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DAT Group plc
("DAT", "the Company" or "the Group")

Interim Results for the six months to 30 June 2005

Highlights:

- Turnover up 80% to £1.8 million (2004: £1.0 million)
- Loss of £1.0 million (2004: £1.3 million)
- Appointment of new CEO
- Completed acquisition of Synchronica Software GmbH
- Commissioned major internal review
- New structure in place to capitalise on a tighter, more focused suite of products
- Cash balance at 30 June 2005 £2.6 million (at 31 December 2004: £5.5 million)

Commenting on the announcement John Gunn, Chairman of DAT said: "The last nine months has been a period of considerable change for DAT Group. During this period we completed a significant acquisition, determined that the Group's sales processes and product portfolio were insufficiently focused and commissioned a major internal review to establish the best way to profitably exploit our valuable technology and expertise. The Board has now completed its review of DAT's products, processes and organisation. A new structure has been put in place under the leadership of our new CEO. The Group will now seek to capitalise on a much tighter, more focused, suite of products which management believes have undoubted competitive advantages."

Carsten Brinkschulte DAT CEO added: "The team at DAT Group, from top to bottom, is excited by the opportunity we have to become significant suppliers of device management solutions to international customers. The analysis and review we have undertaken this summer has, I believe, led to the creation of a much stronger and more focused organisation. We face the future with confidence".

For more information please visit www.datgroup.com or contact:

Carsten Brinkschulte

Nicole Meissner, CMO

DAT Group plc
Chief Executive Officer
Mobile: +49 172 88 72 758

DAT Group plc
Office: +49 30 616 75 650
Mobile: +49 173 606 91 60

Simon Hudson / Clemmie Carr

Tavistock Communications
Tel: +44 20 7920 3150

Chairman's Statement

Introduction

The last nine months has been a period of considerable change for DAT Group. During this period we completed a significant acquisition, determined that the Group's sales processes and product portfolio were insufficiently focused and commissioned a major internal review to establish the best way to profitably exploit our valuable technology and expertise. We also accepted the resignation of our former Chief Executive Officer.

The Board has now completed its review of DAT's products, processes and organisation. A new structure has been put in place under the leadership of our new CEO. The Group will now seek to capitalise on a much tighter, more focused, suite of products which management believes have undoubted competitive advantages. The rationale and strategy behind our refocused business model is set out in more detail in the CEO's Review accompanying these results. The Directors believe that the steps we have taken to address our problems will result in a much stronger Group, capable of delivering the financial results expected by our shareholders.

Results

Turnover for the six months to 30 June 2005 was £1.8 million (2004: £1.0 million). This was disappointing, given our strong sales pipeline and was a reflection of the issues outlined above. As a result of the sales shortfall, but continued investment, there was a loss for the period of £1.0 million (2004: loss of £1.3 million). Loss per share was 5.1p (2004: loss of 9.6p). Cash balances at 30 June 2005 were £2.6 million (31 December 2004: £5.5 million).

Given the current stage of the Group's development and its cash investment needs, the Directors are not declaring a dividend in respect of the period under review.

Business Activities

The Group's addressable markets continue to grow. As mobile device operators seek to generate returns on their very substantial investments in data enabled networks, the facilities offered on (and thus complexity of) handsets increases. This complexity extends to the configuration, provisioning, management and synchronisation of these devices as consumers - both retail and business - require more and more services to be delivered to handheld devices. DAT is uniquely positioned to supply a complete portfolio of solutions covering these areas to operators, mobile manufacturers, wholesalers and enterprises.

Our ability to supply such solutions was significantly enhanced by the acquisition of Synchronica Software GmbH ("Synchronica") in April this year. Synchronica brought live, installed products and expertise in mobile device management and data synchronisation based on increasingly popular and widespread industry standard protocols (OMA DS and OMA DM) - whereas DAT's previous focus had been on Microsoft's proprietary mobile operating systems. The combination of the two businesses has resulted in a much stronger product and service offering for our target markets.

The strategic and business review undertaken by the Board has produced a much shorter portfolio of products around which the business is now organised. The review process included a long, hard and objective look at the totality of our business offering and has resulted in the decision to put on hold the development of a number of products. These include the previously high-profile Tabella products, which we determined would need massive consumer marketing spend to succeed. We do not have such resources. However, the synchronisation and push e-mail markets Tabella sought to address will instead be tackled by the Synchronica SyncML Gateway, targeted at operators and enterprises. As of today,

with very limited marketing and sales effort, more than 80 corporate customers are already using this solution to synchronise appointments, contacts, notes and e-mails.

