Synchronica PLC
28 July 2006

Synchronica plc

("Synchronica" or "the Company")

Interim Results for the Six Months to 30 June 2006

London, 28 July 2006 - Synchronica, an international developer and provider of mobile device management and synchronisation solutions, is pleased to announce its interim results for the six months to 30 June 2006.

Summary

- Significant customer and partner sales contracts signed, e.g. IXI Inc, Netcom, Red Bend, Orange UK, T-Mobile.
- Continuing progress as a product based business building recurring revenue streams.
- Project based contract discontinued and greater emphasis on down stream recurring revenue leading to revised guidance given to analysts.
- Strong interest in core products from mobile operators, device manufacturers and enterprises.
- Forging strategic partnerships to strengthen product portfolio and broaden market reach.

David Wickham, Chairman, said, "I'm very pleased to be able to report further progress towards our priority goal of delivering value to shareholders. Our strategy to create a product driven business is beginning to bear fruit and I expect the second half to produce additional revenue growth from the sales and marketing effort of the last nine months."

Commenting, Carsten Brinkschulte, Chief Executive Officer, said, "Our open standard synchronisation and device management products are helping manufacturers, operators and enterprises to take full advantage of the exponential growth in mobile messaging and personal information services. Our contract win to supply our software to IXI Mobile's Ogo device - the first affordable mass market mobile e-mail device - is a good illustration of how we can enable providers to deliver the services demanded by the global market."

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

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Carsten Brinkschulte, Chief Executive Officer	Simon Hudson
Angus Dent, Chief Financial Officer	Clemmie Carr
Nicole Meissner, Chief Marketing Officer	

Synchronica plc - Interim Results for the Six Months Ended 30 June 2006

Chairman's Statement

In this, my first statement since I became Chairman on 1st June, I am pleased to report that the progress begun in 2005 has continued.

Over the period we have maintained our focus on moving the business from a short term project driven company to one centred on four key products which can produce long term stable, high quality revenues from global markets. We have made good progress during the first half on all four of our products and are seeing increasing market traction.

o SyncML Gateway , the synchronisation product for industry standard SyncML enabled phones, won 'Best of CeBIT Award 2006' in the mobile solutions category at the CeBIT fair in Hanover in March. During the period 26 contracts were won for SyncML Gateway - including a worldwide licensing agreement with IXI Mobile Inc. for its Ogo(TM)family of mobile messaging solutions and an agreement to provide NetCom, a Norwegian mobile operator, with the ability to back-up and restore customers' personal data over-the-air ("OTA"). IXI is providing the first mass market mobile e-mail device and has already launched in the US, Germany, Switzerland, Uruguay and Turkey.

o SyncML DM Server enables OTA firmware updates and OTA diagnosis and repair of SyncML enabled handsets. In April, we signed an OEM agreement with integrated mobile software management developer Red Bend Software Inc. to integrate SyncML DM Server with Red Bend's Firmware Management System to provide mobile operators and device manufacturers with a comprehensive, SyncML-based lifecycle management solution for handling OTA firmware updates.

o Mobile Manager, our product to enable enterprises to remotely configure and control Smartphone fleets, saw 3 new resellers appointed and is now in use with more than 50 customers worldwide, including a Tier 1 mobile operator in the UK.

o ROM Builder, which significantly reduces the time-to-market of Smartphones, saw its largest customer - a US Tier 1 handset manufacturer - continuing to develop devices with ROM Builder.

The markets which we address with our products continue to grow quickly - Datamonitor estimates that global mobile operator revenues from mobile e-mail and personal information management will exceed US$600 million by 2009 with the mobile device management market forecast to reach US$435 million at that time (TelecomAsia: Ready for take-off, Feb. 2006).

As we advised when announcing the restructuring last year, our goal is to create a stable product based business from which we can generate high quality, long term income streams. This process is underway and we are encouraged by the results to date. However in these early stages of the restructuring process there will evidently be a reduction in reported turnover compared to the revenues that were more immediately recognisable when the company was a project focused business. This is largely due to the fact that our products are increasingly sold under license fee arrangements providing regular recurring revenues over time.

We have a healthy pipeline of opportunities with operators, manufacturers and corporate customers around the world and are encouraged that we can close a sufficient number of these to realise our revised objectives for the full year. Particular emphasis will be placed on closing some of the larger opportunities as early as possible in order that revenue can be maximised.

Investment in the development, marketing and sales for all four of our products is continuing. We have recruited additional staff, and we will continue to seek people of high calibre to strengthen our sales, marketing and development teams. We are also exploring strategic partnerships with other mobile software vendors in order to improve our product offering and market penetration.

Our costs in the first half have been carefully controlled and are less than budgeted, allowing us to report a better than expected period end cash balance of £4.9 million.

