

Atlantic Global Plc

Preliminary Results

Atlantic Global Plc, the specialist provider of integrated business and resource management software applications, today announces its preliminary results for the 12 months ended 31 December 2003.

Financial highlights

- Turnover up 26% to £1.96m (2002: £1.55m)
- Profit before tax increased 111% to £0.496m (2002: £0.235m)
- Adjusted earnings per share improved 47% to 2.35p (2002: 1.60p)
- Dividend increased by 40% to 0.70p per share (2002: 0.50p)
- Net cash balance increased 21% to £2.30m (2002: £1.90m)
- Free cash flow of £0.513m an increase of 314% (2002: £0.124m)

Operational highlights

- New Adeo software products released first quarter of 2003 - Risk management, Contractor management and enhanced Business Information Tracking to new and existing clients
- New enterprise wide product Corporate Vision developed during 2003, in conjunction with Norwich Union and successfully deployed into one of their operating units. Corporate Vision ready for sale and currently being installed in LogicaCMG, Metropolitan Police and Eclipse Petroleum
- Appointment of David Cox as Non-Executive Chairman and Mark Allcock to the Board as Sales Director
- Increased marketing expenditure to strengthen brand awareness of Adeo and Corporate Vision products amongst potential customers

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

"We believe that the growth potential of the Group remains substantial, especially with the development of Corporate Vision. With the suite of products that have been developed and our software increasingly capable of delivering considerable benefit to most organisations, both public and private sector, we are extremely well positioned to achieve significant levels of growth.

"I am therefore very confident that 2004 will be another successful year and we can continue to maximise shareholder returns."

For further information please contact:

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Chairman's Statement

Introduction

The Group's overall strategy is to create, sell and support high quality business management software to blue chip customers, that is both quick to install and easy to use, and hence delivers clear, early and sustainable benefits. In tactical terms, during the year we continued to enhance our proven track record, by introducing new modules in the Adeo suite and extending our customer base.

2003 was also a year of strategic significance to Atlantic Global through the introduction of Corporate Vision, mentioned last September in the interim statement. This new flagship product, developed largely in conjunction with Norwich Union, and already successfully deployed in one of their operating units, places us in a different league. This product enables senior and middle level operational executives to significantly improve the effectiveness and productivity of their people intensive business processes, and to better manage their major projects and programmes. The overall marketing of Corporate Vision will be characterised by longer sales cycles and larger deals, often into sizeable business units or functions of large organisations, but leading eventually to enterprise wide deployment.

Our challenge and focus in 2004, and beyond, is to build a world class sales, marketing and implementation capability, for both Corporate Vision and all the other Adeo modules. Given that our software is relevant in all industry sectors that employ large numbers of people, and in all of the public sector, this represents a significant opportunity. Initially, we will concentrate on adding to our direct sales approach in the UK. However, we believe the potential is global and are therefore taking the first steps to examine how best to enter the US, which is the largest single information technology software market.

The Board is committed to the goal of achieving this expansion while maintaining increased levels of profitability.

Results

The results for the year to 31 December 2003 demonstrate another successful year of organic growth for the Group, with turnover increasing by 26% to £1,956,000 (2002: £1,551,000), and operating profits before goodwill and exceptionals increasing by 57% to £611,000 (2002: £390,000). Pre-tax profit increased 111% to £496,000 (2002: £235,000).

This growth in turnover has had a positive impact on the operating profit level despite the substantial amount of investment that we made during 2003 to our software products, brand image and business infrastructure.

This strong performance has been achieved during another year when the information technology industry has been in recession and experiencing difficult trading conditions.

Earnings per share, adjusted for goodwill and exceptional costs increased 47% to 2.35 pence (2002: 1.60 pence).

Due to the continued cash generative nature of our business, the Group had net cash balances at 31 December 2003 of £2,296,000 (2002: £1,897,000). The Group remains in a strong financial position, which will be maintained as we continue to generate cash from sustainable profit levels. To confirm this cash generating ability the amount of free cash flow produced during 2003 was £513,000, compared with £79,000, after exceptional costs, for 2002.

