

ATLANTIC GLOBAL PLC

Interim Report 2011

Six months ended 30 June 2011

ATLANTIC GLOBAL PLC

Chairman's Interim Statement – Half year to 30 June 2011

Introduction

Despite difficult economic conditions continuing in the period under review, the Group was profitable and secured several significant new customer wins during the first half of 2011. The number of Atlantic Global customers has risen to 120, with over one third now using our SaaS customer platform.

Commencement of Formal Sale Process

The Board of Atlantic Global has received two confidential preliminary expressions of interest to acquire the Group. While the Directors believe that the Group has a secure future as an independent business, it recognises that there may be other organisations with global relationships, established sales and marketing operations together with established channels to market who are better placed to build on our successes. We believe this could significantly accelerate the growth of the business to take advantage of the opportunities in the market.

The Board has therefore commenced a formal sale process in order to seek to unlock and crystallise shareholder value, through which the Group might also be able to offer better terms for customers and more opportunities for employees. More details of this process are available in the separate announcement released today.

Financial Review

Atlantic Global's profit before taxation for the six months to 30 June 2011 was £33,000, compared to a profit of £22,000 in the first six months of 2010. Revenue was £703,000 compared to £728,000 in the same period of 2010. Earnings per share were 0.15p for the six month period (2010: 0.10p). As at 30 June 2011, the Group had cash balances of £2,033,000 (2010: £2,110,000).

The Group continued to maintain its investment in research and development of £191,000 (2010: £198,000) which has been focussed at refining our SaaS proposition.

Atlantic Global has grown its SaaS revenues and now hosts 41 SaaS implementations for a wide range of customers that include GlaxoSmithKline, FriendsLife and Pendoley Environmental (Australia). New SaaS customers added during the period include The Lewis Group, Happy Customer, TAH Limited, Jalios with further OnPremise implementations at Specsavers and Serco Transport. The Group expects SaaS revenues to increase further during the second half of 2011. Two new SaaS customers have been added through our middle east partner.

Operating Review

Atlantic Global introduced new 'videos' during the period to improve the customer experience with continuous enhancements to the user interface, along with the introduction of a suite of role based video tutorials and user guides designed to explain to customers how to get the best value out of the products. The video's tutorials are embedded in the product as a form of help, and these can be accessed through the product or directly via the Group's YouTube channel.

The Group also launched a number of pre-configured solutions which depending on the customer's initial interest, will 'ship' the most appropriate system for the customer to trial. These new methods of marketing and trialling our system will increase the number of new product trials. We believe these initiatives will improve the Group's sales conversion ratio and will also reduce delays in the sales pipeline.

During the first half of the year we secured our largest SaaS customer, FriendsLife. The additional licences were purchased as a result of the Friends Provident AXA merger. Harvey Nash, an existing customer, has also started to deploy our solutions in Vietnam, with over 700 licences currently supported.

Atlantic Global has also recruited a senior business development resource to develop a business proposition that can be proactively targeted at customers and consulting organisations that operate in the business transformation and business change market.

Baker Tilly is also looking to commence marketing the Atlantic Global Solution to its existing professional services customers and will also be looking to target new customers with this proposition during the last quarter of 2011.

Dividend

The Directors are not proposing an interim dividend this year (2010: 0.1pence per share).

Current Trading & Outlook

Current trading is challenging and the sales pipeline continues to be vulnerable to slippage due to customers either delaying implementations or putting them on hold. However, the Directors believe that various business development initiatives will prove successful, and remain confident about the full year outcome.

On behalf of the Board, I would like to thank the staff who have demonstrated great levels of skill, commitment and patience.

Adrian Bradshaw

Chairman

29 September 2011

**Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2011**

	notes	Unaudited Six months to 30 June 2011	Unaudited Six months to 30 June 2010	Audited Year ended 31 December 2010
		£ 000	£ 000	£ 000
Revenue		703	728	1,166
Cost of sales		(410)	(436)	(853)
Gross profit		293	292	313
Administration and other operating expenses		(272)	(278)	(547)
Operating profit / (loss)		21	14	(234)
Finance income		12	7	14
Profit / (loss) before tax		33	21	(220)
Income tax credit	2	-	1	30
Profit and total comprehensive income for the period attributable to owners of the parent		33	22	(190)
Earnings/(loss) per share				
Basic & diluted (pence)	3	0.15p	0.1p	(0.85)p

**Consolidated Balance Sheet
as at 30 June 2011**

	Unaudited As at 30 June 2011	Unaudited As at 30 June 2010	Audited As at 31 December 2010
	£ 000	£ 000	£ 000
Assets			
Non-current assets			
Intangible assets	2,792	2,792	2,792
Property, plant and equipment	7	9	8
Deferred tax asset	52	52	52
Total non-current assets	<u>2,851</u>	<u>2,853</u>	<u>2,852</u>
Current assets			
Trade and other receivables	438	485	359
Income tax receivable		-	16
Cash and cash equivalents	2,033	2,110	2,036
	<u>2,471</u>	<u>2,595</u>	<u>2,411</u>
Total assets	<u>5,322</u>	<u>5,448</u>	<u>5,263</u>
Equity and liabilities			
Liabilities			
Current liabilities			
Trade and other payables	577	497	551
Total liabilities	<u>577</u>	<u>497</u>	<u>551</u>
Equity attributable to owners of the parent			
Share capital	1,121	1,123	1,121
Share premium account	1,578	1,578	1,578
Merger reserve	2,538	2,538	2,538
Retained earnings	(516)	(310)	(549)
Capital redemption reserve	24	22	24
Total equity	<u>4,745</u>	<u>4,951</u>	<u>4,712</u>
Total equity and liabilities	<u>5,322</u>	<u>5,448</u>	<u>5,263</u>

