

ATLANTIC GLOBAL PLC

Annual Report and Accounts

Year ended 31 December 2003

 **Adeo**TM
"Improving Business Visibility"

Contents

Introducing Atlantic Global	2
Financial and operational highlights	3
Chairman's statement	4
Managing Director's review	6
Financial review	8
Directors' biographies	9
Directors' report	10
Remuneration and employee report	13
Corporate governance statement	14
Statement of Directors' responsibilities	16
Independent auditors' report to the members of Atlantic Global Plc	17
Consolidated profit and loss account	18
Consolidated balance sheet	19
Company balance sheet	20
Consolidated cash flow statement	21
Notes	22
Five-Year financial summary	33
Investor relations	34
Notice of Annual General Meeting	37
Directors and advisers	38

Introducing Atlantic Global

“Atlantic Global’s mission is to develop practical business solutions to solve modern managerial problems.”

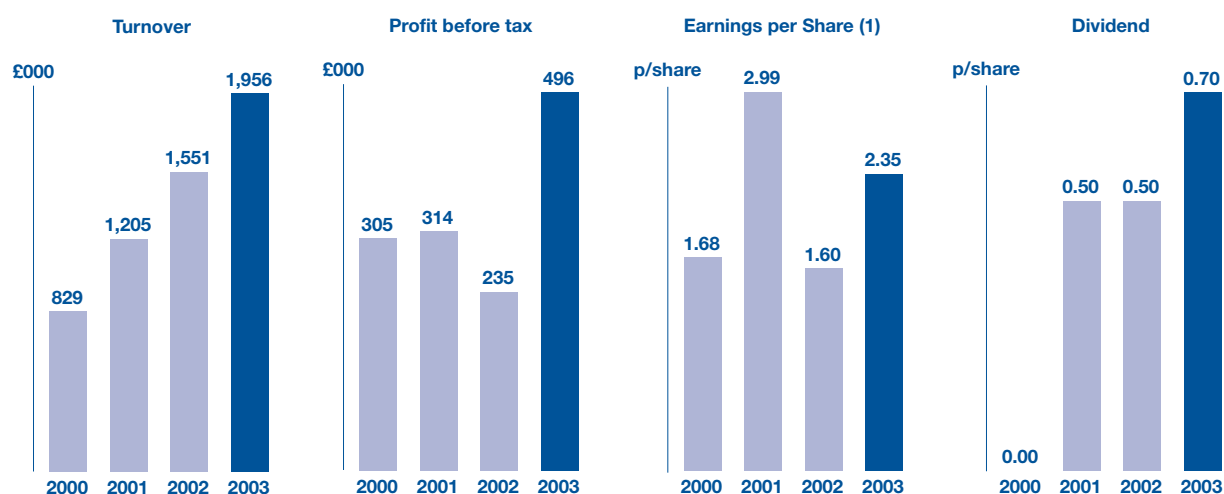
- *Atlantic Global is a specialist provider of integrated business and resource management software applications, providing cost effective solutions to improve the management of any organisation’s projects, people and resources.*
- *We develop and supply high quality software products, branded Adeo and Corporate Vision, that are capable of being quickly installed and integrated, easy to use and flexible to configure, in order to meet individual and corporate users’ requirements, ensuring delivery of rapid returns on investment to our clients*
- *The Group has established an excellent, growing reputation, confirmed by our expanding blue chip client list, and view our customers as partners. The better we understand their business and problems the more successful our solutions will be*
- *Atlantic Global recognises that our success depends on attracting, motivating, developing and retaining the highest calibre of personnel and the Group continues to expand our complementary skill base*
- *Atlantic Global is committed to maximising returns over the long term to provide shareholder value*
- *It is our intention to remain at the technological forefront of our niche sector, abreast of new technology and creating a complementary range of products*

Financial and Operational Highlights

	Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000	Growth %
Turnover	1,956	1,551	26%
Operating profit before goodwill and exceptional costs	611	390	57%
Profit before tax	496	235	111%
Adjusted earnings per share	2.35 pence	1.60 pence	47%
Dividend payable per share	0.7 pence	0.5 pence	40%
Free cash flow before exceptional costs	513	124	314%
Net cash balance	2,296	1,897	21%

Highlights

- New Adeo software products released first quarter of 2003 - Risk Management, Contractor Management and enhanced Business Information Tracking to new and existing clients. A number of new clients are benefiting from using the updated software, with the vast majority of our existing customers having upgraded to Adeo
- New enterprise wide product Corporate Vision developed during 2003, in conjunction with Norwich Union. The first deployment of Corporate Vision was achieved during December 2003 in a 2,000 people department and has already delivered significant benefits to Norwich Union, and is now ready for sale to new and existing customers. Corporate Vision is currently being installed in LogicaCMG, Metropolitan Police and Eclipse Petroleum
- Appointment of David Cox as Non-Executive Chairman and Mark Allcock to the Board as Sales Director
- Increased marketing expenditure to strengthen brand awareness of Adeo and Corporate Vision software products amongst potential customers
- Dividend increased by 40% to 0.7 pence per share
- Free cash flow of £513,000 an increase of 314% on 2002



(1) Earnings per share excluding goodwill amortisation

Note weighted average number of shares in issue: 2003 – 22.7 million; 2002 – 22.3 million; 2001 – 14.7 million

Chairman's Statement

Introduction

The Group's overall strategy is to create, sell and support high quality business management software to blue chip customers, that is both quick to install and easy to use, and hence delivers clear, early and sustainable benefits. In tactical terms, during the year we continued to enhance our proven track record, by introducing new modules in the Adeo suite and extending our customer base.

2003 was also a year of strategic significance to Atlantic Global through the introduction of Corporate Vision, mentioned last September in the interim statement. This new flagship product, developed largely in conjunction with Norwich Union, and already successfully deployed in one of their operating units, places us in a different league. This product enables senior and middle level operational executives to significantly improve the effectiveness and productivity of their people intensive business processes, and to better manage their major projects and programmes. The overall marketing of Corporate Vision will be characterised by longer sales cycles and larger deals, often into sizeable business units or functions of large organisations, but leading eventually to enterprise wide deployment.

Our challenge and focus in 2004, and beyond, is to build a world class sales, marketing and implementation capability, for both Corporate Vision and all the other Adeo modules. Given that our software is relevant in all industry sectors that employ large numbers of people, and in all of the public sector, this represents a significant opportunity. Initially, we will concentrate on adding to our direct sales approach in the UK. However, we believe the potential is global and are therefore taking the first steps to examine how best to enter the US, which is the largest single information technology software market.

The Board is committed to the goal of achieving this expansion while maintaining increased levels of profitability.

Results

The results for the year to 31 December 2003 demonstrate another successful year of organic growth for the Group, with turnover increasing by 26% to £1,956,000 (2002: £1,551,000), and operating profits before goodwill and exceptionals increasing by 57% to £611,000 (2002: £390,000). Pre-tax profit increased 111% to £496,000 (2002: £235,000).

This growth in turnover has had a positive impact on the operating profit level despite the substantial amount of investment that we made during 2003 to our software products, brand image and business infrastructure. This strong performance has been achieved during another year when the information technology industry has been in recession and experiencing difficult trading conditions.

Earnings per share, adjusted for goodwill and exceptional costs increased 47% to 2.35 pence (2002: 1.60 pence).

Due to the continued cash generative nature of our business, the Group had net cash balances at 31 December 2003, of £2,296,000 (2002: £1,897,000). The Group remains in a strong financial position, which will be maintained as we continue to generate cash from sustainable profit levels. To confirm this cash generating ability the amount of free cash flow produced during 2003 was £513,000, compared with £79,000, after exceptional costs, for 2002. The financial review provides more detail as to the importance of free cash flow.

Dividend

The Directors are proposing to increase the final dividend by 40% to 0.7 pence (2002: 0.5 pence) per share for the year ended 31 December 2003. This demonstrates our confidence in the Group's future and in its continuing ability to generate cash. Dividend cover is still very healthy at 3.36 times and the Directors will pursue a progressive dividend policy, providing circumstances remain appropriate.

Board changes

In November 2003, I joined the Board as Chairman and Mark Allcock was appointed Sales Director in October 2003. Mark joined the Company in February 2003 as Sales Director Designate. Atlantic Global has benefited significantly from his experience and expertise, which has been applied to a number of business areas within the Group. This has included the refocusing of Atlantic Global's sales and marketing function attached to new products resulting in an increased level of interest.

