

Atlantic Global plc

Annual Report and Accounts

Year ended 31 December 2001



INTRODUCING ATLANTIC GLOBAL

“Atlantic Global’s mission is to address the challenge of developing practical business solutions to solve modern managerial problems.”

- Atlantic Global develops and sells computer software, providing cost effective solutions for the management of any organisation’s people resources, projects and time.
- Our software has an excellent reputation, confirmed by our strongly expanding blue chip client list, as a very high quality and comprehensive product which is capable of being quickly installed and integrated, easily learned and flexible to configure in order to meet individual user’s requirements.
- We recognise that our success depends on how well we attract, motivate, develop and retain the highest calibre of personnel.
- As our expertise has grown, so has our requirement for a greater skill level within our team. Therefore, in addition to developing existing employees, we are also expanding our abilities by employing new people with different skills.
- It is our intention to remain at the technological forefront of our niche sector. To assist with this objective we are now in the process of forming strong relationships with technology leaders.
- We view our customers as partners. The closer we understand their business and problems, the more successful our solutions will be. We are extremely pleased that we have, to date, been able to create such partnerships with many prominent companies and we are determined that this will continue.
- To assist with our rapid sales development we are progressing several possible sales alliances with large national and international organisations.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

FINANCIAL

	Year ended 31 December 2001 Proforma £'000	Year ended 31 December 2000 Proforma £'000	Growth
Sales	1,205	829	+45%
Operating profit before goodwill and exceptional costs	495	294	+68%
Earnings per share	2.99 pence	1.68 pence	+78%
Dividend payable per share	0.5 pence	-	-
Free cash flow before exceptional costs	517	354	+46%
Net Cash Balance	2,147	449	

Note - 2000 and 2001 figures are based on the proforma full year results of the Company's trading subsidiary Atlantic EC Limited.

OPERATIONAL - 2001

- Successful admission to the Alternative Investment Market of the London Stock Exchange in June 2001 by way of a share placing to raise £2 million before expenses.
- Expansion of team – New skills brought in at board and senior management levels
- Links established with Bradford University securing new DTI funding for research and development
- Recognised as an Investor In People – Achievement of National Standard November 2001
- Sector Partnerships – Approved for Microsoft Project & IBM partner schemes

NEW INITIATIVES SINCE OUR YEAR-END

- New software products released (Adeo) – February 2002
- Major re-branding of our software suite under the Adeo name

CHAIRMAN'S STATEMENT

INTRODUCTION

This is the first Annual Report and Accounts of Atlantic Global Plc (Atlantic Global or the Company) following on from the acquisition of the Company's only operating subsidiary, Atlantic EC Ltd (Atlantic), on 29 May 2001 and our subsequent admission to the Alternative Investment Market of the London Stock Exchange (AIM) on 4 June 2001. I would like to welcome all new shareholders and to assure them of our determination to grow our business and produce the rates of return that will fully justify the level of investment that they have made in the Company.

I am very pleased to report that the full year to 31 December 2001 was another record year for Atlantic marked by strong growth and substantial progress towards the development of the organisation.

TRADING RESULTS

Atlantic Global was incorporated on 26 February 2001 for the purpose of acquiring Atlantic and therefore this first set of Atlantic Global's accounts is for the 10 months ended 31 December 2001. So that we may offer shareholders a more accurate comparison of the Group's performance for 2001 over 2000, proforma results for the full 12 months ended 31 December 2001 are also included in these accounts.

My summary of the results will also be for the full 12 months ended 31 December, for both years.

The Group has achieved an excellent result during 2001 and I am delighted to report that operating profit before goodwill amortisation and exceptional costs has increased by 68% to £495,000 (2000: £294,000) and that turnover increased by 45% to £1,205,000 (2000: £829,000). The operating margin, before goodwill and exceptional costs, has improved to 41.1% (2000: 35.5%).

Earnings per share, adjusted for goodwill amortisation and exceptional costs, increased by 78% to 2.99 pence (2000: 1.68 pence).

As a result of our listing on AIM, the Group is now incurring certain additional ongoing administration costs, which were not incurred during 2000. Since 4 June 2001 these costs have amounted to £69,000 and should also be taken into account when comparing results. If these costs were added back to the 2001 figures, the growth in operating profit before goodwill amortisation and exceptional costs would show as 92% with margins of 46.8%.

DIVIDEND

The Directors are proposing that a final dividend of 0.5 pence per share be paid for the year ended 31 December 2001. The Directors will pursue a progressive dividend policy, if circumstances are appropriate.

ACHIEVEMENTS DURING 2001

During the year we have successfully expanded our range of blue chip customers, who cover a multitude of industries, helping to improve the efficiency of our clients' systems no matter which industry is involved. Further details are shown in Eugene Blaine's Managing Director's Review.

We carefully planned to effectively manage the expansion that is increasing in pace within the Group, and the executive team and operational systems were considerably strengthened during the year.

The new partnership with Bradford University, with their excellent research facilities, continues to provide significant benefits to us and we look forward to building on this relationship during the coming year.

Following the raising of funds on admission to AIM and the continued cash generative nature of our business, the Group had net cash balances of £2,147,000 as at 31 December 2001 (2000: £449,000). The Group is therefore in the excellent position of financial security, which will be maintained, while generating cash from substantial profit levels. To confirm this cash generating ability the amount of free cash flow produced during 2001 was £517,000 (before exceptional costs), and compares with £354,000 for 2000. The Financial Review provides more detail as to the importance of free cash flow.

BOARD CHANGES

In November 2001 we welcomed Paul Lilley to the Board as our new Sales and Marketing Director. Paul has extensive sales and marketing experience, with an emphasis on customer focused software solutions. Since joining, he has already had a material effect on the Group's sales strategy and we are very confident that he will play an important part towards our success in the years to come.

We are also pleased to announce that at the Annual General Meeting to be held on 19 April, the Directors will be proposing that Rupert Hutton, currently our Finance Director Designate and Company Secretary, be appointed to the Board as the Finance Director.

CHAIRMAN'S STATEMENT

continued

Rupert has been working with the Group since March 2001 and joined Atlantic Global full time in July 2001. During his time with the Group he has demonstrated a wide ability and excellent enthusiasm for the Group and the board is very confident that his general management skills will also be of significant benefit to our Company.

PEOPLE

The quality and ability of our team of people at Atlantic is crucial to our success. The progress that has been made in the past could not have been achieved without exceptional commitment and enthusiasm from our employees and I offer each one of them the Board's sincere appreciation for their effort and loyalty.

As our business expands it is necessary to create a wider range of skills within our team. This can be satisfied, to an extent, by developing the abilities of our existing personnel but Atlantic Global's policy is also to attract new employees to the Group, with additional skills from which we can all benefit. In order to attract, motivate and retain the very best people that we can afford, it is necessary to provide certain values with which our team can relate. We believe these values include integrity, trust, stretch targets, teamwork, communication, continuous learning and an environment within which our personnel can be proud and enjoy their time at work.