The results for the first half are broadly in line with our expectations. Having re-organised the company's product portfolio in October 2005, we planned for a six to nine months sales cycle with operators and manufacturers. The first contracts have been won and we expect to see revenue from these contracts in the second half of the current year. While deal values from corporate customers are relatively low, the sales cycle can be much shorter and we have seen good revenue from this source in the period.

Our overall expectations for the year have been revised due to a discontinued project contract and greater emphasis on downstream recurring revenues.

We are pleased with the progress we have made to date on our strategy to transform Synchronica into a product driven business capable of generating long term revenues. Our products are beginning to gain acceptance in global markets and have been validated by important partnering agreements and customer and contract wins. Entering the second half of 2006, we are encouraged that we can continue to make progress towards our priority goal of delivering value to shareholders.

David Wickham

27 July 2006

Consolidated Profit and Loss Account

Note	6 Months to 30 Jun '06	6 Months to 30 Jun '05	Year to 31 Dec '05

	Note	(Unaudited)	(Unaudited & restated)	(Restated)
		£'000	£'000	£'000
Turnover	1	623	1,784	3,078
		=======	=======	=======
Operating loss Interest receivable less interest payable		(2,486)	(1,206)	(2,983)
		122	82	166
		-------	-------	-------
Loss on ordinary activities before tax		(2,364)	(1,124)	(2,817)
Tax on loss on ordinary activities	2	296	(4)	4
		-------	-------	-------
Loss on ordinary activities after tax		(2,068)	(1,128)	(2,813)
		=======	=======	=======
Basic and diluted loss per ordinary share	3	(5.7p)	(6.0p)	(12.9p)
		=======	=======	=======

Statement of Total Recognised Gains and Losses

	Note	6 Months to 30 Jun '06 (Unaudited)	6 Months to 30 Jun '05 (Unaudited & Restated)	Year to 31 Dec '05 (Restated)
		£'000	£'000	£'000
Loss on ordinary activities after tax		(2,068)	(1,128)	(2,813)
		-------	=======	=======
Total recognised gains and losses related to the period		(2,068)	(1,128)	(2,813)
Prior period adjustment	8	(86)		

Total gains and losses since the annual report		(2,154)		
		=======		

Consolidated Balance Sheet

	Note	As at 30 Jun '06 (Unaudited)	As at 30 Jun '05 (Unaudited & restated)	As at 31 Dec '05
		£'000	£'000	£'000
Intangible assets and goodwill		793	847	862
Tangible assets		120	215	100
		--------	--------	--------
Fixed Assets		913	1,062	962
		--------	--------	--------
Stocks		16	108	19
Debtors due after one year		-	11	-
Debtors due within one year		669	1,348	888
Cash at bank and in hand		4,900	2,568	6,615
		--------	--------	--------
Current Assets		5,585	4,035	7,522
Creditors: Amounts falling due within one year		(979)	(904)	(902)

	Note			
		--------	--------	--------
Net current assets		4,606	3,131	6,620
		--------	--------	--------
Total assets less current liabilities		5,519	4,193	7,582
		--------	--------	--------
Net assets		5,519	4,193	7,582
		========	========	========
Capital and reserves	7	5,519	4,193	7,582
		========	========	========

Consolidated Cash Flow Statement

	Note	6 Months to 30 Jun '06 (Unaudited) £'000	6 Months to 30 Jun '05 (Unaudited & restated) £'000	Year to 31 Dec '05 (Restated) £'000
Net cash flow from operating activities	4	(2,064)	(2,529)	(3,518)
Returns on investment and servicing of finance		122	82	149
Taxation (paid) and received		296	(6)	(6)
Capital expenditure and financial investment		(69)	(156)	(178)
Acquisitions and disposals		-	(349)	(349)
		-------	-------	-------
Net cash flow before financing		(1,715)	(2,958)	(3,902)
Financing		-	13	5,005
		-------	-------	-------
(Decrease) / increase in cash		(1,715)	(2,945)	1,103
		=======	=======	=======

Notes to the Interim Financial Information

1. Turnover

	6 Months to 30 Jun '06 (Unaudited) £'000	6 Months to 30 Jun '05 (Unaudited) £'000	Year to 31 Dec '05 £'000
United Kingdom	40	225	341
European and other foreign markets	317	126	628
North America	266	1,433	2,109
	--------	--------	--------
Total	623	1,784	3,078
	========	========	========

2. Tax

	6 Months to 30 Jun '06 (Unaudited) £'000	6 Months to 30 Jun '05 (Unaudited) £'000	Year to 31 Dec '05 £'000
UK research & development tax credit	300	-	-
Overseas corporation tax (charge) / credit	(4)	(4)	4
	--------	--------	--------
Current taxation	296	(4)	4
	========	========	========

The UK research and development tax credit received represents the refund of tax due from research carried out in the years ended 31 December 2003 and 31 December 2004.

