

Ultima Networks Plc

('Ultima' or the 'Company')

Interim Results for the six months ended 30 June 2008

Ultima announces its half yearly results for the six months ended 30 June 2008. Ultima operates through two divisions: the Services Division and the Products Division. The Services Division develops and supplies computer based application software and services to the legal profession, whilst the Products Division is responsible for the development and sale of consumer and specialist electronic goods including a recent move into the distribution of solar panels for large scale energy generation.

Highlights for the period

- * Turnover up 24% to £0.84m (H1 2007: 0.68m)
- * Pre tax profit down 21% to £55,000 (H1 2007: £70,000)
- * Debt free with cash at bank of £1.03m
- * Launched the latest Legal IT product 'Cognito Office'

Highlights since the period-end

- * Acquisition of JCS Computer Software - highly complementary and strengthens market position
- * Distribution agreement with Silicon CPV Plc heralds move into large scale solar power

Professor Humayun Mughal, Chairman and CEO, commented:

'I am pleased to report that the six months ended 30 June 2008 has been a period of strong sales growth and has seen an evolution in the operating activities in the Company. The Company remains debt free with cash at bank of over £1 million at 30 June 2008 which leaves it well placed for further growth.'

Our main objective going forwards continues to be the profitable expansion of the company through a mixture of organic growth and the acquisition of complementary businesses. We continue to focus on the improvement of the operating contribution from the Services Division and the continued growth of our Products Division to achieve this objective.

I am excited by our recent move into renewable energy through the distribution agreement with Silicon CPV plc a photovoltaic technology company and we have high hopes that this will lead to a shift in revenues for Ultima. We look forward to announcing further news in this regard in the short term.'

25 September 2008

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Chairman and Chief Executive's Statement

Overview

The Company continues to make excellent progress with overall turnover up by 24% from the first half of 2007.

In a trading update on 21 July 2008, we reported that sales of software to the legal profession had seen a mild slowdown given the transition to an upgraded product in the latter part of the period which had created a diversion of internal resources from front line marketing. Our investment in R&D has enabled the successful launch of the latest product 'Cognito Office '.

On 23rd September 2008 the Company announced the acquisition of JCS Computer Solutions Limited ('JCS') and its merger with Cognito Software Ltd, the Company's legal software brand. Although only small, the acquisition is significant in that it positions Cognito Software Ltd as a leading player in this sector, able to offer a greater diversity of complementary products. The purchase consideration was £268,000 representing excellent value for the Company's shareholders given JCS's net assets of £108,000 and last reported pre-tax profit of £65,000.

The period under review saw the completion of the development of the latest incarnation of electric bicycle which was launched to encouraging industry acclaim at the end of July. The directors believe that this product using the Company's own lightweight battery technology, is the most highly evolved electric bicycle in the world. An active promotional campaign is underway and the response is encouraging.

In a recent development last month, the Products Division entered the solar energy products market via a distribution agreement with Silicon CPV Plc ('SCPV'). SCPV has advanced the process of mass solar power generation through its own concentrated photovoltaic technology (a proprietary technology designed to increase the efficiency over traditional photovoltaic cells). The Company's role will be to act in the distribution of SCPV's solar panels to the installers of large scale solar farms which, it is hoped, will provide significant revenues in future years.

Financial Summary

In the six months to 30 June 2008 the Group achieved increased sales of £841,000 (H1 2007: £678,000) and a pre-tax profit of £55,000 (H1 2007: profit £70,000).

The Services Division made an operating loss of £21,000 (H1 2007: profit £27,000) on sales of £264,000 (H1 2007: £287,000). This division comprises Cognito Software a provider of application software and services to the legal profession and Integrated Publishing Systems whose activities have been merged into Cognito Software in order to improve management control and reduce overheads.

The Products Division contributed an operating profit of £51,000 (H1 2007: profit £24,000) on sales of £577,000 (H1 2007: £391,000). This division solely comprises UTN Solutions (North) and has had continuing success with its PowaCycle branded range of electric bicycles, which have been complemented by the regular introduction of new models and are increasingly being sold through a growing number of appointed dealers throughout the UK.

Due to the expected availability of brought forward losses, there has been no adjustment for taxation in the period.

Prof. Humayun Akhter Mughal
Chairman and Chief Executive Officer

Consolidated Income Statement
Six Months ended 30th June 2008

Unaudited Half Year	Unaudited Half Year	Audited Full Year
2008	2007	2007

Market News

	£000	£000	£000
Revenue	841	678	1,564
Cost of Sales	326	208	452
Gross Profit	515	470	1,112
Selling and administration expenses	485	419	883
Other operating income	-	-	4
Operating Profit	30	51	233
Finance Income	25	19	43
Finance Costs			
Profit before taxation	55	70	276
Tax Income/(expense)	-	12	(11)
Profit/(loss) for the period attributable to equity holders of the parent	55	82	265
Basic and diluted earnings per share derived from total and continuing operations-pence	0.03	0.04	0.13

All of the Company's operations are classified as continuing.

