MOBILE STREAMS PLC

UNAUDITED INTERIM
FINANCIAL STATEMENTS

FOR THE FOR THE HALF YEAR
ENDED

30 JUNE 2007

Company no 03696108

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CHIEF EXECUTIVE'S REVIEW

Mobile Streams continued to strengthen its business foundations during the first half of 2007. Revenue continued to grow and the Company moved from a sizeable loss to break even compared to the first half of last year. The cash balance at 30 June 2007 was £2.5m, the fall in cash primarily being the result of continued technology investment in the proprietary Vuesia platform that powers our business.

Because of its flexibility in handling all mobile media types from text to video to games to music, Vuesia is the single integrated technology platform that has enabled Mobile Streams to win business across all of these product types and retail content. This platform is used both internally by Mobile Streams to power its global business as well as by numerous large media companies. This is evidenced by the many new large operator and media company customers the Company has won during the period.

The strategic investment in Mobile Streams by Liberty Media highlights the importance of the mobile content sector for media companies. The Liberty Media-owned mobile business Zoombak, with whom Mobile Streams has a strategic management partnership, is preparing to launch its mobile location devices and services in the US and the UK.

Mobile Streams' business has three main components: Operators, Platforms and Consumers, all of which are powered by its proprietary technology platform, Vuesia. The Company uses Vuesia to mobilise content through network operators or mobile search engines. During the past six months, downloads from Vuesia have more than quadrupled (compared with the previous six months)and Mobile Streams has deployed additional IBM blade hardware servers to support this increased traffic load. The continued investments in hardware and software have led to the development of the recently announced Vuesia AI (Artificial Intelligence) release of the platform, which is expected to power much of Mobile Streams' continued growth in 2008.

Mobile Streams' traditional strength in working with mobile network operators around the world has led to many new operator customers being added during the period, especially in regions such as Asia and the Middle East. Vuesia is being deployed to host and manage more and more sites and channels and to aggregate content of all types on behalf of the mobile carriers. Network operators continue to like Mobile Streams' partnership model of having a local presence combined with global scale and expertise.

Content owners including major movie studios and music labels have selected Vuesia to mobilise their content. Vuesia simplifies the process of mobilising the myriad of audio and video content onto all the different mobile phone handsets and networks around the world. Mobile Streams offers a proven single global vendor solution for quickly realizing new global revenue streams from mobile.

Mobile Streams buys select search engine traffic from search boxes placed on the operator portals. It routes this traffic to our owned and operated branded Mobile Internet sites such as Ringtones.com, MobileWallpapers.com, MobileGamer.mobi and MobileAdults.com. The content on these sites is presented in a personalized way based on the search term that was entered, allowing a very efficient retailing operation with strong sales conversion rates from clicks into purchases.

Due to its positioning in the market, Mobile Streams believes it is in a position to monetise all types of mobile content sold through all distribution channels, working with quality content and distribution partners.

CHIEF EXECUTIVE'S REVIEW

Outlook

Trading in the second half is following a similar pattern to the first with growth in 'direct to consumer' downloads and a decline in revenues from existing network operator clients, which is balanced out by new operator contracts. Investment in our Vuesia platform will continue but at present revenues from platform sales are behind target.

The Board believes the second half of the year will continue in much the same way as the first half, so anticipates breakeven at EBITDA* for the full year.

*Calculated as profit before tax, amortisation, depreciation, share compensation expense and fund raising and flotation costs.

FINANCIAL REVIEW

Group turnover in the six months to 30 June 2007 was £4.3m, a 29% increase on the same period in 2006 (£3.4m). Breakeven achieved at trading EBITDA* (2006: £0.3m loss). Loss before tax was £0.5m including share compensation (same period 2006: loss £1.79m including fund raising/flotation costs).

The Group has adopted International Financial Reporting Standards for the first time. The principal impact of this change is the requirement to separately identify intangible assets acquired in business combinations. The impact of these changes are detailed in Note 6 of the accounts.

£772,000 was invested during the year on tangible and intangible fixed assets. This was predominantly for further development of the Vuesia platform and associated software. The group continues to invest in the development of the Vuesia platform and content assets.

The Group incurred a net cash outflow from operations of £713,000 (2006 outflow £1,328,000). The cash balance at 30 June 2007 was £2,530,000.

Basic earnings per share amounted to a loss of 1.467p per share (2006: loss of 5.832p per share).

Adjusted earnings per share (excluding flotation/fundraising costs and share based compensation) amounts to a loss of 1.463p per share (2006: 5.783p per share).

James Colquhoun
Finance Director

*Calculated as profit before tax, amortisation, depreciation, share compensation expense and fund raising and flotation costs.

CONSOLIDATED INTERIM INCOME STATEMENT

	Notes	6 months to 30 June 2007 £000's	6 months to 30 June 2006 £000's	12 months to 31 December 2006 £000's
Sales Revenue		4,336	3,353	8,223
Cost of sales		(1,719)	(1,329)	(3,402)
Gross profit		**2,617**	**2,024**	**4,821**
Selling and marketing costs		(177)	(115)	(251)
Administration expenses		(3,033)	(2,511)	(5,360)
Other operating expenses		(67)	(1,337)	(1,402)
Operating loss		**(660)**	**(1,939)**	**(2,192)**
Finance costs		-	(1)	(14)
Finance income		114	122	237
Loss before income tax		**(546)**	**(1,818)**	**(1,969)**
Income tax expense		(1)	28	(176)
Loss for period		**(547)**	**(1,790)**	**(2,145)**

Total and continuing earnings per share		Price per share	Pence per share	Pence per share
Basic and Diluted	9	(1,467)	(5,832)	(6,438)

