



highlights

- Sales revenues of £113,000 in line with expectations (2000: £3,000)
- £1.1m share placing completed in June 2001
- Appointment as BT Cellnet technology partner
- New partnerships established with Microsoft (UK), Globix and Princeton Consulting
- Launched Europe's first wireless restaurant booking service for GPRS
- NCC Group confirmation of BALI's significant data efficiency

chairman's statement

Overview OverNet Data plc has continued to make progress since our last announcement in June 2001 in strengthening its commercial relationships. Despite the adverse economic environment, the industry is actively preparing for the roll-out of mobile data services delivered over GPRS (otherwise known as 2.5G), and the Group remains well positioned.

Financial results The unaudited financial results for the six months to 30 June 2001 showed turnover of £113,000 (2000: £3,000) as previously indicated. Administration expenses totalled £1,522,000 (£433,000) reflecting increased staff and related costs as the Group expanded its sales and product development capability. Interest income rose to £41,000 (2000: £5,000) reflecting higher cash balances following the Group's flotation on AIM in July 2000.

The loss before tax rose to £1,368,000 (2000: £425,000) with loss per share increasing to 13.0p (2000: 6.6p).

The Company does not expect to pay dividends for the foreseeable future and no interim dividend is therefore declared.

Cashflow and funding Cash outflow from operating activities amounted to £1,305,000 (2000: £310,000) in the first half of 2001. On 20 June 2001, the Company placed 1,546,402 shares with investors raising a net £1,119,000 of new funds after expenses.

Cash balances at 30 June 2001 stood at £2,010,000 (2000: £183,000). Cash balances now stand at approximately £1,600,000 and the group has reduced its cash cost base currently to below £150,000 per month.

Market development Mobile data applications are in the early stage of adoption by companies and consumers, but are forecast to become widely accepted over the next few years.

The later than anticipated roll-out of GPRS services in the UK is now well underway and the network operators are continuing to improve network performance. The industry is also seeing the convergence of mobile phone and personal digital assistant ("PDA") devices into new smartphones, such as the Mitsubishi Trium Mondo which is now available in the UK. More such devices are expected to become available in the UK this year.

Given user disappointment over the previous technological advance, WAP, OverNet Data anticipates that, initially, there will be only gradual corporate and consumer acceptance of GPRS technology as early adopters gain experience of GPRS and the benefits it can bring.

Against this background, OverNet Data has continued to make good use of the time available to strengthen its market position whilst prudently managing costs below previously planned levels.

BALI™ During the first half of the year The NCC Group independently confirmed that BALI™, the Group's proprietary mobile application platform software, was significantly more data efficient and faster than established technologies (HTML, XML and WAP) running over GPRS. For example, a BALI™ application was fifteen times more data efficient than the equivalent XML-based application.

The running costs of GPRS applications will be an important consideration for UK customers. Currently published GPRS tariff structures anticipate that such services will be charged on the amount of data transmitted and received, subject to certain threshold levels. By significantly reducing the amount of data transmitted (for example by 85% in the HTML comparison according to the NCC Group report) users can

similarly reduce the running costs associated with such mobile data applications, thereby improving the economics of any investment decision.

Sales channels and technology relationships The Group continues to focus on establishing sales channel partners and technology relationships which will enhance its position and provide access to the early adopters of GPRS services. Livebookings Mobile, Europe's first wireless restaurant booking application, was completed in the first half of the year. This application, conceived with QuadraNet plc and launched with BT Cellnet and Microsoft, has been used to demonstrate to potential customers how GPRS services can be developed and deployed.

During the current year, the Company has established new partnerships with BT Cellnet, Microsoft (UK), Globix and Princeton Consulting, all of whom have interests in various parts of the mobile data value chain. These relationships will, in the future, allow access to a broader range of skills and channels to market.

Our relationship with Vodafone Corporate continues to mature. Activity has included pilot exercises (for example in field service management) to validate either GPRS technology or the benefits which can be derived from implementing mobile data solutions within a workforce.

OverNet Data and its partners are finding that companies are carefully quantifying their returns on investment in such applications at an early stage in the decision process. Our experience to date is that cost reduction, through greater efficiency and error reduction, is the most important driver in the investment decision.

Discussions are progressing with a number of brand leaders on Project AZATA, which aims to launch a suite of general purpose applications to companies and consumers.

We are pleased to have been nominated by Microsoft (UK) Limited as one of a limited number of companies to join their Merlin Pocket PC Developers programme. The objective of this programme is to gather best of breed applications to be launched with the next version of Pocket PC, Microsoft's operating system for wireless PDA devices. In addition, OverNet Data has been invited to join the Microsoft Stinger Development programme aimed at smartphone devices.

Outlook The economic environment remains uncertain and we do not expect second half turnover to significantly exceed that of the first half. Nevertheless, the benefits from using mobile data are becoming increasingly understood by the corporate market and we remain well positioned to prosper from the future uptake of GPRS-based services.

Professor Henry Beker, Chairman

12 September 2001

consolidated profit and loss account

for the six months ended 30 June 2001

	Note	Unaudited six months ended 30 June 2001 £000	Unaudited six months ended 30 June 2000 £000	Audited year ended 31 December 2000 £000
Turnover	2	113	3	26
Administration expenses		(1,522)	(433)	(1,511)
Operating loss		(1,409)	(430)	(1,485)
Other interest receivable and similar income		41	5	78
Loss on ordinary activities before taxation		(1,368)	(425)	(1,407)
Tax on loss on ordinary activities	3	-	-	-
Loss on ordinary activities after taxation		(1,368)	(425)	(1,407)
Dividends		-	-	-
Retained loss for the period		(1,368)	(425)	(1,407)
Earnings per ordinary share – Basic and diluted	4	(13.0p)	(6.6p)	(17.3p)

The Group's turnover and operating loss arise from continuing operations in both the current and preceding periods.