During 2001 we have expanded our team with several new, talented people. We are sure that they will make an excellent contribution to our future success.

I am delighted that, in November 2001, we achieved the nationally recognised Investors in People Standard thereby being independently acknowledged for our commitment to the development of our people.

A reason for seeking a share listing on AIM was to acquire the ability to offer share options to our personnel. We have taken advantage of this facility and can report that almost all of our people now have a share option stake in the Company. Therefore, our team is now closely involved with the success of their company, which can only benefit all stakeholders.

WEBSITE

In tandem with the major re-brand of our software, summarized under Strategy below, we have completely re-designed our website, www.atlantic-global.net. This now provides far more information, is easier to use and

has an extensive Investor Relations section. If the Internet is available to you, I would encourage you to view the site.

STRATEGY

Our overall strategy centres on the sale and support of high quality software to blue chip customers in a wide variety of industries and the public sector. We are continuing to build our business, which has a proven track record, into an increasingly diverse customer base thereby lessening the risk factor associated with dealing with a smaller number of business sectors.

In accordance with this strategy, we are continuing to invest in the development of our software to further improve its capability and remain at the forefront of our niche sector. We have budgeted for additional software developers to enhance our capability in this objective. During 2001 the amount invested in Research and Development Expenditure was £185,000, being 15.3% of sales, compared to £82,000 and 9.9% of sales in 2000.

During February 2002 we completely re-branded our software products under the name "Adeo", and commenced a major marketing campaign to make full use of the potential demand experienced for our software in the past. This is a significant improvement to the way Atlantic has operated previously when most of our sales leads were obtained by word of mouth or via interest in our website and we did not engage in marketing to any great extent.

Please refer to the Managing Director's Review for more detail on these points.

ACQUISITIONS

The Board has a current policy of concentrating purely on organic growth and therefore the Group is not involved in an active acquisition strategy. However, we would consider any exceptional acquisition opportunities that would improve our growth potential so long as they were within our strategic objectives.

CURRENT TRADING

Having produced our Management Accounts for the months of January and February 2002, we can confirm that the year has begun in line with expectations, although it is too early in the year to state what degree of success the Group will achieve during 2002.

CHAIRMAN'S STATEMENT

continued

THE FUTURE

We believe that the growth potential of Atlantic is substantial, with our software being capable of delivering considerable benefit to most types of organisation in any part of the world. Our current sales penetration at £1.2 million for 2001 is relatively small but with high quality products ready and available, our team now in place and the marketing plan formulated, we are extremely well positioned to achieve significant levels of growth in the future.

Our customers are also a source of our strength and it is truly appreciated. They have supported Atlantic in the past; a good number of our customer contacts having invested in the Company at the AIM flotation and we continue to enjoy extremely good relationships with them. We do believe in the concept of partnerships with our clients and we are arranging to develop this much further in the near future.

I am therefore very confident that 2002 will be another successful year.

ANNUAL GENERAL MEETING

We shall be holding our AGM at 12 noon in the Midland Hotel, Foster Square, Bradford, West Yorkshire on 19 April 2002.

In addition to the usual formalities of the meeting, Rupert Hutton will make a presentation on the understanding of the Accounts for 2001, followed by a presentation by Eugene Blaine on the Group's general progress. There will then be a short demonstration by Paul Lilley, showing the various uses of our software products and details of our recent re-branding.

Following these presentations there will be a buffet lunch and an opportunity for Shareholders and Directors / Managers to meet one another and further discuss the progress of the Group.

I would extend the Board's cordial invitation to Shareholders in the hope that as many as possible attend and take the opportunity to understand more about the Group's operations and objectives.

If you can attend could I please request that you complete and post the enclosed Invitation Reply Card.



Michael Langmore
Chairman

13 March 2002

MANAGING DIRECTOR'S REVIEW

INTRODUCTION

I am pleased to announce a very positive year at Atlantic Global during which we have experienced significant growth in all aspects of the business.

Atlantic was established in 1993, and since then we have been developing software products to meet a simple objective – to make our clients more efficient and more competitive. Atlantic's products have been chosen by many of the market leaders across a diverse range of markets confirming the quality and flexibility of the solutions provided. Atlantic Global listed on AIM on 4 June 2001 to raise the profile of the business, to further build on its proven track record and increase the rate of growth of the Company.

Since the flotation, the Group has developed at an ever-increasing pace and the following summarises our achievements as regards the introduction of an increased product range and the development of our customer base and strategy towards the future development of sales.

PRODUCTS

Atlantic released a special edition of our products during 2001. This included an improved Project and Resource management module with links to Microsoft Project. In addition a contact and issue management module was developed and built into the special edition and officially launched in February 2002 under our new brand name, Adeo. I believe that Adeo places us in an extremely strong position to increase our sales potential and provides the Company with a significant advantage over the competition.

As part of Adeo, we have introduced open product licensing, where a licence can be applied to any of our modules, if the appropriate module activation keys have been purchased. Previously each module had to be individually purchased and installed, but now each customer has the ability to easily try our other modules. This has the dual effect of increasing the sales potential with existing customers and the size of new contracts, delivering a total solution meeting the client's requirements, based on the additional functionality now on offer.

Significant new product development contracts were successfully negotiated with large blue-chip clients providing additional new modules and expanding the functionality of the existing product. These clients agreed to part-fund the development of the new modules in return for participation in the design, whilst Atlantic has retained the intellectual property rights. This method has proven very successful in delivering well engineered and practical business solutions.

CUSTOMER PROFILE

The Atlantic products appear to have no boundaries in terms of industry sector, with additional new sectors being opened, including our first accountancy client, PricewaterhouseCoopers, and our first police service client, the Metropolitan Police Service. The Directors believe that Atlantic continues to attract the market leaders in each sector that it addresses.

Listed below are some of Atlantic's customers, the widespread nature of which indicates confirmation as to the high reputation and quality of our software solutions and service.

Pharmaceuticals	Computer & Telecoms	Financial & Consulting	Other
AstraZeneca Limited GlaxoSmithKline Plc Pfizer Inc. Pfizer Limited	Colt Telecommunications Plc Computacenter UK Limited Computeraid Services Limited Ericsson Telecommunicatie UCB Chemicals Intel Ireland Ltd Interoute Limited Vicorp UK Limited WorldCom International Ltd	Barclays Bank Plc Cap Gemini Ernst & Young EDS Hitachi Europe Ltd HSBC Actuaries & Consultants Ltd PricewaterhouseCoopers Raft International Plc	Genesis Oil & Gas Consultants Realise Limited Metropolitan Police Service Dunnhumby Scott Tallon Walker Architects Serco Technology Waltham Forest Council

MANAGING DIRECTOR'S REVIEW

continued

We believe that an essential part of our success stems from our close working relationships with our customers. Our interaction with clients revolves around our belief that the closer we understand their business and problems the more successful our solutions will be. This teamwork has developed the concept that close partnerships between our customers and ourselves are the key to maximum customer satisfaction. We are extremely pleased that we have been able to create such partnerships with all of our clients, both large and small.

