15 August 2014 by:

Matthew Jeffs
Chief Executive

Michael Levy
Group Finance Director

The notes on pages 16 to 38 form part of these financial statements.

Group Cash Flow Statement

For the year ended 30 June 2014

	Note	2014 £	2013 £
Net cash (used in)/generated from operating activities	21	**(151,013)**	**130,081**
Investing activities			
Interest received		3,655	7,127
Purchases of plant and equipment		(5,270)	(5,079)
Issue of shares		7,500	-
Net cash generated from investing activities		**5,885**	**2,048**
Net (decrease)/increase in cash and cash equivalents		**(145,128)**	**132,129**
Cash and cash equivalents at beginning of year		**878,804**	746,675
Cash and cash equivalents at end of year	15	**733,676**	**878,804**

The notes on the pages 16 to 38 form part of these financial statements.

Company Cash Flow Statement

For the year ended 30 June 2014

	Note	2014 £	2013 £
Net cash (used in)/generated from operating activities	21	**(24,652)**	**16,915**
Investing activities			
Interest received		189	307
Issue of shares		7,500	-
Net cash generated from investing activities		**7,689**	**307**
Net (decrease)/increase in cash and cash equivalents		**(16,963)**	**17,222**
Cash and cash equivalents at beginning of year		54,817	37,595
Cash and cash equivalents at end of year	15	**37,854**	**54,817**

The notes on the pages 16 to 38 form part of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2014

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period covered by these financial statements.

Reporting entity

Arcontech Group PLC ("the Company") is a company incorporated in the United Kingdom. The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (together referred to as "the Group").

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") endorsed by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

On the basis of current projections, confidence of future profitability and cash balances held, the Directors have adopted the going concern basis in the preparation of the financial statements.

The financial statements have been prepared under the historical cost convention.

Accounting standards and interpretations adopted during the period

"IFRS 13, Fair value measurement" and "IAS 1 (Amendment) Presentation of financial statements" have been adopted in the year but they have only had a presentation and disclosure impact on these financial statements

Other than this, there have only been minor improvements to existing International Financial Reporting Standards and interpretations that are effective for the first time in the current financial year that have been adopted by the Group. These have had no impact on its consolidated results or financial position.

Standards, amendments and interpretations that are expected to be effective for periods beginning on or after 1 July 2014 for standards, amendments subject to EU endorsement:

Standards, interpretations and amendments to existing standards that have been published, and are mandatory to accounting periods beginning on or after 1 July 2014 or later periods and that have not been early adopted by the Group or the Company include the following:

- IFRS 10: Revision to accounting for groups to provide additional guidance on when and how to consolidate group interests and related disclosures.
- IAS 27: Separate Financial Statements – The standard has been renamed and amended following the issuance of IFRS 10 but retains the current guidance for separate financial statements.
- IFRS 15: Revenue from contracts with customers (effective for periods beginning on or after 1 January 2017, subject to EU endorsement).
- IFRS 12: Disclosure of interests in other entities.

A number of other interpretations and amendments to existing standards have been made by the IASB and IFRIC but are not considered relevant to the Group's operations.

There is no material effect expected of the above new standards and amendments on the reported results of the Group and Company.

Additional disclosures will be made to comply with the requirements of the new standards when implemented.

Notes to the Financial Statements

For the year ended 30 June 2014

1. Accounting policies (continued)

Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) prepared to 30 June 2014. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations and goodwill

On acquisition, the assets and liabilities and contingent liabilities of subsidiaries are measured at their fair value at the date of acquisition. Any excess of cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the income statement in the period of acquisition. Goodwill arising on consolidation is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue arising from the provision of services is recognised when and to the extent that the Group obtains the right to consideration in exchange for the performance of its contractual obligations as follows:

Licence fee income – recognised evenly over the contracted licence period.
Support and maintenance income – recognised evenly over the contract term.
Software development, consultancy, advertising and sponsorship income – recognised in line with the performance of the contract.

Taxation

The tax charge/(credit) represents the sum of the tax payable/(receivable) and any deferred tax.

The tax payable/(receivable) is based on the taxable result for the year. The taxable result differs from the net result as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Notes to the Financial Statements

For the year ended 30 June 2014 (continued)

1. Accounting policies (continued)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current assets and liabilities on a net basis.

Share-based payments

The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of shares or share options, is recognised as an employee benefit expense in the income statement.

The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value (excluding the effect of non market-based vesting conditions) at the date of grant. Fair value is measured by the use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of the non-transferability, exercise restrictions and behavioural considerations. A cancellation of a share award by the Group or an employee is treated consistently, resulting in an acceleration of the remaining charge within the consolidated income statement in the year of cancellation.

Impairment of tangible and intangible assets

The carrying amounts of the Group's and Company's tangible and intangible assets are reviewed at each year end date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill the recoverable amount is estimated at each year end date, based on value in use. The recoverable amount of other assets is the greater of their net selling price and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

An impairment loss is recognised in the income statement whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

Notes to the Financial Statements

For the year ended 30 June 2014 (continued)

1. Accounting policies (continued)

Impairment of tangible and intangible assets (continued)

A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, on the following bases:

Leasehold property	- over the period of the lease
Computer equipment	- 33% - 40% on cost
Office furniture and equipment	- 20% - 25% on reducing balance

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The movement on any provision is recognised in the income statement.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less.

Leasing commitments

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Notes to the Financial Statements

For the year ended 30 June 2014 (continued)

1. Accounting policies (continued)

Research and development

Research costs are charged to the income statement in the year incurred. Development expenditure is capitalised to the extent that it meets all of the criteria required by IAS 38, otherwise it is charged to the income statement in the year incurred.