Consolidated balance sheet

	30/06/2008 Unaudited £000	30/06/2007 Unaudited £000	31/12/2007 Audited £000
ASSETS			
Non Current assets			
Property, plant and equipment	119	123	120
Intangible assets-development costs	39	5	6
Deferred tax asset	5	4	5
Total noncurrent assets	163	132	131
Current assets			
Inventories	240	254	257
Trade and other receivables	218	139	284
Cash and cash equivalents	1,028	907	1,026
Total current assets	1,486	1,300	1,567
Total assets	1,649	1,432	1,698

LIABILITIES

Current liabilities

Market News

Trade and other payables	95	85	97
Current tax liabilities	16	36	69
Corporation tax liability	29	5	29
Accruals and deferred income	285	321	335
Total current liabilities	425	447	530
Total liabilities	425	447	530
Net assets	1,224	985	1,168

EQUITY

Called up share capital	7,554	7,554	7,554
Share premium account	5,602	5,602	5,602
Other reserves	-	1,334	-
Retained earnings	(11,932)	(13,505)	(11,988)
Total equity	1,224	985	1,168

Consolidated cash flow statement

	Unaudited Half Year	Unaudited Half Year	Audited Full Year
	2008	2007	2007
	£000	£000	£000
Cash flows from operating activities			
Operating profit for the financial period	30	51	233
Depreciation and amortisation charges	9	8	17
(Increase)/decrease in inventories	17	(46)	(49)
Decrease/(Increase) in trade and other receivables	66	95	(50)
Increase/decrease in trade and other payables and accruals	(105)	(50)	9
Net cash generated from operating activities	17	58	160
Investment activities			
Interest received	25	19	43
Purchase of property, plant and equipment	(5)	-	(5)
Intangible development costs	(35)	(2)	(4)
Net cash flow from investing activities	(15)	17	34
Net movement in cash and equivalents	2	75	194
Cash and cash equivalents at the beginning of the period	1,026	832	832
Cash and cash equivalents at the end of this period	1,028	907	1,026

Consolidated statement of changes in equity

(i) Six months ended 30 June 2008 -
Unaudited

	Called up Share capital £000	Share Premium £000	Other Reserve £000	Retained Earnings £000	Total equity £000
At 1 January 2008	7,554	5,602	-	(11,988)	1,168
Profit for the period	-	-	-	55	55
At 30 June 2008	7,554	5,602	-	(11,932)	1,224

(ii) Six months ended 30 June 2007 -
Unaudited

	Called up Share capital £000	Share Premium £000	Other Reserve £000	Retained Earnings £000	Total Equity £000
At 1 January 2007	7,554	5,602	1,334	(13,587)	903
Profit for the period	-	-	-	82	82
At 30 June 2007	7,554	5,602	1,334	(13,505)	985

(iii) Year ended 31 December 2007 -
Audited

	Called up Share capital £000	Share premium £000	Other Reserve £000	Retained Earnings £000	Total Equity £000
At 1 January 2007	7,554	5,602	1,334	(13,587)	903
Profit for the year	-	-	-	265	265
Transfer	-	-	(1,334)	1,334	-
At 31 December 2007	7,554	5,602	-	(11,988)	1,168

1. Segmental Reporting

Ultima operates two main business segments, IT and related services (the Services Division) and electronic and other products (Products Division). The revenue and net operating profit (before interest and tax) generated by each segment are summarised as follows:-

	Unaudited Half year	Unaudited Half year	Audited Full year
	2008	2007	2007

	£000	£000	£000
Revenue			
United Kingdom	841	678	1,564
Total	841	678	1,564
Revenue			
Services Division	264	287	701
Products Division	577	391	863
Total	841	678	1,564
Operating profit before exceptional items			
Services Division	(21)	27	148
Products Division	51	24	85
Total	30	51	233

2. Basis of preparation

The consolidated interim financial statements have been prepared in accordance with the AIM Rules for Companies and prepared on a basis consistent with the recognition measurement principles of International Financial Reporting Standards ('IFRS') as adopted by the EU and the accounting policies set out in the group's financial statements for the year ended 31 December 2007.

The consolidated interim financial statements are unaudited and include all adjustments which management considers necessary for a fair presentation of the group's financial position, operating results and cash flows for the 6 month periods ended 30 June 2008 and 30 June 2007.

As permitted, the group has chosen not to adopt IAS 34 'Interim Financial Statements' in preparing these interim financial statements and therefore the interim financial information is not in full compliance with IFRS disclosure.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

These interim financial statements have been prepared under the historical cost convention.

3. Taxation

Due to the expected availability of brought forward losses, no provision has been made for application of taxation for the period under review..

4. Dividends

The company has not proposed or declared an interim dividend.

5. Earnings per share

Basic earnings per share has been calculated based on the profit on ordinary activities after taxation and the weighted average number of shares in issue for the period of 204,747,964 (June 2007: 204,747,964 and December 2007: 204,747,964). There are no options having a dilutive impact on earnings per share.

6. Other information

This interim statement was approved by the board on 23rd September 2008 and has not been audited by the company's auditors Grant Thornton UK LLP. The comparatives for the full year ended 31 December 2007 are not the Company's full statutory accounts for that year. A copy of the statutory accounts for that year, which were prepared under IFRS, has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 237(2)-(3) of the Companies Act 1985.

A copy of this interim statement is available at the Company's registered office at Ultima Networks plc, Akhter House, Perry Road, Harlow, CM18 7PN and on the company's website: www.ultimanetworks.co.uk