Mobile Streams Plc– Full Year Results Announcement

20 March 2007

Mobile Streams [AIM: MOS] today announces its maiden full year results as a public company for the year ending 31 December 2006, following its listing on 15 February 2006.

Financial highlights:

- Revenue increased by 62% to £8.2m (2005: £5.1m)
- UK GAAP Loss before tax £1.8m, including IPO costs
- Profitability achieved at the Trading EBITDA* level since August 2006
- Trading EBITDA* profitable in the second half of 2006 (First half 2006 loss of £0.3m)
- Breakeven achieved at Trading EBITDA* level for the year (2005: £0.1m)
- Organic revenue growth in North America and Latin America of 124% and 84% from 2005
- Cash at 31 December 2006 of £4.1m (2005: £0.3m)

*Calculated as profit before tax, interest, amortisation of goodwill, depreciation, share compensation expense and fund raising and floatation cost.

Strategic highlights:

- Strategic investment from Liberty Media, including the establishment of its Connectid subsidiary under the management of Mobile Streams
- Successful development and commercialisation of proprietary technology platform Vuesia
- 3 acquisitions to extend distribution and content offering in US, Asia Pacific and Europe
- Mobile Streams is now a global business with subsidiaries in North America, Latin America, Asia Pacific and Europe
- New operator portal distribution agreements with major carrier groups, including Cingular Wireless, Telefonica and America Movil
- Content licensing agreements including Playboy, Private Media Group, Warner Music, Mondo Media's Happy Tree Friends and Electronic Arts

- Creation of proprietary content properties including Suicidal Squirrels and neXXt Mobile

- Launch of consumer division with brands including ringtones.com marketed through search engines such as Google and Yahoo!

Commenting on today's inaugural full year results, Mobile Streams Chairman Roger Parry said: "It is very pleasing to be able to report that for the financial year of 2006, Mobile Streams has achieved the goals set by the Board at the time of the listing on AIM in February 2006. Sales, profits and cash generation have all met or exceeded expectations."

Simon Buckingham, CEO, added: "2006 was a year of rapid evolution for Mobile Streams as a company. Our people, technology, processes and content have all significantly improved. Interest in mobile content services from media companies is strong and growing. Mobile operators are gradually opening up access to their consumers to trusted content providers. Simultaneously there has been a restructuring in the competitive environment. The timing of our IPO and investment from Liberty Media enabled us to invest at the right time in our technology and content and acquire like-minded complementary companies. These circumstances have combined to provide Mobile Streams with a solid platform for growth in revenue and profits. The extent to which we are successful now depends upon our ability to leverage our longstanding operating knowledge, credibility and expertise in the mobile sector. Our twin advantages of technology and geography give us a great opportunity to create the leading global mobile media specialist."

Enquires:

Mobile Streams (020 7395 2000)
Simon Buckingham, Chief Executive Officer
Jitesh Sodha, Chief Financial Officer

Chairman's Statement – Roger Parry

Mobile Streams is at the centre of the rapidly growing new markets of mobile media and mobile internet.

Sales in 2006 were £8.2m which was up from £5.1m in 2005. This increase of 62% was achieved two-thirds from organic growth and one-third from acquisitions. Trading EBITDA* was breakeven compared to a profit of £0.1m in 2005. This performance was as planned and Mobile Streams demonstrated profitable trading during the second half of 2006.

At the end of the year, Mobile Streams had cash balances of £4.1m. At IPO we raised a net £6.0m of new money. Cash investments during the year were primarily made in acquisitions and in the Vuesia platform.

In line with policies set at the time of the listing the Board is not recommending a dividend for 2006.

Acquisitions

During the year, Mobile Streams acquired Cyoshi Mobile, The Nickels Group and Mobilemode. The acquisition of Cyoshi Mobile, based in Germany, provided access to unique content and distribution in mainland Europe. The Nickels Group, based in Los Angeles, also provided access to unique animated cartoon content, this time in the music genres of hip hop and Reggaeton. Mobilemode, based in Hong Kong and Australia, added distribution and relationships in the Asia Pacific region from its bases in Australia and Hong Kong. Management are happy with the performance of all three acquisitions

Board and Management

In February 2006, Mobile Streams appointed Mark Carleton, Senior Vice President of Liberty Media to our Board. Liberty Media owns approximately 17% of the equity through their subsidiary TruePosition Inc.

In addition to Mr. Carleton, the Board now consists of two Executive Directors (Simon Buckingham CEO and Jitesh Sodha CFO), three non executives and myself as Chairman.

Outlook and Trading

Since the beginning of the new financial year in 2007, Mobile Streams has won and launched several new operator contracts including being selected as the comedy channel partner for Hutchison 3G in the UK. The company has also been awarded projects to mobilise some major content properties on a global basis, such as Spider-Man 3 from Sony Pictures Entertainment. Additionally, the consumer business is continuing to build as mobile search volumes grow at a rapid rate, with site launches in several markets including Germany, Spain, the US and Australia. Selling our proprietary content through mobile and other distribution channels is also looking promising, following the success of the broadcast of Suicidal Squirrels on MTV in Germany. As the market is constantly changing and new business models and business opportunities appear, projections for full year's trading are difficult to make. However, management believe we are well positioned strategically to achieve our growth objectives and as such we look forward to 2007 with confidence.