CONSOLIDATED INTERIM BALANCE SHEET

	Notes	6 months to 30 June 2007 £000's	6 months to 30 June 2006 £000's	12 months to 31 December 2006 £000's
Assets				
Non-current				
Goodwill		2,292	1,165	2,371
Other intangible assets		3,120	1,952	2,861
Property, plant and equipment		522	418	468
Available for sale assets		466	165	382
		6,400	3,700	6,082
Current				
Trade and other receivables		3,126	1,691	2,742
Cash and cash equivalents		2,530	6,143	4,073
		5,656	7,834	6,815
Total assets		**12,056**	**11,534**	**12,897**
Equity				
Equity attributable to shareholders of Mobile Streams				
Called up share capital	8	71	65	69
Share Premium		10,465	9,593	10,290
Shares to be used		477	637	637
Translation reserve		(244)	(80)	(178)
Retained earnings		(2,508)	(1,883)	(2,110)
Total equity		**8,261**	**8,332**	**8,708**
Liabilities				
Non-current				
Deferred tax liabilities		576	528	735
Current				
Trade and other payables		3,045	2,649	3,341
Current tax liabilities		174	25	113
		3,219	2,674	3,454
Total liabilities		3,795	3,202	4,189
Total equity and liabilities		**12,056**	**11,534**	**12,897**

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Called up share capital	**Share premium**	**Shares to be issued**	**Translation reserve**	**Retained earnings**	**Total Equity**
	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 1 January 2006	**1**	**165**	**-**	**-**	**(315)**	**(149)**
Exchange differences on translation of foreign operations	-	-	-	(80)	25	(55)
Net income recognised directly in equity	-	-	-	(80)	25	(55)
Profit for the 6 months period to 30 June 2006	-	-	-	-	(1,790)	(1,790)
Total recognised income and expense for the period	**-**	**-**	**-**	**(80)**	**(1,765)**	**(1,845)**
Employee share based compensation	-	-	-	-	197	197
Shares issued	64	9,428	-	-	-	9,492
Shares to be issued	-	-	637	-	-	637
Balance at 30 June 2006	**65**	**9,593**	**637**	**(80)**	**(1,883)**	**8,332**
Balance at 1 July 2006	**65**	**9,593**	**637**	**(80)**	**(1,883)**	**8,332**
Exchange differences on translation of foreign operations	-	-	-	(98)	-	(98)
Net income recognised directly in equity	-	-	-	(98)	-	(98)
Profit for the 6 months period to 31 December 2006	-	-	-	-	(355)	(355)
Total recognised income and expense for the period	**-**	**-**	**-**	**(98)**	**(355)**	**(453)**
Employee share based compensation	-	-	-	-	128	128
Shares issued	4	697	-	-	-	701
Balance at 31 December 2006	**69**	**10,290**	**637**	**(178)**	**(2,110)**	**8,708**
Balance at 1 January 2007	**69**	**10,290**	**637**	**(178)**	**(2,110)**	**8,708**
Exchange differences on translation of foreign operations	-	-	-	(66)	-	(66)
Net income recognised directly in equity	-	-	-	(66)	-	(66)
Profit for the 6 months period to 30 June 2007	-	-	-	-	(547)	(547)
Total recognised income and expense for the period	**-**	**-**	**-**	**(66)**	**(547)**	**(613)**
Employee share based compensation	-	-	-	-	144	144
Shares issued	2	175	-	-	-	177
Shares to be issued	-	-	(160)	-	-	(160)
Other recognised gains and losses	-	-	-	-	5	5
Balance at 30 June 2007	**71**	**10,465**	**477**	**(244)**	**(2,508)**	**8,261**

CONSOLIDATED INTERIM CASH FLOW STATEMENT

	Notes	6 months to 30 June 2007	6 months to 30 June 2006	12 months to 31 December 2006
		£000's	£000's	£000's
Cash flows from operating activities				
Result for the period before tax		(546)	(1,818)	(1,969)
Adjustments	10	552	231	641
Changes in trade and other receivables		(341)	(167)	(571)
Changes in trade and other payables		(296)	550	370
Income tax paid		(82)	(124)	(192)
Total cash flows from operating activities		(713)	(1,328)	(1,721)
Cash flows from investing activities				
Additions to property, plant and equipment		(115)	(458)	(454)
Additions to other intangible assets		(657)	(355)	(802)
Acquisitions of subsidiaries (net of cash acquired)		-	(1,375)	(2,379)
Trade investments		(124)	(165)	(382)
Interest received		114	122	216
Interest paid		-	(1)	(14)
Total cash flows from investing activates		(782)	(2,232)	(3,815)
Cash flows from financing activities				
Issue of share capital (net of expenses paid)		18	9,492	9,494
Total cash flow from financing activities		18	9,492	9,494
Net change in cash and cash equivalents		(1,477)	5,932	3,958
Cash and cash equivalents at beginning of period		4,073	268	268
Exchange (losses) on case and cash equivalents		(66)	(57)	(153)
Cash and cash equivalents at end of period		2,530	6,143	4,073

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Mobile Streams PLC (the Company) and its subsidiaries (together 'the Group') deliver mobile media solutions via distribution, content and an integrated technology platform, Vuesia. The Group has subsidiaries based around the world in Europe, Asia, North America and Latin America. The Group has made various strategic acquisitions to build its market share in these regions.

The Company is a public limited company incorporated in the United Kingdom. The address of its registered office is Medius House, 63-69 New Oxford Street, London, WC1A 1DG.

The Company is listed on the London Stock Exchange's Alternative Investment Market.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The Group's statutory financial statements for the year ended 31 December 2006, prepared under UK GAAP, have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Section 237(2) of the Companies Act 1985.