Prior to joining Atlantic Global, Mark held senior appointments within Admiral Computing Limited (Operations Director) where he managed business units with up to 600 staff, and sales of up to £20 million per annum, prior to its merger with CMG Plc, now Logica CMG.

I am also pleased to announce that at the Annual General Meeting to be held on 28 April, the Directors will be proposing that Paul Gleghorn, currently our Technical Manager be appointed to the Board as Technical Director.

Paul has been employed by the Group since February 1996, and this appointment is recognition of his valuable contribution and expertise in ensuring our products continue to be at the forefront of best technical and business practice.

People

The Board recognises that the quality and ability of our team has been crucial to our success in 2003. I would take this opportunity, on behalf of the Directors to offer our sincere appreciation for their substantial contribution. The Group continues to ensure that its people have Share Options and are incentivised to continue to deliver shareholder value.

The Group maintained our Investors in People Standard throughout 2003, and were formally reassessed during the year. This is an independent measure of our commitment to the development of our people.

Acquisitions

The Board's current policy of concentrating purely on organic growth remains unchanged from previous years and therefore the Group is not involved in an active acquisition strategy. However, we would continue to consider any acquisition opportunities that would improve shareholder value providing they are in line with our strategic objectives and are reasonably priced in accordance with their profitability and quality of earnings.

Current trading

Having produced our management accounts for January and February 2004 and with knowledge of March's sales, we can confirm that the year has begun in line with our expectations with sales and client interest at higher levels than at the same time last year.

The future

We believe that the growth potential of the Group remains substantial, especially with the development of Corporate Vision. With the suite of products that have been developed and our software increasingly capable of

delivering considerable benefit to most organisations, both public and private sector, we are extremely well positioned to achieve significant levels of growth.

I am therefore very confident that 2004 will be another successful year and we can continue to maximise shareholder returns.

Annual General Meeting

We shall be holding our AGM at 2.30pm at KPMG's offices in Leeds, at 1 The Embankment, Neville Street, Leeds, West Yorkshire LS1 4DW on Wednesday, 28 April 2004.

In addition to the usual formalities of the meeting we will, as last year, provide an opportunity for shareholders to gain a better understanding of the business. Rupert Hutton, Finance Director will make a presentation on the results for 2003, followed by a briefing by Eugene Blaine, Managing Director, on the Group's general progress. There will then be an opportunity for a question and answer session. I would extend the Board's invitation to all shareholders.



David Cox

Chairman

24 March 2004

Managing Director's Review

Introduction

I am pleased to announce a positive year for Atlantic Global. The Group continues to expand its range of software products to meet a focused business objective – to make our clients more efficient and more competitive. Atlantic Global's products continue to be chosen by many of the market leaders across a diverse range of industry sectors confirming the quality and flexibility of the solutions provided.

Since the flotation of the company in 2001, the Group has developed at an ever-increasing pace. The following reviews our achievements and sets out our strategy for 2004 with respect to product development, the expansion of our customer base and development of sales.

Products

We have strengthened the standard Adeo product set by adding further modules that include Risk Management, Contractor Management and a Business Information Tracking module. The existing Time and Expense tracking and Planning modules were also significantly enhanced. The new modules will generate additional income from activation and licence sales. Most new installations during 2003 purchased more than one product, thereby increasing the total potential licence sales to each client.

Corporate Vision is our exciting new "flag ship" product that was developed in conjunction with world leading organisations from the Pharmaceutical and Insurance sectors. It provides our customers with a powerful means of actively analysing their cost base by capturing the key information required by the business via an easy to use interface that requires minimal training.

Traditional Project and Resource planning products have enjoyed limited success because they attempt to manage information at a detailed level. Whilst this approach has served the needs of project managers, we believe it has failed to deliver the information that senior managers need to run their businesses. Atlantic Global and our development partners recognised this weakness and developed a series of tools whose prime focus is assisting in the control of the business.

Customer profile

The Group's products continue to sell in a variety of industry sectors, with additional new sectors being penetrated. Within each sector, we will continue to target the market leaders.

Listed below are some of Atlantic Global's major customers, the high profile nature of which confirms the strong reputation and quality of our software solutions and service.

Pharmaceuticals	Computer & Telecoms	Financial & Consulting	Other
AstraZeneca Limited GlaxoSmithKline Plc GlaxoSmithKline US Pharma Aventis Pharma Pfizer Limited UCB Chemicals	Colt Telecommunications Plc Computacenter UK Limited Ericsson Telecommunicatie Hitachi Europe Limited Intel Ireland Limited Interoute Limited Virgin Mobile Telecom Limited Aspect Communications Telewest	Friends Provident Allied Irish Bank Barclays Bank Plc Cattles Group Plc LogicaCMG HSBC Actuaries & Consultants Limited Norwich Union Raft International Plc Serco Technology	Genesis Oil & Gas Consultants Metropolitan Police Service NEC Technologies (UK) Ltd Scott Tallon Walker Architects University of Huddersfield Waltham Forest Council British Car Auctions Microgen MVM Consultant Limited

Website

Our website at www.atlantic-global.co.uk has recently been upgraded with an extensive Investor Relations section to enable continued effective communication with shareholders and other stakeholders.

R&D/future markets

We are continuing to invest substantial resources in research and development and we will maintain such levels required to keep ourselves at the cutting edge of our industry. During 2003, our development team was primarily focussed on the development of new products. Whilst this restricted the revenue generated by the development team, it has significantly strengthened our product offering and hence our ability to generate future revenue from license sales.

Our partnership with the University of Bradford, with its excellent research facilities, continues to provide significant benefits including the recent recruitment of a second graduate to aid with market and technical research.

Outlook

We believe that the range of functionality provided within Adeo provides a strong platform for the future expansion of the business. We recognise and understand the commercial risks associated with growing the sales infrastructure to enable us to bring the products to market.

Adeo now provides management consulting organisations with a powerful means of delivering real and sustainable benefits as part of business change, business improvement or business transformation projects. Atlantic Global is currently exploring business development opportunities with a number of corporate players operating in this field.

We look forward to building on our successes to date during 2004.



Eugene Blaine

Managing Director

24 March 2004

Financial Review

Alternative Investment market and visibility

The Group was admitted to the Alternative Investment Market of the London Stock Exchange (AIM) on 4 June 2001, with a placing price of twenty-five pence per share. The middle market price at the 31 December 2003 was eighty-four pence per share.

The AIM listing has continued to help raise the Group's profile during 2003, and we are confident that this will continue during 2004.

Goodwill

As a direct result of using a holding company, (Atlantic Global Plc) to acquire Atlantic EC Limited ("Atlantic"), the accounting rules state that Atlantic Global has to capitalise goodwill in its consolidated accounts. Under the current accounting convention, our goodwill is deemed to have a finite life, and so has to be written off in the Group's consolidated accounts. Therefore this goodwill will be written off over 20 years in line with best practice and the Group's policy. The amount chargeable during 2003 is £181,000. Had we listed Atlantic directly onto AIM, goodwill would not have been chargeable. Goodwill is therefore purely a bookkeeping requirement, and has no effect on our cashflow.

Exceptional costs

There were no exceptional costs incurred in the year under review.

Support and maintenance income

The proportion of turnover that relates to support has decreased from 29.0% in 2002 to 25.0% in 2003. However, the overall support sales level increased by 10.2%. This is because, as predicted, licence sales are becoming the dominant element of turnover and we are expecting this trend to continue. Support income is usually invoiced one year in advance and therefore provides a greater level of confidence as to the overall sales that can be expected for up to a year ahead. In order to help achieve this objective and as part of a major re-branding exercise we have been offering support contracts for up to three years duration thereby assisting in the continuous improvement to our quality of earnings. This has been successful, with most clients opting for the three-year option, a further testament to the quality of the software.

Cash balances and cash generation

The company consolidated its financial stability with the AIM flotation and the raising of £1,500,000 (net of expenses) and, as at 31 December 2003, the Group had net cash of £2,296,000, (2002: 1,897,000) despite paying £114,000 in dividends and £89,000 in taxation during 2003.

The large cash balances are mostly held with Alliance and Leicester Commercial Bank Plc, in a high interest account. A smaller amount is held on short-term deposit, with any balance being swept into a high interest business account with Barclays Bank Plc on a daily basis.

Due to the low requirement for capital expenditure and the fact that we do not need stock due to the nature of the business, the Group is cash generative. This is shown in our Cash Flow Statement, where we have specifically shown the amount of free cash flow, which represents the amount of cash generated and usable to the advantage of the shareholders either in the form of dividends or as an addition to the Group's Net Asset Value. Free cash flow produced during 2003 was £513,000, and compares with £79,000, after exceptional costs, for 2002.

