



Atlantic Global Plc

# Annual Report and Accounts

Year ended 31 December 2005

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## Introducing Atlantic Global

*“Atlantic Global’s mission: helping businesses to better understand their resource capability and deployment, thereby enabling improvement in operational efficiency and effectiveness.”*

- *Through partnership with our customers we enable client organisations to monitor, manage and model the fundamental elements of their operational business.*
- *Our high quality software products are capable of being quickly installed and integrated with existing systems, easy to implement quick to learn and flexible to configure by clients to meet individual users’ requirements.*
- *The Atlantic Global brand is becoming internationally recognised, this is confirmed by the company’s inclusion in the Gartner Project Portfolio Management “Magic Quadrant”. This is further substantiated by our expanding blue chip client list across many industry sectors.*
- *The company has expanded employee numbers, focusing on sales, marketing and consultancy staff. We continually invest in the development of our employees.*
- *It is our intention for our product set to remain at the forefront of our niche sector, abreast of new technologies and Project Portfolio Management concepts.*
- *We have always viewed our customers as partners, as the better we understand their business problems, the more applicable and successful our solutions will be. Over the years we have been able to create such partnerships with many prominent companies and we are determined that this will continue.*
- *We have developed a new sales methodology that is focused on building on this strength of working in partnership with clients and prospects.*

# Financial and Operational Highlights

	<b>Year ended 31 December 2005 £000</b>	Year ended 31 December 2004 £000	Change %
Turnover	<b>2,137</b>	2,146	(0.4)
Operating (loss)/profit before goodwill	<b>(505)</b>	293	(272.4)
(Loss)/profit before tax	<b>(631)</b>	188	(435.6)
Basic (loss)/earnings per share	<b>(2.69) pence</b>	0.58 pence	(563.8)
Dividend payable per share	–	0.75 pence	–
Free cash flow	<b>(185)</b>	(282)	34.4
Net cash balance	<b>1,539</b>	1,896	(18.8)

## Operational — 2005

- *Enhanced Corporate Vision and Business Solutions software products released in the third quarter of 2005;*
- *Atlantic Global Plc, our products, brand and position have been reinforced and enhanced by inclusion in the major software analyst Gartner's Magic Quadrant during 2005;*
- *Consolidation of the executive team, with important skills and experience being retained in the priority areas of the business;*
- *Over 50% increase in Sales and Marketing expenditure to strengthen the brand awareness of Atlantic Global and our products among our potential customers and the IT industry at large;*
- *The company head office relocated to larger premises, on the same business park during 2005. This is to accommodate our growth plans for the future.*

## Progress since year-end on 31 December 2005

- *During 2006 we are planning many software enhancements to our current products, underpinned by the most up to date software development tools;*
- *Implementation of second half 2005 sales is proceeding well, including Travelex, Orange, Xchanging Limited, Telewest and Norwich Union;*
- *Focused and sustained marketing campaigns are in place to support the sales process, in particular our seminar programme to both existing and potential customers;*
- *The current levels of sales contact, Project Portfolio Management customer activity and market interest are higher than ever before in our company's history and show a step change in face to face contact from this time last year.*

## The emergence of the Project Portfolio Management software market (PPM)

Project Portfolio Management (PPM) software is a powerful and transparent tool that empowers managers to deliver controlled and predictable execution of projects. It provides executives with real-time visibility into the performance of an organisation, helping them decide which projects, programmes and initiatives to fund, which to sustain and which to cease. As such PPM encourages alignment between corporate objectives and supporting investments.

# Chairman's Statement

## Introduction

I have to open my first full year report with the recognition that 2005 did not meet our expectations in respect to financial results for Atlantic Global.

The results for the year are disappointing, showing no year-on-year increase in turnover, and the first loss in the company's history.

To put this into perspective, however, we should examine the maturity of the Project Portfolio Management (PPM) market-place, which is the classification of software that Atlantic Global produces and sits most comfortably within.

PPM software is a powerful and transparent tool that empowers managers to deliver controlled and predictable execution of projects. It provides executives with real-time visibility into the performance of an organisation, helping them decide which projects, programmes and initiatives to fund, which to sustain and which to cease. As such PPM encourages alignment between corporate objectives and supporting investments.

The PPM market is in its infancy and continues to be defined and developed by the software industry and its analysts. As a result, we have found ourselves working with many target customers performing, in effect, an educational role with regard to business change and project management best practice. It became apparent during these exchanges that the full benefits of PPM, as a leading edge discipline, were still to be fully understood by the market. The need to make the potentially significant core process changes required within their organisations in order to extract full return on investment has restricted immediate acquisition of our product.

However the financial performance does not reflect either the operational progress achieved or the lessons learnt during 2005. It is apparent that market interest in and understanding of PPM is growing. This is evidenced by major software analysts (most notably Gartner) identifying this market specifically, and giving it a separate identifiable classification. Gartner has created one of their Magic Quadrants for this category of software and Atlantic Global's inclusion in this is a major coup, providing a third party recognition of our leading position. We are one of only two European organisations included in the quadrant, and are recognised as one of 25 leading vendors in this software space worldwide.

In late 2004 and early 2005 we took the decision to invest heavily in our sales and marketing teams in anticipation of the market uptake of PPM software. As the year progressed it became apparent that we were too far in front of the market's acceptance and understanding, and our investment did not lead to the expected top line growth resulting in a financial loss before taxation and goodwill for the year of £450,000. Having recognised these issues, we adjusted our cost base and sales methodology during the third quarter of 2005 followed by further refinements to the sales process during the fourth quarter and into 2006. The Head of Marketing has developed highly focused marketing campaigns for 2006, based on the continued forging of links with software industry analysts to further enhance our reputation in this emerging software space. One example of this is the fact that we were invited to attend the European Gartner Symposium, one of only ten vendors and the only UK listed vendor to exhibit. Our sales process is continually improving, as is our ability to qualify and handle the sales leads that we are receiving from our marketing campaigns.

As the PPM software sector develops further, Atlantic Global Corporate Vision continues to mature. The early implementations of our PPM software have bedded in and are showing increasing benefits in Norwich Union, Barclays Bank and LogicaCMG amongst others. We have gained new Corporate Vision PPM software customers such as Virgin Mobile, Friends Provident, Orange and Xchanging.

We believe everything is now in place to deliver a far higher volume of Corporate Vision deals in 2006. With regard to Atlantic Global's broader product portfolio, we have kept pace with relevant market developments, and are looking to package attractive product propositions that will give more benefit to our clients and derive higher revenue. Our Business Solutions software remains an essential part of our integrated product suite.

## Results

The Group has achieved a disappointing result during 2005 with an operating loss, before goodwill, of £505,000 (2004: profit £293,000). The turnover of the group for 2005 was very similar to the previous year £2,137,000 (2004: £2,146,000). The total expenditure on the Sales and Marketing functions during 2005 was £1,550,000, which was over 50% more than the £1,009,000 we spent in 2004.

The continued investment in building our company has caused a further temporary cash outflow during 2005. The Group had net cash balances, at end December 2005, of £1,539,000 compared with £1,896,000 the year before, showing a decrease of £357,000, which also includes the payments of the final dividend of £172,000 and taxation of £74,000 paid during 2005 in relation to the financial year ended 31 December 2004. The Group remains in the excellent position of being financially secure, with a positive cash flow being achieved for the second half of 2006. The cash balance at the half year was £1,479,000, increasing to £1,539,000 by year end. This is as a result of the improved trading position in the second half of the year where the loss on ordinary activities before taxation and goodwill was reduced to £73,000 from the first half year loss reported of £377,000.

## Dividend

The Directors are not proposing a dividend for the year ended 31 December 2005, (2004: 0.75 pence). The Directors will revert to their progressive dividend policy as demonstrated since the company's admission to AIM, when circumstances become appropriate.