These consolidated interim financial statements have been approved for issue by the Board of Directors on 17 September 2007.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These June 2007 interim consolidated financial statements of Mobile Streams are for the six months ended 30 June 2007. They have been prepared in accordance with IAS 34, Interim Financial Reporting, and are covered by EU adopted IFRS 1, First-time Adoption of IFRS, because they represent part of the period covered by the Group's first IFRS financial statements for the year ended 31 December 2007. All references to IFRS in these statements refers to IFRS as adopted by the EU. These interim statements have been prepared using the recognition and measurement principles of IFRS standards and IFRIC interpretations issued and effective as at the time of preparing these statements. The IFRS standards and IFRIC interpretations that will be applicable at 31 December 2007, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing these interim financial statements. The policies set out below have been consistently applied to all years presented and comparative information has been restated and represented under IFRS.

Mobile Streams' consolidated financial statements have been previously prepared in accordance with UK's Generally Accepted Accounting Principles (GAAP) until 31 December 2006. The UK GAAP differs in some areas to IFRS. In preparing the 2007 consolidated interim financial statements certain accounting, valuation and consolidation methods have been adjusted to comply with IFRS. The comparative figures for 2006 have been restated to reflect these adjustments, unless otherwise described in the accounting policies.

A conversion statement explaining reconciliations and descriptions of the effect of the transition from UK GAAP to IFRS on equity, net income and cash flows has been provided in Note 6.

Preparation of interim financial statements in accordance with IAS 34 requires the use of some critical accounting estimates. It requires management of Mobile Streams to exercise judgement when applying the Company's accounting policies. The specific areas involving a higher degree of judgement and/or complexity and areas where assumptions/estimates are significant to the financial statements are disclosed in Note 3. The historical cost measurement basis has been used in preparation of these interim statements, with the exception of certain financial instruments which are measured at fair value.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

2.2 Consolidation - subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the operating and financial policies generally accompanying a shareholding of more than half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control is lost.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition, in line with IFRS 3, Business Combinations. Any assets acquired and liabilities and contingent liabilities assumed that are identifiable are measured initially at their fair values at the acquisition date. The excess of the cost of a business combination over the fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of a business combination is less than the fair value, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated in full. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Foreign currency translation

(a) Functional and presentation currency

The financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('functional currency'). The consolidated financial statements are presented in British pounds, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date the transaction occurs. Any exchange gains or losses resulting from these transactions and from the translation of monetary assets and liabilities at balance date are recognised in the income statement. Any translation gains or losses on non-monetary items are recognised in equity to the extent that they relate to gains and losses on non-monetary items which are recorded in equity. Otherwise, these translation gains or losses are recognised in the income statement.

(c) Group companies

The financial results and position of all group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i assets and liabilities for each balance sheet are translated at the closing exchange rate at the date of balance sheet

ii income and expenses for each income statement are translated at average exchange rates (unless it is not a reasonable approximation, in which case translated at dates of transactions)

iii all resulting exchange differences are recognised as a separate component of equity (cumulative translation reserve)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

2.4 Property, plant and equipment (tangible assets)

All property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the purchase of the items.

Depreciation is calculated to write off the cost of property, plant and equipment less estimated residual value on a straight line basis over their estimated useful lives. The following rates and methods have been applied:

Leasehold improvements	Over the life of the lease
Plant and equipment	33% straight line
Office furniture	Between 10% and 33% straight line

The asset's residual values and useful lives are reviewed, and adjusted if required, at each balance sheet date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Gains/losses on disposal of assets are determined by comparing proceeds received to the carrying amount. Any gain/loss is included in the income statement.

2.5 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of net identifiable assets of the acquired entity at the date of acquisition. This goodwill for subsidiaries is included in intangible assets (the purchase method). Intangibles acquired in a business combination are acquired at fair value. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for impairment testing.

(b) Other intangible assets

Other intangible assets represent intangible items that have been acquired through business combinations and through separate acquisition. To meet this definition, the intangibles must be both identifiable and separable, or arise from contractual or other legal rights. Intangibles acquired through business combinations are recognised at fair value and separately acquired intangibles are recognised at cost. Where a reliable estimate of useful life of the intangible can be obtained, the intangible asset is to be amortised over the useful life. When an indefinite life exists for an intangible asset, the intangible will not be amortised, but must be tested annually for impairment. The useful lives of finite life intangible assets is as follows:

Media content	2 years
Media platform developments	3 years
Customer relationships	5 years
Technology based assets	5 years
Non compete agreement	3.5 years

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

2.6 Impairment of assets

Assets that have an indefinite useful life, such as goodwill and indefinite life intangibles, are not subject to amortisation, but are instead tested annually for impairment and also tested whenever an event or change in situation indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are also tested for impairment whenever an event or change in situation indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the income statement as the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is determined by the higher of the fair value of an asset less costs to sell and the value in use. In order to assess impairment, assets are grouped at the lowest levels for which separate cash flows can be identified (cash-generating units).

2.7 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held with financial institutions, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are classified within borrowings in current liabilities on the balance sheet.

2.8 Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not provided on initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred income tax is determined using tax rates known by the balance sheet date and are expected to apply when the deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax liabilities are provided in full, with no discounting.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statements, except where they relate to items that are charged or credited directly to equity, in which case the related deferred tax is also charged or credited directly to equity.

2.9 Provisions

Provisions, including those for legal claims, are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the increases specific to the liability, including risks specific to the liability.

2.10 Financial Assets & Financial Liabilities

The group can classify its investments into the below categories depending on the purpose for which the investments were acquired. The classification is determined at initial recognition and is re-evaluated at every reporting date.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and where there is no intention of trading. They are included as current assets, unless maturity is greater than 12 months after balance sheet date. Loans and receivables are included in trade and other receivables in the balance sheet.

b) Trade receivables

Trade receivables are recognised initially at fair value and later measured at amortised cost using the effective interest method, less provision for impairment. An impairment provision for trade receivables is established when there is evidence the Group will not be able to collect all amounts due according to the terms of the receivables. The provision is calculated as the difference between the receivable's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The provision is recognised in the income statement.

c) Interest paid

Interest payable is recognised in the income statement on an accruals basis.

d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They form part of non-current assets unless management intends to dispose of the investment within 12 months of balance sheet date.

