Atlantic Global

Atlantic Global Plc 2007

Interim Results

1. Introduction

This is the first time that we are reporting our interim financial statements under International Financial Reporting Standards ('IFRS') as adopted by the EU ("adopted IFRS"), and comparative results for the six month period ended 30 June 2006 have also been restated in accordance with adopted IFRS, as have the full year results to 31 December 2006. The Company's financial statements for the year ended 31 December 2007 will be the first annual financial statements that will be reported under IFRS.

The reported results for the 2007 half year show both a 24% increase in turnover and a return to profitability, both being a significant improvement on 2006. We have gained new Project Portfolio Management (PPM) software customers including National Assembly for Wales, Oxford Strategic Marketing, ICE Computer Services, TRL Technology, Syne qua non and Oxford Pharmaceutical Sciences. We have continued to develop successful relationships with our customers as evidenced by new sales being made to Provident Financial, Kingston Communications, LDA Design and GroupM (Part of WPP Group).

Although the Board has been pleased with the return to profitability and expects this trend to continue, we believe that the Company would benefit from an acquisition strategy which significantly increases the size of the Atlantic Global footprint within the software market, offering software products and services to a similar client range. Accordingly, the Company intends to adopt an active acquisition policy in order to establish critical mass within this sector.

I assumed the role of Non-Executive Chairman in 2005 with a view to re-establishing operational stability and profitability. In order to deliver the new strategy, Adrian Bradshaw will join the board as Non-Executive Chairman with effect from today and I will step down with immediate effect to facilitate this. Adrian is a director of AssetCo PLC and Shieldtech PLC (both of which are listed on the Alternative Investment Market of the London Stock Exchange ("AIM")) and is also a director of Bradmount Investments who have been instrumental in a number of AIM listings. Bradmount facilitated the Company's admission to AIM in 2001 and Adrian has extensive knowledge of the Company and a proven track record in identifying and completing acquisitions. The Company will target acquisitions that are substantial relative to the existing market capitalisation of the Company.

2. Financial Review

Atlantic Global has continued to make progress during the first half, reporting profits before taxation of £72,000, compared to a loss before taxation of £139,000 in the first six months of 2006. Turnover was up 24% £1,158,000, compared to £933,000 in the same period of 2006.

The profit has been stated after sales and marketing expenditure of £601,000 for the period, (2006: £561,000). Our improved client engagement model has resulted in a 37% increase in service revenue compared to 2006.

The Group has continued to invest consistently in the research and development of its software products to remain competitive, the expenditure on which amounted to £184,000 during the

Chairman's Interim Statement (continued)

Half year to 30 June 2007

period, which has been expensed (2006: £184,000).

Earnings per share of 0.22p were generated for the six-month period, (2006 loss per share: 0.42p).

As at 30 June 2007, the Company had a net cash balance of £1,709,000, (2006: £1,915,000). The cash balance has increased by £109,000 since the group's financial year end of December 2006. The Company therefore remains financially secure, and the Directors expect to continue to generate cash in the future.

3. Dividend

The Directors intend to continue to pursue their progressive dividend policy as demonstrated over the previous years. As before the Directors believe that any dividend should be proposed at the end of the financial year.

4. Current Trading

The Company continued the progress made during 2006 and delivered the expected revenue growth and return to profitability during the first half of the year. We expect this to continue during the second half of the year.

5. Operating Review

Whilst we have experience hosting several customer implementations using our current technology, the next generation of our software is specifically focussed on providing a hosted or Software as a Service (SaaS) solution.

We believe that these developments, scheduled for release in the first half of 2008, will address many of the issues and challenges faced during our sales cycle and will also improve the ease with which we implement our products. The new technology along with multi-lingual and multi-currency support will help expand our potential market which at present is mainly focussed in the UK.

As stated earlier, we continue to make the necessary operational changes required to ensure success in the Project Portfolio Management (PPM) market place but recognize the need to diversify Group operations.

6. Outlook

The Company's short term aim was to restore operational stability, revenue growth and profitability. This has been achieved and is expected to continue. The Board will actively pursue the execution of the new acquisition strategy referred to earlier in this statement following the appointment of Adrian Bradshaw as Non-Executive Chairman which takes effect today.

