

## Regulatory Story

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<b>Company</b>	<a href="#">Ultima Networks PLC</a>
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### Ultima Networks Plc ("Ultima" or the "Company")

## Interim Results for the six months ended 30 June 2010

Ultima, the IT and Green Technology Company, is pleased to announce its unaudited interim results for the six months ended 30<sup>th</sup> June 2010.

#### Highlights for the period

- **Turnover of £785,000 (H1 2009: £894,000)**
- **Operating profit of £110,000 (H1 2009: loss of £10,000)**
- **Debt free with cash at bank of £305,000 (H1 2009: £77,000)**
- **Solar Park Spain commissioned and generating electricity**
- **FiLos legal software suite launched**

*Ultima operates through three divisions: the IT Services division, the Green technology products division and the Green power division. The IT Services division develops and supplies computer based application software and services to the legal profession, the Green technology products division develops and supplies electric powered bicycles and specialist electrical goods whilst the Green power division is focused on the development of clean power generation through solar power parks in Spain and Italy.*

#### **Professor Humayun Mughal, Chairman and CEO, commented:**

*I am pleased to report that, despite the continuation of tough trading conditions during the six months ended 30 June 2010, Ultima has achieved group operating profit of £110,000 (H1 2009: loss of £10,000). All divisions have continued their commitment to research and development of new products resulting in the release by the IT Services division of the FiLos legal software suite and the completion of the design of a new generation of electric bicycles by the Green technology products division. The Board of Ultima expects that this continued investment into leading edge technology will help Ultima take advantage of changes in the economy. The IT services division has performed strongly, and the Board of Ultima expects this to continue. The Board of Ultima anticipate that the Green technology products division will benefit from new product release and improvement in consumer confidence and that the Green power division will build upon its successful commissioning of the pilot solar power park in Spain.*

*Our main objective going forward continues to be based upon the pursuit of low risk, recurring revenues, and the expansion of the Company through a mixture of organic growth, continued investment into development of green technology complemented by a highly selective acquisitions policy.*

*I am pleased by the progress made in the introduction of new products and remain excited by the opportunities made available by the development of solar parks and the opportunity this brings to Ultima in further strengthening the group's green credentials and improving the prospects for growth in recurring revenue.*

19 August, 2010

## **Enquiries:**

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## **Chairman and Chief Executive's Statement**

### **Overview**

Ultima continues to make progress with overall operating profit up significantly compared with the loss sustained in the first half of 2009.

Despite consolidation within the legal marketplace, the IT services division has continued to grow through increased sales of its range of software products and services. The Board expects that the launch of the all new legal software suite "FiLos" will further improve competitiveness and attract interest from larger legal practices. The division is benefiting from a strong management team and is looking to continue to grow organically and through carefully targeted acquisitions.

The Green technology products division has experienced continued difficult market conditions with a reduction in consumer demand for luxury products. Turnover in the division was down 23.5% compared with the first half of 2009. However, through control of overheads the division reported improvement at the operating loss level compared with the same period for 2009. The fluctuation in the value of sterling against the dollar and the relative weakness in euro/dollar exchange rates had a negative impact on sales into mainland Europe although this was partly compensated by an increase in the number of UK based dealers actively promoting the product range. Prototypes of the latest bicycle designed specifically for the BENELUX market are being tested and the Board expects these to enter full production during 4<sup>th</sup> quarter of 2010. The new design uses the Company's patented lightweight battery technology and has been developed to meet the consumer preferences of this important market sector.