Board and Management

In July, on the resignation of the previous Chief Executive Officer - David Hayes - we appointed the Chief Financial Officer, Allan Jonnes, as interim CEO and, at the same time, strengthened the Board with the appointment of two new executive Directors. The new appointments were Terry Page, who was previously Director, Commercial Delivery, and Carsten Brinkschulte, who was the CEO of Synchronica and the Group's Chief Technical Officer.

In tandem with the review of our business activities, the Board has been considering candidates (both internal and external) for the post of Chief Executive Officer. We have now appointed Carsten Brinkschulte as the new CEO as we believe that his intimate knowledge of our technology and markets, combined with his proven entrepreneurial ability, will make him an outstanding leader of the Group through the next phase of our development. The Board congratulates him on his appointment.

Outlook

The Directors have, I consider, successfully addressed the issues identified earlier in the year which were hampering the Group's development. The transition from an entrepreneurial, opportunistic business to a global products-based operation is not an easy one. In the short term, we do not expect this transition to materially affect our view on the likely outcome for 2005; sales are expected to be in the lower half of the range we presented in July. We have sought, however, in managing this transition, to maintain our cultural values while imposing a more focused structure on our product range and organisation. The Board believes that we have now put in place the foundations to restore value to shareholders.

Finally, I would like to personally thank all employees of the Group, in London, Berlin and the U.S., and my fellow Directors, for their hard work over the past three months while we conducted the review process. We could not have accomplished it without their wholehearted support.

J. Gunn
30 September 2005

Review of Operations by the Chief Executive Officer, Carsten Brinkschulte

This is my first review for shareholders as CEO of DAT Group plc. I am delighted to have taken up this position and believe that the Group's potentially world-beating technology can be exploited profitably for shareholders with the new structure and product range we have put in place.

The Review

The Company announced in July that it would undertake a complete analysis and review of DAT's products, structure and markets. The analysis phase of this process took approximately six weeks, as we studied in detail the strengths and weaknesses of the Company, products and technologies applied. This analysis was followed by a thorough review of our service offering, which led to the selection of a core product range to which DAT could bring significant competitive advantages.

Following the selection of the products to focus on going forward, we needed to determine our strategy to exploit them. This part of the process led naturally

to a definition of how the Company would organise and structure itself around the focused suite of products we would pursue. A formal business plan was produced at the beginning of September and the results of the analysis and review were presented to staff. I believe the conclusions and outcome of the review have been very well received by the people who will implement it and make it successful.

Analysis

The issues which we identified in the course of the review were principally two-fold and stemmed, in large measure, from DAT's cultural heritage as an entrepreneurial, service based business. There existed no clear or coherent product and sales strategy. As a result, the Company had been leading a day-to-day existence, unable to staff all of its products adequately, with engineering resources stretched between customer projects and standard products and - most obviously - too many products addressing too many different markets.

Products

At the end of the first half of our financial year DAT Group plc, including Synchronica, had a total product line-up of thirteen distinct products targeted at five separate markets in the mobile device business space. Three of these products - Tabella Express, Tabella Professional and Retail Assistant - were aimed at the end-user/consumer and retail markets where the Group had little or no experience.

We determined to focus our financial and human resources on four core products which cover mobile manufacturers, operators and corporates within the global mobile device marketplace. The products we have focused on all have large potential markets with either strong, growing demand and/or low competition. This, together with the chosen products' technological advantages and proven track record, gives us a realistic chance for securing revenues against our competitors.

The important and fast growing corporate and enterprise market for mobile device services and management which was supposed to be addressed by Tabella Business will now instead be addressed by the Synchronica SyncML Gateway and Enterprise Assistant. Both products can also be applied to the market of mobile operators which offers a potential for large and recurring revenue streams. With ROM-Builder we are addressing the market of device manufacturers, while we address mobile operators and manufacturers with the Synchronica SyncML DM Server.

Our new, focused product line-up, and the markets they address, is set out below:

Synchronica SyncML DM Server

The Synchronica SyncML DM Server is a device management solution for mobile operators and device manufacturers supporting automated device diagnosis and repair; including over-the-air device reconfiguration and firmware updates. It has been designed to meet the high demands of mobile operators incorporating a carrier-grade architecture capable of performing mass-rollout of new device configuration and software updates to millions of devices.

The growing complexity of mobile phones has significantly increased the number of software bugs in devices, some of which even require device recalls. Device manufacturers and mobile operators are now searching for mobile device management solutions to reduce customer-care costs and prevent public device recalls. In addition, mobile operators are searching for solutions to distribute configuration changes and software updates to a larger number of devices in

order to increase customer satisfaction and network utilisation. Both operators and manufacturers are in favour of multi-vendor solutions using open industry standards to enforce interoperability and prevent single-vendor lock-in situations.