As mentioned by the Chairman, the Directors are proposing a dividend of 0.7 pence per share payable on 7 May 2004 to shareholders on the register of members on 13 April 2004.

Debtors

Trade debtors at the end of 2003 were £702,000 compared to £309,000 at the end of 2002. The Group bills a disproportionate amount of its turnover in the last quarter of the year, due to many support renewals being based on calendar years.

On a count back basis debtor days for 2003 were 78 (2002: 51 days).

Foreign exchange risk

The Group currently invoices most sales in sterling and therefore is not exposed to foreign currency exchange fluctuations to any great extent.



Rupert Hutton
Finance Director
24 March 2004

Brief biographies of the Company's Directors are given below.

NON-EXECUTIVE DIRECTORS:

David Cox (58)

Chairman: David has more than 35 years experience of the IT industry, including over 25 years at IBM, much of it spent in sales and marketing to major corporate clients, latterly as a Director of IBM (UK) Limited. Subsequently he held senior positions at BT and Royal Insurance, where he was Director and General Manager of Royal UK Limited. David has also worked in a senior interim executive capacity for Prudential Corporation, United Utilities and Barclays Bank, with responsibilities in IT and business operations. He currently holds several non-executive positions and is a Director of Sirius Financial Solutions Plc, a quoted software company that is a leading provider of systems and services to the insurance industry. He is also chairman of Fretwell Downing Informatics Limited, a software company specialising in library management systems and Xpert Communications Limited, a network and systems integration company.

Adrian Bradshaw (47)

Non-executive Director: Adrian is a director of a number of public companies, including Honeysuckle Group Plc, Base Group Plc and Asfare Group Plc. After obtaining a law degree, he joined Citicorp Scrimgeour Vickers in 1979 and after four years in stock-broking, he joined Natwest Markets Corporate Finance in 1982. He subsequently became a director of Guidehouse Limited, a private investment bank and in 1989 he was appointed as head of corporate finance at Arbuthnot Latham Bank. In 1991, he became chief executive of MMI Plc (now Incepta Group Plc). He set up Bradmount Investments Limited with Peter Mountford in 1995 as a private investment company.

EXECUTIVE DIRECTORS:

Eugene Blaine (35)

Managing Director (and Founder): Prior to founding Atlantic EC Limited, Eugene joined Training International Limited in 1988 as an analyst programmer where he played a major role in the development of the Comic Relief computer system. In 1990 he joined Parachute Management Limited as a senior development consultant where he developed the project management system responsible for the rollout of the NUBS2 computer system throughout the employment service. He joined Direct

Project Management Limited in 1991 as general manager. He has spearheaded the development of the Group since 1993, when he created its initial product, Timesheet Expert for Windows. As Managing Director, he is involved in every aspect of its business, including driving the overall strategy, expanding its customer base and overseeing the development and implementation of its product range.

Lewis Howcroft (55) ACMA

Commercial Director: Lewis is a Chartered Management Accountant with extensive experience. Until he joined Atlantic in June 2000 he was the financial director of William Denby and Sons Limited, a textile dyeing and finishing processor with 150 staff, where he was employed for 18 years until his retirement from full-time employment. As part-time Commercial Director, he has overall responsibility for operational functions. Lewis has agreed to commit two days a week to the Group's business and is an Associate Member of the Chartered Institute of Management Accountants.

Rupert Hutton (37) FCCA MBA

Finance Director & Company Secretary: Rupert was appointed Finance Director following the AGM in 2002, having worked with the Group since March 2001. Rupert is responsible for daily finances, administration and other support functions. Previously he was group financial controller of the Milton Keynes and North Bucks Chamber of Commerce Training and Enterprise Council, a £10m turnover group of six private limited companies. Rupert's early career and formal accountancy training took place within Grant Thornton. He has a Masters in Business Administration and is a Fellow of the Association of Chartered Certified Accountants.

Mark Allcock (43)

Sales Director: Mark joined the Group in February 2003 as Sales Director designate. Mark previously worked for Admiral Plc between 1990 and 2000, where he was operations director (1997-99) and latterly head of Admiral's largest division, the Telecoms Unit (1999-2000) prior to Admiral's takeover by CMG in 2000. He was then appointed managing director of Integration Programmes responsible for integrating CMG and Admiral, which he completed by 2002.

Directors' Report

The Directors present their annual report and the audited accounts for the year ended 31 December 2003.

Principal activities

The Group's principal activity is the development and sale of computer software, its maintenance and related services.

Business review and future developments

The principal activities of the Company and its subsidiaries are as follows:

Atlantic Global Plc	Group holding company
Atlantic EC Limited	Development and sale of business management software
Atlantic Global Inc	Dormant
Actualdetail Limited	Dormant

A commentary on the Group's activities and of future developments is included in the Chairman's Statement and Managing Director's Review.

Dividends and Reserves

The Directors are proposing that a final dividend of 0.7 pence per ordinary share be paid for the year ended 31 December 2003 (2002: 0.5 pence).

Movements in reserves are set out in note 18 to the accounts.

Policy and practice on payment of creditors

Whilst the Company does not follow any code or standard on payment practice, its policy is to pay suppliers in accordance with agreed terms. At the end of the period there were nine days supplies in trade creditors (2002: 20 days).

Research and development

The Company researches new technologies, keeping abreast of new advances, and continues to develop its software to meet its customers ever expanding needs.

Directors and directors' interests

The Directors who held office during the period were as follows:

AE Bradshaw	
M Langmore	(resigned 30 May 2003)
EA Blaine	
SL Howcroft	
RG Hutton	
MH Allcock	(appointed 2 October 2003)
DM Cox	(appointed 6 November 2003)

SL Howcroft, retires by rotation in accordance with the Company's Articles of Association and, being eligible, offers himself for re-appointment. MH Allcock and DM Cox, who have been appointed since the last Annual General Meeting, retire in accordance with the Articles of Association and, being eligible, offer themselves for re-appointment.

Directors and directors' interests (continued)

According to the register of Director's interests, the Directors who held office at the end of the financial year had the following interests in the ordinary shares of the Company:

	Class of share	Interest at 31 December 2003	Percentage of total issued share capital	Interest at 1 January 2003 or date of appointment
EA Blaine	Ordinary	11,550,267	50.78%	12,208,162
SL Howcroft	Ordinary	791,351	3.48%	791,351
AE Bradshaw*	Ordinary	470,000	2.07%	410,000
RG Hutton	Ordinary	39,000	0.17%	39,000
DM Cox**	Ordinary	20,000	0.09%	–
MH Allcock	Ordinary	–	–	–

* In addition to the Ordinary Shares set out above, AE Bradshaw is also interested in the Ordinary Shares held by P Mountford, a director of Bradmount Investments Limited of which AE Bradshaw is also a director. P Mountford is beneficially interested in 410,000 (2002: 410,000) Ordinary Shares, representing 1.80% of the issued share capital of the Company. Accordingly, AE Bradshaw is interested in 880,000 (2002: 820,000) Ordinary Shares, representing 3.87% of the issued share capital of the Company.

** DM Cox's interest is held through power of attorney of his father's interest.

According to the register of Directors' interests, no rights to subscribe for shares in Group companies were granted to any of the Directors or their immediate families, or exercised by them, during the financial period except as indicated below:

	At 1 January 2003 or date of appointment	Number of share options during the period		At 31 December 2003	Exercise price	Exercise dates	
		Granted	Exercised			From	To
EA Blaine	707,872	–	–	707,872	25p	24/3/2004	3/6/2008
	69,251	–	–	69,251	27p	24/3/2004	3/6/2008
SL Howcroft	206,464	–	–	206,464	25p	4/6/2004	3/6/2011
	20,270	–	–	20,270	27p	19/3/2005	18/3/2012
AE Bradshaw**	207,200	–	–	207,200	25p	24/3/2004	3/6/2006
	20,270	–	–	20,270	27p	24/3/2004	3/6/2006
RG Hutton	120,000	–	–	120,000	25p	4/6/2004	3/6/2011
	20,000	–	–	20,000	25p	7/12/2004	6/12/2011
MH Allcock	–	111,111	–	111,111	27p	28/3/2006	27/3/2013
DM Cox	–	42,169	–	42,169	83p	21/3/2007	5/11/2013

** In addition to the options set out above, AE Bradshaw is also interested in 227,470 (2002: 227,470) options held by P Mountford, a director of Bradmount Investments Limited of which AE Bradshaw is also a director, which were granted on the same terms and conditions as the options held by AE Bradshaw. Accordingly, AE Bradshaw is interested in 454,940 (2002: 454,940) options over Ordinary Shares.