The period to 30 June 2010 saw the commissioning of the Company's first solar park in Spain. This relatively small scale park has enabled the Green power division to gain experience in managing the logistics and construction of solar parks which will be invaluable in the development of future schemes. This first installation will produce 100KW of electricity and generate fixed revenue on a tariff of 32 euro cents per kilowatt hour for a period of 25 years. In Italy, the division continues to negotiate with ENEL Spa to finalise details for the connection to the Italian high voltage grid. Delay in reaching agreement with ENEL Spa would prevent the construction of the parks within the acceptance date set for the current tariff. New tariff levels are being set at a lower market price which would result in reduced revenue to the Company, however, a fall in the price of PV modules and expected lower project costs would help offset the reduction in revenue which would be caused by lower tariffs. Accordingly, the Board of Ultima believe that should it be necessary to work with the new feed in tariff the project will nevertheless remain attractive. In addition Ultima are continuing discussions with parties who have shown interest in providing the debt funding which will be required to support the construction of the proposed three 1 MW Solar Parks planned for Puglia.

The Board remains committed to investment in green technology and solar power as it believes that these developments are strategically important for the future development and growth of the group and represent an opportunity to grow revenues over the coming years.

## Financial Summary

In the six months to 30 June 2010 the group achieved sales of £785,000 (H1 2009: £894,000) and an operating profit of £110,000 (H1 2009: operating loss of £10,000). A strong performance from the IT services division was the major contributing factor to the improvement in profitability. The Green technology products division experienced a 23.5% fall in turnover compared with the first half of 2009 as a result of a reduction in consumer demand for luxury products and the impact of currency fluctuations.

The IT services division made an operating profit of £137,000 (H1 2009: £39,000) on sales of £373,000 (H1 2009: £354,000). This division comprises Cognito Software, a provider of application software and services to the legal profession.

The Green technology products division made an operating loss of £13,000 (H1 2009: operating loss of £35,000) on sales of £412,000 (H1 2009: £539,000). This division comprises UTN Solutions (North) which continues to develop its range of electric bicycles marketed under its PowaCycle and Infineum brands.

The Green power division made an operating loss of £14,000 (H1 2009: operating of loss £12,000). This division holds the assets linked to the development of the group's solar park in Spain and the land and other assets acquired to enable the development of solar parks in Puglia Italy.

There were no unallocated profit/(losses) in the six months to 30<sup>th</sup> June 2010 (H1 2009: unallocated loss of £2,000).

As a result of 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 Statement of Comprehensive Income Six Months ended 30<sup>th</sup> June 2010

	Note	Unaudited Half year 2010 £000's	Unaudited Half Year 2009 £000's	Audited Full Year 2009 £000's
<b>Continuing Operations</b>	1			
<b>Revenue</b>		785	894	1,867
Cost of Sales		289	380	713
<b>Gross Profit</b>		496	514	1,154
Selling and administration expenses		387	524	936
Other Operating Income		1	-	3
Operating Profit/(Loss)		110	(10)	221
Finance Income		(1)	-	(7)
Profit/(Loss) before taxation		109	(10)	214
Exchange difference on translating foreign operations		-	-	41
Tax Income/(expense)		-	-	-
Total comprehensive income for the		109	(10)	255

period attributable to equity holders of the company

Basic and diluted earnings per share - pence	0.039	(0.005)	0.10
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### Consolidated Statement of financial position

	30/06/2010 Unaudited Half year 2010 £000's	30/06/2009 Unaudited Half Year 2009 £000's	31/12/2009 Audited Full Year 2009 £000's
<b>ASSETS</b>			
<b>Non Current assets</b>			
Property, plant, equipment	1,227	816	1,171
Intangible assets -development costs	681	265	464
Goodwill	118	118	118
Intangible assets - other	167	172	172
Deferred tax asset	-	6	-
<b>Total noncurrent assets</b>	<b>2,193</b>	<b>1,377</b>	<b>1,925</b>
<b>Current assets</b>			
Inventories	377	395	339
Trade and other receivables	573	354	637
Cash and other equivalents	305	77	886
<b>Total current assets</b>	<b>1,255</b>	<b>826</b>	<b>1,862</b>
<b>Total assets</b>	<b>3,448</b>	<b>2,203</b>	<b>3,787</b>
<b>LIABILITIES</b>			
Deferred tax	48	48	45
<b>Total noncurrent liabilities</b>	<b>48</b>	<b>48</b>	<b>45</b>
<b>Current Liabilities</b>			
Trade and other payables	334	401	711
Current tax liabilities	64	93	111
Accruals and deferred income	267	243	293
<b>Total current liabilities</b>	<b>665</b>	<b>737</b>	<b>1,115</b>
<b>Total liabilities</b>	<b>713</b>	<b>785</b>	<b>1,160</b>
<b>Net assets</b>	<b>2,735</b>	<b>1,418</b>	<b>2,627</b>
<b>EQUITY</b>			
Capital and reserves attributable to equity holders of the company			
Called up share capital	8,269	7,554	8,269
Share premium account	5,831	5,602	5,831
Other reserves	202	202	202
Retained earnings	(11,608)	(11,940)	(11,716)
Translations of foreign operations	41	-	41
<b>Total equity</b>	<b>2,735</b>	<b>1,418</b>	<b>2,627</b>