On behalf of the Board, as usual, I would like to mention our staff who have continued to perform to their usual high standards. I would like to congratulate them all for their contributions that have enabled the Group to make progress.

Steve Allen
Chairman
18 September 2007

Consolidated Interim Income Statement (unaudited)

for the six months ended 30 June 2007

	(notes)	**Six months to 30 June 2007 £'000**	Six months to 30 June 2006 £'000	Year ended 31 December 2006 £'000
Continuing Operations				
Revenue		**1,158**	933	1,961
Cost of sales		**(756)**	(717)	(1,304)
Gross profit		**402**	216	657
Administration and other operating expenses		**(369)**	(381)	(770)
Operating profit/(loss)		**33**	(165)	(113)
Finance income		**39**	26	62
Profit/(loss) before tax		**72**	(139)	(51)
Income tax (expense)/credit	3	**(21)**	42	103
Profit/(loss) for the period attributable to equity shareholders of the company		**51**	(97)	52
Earnings per share				
Basic & diluted (pence)	5	**0.22p**	(0.42)p	(0.23)p

Consolidated Interim Balance Sheet (unaudited)

as at 30 June 2007

	As at 30 June 2007 £'000	As at 30 June 2006 £'000	As at 31 December 2006 £'000
Assets			
Non-current assets			
Intangible Assets	**2,792**	2,792	2,792
Plant and equipment	**24**	42	31
Deferred tax asset	**70**	–	91
Total non-current assets	**2,886**	2,834	2,914
Current assets			
Trade and other receivables	**799**	527	799
Income tax receivable	**39**	42	39
Cash and cash equivalents	**1,709**	1,915	1,600
Total current assets	**2,547**	2,484	2,438
Total assets	**5,433**	5,318	5,352
Liabilities			
Current liabilities			
Trade and other payables	**(533)**	(643)	(515)
Total liabilities	**(533)**	(643)	(515)
Net assets	**4,900**	4,675	4,837
Equity			
Share capital	**1,145**	1,145	1,145
Share premium account	**1,578**	1,578	1,578
Merger reserve	**2,538**	2,538	2,538
Retained earnings	**(361)**	(586)	(424)
Total equity attributable to equity shareholders of the company	**4,900**	4,675	4,837

Summarised Consolidated Cash Flow Statement (unaudited)

for the six months ended 30 June 2007

	Six months to 30 June 2007 £'000	Six months to 30 June 2006 £'000	Year ended 31 December 2006 £'000
Cash flows from operating activities			
Profit (loss) for the period	**51**	(97)	52
Adjustments for			
Share based payment charge	**12**	19	18
Interest income	**(39)**	(26)	(62)
Income tax expense/(income)	**21**	(42)	(103)
Depreciation	**12**	12	26
Operating profit before changes in working capital and provisions	**57**	(134)	(69)
Change in trade and other receivables	**–**	419	134
Change in trade and other payables	**18**	76	(63)
Cash generated from the operations	**–**	**75**	361
Income tax paid	**–**	(11)	–
Net cash from operating activities	**75**	350	2
Cash flows from investing activities			
Net interest received	**39**	26	62
Acquisition of plant and equipment	**(5)**	–	(3)
Net cash from investing activities	**34**	26	59
Net increase/(decrease) in cash and cash equivalents	**109**	376	61
Cash and cash equivalents at the beginning of the period	**1,600**	1,539	1,539
Cash and cash equivalents at the end of the period	**1,709**	1,915	1,600

Notes to the Interim Report

Basis of preparation

1. It is required that the next annual consolidated financial statements of the Group, for the year ending 31 December 2007, be prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU ("adopted IFRSs").

   The interim financial information has been prepared on the basis of the recognition and measurement requirements of adopted IFRSs as at 30 June 2007 that are effective (or available for early adoption) at 31 December 2007, the Group's first annual reporting date at which it is required to use adopted IFRSs. Based on these adopted IFRSs, the directors have applied the accounting policies, as set out below, which they expect to apply when the first annual IFRS financial statements are prepared for the year ending 31 December 2007.

   However, the adopted IFRSs that will be effective (or available for early adoption) in the annual financial statements for the year ending 31 December 2007 are still subject to change and to additional interpretations and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period will be determined finally only when the annual financial statements are prepared for the year ending 31 December 2007.