3. Loss Per Share

	6 Months to 30 Jun '06 (Unaudited)	6 Months to 30 Jun '05 (Unaudited & restated)	Year to 31 Dec '05 (Restated)
	£'000	£'000	£'000
These have been calculated on losses of:	(2,068)	(1,128)	(2,813)
The weighted average number of shares used was:	36,365,675	18,665,000	21,777,390
Basic and diluted loss per ordinary share	(5.7p)	(6.0p)	(12.9p)

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

	6 Months to 30 Jun '06 (Unaudited)	6 Months to 30 Jun '05 (Unaudited & restated)	Year to 31 Dec '05 (Restated)
	£'000	£'000	£'000
Operating loss	(2,486)	(1,206)	(2,983)
Amortisation of intangible assets	69	37	114
Depreciation of tangible assets	49	55	98
Profit on sale of tangible fixed assets	-	-	5
Share based transactions	5	22	83
Change in stocks	3	(80)	10
Change in debtors	219	(808)	(194)
Change in creditors	77	(549)	(651)
Net cash flow from operating activities	(2,064)	(2,529)	(3,518)

5. Reconciliation of net cash flow to movement in net funds

	6 Months to 30 Jun '06 (Unaudited)	6 Months to 30 Jun '05 (Unaudited & restated)	Year to 31 Dec '05 (Restated)
	£'000	£'000	£'000
Increase / (Decrease) in cash	(1,715)	(2,925)	1,103
Cash outflow from decrease in lease finance	14	20	41
Movement in net funds	(1,701)	(2,905)	1,144
Net funds at 1 January	6,599	5,455	5,455
Net funds at period end	4,898	2,550	6,599

6. Reconciliation of Movement in Shareholder's Funds

	£'000
At 31 December 2005	7,582

Retained loss for the period	(2,068)
Prior period adjustment for share based payments	(86)
Adjustment for share based payments - prior years	86
Adjustment for share based payments - current period	5
New Ordinary shares allotted	173
Capital to be issued released	(173)
At 30 June 2006	5,519

7. Capital and reserves

	Share capital (£000s)	P&L (£000s)	Capital to be issued (£000s)	Share premium (£000s)	Total (£000s)
At 1 January 2006	364	(2,848)	173	9,893	7,582
Retained loss for the period	-	(2,068)	-	-	(2,068)
Prior period adjustment for share based payments	-	(86)	-	-	(86)
Adjustment for share based payments - prior years	-	86	-	-	86
Adjustment for share based payments - current period	-	5	-	-	5
New Ordinary shares allotted	-	-	-	173	173
Capital to be issued released	-	-	(173)	-	(173)
At 30 June 2006	364	(4,911)	-	10,066	5,519

8. Interim Report

This interim report was approved by the Board on 27 July 2006. 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 2005 with the exception of the policy on share based payments.

Under FRS 20, which applies with effect from 1 January 2006, the fair value of employee share options are recognised in the profit and loss account with the corresponding entry increasing equity. The fair value is recognised over the period during which the employees become unconditionally entitled to the options.

The effect in the 6 months to June 2006 was to increase the loss before tax by £5,482. The transitional arrangements under FRS20 require a prior period adjustment to be made in respect of the years ended 31 December 2005, £83,140, and 2004, £2,819 for the share options in issue that had not vested by 1 January 2006.

The figures for the period to 30 June 2005 have been restated to reflect the purchase of intangible assets acquired previously included in goodwill. The effect on the 6 months June 2005 was to reduce intangible assets and goodwill by £123,230, increase creditors by £27,249 and increase the loss for the period by £150,479.

The figures for the year to 31 December 2005 were derived from the statutory accounts for that year as restated for the recognition of the fair value of employee share option scheme. The statutory accounts for the year ended 31 December 2005 have been delivered to the Registrar of Companies and received an audit report which was unqualified and did not contain statements under s237(2) ors237(3) of the Companies Act 1985. The restatement for the year ended 31 December 2005 is unaudited. The six months results for both years are unaudited.

Independent Review Report to Synchronica PLC

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2006 which comprises consolidated profit and loss account, consolidated balance sheet, consolidated statement of total recognised gains and losses, consolidated cash flow statement and related notes. 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. This report is made solely to the company having regard to guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

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 AIM Rules. The directors are also responsible for ensuring that the accounting policies and presentation applied to the interim figures are 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 having regard to 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 International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

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 2006.

RSM Robson Rhodes LLP

Chartered Accountants

London, England

27 July 2006

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