



## Regulatory Announcement

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**Company** Ultima Networks PLC  
**TIDM** UTN  
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PRELIMINARY ANNOUNCEMENT OF UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

ULTIMA NETWORKS PLC  
('Ultima' or the 'Company')

28 May 2009

The Directors are pleased to announce the unaudited preliminary results of Ultima Networks plc and its subsidiaries (the 'Group' or the 'Ultima Group') for the year ended 31 December 2008.

The Ultima Group's operations consist of two divisions; IT Services and Green Technology Products. These divisions are respectively involved in the sale of software to the legal profession and the development and sale of specialist electrical goods and clean power generation resources including solar parks in Spain and Italy.

### Highlights of 2008

- \* J.C.S Computing Solutions Ltd acquired for £295,000, including directly attributable costs, during the year.
- \* Land acquired in Southern Italy for £507,000 which will be used to develop a 3MW solar park.

### Unaudited financial highlights

- \* Group revenue was £1,977,000 (2007: £1,564,000)
- \* Gross margin for the year was 67% compared with 71% in 2007
- \* Group administration expenses were £1,097,000 (2007: £883,000)
- \* Operating profit was £246,000 (2007: £233,000)
- \* Profit on ordinary activities before taxation for the year was £281,000 (2007: £276,000)
- \* Earnings per share was 0.13p (2007: 0.13p)
- \* Cash at bank at the year end was £122,000 (2007: £1,026,000)
- \* Consolidated balance sheet has increased net assets by £260,000 to £1,428,000 (2007: £1,168,000)

### Chairman's statement

I am very pleased to present the unaudited results for the Group in what has been a year of growth and expansion into new products, technologies and geographical areas. The year has seen significant transitions in both the IT Services and the Green Technology Products divisions which we expect to capitalise on over the forthcoming years and, I believe, put us in a strong position for growth across the Group.

In the year ended 31 December 2008, the Group achieved a 26% increase in sales to £1,977,000 (2007: £1,564,000) and 6% increase in operating profit to £246,000 (2007: £233,000).

### IT Services division

The IT Services division made an operating profit of £126,000 (2007: £148,000) on sales of £708,000 (2007: £701,000). This division principally provides computer application software and related support and other services to the legal profession with Cognito Software continuing to be the major contributor.

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In July 2008, the division was strengthened by the acquisition of J.C.S. Computing Solutions Limited ('JCS'), a supplier of software and services to the legal profession. These activities were merged with Cognito resulting in the substantial strengthening of both the customer base and the management team.

The Group has invested in a new document production and management system, which will be integrated with the existing Cognito Software and targeted to existing customers in the legal IT sector. Additional staff and other resources have been employed to ensure the efficient implementation of this project. The system will also be available in a standalone version for sale to all professional services firms.

I believe the IT Services division's management team now is well equipped to grow this division by fully integrating the existing products, developing new products and winning new customers. The combination of Cognito and JCS into one division should also have both cost and operational benefits in the ongoing development of new products to meet the increasing challenges our customers face.

## Green Technology Products division

The Green Technology Products division contributed an operating profit of £124,000 (2007: £85,000) on sales of £1,269,000 (2007: £863,000). This division has found continuing success with its competitively priced PowaCycle branded range of electric bicycles, which are refreshed by the regular introduction of new models and are increasingly being sold through a growing number of appointed dealers throughout the UK, which totalled over 100 at the year end.

The Group has invested in a completely new premium priced Infineum branded range of electric bicycles, which will incorporate a new and unique stackable battery giving the rider a choice over battery weight and distance travelled. This new range of electric bicycles is expected to fully complement the existing PowaCycle range and therefore increase sales and profits of the division.

The division distributes the cycles through a network of over 100 dealers based throughout the UK and is in the process of establishing a European network following the establishment of a distribution facility based in Monchengladbach, Germany and the recent announcement of a distribution agreement for sales in the Benelux region.

The year has also seen some transformative developments in our quest to expand into the solar generation arena in the Green Technology Products division which we believe will play an increasingly significant part in the future growth of the Group.