Based on the open industry standard OMA DM backed by all major device manufacturers, the Synchronica SyncML DM Server works with any OMA DM compliant device and does not require any installation of additional client software. Thanks to its unique and proprietary server-side scripting language "Sydemas", the SyncML DM Server is highly adaptable and can be used to build an automated hotline system capable of replacing a large percentage of standard manual procedures.

Device Manufacturers can use the SyncML DM Server to prevent costly device recalls avoiding bad press with mass-distribution of software updates. Mobile operators can distribute configuration changes to their subscriber base reducing customer-care costs and increasing customer satisfaction. The SyncML DM Server is sold directly to device manufacturers and operators by the DAT sales force and indirectly through OEM partners such as Smarttrust and Extended Systems.

Synchronica SyncML Gateway

The Synchronica SyncML Gateway provides over-the-air synchronisation of corporate email, calendar, contacts, tasks and notes with mobile phones and PDAs. It is sold as shrink-wrapped software to enterprises, with an easy-to-use installation procedure, as well as to mobile operators which will offer the SyncML Gateway to corporate users as a hosted service.

Based on the open industry standard OMA DS, supported by all major device manufacturers and available on more than 150 devices currently available in the market, the SyncML Gateway works out-of-the box, without additional client software on the device. When hosted by a mobile operator, it features a "zero footprint" architecture enabling corporate users to synchronize their mobile phones without any software installation or firewall changes.

With the increasing functionality and usability of high-end mobile phones, PDAs and Smartphones, corporate users are starting to use mobile phones for much more than simply phone calls. Most devices today are bundled with synchronisation software enabling the synchronisation of calendar contacts and tasks between the user's PC and the mobile device. However, these solutions are based on cable, infra-red or Bluetooth connections and while sufficient for synchronisation of static data such as contacts, they are not suitable for synchronisation of email or calendar information where up-to-date information is essential. Recently, industry pioneers such as Blackberry have shown significant success offering mobile data synchronisation solutions enabling mobile access to corporate email and calendar information. However, Blackberry and most other solutions are based on proprietary technology and require costly dedicated devices or installation of additional client software on the device limiting their compatibility and usability.

While mobile operators appreciate growing revenues from mobile messaging and synchronisation solutions, they typically prefer solutions based on open industry standards to increase compatibility and prevent single-vendor lock-in situations. Since the SyncML Gateway is based on the open industry standard OMA DS, it is compatible with a wide range of devices on the market and does not require installation of additional client software on the device. Thanks to the zero-footprint architecture, mobile operators can offer mobile synchronisation services to individual end-users without having to convince a corporate IT department to install software behind a corporate firewall.

The SyncML Gateway is offered directly to enterprises which can purchase the

software from a Web-Shop operated by DAT's Synchronica subsidiary. In addition, the software is marketed through a reseller network consisting of smaller system integrators offering the solution to their clients. To mobile operators, the SyncML Gateway is marketed directly with a dedicated sales team.

ROM Builder

The design of the operating system in a Windows Mobile powered device is crucial to its reliability and success. Incorrectly programmed settings can cause significant downstream support burdens and reduced revenues. This is why phone prototyping is a time consuming and complex activity before phones are launched to market.

This responsibility brings challenges to the process of customising a Windows Mobile phone. The participating organisations are often located in different continents and collaborative work has to take place across time zones. These difficulties are compounded by the different languages spoken by the contributors. Today, the device settings determined by the team are stored in a large table or spreadsheet which is updated manually with any change requests. It is also a manual process to transcribe the settings from the table to the phone.

ROM Builder is a web application which can be provided as an ASP solution or hosted by a device manufacturer. It is a collaborative tool which is offered to the manufacturers' operator customers and their channel partners to speed up the process of creating ROM prototypes. Users interact with ROM Builder through web interfaces which are optimised for the contributor.

ROM Builder has two main customer benefits: it reduces the time to market a Windows Mobile device manufacturer needs to customise the operating system to various mobile operators and their requirements. In addition, it streamlines and standardises the communication processes with operators reducing the number of errors which can occur during the customisation process.

This unique product will be offered to all Windows Mobile Smart Phone device manufacturers globally.

Enterprise Assistant

Enterprise Assistant is a web based application designed to enable organisations to manage their estates of mobile devices. The business value of Enterprise Assistant is significant because of the value of data carried on the new breed of smart devices being issued on a far broader scale inside all types of organisations. The loss of a smart device is not limited to just the expensive piece of hardware, but the often unquantifiable value of the business data both in financial and credibility terms.