Further details of total share options are analysed in note 17 to the accounts.

Directors' Report

continued

	At 1 January 2003	Number of warrants during the period		At 31 December 2003
		Granted	Exercised	
EA Blaine	858,100	–	–	858,100
SL Howcroft	52,324	–	–	52,324
AE Bradshaw***	1,243,200	–	–	1,243,200

*** In addition to the warrants set out above, AE Bradshaw is also interested in 1,243,200 (2002: 1,243,200) warrants held by P Mountford, which were granted on the same terms and conditions as the warrants held by AE Bradshaw. Accordingly, AE Bradshaw is interested in 2,486,400 (2002: 2,486,400) warrants.

The warrants have an exercise price of 28.75p and are exercisable from the first anniversary of admission to AIM until the fifth anniversary of the date of grant at a ratio of one Ordinary Share per one Warrant. These warrants were granted at the time of the AIM flotation.

Further details of total warrants are analysed in note 17 to the accounts.

Major shareholdings

As at 16 March 2004 the Directors were aware of the following interests of over 3% of the issued ordinary share capital of the Company:

Shareholder	Number of shares	% of total issued share capital
EA Blaine	11,550,267	50.78
AIM Distribution Trust Plc	1,440,000	6.33
P Gleghorn	927,460	4.08
Leggmason Investors AIM VCT Plc	761,000	3.35
SL Howcroft	791,351	3.48
I Needs	710,920	3.12

International Financial Reporting Standards

For reporting periods beginning on or after 1 January 2005 the consolidated accounts of the Group must comply with International Financial Reporting Standards ('IFRS'). The actual impact on the consolidated accounts of the adoption of IFRS will depend on the standards applicable and the particular circumstances prevailing on adoption on 1 January 2005. The Group has not yet completed the process of identifying all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented, nor has it completed its quantification of any differences which may arise. However the Group has established a programme which will try to ensure the timely identification and implementation of any changes required to group financial accounting and reporting arrangements.

Political and charitable donations

During the year the Group made no political or charitable contributions.

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

Rupert Hutton

Company Secretary

24 March 2004

Remuneration and Employee Report

The Remuneration Committee presents this report to shareholders on behalf of the Board. The disclosures in this report are made on a voluntary basis and therefore are not intended to comply with the Directors Remuneration Report Regulations 2002. Details of Directors remuneration in the year to 31 December 2003 are given in note 4 to the Accounts, and details of Directors shareholdings and share options are given in the Directors Report.

Membership of Remuneration Committee

David Cox (Chairman)	Non-Executive
Adrian Bradshaw (Director)	Non-Executive
Eugene Blaine (Managing Director)	Executive

Remuneration policy

Executive Directors' remuneration packages consist of various components and may contain any or all of the following:

Basic salary	Pension contributions	Car allowance	Performance linked bonus
Share options	Life assurance	Private healthcare insurance	

Scope and objectives

Our ability to attract, retain and motivate Directors, senior managers and staff of appropriate calibre and experience is essential to the success of the Group. The Remuneration Committee's primary responsibility is to ensure that the Company policy supports this objective whilst avoiding unnecessary cost.

Company bonus scheme

The short-term reward for employees and Directors is in the form of a bonus scheme. Performance related elements of remuneration form a significant proportion of executives' total remuneration packages and have been designed to align the executive interests with those of shareholders. The bonus scheme is based on total Group profitability, including stretch targets for the Group. Individual bonus schemes have been put in place where appropriate in which, to reach a maximum payment would require exceptional achievement, substantially out performing budget targets. Bonus payments are not pensionable.

Pension contributions

The Group operates a contributory money purchase pension scheme for the benefit of all employees. Basic salary only is pensionable. Pension contributions for most employees are available through salary sacrifice, which is matched up to a maximum Company contribution of 5%. Pension contributions on behalf of the Managing Director are 10% before any salary sacrifice.

Share options

Share options are a means by which the Group rewards and motivates employees and Directors in the medium to long term. If the Group achieves targets and the full bonus is paid this will increase the share price, which will lead to more long-term benefits for employees and shareholders alike. Executive Directors' share option details are given in the Directors' Report, and employee share options details are given in the share capital note 17 to the accounts. Share options can be awarded based on two criteria, merit or attracting new senior employees to the Company.

The more committed and focused employees are, the more successful the Group will be and the more reward the employees will receive, not just financially but also from a personal sense of achievement, job satisfaction, security, and the enjoyment of working together as a team.

Directors emoluments

The total amount paid to the Directors for their services in the year to 31 December 2003 was £233,000 (2002: £228,000).

Corporate Governance Statement

Introduction

The Directors believe that their principal function is to create ongoing wealth for the Group's investors and that this should be achieved within a policy of high standards of corporate governance, integrity and ethics. Under the AIM rules for companies, the Group is not required to comply with the Combined Code on the Financial Aspects of Corporate Governance, published in June 1998 by the Hampel Committee and the London Stock Exchange. However, the Board has actioned procedures in order to comply with the Code, in so far as is practical and appropriate for a public company of this size and complexity.

This statement describes how the Directors have applied the principles of good corporate governance to the management of the Group during the year ended 31 December 2003.

The Board of Directors

The Code indicates that a board should have a minimum of one third of its members as non-executive directors. During the majority of the period the Board comprised a maximum of four executive directors and a minimum of two non-executive directors, thereby complying with the Code.

The two non-executive directors, (AE Bradshaw appointed to the Board at flotation on 4 June 2001, DM Cox appointed on 6 November 2003), were not known to the executive directors prior to the commencement of the placing and are considered to be independent of management and free from any commercial relationship with the Group, thereby allowing them to exercise full independent judgement on any issue that may arise. They do not participate in the Group's bonus, pension or healthcare and life assurance schemes.

It is considered to be in the best interests of all shareholders that the non-executive directors have both a shareholding and be participants in the Group's Share Option Scheme. Full details as to these holdings can be seen in the Directors Report. The biographies of the non-executive directors, listed on Page 9, and detailing a combination of industrial, financial and commercial knowledge and experience at a senior level ensures that they are able to make a strong and individual contribution on issues of strategy, performance, resources and standards of conduct which is vital to the success of the Group.

The roles of Chairman, which is non-executive, and that of the Managing Director are separate, ensuring a separate division of responsibility at the head of the Group.

All Directors are subject to election by shareholders at the first opportunity after their initial appointment to the Board and to re-election thereafter at intervals of not more than three years. Biographical information on all the Directors can be seen on Page 9, which will help shareholders to make a decision at the time of re-election.

On appointment, Directors are offered an opportunity to request information and training relevant to their legal and other duties as a director. They are also given written guidelines and rules setting out their responsibilities within an AIM listed public company. All Directors are able to take independent professional advice, if required, at the expense of the Company and they have access at all times to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Meetings of the Board of Directors

The Board has overall responsibility for the strategic direction and management of the Group, approval of acquisitions, the agreement to the annual budget or short or medium term forecasts, large items of capital expenditure and disposals and treasury policy.

The Board usually meets once each month, after all relevant information has been circulated on a timely basis, to discuss a formal scheduled agenda covering the key areas of the Group's affairs, including the monthly management accounts with a full analysis of comparisons including actual against budget and the previous year.

All members of the Board are expected to attend each Board Meeting and to arrange their schedules accordingly. With very few exceptions, usually due to an individual's holidays, full attendance was achieved throughout the year.

Feedback is provided to management to ensure that decisions made during the meetings are effected as quickly as possible on an operational level.

Audit Committee

The Audit Committee comprises of both non-executives with DM Cox as Chairman and any or all executive directors can be invited to attend a meeting at the discretion of the Chairman. The minutes of every meeting are taken by the Chairman and circulated to all Directors. The Chairman also provides a verbal report of all meetings of the Committee to the next Board Meeting. Audit Committee Meetings take place not less than twice per annum with the auditors being present on at least one of those meetings, without any Executive Director being in attendance.

