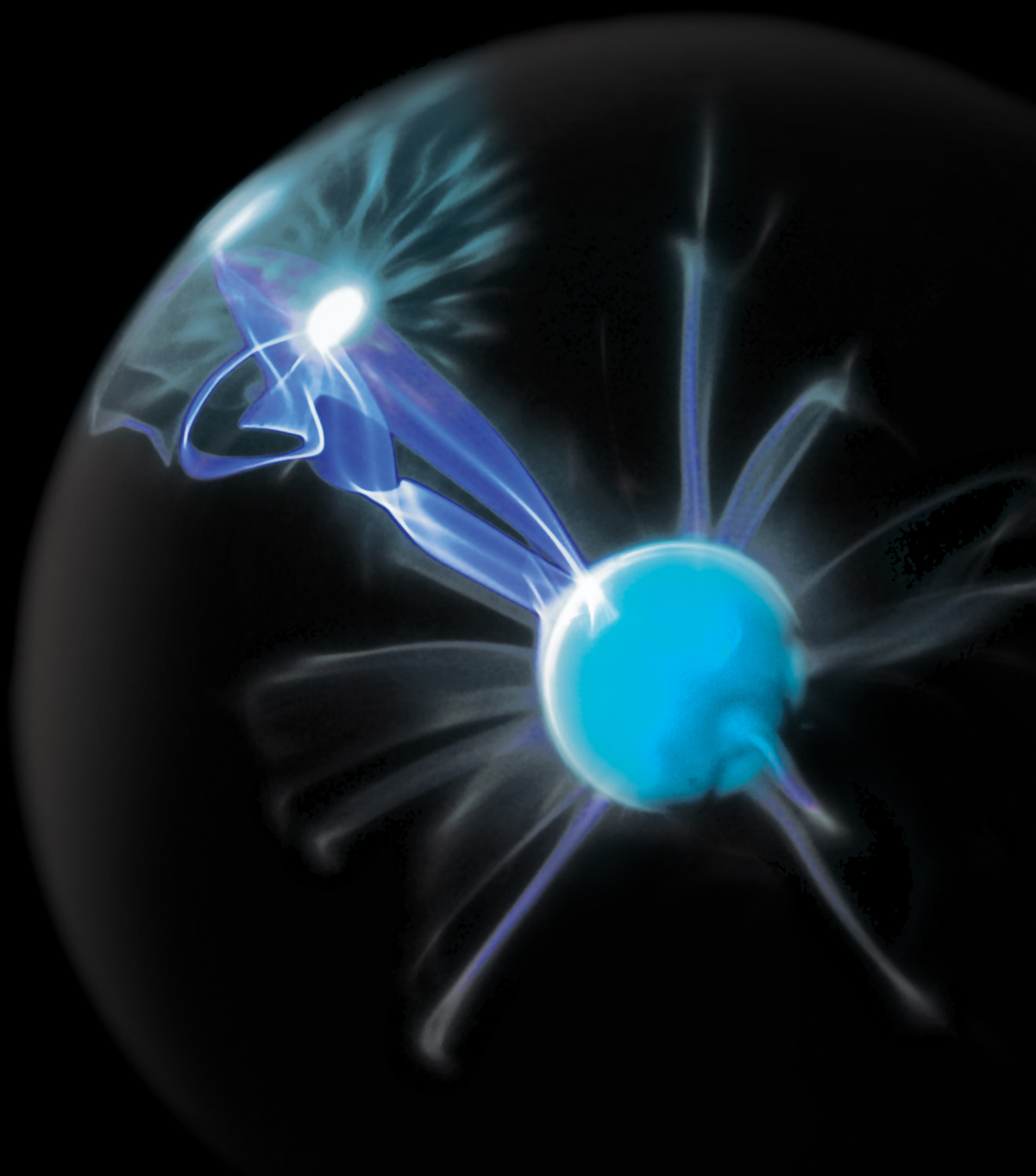




Half-Year Report 2010

Myriad Group AG



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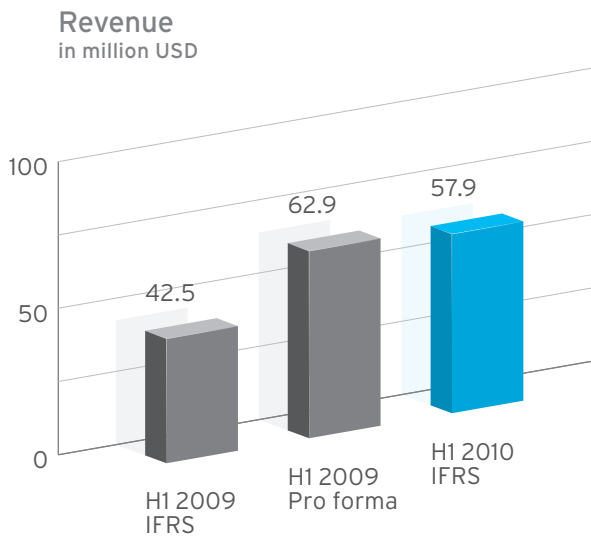
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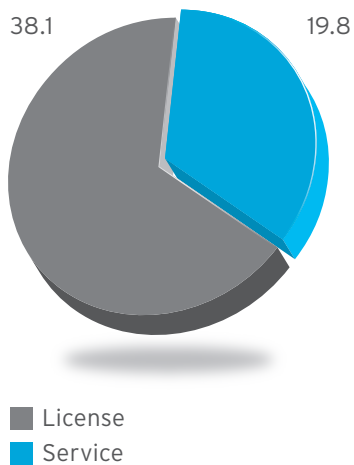
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Facts & figures H1 2010