### Consolidated statement of cash flows

Unaudited Half year	Unaudited Half Year	Audited Full
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	2010 £000's	2009 £000's	Year 2009 £000's
<b>Cash Flows from operating activities</b>			
Profit/(Loss) for the financial period	109	(10)	214
Taxation expense		-	-
Interest receivable	(1)	-	7
Depreciation charges	3	6	14
Amortisation of intangibles	21	15	33
<b>Operating profit before changes in working capital</b>	<b>132</b>	<b>11</b>	<b>268</b>
(Decrease)/Increase in inventories	(38)	57	113
Increase in trade and other receivables	64	50	(233)
Decrease/increase in trade payables and other current liabilities	(449)	232	624
<b>Cash (used in)/generated from operations</b>	<b>(291)</b>	<b>350</b>	<b>772</b>
Taxation	-	-	(17)
<b>Net cash(used in)/generated by operating activities</b>	<b>(291)</b>	<b>350</b>	<b>755</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	(59)	(202)	(518)
Development expenditure	(232)	(193)	(410)
Other intangibles		-	-
Net proceeds of ordinary share issue		-	944
<b>Net cash (used in)/generated by investing activities</b>	<b>(291)</b>	<b>(395)</b>	<b>16</b>
<b>Cash flows from financing activities</b>			
Interest received	1	-	(7)
<b>Net cash(used in)/ generated by financing activities</b>	<b>1</b>	<b>-</b>	<b>(7)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(581)</b>	<b>(45)</b>	<b>764</b>
Cash and cash equivalents at beginning of the period	886	122	122
<b>Cash and cash equivalents at end of the period</b>	<b>305</b>	<b>77</b>	<b>886</b>

### Consolidated statement of changes in equity

#### (i) Six months ended 30 June 2010 - unaudited

	Called up share capital	Share Premium	Other reserves	Retained earnings	Translation of foreign operations	Total Equity
At 1 January 2010	8,269	5,831	202	(11,716)	41	2,627
Profit for the period				109		

<b>At 30 June 2010</b>	<b>8,269</b>	<b>5,831</b>	<b>202</b>	<b>(11,607)</b>	<b>41</b>	<b>2,736</b>
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**(ii) Six months ended 30 June 2009 -unaudited**

	<b>Called up share capital</b>	<b>Share Premium</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Translation of foreign operations</b>	<b>Total Equity</b>
At 1 January 2009	7,554	5,602	202	(11,930)	-	1,428
Loss for the period				(10)		(10)
<b>At 30 June 2009</b>	<b>7,554</b>	<b>5,602</b>	<b>202</b>	<b>(11,940)</b>	<b>-</b>	<b>1,418</b>

**(iii) Year ended 31 December 2009 - Audited**

	<b>Called up share capital</b>	<b>Share Premium</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Translation of foreign operations</b>	<b>Total Equity</b>
At 1 January 2009	7,554	5,602	202	(11,930)	-	1,428
Issue of share capital	715	229	-			944
Total comprehensive income for the year	-	-	-	214	41	255
<b>At 31 December 2010</b>	<b>8,269</b>	<b>5,831</b>	<b>202</b>	<b>(11,716)</b>	<b>41</b>	<b>2,627</b>

**1. Segmental reporting**

The Group operates in the United Kingdom, Italy and Spain.