## People

We recognise that our team's quality, skills and determination to succeed are vital ingredients in achieving corporate success. Credit for our achievements in 2005 is due to every member of the team, and I would take this opportunity, on behalf of my fellow shareholders and myself, to offer all of them our appreciation of their efforts.

During 2006, we plan to recruit additional people to key areas, in a controlled way, continually striving to improve the overall quality of our workforce.

A significant proportion of our people have share options, and we will continue to use this mechanism to help ensure that they remain closely allied to the success of the Group.

## Strategy for the future

The fundamental strategy of the Group remains unchanged but will be delivered in a more focused way. We are seeing an increasing number of business enquiries for our software products, and are putting every effort into converting these into tangible new clients. The forecast demand for PPM products is strong with more and more organisations facing the need to improve the productivity and effectiveness of their workforce. The application of Atlantic Global's software

products can demonstrably lead to quick and significant improvements in operational performance. This applies to all people intensive organisations, in both private and public sector, irrespective of whether their resourcing model is based on in-sourcing, out-sourcing or, more usually, a combination of the two.

The refined sales methodology further enhances our mission to work in genuine partnership with our clients. It will involve us working more closely with existing and prospective clients pre-acquisition to help them understand the benefits and return on investment that would justify the investment in our solutions. It is planned that this work will be undertaken on a paid for consultancy basis which will give us much greater visibility of our sales pipeline. This approach also benefits the prospective client with a lower initial investment but a much clearer and easier decision making process once the clear benefits of the software are demonstrable, resulting in a more predictable revenue stream during 2006.

We remain committed to maintaining our position as one of the leading players in the PPM market place. We are confident that Atlantic Global is well placed to take advantage of the predicted growth in this software market.

We have re-established a solid operational foundation for the business that will allow us to take advantage of the growth in this market as it occurs. Our objective is to bring the company quickly back to profitability, resulting in cash generation, and grow the business within tight control in order to generate increased shareholder value.

We will further investigate, during 2006, whether certain other channels are appropriate for the sale and distribution of our products.

## Acquisitions

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

## Current Trading

From our management accounts for January and February 2006, together with knowledge of March 2006

# Chairman's Statement

continued

sales, I can confirm that the year has begun in line with our expectations. Although it is too early to predict accurately what degree of success the Group will achieve during 2006 as a whole, it is encouraging to see that the current level of sales engagement is at an all-time high, and is still increasing.

## **Annual General Meeting**

We shall be holding our AGM on Wednesday 19th April 2006 at 2.30pm in our Company Head Office at Park House, Woodland Park, Bradford Road, Chain Bar, Cleckheaton, West Yorkshire, BD19 6BW.

In addition to the usual formalities of the meeting we will, as in previous years, arrange time in which shareholders will be offered the opportunity to understand more about our company and business. Following a number of presentations there will be an opportunity for shareholders to meet the Directors and discuss the progress of the Group. I would extend the Board's invitation to all shareholders in the hope that as many as possible attend.



**Steve Allen**

*Chairman*

14 March 2006

## Introduction

During 2005 we continued to work closely with our development partners and customers to enhance our product offering and, more critically, we focused on refining our sales methodology to suit the emerging Project Portfolio Management (PPM) market place. At the same time we continued to broaden our customer base with the addition of new Corporate Vision implementations within divisions of Virgin Mobile, Friends Provident, XChanging and Orange.

Although disappointed with the company's financial performance, significant operational progress has been achieved over the past twelve months, particularly during the second half of 2005 and the first part of 2006. The Group feels confident that we have laid solid operational foundations for growth during 2006 and beyond.

## Product Development

The products are now sufficiently mature to allow us to focus on selling our current portfolio with minimal customised client-specific development work. Our research and development expenditure will continue to be directed away from chargeable development work into researching, developing and enhancing our range of products, thereby underpinning our strategy of investing in and safeguarding the company's intellectual property.

Our product offerings fall into two categories:

### Portfolio Project Management

A PPM solution enables the management of a project portfolio so as to maximise the contribution of projects to the overall welfare and success of the organisation.

Corporate Vision supported by the Time and Expense Management, Business Information Tracking, Risk Management, Contractor Management and Task Based Planning modules delivers this capability.

Since the launch of Corporate Vision in September 2003, it has been successfully deployed within LogicaCMG, Barclays Bank, The Metropolitan Police, Man Investments, XChanging, and Friends Provident.

### Individual Modules

Some organisations require individual elements of a PPM solution such as Time and Expense Management, Business Information Tracking, Risk Management, Contractor Management and Task Based Planning.

These modules have been developed since 1994 by working closely with our development partners that included GlaxoSmithKline, Pfizer, Barclays Bank, LogicaCMG and in particular Norwich Union who we have worked with since 2002.

Consequently, they have been developed to address the requirements of a diverse range of organisations and are of large 'enterprise strength' to cater with the volumes and sophistication required by large enterprises.

## Refining the Marketing Operation

Following continued positive feedback from our customers regarding the use of our products, we accelerated our investment in marketing and sales with the view to growing the business. Customer and industry sector case studies have been developed which help communicate the benefits of using our products to prospective clients and to industry

# Managing Director's Review

continued

analysts. These case studies and additional relevant information can be found on our web site ([www.atlantic-global.com](http://www.atlantic-global.com))

Relationships have been enhanced with Gartner, the software analyst, and as previously mentioned Atlantic Global is now listed in the Gartner PPM Magic Quadrant and was invited as one of only ten vendors to participate at the annual European PPM summit in Lisbon in November 2005. It is worth noting that organisations are referring more and more to industry analysts for guidance when purchasing software and hence it is extremely important the analysts know who we are and what we do.

We have refined our lead generation strategy, a vital foundation for any successful sales team. This now consists of electronic direct mail campaigns and website activity, designed to generate high quality leads and interest that will not only raise awareness about our company and its products, but also encourage prospects to attend one of our public seminars. We have continued with Internet search engine optimisation where there has been a marked improvement since the same time last year.

## Improving the Sales Operation

The new sales process helps us prioritise opportunities and progress them in a structured manner. Focusing on the most proactive sales leads should result in a stronger and more predictable sales pipeline for 2006.

Our sales team currently consists of three sales professionals, a sufficient critical mass that should result in a broader and more reliable sales pipeline. The majority of the team members have now been with the company for over a year and know the company, its products and the market place well.

## Customer profile

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

Listed below are some of Atlantic Global's customers:

Pharmaceuticals	Computer & Telecoms	Financial & Consulting	Other
AstraZeneca GlaxoSmithKline GlaxoSmithKline US Pharma Sanofi Aventis	Colt Telecommunications Computacenter UK Echostar Int Hitachi Europe Identex Intel Ireland Interoute Netstore Orange Telewest Vicorp UK Virgin Mobile Telecom Xchanging	Allied Irish Bank Barclays Bank Cattles Group CNA Dunnhumby Friends Provident HSBC LogicaCMG Man Investments Norwich Union Raft International Serco Technology	British Car Auctions Crown Agents Genesis Oil & Gas Harvey Nash Hemsley Fraser Metropolitan Police Service Microgen Northgate Information Solutions NEC Technologies (UK) Parkside NHS Trust SA Partners Scott Tallon Walker Architects Vectra N Jones Waltham Forest Council

Our close working relationship with our customers continues and, as we are developing ourselves, we see customers, both old and new, responding to our improved abilities. We see no reason why this should not continue.

## **People**

As mentioned in the Chairman's statement, our team will always be our greatest asset and we are ensuring that their skills are continually expanded. The Directors continually acknowledge the contribution of our staff in achieving the Company's continued success and, in particular, we would applaud the spirit in which they have adapted to the changes made during this difficult time of the Company's development.

## **Industry partners**

The investment in our Group and product branding is increasing Atlantic Global's profile within the industry. We are actively pursuing potential revenue opportunities with a number of partners.

