

ARC RISK MANAGEMENT GROUP PLC

INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2005

ARC Risk Management Group plc ('ARC' or the 'Group'), is a provider of security risk management services, offering preventative and reactive advice to help individuals avoid and manage personal risks to themselves and their families. The products are distributed through leading international financial service companies.

Highlights

- \* Loss before tax reduced to £392k, compared with £560k in the first half of 2004.
- \* Loss before tax down to £98k in second quarter
- \* Turnover up 68% to £893k, compared with £532k in the first half of 2004.
- \* New distribution agreements with HSBC and AIG.
- \* Red 24 sales are more than five times that of the corresponding period last year and now comprise over 50% of Group revenues.
- \* Investment in product development will result in further new product launches in the second half of the year.

Simon Richards, Chairman, commented:

'ARC is strongly positioned as a leading provider of security risk management services, which are meeting the growing requirement for greater protection, particularly for those travelling whether on business or for pleasure, markets which, at present, remain largely untapped.

We continue to grow our relationships with existing and new partners in the financial services and insurance industries and envisage increasing growth in the adoption worldwide of red24'.

16 November 2005

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CHAIRMAN'S STATEMENT

Introduction

I am pleased to report that the strong customer growth, to which I referred in the share placing announcement on 3 June, has been maintained and is being translated into an improved financial performance. The benefits of the new structure where each division has become a separate subsidiary with its own managing director are also apparent.

Financial Overview

Turnover demonstrated a healthy 68% period on period growth to £893,000, while the loss before tax of £392,000 for the half year compares favourably with the loss of £560,000 incurred in the same period last year. It is worth noting that

£294,000 of this loss was incurred in the first three months and only £98,000 was lost in the second three months.

Immediately after the publication of the results for the year to 31 March 2005, we successfully raised £320,000. However, the growth in turnover inevitably requires additional working capital, and this, coupled with extra funding for our marketing activities, means that it is likely, depending on market conditions, that the Board may still decide to raise additional capital before the financial year end.

#### Red24TM

Red24 is a global security service providing preventative and reactive advice to help individuals avoid and manage personal risks to themselves and their families. Last June we entered into an agreement with HSBC Bank plc to incorporate red24's personal security service as part of HSBC's Premier banking offering and ID imposter into their HSBC Plus banking offering. These are two significant contracts, which have taken the total number of customers of red24 to well over 500,000. Each month several thousand new customers are added and the English language service of red 24 now has sufficient mass to cover its costs on a monthly basis.

Red24's Japanese service has taken longer to develop but is now being sold in Japan through AIG's network of agents. At present the product is offered as a discretionary sale and take up is not as high as we had hoped. This is, however, consistent with our early experience in the UK and critical mass is unlikely to be achieved until red24 is incorporated in a major financial product offering on a mandatory basis. This is expected to occur in the not too distant future.

Significant investment in product development continues to be made and in the next half year we expect to launch two new offerings - a corporate care product and a gap year product. Essentially we have developed a modular approach to the management of security risk advice which enables us to tailor the core red24

product to meet the needs of particular markets quite readily. The modular approach then gives an opportunity to our distributors to purchase product upgrades appropriate to their client needs and budgets.

It is pleasing to note that as contracts come up for renewal, our distributors are tending to take the opportunity to upgrade the product they are taking and that feedback from their clients when using the red 24 service has been positive.

In the half year under review red24 sales were more than five times that of the corresponding period last year and now comprise over 50% of group revenues.

#### Consultancy

The Consultancy business has achieved a greater income, from a smaller cost base, than in 2004 when much of the division's time was taken up developing and testing the response procedures for red24.

#### Training

The Training business has not enjoyed the same buoyant start to the year as it did in 2004 and revenues in the first half were down some 20% period on period. Nonetheless there is a busy autumn programme with additional courses on offer and over the year as a whole this revenue shortfall should be made up.

#### Outlook

ARC Risk Management is strongly positioned as a leading provider of security risk management services which are meeting the growing requirement for greater protection for those travelling, whether on business or for pleasure, markets which, at present, remain largely untapped.