The responsibilities of the Committee are to:

- monitor the quality of internal control of all financial matters
- review the Company's Accounting Policies and ensure compliance with accounting standards
- review the Company's reporting and accounting procedures
- ensure that the financial performance of the Company is properly measured and reported on
- review the conduct of the audit and discuss the audit fees
- review reports from the Auditors relating to the Company's accounting and internal controls
- consider, on an ongoing basis, whether the Company requires an internal audit function
- review the Board's statement on internal control in the Company's Annual Report and
- to ensure the Company complies with the AIM Rules

Remuneration Committee

The Remuneration Committee comprises of both non-executives and the Managing Director with DM Cox as Chairman. Meetings take place not less than twice per annum.

No director will attend a meeting when it is considering any terms or conditions relating to that directors' own service.

The responsibilities of the Committee are:

- determine the terms and conditions of service of all Directors including remuneration and the granting of Share Options
- seek professional advice, including comparison with similar businesses, in order to correctly fulfil its duties, as the Committee deems appropriate, and
- ensure the Company complies with the relevant sections of the AIM Rules.

Relationships with Shareholders

The Board remains fully committed to maintaining regular communication with the shareholders. Our policy is fully explained in the Investor Relations section commencing on page 34.

Corporate Governance Statement

continued

Internal Control

The Board of Directors has overall responsibility for ensuring that the Group maintains a system of internal financial control to provide them with reasonable assurance regarding the reliability of financial information used within the business and for publication and that assets are safeguarded and risk is identified as early as practicably possible. They are assisted by the Audit Committee in these matters. Such systems are designed to manage rather than completely eliminate risk and can only provide reasonable but not absolute assurance against misstatement or loss.

The Board regularly reviews the effectiveness of the systems, controls and reporting procedures and will continue to do so, making any changes required as a result of the reviews and the development of the Group.

There is a standard schedule of matters that are reserved for decision by the whole Board in order that it maintains effective, ongoing, control over the appropriate strategic, financial and compliance issues. Operational issues are the responsibility of the executive directors, each of who has separate clearly defined functional areas allocated to them. They report, in the first instance, to the managing director on a daily basis, whilst continually communicating with each of the other executive directors on all aspects of the Group's progress. This tight management control is helped by Atlantic, currently, being a relatively small size of company. The executive directors are mindful of the effects that further growth will have on the size and complexity of the operational aspects of the company and are continually developing improved methods of monitoring and control. This development will continue. The main Board is fully informed as to operational progress at every monthly meeting.

Consideration has been given as to whether there is a need to establish an internal audit department and the Directors have concluded that the current control mechanisms are sufficient for the size of the Group. This decision will be kept under review.

Statement of Directors' responsibilities

Company law requires the Directors to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the Company and Group and of the profit, or loss, for that period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditors' report to the members of Atlantic Global Plc

We have audited the accounts on pages 18 to 32

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The Directors are responsible for preparing the Annual Report. As described on page 16, this includes responsibility for preparing the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the accounts, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Group is not disclosed.

We read the other information accompanying the Annual Report and consider whether it is consistent with those audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2003 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

24 March 2004
Chartered Accountants
Registered Auditor

Consolidated Profit and Loss Account

for the year ended 31 December 2003

	<i>Note</i>	Year ended 31 December 2003 £000	Year ended 31 December 2002 £000
Turnover	2	1,956	1,551
Cost of sales		(582)	(624)
Gross profit		1,374	927
Administration and establishment expenses		(944)	(763)
Operating profit before goodwill amortisation and exceptional costs		611	390
Goodwill amortisation		(181)	(181)
Exceptional costs		–	(45)
Operating profit	3-5	430	164
Interest receivable	6	66	71
Profit on ordinary activities before taxation		496	235
Tax on profit on ordinary activities	7	(142)	(104)
Profit on ordinary activities after taxation		354	131
Dividends proposed	8	(159)	(114)
Retained profit for the year	18	195	17
Adjusted earnings per share	9	2.35p	1.60p
Basic earnings per share	9	1.56p	0.59p
Diluted earnings per share	9	1.35p	0.56p

There are no recognised gains or losses during the current or prior year other than the profit for the year.

Consolidated Balance Sheet

at 31 December 2003

	Note	2003		2002	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	11		3,154		3,335
Tangible assets	13		49		63
			3,203		3,398
Current assets					
Debtors	14	772		365	
Cash at bank and in hand		2,296		1,897	
		3,068		2,262	
Creditors: amounts falling due within one year	15	(901)		(485)	
Net current assets			2,167		1,777
Net assets			5,370		5,175
Capital and reserves					
Called up share capital	17		1,137		1,137
Share premium account	18		1,545		1,545
Merger reserve	18		2,538		2,538
Profit and loss account	18		150		(45)
Equity shareholders' funds			5,370		5,175

These accounts were approved by the Board of Directors on 24 March 2004 and were signed on its behalf by:

Eugene Blaine
Managing Director

Rupert Hutton
Finance Director

Company Balance Sheet

at 31 December 2003

	Note	2003		2002	
		£000	£000	£000	£000
Fixed assets					
Investments	12		4,127		4,127
Current assets					
Debtors: amounts falling due after more than one year	14	1,318		1,228	
Creditors: amounts falling due within one year	15	(213)		(134)	
Net current assets			1,105		1,094
Net assets			5,232		5,221
Capital and reserves					
Called up share capital	17		1,137		1,137
Share premium account	18		1,545		1,545
Merger reserve	18		2,538		2,538
Profit and loss account	18		12		1
Equity shareholders' funds			5,232		5,221

Approved by the Board of Directors on 24 March 2004 and were signed on its behalf by:

Eugene Blaine
Managing Director

Rupert Hutton
Finance Director

Consolidated Cash Flow Statement

for the year ended 31 December 2003

	<i>Note</i>	Year ended 31 December 2003 £000	Year ended 31 December 2002 £000
Cash inflow from operating activities			
Operating profit before goodwill and exceptional costs		611	390
Goodwill amortisation		(181)	(181)
Exceptional costs		–	(45)
Operating profit		430	164
Depreciation		30	29
Loss on disposal of fixed assets		–	6
Goodwill amortisation		181	181
Increase in debtors		(392)	(36)
Increase/(decrease) in creditors		319	(186)
Net cash inflow from operating activities		568	158
Cash flow statement			
Net cash inflow from operating activities		568	158
Returns on investment	22	51	72
Taxation		(89)	(104)
Capital expenditure	22	(17)	(47)
Free cash flow	24	513	79
Acquisitions and disposals		–	(225)
Equity dividends paid		(114)	(104)
Cash inflow/(outflow) before management of liquid resources		399	(250)
Management of liquid resources	22	(101)	250
Increase in cash in the year		298	–
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the year	23	298	–
Cash outflow/(inflow) from increase in liquid resources	23	101	(250)
Movement in net funds in the year		399	(250)
Net funds at the start of the year		1,897	2,147
Net funds at the end of the year		2,296	1,897

Notes to the Accounts

forming part of the financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's accounts.

Basis of preparation

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiary undertakings made up to 31 December 2003. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account.

Goodwill

Goodwill represents the excess fair value attributed to investments in businesses or subsidiary undertakings over the fair value of the underlying net assets at the date of their acquisition.

The Directors are of the opinion that the goodwill on businesses capitalised has a long economic life, as it is an inseparable part of the value of the businesses acquired and is linked to the products and services that the businesses provide. Our in-house research and development team continuously improves the products, with all development expenditure written off as incurred. This, in the opinion of the Directors, maintains the economic life of the products and hence the goodwill.

The Directors do however recognise that it is prudent to amortise goodwill over a defined period and in the light of the above have decided to write off goodwill on a straight-line basis over 20 years.

The remaining useful economic life of capitalised goodwill will be reviewed annually for impairment and adjusted if required.

Income recognition

Income from the sale of software licences is recognised only when the software is installed. Income from chargeable services including consultancy, customisation and development is recognised as these services are delivered. Support income is recognised over the life of each support contract.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Computer equipment	–	33.3 % per annum
Office furniture	–	20% per annum
Leasehold improvements	–	33.3% per annum

1 Accounting policies (continued)

Post-retirement benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Research and development expenditure

Expenditure on research and development is written off against profits in the period in which it is incurred.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash) and investments in money market managed funds.

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Financial assets and liabilities

Changes in the value of financial instruments are disclosed in the notes to the accounts but are not reflected in the profit and loss account or balance sheet.

Notes to the Accounts

continued

2 Analysis of turnover

Turnover, all of which arises from the Group's principal activity, can be analysed into its main components as follows:

	Year ended 31 December 2003		Year ended 31 December 2002	
	£000	%	£000	%
By geographical market				
UK	1,858	95%	1,427	92%
Europe	82	4%	57	4%
Rest of World	16	1%	67	4%
	1,956	100%	1,551	100%
	£000	%	£000	%
By segment				
Licence	941	48%	576	37%
Support	496	25%	450	29%
Services	519	27%	525	34%
	1,956	100%	1,551	100%

The turnover for the year is derived entirely from third parties.