Pension costs and other post-retirement benefits

The Group makes payments to employees' personal pension schemes. Contributions payable for the year are charged in the income statement.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. Foreign currency monetary assets and liabilities are translated into sterling at the exchange rate ruling at the balance sheet date. Exchange gains or losses are included in operating profit.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker as required by IFRS 8 "Operating Segments". The chief operating decision-maker responsible for allocating resources and assessing performance of the operating segments has been identified as the Board of Directors. The accounting policies of the reportable segments are consistent with the accounting policies of the group as a whole. Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of foreign exchange gains or losses, gains or losses on the disposal of available-for sale investments, investment income, interest payable and tax. This is the measure of profit that is reported to the Board of Directors for the purpose of resource allocation and the assessment of segment performance. When assessing segment performance and considering the allocation of resources, the Board of Directors review information about segment assets and liabilities. For this purpose, all assets and liabilities are allocated to reportable segments with the exception of cash and cash equivalents, available-for-sale financial assets and current and deferred tax assets and liabilities.

Exceptional items

Exceptional items are significant non-recurring items and considered to be material in both size and nature.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting judgements:

Share-based payments

In determining the fair value of equity settled share-based payments and the related charge to the income statement, the Group makes assumptions about future events and market conditions. In particular, judgement must be made as to the likely number of shares that will vest, and the fair value of each award granted. The fair value is determined using a valuation model which is dependent on further estimates, including the Group's future dividend policy, the timing with which options may be exercised and the future volatility in the price of the Group's shares. Such assumptions are based on publicly available information and reflect market expectations and advice taken from qualified personnel. Different assumptions about these factors to those made by the Group could materially affect the reported value of share-based payments.

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty:

Bad debt provisions

The trade receivables balances recorded in the Group's balance sheet comprise a relatively small number of large balances. A full line by line review of trade receivables is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible.

No provision for bad debts was made at the balance sheet date (2013: £Nil) and the carrying value of trade receivables at the balance sheet date was £285,021 (2013: £499,333).

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. No provision for impairment was made in the year and the carrying value of goodwill at the balance sheet date was £1,715,153 (2013: £1,715,153) (*see note 11*).

3. Revenue

An analysis of the Group's revenue is as follows:

	2014 £	2013 £
Financial information service, advertising and sponsorship, software development and consultancy	1,981,375	1,830,717

All of the Group's revenue relates to continuing activities.

4. Administrative costs - exceptional:

	2014 £	2013 £
Compensation for loss of office and related expenses in respect of Andrew Miller, the former Chief Executive	-	160,994

5. Operating loss for the year is stated after charging:

	2014 £	2013 £
Depreciation of plant and equipment	10,736	13,951
Loss on disposal of fixed assets	465	346
Staff costs (*see note 8*)	1,476,944	1,645,544
Operating lease rentals - land and buildings (*see note 22*)	79,000	79,000
Research and development	736,867	729,095

Notes to the Financial Statements

For the year ended 30 June 2014 (continued)

6. Auditor's remuneration:

	2014 £	2013 £
Fees payable to the Group's auditor for the audit of the Group's annual accounts	16,250	16,000
Fees payable to the Group's auditor for other services:		
- audit of the Company's subsidiaries	8,500	8,500

7. Operating segments:

For management purposes, the Group is currently organised into two main operating divisions by product group: Financial information service, advertising and sponsorship (Arcontech Solutions Limited) and software development and consultancy (Arcontech Limited, Arcontech Solutions Limited and Arcontech Pte. Ltd). These divisions are the operating segments for which the Group reports internally to the Chief Operating Decision Maker (CODM), who is considered to be the Board. Intersegment license fees and management charges are not included in the reports reviewed by the CODM during the year but are calculated for statutory reporting purposes and therefore are excluded from the following revenue and operating (loss)/profit disclosures.

	2014 £	2013 £
Revenue by segment		
Financial information service, advertising and sponsorship	-	-
Software development and consultancy	1,981,375	1,830,717
External segment revenue	1,981,375	1,830,717
Operating profit/(loss) by segment		
Financial information service, advertising and sponsorship	-	-
Software development and consultancy	234,294	(118,498)
Unallocated overheads	(273,514)	(390,373)
Total operating loss	(39,220)	(508,871)
Finance income	3,655	7,127
Total loss before tax as reported in the Group income statement	(35,565)	(501,744)

	2014 £	2013 £
Segment total of assets		
Financial information service, advertising and sponsorship	1,151,291	938,301
Software development and consultancy	3,128,374	3,443,525
Unallocated assets	1,701,693	1,784,193
	5,981,358	6,166,019
Less inter segment debtors	(3,152,401)	(2,955,238)
Total assets	2,828,957	3,210,781

Notes to the Financial Statements

For the year ended 30 June 2014 (continued)

7. Operating segments (continued):

	2014	2013
	£	£
Segment total liabilities		
Financial information service, advertising and sponsorship	208,485	187,539
Software development and consultancy	4,149,286	4,388,254
Unallocated liabilities	206,703	264,204
	4,564,474	4,839,997
Less inter segment creditors	(3,152,401)	(2,955,238)
Total liabilities	1,412,073	1,884,759

	2014	2013
	£	£
Additions of property, plant and equipment assets by segment		
Software development and consultancy	5,270	5,079
Total additions	5,270	5,079