There were no recognised gains or losses other than those recognised in the profit and loss account above.

consolidated balance sheet

as at 30 June 2001

	Note	Unaudited six months ended 30 June 2001 £000	Unaudited six months ended 30 June 2000 £000	Audited year ended 31 December 2000 £000
Fixed assets				
Tangible assets		251	7	235
Current assets				
Debtors		196	54	263
Cash at bank and in hand		2,010	183	2,222
		2,206	237	2,485
Creditors: amounts falling due within one year		(337)	(200)	(351)
Net current assets		1,869	37	2,134
Total assets less current liabilities		2,120	44	2,369
Creditors: amounts falling due after more than one year including convertible debt		(31)	(31)	(31)
Net assets		2,089	13	2,338
Capital and reserves				
Called up share capital	5	2,400	1,392	2,092
Share premium account	6	3,418	-	2,607
Merger reserve	6	(844)	(844)	(844)
Profit and loss account	6	(2,885)	(535)	(1,517)
Equity shareholders' funds		2,089	13	2,338

consolidated cash flow statement

for the six months ended 30 June 2001

		Unaudited six months ended 30 June 2001 £000	Unaudited six months ended 30 June 2000 £000	Audited year ended 31 December 2000 £000
	Note			
Cash outflow from operating activities	7	(1,305)	(310)	(1,137)
Returns on investments and servicing of finance		41	5	78
Capital expenditure		(67)	(8)	(259)
Financing		1,119	494	3,538
(Decrease)/increase in cash in the period		(212)	181	2,220

reconciliation of net cash flow to movement in net funds

	six months ended 30 June 2001 £000	six months ended 30 June 2000 £000	year ended 31 December 2000 £000
(Decrease)/increase in cash in the period	(212)	181	2,220
Loan received during the period	-	(31)	(31)
Change in net funds resulting from cash flows	(212)	150	2,189
Net funds at start of the period	2,191	2	2
Net funds at the end of the period	1,979	152	2,191

reconciliation of movement in shareholders funds

	Unaudited six months ended 30 June 2001 £000	Unaudited six months ended 30 June 2000 £000	Audited year ended 31 December 2000 £000
Retained loss for the period	(1,368)	(425)	(1,407)
New share capital subscribed (net of issue costs)	1,119	1,044	3,507
Merger difference	-	(844)	-
Net (reduction)/addition to shareholders' funds	(249)	(225)	2,100
Opening shareholders' funds	2,338	238	238
Closing shareholders' funds	2,089	13	2,338

notes to the interim report

1 Accounting policies

Basis of preparation

The interim report has been prepared using accounting policies consistent with those set out in OverNet Data Plc Annual Report and Accounts for the year ended 31 December 2000.

The interim report for the six months to 30 June 2001 was approved by the Board on 12 September 2001.

2 Turnover

Turnover was derived from the Group's principal activity and was wholly derived in the UK.

3 Taxation

No credit for taxation benefits arising from the subsequent utilisation of taxable losses has been provided in the accounts.

4 Loss per share

	six months ended 30 June 2001 pence	six months ended 30 June 2000 pence	year ended 31 December 2000 pence
Earnings per ordinary share - Basic & diluted	(13.0)	(6.6)	(17.3)

Loss per ordinary share is based on the Group's loss for the financial period of £1,368,000 (December 2000: £1,407,000 and June 2000: £425,000).

The weighted average number of shares used in the calculation is – basic and diluted 10,547,241 (December 2000: 8,135,695 and June 2000: 6,501,250). The diluted earnings per share has been presented on the same basis as the basic earnings per share as all potential ordinary shares would be anti-dilutive.

OverNet Data is an expert developer of fast, interactive mobile data solutions for corporate customers and network operators, designed specifically for the wireless environment.



5 Called up share capital

	Six months ended 30 June 2001 £000	Year ended 31 December 2000 £000
Authorised		
Equity: Ordinary shares of £0.20 each	4,000	4,000
Allotted, called up and fully paid		
Equity: Ordinary shares of £0.20 each	2,400	2,092

On 20 June 2001 OverNet Data Plc raised £1,119,000 (net of expenses) on a Placing of 1,546,402 shares of 20p at a price of 75p per share.

At 30 June 2001 there were outstanding share options over 485,989 shares. In addition a convertible loan note, convertible into 95,000 ordinary 20p shares, remained outstanding.

Details of the reorganisation of the Companies share capital in advance of its flotation on 27 July 2000 are disclosed in the annual report.

6 Share premium and reserves

	Share premium Account £000	Merger Reserve £000	Profit and loss Reserve £000
At 1 January 2001	2,607	(844)	(1,517)
Retained loss for the period	-	-	(1,368)
Premium on issue of shares	811	-	-
At 30 June 2001	3,418	(844)	(2,885)

7 Reconciliation of operating loss to net cash outflow from operating activities

	Unaudited six months ended 30 June 2001 £000	Unaudited six months ended 30 June 2000 £000	Audited year ended 31 December 2000 £000
Operating loss	(1,409)	(430)	(1,485)
Depreciation on tangible fixed assets	51	2	24
Net increase in working capital	53	118	324
Net cash outflow from operating activities	(1,305)	(310)	(1,137)