Purchases and sales of investments are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for financial assets not carried at fair value through the profit and loss. They are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and risks and rewards of ownership have been transferred. Financial assets at fair value through profit or loss and available for sale assets are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method. Any realised and unrealised gains and losses arising from changes in fair value of the financial assets at fair value through profit or loss are included in the income statement in the period they arise. Unrealised gains/losses arising from changes in fair value of non-monetary securities (available for sale) are recognised in equity. When available for sale assets are sold or impaired the accumulated fair value adjustments are included in the income statement.

Fair value of investments are based on current bid prices. If the market is not active or securities are unlisted, fair value can be determined via valuation techniques such as use of recent arm's length transactions, reference to similar instruments and discounted cashflow analysis.

The Group assesses at each balance sheet date whether there is evidence that financial assets are impaired.

The Group does not have any financial liabilities as at the balance sheet date.

2.11 Revenue recognition

Revenue includes the fair value of sale of goods and services, net of value-added tax, rebates and discounts and after eliminating intercompany sales within the Group. Revenue is recognised as follows:

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

a) Sales of goods

Sales of goods are recognised when a Group entity has delivered products to the customer, who has accepted the product and collectibility of the related receivable is reasonably assured.

b) Rendering of services

Rendering of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction, on the basis of the actual service provided as a proportion of the total services to be provided.

c) Interest income

Interest receivable is recognised in the income statement on an accruals basis. If the collection of interest is considered doubtful, it is suspended and excluded from interest income in the income statement.

2.12 Share based payments

Employees (including directors) of the group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (‘equity-settled transactions’).

a) Equity settled transactions

The group has applied the requirements of IFRS 2 Share-based Payments to all grants of equity instruments.

The cost of equity settled transactions with employees is measured by reference to the fair value at the grant date of the equity instruments granted. The fair value is determined by using the Black-Scholes method.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the periods in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (‘vesting date’). At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management’s best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

No expense or increase in equity is recognised for awards that do not ultimately vest. Awards where vesting is conditional upon a market condition are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are booked to the share premium account.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are evaluated on a regular basis and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. These estimates, by definition, will rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Goodwill

The Group will test annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.6. The recoverable amount of cash-generating units have been determined based on value-in-use calculations. These calculations require estimates to be made.

(b) Income taxes

The Group is subject to income taxes in various jurisdictions. Judgement is required in determining the worldwide provision for income taxes. There are many transactions/calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different to what is initially recorded, such differences will impact the income tax and deferred tax provisions.

(c) Intangible assets

The Group is required to identify and assess the useful life of intangible assets and determine if there is a finite or indefinite life. Judgement is required in determining if an intangible asset has a finite life and the extent of this finite life in order to calculate the amortisation charge on the asset. Intangible assets that are identified to have an indefinite useful life will be tested annually for any impairment in accordance with the accounting policy stated in Note 2.6. The recoverable amount of cash-generating units have been determined based on value-in-use calculations. These calculations require estimates to be made.

4. SEASONAL/CYCLICAL TRENDS

The scale of mobile media content is subject to seasonal fluctuations with peak demand falling in the second half of each year, particularly around the Christmas period. Revenues are also subject to cyclical fluctuation due to Mobile Network Operator upgrades/development of their infrastructure; this typically follows their peak season 'technical freezes'.

For the six months ended 30 June 2006, sales revenue represented 41% of the annual sales revenue for the year ended 31 December 2006. This is representative of a general trend that second half revenues were 40% - 50% higher than first half.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

5. RELATED PARTY TRANSACTIONS

During period the Group entered in to a trading relationship Zoombak LLC, with a related party by virtue of shared directors. During the period revenue of £200,000 was earned, all of which remained outstanding at the balance sheet date.

6. TRANSITION TO IFRS

6.1 Basis of transition to IFRS

The Group's financial statements for the year ended 31 December 2007 will be the first annual financial statements that comply with IFRS. These interim financial statements have been prepared as described in Note 2.1. The Group has applied IFRS 1 in preparing these consolidated interim financial statements.

Mobile Streams' transition date is 1 January 2006. The Group prepared its opening IFRS balance sheet at that date. The reporting date of these interim consolidated financial statements is 30 June 2007.

In preparing these interim consolidated financial statements in accordance with IFRS 1, the Group has applied mandatory exceptions and certain optional exemptions from full retrospective application of IFRS.

6.1.1 Exemptions from full retrospective application elected by the Group

a) Cumulative translation differences exemption

The Group has elected to set the previously accumulated cumulative translation to zero at 1 January 2006. As this had previously been included with retained earnings in the UK GAAP financial statements, no adjustment is shown on the transition to IFRS reconciliations.

6.1.2 Exceptions from full retrospective application followed by the Group

a) Estimates exception

Estimates under IFRS at 1 January 2006 should be consistent with estimates made for the same date under previous UK GAAP, unless there is evidence that those estimates were in error.