PEOPLE

As mentioned in the Chairman's statement the team in the Group is our greatest asset and the skills and abilities within Atlantic have been continually expanded. As the size of the Group has increased it has been necessary to develop the culture of the organisation, and to assist in achieving this objective Atlantic Global employed a Human Resource Manager prior to the flotation. We recognise the importance of meeting the Company's objectives while maintaining an environment where every employee has the opportunity to realise their potential.

A major success of this appointment was our achievement of the Investors In People (IIP) Standard. However IIP, as far as we are concerned, is only a base line from which we will build. We will ensure that the Group continues this development during 2002, and although it is not required by the national standard we have requested that our company is reassessed in December 2002.

The Directors continually acknowledge the contribution of our staff in achieving the Company's excellent rate of growth over the past three years.

INDUSTRY PARTNERS

We are looking to increase our visibility in the market place, by building up strong, long term relationships from all sectors, including, software, hardware and services. To date we can report that we have successfully forged partnerships with Microsoft Project and IBM. This will increase our visibility and enable cross-selling opportunities between all parties maintaining our ability to provide a total solution to our customers.

SALES ALLIANCES

A key sales strategy for 2002 is the creation of new sales alliances, with major national and international consultancy partners, who will partner Atlantic in providing software solutions to their clients. We are confident in the ability of our products and our people and that, following implementation of a solution for a partner, we will become their supplier of choice.

R&D / FUTURE MARKETS


We are continuing to invest substantial resources in Research and Development. We will focus our attention on emerging technologies keeping our software at the forefront of the industry. With the help and facilities of Bradford University, through the DTI funded Teaching Company Scheme, our Associates in this project are currently analysing the market opportunities and competition in new technology markets and will provide skills to aid the development of any future products.

SALES STRATEGY & MARKETING

Atlantic's expansion was accelerated toward the end of 2001 with the recruitment of Paul Lilley as Sales and Marketing Director plus a further appointment to his team of a new Partnerships and Key Account Manager. The Board have also committed to a significantly increased marketing budget for 2002.

OUTLOOK

We look forward to 2002 with determination and confidence.



Eugene Blaine
Managing Director

13 March 2002

ALTERNATIVE INVESTMENT MARKET FLOTATION

The Company gained admittance to the Alternative Investment Market of the London Stock Exchange (AIM) on 4 June 2001. This was a major achievement for the Company.

GOODWILL

Due to the method by which we chose to list on AIM, with the use of our holding company, Atlantic Global, to acquire Atlantic EC Limited (Atlantic), the accounting rules state that Atlantic Global has to capitalise goodwill in its consolidated accounts. Under the 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 the Group's policy. The amount chargeable since 4 June 2001 is £104,000 and is currently £180,000 in a full year. Had we listed Atlantic directly onto AIM, goodwill would not have been chargeable. It is therefore a purely bookkeeping requirement without any real effect on the Company.

ADDITIONAL ONGOING COSTS ASSOCIATED WITH OUR AIM LISTING

Since 4 June 2001 the Group has incurred additional costs that had not been previously incurred by Atlantic. These are the additional costs associated with being listed on the stock market, including fees paid to the London Stock Exchange, our Broker and Nominated Adviser, Financial Public Relations and additional audit costs, as well as new non-executive director fees. These added an additional £69,000 to costs for the period under review.

EXCEPTIONAL COSTS

The exceptional costs of £137,000 are made up of three elements, all set out in the AIM prospectus: the payment of £73,000, to the benefit of Eugene Blaine, as a special one off pension contribution, relating to the sale of Atlantic to the Company; £21,000 for recruitment of senior personnel relating to our admission onto AIM and £43,000 of exceptional flotation costs.

SUPPORT AND MAINTENANCE INCOME

The proportion of turnover that relates to maintenance support has increased during 2001 to 34% from 31% in 2000. It is our objective to increase the overall level of support income, which is usually invoiced one year in advance and therefore provides a greater level of surety 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 are now offering support contracts for up to 3 years duration thereby assisting in the continuous improvement to our quality of earnings.

ACQUISITION OF ATLANTIC AND THE DEFERRED CONSIDERATION

Under the acquisition agreement, the total maximum consideration was agreed at £4,377,000. This was made up as to an initial consideration of £3,377,000 and deferred consideration of up to £1,000,000 over a two-year period, split £750,000 and £250,000, with the payment dependant on certain profit levels being achieved during the years 2001 and 2002 respectively.

I can report that the agreed level of profit was exceeded during 2001 triggering the first £750,000 to become payable in full, 30% in cash and 70% in ordinary shares. Therefore the cash element amounts to £225,000 and the value payable in shares is £525,000. The formula applicable for the payment of the £525,000 by way of shares has resulted in a conversion price of 25.9 pence per share, necessitating the issue of 2,027,026 shares to the vendors of Atlantic. The payment and issue of shares will be effected subsequent to the release of the Company's preliminary results on 14 March 2002.

CASH BALANCES AND CASH GENERATION

The Company consolidated its financial stability with the AIM flotation and the raising of £1,495,000 net of expenses and as at 31 December 2001 the Group had a net cash position of £2,147,000.

The cash balances are kept with Barclays Bank with the major proportion being kept on Treasury Deposit, on short deposit, with the balance being swept into a High Interest Business Account on a daily basis.

Due to the low requirement of the Group for capital expenditure and the fact that we do not need stock, due to the nature of the business, Atlantic is extremely 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 2001 was £517,000 (before exceptional costs), and compares with £354,000 for 2000, an increase of 46%.

As mentioned by the Chairman, the Directors are currently proposing a dividend of 0.5 pence per share payable on 23 April 2002 to shareholders on the register of members on 22 March 2002.

DEBTORS

The number of days that the level of Debtors represents against sales, on average, is 75 days (2000: 45 days). The reason for the higher number of days in 2001 is a much larger proportion of sales being invoiced towards the end of the year. In addition, the number of days in 2000 was exceptionally low due to below average levels of sales being invoiced in the final three months.

FOREIGN EXCHANGE RISK

The Group currently invoices all sales in sterling and therefore is not exposed to foreign currency exchange fluctuations.

PROFORMA FIGURES FOR YEAR TO 31 DECEMBER 2000

The proforma figures for the year ended 31 December 2000 are extracted from the statutory accounts of the Group's trading subsidiary, Atlantic EC Limited, which have been filed with the Registrar of Companies and on which an unqualified audit report was given by KPMG.



Rupert Hutton
Finance Director Designate and Company Secretary
13 March 2002

DIRECTORS BIOGRAPHIES

Brief biographies of the Company's Directors are given below and information on the Directors can be found on our website at www.atlantic-global.net.

