15th September 2010

Mobile Streams plc
("Mobile Streams" or the "Group")
Interim results for the six months ended 30 June 2010

Mobile Streams Plc (AIM: MOS), a leading global distributor of mobile content, is pleased to report a strong set of results for the 6 months ended 30 June 2010.

Financial highlights

- Revenues up 20% to £4.3m (2009: £3.6m)
- Rapid growth in mobile internet revenues to 36% of total revenues (2009: 9%)
- EBITDA* of £153,000 (2009: £43,000)
- Profit after tax of £43,000 (2009: loss of £0.5m)
- Cash reserves of £1.4m (31 December 2009: £1.7m) with no debt

Operational highlights

- Development of Appitalism service, to be launched on 15 September 2010
- Further expansion of mobile internet business, particularly in Latin America
- Growth in network of distribution partners and mobile content catalogue

Simon Buckingham, CEO of Mobile Streams, commented:

"The trend towards a more open mobile internet has presented Mobile Streams with a number of exciting new opportunities in 2010 and we were pleased to see good revenue and profit growth during the period.

As we continued to expand our Mobile Internet subscription services internationally in the first half of the year, we also identified an additional opportunity to substantially increase Mobile Streams' mobile internet offering and position the Company to take full advantage of the rapid ongoing growth in apps and digital devices through the development of a new social content discovery service, Appitalism. Our investment in the design, development and today's launch of Appitalism.com in the U.S. is a big step in the evolution of the Group to a predominantly consumer-facing retailer of digital media across all platforms and devices.

Second half trading in the traditional Mobile Streams business has so far continued along the lines of the first half, both in terms of the general industry trends and the Group's performance, with cash outflows resulting from the ongoing investment in the Appitalism service. We look forward to updating shareholders on further progress in our January 2011 trading update."

*Calculated as profit before tax, interest, amortisation, depreciation, share compensation expense and impairment of assets.

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OPERATING REVIEW

The first 6 months of 2010 has seen the Group make significant progress in its transition to a predominantly consumer facing distributor of mobile content. The growth in Mobile Internet services, particularly the increase in subscribers in the Latin America region, has led this transformation. Traditional operator services revenue has steadily declined as expected, although the channel remains profitable and an important part of the business.

Mobile operator

Rapid growth in the mobile internet market impacted mobile operator revenues in some regions. Declines were seen in Europe, Asia-Pacific and North America. However, Latin America revenues grew by 12%, as the region continued to leverage growth through Mobile Streams-led innovative joint promotions with leading network operators in the region.

Mobile internet

The first half of 2010 has seen rapid growth in Mobile Internet revenues, which accounted for 36% of Group revenue, compared to only 9% a year ago.

In May the Group reported that it had reached in excess of 150,000 subscribers to its content club services in Argentina - at the half-year end this had grown to over 200,000.

During the early part of 2010 the Group commenced the design and development of a consumer service which is intended to simplify the fragmented and confusing process of discovery of apps and digital media through a single index engaged by an active user community. Following significant market research and product definition, the Appitalism service was developed in-house by the Group's technical team, with a number of key global vendors engaged to ensure a robust and scalable service. Appitalism subscribers will have a continually updated catalogue of over 5 million licensed content items to discover, rate, purchase and discuss, including apps, music, books and games.

The Group's international footprint and strong relationships with local carriers and content providers will ensure Appitalism is tailored to meet the unique consumer needs in each region as the service is rolled out internationally. The Group has secured local currency billing capabilities suitable for use in a significant number of countries.

Outlook

Second half trading in the traditional Mobile Streams business has so far continued along the lines of the first half both in terms of the general industry trends and the Company's performance with cash outflows resulting from the ongoing investment in the Appitalism service.

FINANCIAL REVIEW

Group turnover for the six months to 30 June 2010 was £4.3m, a 20% increase on the same period last year (2009: £3.6m). The increase was largely driven by a significant increase in Mobile Internet revenues, which more than compensated for a decline in Operator Services. Revenue includes £0.2m (2009: £0.3m) of fees under a management services agreement with Zoombak Inc of which the initial 5 year term expires in January 2011.