## **Research and Development/future markets**

We are continuing to invest substantial resources in Research and Development and we will maintain such levels required to keep ourselves at the cutting edge of our industry.

## **Outlook**

We believe that we have a very competitive product offering and have made the necessary changes to position the business to take advantage of the forecasted growth in the Portfolio Project Management market place. The future will present significant opportunities and, as with any fast growing company, will also present significant challenges. The Directors believe we now have a very experienced management team in place to take the company to the next level.

The Board is confident that we will bring the company quickly back to profitability via the resumption in top line growth with the view to delivering increased shareholder value.



**Eugene Blaine**

*Managing Director*

14 March 2006

# Financial Review

## Alternative Investment Market and visibility

The Group was admitted to the Alternative Investment Market of the London Stock Exchange (AIM) on 4 June 2001 with a placing price of 25 pence per share.

This has continued to help to raise the Group's profile during 2005 and we are sure that this will continue during 2006.

## Goodwill

As a consequence of our AIM flotation and as a direct result of using a holding company, (Atlantic Global Plc) to acquire Atlantic EC Limited, (which was the operating company prior to the flotation, "Atlantic"), the accounting rules state that Atlantic has to capitalise goodwill in its consolidated financial statements. Under the current accounting convention, our goodwill is deemed to have a finite life, and so has to be written off in the Group's consolidated accounts. Therefore this goodwill will be written off over 20 years in line with the Directors' view of its useful economic life and the Group's policy. The amount chargeable during 2005 is £181,000 which impacts on reported profits but has no effect on the Company's cash flow.

## Support and maintenance income

The proportion of turnover that relates to support has increased from 27% in 2004 to 29% in 2005, with the overall support sales level increasing from £579,000 in 2004 to £619,000 in 2005. Support income is usually invoiced one year in advance and therefore provides a greater level of confidence as to the overall sales that can be expected for up to a year ahead. Most of our clients are offered support contracts for up to three years duration thereby assisting in the continuous improvement to our quality of earnings. This has been successful, with most clients opting for the three-year option, a further testament to the quality of the software. Longstanding existing clients that are still deriving significant benefits from using the software and consequently GlaxoSmithKline, AstraZeneca, Sanofi Aventis and Norwich Union have just signed new three year agreements..

## Cash balances and cash generation

The Group consolidated its financial stability with the AIM flotation and the raising of £1,500,000 (net of expenses) and, as at 31 December 2005, the Group had net cash of £1,539,000 notwithstanding the payment of £172,000 in dividends and £74,000 in taxation.

The cash balances are kept with Alliance and Leicester Commercial Bank Plc with the major proportion being kept on short term deposit. The balance is swept into a high interest business account on a daily basis.

The Group has a low requirement for capital expenditure and the fact that we do not need stock, due to the nature of the business, the Group has normally been cash generative over the years. 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. Due to the high level of investment in building our Sales and Marketing department, free cash flow produced an outflow during 2005 of £185,000 and compares with a cash outflow of £282,000 for 2004.

The Directors believe this to be a temporary situation, and as 2005 debts are collected and sales generated in 2006, expect the coming year to be cash positive.

The Directors are not proposing a dividend in respect of the year ended 31 December 2005 (2004: 0.75 pence per share).

## Debtors

The number of days that the level of debtors represents against sales on a count back basis, was 92 days (2004: 146 days).



**Rupert Hutton**  
*Finance Director*  
14 March 2006

# Directors' and Senior Managers' Biographies

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

## NON-EXECUTIVE DIRECTORS:

### Steve Allen (50)

**Non-executive Chairman:** Steve has had more than 28 years' experience in enterprise application software, performance optimisation software, computer networks, systems integration and, in both the public and private sectors. He is currently employed by Atlanta-based Witness Systems Inc where, since 2003, he has been Senior Vice President, International Operations, successfully re-structuring that company's Asia-Pacific operations with the Europe, Middle East and Africa regions (EMEA) to create a single international territory, while maintaining revenues and contributing to a steady increase in market capitalisation, currently which is \$628m on the Nasdaq stock market. Previously, Steve spent eight years with BEA Systems Inc, a world leader in enterprise infrastructure software and headquartered in San Jose, California, which he joined as the first employee in Europe. He subsequently advanced to the role of Senior Vice President, EMEA, responsible for an e-commerce infrastructure business that he helped grow to \$300m of revenues in Europe, and over \$1bn turnover globally with a current Nasdaq market capitalisation of \$5.1bn. He performed a variety of roles whilst at BEA as it grew, including overseeing the acquisition of Weblogic and its integration into the business, developing a telecommunications vertical market sales and services strategy and implementing a global channel strategy with partners such as Peoplesoft, SAP, Baan and large international management consultancies. Before joining BEA in 1996, Steve held various software and applications positions, including CEO of Walker Interactive Systems International, Sales Manager for McCormack and Dodge and technical roles with ICL Dataskil, the European Space Agency, the Ministry of Defence and Eagle Star.

## EXECUTIVE DIRECTORS:

### Eugene Blaine (37)

**Managing Director (and Founder):** Prior to founding Atlantic EC Limited, Eugene joined Training International Limited in 1988 as an analyst programmer where he played a major role in the development of the Comic Relief computer system. In 1990 he joined Parachute

Management Limited as a senior development consultant where he developed the project management system responsible for the rollout of the NUBS2 computer system throughout the Employment Service. He joined Direct Project Management Limited in 1991 as general manager. He has spearheaded the development of the Group since 1993 when he created its initial product Timesheet Expert for Windows. As Managing Director, he is involved in every aspect of the business but in particular the direction of the product and sales strategies.

### Rupert Hutton (39) FCCA MBA

**Finance Director & Company Secretary:** Rupert was appointed Finance Director during 2002, 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 group Financial Controller of the Milton Keynes and North Bucks Chamber of Commerce Training and Enterprise, a £10m turnover group of six private limited companies. Rupert's early career and formal accountancy training took place with Grant Thornton. He has a Masters in Business Administration and is a Fellow of the Association of Chartered Certified Accountants.

### Paul Gleghorn (33)

**Technical Director:** Paul has been with the group since 1996. During this time he has been instrumental in the development of our suite of products. Paul was appointed Technical Director in April 2004 and continues to ensure that our products remain at the forefront of best technical and business practices.

# Directors' and Senior Managers' Biographies

continued

## **SENIOR MANAGERS' BIOGRAPHIES:**

Brief biographies of the Company's Senior Managers are given below.

### **James Waller (32)**

**Head of Marketing:** James was appointed as Head of Marketing on 1 June 2004. James has a 10-year track record of building marketing functions and capabilities for growth companies. His previous experience includes Director of Corporate Marketing for EMEA at IONA Technologies Plc, an enterprise integration software provider and prior to that as European Marketing Director at WebGain Inc, an Application Development tools company. He was also Northern European Marketing Director at IXOS Software AG, a content management software provider. He is responsible for increasing the awareness of Atlantic Global within the emerging marketplace for real-time business software solutions. His role encompasses brand development, marketing communications, direct marketing and investor, analysts and press relations.

### **David Cutts (32)**

**Head of Consulting:** David has gained over 10 years consultancy experience working for ICL and Unisys. Since joining Atlantic Global in 2002, David has been responsible for the highest quality professional services across our blue chip client base. David has successfully grown the consultancy team, both in terms of headcount and revenue, and is also responsible for all pre-sales activity within the Group.

The Directors present their annual report and the audited accounts for the year ended 31 December 2005.

## Principal activities

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

## Business review and future developments

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

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

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

## Dividends and Reserves

The Directors do not propose the payment of a dividend for the year ended 31 December 2005 (2004: 0.75 pence).

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

## Policy and practice on payment of creditors

Whilst the Group 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 46 days supplies in trade creditors (2004: 45 days).