	2014	2013
	£	£
Depreciation of property, plant and equipment assets recognised in the period by segment		
Financial information service, advertising and sponsorship	2,859	3,990
Software development and consultancy	7,877	9,961
Total depreciation	10,736	13,951

Non-current assets by country	2014	2013
	£	£
UK	1,734,265	1,740,076
Singapore	-	121
	1,734,265	1,740,197

Notes to the Financial Statements

For the year ended 30 June 2014 (continued)

7. Operating segments (continued):

External revenue by country	**2014**	**2013**
	£	**£**
UK	1,102,644	1,048,732
Singapore	337,896	337,476
Denmark	321,153	281,949
USA	165,572	108,367
Germany	16,952	18,825
Belgium	35,518	18,672
Rest of the World	1,640	16,696
	1,981,375	1,830,717

During the year there were 2 customers (2013: 2) who accounted for more than 10% of the Group's revenues as follows:

	2014		**2013**	
	Value of sales £	**% of Total**	**Value of sales £**	**% of Total**
Customer 1	518,741	26%	504,597	28%
Customer 2	336,216	17%	336,216	18%
	854,957	**43%**	**840,813**	**46%**

These revenues are attributable to the software development and consultancy segment.

Notes to the Financial Statements

For the year ended 30 June 2014 (continued)

8. Staff costs:

		2014	2013
		£	£
a)	**Aggregate staff costs, including Directors' remuneration**		
	Wages and salaries	1,301,129	1,268,119
	Social security costs	154,138	165,893
	Pension contributions	3,000	24,058
	Share-based payments	18,677	62,474
	Compensation for loss of office	-	125,000
		1,476,944	1,645,544

b)	**The average number of employees (including executive Directors) was:**		
	Sales and administration	22	22

		£	£
c)	**Directors' emoluments**		
	Short-term employee benefits	165,513	126,379
	Share-based payments	3,733	17,115
	Compensation for loss of office	-	125,000
		169,246	268,494

		£	£
Executive Directors			
Michael Levy	- emoluments*	20,316	20,000
	- share-based payments	1,697	5,630
Matthew Jeffs	- emoluments	121,080	23,111
	- share-based payments	-	-
Andrew Miller	- emoluments**	-	59,268
	- share-based payments	-	4,729
	- compensation for loss of office	-	125,000
Non-Executive Directors			
Richard Last	- emoluments	24,117	24,000
	- share-based payments	2,036	6,756
Louise Barton	- emoluments	-	-
		169,246	268,494

The number of Directors that are members of a defined contribution pension scheme is 1 (2013: 1).

***** Fees payable to Michael Levy & Co, Chartered Accountants, in which Michael Levy is the principal, in respect of accountancy services are disclosed in note 23.

**resigned 3 January 2013.

Key management personnel

In the opinion of the Board, the Group's key management are the Directors of Arcontech Group PLC. Social security costs relating to Directors was £19,671 (2013: £16,465).

Notes to the Financial Statements

For the year ended 30 June 2014 (continued)

9. Taxation

	2014 £	2013 £
Current tax	100,251	88,905
Deferred tax	-	-
Total tax credit for the year	100,251	88,905

The difference between the total tax credit shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2014 £	2013 £
Loss on ordinary activities before tax	(35,565)	(501,744)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 22.5% (2013: 23.75%)	(8,002)	(119,164)
Effects of:		
Disallowed expenses	1,459	8,811
Temporary differences on deferred tax not recognised	(938)	(827)
Singapore taxable (loss)/profit/loss at lower tax rate	(1,043)	(5,308)
Loss on sale of fixed assets	104	82
Research and development tax credits	(100,251)	(88,905)
Loss for the year carried forward	8,420	116,406
Total tax credit for the year	(100,251)	(88,905)

Factors which may affect future tax charges

At 30 June 2014 the Group has tax losses of approximately £10,500,000 (2013: £10,500,000) to offset against future trading profits.

Notes to the Financial Statements

For the year ended 30 June 2014 (continued)

10. Loss per share

	2014 £	2013 £
Earnings		
Earnings for the purpose of basic and diluted earnings per share being net profit/(loss) attributable to equity shareholders	64,686	(412,839)
	64,686	(412,839)

	No.	No.
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,531,505,672	1,531,314,870
Number of dilutive shares under option	13,314,419	-
Weighted average number of ordinary shares for the purposes of dilutive earnings per share	1,544,820,092	1,531,314,870

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.

11. Goodwill

	2014 £	2013 £
Cost and net book amount		
At 1 July 2013 and at 30 June 2014	1,715,153	1,715,153

Goodwill acquired in a business combination is allocated at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

	2014 £	2013 £
Arcontech Limited	1,715,153	1,715,153
Arcontech Pte. Ltd.	-	-
	1,715,153	1,715,153

The CGUs used in these calculations are Arcontech Limited, Arcontech Solutions Limited and Arcontech Pte. Ltd. which should be considered together. The group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The discount rate is estimated using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. Long-term growth rates are based on industry growth forecasts. Changes in selling prices are based on past practices and expectations of future changes in the market. Changes in direct costs are based on expected cost of inflation of 2.5%.

Notes to the Financial Statements

For the year ended 30 June 2014 (continued)

11. Goodwill (continued)

Cashflow forecasts are based on the latest financial budgets and extrapolate the cashflows for the next five years based on an estimated growth in revenue representing an average rate of 6% (2013: 11%) per annum, after which the UK long-term growth rate is applied. The Directors consider that this rate is appropriate, given the significant new contracts achieved during the year, which resulted in an increase in contracted recurring revenues, together with those currently in negotiation anticipated to start in 2015. Growth in revenue is the most sensitive of assumptions. Should this fall below an average of 1% then this could result in the value of goodwill being impaired.

