



Atlantic Global Plc  
2005

Interim Results

Contact

T: +44 (0) 1274 863300  
F: +44 (0) 1274 865966  
E: [info@atlantic-global.com](mailto:info@atlantic-global.com)

Atlantic Global Plc

Park House, Woodland Park,  
Bradford Road,  
Chain Bar, Cleckheaton, West  
Yorkshire,  
BD19 6BW, UK

[www.atlantic-global.com](http://www.atlantic-global.com)

# Chairman's Statement – Interim Report 2005

## Introduction

I am pleased to present the group's Interim Results for the six-month period ended 30 June 2005. Our activity for the period has shown progress within the group. Significant reference sites continue to be created and established for our enterprise solution, Corporate Vision™. In the first half of the year, we have been able to understand better the potential return on investment for our customers. As a result, there has been a substantial reorganisation of the sales and marketing function. We are expecting to see the benefits from this in the second half of the year, and beyond.

## Financial Review

In line with the Trading Update of 7 July 2005, the loss before taxation and amortisation of goodwill was £377,000, compared to a profit before taxation and amortisation of goodwill of £212,000 in the first six months of 2004. Turnover was £930,000, compared to £988,000 in the same period of 2004. The loss before taxation for the period was £468,000, (2004 profit: £121,000).

The loss has been stated after a more than doubling of sales and marketing expenditure to £826,000 for the period, (2004: £392,000). In addition, we have increased the size of our consultancy team who are responsible for the customer software demonstrations, software installation and user training. This investment has taken place in anticipation of customer demand for these services in the second half of 2005. Furthermore, the Group has continued to invest in the research and development of its software products, the expenditure on which amounted to £140,000 during the period (2004: £151,000).

During a period that was supported by significant investment, Atlantic Global has experienced a disappointing sales and profit performance for the half year. However we believe that the investments made during the first six months of 2005 will deliver increased sales during the second half of 2005.

Loss per share of 1.55p was generated for the six-month period, (2004 earnings per share: 0.27p). Adjusted loss per share (before amortisation of goodwill) was 1.16p, (2004 earnings per share before amortisation of goodwill: 0.67p).

As at 30 June 2005, the Group had a net cash balance of £1,479,000, (2004: £2,242,000). The cash balance has fallen by £417,000 since the end of December 2004. The Group remains financially secure, and the Directors expect to generate cash in the future as it returns to profitability.

## Dividend

The Directors intend to continue to pursue their progressive dividend policy. At the current time, the Directors believe that any dividend should be proposed at the end of the year and therefore do not intend to commence a policy of paying an interim dividend for 2005.

## Current Trading

As can be seen in the Operating Review below, the Group is experiencing a high level of customer interest and activity and has made large increases in its investment in sales and marketing to accelerate the growth of the business. This is beginning to make a difference, as reported on in the Operating Review below. In addition to the higher costs, we continue to experience much longer sales cycles linked with larger contract sizes.

## Chairman's Statement – Interim Report 2005 *(continued)*

Due to the above factors, the Directors currently expect the Group to return to profitability (before taxation and amortisation of goodwill), during the second half of 2005 to be able to recover the first half loss. This indication is made, following a prudent review, and includes our best estimation of the expected sales contracts for the second half of 2005.

Since the end of June 2005 trading has included two deals with a combined value of £370,000, 90% of which will fall within the current financial year. Both clients are existing users of our Atlantic Global Business Solutions software who, convinced of the future benefits that can be derived, have now purchased Corporate Vision™.

The Directors believe that the continuing investment and commitment to the sales process is a clear measure of their confidence in the improved prospects of the Group since the development and introduction of Corporate Vision™.

### **Operating Review**

During the period the Group made progress in many areas, highlights of which were:

- Our enterprise solution Corporate Vision™ has now been installed within several blue chip organisations most recently Virgin Mobile, Norwich Union Life Marketing and Harvey Nash. Corporate Vision™ continues to be of extensive interest to a wide variety of both existing and potential clients.
- Existing customers are extending their deployment of Atlantic Global Software throughout their companies and recent "roll outs" have included Xchanging, Friends Provident, LogicaCMG and Norwich Union Central Services.
- New customers for our Atlantic Global Business Solutions product include The Airmiles Travel Company, Helmsley Fraser, AMR International.

The development of Corporate Vision™ is continuing apace with many enhancements being included in the application following valuable feedback provided by our clients.

Corporate Vision™ is a single software solution that combines planning, operational execution and performance measurement through the provision and sharing of real-time management information and is capable of significantly changing how an organisation operates and makes business decisions.

Discussions with Gartner over the last 6 months have intensified resulting in the inclusion of Atlantic Global in the Gartner Magic Quadrant. This has provided the Group with increased market awareness as one of the leading Project and Portfolio Management Solution Providers worldwide and the only UK company recognised within the Gartner Magic Quadrant. We have also been in frequent discussion with the Butler group, which has resulted in several publications including Atlantic Global as a major player around Information Technology Corporate Governance and instilling business best practice.