**Summarised Consolidated Cash Flow Statement
for the 6 months ended 30 June 2011**

	Unaudited Six months to 30 June 2011 £000	Unaudited Six months to 30 June 2010 £000	Audited Year ended 31 December 2010 £000
Cash flows from operating activities			
Profit/(loss) after tax for the period	33	22	(190)
Adjustments for			
Interest income	(12)	(7)	(14)
Income tax (credit)	-	(1)	(30)
Depreciation	3	4	7
Operating profit/(loss) before changes in working capital and provisions	24	18	(227)
Change in trade and other receivables	(79)	22	148
Change in trade and other payables	26	18	72
Income tax received	16	13	26
Net cash from operating activities	(13)	71	19
Cash flows from investing activities			
Net interest received	12	7	14
Acquisition of plant and equipment	(2)	-	(2)
Net cash from investing activities	10	7	12
Cash flows from financing activities			
Purchase of own shares	-	-	(5)
Dividends paid	-	-	(22)
Net cash used in financing activities	-	-	(27)
Net (decrease)/increase in cash and cash equivalents	(3)	78	4
Cash and cash equivalents at the beginning of the period	2,036	2,032	2,032
Cash and cash equivalents at the end of the period	2,033	2,110	2,036

**Statement of changes in equity
for the 6 months ended 30 June 2011**

6 months ended 30 June 2010	Share Capital £000	Share premium account £000	Merger reserve £000	Profit and loss account £000	Capital redemption reserve £000
Balance brought forward at 1 January 2010	1,123	1,578	2,538	(332)	22
Profit and total comprehensive income for the period	-	-	-	22	-
Balance at 30 June 2010	<u>1,123</u>	<u>1,578</u>	<u>2,538</u>	<u>(310)</u>	<u>22</u>
12 months ended 31 December 2010	Share Capital £000	Share premium account £000	Merger reserve £000	Profit and loss account £000	Capital redemption reserve £000
Balance brought forward at 1 January 2010	1,123	1,578	2,538	(332)	22
Dividends Paid	-	-	-	(22)	-
Share buy back	(2)	-	-	(5)	2
Transactions with owners	(2)	-	-	(27)	2
Loss and total comprehensive income for the period	-	-	-	(190)	-
Balance at 31 December 2010	<u>1,121</u>	<u>1,578</u>	<u>2,538</u>	<u>(549)</u>	<u>24</u>
6 months ended 30 June 2011	Share Capital £000	Share premium account £000	Merger reserve £000	Profit and loss account £000	Capital redemption reserve £000
Balance brought forward at 1 January 2011	1,121	1,578	2,538	(549)	24
Profit and total comprehensive income for the period	-	-	-	33	-
Balance at 30 June 2011	<u>1,121</u>	<u>1,578</u>	<u>2,538</u>	<u>(516)</u>	<u>24</u>

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 2011 that are effective (or available for early adoption) at 31 December 2011. Based on these adopted IFRSs, the Directors have applied the accounting policies, which they expect to apply when the annual IFRS financial statements are prepared for the year ending 31 December 2011.

The group has chosen not to adopt IAS 34 (Interim Financial Statements) in preparing these interim financial statements and therefore the interim financial information is not in full compliance with International Financial Reporting Standards.

The financial information set out in this interim report does not constitute statutory accounts as defined in sections 434 and 435 of the Companies Act 2006. The figures for the year ended 31 December 2010 have been extracted from the statutory financial statements which have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under section 498(2) and 498(3) of the Companies Act 2006.

The group's accounting policies remain as stated in the group's full annual accounts for the year ended 31 December 2010.

Tax and EPS

2. The tax for the period is based on the anticipated effective tax rate for the year to 31 December 2011.
3. Basic loss or earnings per share are calculated on the profit for the period of £33,000 (2010: profit of £22,000) and on 22,421,350 ordinary shares, being the weighted average number of ordinary shares in issue in the period (2010: 22,471,350 ordinary shares).

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 2011 which comprises the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Summarised Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes.

We have read the other information contained in the half yearly financial report which comprises only 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 financial information in the half-yearly financial report 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 IFRSs as adopted by the European Union. The financial information in the half-yearly financial report has been prepared in accordance with the basis of preparation in Note 1.

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 2011 is not prepared, in all material respects, in accordance with the basis of accounting described in Note 1.

GRANT THORNTON UK LLP
AUDITOR
LEEDS
29 September 2011