NON-EXECUTIVE DIRECTORS:

Michael Langmore (54)

Chairman: Michael joined Atlantic Global 1 May 2001 and has had 20 years experience, at board level, in the information technology industry in both the UK and internationally. He was previously a director of Kalamazoo Computer Group Plc between 1992 and 1995 and was a director of Fastnet Group Limited from June 1995 until its sale to Redstone Telecom Plc in August 2000. In 1996 Mike became the executive chairman and a shareholder of Network Si Group Limited, a large scale systems integrator which was subsequently sold to Datatec Limited in October 1998. Following the sale he was appointed as the chief operating officer of Datatec's global systems integration business, under the Logical World Wide brand name, responsible for revenues of £750 million and 2000 staff. Mike has been involved in many software/services business start-ups including CallCentric and was a founder non-executive director of workflow specialist Staffware Plc, now FTSE listed. He has also been involved, with 3i Plc and Lloyds Development Capital, in several venture capital backed spin-offs, restructurings and subsequent sales.

Adrian Bradshaw (45)

Non executive Director: Adrian is a director of a number of public companies, including Comprehensive Business Services Plc, Honeysuckle Group Plc and Digital Sport 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 (33)

Managing Director (and Founder): Prior to founding Atlantic EC Limited, Eugene Blaine 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 Atlantic since he created its initial product, Timesheet Expert for Windows, in 1993. As the 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 (53) 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.

Paul Lilley (44)

Sales and Marketing Director: Paul has extensive sales and marketing experience, with an emphasis on customer focused software solutions, including Information Management, eBusiness, CRM, Workflow, Document and Knowledge Management Systems. He joined Atlantic Global Plc in November 2001 from TPG Europe where he was sales and business development manager. Previously he was solutions and services account director at Computer Associates for two years and before that head, of business solutions at BNFL Group (now CSC). He has also worked for the AIM Group as a workflow and document management solutions sales consultant and Olivetti for eight years, latterly as a regional sales manager in the North of England, Scotland and Ireland.

COMPANY SECRETARY:

Rupert Hutton (35) FCCA MBA

Company Secretary and Finance Director

Designate: Rupert became Atlantic Global's full time finance director designate and company secretary on 1 July 2001, having worked with the Company since March 2001. Rupert is responsible for the Group's daily finances, administration and other support functions. Previously he was 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. He has a Masters in Business Administration and is a Fellow of the Association of Chartered Certified Accountants.

DIRECTORS' REPORT

The Directors present their annual report and the audited accounts for the period from incorporation to 31 December 2001.

PRINCIPAL ACTIVITIES

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

The Company was incorporated on 26 February 2001 as Tigerlegacy Plc and on 15 March 2001 changed its name to Atlantic Global Plc. The Company remained dormant until it acquired its trading subsidiary Atlantic EC Limited on 29 May 2001.

On 4 June 2001 the Company's ordinary shares were admitted to trading on the Alternative Investment Market of the London Stock Exchange.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Prior to flotation the Company invested in subsidiaries, details of which are given in note 12 to the accounts.

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 time management & resource planning software

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 0.5 pence per ordinary share be paid for the year ended 31 December 2001.

Movements in reserves are set out in note 19 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 58 days supplies in trade creditors, (2000: 187 days).

RESEARCH AND DEVELOPMENT

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

DIRECTORS AND DIRECTORS' INTERESTS

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

Instant Companies Limited	(appointed 26 February 2001, resigned 15 March 2001)
Swift Incorporations Limited	(appointed 26 February 2001, resigned 15 March 2001)
P Mountford	(appointed 15 March 2001, resigned 1 May 2001)
A Bradshaw	(appointed 15 March 2001)
M Langmore	(appointed 1 May 2001)
EA Blaine	(appointed 29 May 2001)
SL Howcroft	(appointed 29 May 2001)
P Lilley	(appointed 26 November 2001)

All of the Directors who have been appointed since incorporation retire in accordance with the Company's Articles of Association and, being eligible, offer themselves for re-appointment.

DIRECTORS' REPORT

continued

DIRECTORS AND DIRECTORS' INTERESTS (CONTINUED)

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

	Class of share	Interest at 31 December 2001	Percentage of total issued share capital	Interest at start of period or date of appointment
EA Blaine	Ordinary	10,546,000	50.90	10,496,000
SL Howcroft	Ordinary	690,000	3.33	640,000
A Bradshaw*	Ordinary	410,000	1.98	2
M Langmore	Ordinary	150,000	0.72	-

* In addition to the Ordinary Shares set out above, A Bradshaw is also interested in the Ordinary Shares held by P Mountford, a director of Bradmount Investments Limited of which A Bradshaw is also a director. P Mountford is beneficially interested in 410,000 Ordinary Shares, representing 1.98% of the issued share capital of the Company. Accordingly, A Bradshaw is interested in 820,000 Ordinary Shares, representing 3.96% of the issued share capital of the Company.

None of the other Directors who held office at the end of the financial period had any disclosable interest in the shares of Group companies.

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 date of appointment	Number of share options during the period		At end of period	Exercise price	From		To
		Granted	Exercised					
EA Blaine	-	707,872	-	707,872	25p	29/5/2004	29/5/2011	
SL Howcroft	-	206,464	-	206,464	25p	29/5/2004	29/5/2011	
A Bradshaw**	-	207,200	-	207,200	25p	29/5/2004	29/5/2011	
M Langmore	-	150,000	-	150,000	25p	29/5/2004	29/5/2011	
P Lilley	-	140,000	-	140,000	25p	26/11/2004	26/11/2011	

** In addition to the options set out above, A Bradshaw is also interested in 207,200 options held by P Mountford, a director of Bradmount Investments Limited of which A Bradshaw is also a director, which were granted on the same terms and conditions as the options held by A Bradshaw. Accordingly, A Bradshaw is interested in 414,400 options over Ordinary Shares.

A further 130,134 options will be issued to E Blaines, S L Howcroft, A Bradshaw and P Mountford, following the issue of shares by way of deferred consideration.

Further details of total share options are analysed in note 18 to the accounts.

	At date of appointment	Number of warrants during the period		At end of period
		Granted	Exercised	
EA Blaine	-	858,100	-	858,100
SL Howcroft	-	52,324	-	52,324
A Bradshaw***	-	1,243,200	-	1,243,200

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

DIRECTORS' REPORT

continued

The warrants have an exercise price of 28.75p and are exercisable from the first anniversary of Admission 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 as part consideration and incentives for the purchase of Atlantic EC Limited.

Further details of total warrants are analysed in note 18 to the accounts.

