

**ATLANTIC GLOBAL PLC**

**Interim Report 2008**

**Six months ended 30 June 2008**

## ATLANTIC GLOBAL PLC

### Chairman's Interim Statement – Half year to 30 June 2008

#### *Introduction*

I am delighted to report further progress for Atlantic Global during the half year to June 2008 in which profitability has shown a significant improvement over the same period to June 2007. This gives the Board confidence for the second half of the year and provides the Group with a good platform on which to build on in the future.

New customers during the first half of the year include GETECH, Symsource, 4 Delivery Ltd, Alliance Boots and Netstore. The Group experienced a steady stream of repeat business from Quanticate, TRL Technology, KCOM, GroupM (Part of WPP Group) and Norwich Union IT Services.

#### *Financial Review*

Atlantic Global profit before taxation for the six months to June 2008 was £201,000, compared to a profit before taxation of £72,000 in the first six months of 2007. Turnover was marginally down by 3% to £1,120,000, compared to £1,158,000 in the same period of 2007.

The profit has been stated after sales and marketing expenditure of £443,000 for the period, (2007: £601,000). The savings in sales and marketing expenditure in the period result from our restructuring of these areas in preparation for the launch of the OnDemand business model. Demand for our consultancy services remains strong with a significant order book of services to be delivered during the second half of 2008.

The Group increased its investment in research and development to £210,000 (2007: £184,000) during the period to ensure the successful delivery of the new OnDemand suite of products. The Group expects this product to begin to contribute to revenues during 2009.

Earnings per share were 0.66p for the six-month period, (2007: 0.22p).

As at 30 June 2008, the Group had cash balances of £2,046,000, (2007: £1,709,000). The cash balances have increased by £500,000 since the Group's financial year-end of December 2007.

The Group is proposing to pay an interim dividend of 0.25 pence per share (interim 2007: nil).

Since the period end, the Company has bought in 90,000 ordinary shares for cancellation, further to the authority granted to it by shareholders at the AGM on 9 May 2008. The Directors intend to continue to buy in shares as the opportunity arises.

#### *Operating Review*

Our goal for 2008 was to increase the profitability of the company and also to reposition the cost base for the launch of the new OnDemand service.

The launch of the OnDemand software as a service is scheduled for the end of September 2008. This project, which commenced in March 2006, represents a major technical achievement. More importantly, it will fundamentally transform our commercial sales and marketing model going forward.

Like many software vendors operating a similar business model based on an upfront licence sale, we have previously experienced delays from customers in two areas of the sales process:-

- An increased level of internal governance issues relating to product selection in an effort to standardise product usage across their organisations. The consultation process to reach a consensus can be subject to delays and scope creep where the selection team are tempted to try and resolve too many issues in one solution.
- The selected product must then compete for capital expenditure and internal resource to implement the solution.

## **Chairman's Interim Statement** (*continued*)

Our new OnDemand product is capable of being deployed across the internet using the traditional licence model but can also be adopted by a customer as an OnDemand service. The OnDemand service offers many advantages:-

- The OnDemand model means that potential customers will be purchasing a “service” which negates much of the bureaucracy associated with the product selection process. It also eliminates the cost and time it takes to put the required infrastructure in place required to evaluate or deploy the system.
- The OnDemand service will offer a variety of contract and cost options.
- The sale of the OnDemand service will be process driven. Atlantic Global will load the customer’s data who will then have a fixed period of time to evaluate the solution.

The OnDemand sales process is designed to target the SME sector and also the departments of large organisations that are empowered to adopt such a service. We believe that it will offer many advantages to the customer and also to Atlantic Global:-

- It will de-risk the purchasing process of the customer since they will have had an opportunity to conduct a thorough evaluation of the product.
- We believe that it will reduce our sales lead times and thus our cost of sales
- It should also de-risk the sales pipeline resulting in a larger number of smaller value opportunities.
- It is capable of much larger scaling than the current product.

### ***Current Trading and Acquisitions***

The Group continues to experience satisfactory levels of activity and trading is currently in line with our expectations. The Board is reviewing a number of acquisitions and believes that the current difficult economic environment presents an opportunity to develop the Group by way of acquisition.

