

Company Ultima Networks PLC
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Ultima Networks Plc

("Ultima" or the "Company")

Interim Results for the six months ended 30 June 2011

Ultima, the IT and Green Technology Company, is pleased to announce its unaudited interim results for the six months ended 30th June 2011.

Highlights for the period

- **Turnover increased by 95.7% to £1,536,000 (H1 2010: £785,000)**
- **Operating profit increased by 77.3% to £195,000 (H1 2010: £110,000)**
- **Debt free with cash at bank of £576,000 as at 30 June 2011 (30 June 2010: £305,000)**
- **Successful launch of new range of electric bicycles**
- **Development of Solar Energy for schools initiative in the UK**

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 installations in the United Kingdom and Solar parks in Spain and Italy.

Professor Humayun Mughal, Chairman and CEO, commented:

"I am pleased to report that all divisions performed well during the six months ended 30th June 2011. Ultima has achieved group operating profit of £195,000 (H1 2010 : £110,000). The continuous investment into research and new product development has seen all divisions make progress despite market conditions remaining uncertain. The IT Services division has continued the roll out of its FiLos legal software suite which has had good reviews and a positive reception from existing and new clients. The green technology products division has seen a substantial increase in demand for its range of electric bicycles bolstered by the introduction of new models. The range will be supplemented by new designs expected to be released during 2011. The Green power division has concentrated on the development of its free solar energy programme for schools in the UK with the initial installations expected to be commissioned during Q3 2011.

Our main objective going forward continues to be based upon the growth of low risk recurring revenues and the expansion of the company by a mixture of organic growth, through continued investment into the development of new products and an increase in solar energy generation, complemented by a highly selective acquisitions policy.

I am delighted to report the progress made by all divisions and the successful introduction of a range of new products. Substantial investment has been made in creating opportunities for growth in the development of solar energy initiatives which will strengthen the group's green credentials and provide a platform for growth in recurring revenues."

17th August, 2011

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Humayun Mughal, Chairman and CEO

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Chairman and Chief Executive's Statement

Overview

Ultima has continued to make progress with a strong first half performance, producing a 77% increase in operating profit compared with the same period in 2010.

The IT Services division has accelerated the roll out of its new FiLos legal software suite which has improved the division's competitive position and contributed to the continued increase in sales and profitability despite uncertain market conditions. The division is continuing its programme of investment into product development and improvement and this is expected to continue to provide strong organic growth.

The Green technology products division has benefited from a substantial increase in sales into continental Europe. The sales growth, led by new products designed to meet the tastes and technical requirements of the Benelux market has resulted in substantial demand which the Board of Ultima expects to continue to grow. The U.K. market for the division's product offering continues to be impacted by the economic downturn however the Board of Ultima is confident the division is in a strong position to benefit from an increase in consumer confidence. The fluctuation in the value of sterling against the euro and US dollar has increased pressure on margins. However this has been compensated through a substantial increase in turnover resulting in a significant improvement in overall performance. Investment into new models using the company's lightweight patented battery technology continues. These new designs are being developed to take advantage of niche market opportunities which will extend the reach of the division's products.

The Green power division launched the solar energy for schools initiative in January 2011 which offers schools located in the U.K. the benefit of using free electricity with Ultima receiving the government backed feed in tariff. The division is employing the experience gained during the development of its first solar park in Spain and in June 2011 Ultima was granted approved installer status under the solar photovoltaic Microgeneration Certification Scheme. The division has negotiated several agreements with the first installations expected to be completed during Q3 2011. In Italy, the division has continued discussions with ENEL Spa to agree a timetable for connection to the Italian high voltage grid. The delay in the availability of a grid connection has led the division to review the Italian solar project based upon new tariff levels which have now been set at lower levels. The Board of Ultima has however concluded that the Italian project remains viable as a result of the fall in the price of PV modules which combined with expected falls in project costs offset the reduction in revenue which would arise from the lower tariffs. In Spain, the 100KW solar park installed in Spain is operating and is expected to start contributing revenue for Ultima in the second half of the financial year. This will contribute revenue to the division based on a fixed tariff of 32 eurocents per kilowatt hour for a period of 25 years.