Chief Executive's Statement – Simon Buckingham

Our business has four lines of operation, all powered by the Vuesia technology platform:

- Platforms: helping content owners mobilise their media
- Operators: providing operators with extra sources of revenue
- Content: creating proprietary mobile content
- Consumer: selling content directly to consumers

Platforms

As media companies invest in digital distribution strategies, they are looking at mobile as a growing and important medium. Unlike the internet, distribution on mobile phones is technically complex with thousands of differing handset types, standards, protocols, screen sizes and networks. Mobile Streams has made it possible for media companies to reduce this complexity through utilising our proprietary platform Vuesia.

Through Vuesia, media companies can make the necessary mobile copies of the original digital assets. Vuesia will also manage the identification of a user's handset and will provide the most appropriate 'mobile copy' for that customer. In this way, a customer with a high end handset on a 3G network will receive a larger file in higher quality than one on a 2G network with a lower end device.

As well as using Vuesia internally within Mobile Streams, in 2006 we sold the Vuesia platform externally for the first time. Customers have included Sony Pictures Entertainment, where we mobilised films such as Casino Royale and the Da Vinci Code.

Operators

Mobile Streams now has direct distribution with over 70 operators in more than 20 countries. During 2006 we continued to improve our direct distribution both organically and through acquisition.

We won new business with many operators including E-Plus Germany, Vodafone Australia, Vodafone New Zealand, COMCEL (America Movil) Colombia, Movistar (Telefonica) Chile, Cingular Wireless in USA and Bell Mobility in Canada.

The acquisition of Mobilemode Ltd in July 2006 provided additional distribution with a number of mobile network operators, particularly in Australia, New Zealand, Singapore and Hong Kong.

Content

Access to exclusive and proprietary content can help to secure distribution, improve sales and margins. With our experience of the mobile market we are able to invest in securing exclusive rights to properties that appeal directly to the right consumer segments. We have the exclusive European mobile distribution rights for animated series Happy Tree Friends, which has gained popularity through the internet and is being shown on MTV. In Latin America we distribute content from the likes of Playboy, Warner Music, Private Media Group, and Maxim magazine.

The acquisition of Cyoshi Mobile in Germany has given us the access to animated content such as Suicidal Squirrels that has been created and commissioned by Mobile Streams. We have already secured broadcast distribution for Suicidal Squirrels on MTV Germany. This allows us to capture the IP owner's share of the margins as well as benefit from non-mobile rights such as DVD, broadcast and internet.

The acquisition in August 2006 of the Nickels Group, based in Los Angeles, has also provided access to unique content, this time in the music genres of Reggaeton and hip hop, where the Company now has mobile rights for Tupac Shakur, one of the world's best selling artists.

Consumer

Mobile network operators are increasingly changing the structure of their content portals. In addition to continuing to market their own mobile content on portal, they are auctioning off some of their portal space and traffic through partnerships with search engines such as Google, Yahoo and others. This has created a new "on operator, off portal" business model in which Mobile

Streams acquires traffic generated on the operator portals and delivers content directly to consumers based on the consumer's keyword preferences. This area initially launched during the 2006 financial year.

Liberty Media
The strategic investment from Liberty Media highlights the importance of the mobile content sector for media companies. The investment has already resulted in the establishment of a Liberty Media subsidiary, Connectid LLC. Connectid is readying the launch of innovative mobile location services for launch later in 2007. As well as earning fees for managing and operating Connectid, Mobile Streams holds warrants over 10% of the company's equity.

Additional relationships have been established with several companies in the Liberty Media family. For example, Mobile Streams is the mobile platform company for Discovery Communications in Asia Pacific and mobilises the popular Starz Entertainment internet property 30-Second Bunnies Theatre globally.

Financial Review

Group turnover for the year was £8.2m, a 62% increase on 2005 (£5.1m). Trading EBITDA* was breakeven for the period (2005: £0.1m). Loss before tax was £1.8m after fund raising/floatation cost (£1.3m) and share compensation expense required under FRS 20 (£0.3m). Overall gross margin improved to 58.6% (2005: 56.7%).

We now have a genuine global distribution footprint with 12 subsidiaries on 4 continents. Leveraging our expertise and technology platform across multiple operating regions both increases our return on technology investment and assists our global customers with the implementation of their mobile strategies. Our global footprint and geographical scale will enable us to reduce our dependence on any one customer or region, and facilitate our growth. Europe now represents 43% of our turnover, down from 59% in 2005 as other geographies grow. North America representing 23% (2005 17%) and Latin America representing 28% (2005 25%) grow in importance to the group, and the acquisition of Mobilemode has now provided a meaningful presence in Asia Pacific (6% of turnover).

The Group has applied Financial Reporting Standard 20 "Share Based Payment" for the first time. This requires the recognition of a charge in the Profit and Loss Account in respect of share options. The impact of this policy is detailed in note 1. A prior year adjustment has not been made as the adjustment was not material. A charge of £0.3m has been made in respect of FRS 20.