MAJOR SHAREHOLDINGS

As at 28 February 2002 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	10,546,000	50.90
Northern AIM VCT Plc	1,700,000	8.20
AIM Distribution Trust Plc	1,440,000	6.95
P Gleghorn	896,000	4.32
Leggmason Investors AIM VCT Plc	760,000	3.67
SL Howcroft	690,000	3.33
I Needs	640,000	3.09
Total		80.46

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

RG Hutton
Company Secretary

13 March 2002

REMUNERATION AND EMPLOYEE REPORT

The Remuneration Committee presents this report to shareholders on behalf of the Board. Details of Directors remuneration in the year to 31 December 2001 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

Michael Langmore (Chairman)	Non Executive
Adrian Bradshaw (Director)	Non Executive
Eugene Blaine (Managing Director)	Executive Director

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's interests with those of shareholders. The bonus scheme is based on total company profitability, including stretch targets for the Company. 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 Company 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% of basic salary.

SHARE OPTIONS

Share options are the vehicle that the Company is using to reward and motivate employees and Directors in the medium to long term. If the Company hits targets and the full bonus is achieved 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 18 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 Company 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 2001 was £161,000.

CORPORATE GOVERNANCE & DIRECTORS' RESPONSIBILITIES

CORPORATE GOVERNANCE STATEMENT

Whilst it has no strict requirement to comply, the Group is committed to adopting best practice as regards to Corporate Governance. To this end it is putting in place procedures to follow the principles and provisions of the Combined Code so far as they are applicable to a company of Atlantic Global's size listed on AIM.

The Company has made significant progress during the period since incorporation but recognises that there are still some areas that will need to be addressed during the coming year. As a result it has been decided not to give a full Corporate Governance report this year but instead to outline key areas of development that have been made. The company is committed to making a full statement, including any areas of non-compliance, next year. Progress has been made in the following areas:

- Remuneration and Audit Committees have been set up with specific terms of reference. These committees are able to discuss issues in more detail than at full Board meetings and make recommendations to the Board for approval.
- The Board includes two independent non-executive Directors who ensure that all views and issues are discussed thoroughly at Board meetings.
- The Board usually meets once every month, to discuss operational and financial matters in detail.
- Management accounts are produced monthly in a timely manner with a full analysis of comparisons including actual against budget and prior year and these are reviewed at each Board meeting

The Board understands the necessity for the Group to have a robust system of internal control and its responsibility to review this system. Steps will be taken during the coming year to ensure that all aspects of internal control relevant to the Group are implemented fully and a review of their effectiveness will be carried out.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare accounts for each financial period, 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;
- 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.

INDEPENDENT AUDITORS' REPORT



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 15 to 30 except for the proforma information on pages 15 to 18 and related notes.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for preparing the Annual Report. As described on page 13, 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 2001 and of the profit of the Group for the ten months then ended and have been properly prepared in accordance with the Companies Act 1985.

We have reviewed without audit proforma profit and loss accounts for the years ended 31 December 2000 and 2001 and cash flow statements for the years ended 31 December 2000 and 2001 and balance sheet as at 31 December 2000, which are included in the accounts. In our opinion these proforma statements have, as far as the calculations are concerned, been properly compiled on the basis set out in note 1.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

13 March 2002

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the period from incorporation to 31 December 2001

	Note	Period from incorporation to 31 December 2001 £000	Proforma (unaudited) 12 months ended 31 December 2001 £000	Proforma (unaudited) 12 months ended 31 December 2000 £000
Turnover	2	741	1,205	829
Cost of sales		(208)	(350)	(300)
Gross profit		533	855	529
Administration and establishment expenses		(487)	(601)	(235)
Operating profit before goodwill amortisation and exceptional costs		287	495	294
Goodwill amortisation		(104)	(104)	-
Exceptional costs	3	(137)	(137)	-
Operating profit		46	254	294
Interest receivable	6	51	60	11
Profit on ordinary activities before taxation	3-5	97	314	305
Tax on profit on ordinary activities	7	(55)	(115)	(59)
Profit on ordinary activities after taxation		42	199	246
Dividends proposed	8	(104)	(104)	-
Retained (loss) / profit for the financial period	19	(62)	95	246
Adjusted earnings per share	9	1.93p	2.99p	1.68p
Basic earnings per share	9	0.29p	1.36p	1.68p
Diluted earnings per share	9	0.26p	1.24p	1.53p

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

The results for the current period derive from the operations of Atlantic EC Limited which were acquired by the Group on 29 May 2001. Accordingly the current period results therefore represent a seven month trading period.

CONSOLIDATED BALANCE SHEET

at 31 December 2001

	Note	2001 £000	2000 £000	Unaudited proforma 31 December 2000 £000
Fixed assets				
Intangible assets	11		3,516	-
Tangible assets	13		52	20
			3,568	20
Current assets				
Debtors	14	329		157
Cash at bank and in hand		2,147		449
		2,476		606
Creditors: amounts falling due within one year	15	(886)		(276)
Net current assets			1,590	330
Net assets			5,158	350
Capital and reserves				
Called up share capital	18		1,036	2
Share premium account	19		1,121	2
Shares to be issued reserve	19		525	-
Merger reserve	19		2,538	-
Profit and loss account	19		(62)	346
Equity shareholders' funds			5,158	350

These accounts were approved by the Board of Directors on 13 March 2002 and were signed on its behalf by:

Eugene Blaine
Managing Director

COMPANY BALANCE SHEET

at 31 December 2001

	Note	Company 2001	
		£000	£000
Fixed assets			
Investments	12		4,127
Current assets			
Debtors: amounts falling due after more than one year	14	1,465	
Creditors: amounts falling due within one year	15	(338)	
Net current assets			1,127
Net assets			5,254
Capital and reserves			
Called up share capital	18		1,036
Share premium account	19		1,121
Share to be issued reserve	19		525
Merger reserve	19		2,538
Profit and loss account	19		34
Equity shareholders' funds			5,254

Approved by the Board of Directors on 13 March 2002 and were signed on its behalf by:

Eugene Blaine
Managing Director

CONSOLIDATED CASH FLOW STATEMENT

for the period from incorporation to 31 December 2001

	Note	Period from incorporation to 31 December 2001 £000	Proforma (unaudited) 12 months ended 31 December 2001 £000	Proforma (unaudited) 12 months ended 31 December 2000 £000
Cash inflow from operating activities				
Operating profit before goodwill amortisation and exceptional costs		287	495	294
Goodwill amortisation		(104)	(104)	-
Exceptional costs		(137)	(137)	-
Operating profit		46	254	294
Depreciation		11	16	14
Goodwill amortisation		104	104	-
Increase in debtors		(39)	(167)	(17)
Increase in creditors		182	226	92
Net cash inflow from operating activities		304	433	383
Returns on investment	23	46	55	11
Taxation		(60)	(60)	(27)
Capital expenditure	23	(42)	(48)	(13)
Free cash flow	25	248	380	354
Acquisitions and disposals	23	404	-	-
Equity dividends paid		-	-	(50)
Cash inflow before management of liquid resources and financing		652	380	304
Management of liquid resources and financing	23	(2,050)	(2,050)	-
Financing	23	1,495	1,318	-
Increase / (decrease) in cash in the period		97	(352)	304
Reconciliation of net cash flow to movement in net funds				
Increase / (decrease) in cash in the period	24	97	(352)	304
Cash outflow from increase in liquid resources		2,050	2,050	-
Movement in net funds in the period		2,147	1,698	304
Net funds at the start of the period		-	449	145
Net funds at the end of the period		2,147	2,147	449

NOTES TO THE ACCOUNTS

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. These accounts cover the 308 day period from 26 February 2001, the date of incorporation, to 31 December 2001.