As the Group does not have any borrowings, the rate used to discount all the forecast cash flows is 10.7% (2013: 11.9%), which represents the Group's cost of capital.

Goodwill on the purchase of Arcontech Limited is attributable to the anticipated future operating synergies which will arise as a result of the combination.

12. Property, plant and equipment - Group

Cost	**Leasehold Property £**	**Office furniture & equipment £**	**Total £**
At 1 July 2012	10,049	212,763	231,409
Additions	-	5,079	5,079
Disposals	-	(2,593)	(2,593)
At 1 July 2013	10,049	223,846	233,895
Additions	-	5,270	5,270
Disposals	-	(11,493)	(11,493)
At 30 June 2014	10,049	217,623	227,672
Depreciation			
At 1 July 2012	7,751	189,395	197,146
Charge for the year	788	13,163	13,951
On disposals	-	(2,246)	(2,246)
At 1 July 2013	8,539	200,312	208,851
Charge for the year	788	9,948	10,736
On disposals	-	(11,027)	(11,027)
At 30 June 2014	9,327	199,233	208,560
Net book amount at 30 June 2014	722	18,390	19,112
Net book amount at 30 June 2013	1,510	23,534	25,044

Notes to the Financial Statements

For the year ended 30 June 2014 (continued)

13. Investment in subsidiaries

	2014 £	2013 £
Carrying amount		
At 1 July 2014	2,017,373	2,017,373
At 30 June 2014	2,017,373	2,017,373

Details of the investments in which the Group and the Company holds 20% or more of the nominal value of any class of share capital are as follows:

	Country of Incorporation	Nature of business	% voting rights and shares held
Arcontech Solutions Limited	England and Wales	Provision of financial information services	100% of Ordinary shares
Cognita Technologies Limited	England and Wales	Software development	100% of Ordinary shares
Arcontech Limited	England and Wales	Software development and consultancy	100% of Ordinary shares
Arcontech Pte. Ltd.	Singapore	Software development and consultancy	100% of Ordinary shares

14. Trade and other receivables

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Due within one year:				
Trade receivables	285,021	499,333	-	-
Amounts owed by group undertakings	-	-	1,502,929	1,640,253
Other receivables	20,032	18,738	3,259	3,407
Prepayments and accrued income	55,963	73,709	4,537	4,424
	361,016	591,780	1,510,725	1,648,084

Trade receivables, other receivables and accrued income constitute the financial assets within the category “Loans and receivables” as defined by IAS 39 with a total value of £305,053 (2013: £518,071). Trade receivables are non-interest bearing and generally have a 30-90 day term. Due to their short maturities, the fair value of trade receivables approximates their book value.

A provision for impairment of trade receivables is established when there is no objective evidence that the Group will be able to collect all amounts due according to the original terms. The Group considers factors such as default or delinquency in payment, significant financial difficulties of the debtor and the probability that the debtor will enter bankruptcy in deciding whether the trade receivable is impaired. Trade and other receivables are disclosed net of allowances for bad and doubtful debts.

Notes to the Financial Statements

For the year ended 30 June 2014 (continued)

14. Trade and other receivables (continued)

As at 30 June 2014, trade receivables of £Nil were impaired (2013: £Nil). As at 30 June 2014 trade receivables of £46,913 (2013: £Nil) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Up to 3 months past due	46,913	-	-	-
Over 3 months past due	-	-	-	-
	46,913	-	-	-

Other receivables do not contain impaired assets.

The Directors consider that there has been no deterioration in the credit quality of debts which are past due.

15. Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The Directors consider that the carrying amount of cash and cash equivalents approximates to their fair value.

16. Trade and other payables

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Trade payables	37,102	51,193	134	1,083
Amounts owed to group undertakings	-	-	172,210	216,249
Other tax and social security payable	63,440	145,952	7,443	12,217
Other payables and accruals	460,892	355,972	25,850	33,515
Deferred income	850,638	1,331,642	-	-
	1,412,072	1,884,759	205,637	263,064

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

Trade payables and other payables and accruals constitute the financial liabilities within the category "Financial liabilities at amortised cost" as defined by IAS 39 with a total value of £497,994 (2013: £365,434).

17. Deferred tax

There is no actual or potential liability for deferred taxation due to the availability of losses, which at 30 June 2014 amounted to approximately £10,500,000 (2013: £10,500,000). The unprovided deferred tax asset at 30 June 2014 was £2,400,000 (2013: £2,400,000).

Currently the criteria for the recognition of a deferred tax asset have not been met and accordingly a deferred tax asset has not been included in the balance sheet as at 30 June 2014 and as at 30 June 2013.

Notes to the Financial Statements

For the year ended 30 June 2014 (continued)

18. Share capital

	2014	2013
	£	£
Company		
Allotted and fully paid:		
1,536, 672,013 (2013: 1,531,314,870) Ordinary Shares of 0.1p each	1,536,672	1,531,315

The Company allotted for cash 5,357,143 Ordinary shares of 0.1 pence each during the year at 0.14 pence per share.

