

28 September 2004

Atlantic Global Plc

Interim Results

Atlantic Global Plc, the specialist provider of integrated business and resource management software applications, today announces its interim results for the six-month period ended 30 June 2004.

Highlights

- Turnover up 9% to £988,000 (2003: £907,000)
- Profit before taxation and amortisation of goodwill at £212,000 (2003: £322,000) as a result of doubling sales and marketing expenditure at £392,000 for the period (2003: £207,000) and consultancy team appointments
- Group profits for second half expected to be similar to first half due to increased costs, longer sales cycles associated with larger contracts
- Adjusted earnings per share of 0.67p (2003: 1.01p)
- Net cash balances of £2,242,000 (2003: £1,884,000) and £2,320,000 at 1 September
- Flagship product Corporate Vision™ installed within three major blue chip companies and one significant public sector organisation
- Significant investment in sales and marketing including senior management appointments
- New corporate and product branding launched
- Solid sales pipeline going forward

David Cox, Non-Executive Chairman of Atlantic Global commented:

“During a period that required significant increased investment, particularly in sales and marketing, Atlantic Global has experienced a relatively successful profit result. With the general sales release of Corporate Vision™, our new flagship product, in March 2004, we believe that we are excellently placed for the recent investments to deliver significantly increased ongoing sales.”

“The Directors believe that the Company will, during 2005, achieve a highly satisfactory level of growth, and look forward to increasing success for the foreseeable future.”

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Chairman's Statement

Introduction

I am very pleased to present the Group's fourth and my first, interim report for the six-month period ended 30 June 2004. Our results and activity for the period have shown further progress within the Group. This period has been an exciting phase in the Company's development, with significant reference sites created for our new "flagship" product, Corporate Vision™, further details of which are listed below in the Operating Review. During this period, there has been a substantial investment in the areas of sales and marketing, the benefits from which have already started to show through. These are also covered in more detail in the Operating Review.

Financial Review

I can report that the profit before taxation and amortisation of goodwill was £212,000, compared to £322,000 in the first six months of 2003 and in line with that stated in the trading update made on 23 July 2004. Turnover increased by 9% to £988,000, compared to £907,000 in the same period of 2003. The profit before taxation for the period was £121,000 (2003: £231,000).

It should be noted that profit has been stated after a near doubling of sales and marketing expenditure, of £392,000 for the period, (2003: £207,000). 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 future higher customer demand for these services. Furthermore, the Company has continued to invest in the research and development of our software products, the expenditure on which amounted to £151,000 during the period (2003: £135,000).

Therefore, during a period that required significant increased investment, Atlantic Global has experienced a relatively successful profit result and with the general sales release of Corporate Vision™, our new flagship product, in March 2004, we believe that we are excellently placed for the recent investments to deliver significantly increased ongoing sales.

Earnings per share (before amortisation of goodwill) of 0.67p were generated for the six-month period, (2003: 1.01p).

As at 30 June 2004 the Group had grown the net cash balance to £2,242,000, (2003: £1,884,000). The free cash flow during the period was £90,000 which represented 145% of the profit after taxation of £62,000, confirming the ongoing cash generative nature of the business. Net cash has continued to increase since 30 June 2004 and as at 1 September 2004 stood at £2,320,000.

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 2004.

Current Trading

As can be seen in the Operating Review below, the Company is experiencing the highest levels of customer activity and positive internal change in its history. The investment in the sales and marketing functions, in order to accelerate the growth of the business, will increase our annual costs by approximately £500,000 over that spent in 2003, which were £482,000. This is clearly beginning to make a difference, as reported on in the Operating Review below. In addition to the higher costs, we are experiencing longer sales cycles associated with larger contract sizes.

Due to the above factors, the Directors currently expect Group profits before taxation and amortisation of goodwill for the second half of 2004 to be similar to first half performance. This indication is made, following a prudent review, and includes our best estimation of the expected sales contracts for the second half of 2004. Our current sales pipeline includes additional material possible sales that could fall this year but the timing of these sales, at this point in time, remains uncertain.

The Directors believe that the increased investment is a clear measure of their confidence in the improved prospects of the Group since the development and introduction of Corporate Vision™ and the operational review of the business that commenced following my appointment as Chairman in November 2003. The effects of the changes implemented following this review are commented on below.