During the year we have formed new Italian subsidiaries to acquire land and property on which we plan to develop solar power parks. The Group's intention is to seek funding to begin construction and commissioning of solar farms, commencing with installations on the land acquired in Southern Italy. Our plan is to develop a 3MW solar park in Italy and a 100KW pilot project to demonstrate our technology.

Recently we have received a connection agreement for the 3MW Italian Solar Park to the Italian Grid system which will enable the solar park to benefit from sales under Italian government tariffs once the park is financed and constructed. The 100KW Spanish Solar Park has also received Spanish government approval for the off take of energy created by the park, once financed and built, at a fixed price of 32 Euro cents for a period of 25 years.

We are very excited about the move into the solar power arena, there is clearly a growing awareness of the need for renewable sources of energy and with the growing incentives available to support this demand in the EU we are confident that these projects will be a major part of the Group's growth in coming years. Whilst there is still a great deal of work to be done in raising the necessary funds to finance these projects and in constructing and operating the solar parks we believe that the financial commitment to the projects at this stage will reap substantial benefits in 2-3 years.

## Outlook

Whilst the economic outlook is still difficult, we believe 2008 has been a great year and against the backdrop of difficult financial conditions we have managed to boost both revenues and profits. Our acquisition of JCS is already proving successful and we are confident that the management of that division will continue to deliver growth and both operational and financial benefits going forwards.

The expansion in the Green Technology Products division is, however, potentially the most exciting for the Group with the launch of new products into new

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countries in the electronic bike division and the achievement of significant milestones towards our plans to build solar parks in Spain and Italy.

There are clearly still challenges ahead in the economic conditions we face which will impact all divisions of the business but we are confident that the foundation stones we have laid in 2008 will allow us to grow across all areas of the Group. The company will clearly need to raise funds and/or borrowings in order to construct the solar parks and we are confident that, despite the difficult market conditions we face, we will be able to find the necessary funds in order to expand in this direction which we feel is essential to underpin the growth we hope to deliver to the benefit of our shareholders over the coming years.

We look forward to another successful year despite the economic outlook and to achieving even further milestones towards our continued growth in 2009.

## Enquiries:

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CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31  
DECEMBER 2008

	Unaudited	
	2008	2007
	£000	£000
Revenue	1,977	1,564
Cost of sales	(648)	(452)
Gross profit	1,329	1,112
Administration expenses	(1,097)	(883)
Other operating income	14	4
Operating profit	246	233
Finance income	35	43
Profit before taxation	281	276
Taxation expenses	(21)	(11)
Profit for the period attributable to equity holders of the parent	260	265
Basic and diluted earnings per share - pence	0.13	0.13

All amounts relate to continuing activities.

CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2008

	Unaudited	
	2008	2007
	£000	£000

## ASSETS

Non current assets		
Property, plant and equipment	621	120
Intangible assets - development costs	78	6
Goodwill	118	-
Intangible assets - others	181	-
Deferred tax asset	6	5
	<hr/>	<hr/>
Total non current assets	1,004	131
	<hr/>	<hr/>
Current assets		
Inventories	452	257
Trade and other receivables	404	284
Cash and cash equivalents	122	1,026
	<hr/>	<hr/>
Total current assets	978	1,567
	<hr/>	<hr/>
Total assets	1,982	1,698
	<hr/>	<hr/>

## LIABILITIES

Non current liabilities		
Deferred tax	50	-
	<hr/>	<hr/>
Total non current liabilities	50	-
	<hr/>	<hr/>
Current liabilities		
Trade and other payables	81	97
Current tax liabilities	132	98
Accruals and deferred income	291	335
	<hr/>	<hr/>
Total current liabilities	504	530
	<hr/>	<hr/>
Total liabilities	554	530
	<hr/>	<hr/>
Net assets	1,428	1,168
	=====	=====

## EQUITY

Capital and reserves attributable to equity holders of the parent		
Called up share capital	7,554	7,554
Share premium account	5,602	5,602
Other reserves	202	202
Retained earnings	(11,930)	(12,190)
	<hr/>	<hr/>
	1,428	1,168
	=====	=====

CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2008

	Unaudited	
	2008	2007
	£000	£000
Profit for the financial period	260	265
Taxation expense	21	11
Interest receivable	(35)	(43)
Depreciation charges	13	12
Amortisation of intangibles	19	5
	<hr/>	<hr/>
Operating profit before changes in working capital	278	250
Increase in inventories	(195)	(49)
Increase in trade and other receivables	(19)	(50)

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(Decrease)/increase in trade payables and other current liabilities	(248)	9
Cash (used in)/generated from operations	(184)	160
Taxation	-	-
Net cash (used in)/generated from operating activities	(184)	160
Cash flows from investing activities		
Purchase of property, plant and equipment	(510)	(5)
Development expenditure	(82)	(4)
Acquisition of subsidiaries net of cash acquired	(163)	-
Net cash used in investing activities	(755)	(9)
Cash flows from financing activities		
Interest received	35	43
Net cash generated from financing activities	35	43
Net (decrease)/increase in cash and cash equivalents	(904)	194
Cash and cash equivalents at beginning of the period	1,026	832
Cash and cash equivalents at end of the period	122	1,026
	=====	=====

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2008

	Called up share capital £000	Share premium £000	Other reserve £000	Retained earnings £000	Total equity £000
Year ended 31 December 2008 (Unaudited)					
As 1 January 2008	7,554	5,602	202	(12,190)	1,168
Profit for the period and total income or expense for the period	-	-	-	260	260
At 31 December 2008	7,554	5,602	202	(11,930)	1,428
	=====	=====	=====	=====	=====
Year ended 31 December 2007					
As 1 January 2007	7,554	5,602	1,334	(13,587)	903
Profit for the period and total income or expense for the period	-	-	-	265	265
Transfer	-	-	(1,132)	1,132	-
At 31 December 2007	7,554	5,602	202	(12,190)	1,168
	=====	=====	=====	=====	=====

The Group operates in the United Kingdom and Italy.

At 31 December 2008, the Group is organised into two principal business segments:

\* IT Services (comprising legal and publishing application software)

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\* Green Technology Products (comprising electric bicycles, energy saving lamps, educational electronic kits and development of solar power parks)

The unaudited segmental results for the year ended 31 December 2008 are as follows:

	IT Services UK £000	Green Technology UK £000	Green Technology Italy £000	Unallocated £000	Group £000
Revenue	708	1,269	-	-	1,977
Operating profit/(loss)	126	133	(9)	(4)	246
Finance income					35
Profit before taxation					281
Depreciation	5	4	-	4	13
Amortisation	9	6	4	-	19

The segmental results for the year ended 31 December 2007 are as follows:

	IT Services UK £000	Green Technology UK £000	Green Technology Italy £000	Unallocated £000	Group £000
Revenue	701	863	-	-	1,564
Operating profit	148	85	-	-	233
Finance income					43
Profit before taxation					276
Depreciation	4	3	-	5	12
Amortisation	-	5	-	-	5

The other information of the segments are as follows:

2008 (unaudited)

	IT Services UK £000	Green Technology UK £000	Green Technology Italy £000	Unallocated £000	Group £000
Segment assets	549	714	541	178	1,982
Segment liabilities	(367)	(44)	(4)	(139)	(554)
Net assets	182	670	537	39	1,428
Capital expenditure	47	35	523	299	904

2007

	IT and related services UK £000	Green technology UK £000	Green technology Italy £000	Unallocated £000	Group £000
Segment assets	153	405	-	1,142	1,700
Segment liabilities	(380)	(73)	-	(79)	(532)
Net assets/ (liabilities)	(227)	332	-	1,063	1,168
Capital expenditure	6	4	-	-	10

## PRELIMINARY STATEMENT

This preliminary statement was approved by the directors on 22 May 2009. This statement does not constitute the Group's statutory accounts for the year ended 31 December 2008. Statutory accounts for the year ended 31 December 2007 have

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been delivered to the Registrar of companies. The auditors' report on those accounts was unqualified and did not contain any statement under section 237(2) or (3) of the Companies Act 1985. The auditors have yet to report on the statutory accounts for the year ended 31 December 2008.

The Annual Report for 2008 will be posted to shareholders by 19 June 2009 and will be available to the public from 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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