Notes to the Financial Statements

For the year ended 30 June 2014 (continued)

18. Share capital (continued)

Share options

Under the Company's approved 2002 Share Option Scheme, certain Directors and employees held options at 30 June 2014 for unissued Ordinary Shares of 0.1 pence each as follows:

Share options	At 1 July 2013	Granted	Exercised	Lapsed	At 30 June 2014	Exercise price	Normal exercise period
Employees:	9,797,008	-	-	9,797,008	-	0.78 pence	20 Dec 09 – 19 Dec 13
	1,000,000	-	-	1,000,000	-	0.175 pence	18 Mar 11– 17 Mar 15
	4,000,000	-	-	-	4,000,000	0.125 pence	17 Sep 12 – 16 Sep 16
	66,349,208	-	5,357,143	23,115,080	37,876,985	0.14 pence	18 Oct 13 – 17 Oct 17
Directors:							
Andrew Miller*	4,444,444	-	-	4,444,444	-	0.9 pence	20 Dec 09 – 19 Dec 13
	16,666,667	-	-	16,666,667	-	0.14 pence	18 Oct 13 – 17 Oct 17
Michael Levy	1,851,852	-	-	1,851,852	-	0.9 pence	20 Dec 09 – 19 Dec 13
	9,920,635	-	-	-	9,920,635	0.14 pence	18 Oct 13 – 17 Oct 17
Richard Last	2,777,778	-	-	2,777,778	-	0.9 pence	20 Dec 09 – 19 Dec 13
	11,904,762	-	-	-	11,904,762	0.14 pence	18 Oct 13 – 17 Oct 17
	128,712,354	-	5,357,143	59,652,829	63,702,382		
Weighted average exercise price	0.24 pence	-	0.14 pence	0.36 pence	0.14 pence		

*Resigned 3 January 2013, options remain exercisable for the shorter of the normal exercise period or 12 months from resignation.

The number of options exercisable at 30 June 2014 was 63,702,382 (At 30 June 2013: 23,871,082), these had a weighted average exercise price of 0.14 pence (2013: 0.69 pence).

Options granted under the Company's approved 2002 Share Option Scheme lapse when the Option-holder ceases to be a Director or employee of a Participating Company. The Directors may before the expiry of 3 months following cessation of employment permit an Option-holder to exercise their Option within a period ending no later than 12 months from the cessation of employment.

The highest price of the Company's shares during the year was 0.23p, the lowest price was 0.12p and the price at the year-end was 0.23p.

Notes to the Financial Statements

For the year ended 30 June 2014 (continued)

18. Share capital (continued)

Share options and warrants (continued)

The weighted average remaining contractual life of share options outstanding at 30 June 2014 was 3.2 years (2013: 3.2 years).

19. Reserves

Details of the movements in reserves are set out in the Statement of Changes in Equity. A description of each reserve is set out below.

Share premium account

This is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at a premium, net of issue costs.

Share option reserve

This relates to the fair value of options granted which has been charged to the income statement over the vesting period of the options.

Retained earnings

This relates to accumulated losses.

20. Income statement

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual income statement and related notes. The profit/(loss) dealt with in the financial statements of the Parent Company was £23,186 (2013: £(189,820)).

Notes to the Financial Statements

For the year ended 30 June 2014 (continued)

21. Net cash used in operations - Group

	2014 £	2013 £
Operating loss	(39,220)	(508,871)
Depreciation charge	10,736	13,951
Non cash share option charges	18,677	62,474
Decrease in trade and other receivables	230,765	75,858
(Decrease)/increase in trade and other payables	(472,687)	397,418
Loss on disposal of plant and equipment	465	346
Cash (used in)/generated from operations	(251,264)	41,176
Tax recovered	100,251	88,905
	(151,013)	130,081

Net cash used in operations - Company

	2014 £	2013 £
Operating profit/(loss)	22,997	(190,127)
Non cash share option charges	(127,582)	62,474
Decrease/(increase) in trade and other receivables	137,358	196,943
Decrease in trade and other payables	(57,425)	(52,375)
Cash (used in)/generated from operations	(24,652)	16,915

22. Operating lease commitments

At the year-end date the Group has lease agreements in respect of property for which the payments extend over a number of years. The commitments fall due as follows:

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Land and buildings:				
Due within one year	72,417	79,000	-	-
Due between one and two years	-	72,417	-	-
	72,417	151,417		-

Notes to the Financial Statements

For the year ended 30 June 2014 (continued)

23. Related party transactions

Group

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Key management compensation

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Group. In the opinion of the Board, the Group's key management are the Directors of Arcontech Group PLC. Information regarding their compensation is given in notes 8 and 18 for each of the categories specified in IAS 24 *Related Party Disclosures.* All emoluments given in notes 8 and 18 relate to short-term employee benefits and there are no post-employment or other long-term benefits.

The financial statements include the following amounts in respect of services provided to the Group:

Michael Levy:
Fees payable to Michael Levy & Co, Chartered Accountants, in which Michael Levy is the principal, in respect of accountancy services of £41,945 (2013: £48,829). At 30 June 2014 the amount outstanding was £Nil (2013: £Nil).

Company

Transactions between the Parent Company and its subsidiaries during the year were as follows:

Management charges payable by subsidiaries £208,436 (2013: £301,343).

The amounts due from/to subsidiaries at the balance sheet date were as follows:

	2014 **£**	**2013** **£**
Amount due from subsidiaries	7,685,845	7,897,717
Less: Provision for impairment	(6,182,916)	(6,257,464)
Amount due from subsidiaries - net	1,502,929	1,640,253

During the year a provision of £74,548 was released (2013: provision made £64,194) in respect of balances due from subsidiaries.

	2014 **£**	**2013** **£**
Amount due to subsidiaries	172,210	216,249
Less: Provision for impairment	-	-
Amount due to subsidiaries - net	172,210	216,249

24. Dividends

There were no dividends paid or proposed during the period (2013: £Nil).