6.2 Reconciliations between IFRS and UK GAAP

The following reconciliations provide a quantification of the effect of transition to IFRS from UK GAAP. The following reconciliations provide details of the impact of transition on

- equity at 1 January 2006
- equity at 30 June 2006
- equity at 31 December 2006
- net income 30 June 2006
- net income 31 December 2006

There has been no cash flow effect as a result of the transition to IFRS, therefore no reconciliation is required.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

6.2.1 Reconciliation of equity at 1 January 2006

	Notes	UK GAAP	Effect of transition to IFRS	IFRS
		£000's	£000's	£000's
Assets				
Non-Current				
Other intangible assets	a	-	176	176
Property, plant and equipment	b	247	(176)	71
		247	-	247
Current				
Trade and other receivables		1,524	-	1,524
Cash and cash equivalents		268	-	268
		1,792	-	1,792
Total assets		**2,039**	-	**2,039**
Equity				
Equity attributable to shareholders of mobile streams				
Called up share capital		1	-	1
Share premium		165	-	165
Translation reserve	c	25	(25)	-
Retained earnings	d	(340)	25	(315)
		(149)	-	(149)
Total equity		**(149)**	-	**(149)**
Liabilities				
Current				
Provisions		18	-	18
Trade and other payable		2,170	-	2,170
		2,188	-	2,188
Total Liabilities		**2,188**	-	**2,188**
Total equity and liabilities		**2,039**	-	**2,039**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

EXPLANATION OF THE EFFECT OF THE TRANSITION TO IFRS AS AT 1 JANUARY 2006

(a) Other intangible assets	
Reallocation of media platform development from Property, Plant & Equipment	176
Reverse accumulated depreciation on media platform development from prior periods	79
Take up accumulated amortisation charge on media platform development for prior periods	(79)
Total impact - increase intangibles	**176**
(b) Property, Plant & Equipment	
Reallocation of media platform development to Intangibles	(176)
Total impact - decrease Property, Plant & Equipment	**(176)**
(c) Translation reserve	
Reset translation reserve to nil per IFRS exemption adopted	(25)
Total impact - decrease translation reserve	**(25)**
(d) Retained earnings	
Reverse accumulated depreciation on media platform development from prior periods	(79)
Take up accumulated amortisation charge on media platform development for prior periods	79
Reset translation reserve to nil per IFRS exemption adopted	25
Total impact - increase retained earnings	**25**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Detailed explanatory notes:

(i) Media platform development

Media platform development costs were previously capitalised as tangible assets as allowed under UK GAAP. Under IFRS, software components are recognised as intangibles assets unless they form an integral part of computer hardware. The media platform development costs do not form an integral part of computer hardware and have therefore been re-classified as intangible assets.

Accumulated depreciation in relation to the media platform development costs has been reversed and replaced by amortisation in accordance with the Group's policies as shown in note 2.5. As the same useful life applies the net effect of reversing depreciation and accounting for amortisation is nil.

(ii) Translation reserve

The Group has decided to apply the IFRS exemption allowed under IAS 21 to reset the translation reserve to nil at opening balance sheet date. The previously accumulated translation reserve is set to nil and applied against retained earnings at that date. The gain or loss on future disposals of the relevant foreign entities will be adjusted only by the accumulated translation adjustments arising after the opening IFRS balance sheet date.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

6.2.2 Reconciliation of equity at 30 June 2006

	Notes	UK GAAP	Effect of transition to IFRS	IFRS
		£000's	£000's	£000's
Assets				
Non-Current				
Goodwill	a	1,931	(766)	1,165
Other intangible assets	b	55	1,897	1,952
Property, plant and equipment	c	907	(489)	418
Available-for-sale asset		165	-	165
		3,058	642	3,700
Current				
Trade and other receivables		1,691	-	1,691
Cash and cash equivalents		6,143	-	6,143
		7,834	-	7,834
Total assets		**10,892**	**642**	**11,534**
Equity				
Equity attributable to shareholders of Mobile Streams				
Called up share capital		65	-	65
Share premium		9,593	-	9,593
Shares to be issued	d	496	141	637
Translation reserve	e	(55)	(25)	(80)
Retained earnings	f	(1,868)	(15)	(1,883)
		8,231	101	8,332
Total equity		**8,231**	**101**	**8,332**
Liabilities				
Non-Current				
Deferred tax liabilities	g	-	528	528
		-	528	528
Current				
Trade and other payables	h	2,636	13	2,649
Current tax liabilities		25	-	25
		2,661	13	2,674
Total Liabilities		2,661	541	3,202
Total equity and liabilities		**10,892**	**642**	**11,534**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Explanation of the effect of the transition to IFRS as at 30 June 2006

	£000's
(a) Goodwill	
Reverse accumulated amortisation of goodwill for period to 30/06/06	17
Re-calculation of goodwill on business combinations	(1,324)
Account for deferred tax liability on intangibles under business combinations	549
Offset deferred tax asset on amortisation of intangibles under business combinations	(21)
Accrue expenses relating to business combinations - invoices received after reporting date	13
Total impact - decrease goodwill	(766)
(b) Other intangible assets	
Recognise intangible assets on business combinations	1,465
Take up amortisation of intangibles on business combinations for period to 30/06/06	(57)
Reallocation of media platform development from Property, Plant & Equipment	489
Reverse accumulated depreciation on media platform development from prior periods	141
Take up accumulated amortisation charge on media platform development for prior periods	(141)
Total impact - increase other intangible assets	1,897
(c) Property, Plant & Equipment	
Reallocation of media platform development to Intangibles	(489)
Total impact - decrease Property, Plant & Equipment	(489)
(d) Shares to be issued	
Re-calculate cost of shares to be issued on business combinations	141
Total impact - increase shares to be issued	141
(e) Translation reserve	
Reset translation reserve to nil per IFRS exemption adopted	(25)
Total impact - decrease translation reserve	(25)
(f) Retained earnings	
Reverse amortisation of goodwill for period to 30/06/06	17
Take up amortisation of intangibles on business combinations for period to 30/06/06	(57)
Reverse depreciation on media platform development from prior periods	(141)
Take up amortisation charge on media platform development for prior periods	141
Reset translation reserve to nil per IFRS exemption adopted	25
Total impact - decrease retained earnings	(15)
(g) Deferred tax liabilities	
Account for deferred tax liability on intangibles under business combinations	549
Offset deferred tax asset on amortisation of intangibles under business combinations	(21)
Total impact - increase deferred tax liability	528
(h) Trade and other payables	
Accrue expenses relating to business combinations - invoices received after reporting date	13
Total impact - increase trade and other payables	13

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Detailed explanatory notes:

(i) Business combinations - Goodwill & Intangibles

In accordance with the Group's accounting policies regarding the recognition of intangible assets and goodwill (note 2.5) and in accordance with IFRS 3 Business Combinations, certain amounts previously classified as goodwill under UK GAAP have been re-classified as intangibles under IFRS. Identifiable intangible assets on business combinations (acquisitions) have been recorded at fair value and have therefore increased intangible assets. This has in turn reduced the amount of goodwill recorded on business combinations.