Gross margin reduced slightly to 47.8% (2009: 50.0%) as a result of the change in revenue mix across the Group.

Selling, marketing and administrative expenses increased by £0.1m to £1.9m (2009: £1.8m). This was mainly driven by a £0.3m increase in Mobile Internet marketing spend, offset by £0.2m of reductions in administrative costs. The Company continued to adjust and refine its cost base during the period in order to focus resources on its core businesses, including the new Appitalism product.

The Group generated EBITDA* of £153,000 (2009: £43,000). The increase is mainly as a result of the growth in revenues during the period and a reduction in the Group's fixed cost base. Loss before tax reduced significantly to £13,000 (2009: £0.6m) through a combination of increased EBITDA* and lower depreciation and amortisation charges.

The Group incurred a net cash outflow of £0.2m (2009: £0.4m) which included £0.1m of capitalised costs relating to the development of the Appitalism service. Working capital increases associated with the growth in Mobile Internet were also necessary during the period, which were partially offset by the receipt of a tax credit relating to development expenditure on the content delivery platform. Cash reserves at 30 June 2010 were £1.4m (31 December 2010: £1.7m).

Basic and diluted profit per share amounted to 0.12p per share (2009: 1.38p loss per share).

Adjusted earnings per share (excluding depreciation, amortisation and share charges) were 0.59p per share (2009: 0.36p per share).

*Calculated as profit before tax, interest, amortisation, depreciation, share compensation expense and impairment of assets.

CONSOLIDATED INTERIM INCOME STATEMENT

	Notes	**6 months to 30 June 2010 £000's**	6 months to 30 June 2009 £000's	Year ended 31 December 2009 £000's
Revenue		**4,310**	3,598	7,112
Cost of sales		**(2,250)**	(1,797)	(3,521)
Gross profit		**2,060**	1,801	3,591
Selling and marketing costs		**(385)**	(71)	(197)
Administrative expenses		**(1,522)**	(1,687)	(3,281)
Depreciation, amortisation and impairment		**(170)**	(581)	(1,344)
Share based compensation		**1**	(50)	(42)
Operating loss		**(16)**	(588)	(1,273)
Finance income		**3**	10	15
Loss before income tax		**(13)**	(578)	(1,258)
Income tax credit		**56**	76	54
Profit/(loss) for the period		**43**	(502)	(1,204)
Attributable to:				
Attributable to equity shareholders of Mobile Streams Plc		**43**	(502)	(1,204)

Total and continuing earnings/(loss) per share		**Pence per share**	Pence per share	Pence per share
Earnings/(loss) per share				
Basic	3	**0.119**	(1.384)	(3.320)
Diluted	3	**0.115**	(1.384)	(3.320)

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	6 months to 30 June 2010 £000's	6 months to 30 June 2009 £000's	Year ended 31 December 2009 £000's
Profit/(loss) for the period	**43**	(502)	(1,204)
Exchange differences on translating foreign operations	**(84)**	219	292
Total comprehensive loss for the period	**(41)**	(283)	(912)
Attributable to equity shareholders of Mobile Streams plc	**(41)**	(283)	(912)

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	30 June 2010 £000's	30 June 2009 £000's	31 December 2009 £000's
Assets			
Non-current			
Goodwill	**714**	1,132	714
Intangible assets	**303**	569	331
Property, plant and equipment	**50**	126	79
	1,067	1,827	1,124
Current			
Trade and other receivables	**1,783**	1,499	1,725
Cash and cash equivalents	**1,444**	2,119	1,659
	3,227	3,618	3,384
Total assets	**4,294**	5,445	4,508
Equity			
Equity attributable to equity holders of Mobile Streams Plc			
Called up share capital	**73**	73	73
Share Premium	**10,310**	10,310	10,310
Translation reserve	**(317)**	(151)	(233)
Merger Reserve	**153**	635	153
Retained earnings	**(9,196)**	(9,010)	(9,238)
Total equity	**1,023**	1,857	1,065
Liabilities			
Non-current			
Deferred tax liabilities	**25**	50	38
Current			
Trade and other payables	**3,122**	3,166	3,239
Provisions	**17**	163	82
Current tax liabilities	**107**	209	84
	3,246	3,538	3,405
Total liabilities	**3,271**	3,588	3,443
Total equity and liabilities	**4,294**	5,445	4,508