Dividend

The Directors are proposing to increase the final dividend by 40% to 0.70 pence (2002: 0.50 pence) per share for the year ended 31 December 2003. This demonstrates our confidence in the Group's future and in its continuing ability to generate cash. Dividend cover is still very healthy at 3.36 times and the Directors will pursue a progressive dividend policy, providing circumstances remain appropriate.

Board changes

In November 2003, I joined the Board as Chairman and Mark Allcock was appointed Sales Director in October 2003. Mark joined the Company in February 2003 as Sales Director Designate.

Atlantic Global has benefited significantly from his experience and expertise, which has been applied, to a number of business areas within the Group. This has included the refocusing of Atlantic Global's sales and marketing function attached to new products resulting in an increased level of interest.

Prior to joining Atlantic Global, Mark held senior appointments within Admiral Computing Ltd (Operations Director) where he managed business units with up to 600 staff, and sales of up to £20 million per annum, prior to its merger with CMG Plc, now Logica CMG.

I am also pleased to announce that at the Annual General Meeting to be held on 28 April, the Directors will be proposing that Paul Gleghorn, currently our Technical Manager be appointed to the Board as Technical Director.

Paul has been employed by the Group since February 1996, and this appointment is recognition of his valuable contribution and expertise in ensuring our products continue to be at the forefront of best technical and business practice.

People

The Board recognises that the quality and ability of our team has been crucial to our success in 2003. I would take this opportunity, on behalf of the Directors to offer our sincere appreciation for their substantial contribution. The Group continues to ensure that its people have Share Options and are incentivised to continue to deliver shareholder value.

The Group maintained our Investors in People Standard throughout 2003, and were formally reassessed during the year. This is an independent measure of our commitment to the development of our people.

Acquisitions

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

Current trading

Having produced our management accounts for January and February 2004 and with knowledge of March's sales, we can confirm that the year has begun in line with our expectations with sales and client interest at higher levels than at the same time last year.

The future

We believe that the growth potential of the Group remains substantial, especially with the development of Corporate Vision. With the suite of products that have been developed and our software increasingly capable of delivering considerable benefit to most organisations, both public and private sector, we are extremely well positioned to achieve significant levels of growth.

I am therefore very confident that 2004 will be another successful year and we can continue to maximise shareholder returns.

Annual General Meeting

We shall be holding our AGM at 2.30 pm at KPMG's offices in Leeds, at 1 The Embankment, Neville Street, Leeds, West Yorkshire LS1 4DW on Wednesday, 28 April 2004.

In addition to the usual formalities of the meeting we will, as last year, provide an opportunity for shareholders to gain a better understanding of the business. Rupert Hutton, Finance Director will make a presentation on the results for 2003, followed by a briefing by Eugene Blaine, Managing Director on the Group's general progress. There will then be an opportunity for a question and answer session. I would extend the Board's invitation to all shareholders.

David Cox

Chairman

24 March 2004

Managing Director's Review

Introduction

I am pleased to announce a positive year for Atlantic Global. The Group continues to expand the range of software products to meet a focused business objective – to make our clients more efficient and more competitive. Atlantic Global's products continue to be chosen by many of the market leaders across a diverse range of industry sectors confirming the quality and flexibility of the solutions provided.

Since the flotation of the company in 2001, the Group has developed at an ever-increasing pace. The following reviews our achievements and sets out our strategy for 2004 with respect to product development, the expansion of our customer base and development of sales.

Products

We have strengthened the standard Adeo product set by adding further modules that include Risk Management, Contractor Management and a Business Information Tracking module. The existing Time and Expense tracking and Planning modules were also significantly enhanced. The new modules will generate additional income from activation and licence sales. Most new installations during 2003 purchased more than one product, thereby increasing the total potential licence sales to each client.

Corporate Vision is our exciting new "flagship" product that was developed in conjunction with world leading organisations from the Pharmaceutical and Insurance sectors. It provides our customers with a powerful means of actively analysing their cost base by capturing the key information required by the business via an easy to use interface that requires minimal training.