As at 30<sup>th</sup> June 2010, the Group is organised into three principal business segments:

- IT Services (comprising legal and publishing application software)
- Green technology products division (comprising electric bicycles, energy saving lamps, and educational electronic kits)
- Green Power Division (development of Solar Parks)

The segmental results for the half year ended 30<sup>th</sup> June 2010 are as follows:

	<b>Unaudited Half year 2010</b>	<b>Unaudited Half Year 2009</b>	<b>Audited Full Year 2009</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>Revenue</b>			
United Kingdom	785	893	1,867
Italy		1	-

Spain		-	-
Total	785	894	1,867
<b>Revenue</b>			
IT Services (UK)	373	354	816
Green technology and products (EU)	412	539	1,023
Green Power division (Italy)	-	1	-
Unallocated	-	-	28
Total	785	894	1,867
<b>Operating profit/(loss) before exceptional items</b>			
IT Services (UK)	137	39	237
Green technology and products (EU)	(13)	(35)	11
Green Power division (Italy)	(14)	(12)	(27)
Unallocated	-	(2)	-
Operating profit/(loss)	110	(10)	221
Finance Income/(payable)	(1)	-	(7)
<b>Profit/(loss) before taxation and exceptional item</b>	109	(10)	214
Exchange difference on translating foreign operations	-	-	41
<b>Profit/(loss) before taxation</b>	109	(10)	255

	Unaudited Half year 2010 £000's	Unaudited Half Year 2009 £000's	Audited Full Year 2009 £000's
<b>Depreciation</b>			
IT Services (UK)	1	2	6
Green technology and products (EU)	-	2	4
Green Power division (Italy)	-	-	-
Unallocated	2	2	4
Group Total	3	6	14
<b>Amortisation</b>			
IT Services (UK)	5	10	12
Green technology and products (EU)	13	3	16
Green Power division (Italy)	3	2	5
Group Total	21	15	33
<b>Segment Assets</b>			
IT Services (UK)	517	552	563
Green technology and products (EU)	936	579	726
Green Power division (Italy)	1,395	544	1,251
Unallocated	601	428	1,247
Group	3,449	2,203	3,787
<b>Segmental liabilities</b>			
IT Services (UK)	(212)	(370)	(240)
Green technology and products (EU)	(92)	(48)	(308)
Green Power division (Italy)	(46)	(16)	(15)
Unallocated	(363)	(351)	(597)
Group	(713)	(785)	(1,160)
<b>Net assets</b>			
IT Services (UK)	305	182	323

Green technology and products (EU)	844	531	418
Green Power division (Italy)	1349	628	1,236
Unallocated	238	77	650

Group	<u>2,736</u>	<u>1,418</u>	<u>2,627</u>
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### Capital Expenditure

IT Services (UK)	106	56	218
Green technology and products (EU)	42	28	60
Green Power division (Italy)	86	109	292
Unallocated	59	-	403

Group	<u>293</u>	<u>193</u>	<u>973</u>
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## 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 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 2009

The interim financial statements do not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006.

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 2010 and 30 June 2009.

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 expected availability of brought forward losses, no provision has been made for application of tax 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 276,176,538 (June 2009: 204,747,964 and December 2009: 207,724,155). There are no options having a dilutive impact on earnings per share.

## 6 Other information

This interim statement was approved by the board on 18 August 2010 and has not been audited by the company's auditors Frank P Dongworth & Co. The comparatives for the full year ended 31 December 2009 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 498 (2) or (3) of the Companies Act 2006.

No adjustments have been made for any changes in estimates made at the time of approval of the 2009 accounts.

A copy of this interim statement will be available shortly at the Company's registered office at Ultima Networks plc, Akhter House, Perry Road, Harlow, CM18 7PN and on the company's website, [www.ultima-networks.co.uk](http://www.ultima-networks.co.uk).

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