In order to enable useful comparison of the Group's performance, proforma information has been included in this Annual Report. The proforma results for the twelve months ended 31 December 2001 represent the actual consolidated results of the Group from its date of incorporation plus the results of Atlantic EC Limited from 1 January 2001 until its acquisition by the Company. The proforma results for the year ended 31 December 2000 represent the actual results of Atlantic EC Limited for that period.

Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiary undertakings made up to 31 December 2001. 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. The products are continuously improved by our in-house research and development team, 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

NOTES TO THE ACCOUNTS

continued

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. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

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.

2 ANALYSIS OF TURNOVER

	Period from incorporation to 31 December 2001 £000	Proforma (unaudited) 12 months ended 31 December 2001 £000		Proforma (unaudited) 12 months ended 31 December 2000 £000	
By geographical market					
UK	645	1,040	86%	764	92%
Europe	61	129	11%	24	3%
Rest of World	35	36	3%	41	5%
	741	1,205	100%	829	100%
	£000	£000		£000	
By segment					
Licence	264	467	39%	266	32%
Support	193	411	34%	260	31%
Services	284	327	27%	303	37%
	741	1,205	100%	829	100%

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

NOTES TO THE ACCOUNTS

continued

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Period from incorporation to 31 December 2001 £000	Proforma (unaudited) 12 months ended 31 December 2001 £000	Proforma (unaudited) 12 months ended 31 December 2000 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>			
Auditors' remuneration:			
Group:			
- audit	14	14	3
- fees paid to the auditors and its associates in respect of other services	4	4	-
Company			
- audit	4	4	-
Depreciation and other amounts written off tangible fixed assets:			
Owned	11	16	14
Goodwill amortisation	104	104	-
Exceptional costs	137	137	-
Research and development expenditure	106	185	82
Rentals payable under operating leases – other assets	10	17	17

In addition to the above auditors' remuneration, in the period ended 31 December 2001, the auditor and its associates received fees of £189,000 (2000: £nil) in connection with the flotation of Atlantic Global Plc which have been included in amounts charged against the share premium account.

The exceptional costs relate to a one off pension contribution in respect of E Blaine, recruitment of senior personnel following admission to AIM, and flotation costs not charged against share premium account.

4 REMUNERATION OF DIRECTORS

	Period from incorporation to 31 December 2001 £000	Proforma (unaudited) 12 months ended 31 December 2001 £000	Proforma (unaudited) 12 months ended 31 December 2000 £000
Directors' emoluments including non executive director fees	62	86	74
Company contributions to money purchase pension scheme	75	75	-
	137	161	74

The pension contribution is in respect of E Blaine, with £73,000 being an exceptional payment relating to the flotation. No other director received a pension benefit for the year ended 31 December 2001.

NOTES TO THE ACCOUNTS

continued

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:

	Period from incorporation to 31 December 2001 No	Proforma (unaudited) 12 months ended 31 December 2001 No	Proforma (unaudited) 12 months ended 31 December 2000 No
Development	6	6	7
Sales and marketing	4	4	3
Human resources	1	1	-
Administration	3	3	2
	14	14	12

The aggregate payroll costs of these persons were as follows:

	Period from incorporation to 31 December 2001 £000	Proforma (unaudited) 12 months ended 31 December 2001 £000	Proforma (unaudited) 12 months ended 31 December 2000 £000
Wages and salaries	271	389	300
Social security costs	28	39	30
Other pension costs	81	86	7
	380	514	337

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

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	Period from incorporation to 31 December 2001 £000	Proforma (unaudited) 12 months ended 31 December 2001 £000	Proforma (unaudited) 12 months ended 31 December 2000 £000
Bank interest	51	60	11

NOTES TO THE ACCOUNTS

continued

7 TAXATION

	Period from incorporation to 31 December 2001 £000	Proforma (unaudited) 12 months ended 31 December 2001 £000	Proforma (unaudited) 12 months ended 31 December 2000 £000
UK corporation tax at 30%	55	115	59

No provision for deferred tax has been made on the grounds of materiality. The charge for corporation tax in the current period and in the proforma 12 months ended 31 December 2001 represents 56% and 37% of profit on ordinary activities before tax respectively. This apparent over charge is largely due to goodwill amortisation of £104,000, which arises only on consolidation. If goodwill was added back, the tax rate would have been 27%.

8 DIVIDENDS

	Period from incorporation to 31 December 2001 £000	Proforma (unaudited) 12 months ended 31 December 2001 £000	Proforma (unaudited) 12 months ended 31 December 2000 £000
On ordinary shares of 5 pence Final proposed: 0.5 pence	104	104	-

9 EARNINGS PER SHARE

	Period from incorporation to 31 December 2001 £000	Proforma (unaudited) 12 months ended 31 December 2001 £000	Proforma (unaudited) 12 months ended 31 December 2000 £000
Profit after tax	42	199	246
Adjustments			
Goodwill amortisation	104	104	-
Exceptional items	137	137	-
Adjusted profits	283	440	246

	Number 000	Number 000	Number 000
Weighted average number of shares in issue	14,685	14,685	14,685
Dilutive effect of deferred consideration shares to be issued in respect of 2001*	1,422	1,422	1,422
Fully diluted weighted average number of shares in issue	16,107	16,107	16,107
Basic earnings per share (based on profit after tax)	0.29p	1.36p	1.68p
Fully Diluted earnings per share (based on profit after tax)	0.26p	1.24p	1.53p
Adjusted earnings per share (based on adjusted profits)	1.93p	2.99p	1.68p

The diluted weighted average number of shares is not adjusted for the effects of share options and warrants in existence as these were exercisable at above the average share price. The table below details the effect of these options and warrants on the number of shares in issue had they been exercisable, and is given to provide additional information for the benefit of shareholders. These earnings per share figures are not reported in the primary statements.

NOTES TO THE ACCOUNTS

continued

9 EARNINGS PER SHARE (CONTINUED)

	Number 000	Number 000	Number 000
Fully diluted weighted average number of shares in issue	16,107	16,107	16,107
Dilution effects of exercisable warrants*	2,470	2,470	2,470
Dilution effects of Share options	2,049	2,049	2,049
Potential diluted weighted average number of shares in issue	20,626	20,626	20,626
Basic potential diluted earnings per share (based on profit after tax)	0.20p	0.96p	1.19p
Adjusted potential diluted earnings per share (based on adjusted profits)	1.37p	2.13p	1.19p

*Agreed at the time of admission to the Alternative Investment Market

10 PROFIT ATTRIBUTABLE TO ATLANTIC GLOBAL PLC

Of the profit attributable to shareholders, £138,000 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

Group	Goodwill £000
Additions	3,620
At end of period	3,620
Provision for amortisation	
Charged in period	104
At end of period	104
Net book value	3,516

Goodwill is being amortised over 20 years. The basis for selecting this period is described in note 17.