We continue to grow our relationships with existing and new partners in the financial service and insurance industries and envisage increasing growth in

the adoption worldwide of red24.

Simon Richards

Chairman

16 November 2005

CONSOLIDATED PROFIT & LOSS ACCOUNT

	6 months ended 30 September 2005 £'000 (unaudited)	6 months ended 30 September 2004 £'000 (unaudited)	12 months ended 31 March 2005 £'000 (audited)
Turnover			
Continuing operations	893	532	1,021
Operating (loss)			
Continuing operations	(393)	(562)	(1,124)
Net interest receivable	1	2	2
Loss on ordinary activities before taxation	(392)	(560)	(1,122)

Taxation on loss on ordinary activities	0	0	0
Loss for the period	(392)	(560)	(1,122)
Dividends	0	0	0
Retained loss for the period	(392)	(560)	(1,122)
Loss per share	(0.14p)	(0.25p)	(0.46p)

CONSOLIDATED BALANCE SHEET

	30 September 2005 £'000 (unaudited)	30 September 2004 £'000 (unaudited)	31 March 2005 £'000 (audited)
Fixed Assets			
Intangible assets	292	365	329
Tangible assets	54	66	55
	346	431	384
Current Assets			
Debtors	644	263	260
Cash at bank and in hand	140	422	154

	784	685	414
Creditors: Amounts	859	428	443
falling due within one year			
Net Current Assets/ (Liabilities)	(75)	257	(29)
Total Assets less	271	688	355
Current Liabilities			
Creditors: Amounts	55	64	61
falling due after more than one year			
	216	624	294
Capital and Reserves			
Called up share capital	3,032	3,848	2,712
Share premium account	558	571	564
Profit and loss account	(3,374)	(3,795)	(2,982)
Shareholders' Funds - Equity	216	624	294

CONSOLIDATED CASH FLOW

	6 months ended 30 September 2005 £'000 (unaudited)	6 months ended 30 September 2004 £'000 (unaudited)	12 months ended 31 March 2005 £'000 (audited)
Operating loss	(393)	(562)	(1,124)
Depreciation charges	10	10	21
Amortisation charges	37	36	73
Loss on disposal of tangible fixed assets	-	-	1
Increase in debtors	(384)	(23)	(18)
Increase in creditors	416	37	51
Net cash outflow from operating activities	(314)	(502)	(996)
Returns on investments and servicing of finance			
Interest received	2	4	10
Interest paid	(1)	(2)	(8)
	1	2	2
Capital expenditure			



Purchase of tangible fixed assets	(9)	(20)	(22)
	(9)	(20)	(22)
Net cash outflow before financing	(322)	(520)	(1,016)
Financing			
Repayment of hire purchase loans	0	0	(2)
Issue of ordinary share capital	320	420	660
Expenses of issue of ordinary shares	(6)	(15)	(22)
Repayment of bank loans	(6)	(6)	(10)
Other loans	0	(1)	0
Net cash inflow from financing	308	398	626
Decrease in cash	(14)	(122)	(390)

Notes:

1. The interim financial statements for the six months ended 30 September 2005 have been prepared using accounting policies consistent with those set out

in the annual report and accounts of ARC Risk Management Group plc for the year ended 31 March 2005 and which will be applied for the year ending 31 March 2006. The interim financial information for the six months ended 30 September 2005 is unaudited and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.

2. The figures for the year ended 31 March 2005 are extracted from the Company's statutory accounts for that year, which have been filed with the Registrar of Companies and contain a report from the auditors that is unqualified save as to matters of emphasis. Copies of the statutory accounts may be obtained from the Company or Seymour Pierce.
3. The loss per share for the six months ended 30 September 2005 has been calculated based on the loss on ordinary activities after taxation divided by the weighted average number of shares in issue during the period.
4. Copies of this interim financial statement will be available for at least one month from Seymour Pierce Limited, Bucklersbury House, London EC4N 8EL.