## Research and Development

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

## Directors and Directors' interests

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

EA Blaine	
SL Howcroft	(retired 30 September 2005)
RG Hutton	
DM Cox	(resigned 21 September 2005)
P Gleghorn	
SJ Allen	(appointed 21 February 2005)

P Gleghorn retires by rotation in accordance with the Company's Articles of Association and, being eligible, offers himself 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 year had the following interests in the ordinary shares of the Company:

	Class of share	Interest at 31 December 2005	Percentage of total issued share capital	Interest at 1 January 2005 or date of appointment
EA Blaine	Ordinary	11,550,267	50.4%	11,550,267
RG Hutton	Ordinary	59,000	0.3%	59,000
P Gleghorn	Ordinary	981,028	4.3%	981,028
SJ Allen	Ordinary	68,000	0.3%	–

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

	At 1 January 2005 or date of appointment and at 31 December 2005	Exercise price	Exercise dates	
			From	To
EA Blaine	707,872	25p	24 March 2004	3 June 2008
	69,251	25p	24 March 2004	3 June 2008
RG Hutton	120,000	25p	4 June 2004	3 June 2011
	20,000	25p	7 December 2004	6 December 2011
P Gleghorn	389,328	25p	4 June 2004	3 June 2011
	38,108	27p	19 March 2005	18 March 2012

All share options listed are company share options that will need to be created on exercise.

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

	Number of warrants during the period		
	At 1 January 2005	Exercised	At 31 December 2005
EA Blaine	858,100	–	858,100
P Gleghorn	73,252	–	73,252

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

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

### Major shareholdings

As at 9 March 2005 the Directors were aware of the following interests of over 3% of the issued ordinary share capital of the Company:

<b>Shareholder</b>	<b>Number of shares</b>	<b>% of total issued share capital</b>
EA Blaine	11,550,267	50.4
AIM Distribution Trust Plc	1,240,000	5.4
P Gleghorn	981,028	4.3
SL Howcroft	843,675	3.7
Leggmason Investors AIM VCT Plc	751,000	3.3

### 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*

14 March 2006

# Remuneration and Employee Report

The Remuneration Committee presents this report to shareholders on behalf of the Board. The disclosures in this report are made on a voluntary basis and therefore are not intended to comply with the Directors Remuneration Report Regulations 2002. Details of Directors' remuneration in the year to 31 December 2005 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

Steve Allen (Chairman)	Non-Executive
Eugene Blaine (Managing Director)	Executive
Rupert Hutton (Finance Director)	Executive

## Remuneration policy

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

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

## Scope and objectives

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

## Company bonus scheme

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

## Pension contributions

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

## Share options

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

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

## Directors emoluments

The total amount paid to the Directors for their services in the year to 31 December 2005 was £313,000 (2004: £265,000).

# Corporate Governance Statement

## Introduction

The Directors believe that their principal function is to create ongoing wealth for the Group's investors and that this should be achieved within a policy of high standards of corporate governance, integrity and ethics. Under the AIM rules for companies, the Group is not required to comply with the Combined Code on Corporate Governance, published in July 2003. However, the Board has actioned procedures in order to comply with the Code, in so far as is practical and appropriate for a public company of this size and complexity.

This statement describes how the Directors have applied the principles of good corporate governance to the management of the Group during the year ended 31 December 2005.

## The Board of Directors

The Code indicates that a board should have a minimum of one third of its members as Non-executive Directors. During the period, the Board comprised a maximum of four Executive Directors and a minimum of one Non-executive Director and a maximum of two Non-executive Directors, (SJ Allen appointed to the Board on 21 February 2005, DM Cox resigned 21 September 2005) who were not known to the Executive Directors prior to their appointment and we consider them to be independent of management and free from any commercial relationship with the Group, thereby allowing them to exercise full independent judgement on any issue that may arise. They do not participate in the Group's bonus, pension or healthcare and life assurance schemes.

The biographies of the Group's Directors, listed on page 11, detail a combination of industrial, financial and commercial knowledge and experience at a senior level ensures that they are able to make a strong and individual contribution on issues of strategy, performance, resources and standards of conduct which is vital to the success of the Group.

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

All Directors are subject to election by shareholders at the first opportunity after their initial appointment to the Board and to re-election thereafter at intervals of not more than three years. Biographical information on all the Directors can be seen on page 11, which will help shareholders to make a decision at the time of re-election.

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

## Meetings of the Board of Directors

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

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

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

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

# Corporate Governance Statement

continued

## **Audit Committee**

The Audit Committee comprises of our Non-executive Director, SJ Allen, as Chairman and any or all Executive Directors can be invited to attend a meeting at the discretion of the Chairman. The minutes of every meeting are taken by the Chairman and circulated to all Directors. The Chairman also provides a verbal report of all meetings of the Committee to the next Board Meeting. Audit Committee Meetings take place not less than twice per annum with the auditors being present on at least one of those meetings.

The responsibilities of the Committee are to:

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

## **Remuneration Committee**

The Remuneration Committee comprises of our Non-executive Director, the Managing Director and Finance Director with SJ Allen as Chairman. Meetings take place not less than twice per annum.

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

The responsibilities of the Committee are:

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

## **Relationships with Shareholders**

The Board remains fully committed to maintaining regular communication with the Shareholders. Our policy is fully explained in the Investor Relations section commencing on page 40.

## Internal Control

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

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

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

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

# Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and the parent company financial statements in accordance with UK Accounting Standards.

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a 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 to the Members of Atlantic Global Plc



## KPMG Audit Plc

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

We have audited the group and parent company financial statements (the "financial statements") of Atlantic Global Plc for the year ended 31 December 2005 which comprise Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Directors and auditors**

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 20.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements 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 financial statements, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company'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 financial statements 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 financial statements.

# Independent Auditors' Report to the Members of Atlantic Global Plc

continued

## **Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2005 and of the group's loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

## **KPMG Audit Plc**

14 March 2006

Chartered Accountants

Registered Auditor

# Consolidated Profit and Loss Account

for the year ended 31 December 2005

	<i>Notes</i>	<b>Year ended 31 December 2005</b>	Year ended 31 December 2004 as restated
		<b>£000</b>	£000
<b>Turnover</b>	2	<b>2,137</b>	2,146
Cost of sales		<b>(1,802)</b>	(1,296)
<b>Gross profit</b>		<b>335</b>	850
Administration and establishment expenses		<b>(1,021)</b>	(738)
Operating (loss)/profit before goodwill amortisation		<b>(505)</b>	293
Goodwill amortisation		<b>(181)</b>	(181)
<b>Operating (loss)/profit</b>	3-5	<b>(686)</b>	112
Interest receivable	6	<b>55</b>	76
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(631)</b>	188
Tax on (loss)/profit on ordinary activities	7	<b>13</b>	(56)
<b>(Loss)/profit on ordinary activities after taxation</b>		<b>(618)</b>	132
<b>Basic (loss)/earnings per share</b>	9	<b>(2.69)p</b>	0.58p
<b>Fully diluted (loss)/earnings per share</b>	9	<b>(2.69)p</b>	0.50p

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

The Group's results for both the current and preceding years derive from continuing operations.