   The comparative figures for the financial year ended 31 December 2006 are not the company's statutory accounts for that financial year. Those accounts, which were prepared under UK GAAP, have been reported on by the company's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

Conversion to IFRS – Accounting policies

2. The Group's accounting policies remain as stated in the Group's full annual accounts for the year ended 31 December 2006 with the exception of the following accounting policies which are now as follows

   Research and Development costs
   Research costs are expensed as incurred. Development costs are capitalised where firstly the technical feasibility can be tested against relevant milestones, secondly the probable revenue stream foreseen over the life of the resulting product can support the development and thirdly sufficient resources are available to complete the development. These capitalised costs are amortised on a straight line basis over the expected life of the associated product.

   Goodwill
   Goodwill represents the excess of cost of acquisitions over the fair value of the net identifiable assets acquired. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units. Goodwill is tested

for impairment annually where there is an indication of impairment. If impaired, goodwill is written down to its recoverable amount.

3. The impact of the changes in accounting policies is as follows:

   Research and Development costs
   Previously development costs have been expensed to the profit and loss account as incurred. Due to the nature of the research and development work undertaken, and having carried out a review of all research and development costs against the capitalisation criteria, at this point in time all development costs continue to be written off as incurred, as not all the criteria are met. The directors will keep this situation under review should the portfolio of development projects change. There is therefore no financial impact from this change in accounting policy.

   Goodwill
   The intangible asset listed in the company balance sheet related to Goodwill created at the time of the company's flotation on the AIM market of the London Stock Exchange in 2001. An amount of goodwill has been written off since that time at the rate of £181,000 per annum, since it was deemed to have a useful economic life of 20 years using UK GAAP. In accordance with IFRS 3 "Business combinations", goodwill has been frozen at its net book value as at 1 January 2006 and will not be amortised. Instead in addition to an impairment test conducted on transition it will be subject to an annual impairment review with any impairment losses being recognised immediately in the income statement. No impairment was identified on transition. The impact of this change in accounting policy has therefore been a reduction in amortisation expense of £90,500 in the 6 month period under review.

   The details of how these changes in accounting policies have affected the Group's financial position and financial performance are set out in the tables in note 8.

4. The following exemptions have been taken:

   a. IFRS 1 First Time Adoption of International Financial Reporting Standards – contains certain optional exemptions to assist companies in the transition to IFRS,

   b. IFRS 3 Business Combinations – advantage has been taken of the optional exception from full retrospective application of IFRS 3 and consequently this standard has not been applied to acquisitions made before January 2006,

   c. IFRS 2 Share based payments – the Group has elected to only apply IFRS 2 to the options that were granted after 7 November 2002 and had not vested at the date of transition to IFRS.

5. The Group's cashflows are now disclosed and presented as having occurred as part of either the Group's operating, investing or financing activities. Cash and cash equivalents comprise cash balances and bank deposits with a maturity of 3 months or less. Bank overdrafts that are repayable on demand and form part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Tax and EPS

6. The tax charge for the period is based on the anticipated effective tax rate for the year to 31 December 2007

7. Basic earnings per share are calculated on the profit for the period of £51,000 (2006: loss of £97,000) and on 22,899,350 ordinary shares, being the weighted average number of ordinary shares in issue in the period (2006: 22,899,350 ordinary shares). The diluted earnings per share is calculated on the profit for the period of £51,000 on 22,968,831 ordinary shares, being the weighted average number of ordinary shares in issue in the period adjusted earnings per share for the dilutive effect of share options outstanding. Share options in issue in 2006 did not have a dilutive impact on the loss per share calculation.