At the Company's AGM held on the 6th July 2011 the Company's shareholders passed a resolution to change the name of the company from Ultima Networks plc to Ultima plc, subject to the acceptance of the proposed change of name by the Registrar of Companies. The Registrar of Companies has however rejected the application on the basis that several other companies had a prior claim, one of which was unwilling to grant Ultima permission to change their name. Ultima will therefore continue to be known as Ultima Networks plc. At the same AGM, Matteo Turi stepped down as an Executive Director of the Company to pursue another role which conflicted with his duties at Ultima. The Board of Ultima wish to thank Matteo for his contribution to the Company in his short period of time with the Company.

Financial Summary

In the six months to 30 June 2011 the group achieved sales of £1,536,000 (H1 2010: £785,000) and an operating profit of £195,000 (H1 2010: operating profit of £110,000). A strong performance from the Green technology products division was a major contributing factor to the improvement in profitability. The Green technology products division almost doubled turnover compared with the first half of 2010 as a result of the launch of new models and a substantial increase in demand from continental Europe.

The IT services division made an operating profit of £141,000 (H1 2010: £137,000) on sales of £434,000 (H1 2010: £373,000). This division comprises Cognito Software, a provider of application software and services to the legal profession.

The Green technology products division made an operating profit of £61,000 (H1 2010: operating loss of £13,000) on sales of £1,102,000 (H1 2010: £412,000). 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 £9,000 (H1 2010: operating loss of £14,000). This division holds the assets linked to the development of the group's solar park in Spain and the land and other assets previously acquired to enable the development of solar parks in Puglia, Italy.

There was an unallocated profit of £2,000 in the six months to 30th June 2011 (H1 2010: unallocated profit/(loss) of £Nil).

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 30th June 2011

	Unaudited Half year 2011 £000's	Unaudited Half Year 2010 £000's	Audited Full Year 2010 £000's
Continuing Operations			
Revenue	1,536	785	1,919
Cost of Sales	879	289	761
Gross Profit	657	496	1,158
Selling and administration expenses	464	387	807
Other Operating Income	2	1	5
Operating Profit	195	110	356

Finance Cost	(5)	(1)	(3)
Profit before taxation	190	109	353
Taxation recovery	-	-	11
Exchange difference on translating foreign operations	-	-	(34)
Total comprehensive income for the period attributable to equity holders of the company	190	109	330
Basic and diluted earnings per share -pence	0.06	0.039	0.13

Consolidated Statement of financial position

	30/06/2011	30/06/2010	31/12/2010
	Unaudited Half year 2011 £000's	Unaudited Half Year 2010 £000's	Audited Full Year 2010 £000's
ASSETS			
Non Current assets			
Property, plant, equipment	1,226	1,227	1,223
Intangible assets - development costs	1,032	681	843
Goodwill	118	118	118
Intangible assets - other	157	167	163
Total non current assets	2,533	2,193	2,347
Current assets			
Inventories	564	377	419
Trade and other receivables	1,048	573	564
Cash and other equivalents	576	305	663
Total current assets	2,188	1,255	1,646
Total assets	4,721	3,448	3,993
LIABILITIES			
Non Current liabilities			
Deferred tax	48	48	48
Total non current liabilities	48	48	48
Current Liabilities			
Trade and other payables	1,015	334	543
Current tax liabilities	63	64	110

Accruals and deferred income	406	267	335
Total current liabilities	1,484	665	988
Total liabilities	1,532	713	1,036
Net assets	3,189	2,735	2,957

EQUITY

Capital and reserves attributable to equity holders of the company

Called up share capital	8,299	8,269	8,269
Share premium account	5,843	5,831	5,831
Other reserves	202	202	202
Retained earnings	(11,162)	(11,608)	(11,352)
Translations of foreign operations	7	41	7
Total equity	3,189	2,735	2,957

Consolidated statement of cash flows

	Unaudited Half year 2011 £000's	Unaudited Half Year 2010 £000's	Audited Full Year 2010 £000's
Cash Flows from operating activities			
Profit for the financial period	190	109	364
Taxation expense	-	-	(11)
Interest receivable	2		3
Interest payable	(5)	(1)	-
Depreciation charges	5	3	8
Amortisation of intangibles	77	21	39
Operating profit before changes in working capital	269	132	403
Decrease/(Increase) in inventories	(145)	(38)	(80)
Decrease/(Increase) in trade and other receivables	(484)	64	73
(Decrease)/increase in trade payables and other current liabilities	496	(449)	(109)
Cash (used in)/generated from operations	136	(291)	287
Taxation	-	-	(14)
Net cash (used in)/generated by operating activities	136	(291)	273
Cash flow from investing activities			
Purchase of property, plant and equipment	(8)	(59)	(81)
Development expenditure	(260)	(232)	(412)
Other intangibles	-	-	-
Net proceeds of ordinary share issue	42	-	-
Net cash used in investing activities	(226)	(291)	(493)
Cash flows from financing activities			