The target market for Enterprise Assistant is any organisation deploying, using and managing devices to its employees. Today this spans the entire range of organisations from corporates of varying sizes through to governments.

Today, the driver for most organisations to implement Enterprise Assistant is similar to insurance, giving them the ability to lock or wipe the data from a lost or stolen device. Of course Enterprise Assistant also has a range of other key features which customers need to be able to provision, maintain and support their users mobile devices in the field. Customers achieve a number of key benefits including the ability to segment mobile device users by group and manage them in those groups in a way that is otherwise impossible to achieve. A major benefit to many organisations is consolidated reporting which enables the presentation of otherwise disparate data in a usable manner to determine usage, access and device data.

Strategy

In order to fully exploit our product portfolio, we have now created dedicated, ring-fenced teams for each of our products. Product managers will define features, design a road map to achieve them and lead product development. Each product's development team will be solely focused on delivering the product road map, the features specified by the product manager and software updates to correct problems. Each team will also have attached dedicated quality assurance, technical documentation and support staff who will be experts in their particular products. The products themselves will reach the marketplace through specialised sales teams for the first time executing a dedicated sales strategy.

The Group's products are almost always mission-critical for our customers. While products offered to the enterprise market are shrink-wrapped, sales to mobile manufacturers as well as operators will require customisation and often additional features and will be delivered with professional services in the context of a project. The professional services group takes a snapshot of the current product state and implements changes or additional features required by the customer independently and without affecting the product teams. If applicable to a wider audience, the additional features will be streamed back into the core, accelerating the product roadmap.

With regards to our existing clients using results of custom development work, we are fully committed to support these projects and can offer to implement further enhancements on request.

Structure

The executive structure of the Group has been changed to reflect our new vision, strategy and priorities. Under my leadership there is now a team of experienced individuals who, I believe, will enable us to deliver our vision. As Chief Technical Officer, Tim Carmichael is responsible for all technical matters including forward thinking, product development and quality assurance. Terry Page is Chief Operating Officer responsible for professional services, support and internal IT resources.

A central plank of our new strategy is to establish clear sales processes, supported by effective marketing and product management. Nicole Meissner is our Chief Marketing Officer and will focus on product management, overall marketing, public relations and external communications with our investors and investment audiences. As Chief Sales Officer, Bruce Eley will design and run a sales strategy and management process across all the Group's markets.

Finally, Allan Jonnes, our Chief Financial Officer, will provide financial planning and control as well as human resources and managing of contracts with customers.

The Future

The team at DAT Group, from top to bottom, is excited by the opportunity we have to become significant suppliers of device management solutions to international customers. The analysis and review we have undertaken this summer has, I believe, led to the creation of a much stronger and more focused organisation. We face the future with confidence.

Consolidated Profit and Loss Account

	Note	6 Months to 30 Jun '05 (unaudited) £'000	6 Months to 30 Jun '04 (unaudited) £'000	Year to 31 Dec '04 (audited) £'000
Turnover: Continuing operations		1,784 =====	1,028 =====	2,424 =====
Operating loss: Continuing operations		(1,034)	(1,261)	(2,271)
Interest receivable less interest payable		82 -----	(109) -----	(105) -----
Loss on ordinary activities before tax		(952)	(1,370)	(2,376)
Tax on loss on ordinary activities	1	(4) -----	120 -----	406 -----
Loss on ordinary activities after tax		(956) =====	(1,250) =====	(1,970) =====
Basic and diluted loss per ordinary share	2	(5.1p) =====	(9.6p) =====	(14.7p) =====

The results of acquisitions in the period are not considered to be material and have not been separately disclosed in accordance with FRS3.

Consolidated Cash Flow Statement

	Note	6 Months to 30 Jun '05 (unaudited) £'000	6 Months to 30 Jun '04 (unaudited) £'000	Year to 31 Dec '04 (audited) £'000
Net cash flow from operating activities	3	(2,115)	(928)	(1,726)
Returns on investment and servicing of finance		82	(108)	(119)
Taxation (paid) and received		(6)	304	410
Capital expenditure and financial investment		(156)	(78)	(41)
Acquisitions and disposals	4	(763) -----	- -----	- -----
Net cash flow before financing		(2,958)	(810)	(1,476)
Financing		13 -----	1,317 -----	6,970 -----
(Decrease) / increase in cash		(2,945) =====	507 =====	5,494 =====