3 Profit on ordinary activities before taxation

	Year ended 31 December 2003 £000	Year ended 31 December 2002 £000
Profit on ordinary activities before taxation is stated after charging		
Auditors' remuneration:		
Group:		
– audit	14	14
– fees paid to the auditor and its associates in respect of other services	5	5
Company		
– audit	4	4
Depreciation and other amounts written off tangible fixed assets:		
Owned	30	29
Goodwill amortisation	181	181
Exceptional costs	–	45
Research and development expenditure	283	283
Rentals payable under operating leases – other assets	48	22

The exceptional costs in 2002 relate to retirement costs and the move to new premises.

4 Remuneration of Directors

	Year ended 31 December 2003 £000	Year ended 31 December 2002 £000
Directors emoluments including non executive director fees	223	219
Company contributions to money purchase pension scheme	10	9
	233	228

Retirement benefits are accruing to 2 (2002: 2) directors under Money Purchase Schemes. In addition, contributions are made on behalf of 1 (2002: 1) director into a personal pension scheme.

The aggregate of emoluments of the highest paid director was £61,000 (2002: £61,000), and company pension contributions of £5,500 (2002: £5,000) were made to a personal (2002: company) pension scheme on his behalf.

5 Staff numbers and costs

The average number of persons employed by the Group (including Executive Directors) during the period, analysed by category, was as follows – these figures exclude the Group's two non executive Directors:

	Year ended 31 December 2003 No.	Year ended 31 December 2002 No.
Development	8	9
Sales and marketing	6	4
Human Resources	1	1
Administration	5	3
	20	17

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2003 £000	Year ended 31 December 2002 £000
Wages and salaries	689	571
Social security costs	76	58
Other pension costs	34	25
	799	654

These figures exclude the fees paid to the Group's two non-executive Directors.

Notes to the Accounts

continued

6 Interest receivable and similar income

	Year ended 31 December 2003 £000	Year ended 31 December 2002 £000
Bank interest	66	71

7 Taxation

	Year ended 31 December 2003 £000	Year ended 31 December 2002 £000
Current tax on income for the period	151	104
Adjustments in respect of prior periods	(9)	–
Total current tax	142	104

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2002: higher) than the standard rate of corporation tax in the UK (30%, 2002: 30%). The differences are explained below.

	Year ended 31 December 2003 £000	Year ended 31 December 2002 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	496	235
Current tax at 30% (2002: 30%)	149	70
<i>Effects of:</i>		
Expenses not deductible for tax purposes (primarily goodwill amortisation)	61	54
UK tax not at standard rate	(25)	(11)
Research and development relief	(33)	(5)
Other differences	(1)	(4)
Adjustments in respect of prior years	(9)	–
Total current tax charge (see above)	142	104

No provision for deferred tax is required on the grounds of materiality.

8 Dividends

	Year ended 31 December 2003 £000	Year ended 31 December 2002 £000
On ordinary shares of 5 pence		
Final proposed: 0.7 pence (2002: 0.5 pence)	159	114

9 Earnings per share

	Year ended 31 December 2003 £000	Year ended 31 December 2002 £000
Profit after tax	354	131
Adjustments		
Goodwill amortisation	181	181
Exceptional items	–	45
Adjusted profits	535	357
	Number 000	Number 000
Weighted average number of shares in issue	22,747	22,281
Dilutive effect of share options	3,515	1,298
Fully diluted weighted average number of shares in issue	26,262	23,579
Basic earning per share (based on profit after tax)	1.56p	0.59p
Fully diluted earnings per share (based on profit after tax)	1.35p	0.56p
Adjusted earnings per share (based on adjusted profits)	2.35p	1.60p

10 Profit attributable to Atlantic Global Plc

Of the profit attributable to shareholders, £170,000 (2002: £81,000) is dealt with in the accounts of the parent company. The Company has taken advantage of the exemption, permitted by Section 230 of the Companies Act 1985, from presenting its own profit and loss account.

11 Intangible fixed assets

	Goodwill £000
Group	
<i>Cost</i>	
At start and end of the year	3,620
<i>Provision for amortisation</i>	
At start of year	285
Charged in year	181
At end of year	466
<i>Net book value</i>	
At 31 December 2003	3,154
At 31 December 2002	3,335

Goodwill is being amortised over 20 years. The basis for selecting this period is that the Directors believe the benefits to be derived from having acquired Atlantic EC Limited will continue for the indefinite future.

Notes to the Accounts

continued

12 Investments

	Shares in group undertakings £000
Company	
<i>Cost and net book value</i>	
At start and end of year	4,127

The Company's principal subsidiary undertakings, each of which is wholly owned, are as follows:

Subsidiary Undertaking	Principal activity	Country of registration
Atlantic EC Limited	Software development and sale	UK
Actualdetail Limited	Dormant	UK
Atlantic Global Inc	Dormant	USA

13 Tangible fixed assets

	Leasehold Improvements £000	Computer Equipment £000	Office Furniture £000	Total £000
Group				
<i>Cost</i>				
At beginning of year	3	80	27	110
Additions	–	16	1	17
Disposals	–	(2)	–	(2)
At end of year	3	94	28	125
<i>Depreciation</i>				
At beginning of year	–	41	6	47
Charge for year	1	24	5	30
On disposals	–	(1)	–	(1)
At end of year	1	64	11	76
<i>Net book value</i>				
At 31 December 2003	2	30	17	49
At 31 December 2002	3	39	21	63

14 Debtors

	Group		Company	
	2003 £000	2002 £000	2003 £000	2002 £000
Trade debtors	702	309	–	–
Amounts owed by Group undertakings	–	–	1,318	1,228
Prepayments and accrued income	70	56	–	–
	772	365	1,318	1,228

All the Group's debtor balances are due within one year.

The Company's debtor balance is due in more than one year.

15 Creditors: amounts falling due within one year

	Group		Company	
	2003 £000	2002 £000	2003 £000	2002 £000
Trade creditors	15	35	–	–
Corporation tax	164	111	54	20
Other tax and social security	159	79	–	–
Accruals and deferred income	404	146	–	–
Dividends proposed	159	114	159	114
	901	485	213	134

16 Financial assets and liabilities

The Group's activities are financed by cash at bank and short-term investments, which comprise cash placed on deposit.

The Group's treasury policy has as its principal objective the achievement of the maximum rate of return on cash balances whilst maintaining an acceptable level of risk. Other than mentioned above there are no financial instruments, derivatives or commodity contracts used.

Given that there are no borrowings within the Group it is considered that the interest rate risk is not significant.

The Group has no significant foreign currency risk.

For the purposes of the following disclosures, short-term debtors and creditors have been excluded, as permitted by FRS 13.

The Group's financial assets comprise cash at bank and short-term investments. At 31 December 2003 the average interest rate earned on the temporary closing balances was 3.97%.

The fair values of the Company's long-term debtors are not materially different from the amount at which they are recorded in the accounts.

Notes to the Accounts

continued

17 Called up share capital

	Nominal Value	Authorised Number	Authorised £	Allocated Number	Allocated £
At beginning and end of year	5p	75,000,000	3,750,000	22,747,026	1,137,351

Warrants

Following the acquisition of Atlantic EC Limited on 29 May 2001, warrants were issued as follows:

Name		Number of warrants
AE Bradshaw	Director	1,243,200
EA Blaine	Director	858,100
SL Howcroft	Director	52,324
P Gleghorn	Executive	73,252
I Needs	Executive	52,324
P Mountford	Associate of AE Bradshaw	1,243,200
Total		3,522,400

The warrants have an exercise price of 28.75p and are exercisable from the first anniversary of admission to AIM on 4 June 2001 until the fifth anniversary of the date of grant at a ratio of one Ordinary Share per one Warrant.

Share options

As at 31 December 2003 the following options had been granted and were still outstanding under the Company's Share Option Schemes.