Operating Review

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

- Our flagship product Corporate Vision™ has now been installed within several blue chip organisations most notably Norwich Union, LogicaCMG, the Metropolitan Police and Barclays Bank, from which we are creating excellent reference sites and important case studies. Corporate Vision™ is proving to be of extensive interest to a wide variety of existing and potential clients.
- We are seeing existing customers extend their deployment of Atlantic Global Software across the enterprise and recent significant “roll outs” have included Telewest and Norwich Union Central Services, the latest division of Norwich Union to adopt our products.

Sales to our expanding blue chip client base, during the period, include; for our Corporate Vision™ product

- LogicaCMG
- Barclays Bank
- Metropolitan Police

for our Atlantic Global Business Solutions product:

- Crown Agents
- Norwich Union
- Telewest

- Corporate Vision™ has been further developed in many areas, the most exciting of which are the new user interface reflecting our new corporate brand and additional mechanisms for delivering relevant real time information to users. 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 decisions.
- Extensive discussions with Gartner, one of the worlds leading information technology analysts, has confirmed that Atlantic Global's Corporate Vision™ has been identified as a leading provider of real-time business information which is becoming vital to the efficient running of large enterprises in today's dynamic economy.
- The launch of Corporate Vision™ in March 2004 has therefore been very well received and, as a result, it has been necessary to introduce significant developments and improvements within the sales and marketing processes of the Company to deal with the high level of interest being shown.

Having decided to split the sales and marketing functions, a new head of marketing and a new head of sales joined in June and July 2004 and both appointments have had an immediate and positive impact, resulting, once again, in record interest being shown in our software products.

The sales department has been further strengthened throughout 2004 by the appointment in the first quarter of one sales account manager and an additional sales account manager during the second quarter. In addition two further sales account managers have been appointed since the interim period end.

- Our Corporate and product branding has been focused around the name Atlantic Global, rather than Adeo, resulting in our two primary product lines now being Atlantic Global Corporate Vision™ aimed on the large enterprise opportunity and Atlantic Global Business Solutions for the small and medium enterprise opportunity.
 - Our marketing department has completed a wide-ranging package of sales and marketing literature including new product brochures and literature to support the sales process.

We have contracted with a leading UK telesales provider, in September 2004, who has been tasked to generate high quality sales leads for our account managers to progress to successful sales completion.
 - Harvard, a leading Public Relations agency has been appointed from September 2004 to lead our public domain communications programme launch, which is a new departure for the company.
 - The Company's website at www.atlantic-global.net has also been extensively expanded and improved to reflect the new brand. Amongst other features, this now includes an improved informative Investor Centre. The site continues to show a substantial amount of information relative to our Group and products.

Although these new marketing initiatives have only recently been launched the number and value of potential contracts in our short term pipeline of business is far greater than ever before.

Board Changes

Since the review period, Adrian Bradshaw resigned as non-executive director on 8 September 2004. Adrian joined Atlantic in June 2001 having been instrumental in the Group's flotation onto the Alternative Investment Market at that time. Adrian is standing down to devote greater time and attention to the further development of Bradmount Investments Limited, based in London, of which he is a founding partner.

I would like to take this opportunity, on behalf of the board, to thank Adrian for his contribution during the Company's first three formative years as a quoted company and wish him success in the future.

The search for a replacement non-executive director is already underway.

Outlook

At the end of the first half of 2004, Corporate Vision™ had been successfully installed in three major blue-chip companies, and in one significant public sector organisation. All of these customers have acknowledged the benefits achieved from their initial deployment of Corporate Vision™, enabling case studies and other reference materials to be created accordingly, thereby assisting our marketing team to create ongoing potential customer interest.

The step change improvement in our marketing capability referred to earlier is already resulting in an increase in the quantity and quality of the sales leads coming into the Group. Consequently, we have a very solid sales pipeline that we believe will continue to grow and provide the company with successful sales levels.

With the high quality set of products that are now available to our sales department and the significantly increased investment in the sales and marketing teams, the Directors believe that the Company will, during 2005, achieve a highly satisfactory level of growth, and look forward to increasing success for the foreseeable future.

I am very pleased in the progress that the Group is making and that the Company is able to maintain profitability whilst being able to significantly invest in the Company's future.

On behalf of the Board, I would make mention of our personnel who have performed to the usual high standards and team effort and would congratulate them all for the continued solid progress that the Group has again achieved.