Consolidated Balance Sheet

	Note	As at 30 Jun '05 (unaudited) £'000	As at 31 Dec '04 (audited) £'000	As at 30 Jun '04 (unaudited) £'000
Intangible assets and goodwill		970	-	-
Tangible assets		215	108	122
		-----	-----	-----
Total Fixed Assets		1,185	108	122
		-----	-----	-----
Stocks		108	29	21
Debtors due after one year		11	11	11
Debtors due within one year		1,348	652	655
Cash at bank and in hand		2,568	5,512	108
		-----	-----	-----
Total Current Assets		4,035	6,204	795
Creditors: Amounts falling due within one year		(877)	(1,203)	(1,503)
		-----	-----	-----
Net current assets / (liabilities)		3,158	5,001	(708)
		-----	-----	-----
Total assets less current liabilities		4,343	5,109	(586)
Creditors: Amounts falling due after more than one year		-	(16)	(37)
		-----	-----	-----
Net assets / (liabilities)		4,343	5,093	(623)
		=====	=====	=====
Capital and reserves	5	4,343	5,093	(623)
		=====	=====	=====

Notes to the Interim Financial Information

1. Tax

	6 Months to 30 Jun '05 (unaudited) £'000	6 Months to 30 Jun '04 (unaudited) £'000	Year to 31 Dec '04 (audited) £'000
United Kingdom tax credit	-	120	410
Overseas tax payable	(4)	-	(4)
	-----	-----	-----
Current taxation	(4)	120	406
	=====	=====	=====

2. Loss Per Share

	6 Months to 30 Jun '05 (unaudited) £'000	6 Months to 30 Jun '04 (unaudited) £'000	Year to 31 Dec '04 (audited) £'000
These have been calculated on losses of:	(956) =====	(1,250) =====	(1,970) =====
The weighted average number of shares used was:	18,665,000 =====	13,035,000 =====	13,376,000 =====
Basic and diluted loss per ordinary share	(5.1p) =====	(9.6p) =====	(14.7p) =====

3. Reconciliation of Operating Loss to Net Cash Outflow from Operating Activities.

	6 Months to 30 Jun '05 (unaudited) £'000	6 Months to 30 Jun '04 (unaudited) £'000	Year to 31 Dec '04 (audited) £'000
Operating loss	(1,034)	(1,261)	(2,271)
Amortisation of goodwill	25	-	-
Depreciation of tangible assets	55	37	83
(Profit) / loss on sale of tangible fixed assets	-	-	(1)
Change in stocks	(80)	35	27
Change in debtors	(808)	198	264
Change in creditors	(273)	63	172
	-----	-----	-----
Net cash flow from operating activities	(2,115) =====	(928) =====	(1,726) =====

4. Acquisition of Subsidiary

On 31 March 2005, DAT Group PLC acquired the entire issued share capital of Synchronica Software GmbH, a Berlin based software company. The total consideration for the acquisition of Synchronica was €1,350k (£933k) including an allotment to the vendors of options in respect of Ordinary shares in DAT with a market value of €250k. Payment of €800k in cash was made on completion (31 March 2005) and the balance of €300k was paid into escrow accounts on the same date. Acquisition expenses amounted to £106k.

A provisional fair value of £44k has been calculated for the assets, including £103k in cash, acquired via the transaction. Goodwill of £995k, after adjustments for associated transaction costs, is to be provisionally amortised over a period of 10 years.

Analysis of Acquisition Cash Flow	£'000
Total consideration (€1,350k)	933
Less share options (€250k)	(173)

Cash consideration	760

Acquisition expenses	106
Less cash acquired	(103)

Net cash flow for acquisition	763
	=====

5. Reconciliation of Movement in Shareholder's Funds

Capital and Reserves	£'000
At 31 December 2004	5,093
Retained loss for the period	(956)
New Ordinary shares allotted	33
Capital to be issued	173

At 30 June 2005	4,343
	=====

6. Interim Report

This interim report was approved by the Board on 30 September 2005. It is not the company's statutory accounts. It has been prepared using accounting policies that are consistent with those adopted in the statutory accounts for the year ended 31 December 2004.

The figures for the year to 31 December 2004 were derived from the statutory accounts for that year. The statutory accounts for the year ended 31 December 2004 have been delivered to the Registrar of Companies and received an audit report which was unqualified and did not contain statements under s237(2) or (3) of the Companies Act 1985.

Independent Review Report to DAT Group PLC

Introduction

We have been instructed by the company to review the financial information set out on pages 10 to 14. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' Responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review Work Performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied, unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore

provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information. We have not carried out any review procedures on the financial information for the six months ended 30 June 2004.

Review Conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2005.

RSM Robson Rhodes LLP
Chartered Accountants

London, England
30 September 2005

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The company news service from the London Stock Exchange

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