### ***Dividend***

As a measure of the Directors’ continued confidence in the future and as a reflection of the Group’s strong balance sheet and cash resources, the Directors are proposing an interim dividend of 0.25pence per share to be paid on 7 November 2008 to shareholders on the register on 10 October 2008.

### ***Outlook***

The improvement to the core products, and the introduction of the OnDemand product with its flexible range of contract and cost options, supported by a more process driven approach to product evaluation and sales, gives the Directors confidence that the Group can look forward to increased levels of success during 2008 and beyond.

On behalf of the Board, I would like to thank the staff who have demonstrated a great level of skill and commitment in delivering the Group’s goals during 2008.

***Adrian Bradshaw***

*Chairman*

23 September 2008

**Consolidated Interim Income Statement**  
for the six months ended 30 June 2008

	notes	<b>Unaudited Six months to 30 June 2008</b>	<b>Unaudited Six months to 30 June 2007</b>	<b>Audited Year ended 31 December 2007</b>
		£ 000	£ 000	£ 000
<b>Continuing Operations</b>				
<b>Revenue</b>		<b>1,120</b>	1,158	2,303
Cost of sales		<b>(621)</b>	(756)	(1,439)
<b>Gross profit</b>		<u><b>499</b></u>	<u>402</u>	<u>864</u>
Administration and other operating expenses		<b>(336)</b>	(369)	(659)
<b>Operating profit</b>		<u><b>163</b></u>	<u>33</u>	<u>205</u>
Finance income		<b>38</b>	39	81
<b>Profit before tax</b>		<u><b>201</b></u>	<u>72</u>	<u>286</u>
Income tax expense		<b>(50)</b>	(21)	(53)
<b>Profit for the period attributable to equity shareholders of the company</b>		<u><b>151</b></u>	<u>51</u>	<u>233</u>
<b>Earnings per share</b>				
Basic & diluted (pence)	3	<u><b>0.66p</b></u>	<u>0.22p</u>	<u>1.02p</u>

**Consolidated Interim Balance Sheet**  
*as at 30 June 2008*

	<b>Unaudited</b> <b>As at</b> <b>30 June</b> <b>2008</b>	<b>Unaudited</b> As at 30 June 2007	<b>Audited</b> As at 31 December 2007
	£ 000	£ 000	£ 000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible Assets	2,792	2,792	2,792
Plant and equipment	15	24	19
Deferred tax asset	62	70	62
<b>Total non-current assets</b>	<u>2,869</u>	<u>2,886</u>	<u>2,873</u>
<b>Current assets</b>			
Trade and other receivables	918	799	1,367
Income tax receivable	-	39	9
Cash and cash equivalents	2,046	1,709	1,546
	<u>2,964</u>	<u>2,547</u>	<u>2,922</u>
<b>Total assets</b>	<u>5,833</u>	<u>5,433</u>	<u>5,795</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	(650)	(533)	(768)
Income Tax payable	(74)	-	-
<b>Total liabilities</b>	<u>(724)</u>	<u>(533)</u>	<u>(768)</u>
<b>Net assets</b>	<u>5,109</u>	<u>4,900</u>	<u>5,027</u>
<b>Equity</b>			
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	(152)	(361)	(234)
<b>Total equity attributable to equity shareholders of the company</b>	<u>5,109</u>	<u>4,900</u>	<u>5,027</u>

**Summarised Consolidated Cash Flow Statement**  
*for the 6 months ended 30 June 2008*

	<b>Unaudited Six months to 30 June 2008 £000</b>	Unaudited Six months to 30 June 2007 £000	Audited Year ended 31 December 2007 £000
<b>Cash flows from operating activities</b>			
Profit for the period	<b>151</b>	51	233
<b>Adjustments for</b>			
Share based payment charge	-	12	(43)
Interest income	<b>(38)</b>	(39)	(81)
Income tax expense	<b>50</b>	21	53
Depreciation	<b>6</b>	12	21
<b>Operating profit before changes in working capital and provisions</b>	<b>169</b>	57	183
Change in trade and other receivables	<b>449</b>	-	(568)
Change in trade and other payables	<b>(118)</b>	18	259
<b>Cash generated from the operations</b>	<b>500</b>	75	(126)
Income tax paid	<b>33</b>	-	-
<b>Net cash from operating activities</b>	<b>533</b>	75	(126)
<b>Cash flows from investing activities</b>			
Net interest received	<b>38</b>	39	81
Acquisition of plant and equipment	<b>(2)</b>	(5)	(9)
<b>Net cash from investing activities</b>	<b>36</b>	34	72
<b>Cash flows from financing activities</b>			
Dividends paid	<b>(69)</b>	-	-
<b>Net cash used in financing activities</b>	<b>(69)</b>	-	-
Net increase / (decrease) in cash and cash equivalents	<b>500</b>	109	(54)
Cash and cash equivalents at the beginning of the period	<b>1,546</b>	1,600	1,600
Cash and cash equivalents at the end of the period	<b>2,046</b>	1,709	1,546