12 INVESTMENTS

Company	Shares in group undertakings £000
Cost and net book value	
Additions	4,127
At end of period	4,127

The Company's principal subsidiary undertakings, both of which are wholly owned, are registered in England and Wales are as follows:

Subsidiary Undertaking	Principal activity
Atlantic EC Limited	Software development and sale
Actualdetail Limited	Dormant

The post acquisition results of both subsidiaries are included in the consolidated results of Atlantic Global Plc.

NOTES TO THE ACCOUNTS

continued

13 TANGIBLE FIXED ASSETS

	Leasehold Improvements £000	Computer Equipment £000	Office Furniture £000	Total £000
Group				
Cost				
At beginning of period	-	-	-	-
Acquisitions	-	31	11	42
Additions	6	35	1	42
At end of period	6	66	12	84
Depreciation				
At beginning of period	-	-	-	-
On acquisitions	-	17	4	21
Charge for period	1	9	1	11
At end of period	1	26	5	32
Net book value				
At 31 December 2001	5	40	7	52

14 DEBTORS

	Group	Proforma (unaudited)	Company
	2001	2000	2001
	£000	£000	£000
Trade debtors	284	119	-
Amounts owed by Group undertakings	-	-	1,465
Prepayments and accrued income	45	38	-
	329	157	1,465

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	Proforma (unaudited)	Company
	2001	2000	2001
	£000	£000	£000
Trade creditors	56	49	-
Corporation tax	113	59	9
Other tax and social security	66	30	-
Accruals and deferred income	322	138	-
Deferred consideration creditor	225	-	225
Dividends proposed	104	-	104
	886	276	338

NOTES TO THE ACCOUNTS

continued

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 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 2001 the average interest rate earned on the temporary closing balances was 2.5%. However, the majority of the funds were on Treasury Deposit earning 3% at 31 December 2001.

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.

17 ACQUISITIONS

On 29 May 2001 the Company acquired Atlantic EC Limited. The resulting goodwill was capitalised and will be amortised through the profit and loss account over 20 years. The reason 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. The Directors view the acquisition of the established business and trading name as key to the improved future earnings of the Group. The assets and liabilities acquired were as follows:

	Book value and fair value £000
Net assets acquired	
Tangible fixed assets	21
Debtors	286
Cash at bank and in hand	581
Creditors	(381)
	<hr/> 507
Goodwill	3,620
Total consideration	<hr/> 4,127 <hr/>
Satisfied by:	
Shares allotted	3,200
Cash	177
Deferred consideration	750
	<hr/> 4,127 <hr/>

The acquired undertaking made a profit before tax of £217,000 from the beginning of the financial year to the date of acquisition. In its previous financial year, the profit was £305,000.

NOTES TO THE ACCOUNTS

continued

18 CALLED UP SHARE CAPITAL

	Nominal Value	Authorised Number	Authorised £	Allotted Number	Allotted £
At incorporation	£1	100,000	100,000	2	2
Share subdivision on 22 May 2001	5p	1,900,000	-	38	-
Increase in authorised share capital	5p	73,000,000	3,650,000	-	-
Partial consideration for Atlantic EC Ltd on 29 May 2001	5p	-	-	12,800,000	640,000
Increase following admission to Alternative Investment Market	5p	-	-	7,919,960	395,998
As at 31 December 2001	5p	75,000,000	3,750,000	20,720,000	1,036,000

Warrants

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

Name		Number of Warrants
A Bradshaw	Director	1,243,200
E A Blaine	Director	858,100
S L Howcroft	Director	52,324
P Gleghorn	Executive	73,252
I Needs	Executive	52,324
P Mountford	Associate of A 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 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 2001 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	29 May 2001	1,271,536	25p	29 May 2004	29 May 2011
Directors	26 November 2001	140,000	25p	26 November 2004	26 November 2011
Employees	29 May 2001	1,163,264	25p	29 May 2004	29 May 2011
Employees	1 September 2001	60,000	25p	1 September 2004	1 September 2011
Employees	15 November 2001	20,000	25p	15 November 2004	15 November 2011
Employees	7 December 2001	60,000	25p	7 December 2004	7 December 2011
P Mountford	29 May 2001	207,200	25p	29 May 2004	29 May 2011
Total		2,922,000			

A further 202,904 options will be issued following the issue of shares by way of deferred consideration.

NOTES TO THE ACCOUNTS

continued

19 SHARE PREMIUM AND RESERVES

	Share premium account £000	Merger reserve £000	Group Shares to be issued reserve £000	Profit and loss account £000
Group				
Retained loss for the period	-	-	-	(62)
Arising on share issues, less expenses	1,121	2,538	-	-
Deferred consideration (see Financial Review)	-	-	525	-
At end of period	1,121	2,538	525	(62)

	Share premium account £000	Merger reserve £000	Group Shares to be issued reserve £000	Profit and loss account £000
Company				
Retained profit for the period	-	-	-	34
Arising on share issues, less expenses	1,121	2,538	-	-
Deferred consideration (see Financial Review)	-	-	525	-
At end of period	1,121	2,538	525	34

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group 2001 £000	Company 2001 £000
Profit for the financial period	42	138
Dividends	(104)	(104)
	(62)	34
New share capital subscribed (net of issue costs)	4,695	4,695
Shares to be issued	525	525
Net addition to shareholders' funds	5,158	5,254
Shareholders funds at incorporation	-	-
Closing shareholder's funds	5,158	5,254

NOTES TO THE ACCOUNTS

continued

21 COMMITMENTS

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

Group	2001 Land and buildings £000
Operating leases which expire:	
Within one to two years	17
	17

22 PENSION SCHEME

The Group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the fund amounting to £81,000 (2000: £7,000), including an exceptional payment of £73,000 made in respect of E Blaine.

There were no outstanding or prepaid contributions at either the end or the beginning of the financial period.

23 ANALYSIS OF CASH FLOWS

	Period from incorporation to 31 December 2001 £000	Proforma (unaudited) 12 months ended 31 December 2001 £000	Proforma (unaudited) 12 months ended 31 December 2000 £000
Returns on investment & servicing of finance			
Interest received	46	55	11
Capital expenditure & financial investment			
Purchase of tangible assets	(42)	(48)	(13)
Acquisitions			
Payments to acquire investments in subsidiary undertakings	(177)	-	-
Cash acquired with subsidiary undertakings	581	-	-
	404	-	-
Management of liquid resources			
Cash placed in short term investments	(2,050)	(2,050)	-
Financing			
Issue of ordinary share capital	1,495	1,318	-

NOTES TO THE ACCOUNTS

continued

24 ANALYSIS OF NET FUNDS

	At beginning of period £000	Cash flow £000	At end of period £000
Cash in hand, at bank	-	97	97
Current asset investments	-	2,050	2,050
	-	2,147	2,147

25 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 as an addition to the Groups' net asset value.