Notes to the Financial Statements

For the year ended 30 June 2014 (continued)

25. Share-based payments

The Group operates an approved Share Option Scheme for the benefit of Directors and employees. Options are granted to acquire shares at a specified exercise price at any time following but no later than 6 years after the grant date. There are no performance conditions on the exercise of the share options. Outstanding options granted under the Scheme are disclosed in note 18.

Options granted under the Scheme lapse when the Option holder ceases to be a Director or employee of a Participating Company. The Directors may before the expiry of 3 months following cessation of employment permit an Option holder to exercise their Option within a period ending no later than 12 months from the cessation of employment.

The fair value of options is valued using the Black-Scholes pricing model. An expense of £18,677 (2013: £62,474) has been recognised in the period in respect of share options granted. The cumulative share option reserve at 30 June 2014 is £72,562 (2013: £253,234). The inputs into the Black-Scholes pricing model are as follows:

	30 June 2014 Directors	**30 June 2014 Employees**	**30 June 2013 Directors**	**30 June 2013 Employees**
Exercise price	0.14 pence	0.125/0.14 pence	0.9/0.14 pence	0.78/0.175/0.125/0.14 pence
Expected life	6 years	6 years	6 years	6 years
Expected volatility	100%	100%	100%	100%
Risk free rate of interest	5%	5%	5%	5%
Dividend yield	Nil	Nil	Nil	Nil
Weighted average share price	0.12 pence	0.125/0.12 pence	0.74/0.12 pence	0.74/0.175/0.125/0.12 pence
Fair value of option	0.1135 pence	0.12/0.1135 pence	0.5851/ 0.1135 pence	0.5961/0.1419/ 0.12/0.1135 pence

Volatility has been estimated based on the historic volatility over a period equal to the expected term from the grant date.

26. Material non-cash transactions

There were no material non-cash transactions during the period.

27. Post balance sheet events

There were no events since the balance sheet date, which materially affect the position of the Group.

Notes to the Financial Statements

For the year ended 30 June 2014 (continued)

28. Financial instruments

The Group's financial instruments comprise cash and cash equivalents, and items such as trade payables and trade receivables, which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations.

The Group’s operations expose it to a variety of financial risks including credit risk, liquidity risk and interest rate risk. Given the size of the Group, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of Directors are implemented by the Company’s finance department.

Credit risk

The Group’s credit risk is primarily attributable to its trade receivables. The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the Board.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group 2014 £	**Group 2013 £**	**Company 2014 £**	**Company 2013 £**
Trade receivables	285,021	499,333	-	-
Cash and cash equivalents	733,676	878,804	37,854	54,817
Amounts owed by group undertakings	-	-	1,502,929	1,640,253
	1,018,697	1,378,137	1,540,783	1,695,070

Interest rate risk

The Group has interest bearing assets and no interest bearing liabilities. Interest bearing assets comprise only cash and cash equivalents, which earn interest at a variable rate.

The Group has not entered into any derivative transactions during the period under review.

The Group does not have any borrowings.

The Group’s cash and cash equivalents earned interest at variable rates based on bank base rate, between 0% and 0.5% above bank base rate (2013: between 0% and 1.25% above bank base rate).

Liquidity risk

The Group has no short-term debt finance. The Group monitors its levels of working capital to ensure that it can meet its liabilities as they fall due.

The Group’s only financial liabilities comprise trade payables and other payables and accruals, excluding deferred income, with a carrying value equal to the gross cash flows payable of £497,995 (2013: £407,343) all of which are payable within 6 months.

Notes to the Financial Statements

For the year ended 30 June 2014 (continued)

28. Financial instruments (continued)

Market risk and sensitivity analysis

Equity price risk

The Directors do not consider themselves exposed to material equity price risk due to the nature of the Group's operations.

Foreign currency exchange risk

The Directors do not consider themselves exposed to material foreign currency risk due to the nature of the Group's operations. All invoices are raised in sterling.

Interest rate risk

The Group is exposed to interest rate risk as a result of positive cash balances, denominated in sterling, which earn interest at a variable rate. As at 30 June 2014, if bank base rate had increased by 0.5% with all other variables held constant, post-tax loss would have been £4,000 (2013: £4,000) lower and equity would have been £4,000 (2013: £4,000) higher. Conversely, if bank base rate had fallen 0.5% with all other variables held constant, post-tax loss would have been £4,000 (2013: £4,000) higher and equity would have been £4,000 (2013: £4,000) lower.

29. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure.

The Group defines capital as being share capital plus reserves. The Board of Directors continually monitors the level of capital.

The Group is not subject to any externally imposed capital requirements.

30. Ultimate controlling party

There is no ultimate controlling party.

31. Copies of this statement

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.

Notice of the Annual General Meeting

ARCONTECH GROUP PLC
Company Number 4062416

NOTICE IS HEREBY GIVEN that the annual general meeting of Arcontech Group PLC (the "**Company**") will be held at the Company's offices, 8th Floor, Finsbury Tower, 103-105 Bunhill Row, London EC1Y 8LZ on 29 October 2014 at 10 a.m. to consider, and if thought fit, pass the following Ordinary and Special Resolutions specified below:

Ordinary Business

That the following resolutions be considered as Ordinary Resolutions:

1. **THAT** the audited financial statements of the Company for the financial year ended 30 June 2014 together with the reports on those financial statements of (i) the Directors of the Company (the "**Directors**") and (ii) the Auditors of the Company (the "**Auditors**") be received and adopted.