The mix of integrated marketing campaigns has resulting in large brand exposure for Atlantic Global particularly within the business audience targeted. This in turn has attracted some very proactive partner opportunities for the group.

Following the extensive first half marketing activity, the focus for the second half year is a series of six seminars that will be delivered jointly by Atlantic Global and our new partners. The Group has been very encouraged by the registered attendees at the events, with all seminars being oversubscribed.

### **Board Changes and Group Reorganisation**

The Group has already commenced the search for a new Chairman following the departure of David Cox, as announced on 22 September 2005. In the interim period, I will fulfil the role of Chairman. Lewis Howcroft (Non-executive Director) has also retired from the Group. The Directors would like to thank them both for their contribution towards the development of the Group during their tenure.

Due to the restructuring and utilisation of a smaller more focussed Sales team and process, Phil Alcock who formerly led the sales team has also left the group.

The Sales team will be led by Eugene Blaine who can bring his detailed understanding of the group's products and services, allied to his understanding of the business problems being solved, to aid the sales process.

### **Outlook**

At the end of the first half of 2005, Corporate Vision™ continued to be successfully installed in a number of major blue-chip companies.

The high quality, constantly improving products and the solid sales pipeline should lead to higher sales in the second half. The Directors believe that the Group will, during 2005 as a whole, achieve a satisfactory level of growth, and look forward to increasing success in 2006 and beyond.

On behalf of the Board, I would like to mention our staff, who have continued to perform to their usual high standards. I would like to congratulate them all for their contributions that have enabled the Group to make progress throughout the recent period of reorganisation.

Steve Allen  
Chairman  
28 September 2005

# Consolidated profit and loss account

for the six months ended 30 June 2005

	<i>Six months to 30 June 2005 (Unaudited)</i>	<i>Six months to 30 June 2004 (Unaudited) (As restated)</i>	<i>Year ended 31 December 2004 (Audited) (As restated)</i>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
(notes)			
<b>Turnover</b>	<b>930</b>	988	2,146
Cost of sales	<b>(770)</b>	(447)	(1,296)
<b>Gross profit</b>	<b>160</b>	541	850
Administration and establishment expenses	<b>(662)</b>	(455)	(738)
Operating (loss)/profit before goodwill amortisation	<b>(411)</b>	177	293
Goodwill amortisation	<b>(91)</b>	(91)	(181)
<b>Operating (loss)/profit</b>	<b>(502)</b>	86	112
Interest receivable	<b>34</b>	35	76
<b>(Loss)/profit on ordinary activities before taxation</b>	<b>(468)</b>	121	188
Tax on (loss)/profit on ordinary activities	4	<b>113</b>	(56)
<b>(Loss)/profit on ordinary activities after taxation</b>	<b>(355)</b>	62	132
Dividends	5	<b>(172)</b>	(159)
<b>Retained (loss) for the period</b>	<b>(527)</b>	(97)	(27)
Earnings per share	6	<b>(1.55)p</b>	0.27p
Diluted earnings per share	6	<b>(1.55)p</b>	0.23p

# Consolidated balance sheet

as at 30 June 2005

	<b>As at 30 June 2005 (Unaudited) £'000</b>	As at 30 June 2004 (Unaudited) (As restated) £'000	As at 31 December 2004 (Audited) (As restated) £'000
<b>Fixed assets</b>			
Tangible assets	<b>56</b>	47	37
Goodwill	<b>2,882</b>	3,063	2,973
	<b>2,938</b>	3,110	3,010
<b>Current assets</b>			
Debtors	<b>1,226</b>	858	1,449
Cash at bank and in hand	<b>1,479</b>	2,242	1,896
	<b>2,705</b>	3,100	3,345
<b>Creditors: amounts falling due within one year</b>	<b>(627)</b>	(763)	(812)
<b>Net current assets</b>	<b>2,078</b>	2,337	2,533
<b>Net assets</b>	<b>5,016</b>	5,447	5,543
<b>Capital and reserves</b>			
Called up share capital	<b>1,145</b>	1,140	1,145
Share premium account	<b>1,578</b>	1,557	1,578
Other reserves	<b>2,538</b>	2,538	2,538
Profit & loss account	<b>(245)</b>	212	282
<b>Shareholders' funds – equity</b>	<b>5,016</b>	5,447	5,543

## Reconciliation of movements in shareholders' funds

	<b>As at 30 June 2005 (Unaudited) £'000</b>	As at 30 June 2004 (Unaudited) (As restated) £'000	As at 31 December 2004 (Audited) (As restated) £'000
Profit for the period	<b>(355)</b>	62	132
Dividends	<b>(172)</b>	(159)	(159)
Issue of new share capital	–	15	41
Net (reduction in)/addition to shareholders' funds	<b>(527)</b>	(82)	14
Opening shareholders' funds as previously stated	<b>5,371</b>	5,370	5,370
Prior year adjustment	<b>172</b>	159	159
Opening shareholders' funds as restated	<b>5,543</b>	5,529	5,529
Closing shareholders' funds	<b>5,016</b>	5,447	5,543