# Consolidated Balance Sheet

at 31 December 2005

	Notes	2005		2004 as restated	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible assets	11		2,792		2,973
Tangible assets	13		54		37
			<b>2,846</b>		3,010
<b>Current assets</b>					
Debtors	14	946		1,449	
Cash at bank and in hand		1,539		1,896	
		<b>2,485</b>		3,345	
<b>Creditors:</b> amounts falling due within one year	15	(578)		(812)	
<b>Net current assets</b>			<b>1,907</b>		2,533
<b>Net assets</b>			<b>4,753</b>		5,543
<b>Capital and reserves</b>					
Called up share capital	17	1,145		1,145	
Share premium account	18	1,578		1,578	
Merger reserve	18	2,538		2,538	
Profit and loss account	18	(508)		282	
<b>Equity shareholders' funds</b>			<b>4,753</b>		5,543

These accounts were approved by the Board of Directors on 14 March 2006 and were signed on its behalf by:

**EA Blaine**  
Managing Director

**RG Hutton**  
Finance Director and Company Secretary

# Company Balance Sheet

at 31 December 2005

	Notes	2005		2004 as restated	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Investments	12		4,127		4,127
<b>Current assets</b>					
Debtors: amounts falling due after more than one year	14	1,204		1,391	
<b>Creditors:</b> amounts falling due within one year	15	-		(59)	
<b>Net current assets</b>			1,204		1,332
<b>Net assets</b>			5,331		5,459
<b>Capital and reserves</b>					
Called up share capital	17		1,145		1,145
Share premium account	18		1,578		1,578
Merger reserve	18		2,538		2,538
Profit and loss account	18		70		198
<b>Equity shareholders' funds</b>			5,331		5,459

These accounts were approved by the Board of Directors on 14 March 2006 and were signed on its behalf by:

**EA Blaine**  
Managing Director

**RG Hutton**  
Finance Director and Company Secretary

# Consolidated Cash Flow Statement

for the year ended 31 December 2005

	<i>Notes</i>	<b>Year ended 31 December 2005 £000</b>	Year ended 31 December 2004 £000
<b>Reconciliation of operating (loss)/profit to cash outflow from operating activities</b>			
Operating (loss)/profit		<b>(686)</b>	112
Depreciation		<b>23</b>	30
Goodwill amortisation		<b>181</b>	181
Decrease/(increase) in debtors		<b>516</b>	(677)
(Decrease)/increase in creditors		<b>(160)</b>	160
<b>Net cash outflow from operating activities</b>		<b>(126)</b>	(194)
<b>Cash Flow Statement</b>			
<b>Net cash outflow from operating activities</b>		<b>(126)</b>	(194)
<b>Returns on investment</b>	22	<b>55</b>	76
<b>Taxation</b>		<b>(74)</b>	(146)
<b>Capital expenditure</b>	22	<b>(40)</b>	(18)
<b>Free cash flow</b>	24	<b>(185)</b>	(282)
<b>Equity dividends paid</b>		<b>(172)</b>	(159)
Cash outflow before management of liquid resources		<b>(357)</b>	(441)
<b>Financing</b>	22	<b>-</b>	41
<b>Decrease in cash in the year</b>		<b>(357)</b>	(400)
<b>Reconciliation of net cash flow to movement in net funds</b>			
<b>Movement in net funds in the year</b>	23	<b>(357)</b>	(400)
<b>Net funds at the start of the year</b>		<b>1,896</b>	2,296
<b>Net funds at the end of the year</b>		<b>1,539</b>	1,896

## 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below:

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date';
- FRS 22 'Earnings per share';
- FRS 28 'Corresponding amounts'.

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption.

During the year the Group adopted FRS 21 which superseded SSAP 17. Under the new standard, final dividends payable are recognised only in the period in which they are approved in the annual general meeting and therefore become a liability, whereas under SSAP 17 dividends were accrued for when proposed. This has resulted in an increase of £172,000 in retained profit for the year ended 31 December 2004.

The Group has also adopted the requirements of FRS 22 'Earnings per share'. Under the new standard the adjusted earnings per share have been removed from the face of the profit and loss account and further details of the split of earnings per share between pre and post goodwill charges are shown in note 9 below.

FRS 28 'Corresponding amounts' has no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

### Basis of preparation

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

### Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiary undertakings made up to 31 December 2005. 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

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

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

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

# Notes to the Accounts

continued

## 1 Accounting policies (continued)

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

### Revenue recognition

Revenue from the sale of software licences is recognised only when the software is installed. Revenue 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	–	20.0% per annum
Leasehold improvements	–	33.3% per annum

### 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 to the Profit and Loss Account in the period in which it is incurred.

### Taxation

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

### Cash and liquid resources

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

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

### Leases

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

### Financial assets and liabilities

Changes in the value of financial instruments are disclosed in the notes to the accounts but are not reflected in the Profit and Loss Account or Balance Sheet.

## 2 Analysis of turnover

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

	Year ended 31 December 2005		Year ended 31 December 2004	
	£000	%	£000	%
<b>By geographical market</b>				
UK	2,081	97%	2,086	97%
Europe	39	2%	24	1%
Rest of World	17	1%	36	2%
	<b>2,137</b>	<b>100%</b>	2,146	100%
	<b>£000</b>	<b>%</b>	£000	%
<b>By segment</b>				
Licence	757	35%	969	45%
Support	619	29%	579	27%
Services	761	36%	598	28%
	<b>2,137</b>	<b>100%</b>	2,146	100%

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

## 3 Profit on ordinary activities before taxation

	Year ended 31 December 2005 £000	Year ended 31 December 2004 £000
<b>Profit on ordinary activities before taxation is stated after charging</b>		
Auditors' remuneration:		
Group:		
– audit	14	14
– fees paid to the auditors and its associates in respect of other services	5	5
Company		
– audit	4	4
Depreciation and other amounts written off tangible fixed assets:		
Owned	23	30
Goodwill amortisation	181	181
Research and Development expenditure	274	260
Rentals payable under operating leases	117	59

# Notes to the Accounts

continued

## 4 Remuneration of Directors

	Year ended 31 December 2005 £000	Year ended 31 December 2004 £000
Directors emoluments including Non Executive Director fees	266	208
Company contributions to money purchase pension scheme	12	12
Amounts paid to third parties in respect of Directors' services	35	45
	<b>313</b>	265

The above amounts include compensation paid to directors for loss of office of £30,000 (2004: £nil).

Retirement benefits are accruing to 2 (2004: 2) directors under Money Purchase Schemes. In addition, contributions are made on behalf of 1 (2004: 1) Director into a personal pension scheme.

The aggregate of emoluments of the highest paid Director was £81,000 (2004: £75,000), and company pension contributions of £7,500 (2004: £7,500) were made to a personal pension scheme on his behalf.

Further information on Directors' remuneration can be found in the Remuneration and Employee Report on page 16.

## 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:

	Year ended 31 December 2005 No.	Year ended 31 December 2004 No.
Development	8	7
Sales and Marketing	17	10
Human Resources	1	1
Administration	4	5
	<b>30</b>	23

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2005 £000	Year ended 31 December 2004 £000
Wages and salaries	1,270	938
Social security costs	138	105
Other pension costs	51	35
	<b>1,459</b>	1,078

These figures exclude the fees paid to the Group's Non-Executive Directors.

## 6 Interest receivable

	<b>Year ended 31 December 2005 £000</b>	Year ended 31 December 2004 £000
Bank interest	<b>55</b>	76

## 7 Taxation

	<b>Year ended 31 December 2005 £000</b>	Year ended 31 December 2004 £000
Current tax on income for the period	<b>(12)</b>	73
Adjustments in respect of prior periods	<b>(1)</b>	(17)
Total current tax	<b>(13)</b>	56

*Factors affecting the tax (credit)/charge for the current period*

The current tax (credit)/charge for the period is lower (2004: higher) than the standard rate of corporation tax in the UK (2005: 30%, 2004: 30%). The differences are explained below.

	<b>Year ended 31 December 2005 £000</b>	Year ended 31 December 2004 £000
<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before tax	<b>(631)</b>	188
Current tax at 30% (2004: 30%)	<b>(189)</b>	56
<i>Effects of:</i>		
Expenses not deductible for tax purposes (primarily goodwill amortisation)	<b>61</b>	64
Research and Development relief	<b>–</b>	(26)
Non-taxable income	<b>7</b>	–
Losses carried forward	<b>110</b>	–
UK tax not at standard rate	<b>(1)</b>	(21)
Adjustments in respect of prior years	<b>(1)</b>	(17)
Total current tax (credit)/charge (see above)	<b>(13)</b>	56

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

The Group has an unrecognised deferred tax asset of £110,000 (2004: £nil) at the year end arising from unrelieved UK corporation tax losses. This asset has not been recognised due to uncertainty surrounding its future recoverability.