Traditional Project and Resource planning products have enjoyed limited success because they attempt to manage information at a detailed level. Whilst this approach has served the needs of project managers, we believe it has failed to deliver the information that senior managers need to run their businesses. Atlantic Global and our development partners recognised this weakness and developed a series of tools whose prime focus is assisting in the control of the business.

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 major customers, the high profile nature of which confirms the strong reputation and quality of our software solutions and service.

Pharmaceuticals	Computer & Telecoms	Financial & Consulting	Other
AstraZeneca Limited	Colt Telecommunications Plc	Friends Provident	Genesis Oil & Gas
GlaxoSmithKline Plc	Computacenter UK Limited	Allied Irish Bank	Consultants
GlaxoSmithKline US	Ericsson Telecommunicatie	Barclays Bank Plc	Metropolitan Police Service
Pharma	Hitachi Europe Limited	Cattles Group Plc	NEC Technologies (UK) Ltd
Aventis Pharma Ltd	Intel Ireland Limited	LogicaCMG	Scott Tallon Walker
Pfizer Limited	Interoute Limited	HSBC Actuaries &	Architects
UCB Chemicals	Virgin Mobile Telecom	Consultants Limited	University of Huddersfield
	Limited	Norwich Union	Waltham Forest Council
	Aspect Communications	Raft International Plc	British Car Auctions
	Telewest	Serco Technology	Microgen
			MVM Consultant Ltd

Website

Our website at www.atlantic-global.co.uk has recently been upgraded with an extensive Investor Relations section to enable continued effective communication with shareholders and other stakeholders.

R&D/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. During 2003, our development team was primarily focused on the development of new products. Whilst this restricted the revenue generated by the development team, it has significantly strengthened our product offering and hence our ability to generate future revenue from license sales.

Our partnership with the University of Bradford, with its excellent research facilities, continues to provide significant benefits including the recent recruitment of a second graduate to aid with market and technical research.

Outlook

We believe that the range of functionality provided within Adeo provides a strong platform for the future expansion of the business. We recognise and understand the commercial risks associated with growing the sales infrastructure to enable us to bring the products to market.

Adeo now provides management consulting organisations with a powerful means of delivering real and sustainable benefits as part of business change, business improvement or business transformation projects. Atlantic Global is currently exploring business development opportunities with a number of corporate players operating in this field.

We look forward to building on our successes to date during 2004.

Eugene Blaine
Managing Director
24 March 2004

**Consolidated profit and loss account
for the year ended 31 December 2003**

	Year ended 31 December 2003 £000	Year ended 31 December 2002 £000									
Turnover	1,956	1,551									
Cost of sales	(582)	(624)									
	<hr/>	<hr/>									
Gross profit	1,374	927									
Administration and establishment expenses	(944)	(763)									
<table> <tbody> <tr> <td>Operating profit before goodwill amortisation and exceptional costs</td> <td style="text-align: right;">611</td> <td style="text-align: right;">390</td> </tr> <tr> <td>Goodwill amortisation</td> <td style="text-align: right;">(181)</td> <td style="text-align: right;">(181)</td> </tr> <tr> <td>Exceptional costs</td> <td style="text-align: right;">-</td> <td style="text-align: right;">(45)</td> </tr> </tbody> </table>			Operating profit before goodwill amortisation and exceptional costs	611	390	Goodwill amortisation	(181)	(181)	Exceptional costs	-	(45)
Operating profit before goodwill amortisation and exceptional costs	611	390									
Goodwill amortisation	(181)	(181)									
Exceptional costs	-	(45)									
	<hr/>	<hr/>									
Operating profit	430	164									
Interest receivable	66	71									
	<hr/>	<hr/>									
Profit on ordinary activities before taxation	496	235									
Tax on profit on ordinary activities	(142)	(104)									
	<hr/>	<hr/>									
Profit on ordinary activities after taxation	354	131									
Dividends proposed	(159)	(114)									
	<hr/>	<hr/>									
Retained profit for the financial period	195	17									
	<hr/>	<hr/>									
Adjusted earnings per share	2.35p	1.60p									
Basic earnings per share	1.56p	0.59p									
Diluted earnings per share	1.35p	0.56p									
	<hr/>	<hr/>									

