

ATLANTIC GLOBAL PLC

Chairman's Statement - Interim Report 2001

1. INTRODUCTION

I am pleased to present our maiden interim results as an AIM-listed company for the six month period ended 30 June 2001. Atlantic Global plc ("Atlantic Global" or the "Company") joined the Alternative Investment Market ("AIM") of the London Stock Exchange on 4 June 2001, successfully raising £1.45 million, net of flotation expenses, from institutional and other investors.

2. FINANCIAL REVIEW

As you will recall, on 29 May 2001 Atlantic Global acquired the entire issued share capital of Atlantic EC Limited and Actualdetail Limited. In order to enable more useful comparisons of the group's performance to be made, proforma results for the six month period ended 30 June 2001 are included in this interim announcement. These proforma results reflect five months trading of Atlantic EC Limited plus consolidated group results for one month.

The group has achieved a satisfactory result for the six month period and I am delighted to report that operating profits before amortisation of goodwill and exceptional costs have increased by 28 per cent. to £217,000 (compared to a proforma basis for the first six months of 2000 of £170,000). Turnover has increased by 28 per cent. to £515,000 from a proforma level of £402,000 in 2000.

The exceptional costs of £101,000 are made up of two elements: the payment of £73,000 for the provision of a special one off pension contribution; and £28,000 being recruitment costs of senior personnel.

As a result of our listing on AIM, the Company is now incurring additional ongoing administration costs. Since flotation these costs amounted to £11,000, and should be taken into account when comparing results, as these costs were not incurred previously.

Proforma earnings per share were 0.39p for the six month period (2000: 0.67p). Comparison of the reported earnings per share with the previous period does not reflect the underlying growth of the business, due to the exceptional costs and ongoing costs as noted above.

As at 30 June 2001 the group had net liquid resources of £2,123,000, being cash at bank and on deposit.

3. OPERATING REVIEW

The Atlantic Global group continues to provide its services to various blue chip customers in the key market sectors, Financial (London Stock Exchange plc, Barclays Bank plc), Pharmaceuticals (GlaxoSmithKline plc, Pfizer Limited) and Telecommunications (MCI Worldcom Limited, Ericsson Telecommunicatie, Colt Telecom). Additionally, the group has recently managed to secure a new sales relationship with a major police force and has further extended its relationships within Local Government. The group has continued to further expand its blue chip customer base during the period and has secured further substantial contracts in the computer and telecom sectors.

Since the half year end, further contracts have been gained in the company's traditional sectors and other markets, including the oil and gas and consultancy sectors. In addition, we are currently establishing a network of overseas resellers that will enhance our sales generation in other territories. This represents the first stage of our pursuing a more aggressive sales and marketing strategy, and the board is in the process of recruiting a number of key personnel that will help achieve our goals in these areas.

Given the current growth rate of the business, the anticipated licence sales and corresponding helpdesk support that will be required to service our increasing client base, we have increased our resources in the area of customer support. We have also commenced our new partnership venture with Bradford University, taking full advantage of their excellent research facilities.

4. OUTLOOK

Sales and profits for the first six months of the current financial year have shown satisfactory growth, notwithstanding the increased expenditure on our infrastructure to cater for recent and further planned growth.

Trading since the end of June has continued the improvement shown during the first half of the year, and as previously mentioned, a number of new revenue streams are being developed and will contribute during the second half year.

In accordance with our strategy outlined at the time of flotation, the next stage of our development will be to accelerate the rate of growth of the Atlantic Global group by strengthening our sales and marketing division, further developing our software to keep ahead of the competition and researching new technologies. We will also very carefully consider any acquisition or joint venture opportunities that may be presented to the group.

I look forward to the future with considerable confidence.

Michael Langmore
Chairman
10 September 2001

ATLANTIC GLOBAL PLC

Consolidated profit and loss account

for the period ended 30 June 2001

	Period from Incorporation to 30 June 2001 (Unaudited) £'000	Proforma Six months to 30 June 2001 (Unaudited) £'000	Proforma Six months to 30 June 2000 (Unaudited) £'000	Proforma Year ended 31 December 2000 (Unaudited) £'000
Turnover	51	515	402	829
Cost of sales	(16)	(158)	(138)	(297)
Gross profit	35	357	264	532
Marketing and administration expenses –				
Amortisation of goodwill	(13)	(13)	–	–
Other	(26)	(140)	(94)	(238)
Total marketing and administration expenses	(39)	(153)	(94)	(238)
Operating profit before exceptional costs	(4)	204	170	294
Exceptional costs	(101)	(101)	–	–
Operating profit	(105)	103	170	294
Interest receivable	8	17	3	11
Profit/(loss) on ordinary activities before taxation	(97)	120	173	305
Tax on profit on ordinary activities	–	(40)	(35)	(59)
Profit on ordinary activities after taxation	(97)	80	138	246
Retained profit for the period	(97)	80	138	246
Basic and diluted earnings/(loss) per share	(1.71p)	0.39p	0.67p	1.19p