# Notes to the Accounts

continued

## 8 Dividends

	Year ended 31 December 2005 £000	Year ended 31 December 2004 £000
On ordinary shares of 5p		
Final dividends paid in respect of prior year but not recognised as liabilities in that year: 0.75 p (2004: 0.70p)	172	159

## 9 Earnings per share

	Year ended 31 December 2005 £000	Year ended 31 December 2004 £000
<b>(Loss)/profit after tax</b>	<b>(618)</b>	132
<b>Adjustments</b>		
Goodwill amortisation	181	181
<b>Adjusted (losses)/profits</b>	<b>(437)</b>	313
	<b>Number 000</b>	Number 000
<b>Weighted average number of shares in issue</b>	<b>22,899</b>	22,804
Dilutive effect of share options	1,507	3,534
Fully diluted weighted average number of shares in issue	24,406	26,338
Basic (loss)/earnings per share (based on (loss)/profit after tax)	<b>(2.69)p</b>	0.58p
Fully diluted (loss)/earnings per share (based on (loss)/profit after tax)	<b>(2.69)p</b>	0.50p
Adjusted (loss)/earnings per share (based on adjusted (losses)/profits)	<b>(1.90)p</b>	1.37p

The adjusted earnings per share has been calculated due to the material effect of goodwill charged in the financial statements.

Share options in issue in the period do not have a dilutive impact on the loss per share calculations.

## 10 Profit attributable to Atlantic Global Plc

Of the profit attributable to shareholders, £44,000 (2004: £186,000) is dealt with in the accounts of the parent company. The Company has taken advantage of the exemption, permitted by Section 230(4) of the Companies Act 1985, from presenting its own Profit and Loss Account.

**11 Intangible fixed assets**

	<b>Goodwill</b> £000
<b>Group</b>	
<i>Cost</i>	
At start and end of the year	3,620
<i>Amortisation</i>	
At start of year	647
Charged in year	181
At end of year	828
<i>Net book value</i>	
<b>At 31 December 2005</b>	<b>2,792</b>
At 31 December 2004	2,973

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

**12 Investments**

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

The Company's principal subsidiary undertakings, each of which are all wholly owned, are registered in England and Wales, and the United States as specified, are as follows:

<b>Subsidiary Undertaking</b>	<b>Principal activity</b>	<b>Country of registration</b>	<b>Registered number</b>
Atlantic EC Limited	Software development and sale	England and Wales	4157160
Actualdetail Limited	Dormant	England and Wales	2780307
Atlantic Global Inc	Dormant	USA	–

# Notes to the Accounts

continued

## 13 Tangible fixed assets

	Leasehold Improvements £000	Computer Equipment £000	Office Furniture £000	Total £000
<b>Group</b>				
<i>Cost</i>				
At beginning of year	3	104	36	143
Additions	2	34	4	40
Disposals	(3)	–	–	(3)
At end of year	2	138	40	180
<i>Depreciation</i>				
At beginning of year	2	88	16	106
Charge for year	1	15	7	23
On disposals	(3)	–	–	(3)
At end of year	–	103	23	126
<i>Net book value</i>				
<b>At 31 December 2005</b>	<b>2</b>	<b>35</b>	<b>17</b>	<b>54</b>
At 31 December 2004	1	16	20	37
Depreciation in 2004	1	24	5	30

## 14 Debtors

	Group		Company	
	2005 £000	2004 £000	2005 £000	2004 £000
Trade debtors	842	1,271	–	–
Amounts owed by Group undertakings	–	–	1,204	1,391
Other debtors	58	–	–	–
Prepayments and accrued income	46	178	–	–
	<b>946</b>	1,449	<b>1,204</b>	1,391

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

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

## 15 Creditors: amounts falling due within one year

	Group		Company	
	2005 £000	2004 as restated £000	2005 £000	2004 as restated £000
Trade creditors	105	97	–	–
Corporation tax	–	74	–	59
Other tax and social security	117	199	–	–
Accruals and deferred income	356	442	–	–
	<b>578</b>	812	<b>–</b>	59

## 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 Financial Reporting Standard 13.

The Group's financial assets comprise cash at bank and short-term investments. At 31 December 2005 the average interest rate earned on the temporary closing balances was 4.2%. 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 Called up share capital

	Nominal Value	Number	£000
<b>Authorised</b>			
At beginning and end of year	5p	<b>75,000,000</b>	<b>3,750</b>
		Number	£000
<b>Allotted, called up and fully paid</b>			
At beginning and end of year		<b>22,899,350</b>	<b>1,145</b>

### Warrants

The warrants listed below are outstanding from the total issued following the acquisition of Atlantic EC Limited on 29 May 2001.

Name		Number of warrants
AE Bradshaw	Bradmount Investments	1,243,200
EA Blaine	Director	858,100
P Gleghorn	Director	73,252
I Needs	Executive	52,324
P Mountford	Bradmount Investments	1,243,200
<b>Total</b>		<b>3,470,076</b>

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

# Notes to the Accounts

continued

## 17 Called up share capital *(continued)*

### Share options

As at 31 December 2004 the following options had been granted and were still outstanding under the Company's Share Option Schemes.

	<b>Date granted</b>	<b>No. of shares</b>	<b>Exercise price</b>	<b>Exercise dates</b>	
				<b>From</b>	<b>To</b>
Director	4 June 2001	120,000	25.0	4 June 2004	3 June 2011
Director	4 June 2001	389,328	25.0	4 June 2004	3 June 2011
Former Director	4 June 2001	206,464	25.0	4 June 2004	3 June 2011
Director	4 June 2001	707,872	25.0	24 March 2004	3 June 2008
Director	7 December 2001	20,000	25.0	7 December 2004	6 December 2011
Director	19 March 2002	38,108	27.0	19 March 2005	18 March 2012
Former Director	19 March 2002	20,270	27.0	19 March 2005	18 March 2012
Director	19 March 2002	69,251	25.0	24 March 2004	3 June 2008
Former Director	6 November 2004	42,169	83.0	6 November 2006	5 November 2013
Employee	4 June 2001	200,000	25.0	4 June 2004	3 June 2011
Employee	4 June 2001	353,936	25.0	4 June 2004	3 June 2011
Employee	5 September 2001	60,000	25.0	5 September 2004	4 September 2011
Employee	7 December 2001	40,000	25.0	7 December 2004	6 December 2011
Employee	19 March 2002	34,662	27.0	19 March 2005	18 March 2012
Employee	31 October 2002	29,091	27.5	31 October 2005	30 October 2012
Employee	4 June 2001	54,545	27.5	4 June 2004	3 June 2011
Employee	28 March 2003	125,000	28.0	28 March 2006	27 March 2013
Employee	3 June 2003	37,000	35.0	3 June 2006	2 June 2013
Employee	27 August 2003	27,858	68.0	27 August 2006	26 August 2013
Employee	19 December 2003	6,993	71.5	19 December 2006	18 December 2013
Employee	2 June 2003	100,000	48.0	2 June 2007	1 June 2014
Employee	8 October 2004	30,000	40.0	8 October 2007	7 October 2014
Bradmount Investments	4 June 2001	207,200	25.0	24 March 2004	3 June 2006
Bradmount Investments	19 March 2002	20,270	25.0	24 March 2004	3 June 2006
Bradmount Investments	4 June 2001	207,200	25.0	24 March 2004	3 June 2006
Bradmount Investments	19 March 2002	20,270	25.0	24 March 2004	3 June 2006
Employee	31 January 2005	6,993	36.5	31 January 2008	31 January 2015
<b>Total</b>		<b>3,174,480</b>			