Under IFRS goodwill cannot be amortised, but instead must be tested annually for impairment. Previously accumulated amortisation on goodwill has been reversed against retained profits. Intangible assets with a finite useful life are amortised over their useful life.

The recognition of intangible assets on business combinations results in a deferred tax liability based on the company tax rate in the region the intangible assets belong, hence increasing goodwill on business combinations. As the intangible assets are amortised over the useful life, the deferred tax liability and corresponding goodwill is reduced.

In determining cost of business combinations, shares to be issued are to be valued at the date of acquisition. Previously reported figures included the cost of shares to be issued based on the share price at reporting date. This has been amended to show the cost of shares at date of acquisition. An amendment has also been posted for costs relating to acquisition that were incurred after the balance sheet date, but are known with certainty. These costs have been shown as accrued liabilities.

(ii) Media platform development

As per explanatory notes in 6.2.1 above.

(iii) Translation reserve

As per explanatory notes in 6.2.1 above

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

6.2.3 Reconciliation of equity at 31 December 2006

	Notes	UK GAAP	Effect of transition to IFRS	IFRS
		£000's	£000's	£000's
Assets				
Non-Current				
Goodwill	a	3,565	(1,194)	2,371
Other intangible assets	b	136	2,725	2,861
Property, plant and equipment	c	1,112	(644)	468
Available-for-sale asset		382	-	382
		5,195	887	6,082
Current				
Trade and other receivables		2,742	-	2,742
Cash and cash equivalents		4,073	-	4,073
		6,815	-	6,815
Total assets		**12,010**	**887**	**12,897**
Equity				
Equity attributable to shareholders of Mobile Streams				
Called up share capital		69	-	69
Share premium		10,290	-	10,290
Shares to be issued	d	294	343	637
Translation reserve	e	(153)	(25)	(178)
Retained earnings	f	(1,974)	(136)	(2,110)
Total equity		**8,526**	**182**	**8,708**
Liabilities				
Non-Current				
Deferred tax liabilities	g	85	650	735
		85	650	735
Current				
Trade and other payables	h	3,286	55	3,341
Current tax liabilities		113	-	113
		3,399	55	3,454
Total Liabilities		3,484	705	4,189
Total equity and liabilities		**12,010**	**887**	**12,897**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Explanation of the effect of the transition to IFRS as at 31 December 2006

	£000's
(a) Goodwill	
Reverse accumulated amortisation of goodwill for period to 31/12/06	123
Re-calculation of goodwill on business combinations	(2,022)
Account for deferred tax liability on intangibles under business combinations	743
Offset deferred tax asset on amortisation of intangibles under business combinations	(93)
Accrue expenses relating to business combinations - invoices received after reporting date	23
Account for changes to opening balance sheet of acquired entities on business combinations	32
Total impact - decrease goodwill	**(1,194)**
(b) Other intangible assets	
Recognise intangible assets on business combinations	2,365
Take up amortisation of intangibles on business combinations for period to 30/12/06	(284)
Reallocation of media platform development from Property, Plant & Equipment	644
Reverse accumulated depreciation on media platform development from prior periods	262
Take up accumulated amortisation charge on media platform development for prior periods	(262)
Total impact - increase other intangible assets	**2,725**
(c) Property, Plant & Equipment	
Reallocation of media platform development to Intangibles	(644)
Total impact - decrease Property, Plant & Equipment	**(644)**
(d) Shares to be issued	
Re-calculate cost of shares to be issued on business combinations	343
Total impact - increase shares to be issued	**343**
(e) Translation reserve	
Reset translation reserve to nil per IFRS exemption adopted	(25)
Total impact - decrease translation reserve	**(25)**
(f) Retained earnings	
Reverse amortisation of goodwill for period to 31/12/06	123
Take up amortisation of intangibles on business combinations for period to 31/12/06	(284)
Reverse depreciation on media platform development from prior periods	(262)
Take up amortisation charge on media platform development for prior periods	262
Reset translation reserve to nil per IFRS exemption adopted	25
Total impact - decrease retained earnings	**(136)**
(g) Deferred tax liabilities	
Account for deferred tax liability on intangibles under business combinations	743
Offset deferred tax asset on amortisation of intangibles under business combinations	(93)
Total impact - increase deferred tax liability	**650**
(h) Trade and other payables	
Accrue expenses relating to business combinations - invoices received after reporting date	23
Account for changes to opening balance sheet of acquired entities on business combinations	32
Total impact - increase trade and other payables	**55**

Detailed explanatory notes:

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

(i) Business combinations - Goodwill & Intangibles

In accordance with the Group's accounting policies regarding the recognition of intangible assets and goodwill (note 2.5) and in accordance with IFRS 3 Business Combinations, certain amounts previously classified as goodwill under UK GAAP following acquisitions made in the period have been re-classified as intangibles under IFRS. Identifiable intangible assets on business combinations (acquisitions) have been recorded at fair value and have therefore increased intangible assets. This has in turn reduced the amount of goodwill recorded on business combinations.

Under IFRS goodwill cannot be amortised, but instead must be tested annually for impairment. Previously accumulated amortisation on goodwill has been reversed against retained profits. Intangible assets with a finite useful life are amortised over their useful life.