2. **THAT** Nexia Smith & Williamson be reappointed as Auditors to the Company to hold office until the conclusion of the next general meeting at which financial statements are laid before the Company, and that the Directors be authorised to determine their remuneration.

3. **THAT** Richard Last, who retires by rotation under Article 107 of the Company's Articles of Association and, who being eligible, offers himself to be re-elected as Director.

Special Business

That the following resolution be considered as an Ordinary Resolution:

4. **THAT** in accordance with section 551 of the Companies Act 2006 ("**2006 Act**"), the Directors of the Company ("**Directors**") be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("**Rights**") up to an aggregate nominal amount of £600,000 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the day falling fifteen months after the passing of this resolution or at the conclusion of the annual general meeting of the Company to be held in the calendar year 2015 (whichever is later) save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

   This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 551 of the 2006 Act.

THAT the following resolutions be considered as Special Resolutions:

5. **THAT** subject to the passing of the resolution 4 above and in accordance with section 570 of the 2006 Act, the Directors be generally empowered to allot equity securities (as defined in section 560 of the 2006 Act) pursuant to the authority conferred by resolution 5, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall:

5.1 Be limited to the allotment of equity securities up to an aggregate nominal amount of £600,000; and

5.2 Expire on the day falling fifteen months after the passing of this resolution or at the conclusion of the annual general meeting of the Company to be held in the calendar year 2015 (whichever is later) (unless renewed, varied or revoked by the Company prior to or on that date) save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

6. **THAT** the articles of association of the Company be amended, in the form enclosed herewith (changes tracked for ease of reference), to permit the provision of documents and information on the Company's website and by email.

7. **THAT,** subject to the passing of resolution 6 above, the Company may send or supply documents or information to members by making such documents or information available on its website (www.arcontech.com).

Notice of the Annual General Meeting (continued)

8. **THAT,** subject to the passing of resolution 6 above, the Company may send or supply documents or information to members by email to each members' nominated email address.

By Order of the Board

....
Michael Levy
Secretary

15 August 2014

Registered Office

8th Floor
Finsbury Tower
103-105 Bunhill Row
London
EC1Y 8LZ

EXPLANATORY NOTES TO EACH RESOLUTION

The following notes give an explanation of the proposed resolutions

Ordinary Resolutions

Resolutions 1 to 4 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution.

Report and Accounts (Resolution 1)

The directors of the Company must present the accounts to the meeting.

Reappointment and Remuneration of Auditors (Resolution 2)

Resolution 2 proposes the reappointment of Nexia Smith & Williamson as Auditors of the Company and authorises the directors to fix their remuneration.

Re-election of Director (Resolution 3)

The Company's articles of association require that any Director who was elected, or last re-elected, a Director at or before the annual general meeting held in the third calendar year before the current year shall retire by rotation, subject to re-election by a simple majority of the members. Richard Last is offering himself for re-election pursuant to the articles of association.

Authority to Allot Shares (Resolution 4)

Directors may only allot shares if authorised to do so by shareholders. The authority granted at the last Annual General Meeting ("**AGM**") is due to expire at the conclusion of this year's AGM. Therefore, this resolution seeks to grant a new authority to allow authority to allow directors to allot shares until the conclusion of the next AGM or until 15 months from the date of this meeting, whichever is the earlier. The maximum amount of shares which the directors would be able to allot without further authority from shareholders is 600,000,000. It is expected that this amount will be sufficient for the day to day running of the Company.

Special Resolutions

Resolutions 5 to 8 are proposed as special resolutions. This means that for the resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Disapplication of Pre-emption Rights (Resolution 5)

Under the requirements of the 2006 Act, if directors wish to allot any of the unissued shares, they must first offer them to existing shareholders on a pro-rata basis in proportion to their shareholdings. There may be occasions however where the directors will need the flexibility to finance business opportunities through the issue of shares without a pre-emptive offer to existing shareholders. This resolution asks shareholders to waive the pre-emption rights on shares issued up to a maximum aggregate number of shares of 600,000,000. As with resolution 4, this authority will expire at the next AGM or within 15 months of the date of this meeting, whichever is the earlier.

Amendments to the Company's Articles of Association (Resolution 6)

The Company is seeking to amend its articles of association, in the form enclosed, to permit the provision of documents and information to members by website and email.

Notice of the Annual General Meeting (continued)

Provision of Documents and Information on the Company’s Website (Resolution 7)

Under the requirements of the 2006 Act, a Company can only send or supply information to a member via a website if the person has agreed or is deemed to have agreed to that method of communication. A member or nominated person will be deemed to have agreed if either:

a) the Company has passed a resolution that the Company may supply documents or information to members via a website; or
b) the Company's articles provide for this,

and in either case, the person has been asked individually by the Company to agree to the method of communication and the Company has not received a response within 28 days of such a request. This request must state clearly what the effect of a failure to respond will be and cannot be sent less than 12 months after a previous similar request. Such request is enclosed with this notice and should be returned should you object to the provision of information via the Company’s website.

The Company shall, pursuant to its obligations under the 2006 Act, provide that, where information is to be sent by means of its website, notify the members of the presence of the information on the website, details of the website address and how to access the information. The documents or information shall be available on the website either for the applicable period specified by the 2006 Act or, if no such period is specified, for 28 days from the date of notification sent.

Provision of documents and information by email (Resolution 8)

The 2006 Act deals with communications in electronic form and requires that a document can only be sent or supplied in electronic form to a person who has agreed to that form of communication (such agreement not having been revoked) or to a Company that is deemed to have so agreed by a provision in the 2006 Act. It may only be sent or supplied to an address specified for the purpose by the intended recipient, or where the intended recipient is a Company, deemed by a provision of the Companies Acts to have been so specified.