£1.1m was invested during the year on tangible fixed assets. This was predominantly for the further development of the Vuesia platform, and associated hardware. £3.8m of intangible assets were added onto the balance sheet, of which £3.7m was goodwill relating to the three acquisitions made during the period. 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 £0.2m (2005: inflow £0.3m). The cash balance at 31 December 2006 was £4.1m.

A tax charge of £0.1m has been included mostly for UK corporation tax as IPO costs are not allowable for tax purposes. A deferred tax charge of £67,000 has been taken on timing differences for capital allowances. The group has approximately £2.0m of trading losses to offset against future profits in various countries and a further £172,000 of deferred tax asset against stock option grants in the UK that has not been recognised due to the uncertain timing of exercise and potential movement of the share price.

Basic earnings per share amounted to a loss of 3.056p per share (2005: loss of 0.519p)

Adjusted earnings per share (excluding floatation /fund raising costs and share compensation expense) amounted to a loss of 0.559p (2005: loss of 0.519p).

*Calculated as profit before tax, interest, amortisation of goodwill, depreciation, share compensation expense and fund raising and floatation cost.
** Cash outflow from operations is calculated before deducting IPO / fundraising costs

MOBILE STREAMS PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2006

	Continuing £000's	Acquisitions £000's	**2006 Total £000's**	2005 £000's
Group turnover	7,301	922	**8,223**	5,071
Cost of sales	(2,896)	(506)	**(3,402)**	(2,197)
Gross profit	4,405	416	**4,821**	2,874
Flotation/fund raising costs	(1,296)	-	**(1,296)**	-
Share based compensation	(325)	-	**(325)**	-
Other administration expenses	(4,654)	(577)	**(5,231)**	(2,812)
Operating (loss)/profit	(1,870)	(161)	**(2,031)**	62
Net interest			**223**	(31)
(Loss)/profit on ordinary activities before taxation			**(1,808)**	31
Tax on profit on ordinary activities			**(176)**	(159)
Loss on ordinary activities after taxation			**(1,984)**	(128)
Loss retained			**(1,984)**	(128)
			Pence per share	Pence per share
Basic and diluted earnings per share			**(3.056)**	(0.519)

There were no discontinued operations during the year.

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STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 DECEMBER 2006

	2006	2005
	£000's	£000's
Loss for the period	**(1,984)**	(128)
Currency differences on foreign currency net investments	**(153)**	25
Total recognised losses for the period	**(2,137)**	(103)

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CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2006

	2006	2005
	£000's	£000's
Fixed assets		
Intangible assets	**3,701**	-
Tangible assets	**1,112**	247
Investments	**382**	-
	5,195	247
Current Assets		
Debtors	**2,742**	1,524
Cash at bank and in hand	**4,073**	268
	6,815	1,792
Creditors: amounts falling due within one year	**(3,399)**	(2,170)
Net current assets/(liabilities)	**3,416**	(378)
Provisions for liabilities	**(85)**	(18)
Net assets/(liabilities)	**8,526**	(149)
Capital and reserves		
Called up share capital	**69**	1
Share premium	**10,290**	165
Shares to be issued	**294**	-
Profit and loss account	**(2,127)**	(315)
Shareholders' funds/(deficit)	**8,526**	(149)

The financial statements were approved by the Board of Directors on 19 March 2007.

J Sodha - Director

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CASHFLOW STATEMENT

For the year ended 31 DECEMBER 2006

	2006 **£000's**	2005 £000's
Net cash (outflow)/inflow from operating activities	**(1,529)**	260
Returns on investment and servicing of finance		
Interest received	**216**	6
Interest paid	**(14)**	(37)
Taxation	**(192)**	(48)
Capital expenditure and financial investment		
Capital expenditure	**(1,256)**	(257)
Trade investments	**(382)**	-
Acquisitions		
Investments in subsidiaries (net of cash acquired)	**(2,379)**	-
Financing		
Issue of share capital (net of expenses paid)	**9,494**	65
Increase/(decrease) in cash	**3,958**	(11)
Reconciliation from net cash flow to movement to net funds		
Increase/(decrease) in net cash	**3,958**	(11)
Foreign currency movements	**(153)**	21
Change in net funds resulting from cash flows	**3,805**	10
Net funds brought forward	**268**	258
Net funds carried forward	**4,073**	268

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SEGMENTAL ANALYSIS

Year ended 31 DECEMBER 2006

The directors consider there to be one class of business, being the creation and publication of mobile phone content.

	2006	2005	% change
	£000's	£000's	
Turnover by origin and destination of sales:			
Europe	**3,539**	2,968	19
North America	**1,882**	839	124
Latin America	**2,324**	1,264	84
Asia	**479**	-	-
	8,224	5,071	62
Gross profit by origin and destination of sales:			
Europe	**2,180**	1,510	44
North America	**1,171**	487	140
Latin America	**1,310**	877	49
Asia	**160**	-	
	4,821	2,874	68

Connectid revenue and gross margin of £540,000 (2005: nil) is included in European geographical analysis