The recognition of intangible assets on business combinations results in a deferred tax liability based on the company tax rate in the region the intangible assets belong, hence increasing goodwill on business combinations. As the intangible assets are amortised over the useful life, the deferred tax liability and corresponding goodwill is reduced.

In determining cost of business combinations, shares to be issued are to be valued at the date of acquisition. Previously reported figures included the cost of shares to be issued based on the share price at reporting date. This has been amended to show the cost of shares at date of acquisition. An amendment has also been posted for costs relating to acquisition that were incurred after the balance sheet date, but are known with certainty. These costs have been shown as accrued liabilities.

(ii) Media platform development

As per explanatory notes in 6.2.1 above.

(iii) Translation reserve

As per explanatory notes in 6.2.1 above.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

6.2.4 Reconciliation of net income for six months ended June 2006

	Notes	UK GAAP	Re-classification	Effect of transition to IFRS	IFRS
		£000's	£000's	£000's	£000's
Sales Revenue		3,353	-	-	3,353
Cost of Sales		(1,329)	-	-	(1,329)
Gross Profit		**2,024**	**-**	**-**	**2,024**
Selling and marketing costs		-	(115)	-	(115)
Administration expenses	a	(2,631)	160	(40)	(2,511)
Other operating expenses		(1,292)	(45)	**-**	(1,337)
Operating loss		**(1,899)**	**-**	**(40)**	**(1,939)**
Finance costs		(1)	-	-	(1)
Finance income		122	-	-	122
Loss before income tax		**(1,778)**	**-**	**(40)**	**(1.818)**
Income tax expense		28			28
Loss for period		**(1750)**	**-**	**(40)**	**(1790)**

Explanation of the effect of the transition to IFRS as at 30 June 2006

	£000's
(a) Administration costs	
Reverse amortisation of goodwill for period to 30/06/06	17
Take up amortisation on business combinations for period to 30/06/06	(57)
Reverse depreciation of media platform development for period to 30/06/06	62
Take up amortisation of media platform development for period to 30/06/06	(62)
Total impact - increase administration costs	(40)

Detailed explanatory notes:

(i) Business combinations - Goodwill & Intangibles

As per explanatory notes in 6.2.2 above.

(ii) Media platform development

As per explanatory notes in 6.2.1 above.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

6.2.5 Reconciliation of act income for the year ended 31 December 2006

	Notes	UK GAAP	Re-classifications	Effect of transition to IFRS	IFRS
		£000's	£000's	£000's	£000's
Sales Revenue		8,223	-	-	8,223
Cost of Sales		(3,402)	-	-	(3,402)
Gross Profit		**4,821**	**-**	**-**	**4,821**
Selling and marketing costs		-	(251)	-	(251)
Administration expenses	a	(5,556)	357	(161)	(5,360)
Other operating expenses		(1,296)	(106)	**-**	(1,402)
Operating Profit		**(2,031)**	**-**	**(161)**	**(2,192)**
Finance costs		(14)	-	-	(14)
Finance income		237	-	-	237
Loss before income tax		**(1,808)**	**-**	**(161)**	**(1.969)**
Income tax expense		(176)			(176)
Loss for period		**(1,894)**	**-**	**(161)**	**(2,145)**

Explanation of the effect of the transition to IFRS as at 31 December 2006

	£000's
(a) Administration costs	
Reverse amortisation of goodwill for period to 31/12/06	123
Take up amortisation on intangibles on business combinations for period to 31/12/06	(284)
Reverse depreciation of media platform development for period to 31/12/06	121
Take up amortisation of media platform development for period to 31/12/06	(121)
Total impact - increase administration costs	**(161)**

Detailed explanatory notes:

(i) Business combinations - Goodwill & Intangibles

As per explanatory notes in 6.2.2 above.

(ii) Media platform development

As per explanatory notes in 6.2.1 above.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

7. SEGMENTAL REPORTING

Primary reporting format - geographical segments

As at 30 June 2007, the Group is organised into 4 geographical segments: Europe, North America, Latin American, and Asia. All operations are continuing.

The segment results for the 6 months ended 30 June 2007 are as follows:

£000's	Europe	North America	Latin America	Asia	Group
Total gross segment sales	1,402	1,228	1,092	614	4,336
Operating loss	(40)	(84)	(413)	(123)	(660)
Finance costs – net					114
Flotation/fundraising costs					-
Loss before income tax					**(546)**
Income tax expense					(1)
Profit for the period					**(547)**

The segment results for the 6 months ended 30 June 2006 are as follows:

£000's	Europe	North America	Latin America	Asia	Group
Total gross segment sales	1,475	1,004	855	19	3,353
Operating profit/(loss)	(648)	118	6	(123)	(647)
Finance costs - net					121
Flotation/fundraising costs					(1,292)
Loss before income tax					**(1,818)**
Income tax expense					28
Loss for the period					**(1,790)**

The segment results for the 6 months ended 31 December 2006 are as follows:

£000's	Europe	North America	Latin America	Asia	Group
Total gross segment sales	2,064	878	1,469	459	4,870
Operating loss	652	(323)	(431)	(147)	(249)
Finance costs - net					102
Flotation/fundraising costs					(4)
Loss before income tax					**(151)**
Income tax expense					(204)
Loss for the period					**(355)**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

8. SHARE CAPITAL

	Number of shares (000's)	Ordinary shares (000's)	Treasury Shares (000's)	Total (000's)
At 1 January 2006	**502**	**502**	**-**	**502**
New share issues	78	78	-	78
Forfeiture	(63)	(63)	-	(63)
	517	517	-	517
Bonus issue	24,840	24,840	-	24,840
New share issues	7,562	7,562	-	7,562
Balance at 30 June 2006	**32,919**	**32,919**	**-**	**32,919**
New share issues	1,721	1,721	-	1,721
Balance at 31 December 2006	**34,640**	**34,640**	**-**	**34,640**
New share issues	915	915	-	915
Balance at 30 June 2007	**35,555**	**35,555**	**-**	**35,555**

The total number of shares issued is 35,555,224 (December 2006: 34,640,000) with a par value of £0.002 per share. All issued shares are fully paid.

9. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares.

	30 June 2007	30 June 2006	31 December 2006
Profit attributable to equity holders of the Company (£000's)	(547)	(1,790)	(2,145)
Weighted average number of ordinary shares in issue (000's)	34,416	30,452	32,465
Basic earnings per share (£ per thousand share)	(15.89)	(58.78)	(66.07)

Diluted

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has only one category of dilutive ordinary shares: share options.

The calculation is performed for the share options to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options and the yet to be recognised expenses in terms of the option. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. Where there is a loss for the period in question, there is no dilution applied.

As the Group is showing a loss for all periods being reported, no dilution is applicable, hence diluted earnings per share is the same as basic earnings per share.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

10. CASH FLOW STATEMENT

The following non-cash flow adjustments have been made to the pre-tax result for the year to arrive at operating cash flow:

	30 June 2007 £000's	**30 June 2006 £000's**	**31 December 2006 £000's**
Adjustments for:			
- depreciation, amortisation and impairment losses	522	155	539
- share option issued	144	197	325
- interest income	(114)	(122)	(237)
- interest expense	-	1	14
Total	552	231	641

11. BUSINESS COMBINATIONS

On 19 April 2006, the Group acquired 100% of the share capital of Mobile Streams Europe GmbH (formerly Cyoshi Mobile GmbH).

Details of net assets acquired and goodwill are as follows:

Purchase consideration	**£000's**
- cash paid	1,388
- shares issued	159
- shares to be issued	478
- direct costs relating to the acquisition	96
Net assets acquired	(19)
Cost of business combination	2,102
Identifiable intangible assets:	
- customer relationships	1,252
- technology based assets	213
Goodwill	637

The goodwill is attributable to the significant future benefits expected to arise from Cyoshi's position of leading independent producer and distributor of mobile media across Europe. This acquisition strengthens the Group's reach in Europe.

The assets and liabilities arising from the acquisition are as follows:

	Fair value £000's	**Acquiree's carrying amount £000's**
Cash and cash equivalents	11	11
Receivables	113	113
Payables	(105)	(105)
No assets required	19	19
Purchase consideration settled in cash		1,389
Cash and cash equivalents in subsidiary acquired		(11)
Cash outflow on acquisitions		1,378

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Part of the purchase consideration for the acquisition is in the form of shares issued and shares to be issued. The fair value of shares issued was determined based on 206,756 shares issued at the share price at the date of acquisition, being £0.77 per share, giving a total fair value of £159,202. Fair value of shares to be issued was determined based on 620,268 shares to be issued at the share price at the date of acquisition, being £0.77 per share, giving a total fair value of £477,606.

Since acquisition Mobile Streams Europe GmbH has generated a profit of £3,000. Had the acquisition taken place on 1 January 2006 it would have contributed £441,000 revenue and a loss of £6,000 to the Group in the year to 31 December 2006.

On 4 August 2006, the Group acquired 100% of the share capital of The Nickels Group.

Details of net assets acquired and goodwill are as follows:

Purchase consideration	**£'000**
- cash paid	230
- deferred cash	123
- direct costs relating to the acquisition	15
Net assets acquired	79
Total purchase consideration	477
Identifiable intangible assets:	
- customer relationships	(210)
Goodwill	237

The goodwill is attributable to the strengthening of the Groups' content generation and distribution business as well as providing a strategic foothold into the west coast of the US and access to unique music content in high performing and unique genres, including mobile rights to one of the world's best selling artists.

The assets and liabilities arising from the acquisition are as follows:

	Fair value £000's	**Acquiree's carrying amount £000's**
Payables	(79)	(79)
Net liabilities acquired	(79)	(79)
Purchase consideration settled in cash		230
Cash and cash equivalents in subsidiary acquired		-
Cash outflow on acquisitions		230

Since acquisition The Nickels Group Inc has generated a profit of £15,000. Had the acquisition taken place on 1 January 2006 it would have contributed £497,000 of revenue and £98,000 of profit for the Group in the year to 31 December 2006.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

On 8 August 2006, the Group acquired 100% of the share capital of Mobile Streams (Hong Kong) Limited (formerly Mobilemode Limited).

Details of net assets acquired and goodwill are as follows:

Purchase consideration	**£000's**
- cash paid	685
- shares issued	700
- direct costs relating to the acquisition	162
Net liabilities acquired	(8)
Total purchase consideration	1,539
Identifiable intangible assets:	(690)
- customer relationships	35
- technology based assets	638
- Non compete agreements	17
Goodwill	849

The goodwill is attributable to the increased distribution and relationships in the Asia Pacific region, with a number of network operators. The acquisition provides the Group with a comprehensive position in Asia Pacific and the immediate benefit of a strong management team with strong relationships with network operators.

The assets and liabilities arising from the acquisition are as follows:

	Fair value £000's	**Acquiree's carrying amount £000's**
Cash and cash equivalents	163	163
Receivables	221	221
Fixed assets	2	2
Payables	(363)	(363)
Income tax	(15)	(15)
Net assets acquired	8	8
Purchase consideration settled in cash		685
Cash and cash equivalents in subsidiary acquired		(163)
Cash outflow on acquisition		522

Part of the purchase consideration for the acquisition is in the form of shares issued. The fair value of shares issued was determined based on 1,537,736 shares issued at the share price at the date of acquisition, being £0.455 per share, giving a total fair value of £699,670.

Since acquisition Mobile Streams (Hong Kong) Limited and its subsidiaries has generated a loss £138,000. Had the acquisition taken place on 1 January 2006 it would have contributed £1,184,000 revenue and a loss of £188,000 for the Group in the year to 31 December 2006.