Consolidated balance sheet*as at 30 June 2001*

	<i>As at 30 June 2001 (Unaudited) £'000</i>	<i>As at 30 June 2000 (Unaudited) £'000</i>	<i>As at 31 December 2000 (Unaudited) £'000</i>
Fixed assets			
Tangible assets	20	2	20
Goodwill	3,198	–	–
	<u>3,218</u>	<u>2</u>	<u>20</u>
Current assets			
Debtors	353	276	157
Cash at bank and in hand	2,123	312	449
	<u>2,476</u>	<u>588</u>	<u>606</u>
Creditors: amounts falling due within one year	(837)	(335)	(276)
Net current assets	<u>1,639</u>	<u>253</u>	<u>330</u>
Total assets less current liabilities	4,857	255	350
Creditors: amounts falling due after more than on year	(24)	(34)	–
Net assets	<u>4,833</u>	<u>221</u>	<u>350</u>
Capital and reserves			
Called up share capital	1,036	2	2
Share premium account	1,075	2	2
Shares to be issued reserve	281	–	–
Other reserves	2,538	–	–
Profit and loss account	(97)	217	346
Equity shareholders' funds	<u>4,833</u>	<u>221</u>	<u>350</u>

Summarised group cash flow statement*for the period ended 30 June 2001*

	Period from Incorporation to 30 June 2001 £'000	<i>Proforma Six months to 30 June 2001 £'000</i>	<i>Proforma 12 months to 31 December 2000 £'000</i>
Operating (loss)/profit	(105)	103	294
Depreciation and amortisation	14	19	14
Increase in debtors	(64)	(211)	(17)
Increase in creditors	421	484	93
Net cash inflow from continuing operating activities	266	395	384
Returns on investments and servicing of finance	4	13	11
Taxation	–	–	(27)
Capital expenditure and financial investments	(177)	(183)	(13)
Acquisitions and disposals	581	–	–
Equity dividends paid	–	–	(50)
Cash inflow before management of liquid resources and financing	674	225	305
Management of liquid resources	(1,200)	(1,200)	–
Financing	1,449	1,449	–
Net increase in cash in period	923	474	305

Notes to the interim report

1. The interim financial statements for the period ended 30 June 2001 have been prepared using accounting policies consistent with those set out in the statutory accounts of Atlantic EC Ltd for the year ended 31 December 2000 and any others expected to be adopted in the financial statements for Atlantic Global for the period ending 31 December 2001. The most significant of the new accounting policies to be adopted is as follows:

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.

2. The interim financial information for the period ended 30 June 2001 is unaudited and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The information has been reviewed by the Company's auditors and their report is set out on page 7 of this interim report.
3. Atlantic Global acquired Atlantic EC Limited on 29 May 2001. In order to enable more useful comparisons of the group's performance proforma results have been included in this interim report. The proforma results for the six months ended 30 June 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 group. The proforma results for the six months ended 30 June 2000 and twelve months ended 31 December 2000 represent the actual results of Atlantic EC Limited for those periods.
4. Flotation costs have been written off against the share premium account.
5. The tax charge for the period is based on the anticipated effective tax rate for the year to 31 December 2001.
6. The loss per share for the period from incorporation to 30 June 2001 has been calculated based on the loss on ordinary activities after taxation divided by the weighted average number of shares in issue during the period, 5,684,508. The proforma earnings per share figures are calculated based on the profit on ordinary activities after taxation divided by the number of shares in issue at 30 June 2001, 20,720,000.

The calculation of diluted earnings per share uses the same earnings figure and weighted average number of ordinary shares as the basic calculation as the warrants in existence during the year were exercisable at above the average share price and the options in existence are not exercisable as their performance criteria have not been satisfied.

7. Copies of this interim report are being sent to all shareholders and will be available to the public from the following sources, the Company Secretary, Rupert Hutton, (email: rupert.hutton@atlantic-ec.co.uk) and the Company's Registrars, Capita IRG Plc, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Telephone: 020 8639 2000.

Independent review report by KPMG Audit Plc to Atlantic Global Plc

INTRODUCTION

We have been instructed by the company to review the financial information set out on pages 3 to 6, and we have read the other information contained in the interim report, and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

DIRECTORS' RESPONSIBILITIES

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors have decided in preparing this interim report that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts, except where they are to be changed in the next annual accounts, in which case any changes, and the reasons for them, are to be disclosed.

REVIEW WORK PERFORMED

We conducted our review in accordance with guidance contained in Bulletin 1999/4: Review of Interim financial information issued by the Auditing Practices Board. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

REVIEW CONCLUSION

On the basis of our review, we are not aware of any material modifications that should be made to the financial information as presented for the period ended 30 June 2001.

KPMG Audit Plc
Chartered Accountants

10 September 2001