26 MAJOR NON-CASH ITEMS

The acquisition made during the period was paid for by means of an allotment of shares and cash. Shares with a value of £3,200,000 were issued and cash of £177,000 was paid. In addition deferred consideration to a value of £750,000 has been recognised in the accounts.

27 RELATED PARTY TRANSACTIONS

A Bradshaw, a non-executive director of the Company, is employed under a service contract with Bradmount Investments Limited, rather than as a direct employee of the Company. Mr Bradshaw is a part owner of Bradmount Investments Limited, whose business is corporate finance. As part of Atlantic Global Plc's flotation, Bradmount Investments Limited received a fee of £25,000 for its services.

3-YEAR FINANCIAL SUMMARY

	Unaudited proforma		Unaudited proforma		Unaudited proforma	
	2001		2000		1999	
	£000	%	£000	%	£000	%
Profit and Loss						
Turnover	1,205	100.0	829	100.0	475	100.0
Gross profit	855	71.0	529	63.8	257	54.1
Marketing and admin expenses	(291)	(24.1)	(235)	(28.3)	(120)	(25.3)
Comparable operating profit	564	46.8	294	35.5	137	28.8
Additional ongoing listing costs	(69)		-		-	
Goodwill and exceptional costs	(241)		-		-	
Interest receivable	60		11		1	
Profit before taxation	314	100.0	305	100.0	138	100.0
Taxation	(115)	36.6	(59)	19.3	(27)	19.6
Profit after taxation	199	100.0	246	100.0	111	100.0
Dividends	(104)		-		(50)	
Retained profit	95	47.7	246	100.0	61	55.0
Cash flow						
Free Cash Flow before exceptional costs	517		354		101	
Net available cash	2,147		449		145	
Statistics						
Earnings per share – adjusted	2.99p		1.68p			
Free cash flow per share – adjusted	3.52p		2.41p			
Research & Development Expenditure £000	185		82		47	
Number of Employees	14		12		7	
Market information						
Share price at year end	27.75p		-		-	
Market capitalisation £000	5,750		-		-	

INVESTOR RELATIONS

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

We believe that our Annual General Meeting offers an excellent opportunity for the Company to meet the Shareholders and we would hope that the presentations planned for the meeting and individual discussions between Shareholders and Directors / Senior Executives thereafter will help all in attendance to gain a fuller understanding of the Company's business and culture. Further details are provided in the Chairman's Statement.

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	37	33.4	86,229	0.4
5,001 – 20,000	42	37.8	475,479	2.3
20,001 – 50,000	9	8.1	293,500	1.4
50,001 – 100,000	6	5.4	475,000	2.3
100,001 – 250,000	5	4.5	738,492	3.6
250,001 – 500,000	4	3.6	1,439,300	6.9
500,000 +	8	7.2	17,212,000	83.1
	111	100.0	20,720,000	100.0

2. Categories of shareholders

	Number of shareholders		Number of shares	
	Number	%	Number	%
Directors	4	3.6	11,796,000	57.0
Venture Capital Trusts	3	2.7	3,900,000	18.8
Individuals	94	84.7	2,681,865	12.9
Employees	4	3.6	1,579,000	7.6
Institutions	2	1.8	556,000	2.7
Companies	3	2.7	157,135	0.8
Pension Funds	1	0.9	50,000	0.2
	111	100.0	20,720,000	100.0

continued

3. Registrar details and Shareholder Queries

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

Capita IRG Plc
Shareholder Services Department
Bourne House
34 Beckenham Road
Beckenham
Kent
BR3 4TU

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

4. Shareholder enquiries

- To Atlantic Global – Please contact Rupert Hutton, our Finance Director Designate and Company Secretary:

Tel: 01274 733758
E mail: rupert.hutton@atlantic-global.co.uk

- Website address: www.atlantic-global.net

The website includes details about "Adeo", the Company's range of software 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 two Market Makers who deal in our ordinary shares:

- Winterflood Securities Limited
- KBC Peel Hunt Limited

The normal market size in which our ordinary shares are dealt is 2,000.

continued

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:

- 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, Company Secretary, Atlantic Global Plc, The Design Exchange, 34 Peckover Street, Bradford, West Yorkshire BD1 5BD
- Website address: www.atlantic-global.net
- email: info@Atlantic-ec.co.uk

11. Financial calendar

Company year end	31 December 2001
Dividend – Ordinary shares quoted ex-dividend	20 March 2002
– Record date to be eligible for the dividend	22 March 2002
– Payment date	23 April 2002
Annual General Meeting:	19 April 2002
Announcement and issue of half-year results to 30 June 2002:	September 2002
Preliminary announcement for the annual results to 31 December 2002:	March 2003
Posting of the annual report and accounts to 31 December 2002:	March 2003

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the first Annual General Meeting of the Company will be held at The Midland Hotel, Foster Square, Bradford, West Yorkshire on 19 April 2002 at 12.00 noon for the following purposes:

Ordinary Business

1. To receive and adopt the Company's accounts and reports of the director and auditors for the period ended 31 December 2001.
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 Adrian Bradshaw'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.
4. To receive Michael Langmore'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 Eugene Blaine'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 receive Samuel Lewis Howcroft'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.
7. To receive Paul Lilley'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.
8. To elect Rupert Hutton as a director of the Company.

Special Business

9. 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 0.5 pence per ordinary share be declared for the year ended 31 December 2001 payable to shareholders on the register at the close of business on 22 March 2002.

By order of the Board of Directors

R Hutton

Company Secretary

13 March 2002

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 notarially) 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 The Design Exchange, 34 Peckover Street, Bradford, West Yorkshire, BD1 5BD.
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

Executive Directors

E A Blaine, *Managing Director*

P Lilley, *Sales Director*

S L Howcroft, *ACMA, Commercial Director*

Non-Executive Directors

M Langmore, *Chairman*

A E Bradshaw

Composition of Board Committees

Audit Committee – M Langmore, Chairman and A E Bradshaw

Remuneration Committee - M Langmore, Chairman, A E Bradshaw and E A Blaine

Finance Director Designate and Company Secretary – R 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

Seymour Pierce Limited
29-30 Cornhill
London
EC3V 3NF

Registrars

Capita IRG Plc
Shareholder Services Dept
Bourne House
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

Binns & Company Public Relations Ltd
16 St Helen's Place
London
EC3A 6DF

Registered Office

The Design Exchange
34 Peckover Street
Bradford
West Yorkshire
BD1 5BD

Tel: 01274 733758
Fax: 01274 393190
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Website: www.atlantic-global.net

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