## Notes to the interim report

### *Basis of preparation*

1. The interim financial information has been prepared on the basis of the recognition and measurement requirements of adopted IFRSs as at 30 June 2008 that are effective (or available for early adoption) at 31 December 2008. Based on these adopted IFRSs, the Directors have applied the accounting policies, as set out below, which they expect to apply when the second annual IFRS financial statements are prepared for the year ending 31 December 2008.

However, the adopted IFRSs that will be effective (or available for early adoption) in the annual financial statements for the year ending 31 December 2008 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 2008.

The comparative figures for the financial year ended 31 December 2007 are the company's statutory accounts for that financial year. Those accounts, which were prepared under IFRS, 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.

The Group's accounting policies remain as stated in the Group's full annual accounts for the year ended 31 December 2007.

### *Tax and EPS*

2. The tax charge for the period is based on the anticipated effective tax rate for the year to 31 December 2008
3. Basic earnings per share are calculated on the profit for the period of £151,000 (2007: profit of £51,000) and on 22,899,350 ordinary shares, being the weighted average number of ordinary shares in issue in the period (2007: 22,899,350 ordinary shares). Share options in issue in the period did not have a dilutive impact on the earnings per share calculation.

## Notes to the interim report *(continued)*

### 4 Reconciliation of movements in equity

<b>6 months ended 30 June 2007</b>	<b>Share Capital</b>	<b>Share premium account</b>	<b>Merger reserve</b>	<b>Profit and loss account</b>
	£000	£000	£000	£000
Balance brought forward at 1/1/07	1,145	1,578	2,538	(424)
Profit for the period	-	-	-	51
Share option charge recognised	-	-	-	12
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At end of period	1,145	1,578	2,538	(361)
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<b>12 months ended 31 December 2007</b>	<b>Share Capital</b>	<b>Share premium account</b>	<b>Merger reserve</b>	<b>Profit and loss account</b>
	£000	£000	£000	£000
Balance brought forward at 1/1/07	1,145	1,578	2,538	(424)
Profit for the year	-	-	-	233
Share option charge recognised	-	-	-	(43)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	1,145	1,578	2,538	(234)
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<b>6 months ended 30 June 2008</b>	<b>Share Capital</b>	<b>Share premium account</b>	<b>Merger reserve</b>	<b>Profit and loss account</b>
	£000	£000	£000	£000
At start of period	1,145	1,578	2,538	(234)
Profit for the period	-	-	-	151
Dividends paid	-	-	-	(69)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	1,578	1,578	2,538	(152)
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## **Independent review report to Atlantic Global Plc**

### ***Introduction***

We have been engaged by the company to review the financial information in the half-yearly financial report for the six months ended 30 June 2008 which comprises the Consolidated Interim Income Statement, the Consolidated Interim Balance Sheet, the Summarised Consolidated Cash Flow Statement and the related notes. We have read the other information contained in the half yearly financial report which comprises only of the Chairman's Interim Statement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company those matters we are required to state to them in a review 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 conclusion we have formed.

### ***Directors' responsibilities***

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The AIM rules of the London Stock Exchange require that the accounting policies and presentation applied to the interim figures are consistent with those which will be adopted in the annual accounts having regard to the accounting standards applicable for such accounts.

As disclosed in Note 1, the annual financial statements of the group are prepared in accordance with IFRS as adopted by the European Union.

### ***Our responsibility***

Our responsibility is to express to the Company a conclusion on the financial information in the half-yearly financial report based on our review.

### ***Scope of review***

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the financial information in the half-yearly financial report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with the basis of accounting described in Note 1.

GRANT THORNTON UK LLP  
AUDITOR  
LEEDS

23 September 2008