David M Cox

Chairman

28 September 2004

**Consolidated profit and loss account
for the six months ended 30 June 2004**

	(notes)	Six months to 30 June 2004 (Unaudited) £ 000	Six months to 30 June 2003 (Unaudited) £ 000	Year ended 31 December 2003 (Audited) £ 000
Turnover		988	907	1,956
Cost of sales		(447)	(258)	(582)
Gross profit		541	649	1,374
Administration and establishment expenses		(455)	(452)	(944)
Operating profit before goodwill amortisation		177	288	611
Goodwill amortisation		(91)	(91)	(181)
Operating profit		86	197	430
Interest receivable		35	34	66
Profit on ordinary activities before taxation		121	231	496
Tax on profit on ordinary activities	3	(59)	(92)	(142)
Profit on ordinary activities after taxation		62	139	354
Dividends proposed		-	-	(159)
Retained profit for the period		62	139	195
Adjusted earnings per share	4	0.67p	1.01p	2.35p
Basic earnings per share	4	0.27p	0.61p	1.56p
Diluted earnings per share	4	0.23p	0.56p	1.35p

**Consolidated balance sheet
as at 30 June 2004**

	As at 30 June 2004 (Unaudited) £ 000	As at 30 June 2003 (Unaudited) £ 000	As at 31 December 2003 (Audited) £ 000
Fixed assets			
Tangible assets	47	61	49
Goodwill	3,063	3,244	3,154
	<u>3,110</u>	<u>3,305</u>	<u>3,203</u>
Current assets			
Debtors	858	778	772
Cash at bank and in hand	2,242	1,884	2,296
	<u>3,100</u>	<u>2,662</u>	<u>3,068</u>
Creditors: amounts falling due within one year	(763)	(653)	(901)
Net current assets	<u>2,337</u>	<u>2,009</u>	<u>2,167</u>
Net assets	<u>5,447</u>	<u>5,314</u>	<u>5,370</u>
 Capital and reserves			
Called up share capital	1,140	1,137	1,137
Share premium account	1,557	1,545	1,545
Other reserves	2,538	2,538	2,538
Profit & loss account	212	94	150
Shareholders' funds - equity	<u>5,447</u>	<u>5,314</u>	<u>5,370</u>

**Summarised group cash flow statement
for the 6 months ended 30 June 2004**

	Six months to 30 June 2004 £000	Six months to 30 June 2003 £000	Year ended 31 December 2003 £000
Cash inflow from operating activities			
Operating profit	86	197	430
Depreciation	14	15	30
Goodwill amortisation	91	91	181
Increase in debtors	(84)	(258)	(392)
(Decrease)/increase in creditors	(39)	35	319
Net cash inflow from operating activities	68	80	568
Returns on investment	34	34	51
Taxation	-	-	(89)
Capital expenditure	(12)	(13)	(17)
Free cash flow	90	101	513
Equity dividends paid	(159)	(114)	(114)
Cash (outflow)/inflow before management of liquid resources and financing	(69)	(13)	399
Management of liquid resources	(310)	-	(101)
Financing	15	-	-
Net (decrease)/increase in cash in the period	(364)	(13)	298

Notes to the interim report

1. The interim financial statements for the six months ended 30 June 2004 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 2003.
2. The interim financial information for the six months ended 30 June 2004 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.
3. The tax charge for the period is based on the anticipated effective tax rate for the year to 31 December 2004.
4. Copies of this annual report are being sent to all shareholders. Further copies of

Earnings per share	Six months ended 30 June 2004 £000	Six months ended 30 June 2003 £000	Year ended 31 December 2003 £000
Profit after tax	62	139	354
Goodwill amortisation	91	91	181
Adjusted profit	153	230	535
	Number 000	Number 000	Number 000
Weighted average number of shares in issue	22,751	22,747	22,747
Options and warrants	3,716	1,976	3,515
Diluted number of shares	26,467	24,723	26,262
Basic earnings per share (based on profit after tax)	0.27p	0.61p	1.56p
Diluted earnings per share (based on profit after tax)	0.23p	0.56p	1.35p
Adjusted earnings per share (based on adjusted profits)	0.67p	1.01p	2.35p

this interim report and the Company's annual report to 31 December 2003 are available from Mr R Hutton, Finance Director & Company Secretary, Atlantic Global Plc, Maple House, Woodland Park, Bradford Road, Cleckheaton, BD19 6BW - website: www.atlantic-global.co.uk or email: info@Atlantic-global.co.uk

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 4 to 8, 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 to assist the company in meeting the requirements of the Listing Rules of the Financial Services Authority. 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 Listing Rules which require 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 2004.

KPMG Audit Plc

Chartered Accountants

28 September 2004