	Date granted	No. of shares	Exercise price	Exercise dates From	To
Directors	4 June 2001	326,464	25.0p	4 June 2004	3 June 2011
Directors	4 June 2001	707,872	25.0p	24 March 2004	3 June 2008
Directors	4 June 2001	207,200	25.0p	24 March 2004	3 June 2006
Directors	7 December 2001	20,000	25.0p	7 December 2004	6 December 2011
Directors	19 March 2002	69,251	27.0p	24 March 2004	3 June 2008
Directors	19 March 2002	20,270	27.0p	19 March 2005	18 March 2012
Directors	19 March 2002	20,270	27.0p	24 March 2004	3 June 2006
Directors	28 March 2003	111,111	27.0p	28 March 2006	27 March 2013
Directors	6 November 2003	42,169	83.0p	21 March 2007	5 November 2013
Employees	4 June 2001	1,043,264	25.0p	4 June 2004	3 June 2011
Employees	5 September 2001	60,000	25.0p	5 September 2004	4 September 2011
Employees	7 December 2001	40,000	25.0p	7 December 2004	6 December 2011
Employees	19 March 2002	72,770	27.0p	19 March 2005	18 March 2012
Employees	31 October 2002	83,636	27.5p	31 October 2005	30 October 2012
Employees	28 March 2003	125,000	28.0p	28 March 2006	27 March 2013
Employees	3 June 2003	77,000	35.0p	3 June 2006	2 June 2013
Employees	27 August 2003	27,858	68.0p	27 August 2006	26 August 2013
Employees	15 October 2003	11,111	90.0p	15 October 2006	14 October 2013
Employees	19 December 2003	6,993	71.5p	19 December 2006	18 December 2013
P Mountford	4 June 2001	207,200	25.0p	24 March 2004	3 June 2006
P Mountford	19 March 2002	20,270	27.0p	24 March 2004	3 June 2006
Total		3,299,709			

18 Share premium and reserves

	Share premium account £000	Merger reserve £000	Profit and loss account £000
Group			
At start of year	1,545	2,538	(45)
Retained profit for the year	–	–	195
At end of year	1,545	2,538	150
Company			
At start of year	1,545	2,538	1
Retained profit for the year	–	–	11
At end of year	1,545	2,538	12

19 Reconciliation of movements in shareholders' funds

	Group		Company	
	2003 £000	2002 £000	2003 £000	2002 £000
Profit for the financial year	354	131	170	81
Dividends	(159)	(114)	(159)	(114)
Net addition to shareholders' funds	195	17	11	(33)
Opening shareholders funds	5,175	5,158	5,221	5,254
Closing shareholders' funds	5,370	5,175	5,232	5,221

20 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2003 Land and buildings £000	2002 Land and buildings £000
Group		
Operating leases which expire:		
Within one to two years	–	–
After more than five years	38	38
	38	38

Notes to the Accounts

continued

21 Pension scheme

The Group operates a defined contribution pension scheme as well as making contributions to the Personal Pension Schemes of certain employees. The pension cost charge for the year represents contributions payable by the Company amounting to £34,000 (2002: £25,000).

There were outstanding contributions to be paid over at year end of £4,484 (2002: £7,333).

22 Analysis of cash flows

	Year ended 31 December 2003 £000	Year ended 31 December 2002 £000
Returns on investment & servicing of finance		
Interest received	51	72
Capital expenditure & financial investment		
Purchase of tangible assets	(17)	(47)
Management of liquid resources		
Cash (placed in)/withdrawn from short term investments	(101)	250

23 Analysis of net funds

	At beginning of year £000	Cash flow £000	At end of year £000
Cash in hand, at bank	97	298	395
Current asset investments	1,800	101	1,901
	1,897	399	2,296

24 Free cash flow

Free cash flow represents the amount of cash generated and useable to the advantage of the Company's shareholders either in the form of dividends or for acquisitions that will enhance the company's net worth

25 Related party transactions

There have been no significant related party transactions during the year.

Five-Year Financial Summary

	2003		2002		2001		2000		1999	
	£000	%	£000	%	£000	%	£000	%	£000	%
Profit and Loss										
Turnover	1,956	100.0	1,551	100.0	1,205	100.0	829	100.0	475	100.0
Gross profit	1,374	70.2	927	60.0	855	71.0	529	63.8	257	54.1
Marketing and admin expenses	(636)	(32.5)	(415)	(26.7)	(291)	(24.1)	(235)	(28.3)	(120)	(25.3)
Comparable operating profit	738	37.7	512	33.0	564	46.9	294	35.5	137	28.8
Additional ongoing listing costs	(127)		(122)		(69)		–		–	
Goodwill and exceptional costs	(181)		(226)		(241)		–		–	
Interest receivable	66		71		60		11		2	
Profit before taxation	496	100.0	235	100.0	314	100.0	305	100.0	138	100.0
Taxation	(142)	(28.6)	(104)	(44.0)	(115)	(36.6)	(59)	(19.3)	(27)	(19.6)
Profit after taxation	354	100.0	131	100.0	199	100.0	246	100.0	111	100.0
Dividends	(159)		(114)		(104)		–		(50)	
Retained profit	195	55.1	17	13.0	95	47.7	246	100.0	61	55.0
Cash flow										
Free Cash Flow before exceptional costs	513		124		517		354		101	
Net available cash	2,296		1,897		2,147		449		145	
Statistics										
Earnings per share – adjusted	2.35p		1.60p		2.99p		1.68p		–	
Dividend per share	0.7p		0.5p		0.5p		–		–	
Dividend cover	3.36		3.20		5.98		–		–	
Free cash flow per share – adjusted	2.25p		0.57p		3.52p		2.41p		–	
Research & development expenditure	283		283		185		82		47	
Number of Employees	20		17		14		12		7	
Market information										
Share price at year end	84p		27.5p		27.8p		–		–	
Market capitalisation	19,108		6,255		5,750		–		–	

Investor Relations

Atlantic Global recognises the importance of good communication between the Company and its Shareholders. The Annual Report and Accounts is seen as a prime source of information flow and we will continue to develop the content. Our website allows us to update investors throughout the year and the website address is given below, alongside the email address for the Finance Director and Company Secretary.

We believe that our Annual General Meeting offers an excellent opportunity for the Company to meet the Shareholders and hope that the presentations planned for the meeting and individual discussions between Shareholders and Directors will enable attendees to gain a fuller understanding of the Company's business and culture. Further details are provided in the Notice to the Meeting below.

The Directors are also very happy to be contacted by our Shareholders at any time during the year and hope that this will assist in the ongoing relationships that each wishes to develop.

We have shown below further general information that may be of use.

1. Range of shareholdings

Size of holding	Number of shareholders		Number of shares	
	Number	%	Number	%
1 – 5,000	337	68.4	541,876	2.4
5,001 – 20,000	103	20.9	1,120,237	4.9
20,001 – 50,000	26	5.3	874,047	3.8
50,001 – 100,000	12	2.4	894,568	3.9
100,001 – 250,000	2	0.4	295,000	1.3
250,001 – 500,000	6	1.2	2,083,300	9.2
500,000 +	7	1.4	16,937,998	74.5
	493	100.0	22,747,026	100.0

2. Categories of shareholders

	Number of shareholders		Number of shares	
	Number	%	Number	%
Directors	5	1.0	12,870,618	56.7
Venture Capital Trusts	3	0.6	2,958,000	13.0
Individuals	467	94.8	4,236,828	18.6
Employees	2	0.4	1,691,948	7.4
Institutions	3	0.6	684,000	3.0
Companies	9	1.8	280,932	1.2
Pension Funds	4	0.8	24,700	0.1
	493	100.0	22,747,026	100.0

3. Registrar details and Shareholder Queries

All enquiries relating to individual shareholder matters should be made to the Registrar at:

Capita Registrars
Shareholder Services Department
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Tel: 0870 162 3100
Fax: 020 8639 2342
E-mail: ssd@capitaregistrars.com

The Registrars will help with queries regarding personal holdings including:

- Change of name or address
- Lost certificates
- Transfer of shares
- Bereavement

All correspondence should be marked "Atlantic Global Plc" and please quote the full name and address in which the shares are registered.

Shareholder information is also available at the Registrar's website: www.capitaregistrars.com

4. Shareholder enquiries

To Atlantic Global – Please contact Rupert Hutton, our Finance Director and Company Secretary:
Tel: – 01274 863300
E-mail: – rupert.hutton@atlantic-global.co.uk
Website address: – www.atlantic-global.co.uk

The website includes details about "Adeo", the Company's range of software products for business solutions, further company news, and investor sections.