## 18 Share premium and reserves

	Share premium account £000	Group Merger reserve £000	Profit and loss account £000
<b>Group</b>			
At start of year as previously stated	1,578	2,538	110
Prior year adjustment	–	–	172
At beginning of year as restated	–	–	282
Retained loss for the year	–	–	(618)
Dividends on shares classified in shareholders' funds	–	–	(172)
At end of year	1,578	2,538	(508)
<b>Company</b>			
At start of year as previously stated	1,578	2,538	26
Prior year adjustment	–	–	172
At beginning of year as restated	–	–	198
Retained profit for the year	–	–	44
Dividends on shares classified in shareholders' funds	–	–	(172)
At end of year	1,578	2,538	70

## 19 Reconciliation of movements in shareholders' funds

	Group		Company	
	2005 £000	2004 as restated £000	2005 £000	2004 as restated £000
<b>(Loss)/profit for the financial year</b>	<b>(618)</b>	132	<b>44</b>	186
Dividends on shares classified in shareholders' funds	<b>(172)</b>	(159)	<b>(172)</b>	(159)
New share capital subscribed	–	41	–	41
<b>Net (reduction in)/addition to shareholders' funds</b>	<b>(790)</b>	14	<b>(128)</b>	68
<b>Opening shareholders' funds</b>	<b>5,543</b>	5,529	<b>5,459</b>	5,391
<b>Closing shareholders' funds</b>	<b>4,753</b>	5,543	<b>5,331</b>	5,459

Opening shareholders' funds for the Group were originally £5,371,000 before adding prior year adjustment of £172,000.

Opening shareholders' funds for the Company were originally £5,287,000 before adding prior year adjustment of £172,000.

# Notes to the Accounts

continued

## 20 Commitments

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

	2005 Land and buildings £000	2004 Land and buildings £000
<b>Group</b>		
Operating leases which expire:		
Within one to two years	–	–
In the second to fifth years inclusive	81	243
Over five years	–	–
	<b>81</b>	<b>243</b>

## 21 Pension scheme

The Group operates a defined contribution pension scheme as well as making contributions to the Personal Pension Schemes of certain employees. The pension cost charge for the year represents contributions payable by the Company amounting to £51,000 (2004: £35,000).

There were outstanding contributions to be paid over at year end of £6,000 (2004: £3,000).

## 22 Analysis of cash flows

	Year ended 31 December 2005 £000	Year ended 31 December 2004 £000
<b>Returns on investment &amp; servicing of finance</b>		
Interest received	55	76
<b>Capital expenditure &amp; financial investment</b>		
Purchase of tangible assets	(40)	(18)
<b>Financing</b>		
Issue of ordinary share capital	–	41

## 23 Analysis of net funds

	At beginning of year £000	Cash flow £000	At end of year £000
Cash in hand, at bank	1,896	(357)	<b>1,539</b>

## 24 Free cash flow

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

## 25 Related party transactions

There have been no related party transactions during the year.

## Five-Year Financial Summary

Year ending 31 December	2005 £000	2004 £000	2003 £000	2002 £000	2001 £000
<b>Profit and Loss</b>					
Turnover	<b>2,137</b>	2,146	1,956	1,551	1,205
Gross profit	<b>335</b>	850	1,374	927	855
Marketing and admin expenses	<b>(1,021)</b>	(738)	(636)	(415)	(291)
<b>Comparable operating (loss)/profit</b>	<b>(307)</b>	<b>433</b>	<b>738</b>	<b>512</b>	<b>564</b>
Additional ongoing listing costs	<b>(198)</b>	(140)	(127)	(122)	(69)
Goodwill and exceptional costs	<b>(181)</b>	(181)	(181)	(226)	(241)
Interest receivable	<b>55</b>	76	66	71	60
(Loss)/profit before taxation	<b>(631)</b>	188	496	235	314
Taxation	<b>13</b>	(56)	(142)	(104)	(115)
(Loss)/profit after taxation	<b>(618)</b>	132	354	131	199
Dividends – declared	<b>–</b>	(172)	(159)	(114)	(104)
<b>Cash flow</b>					
Free Cash Flow before exceptional costs	<b>(185)</b>	(282)	513	124	517
Net available cash	<b>1,539</b>	1,896	2,296	1,897	2,147
<b>Statistics</b>					
(Loss)/earnings per share – adjusted	<b>(1.90)p</b>	1.37p	2.35p	1.60p	2.99p
Dividend declared per share	<b>–</b>	0.75p	0.70p	0.50p	0.50p
Adjusted dividend cover	<b>–</b>	1.83p	3.36p	3.20p	5.98p
Research & development expenditure (£000)	<b>274</b>	260	283	283	185
Number of Employees	<b>29</b>	23	20	17	14
<b>Market information</b>					
Share price at year end	<b>21.5p</b>	38p	84p	27.5p	27.8
Market capitalisation (£000)	<b>4,923</b>	8,702	19,108	6,255	5,750

# Investor Relations

Atlantic Global recognises the importance of a good communication flow between the Group and its Shareholders. 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 Group's business and culture. Further details are provided in the Notice to the Meeting below.

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

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

## 1. Range of shareholdings

Size of holding	Number of shareholders		Number of shares	
	Number	%	Number	%
1 – 5,000	337	66.4	600,484	2.6
5,001 – 20,000	116	22.9	1,301,764	5.7
20,001 – 50,000	28	5.5	943,201	4.1
50,001 – 100,000	12	2.4	819,799	3.6
100,001 – 250,000	1	0.2	175,000	0.8
250,001 – 500,000	5	1.0	1,783,780	7.8
500,000 +	8	1.6	17,275,322	75.4
	<b>507</b>	<b>100.0</b>	<b>22,899,350</b>	<b>100.0</b>

## 2. Categories of shareholders

	Number of shareholders		Number of shares	
	Number	%	Number	%
Directors	4	0.8	12,658,295	55.3
Venture Capital Trusts	3	0.6	2,664,000	11.6
Individuals	475	93.7	5,437,264	23.7
Employees	3	0.6	701,330	3.1
Institutions	2	0.4	929,000	4.1
Companies	12	2.4	351,454	1.5
Pension Funds	8	1.5	158,007	0.7
	<b>507</b>	<b>100.0</b>	<b>22,899,350</b>	<b>100.0</b>

### 3. Registrar details and Shareholder Queries

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

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

Tel: 0870 162 3100  
Fax: 020 8639 2342  
E-mail: [ssd@capitaregistrars.com](mailto:ssd@capitaregistrars.com)

The Registrars will help with queries regarding personal holdings including:

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

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

Shareholder information is also available at the Registrar's website: [www.capitaregistrars.com](http://www.capitaregistrars.com)

### 4. Shareholder enquiries

To Atlantic Global – Please contact Rupert Hutton, our Finance Director and Company Secretary:  
Tel: – 01274 863300  
E-mail: – [rupert.hutton@atlantic-global.com](mailto:rupert.hutton@atlantic-global.com)  
Website address: – [www.atlantic-global.com](http://www.atlantic-global.com)

The website includes details about the Group'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 three Market Makers who deal in our ordinary shares:

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

The normal market size in which our ordinary shares are dealt is 500.