Interest (received)/payable	3	1	(3)
Net cash(used in)/generated by financing activities	3	1	(3)
Net decrease in cash and cash equivalents	(87)	(581)	(223)
Cash and cash equivalents at beginning of the period	663	886	886
Cash and cash equivalents at end of the period	576	305	663

Consolidated statement of changes in equity

(i) Six months ended 30 June 2011 - unaudited

	Called up share capital	Share Premium	Other reserves	Retained earnings	Translation of foreign operations	Total Equity
At 1 January 2011	8,269	5,831	202	(11,352)	7	2,957
Issue Share Capital	30	12				42
Profit for the period				190		190
At 30 June 2011	8,299	5,843	202	(11,162)	7	3,189

(ii) 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
Loss for the period				109		109
At 30 June 2010	8,269	5,831	202	(11,607)	41	2,736

(iii) Year ended 31 December 2010 - Audited

	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
Issue of share capital	-	-	-			-
Total comprehensive income for the year	-	-	-	364	(34)	330
At 31 December 2010	8,269	5,831	202	(11,352)	7	2,957

1. Segmental reporting

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

As at 30th June 2011, the Group is organised into three principal business segments:

- IT and related 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 and installation of solar power)

The segmental results for the half year ended 30th June 2011 are as follows:

	Unaudited Half year 2011 £000's	Unaudited Half Year 2010 £000's	Audited Full Year 2010 £000's
Revenue			
United Kingdom	1,536	785	1,919
Italy		-	-
Spain		-	-
Total	1,536	785	1,919
Revenue			
IT Services (UK)	434	373	831
Green technology and products (EU)	1,102	412	1,088
Green Power division (Italy)	-	-	-
Unallocated	-	-	-
Total	1,536	785	1,919
Operating profit before exceptional items			
IT Services (UK)	141	137	377
Green technology and products (EU)	61	(13)	3
Green Power division (Italy)	(9)	(14)	(24)
Unallocated	2	-	-
Operating profit	195	110	356
Finance Income/(payable)	(5)	(1)	(3)
Profit before taxation and exceptional item	190	109	353
Taxation Recovered	-	-	11
Exchange difference on translating foreign operations	-	-	(34)
Profit before taxation	190	109	330

	Unaudited Half year	Unaudited Half Year	Audited Full Year
	2011 £000's	2010 £000's	2010 £000's
Depreciation			
IT Services (UK)	1	1	2
Green technology and products (EU)	2	-	2
Green Power division (Italy)	-	-	-
Unallocated	2	2	4
Group Total	5	3	8
Amortisation			
IT Services (UK)	38	5	10
Green technology and products (EU)	36	13	24
Green Power division (Italy)	2	3	5
Group Total	76	21	39
Segment Assets			
IT Services (UK)	745	517	642
Green technology and products (EU)	1,698	936	1,283
Green Power division (Italy)	952	1,395	927
Unallocated	1,326	601	1,141
Group	4,721	3,449	3,993
Segmental liabilities			
IT Services (UK)	(212)	(212)	(253)
Green technology and products (EU)	(662)	(92)	(288)
Green Power division (Italy)	(46)	(46)	(49)
Unallocated	(612)	(363)	(446)
Group	(1,532)	(713)	(1,036)
Net assets			
IT Services (UK)	533	305	389
Green technology and products (EU)	1,036	844	995
Green Power division (Italy)	906	1,349	878
Unallocated	714	238	695
Group	3,189	2,736	2,957
Capital Expenditure			
IT Services (UK)	116	106	214
Green technology and products (EU)	77	42	108
Green Power division (Italy)	28	86	87
Unallocated	48	59	60
Group	269	293	469

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 2010

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 2011 and 30 June 2010.

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 276,426,538 (June 2010: 276,176,538 and December 2010: 276,176,538). There are no options having a dilutive impact on earnings per share.

6 Other information

This interim statement was approved by the board on 16 August 2011 and has not been audited by the company's auditors Frank P Dongworth & Co. The comparatives for the full year ended 31 December 2010 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 2010 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.