5. Dealing references

The ordinary shares of Atlantic Global Plc are listed on the Alternative Investment Market of the London Stock Exchange (AIM). Our dealing codes and reference numbers are as follows:

- TIDM code: ATL
- SEDOL number: 3041954
- ISIN number: GB0030419542

6. Market makers & normal market size

Atlantic Global Plc has three Market Makers who deal in our ordinary shares:

- Collins Stewart
- Winterflood Securities Limited
- KBC Peel Hunt Limited

The normal market size in which our ordinary shares are dealt is 1,000.

7. Investor Internet addresses

Shareholders may be interested in the further information regarding the Company shown on the following websites:

- The London Stock Exchange: www.londonstockexchange.com
- Hemscott Group Limited: www.hemscott.net

8. Share price listings

Atlantic Global Plc share price is listed in the following newspapers:

- The Times
- Financial Times
- The Daily Telegraph
- Yorkshire Post
- Evening Standard

9. Unsolicited mail

The Company is legally obliged to make details of its share register available to other organisations. Therefore, some shareholders may receive unsolicited mail. Shareholders who wish to limit the receipt of such mail should contact:

The Mailing Preference Service
Freepost 22
London
W1E 7EZ

10. Copies of Atlantic Global Report and Accounts

Further copies of the interim and annual reports of the Company are available from:

- Mr R Hutton, Finance Director and Company Secretary, Atlantic Global Plc, Maple House, Woodland Park, Chain Bar, Cleckheaton, BD19 6BW
- Website address: www.atlantic-global.co.uk
- Email: info@atlantic-global.co.uk

11. Financial calendar

Final Dividend – Ordinary Shares quoted ex-dividend	7 April 2004
Record date	13 April 2004
Payment date	7 May 2004
Annual General Meeting:	28 April 2004
Announcement and issue of half-year results to 30 June 2004:	September 2004
Preliminary announcement for the annual results to 31 December 2004:	March 2005
Posting of the annual report and accounts to 31 December 2004:	March 2005

Notice of Annual General Meeting

Notice is hereby given that the company's third Annual General Meeting will be held at KPMG's offices in Leeds, at 1 The Embankment, Neville Street, Leeds, West Yorkshire LS1 4DW on 28 April 2004 at 2.30pm for the following purposes:

Ordinary Business

1. To receive and adopt the Company's accounts and reports of the Directors and auditors for the year ended 31 December 2003.
2. To re-appoint Messrs KPMG Audit Plc as auditors of the Company and to authorise the Directors to fix their remuneration.
3. To receive SL Howcroft's retirement as Director of the Company in accordance with Article 72 of the Company's articles of association and to re-elect him to the Board of Directors of the Company.
4. To receive MH Allcock's retirement as Director of the Company in accordance with Article 69B of the Company's articles of association and to re-elect him to the Board of Directors of the Company.
5. To receive DM Cox's retirement as Director of the Company in accordance with Article 69B of the Company's articles of association and to re-elect him to the Board of Directors of the Company.
6. To elect Paul Gleghorn as a Director of the Company.

Special Business

7. To consider and if thought fit, to pass the following resolution as an ordinary resolution.

"That on the recommendation of the Board of Directors a dividend of 0.7 pence per ordinary share be declared for the year ended 31 December 2003 payable to shareholders on the register at the close of business on 13 April 2004."

By order of the Board of Directors

Rupert Hutton

Company Secretary

Dated this 24 day of March 2004

Notes

1. Any member of the Company entitled to attend, speak and vote at the above mentioned meeting may appoint a proxy to attend, speak and, on a poll, vote instead of that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company.
2. To be valid the instrument appointing a proxy and any authority under which it is executed (or a copy of the same certified notari ally) must be deposited at the registered office of the Company not less than 48 hours before the time of the meeting.
3. A copy of the balance sheet and every document required by law to be annexed to it, which are to be laid before the above mentioned meeting, are enclosed. The statutory registers are available for inspection during normal business hours without charge at the offices of Maple House, Woodland Park, Bradford Road, Chain Bar, Cleckheaton, West Yorkshire, BD19 6BW.
4. A copy of the Directors' service contracts referred to in section 318 of the Companies Act 1985 (as amended) will be available for inspection by any member at the registered office of the Company during normal business hours on each business day from the date of the notice convening the Annual General Meeting up to the close of the meeting.

Directors and Advisers

Directors and Advisers

Executive Directors

EA Blaine, *Managing Director*
RG Hutton, FCCA, MBA, *Finance Director and Company Secretary*
SL Howcroft, ACMA, *Commercial Director*
MH Allcock, *Sales Director*

Non-Executive Directors

DM Cox, *Chairman*
AE Bradshaw, *Director*

Composition of Board Committees

Audit Committee – DM Cox, *Chairman* and AE Bradshaw

Remuneration Committee – DM Cox, *Chairman*, AE Bradshaw and EA Blaine

Finance Director and Company Secretary – RG Hutton, FCCA, MBA

Auditors

KPMG Audit Plc
Quayside House
110 Quayside
Newcastle-upon-Tyne
NE1 3DX

Solicitors

Robert Muckle Solicitors
Norham House
12 New Bridge Road
Newcastle-upon-Tyne
NE1 8AS

Brokers and Nominated Advisers

Collins Stewart
9th Floor
88 Wood Street
London
EC2V 7QR

Registrars

Capita Registrars
Shareholder Services Dept
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Bankers

Barclays Bank Plc
PO Box 285
10 Market Street
Bradford
West Yorkshire
BD1 1XW

Financial Public Relations

Bankside Consultants Ltd
St Mary Abchurch House
123 Cannon Street
London
EC4N 5AU

Registered Office

Maple House
Woodland Park
Chain Bar
Cleckheaton
BD19 6BW

Tel: 01274 863300
Fax: 01274 865966
E-mail: info@atlantic-global.co.uk
Website: www.atlantic-global.net

Registered in England: 4168028

Form of Proxy

For use at the Annual General Meeting of Atlantic Global Plc to be held on 28 April 2004 at 2.30pm at KPMG's offices in Leeds, at 1 The Embankment, Neville Street, Leeds, West Yorkshire, LS1 4DW, and at any adjourned meeting thereof.

I/We(note 1)

of
being (a) member(s) of the above named Company HEREBY APPOINT the Chairman of the Meeting

or(note 2)

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 28 April 2004 and, at any adjournment thereof, in relation to the business specified in the Notice of Annual General Meeting.

Please indicate with an 'X' in the appropriate space below how you wish your vote to be cast. On receipt of this Form of Proxy duly signed but without specific directions, the Proxy will abstain or vote at his discretion.

RESOLUTIONS

Ordinary Business	For	Against
1. To receive and adopt the Company's accounts and reports of the Directors and auditors for the year ended 31 December 2003.		
2. To re-appoint Messrs KPMG Audit Plc as auditors of the Company and to authorise the Directors to fix their remuneration.		
3. To receive SL Howcroft's retirement as Director of the Company in accordance with Article 72 of the Company's articles of association and re-elect him to the Board of Directors of the Company.		
4. To receive MH Allcock's retirement as Director of the Company in accordance with Article 69B of the Company's articles of association and to re-elect him to the Board of Directors of the Company.		
5. To receive DM Cox's retirement as Director of the Company in accordance with Article 69B of the Company's articles of association and to re-elect him to the Board of Directors of the Company.		
6. To elect Paul Gleghorn as a Director of the company.		

Special Business	For	Against
7. To declare a dividend of 0.7 pence per share on the ordinary share.		

Please sign here:Date:(note 3)

NOTES:

- In the case of joint holders, the signature of any holder is sufficient but the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names are stated in the register in respect of the holding.
- If you are a registered shareholder and you are unable to attend the Meeting, you may appoint a proxy to attend and, on a poll, to vote on your behalf. If it is desired to appoint as Proxy any person other than the Chairman of the Meeting, his/her name and address should be inserted in the blank space, reference to the Chairman deleted and the alteration initialled. The Proxy need not be a member of the Company, but must attend the Meeting in order to represent you.
- In the case of an individual, this Form of Proxy must be signed by the appointer or by his attorney duly authorised in writing. In the case of a Corporation, this Form of Proxy must be completed under its common seal or under the hand of a duly authorised officer or Attorney.
- To be valid, this Proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney must be deposited with Capita Registrars, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the time fixed for holding the meeting. If you are a registered shareholder and you subsequently decide to attend the Meeting, you may do so.
- Any alteration to this Form of Proxy must be initialled.

Second Fold

BUSINESS REPLY SERVICE
Licence No. MB122



CAPITA REGISTRARS
PROXY DEPARTMENT
PO BOX 25
BECKENHAM
KENT
BR3 4BR

First Fold

Third Fold