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

**Consolidated balance sheet
at 31 December 2003**

	2003		2002	
	£000	£000	£000	£000
Fixed assets				
Intangible assets		3,154		3,335
Tangible assets		49		63
		<hr/>		<hr/>
		3,203		3,398
Current assets				
Debtors	772		365	
Cash at bank and in hand	2,296		1,897	
	<hr/>		<hr/>	
	3,068		2,262	
Creditors: amounts falling due within one year	(901)		(485)	
	<hr/>		<hr/>	
Net current assets		2,167		1,777
		<hr/>		<hr/>
Net assets		5,370		5,175
		<hr/>		<hr/>
Capital and reserves				
Called up share capital		1,137		1,137
Share premium account		1,545		1,545
Merger reserve		2,538		2,538
Profit and loss account		150		(45)
		<hr/>		<hr/>
Equity shareholders' funds		5,370		5,175
		<hr/>		<hr/>

**Consolidated cash flow statement
for year ended 31 December 2003**

	Year ended 31 December 2003 £000	Year ended 31 December 2002 £000
Cash inflow from operating activities		
Operating profit before goodwill and exceptional costs	611	390
Goodwill amortisation	(181)	(181)
Exceptional costs	-	(45)
Operating profit	<u>430</u>	<u>164</u>
Depreciation	30	29
Loss on disposal of fixed assets	-	6
Goodwill amortisation	181	181
Increase in debtors	(392)	(36)
Increase/(decrease) in creditors	319	(186)
Net cash inflow from operating activities	<u>568</u>	<u>158</u>
Cash flow statement		
Net cash inflow from operating activities	568	158
Returns on investment	51	72
Taxation	(89)	(104)
Capital expenditure	(17)	(47)
Free cash flow	<u>513</u>	<u>79</u>
Acquisitions and disposals	-	(225)
Equity dividends paid	(114)	(104)
Cash inflow/(outflow) before management of liquid resources	<u>399</u>	<u>(250)</u>
Management of liquid resources	(101)	250
Increase in cash in the year	<u>298</u>	<u>-</u>
Reconciliation of net cash flow to movement in net funds		
Increase in cash in the year	298	-
Cash outflow/(inflow) from increase in liquid resources	101	(250)
Movement in net funds in the year	<u>399</u>	<u>(250)</u>
Net funds at the start of the year	1,897	2,147
Net funds at the end of the year	<u>2,296</u>	<u>1,897</u>

Notes to the financial statements

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's accounts.

Basis of preparation

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

Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiary undertakings made up to 31 December 2003. 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.

Income recognition

Income from the sale of software licences is recognised only when the software is installed. Income from chargeable services including consultancy, customisation and development is recognised as these services are delivered. Support income is recognised over the life of each support contacts.

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 FRS 19.

2. Dividends

	Year ended 31 December 2003 £000	Year ended 31 December 2002 £000
On ordinary shares of 5 pence		
Final proposed: 0.70 pence (2002: 0.50 pence)	159	114

3. Earnings per share

	Year ended 31 December 2003 £000	Year ended 31 December 2002 £000
Profit after tax	354	131
Adjustments		
Goodwill amortisation	181	181
Exceptional items	-	45
Adjusted profits	535	357
	Number 000	Number 000
Weighted average number of shares in issue	22,747	22,281
Dilutive effect of share options	3,515	1,298
Fully diluted weighted average number of shares in issue	26,262	23,579
Basic earning per share (based on profit after tax)	1.56p	0.59p
Fully diluted earnings per share (based on profit after tax)	1.35p	0.56p
Adjusted earnings per share (based on adjusted profits)	2.35p	1.60p

4. 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.

5. Copies of Atlantic Global Plc Report and Accounts

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

- Mr R Hutton, Company Secretary, Atlantic Global Plc, Maple House, Woodland Park, Chain Bar, Cleckheaton, BD19 6BW
- Website address: www.atlantic-global.net
- Email: info@atlantic-global.co.uk