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

Equity attributable to equity holders of Mobile Streams Plc

	Called up share capital £000's	**Share premium** £000's	**Trans-lation reserve** £000's	**Retained earnings** £000's	**Merger reserve** £000's	**Total Equity £000's**
Balance at 1 January 2009	**73**	**10,310**	**(525)**	**(8,558)**	**635**	**1,935**
Employee share based compensation	-	-	-	50	-	**50**
Transactions with owners	-	-	-	50	-	**50**
Loss for the period	-	-	-	(502)	-	**(502)**
Exchange differences on translating foreign operations	-	-	374	-	-	**374**
Total comprehensive income for the period	-	-	374	(502)	-	**(128)**
Balance at 30 June 2009	**73**	**10,310**	**(151)**	**(9,010)**	**635**	**1,857**
Balance at 1 July 2009	73	10,310	(151)	(9,010)	635	1,857
Employee share based compensation	-	-	-	(8)	-	**(8)**
Transfer to Retained Earnings	-	-	-	482	(482)	**-**
Transactions with owners	-	-	-	474	(482)	**(8)**
Loss for the period	-	-	-	(702)	-	**(702)**
Exchange differences on translating foreign operations	-	-	(82)	-	-	**(82)**
Total comprehensive income for the period	-	-	(82)	(702)	-	**(784)**

Balance at 31 December 2009	**73**	**10,310**	**(233)**	**(9,238)**	**153**	**1,065**
Balance at 1 January 2010						
Employee share based compensation	-	-	-	(1)	-	**(1)**
Transactions with owners	-	-	-	(1)	-	**(1)**
Profit for the 6 months ended 30 June 2010	-	-	-	43	-	**43**
Exchange differences on translating foreign operations	-	-	(84)	-	-	**(84)**
Total comprehensive income for the period	-	-	(84)	43	-	**(41)**
Balance at 30 June 2010	**73**	**10,310**	**(317)**	**(9,196)**	**153**	**1,023**

CONSOLIDATED INTERIM CASH FLOW STATEMENT

	6 months to 30 June 2010 £000's	6 months to 30 June 2009 £000's	Year ended 31 December 2009 £000's
Cash flows from operating activities			
Loss before taxation	**(13)**	(578)	(1,258)
Adjustments :			
Share based compensation	**(1)**	50	42
Depreciation	**42**	138	162
Amortisation	**128**	443	722
Impairment of intangibles and goodwill	**-**	-	460
Loss on disposal of property, plant and equipment	**-**	-	18
Interest received	**(3)**	(10)	(15)
Changes in trade and other receivables	**(58)**	654	404
Changes in trade and other payables	**(182)**	(785)	(793)
Total cash utilised in operating activities	**(87)**	(88)	(258)
Net income tax refunded/(paid)	**66**	(119)	(254)
Net cash from operating activities	**(21)**	(207)	(512)
Cash flows from investing activities			
Additions to property, plant and equipment	**(19)**	(61)	(5)
Additions to other intangible assets	**(126)**	(102)	(103)
Interest received	**3**	10	15
Total cash flows from investing activities	**(142)**	(153)	(93)
Net change in cash and cash equivalents	**(163)**	(360)	(605)
Cash and cash equivalents at beginning of period	**1,659**	2,260	2,260
Exchange (losses)/gains on cash and cash equivalents	**(52)**	219	4
Cash and cash equivalents at end of period	**1,444**	2,119	1,659

Notes to interim financial statements

1. BASIS OF PREPARATION

The interim results of Mobile Streams plc are condensed in accordance with the requirements of IAS 34 Interim Financial Reporting as adopted by the EU and prepared in accordance with the accounting policies set out in the last financial statements for the year ended 31 December 2009, except for the adoption of the following standards since 1 January 2010:

- IFRS 2 Share Based Payments (Revised 2009)
- IFRS 3 Business Combinations (Revised 2008)
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008)
- Improvements to IFRSs 2009

The first time adoption of these standards has had no significant effect on the current or prior periods.

The interim results, which are not audited, do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006.