## Summarised group cash flow statement

for the six months ended 30 June 2005

	<b>Six months to 30 June 2005 (Unaudited) £'000</b>	Six months to 30 June 2004 (Unaudited) £'000	Year ended 31 December 2004 (Audited) £'000
<b>Cash flow from operating activities</b>			
Operating (loss)/profit	<b>(502)</b>	86	112
Depreciation	<b>15</b>	14	30
Goodwill amortisation	<b>91</b>	91	181
Decrease/(increase) in debtors	<b>237</b>	(84)	(677)
(Decrease)/ increase in creditors	<b>(89)</b>	(39)	160
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(248)</b>	68	(194)
Returns on investment	<b>34</b>	34	76
Taxation	<b>3</b>	–	(146)
Capital expenditure	<b>(34)</b>	(12)	(18)
Free cash flow	<b>(245)</b>	90	(282)
Equity dividends paid	<b>(172)</b>	(159)	(159)
Cash outflow before management of liquid resources and financing	<b>(417)</b>	(69)	(441)
Management of liquid resources	–	(310)	–
Financing	–	15	41
Net decrease in cash in the period	<b>(417)</b>	(364)	(400)

## Notes to the interim report

1. The interim financial statements for the six months ended 30 June 2005 have been prepared using accounting policies consistent with those set out in the annual report and accounts of Atlantic Global Plc for the year ended 31 December 2004.
2. The accounts for the year ended 31 December 2004 have been restated for the requirements of FRS21 'Events after the balance sheet date' and FRS22 'Earnings per share'. The effect of compliance with the relevant elements of FRS21 is set out in note 5 below. In accordance with FRS22, the adjusted earnings per share has been removed from the face of the profit and loss account and further details on the split of earnings per share between pre and post goodwill charges are shown in note 6 below. Compliance with FRS21 and FRS22 has not increased shareholders funds at 30 June 2005 (31 December 2004: increase of £172,000) and the retained profit for the six months to 30 June 2004 decreased by £159,000 (12 months to 31 December 2004: increased by £172,000).
3. The interim financial information for the six months ended 30 June 2005 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 8 of this interim report.
4. The tax charge for the period is based on the anticipated effective tax rate for the year to 31 December 2005.
5. Under FRS21 dividends declared after the period end no longer meet the definition of a liability and are only recognised in the period that they are declared and appropriately approved. The group has therefore been required to restate the dividend charges in previous years and to include in the half year to 30 June 2005 the charge previously shown in the annual accounts for 2004 for the 0.75p dividend paid on 12 May 2005. As in 2004, the directors do not recommend the payment of an interim dividend.
6. Basic earnings per share are calculated on the loss on ordinary activities after taxation of £355,000 (2004: profit of £62,000) and on 22,899,000 ordinary shares, being the weighted average number of ordinary shares in issue in the period (2004: 22,800,000 ordinary shares). Share options in issue in the period do not have a dilutive impact on the loss per share calculation and diluted earnings per share are calculated on the loss on ordinary activities after taxation of £355,000 (2004: profit of £62,000) and on 22,899,000 ordinary shares, being the weighted average number of ordinary shares in issue in the period. In 2004, diluted earnings per share was calculated on the profit on ordinary activities after taxation of £62,000 and on 26,957,000 ordinary shares, being the weighted average number of ordinary shares in issue in the period adjusted earnings per share for the dilutive effect of share options outstanding. Adjusted (loss)/earnings per share has been calculated due to the material effect of goodwill charged in the financial statements.

	<b>Six months to 30-Jun 2005 (Unaudited) £'000</b>	<i>Six months to 30-Jun 2004 (Unaudited) £'000</i>	<i>Year ended 31-Dec 2004 (Audited) £'000</i>
(Loss)/profit after tax	(355)	62	132
<b>Adjustments</b>			
Goodwill amortisation	91	91	181
Adjusted (loss)/profits	(264)	153	313
Adjusted (loss)/earnings per share	(1.16)p	0.67p	1.37p

# Independent review report by KPMG Audit Plc to Atlantic Global Plc

## Introduction

We have been engaged by the company to review the financial information set out on pages 4 to 7, 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.

This report is made solely to the company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

## Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the AIM rules which require that the interim report must be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such accounts.

## 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 for use in the United Kingdom. A review consists principally of making enquiries of group 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 six months ended 30 June 2005.

## KPMG Audit Plc

Chartered Accountants

Quayside House  
110 Quayside  
Newcastle Upon Tyne  
NE1 3DX

28 September 2005