8. Reconciliation of profit and equity

	Reconciliation of profits to 30 June 2006			**Reconciliation of profits to 31 December 2006**		
	Six months to 30 June 2006 £'000	Goodwill amortisation adjustment £'000	Restated under IFRS 3 £'000	Twelve months to 31 December 2006 £'000	Goodwill amortisation adjustment £'000	Restated under IFRS 3 £'000
Continuing Operations						
Revenue	933	–	933	1,961	–	1,961
Cost of Sales	(717)	–	(717)	(1,304)	–	(1,304)
Gross Profit	216	–	216	657	–	657
Administration and other operating expenses	(472)	91	(381)	(951)	181	(770)
Operating profit/(loss)	(256)	91	(165)	(294)	181	(113)
Net Financing income	26	–	26	62	–	62
Profit/(loss) before tax	(230)	91	(139)	(232)	181	(51)
Taxation	42	–	42	103	–	103
Profit/(Loss) for the period	(188)	91	(97)	(129)	181	52

	Reconciliation of Equity to 30 June 2006			Reconciliation of Equity to 31 December 2006		
	As at 30 June 2006 £'000	Goodwill amortisation adjustment £'000	As at 30 June 2006 £'000	As at 31 December 2006 £'000	Goodwill amortisation adjustment £'000	As at 31 December 2006 £'000
Non-current assets						
Intangible assets	2,701	91	2,792	2,611	181	2,792
Plant and Equipment	42	–	42	31	–	31
Deferred tax asset	–	–	–	91	–	91
Total Non-current assets	2,743	91	2,834	2,733	181	2,914
Current assets						
Trade and other receivables	527	–	527	799	–	799
Taxation receivable	42	–	42	39	–	39
Cash and cash equivalents	1,915	–	1,915	1,600	–	1,600
Total current assets	2,484	–	2,484	2,438	–	2,438
Total assets	5,227	91	5,318	5,171	181	5,352
Current liabilities						
Trade and other payables	(526)	–	(526)	(397)	–	(397)
Tax payable	(117)	–	(117)	(118)	–	(118)
Total current liabilities	(643)	–	(643)	(515)	–	(515)
Net assets	4,584	91	4,675	4,656	181	4,837
Equity and other liabilities						
Share capital	1,145	–	1,145	1,145	–	1,145
Share premium account	1,578	–	1,578	1,578	–	1,578
Merger reserve	2,538	–	2,538	2,538	–	2,538
Retained earnings	(677)	91	(586)	(605)	181	(424)
Total Equity	4,584	91	4,675	4,656	181	4,837

There is no difference between equity at 1 January 2006 under UK GAAP and adopted IFRS.

Notes to the Interim Report (continued)

9. Reconciliation of movements in equity

6 months ended 30 June 2006

Group	Share Capital £'000	Share premium account £'000	Merger reserve £'000	Profit and loss account £'000
Balance brought forward at transition	1,145	1,578	2,538	(494)
Loss for the period	–	–	–	(97)
Share option charge recognised	–	–	–	5
At end of period	1,145	1,578	2,538	(586)

12 months ended 31 December 2006

Group	Share Capital £'000	Share premium account £'000	Merger reserve £'000	Profit and loss account £'000
Balance brought forward at transition	1,145	1,578	2,538	(494)
Profit for the year	–	–	–	52
Share option charge recognised	–	–	–	18
At end of year	1,145	1,578	2,538	(424)

6 months ended 30 June 2007

Group	Share Capital £'000	Share premium account £'000	Merger reserve £'000	Profit and loss account £'000
At start of period	1,145	1,578	2,538	(424)
Profit for the period	–	–	–	51
Share option charge recognised	–	–	–	12
At end of period	1,145	1,578	2,538	(361)

Independent Review Report to Atlantic Global Plc

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2007 which comprises the Consolidated Interim Income Statement, the Consolidated Interim Balance Sheet, the Summarised Consolidated Cash Flow Statement, the Statement of Changes in Equity and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the AIM Rules which require that the interim report must be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

As disclosed in note 1 to the financial information, the next annual financial statements of the group will be prepared in accordance with IFRSs as adopted by the European Union.

The accounting policies that have been adopted in preparing the financial information are consistent with those that the directors currently intend to use in the next annual financial statements. There is, however, a possibility that the directors may determine that some changes to these policies are necessary when preparing the full annual financial statements for the first time in accordance with IFRSs as adopted by the European Union.

Review work performed

We conducted our review having regard to the guidance contained in Bulletin 1999/4: *Review of interim financial information* issued by the Auditing Practices Board for use in the UK. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Independent Review Report to Atlantic Global Plc (continued)

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2007.

KPMG Audit Plc

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18 September 2007

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