## 7. Investor Internet addresses

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

- The London Stock Exchange: [www.londonstockexchange.com](http://www.londonstockexchange.com)
- Hemscott Group Limited: [www.hemscott.net](http://www.hemscott.net)

## 8. Share price listings

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

- Financial Times
- 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

website address: [www.mpsonline.org.uk/mpsr/](http://www.mpsonline.org.uk/mpsr/)

## 10. Copies of Atlantic Global Report and Accounts

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

- Mr R Hutton, Finance Director and Company Secretary, Atlantic Global Plc, Park House, Woodland Park, Bradford Road, Chain Bar, Cleckheaton, West Yorkshire, BD19 6BW
- Website address: [www.atlantic-global.com](http://www.atlantic-global.com)
- Email: [info@atlantic-global.com](mailto:info@atlantic-global.com)

## 11. Financial calendar

Annual General Meeting:	19 April 2006
Announcement and issue of half-year results to 30 June 2006:	September 2006
Preliminary announcement for the annual results to 31 December 2006:	March 2007
Posting of the Annual Report and Accounts to 31 December 2006:	March 2007

# Notice of Annual General Meeting

Notice is hereby given that the fifth Annual General Meeting of the Company will be held at the Company's registered office at Park House, Woodland Park, Bradford Road, Chain Bar, Cleckheaton, West Yorkshire, BD19 6BW on 19 April 2006 at 2.30 pm for the following purposes:

## Ordinary Business

1. To receive and adopt the Company's accounts and reports of the Directors and auditors for the period ended 31 December 2005.
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 Paul Gleghorn's retirement as Director of the Company in accordance with Article 72 of the Company's articles of association and to re-elect him to the Board of Directors of the Company.

## Special Business

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

"THAT the Directors be generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 (the "Act") (in substitution for any existing authority to allot relevant securities) to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80 of the Act) up to a maximum nominal amount of £555,160, provided that such authority shall expire on 27 July 2007, or such earlier time as this authority shall next be revoked or varied by the Company in general meeting, but so that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry, and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired."

5. To consider and, if thought fit, pass the following resolution as a special resolution.

"THAT, subject to the passing of resolution 4 as set out in the notice of this meeting, the Directors be empowered pursuant to section 95 of the Companies Act 1985 (the "Act") (in substitution for any existing authority to allot relevant securities) to allot equity securities (as defined in section 94 of the Act) for cash pursuant to the general authority conferred by resolution 4 as set out in the notice of this meeting for cash, as if section 89(1) of the Act did not apply to such allotment, provided that this power shall be limited to allotments of equity securities:

- (a) in connection with or pursuant to an offer by way of rights, open offer or other pre-emptive offer to the holders of shares in the Company and other persons entitled to participate therein in proportion (as nearly as practicable) to their respective holdings, subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the regulations or requirements of any regulatory authority or any stock exchange in any territory;
- (b) in connection with the exercise of existing warrants granted by the Company, up to 3,470,076 Ordinary Shares;
- (c) in connection with the Company's existing employee share schemes; and
- (d) otherwise than pursuant to sub-paragraphs (a), (b) and (c) above, up to an aggregate nominal amount of £57,250;

# Notice of Annual General Meeting

continued

and such power shall expire on 27 July 2007 or such earlier time as this authority shall next be revoked or varied by the Company in general meeting, but so that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred by this resolution had not expired.”

By order of the Board of Directors

## **R Hutton**

*Company Secretary*

Dated this 14th day of March 2006

### 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. Completion and return of a form of proxy will not preclude a member from attending and voting at the meeting in person should he/she subsequently decide to do so.
2. To be valid the instrument appointing a proxy and any authority under which it is executed (or a copy of the same certified notari ally) must be deposited at the registered office of the Company not less than 48 hours before the time of the meeting.
3. As permitted by Regulation 41 of the Uncertificated Securities Regulations 2001, shareholders who hold shares in uncertificated form must be entered on the Company's register at 6.00 pm on 17 April 2006 in order to be entitled to attend and vote at the Annual General Meeting. Such shareholders may only cast votes in respect of shares held at such time. Changes to entries on the relevant register after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
4. 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 Park House, Woodland Park, Bradford Road, Chain Bar, Cleckheaton, West Yorkshire, BD19 6BW.
5. 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.
6. Explanation of Special Business;

The Companies Act 1985 provides that Directors shall only allot unissued shares with the authority of shareholders in general meeting. Resolution 4 will be proposed as an Ordinary Resolution for the renewal of the Directors' general authority to issue relevant securities up to an aggregate nominal amount of £555,160, representing approximately one third of the current issued share capital of the Company plus the 3,470,076 Ordinary Shares currently subject to warrants granted by the Company. The Directors have no present intention of exercising this authority other than in connection with any exercise of the said existing warrants. The directors may also allot shares pursuant to the Company's existing employee share schemes.

The Companies Act 1985 also provides that any allotment of new shares for cash must be made pro rata to individual shareholders' holdings, unless such provisions are disapplied under section 95 of the Companies Act 1985. Resolution 5 will be proposed as a Special Resolution for the renewal of the Directors' authority to allot equity securities for cash, without first offering them to shareholders pro rata to their holdings. This authority facilitates issues made by way of rights to shareholders which are not strictly in accordance with section 89 of the Companies Act, authorises the issue of shares pursuant to the existing warrants and pursuant to the Company's existing employee share schemes and further authorises other allotments of up to a maximum aggregate nominal amount of £57,250 of shares, representing approximately 5 per cent of the current issued ordinary share capital of the Company. The Directors have no present intention of exercising this authority, other than to satisfy the warrants already granted and in operation of the Company's existing employee share schemes.

## Directors and Advisers

### Executive Directors

EA Blaine, *Managing Director*  
R Hutton, FCCA, MBA, *Finance Director & Company Secretary*  
P Gleghorn, *Technical Director*

### Non-Executive Directors

S Allen, *Non-Executive Director*

## Composition of Board Committees

**Audit Committee** – S Allen, *Chairman*

**Remuneration Committee** – S Allen, *Chairman*, EA Blaine and R Hutton

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

### Auditors

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

### Solicitors

Eversheds  
Central Square South  
Orchard Street  
Newcastle-upon-Tyne  
NE1 3XX

### Brokers and Nominated Advisers

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

### Registrars

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

### Bankers

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

### Financial Public Relations

Abchurch Communications Limited  
100 Cannon Street  
London  
EC4N 6EU

## Registered Office

Park House  
Woodland Park  
Bradford Road  
Chain Bar  
Cleckheaton  
West Yorkshire  
EBD19 6BW

Tel: 01274 863300  
Fax: 01274 865966  
E-mail: [info@atlantic-global.com](mailto:info@atlantic-global.com)  
Website: [www.atlantic-global.com](http://www.atlantic-global.com)

Registered in England and Wales: 4168028



# Form of Proxy

For use at the Annual General Meeting of Atlantic Global Plc to be held on 19 April 2006 at 2.30pm at Park House, Woodland Park, Bradford Road, Chain Bar, Cleckheaton, West Yorkshire, BD19 6BW, and at any adjourned meeting thereof.

I/We .....(note 1)

of .....

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

or .....(note 2)

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 19 April 2006 and, at any adjournment thereof.

Please indicate with an 'X' in the appropriate space below how you wish your vote to be cast. If no indication is given, and on any other resolutions proposed at the meeting, your Proxy will abstain or vote at his discretion.

## RESOLUTIONS

<b>Ordinary Business</b>	<b>For</b>	<b>Against</b>
1. To receive and adopt the Company's accounts and the reports of the Directors and auditors for the year ended 31 December 2005.		
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 P Gleghorn's retirement as Director of the Company in accordance with Article 72 of the Company's articles of association and re-elect him to the Board of Directors of the Company.		

<b>Special Business</b>	<b>For</b>	<b>Against</b>
4. To authorise the Directors to allot relevant securities pursuant to S.80 Companies Act 1985.		
5. To authorise the Directors to allot equity securities pursuant to section 95 Companies Act 1985.		

Please sign here: .....Date: .....(note 3)

## NOTES:

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



Second Fold

BUSINESS REPLY SERVICE  
Licence No. MB122



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

First Fold

Third Fold



Contact

Tel: +44 (0)1274 863300  
Fax: +44 (0)1274 865966  
Email: [info@atlantic-global.com](mailto:info@atlantic-global.com)

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