The comparative financial information for the period ended 30 June 2009 and year ended 31 December 2009 has been extracted from the interim results and statutory accounts for those periods respectively. The full audited accounts of the Group for the year ended 31 December 2009 were prepared in accordance with International Financial Reporting Standards ("IFRS"), received an unqualified audit opinion, did not contain a statement under section 498(2) or (3) of the Companies Act 2006 and have been delivered to the Registrar of Companies.

2. Segment reporting

In identifying its operating segments, management follows the Group's key regional markets, being Europe, North America, Latin American, and Asia Pacific. Revenues are from external customers only and generated from three principal business activities: the sale of mobile content through MNO's (Mobile Operator Services), the sale of mobile content over the internet (Mobile Internet Services) and the provision of consulting and technical services (Other Service Fees).

All operations are continuing and all inter-segment transfers are priced and carried out at arm's length. There have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit and loss.

The segmental results for the six months ended 30 June 2010 were as follows:

£000's	Europe	Asia	North America	Latin America	Total
Mobile Operator Services	103	1,020	504	771	**2,398**
Mobile Internet Services	111	-	118	1,338	**1,567**
Other Service fees	248	50	32	15	**345**
Segment revenues	462	1,070	654	2,124	**4,310**
Segment EBITDA*	11	204	(276)	214	**153**
Segment (loss)/profit before tax	(131)	202	(285)	201	**(13)**
Segment net assets/(liabilities)	5,491	(296)	(4,034)	(852)	**309**

The segmental results for the six months ended 30 June 2009 were as follows:

£000's	Europe	Asia	North America	Latin America	Total
Mobile Operator Services	178	1,335	659	689	2,861
Mobile Internet Services	150	-	121	37	308
Other Service fees	279	33	91	26	429
Segment revenues	607	1,368	871	752	3,598
Segment EBITDA*	95	51	(4)	(99)	43
Segment (loss)/profit before tax	(338)	13	(134)	(119)	(578)
Segment net assets/(liabilities)	4,901	(374)	(2,801)	(1,002)	724

The segmental results for the year ended 31 December 2009 are as follows:

£000's	Europe	Asia	North America	Latin America	Total
Mobile Operator Services	315	2,604	1,263	1,330	5,512
Mobile Internet Services	291	-	234	265	790
Other Service fees	525	80	157	48	810
Segment revenues	1,131	2,684	1,654	1,643	7,112
Segment EBITDA*	399	141	(383)	(44)	113
Segment (loss)/profit before tax	(331)	(359)	(490)	(78)	(1,258)
Segment net assets/(liabilities)	5,329	(416)	(3,554)	(1,010)	349

* Earnings before interest, tax, depreciation, amortisation and share compensation

3. EARNINGS PER SHARE

Earnings/(loss) per share

Earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	6 months to 30 June 2010	6 months to 30 June 2009	Year ended 31 December 2009
Profit/(loss) for the period (£000's)	**43**	(502)	(1,204)
Earnings/(loss) per share (pence):			
Basic	**0.118**	(1.384)	(3.320)
Diluted	**0.115**	(1.384)	(3.320)

Adjusted earnings per share

Adjusted earnings per share is calculated to reflect the underlying profitability of the business by excluding non-cash charges for depreciation, amortisation, impairments and share compensation.

	6 months to 30 June 2010	6 months to 30 June 2009	Year ended 31 December 2009
	£000's	£000's	£000's
Profit/(loss) for the period	**43**	(502)	(1,204)
Add back: share compensation expense/(credit)	**(1)**	50	42
Add back: impairment of intangibles and goodwill	**-**	-	460
Add back: depreciation and amortisation	**170**	581	884
Adjusted profit for the period	**212**	129	182
	Pence per share	Pence per share	Pence per share
Adjusted earnings per share	**0.585**	0.356	0.502
Adjusted diluted earnings per share	**0.567**	0.341	0.489

Weighted average number of shares

	Number of shares	Number of shares	Number of shares
Basic	**36,268,192**	36,268,192	36,268,192
Exercisable share options	**1,125,053**	1,577,670	958,652
Diluted	**37,393,245**	37,845,862	37,226,844

Diluted earnings/(loss) 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.