The 2006 Act does not include a provision deeming a member to have agreed to communications by electronic means where the Company has passed a resolution or has a provision in its articles to this effect and the individual's consent has been requested, in the same way as it does for the use of websites. Should you consent to the provision of documents and information by email, please sign and return the enclosed letter of consent by the deadline set out therein.

Notes:

1. The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members registered in the register of members of the Company at the close of business two days before the meeting or any adjournment thereof, shall be entitled to attend, speak or vote at the meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries in the relevant register of securities later than this shall be disregarded in determining the rights of any person to attend, speak or vote at the meeting.

2. Any member who is entitled to attend and vote at this meeting is entitled to appoint one or more persons as proxies to attend, speak and vote on their behalf at the meeting or any adjournment of it. A proxy need not be a member of the Company. You can only appoint a proxy using the procedure set out in these notes and the notes to the proxy form.

3. A form of proxy is provided with this notice. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy the proxy form. Please indicate the proxy holders name and number of shares in relation to which they authorised to act as your proxy. Please also indicate if the proxy is one of multiple instructions being given.

4. All forms must be signed and should be returned together in the same envelope. To be valid, a form of proxy together with any power of attorney or other authority under which it is executed or a copy thereof certified notarially or in accordance with the Power of Attorney Act 1971 or as the Directors shall accept must be lodged at the Company's registrars – PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF, so as to arrive not later than 48 hours before the start of the meeting. Completion of the form of proxy will not affect the right of a member to attend, speak and vote at the meeting.

Notice of the Annual General Meeting (continued)

5. The register of Directors’ share interests will be available for inspection at the meeting convened by this notice, as will the Directors' service contracts.

6. Any corporate entity which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

7. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and seniority shall be determined by the order in which their names stand on the register of members of the Company.

8. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if: (i) to do so would interfere unduly with the preparation for the meeting or would involve the disclosure of confidential information; or (ii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

ARCONTECH GROUP PLC

I/We of
being (a) member(s) of the above-named Company hereby appoint the Chairman of the meeting OR (Note 3)

(Name of Proxy) ………………………………………………………………………..

as my/our proxy to vote for me/us on my/our behalf at the annual general meeting to be held on 29 October 2014 at 10 a.m. and at any adjournment thereof.

Dated .... 2014 Signature(s)...

	For	Against	Withheld
1. Ordinary resolution - To receive and adopt the Report of the Directors and the Audited Financial Statements of the Company for the year ended 30 June 2014			
2. Ordinary resolution - To reappoint Nexia Smith & Williamson as Auditors of the Company and to authorise the Directors to fix their remuneration			
3. Ordinary resolution - To re-elect Richard Last as a Director			
4. Ordinary resolution - Directors' authority to allot shares			
5. Special resolution - Disapplication of pre-emption rights			
6. Special resolution – Amendments to the Company’s Articles of Association			
7. Special resolution – To make documents or information available on the Company’s website			
8. Special resolution – To send or supply documents or information to members by email			

Notes

1. Please indicate with an "X" in the appropriate boxes how you wish your proxy to vote. Unless otherwise directed the proxy will vote or abstain as he or she thinks fit.

2. If you do not indicate how you wish your proxy to vote, your proxy will exercise his/her discretion as to whether, and if so how, he/she votes. Your proxy may also vote or abstain from voting as he/she thinks fit on any other business which may properly come before the meeting including on any permissible amendment to the resolutions set out in the notice of meeting.

3. You are entitled to appoint a proxy or proxies, who need not be a member of the Company or the Chairman, to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. If you wish to appoint someone else other than the Chairman as proxy please delete the words "the Chairman of the meeting" and insert the name of the person whom you wish to appoint in the space provided. The Chairman of the meeting will act as your proxy, whether or not such deletion is made, if no other name is inserted.

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, copy this form as many times as needed and indicate on each form how many shares are allocated to each proxy appointment.

5. In the case of joint registered holders the signature of one holder on the form of proxy will be accepted by the vote of the senior who tenders a vote whether in person or by proxy to the exclusion of the votes of any joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of such joint holdings.

6. In the case of a corporation the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or a duly authorised officer of the corporation.

7. Any alteration made to the form of proxy should be initialled.

8. To change your proxy instructions simply submit a new proxy appointment. Note that the cut-off time for receipt of proxy appointments (see below) also applies in relation to amended instructions; any amended proxy appointment received after the cut-off time shall be disregarded. You may contact the Company Secretary of Arcontech Group PLC, 8th Floor, Finsbury Tower, 103-105 Bunhill Row, London EC1Y 8LZ to obtain another proxy form. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence. To revoke a proxy instruction you will need to inform the Company by sending a hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's registrars – PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF by the cut-off time stated below. In the case of a member which is a corporation, the revocation must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power of attorney) must be included in the revocation notice.

9. This form of proxy should be signed and dated.

10. Completion and return of the form of proxy will not affect the right of a member to attend and vote at the meeting.

11. We have included on the proxy form the ability for a vote to be withheld. A vote withheld is not a vote in law and will not be counted towards the calculation of the proportions of votes "for" or "against".

To be effective, this form of proxy, together with any power of attorney or any other authority (if any) under which it is executed, or a copy of such power of attorney or other authority, certified notarially, must be lodged at the Company's registrars – PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, not later than the close of business two days before the holding of the meeting or adjourned meeting at which it is to be used.