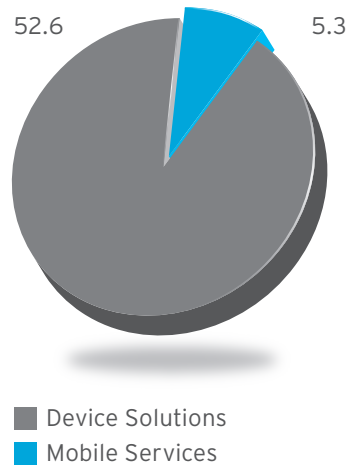
Pro forma financial information H1 2009, assuming that Myriad's acquisition of Purple Labs closed on 1 January 2009.



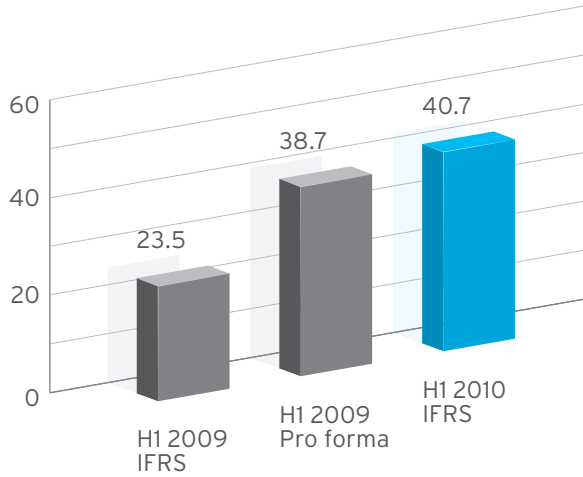
H1 2010 Revenue by type
in million USD



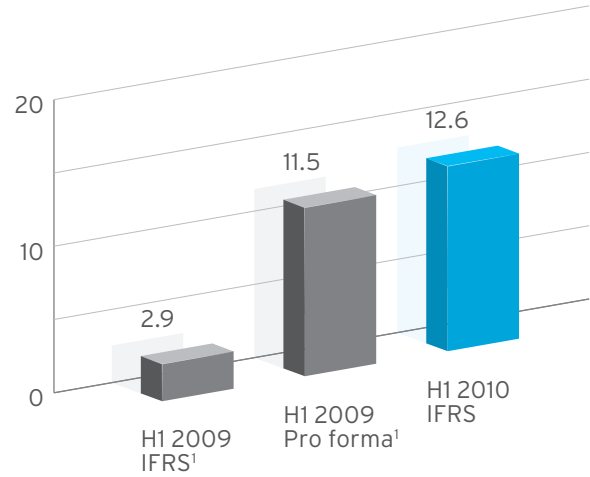
H1 2010 Revenue by segment
in million USD



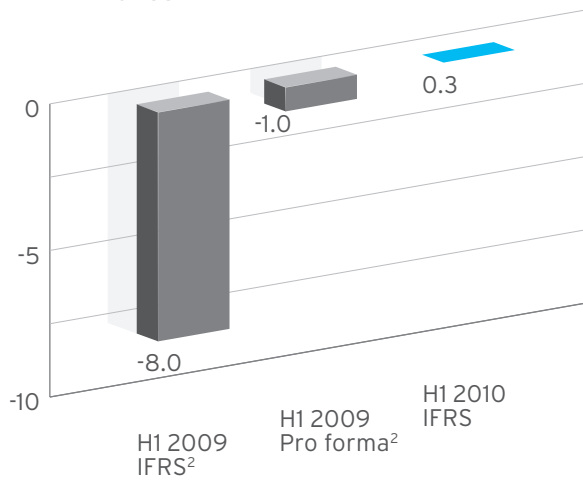
Gross Profit
in million USD



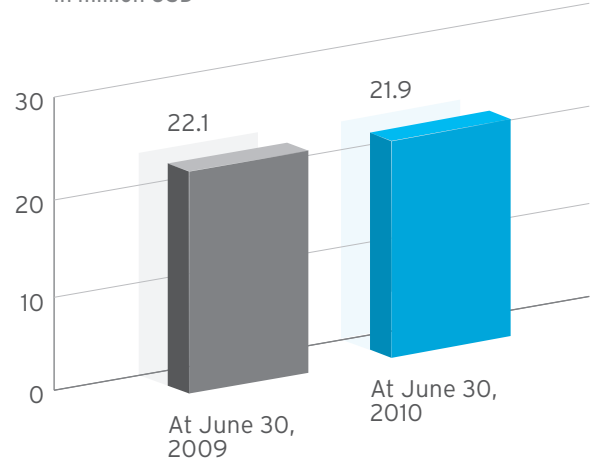
EBITDA
in million USD



EBIT
in million USD



Cash Balance³
in million USD



¹ Before restructuring charges.

² Before exceptional charges.

³ Cash and cash equivalents including short-term investments and marketable securities.

Dear shareholders,

We are pleased with the progress that Myriad Group AG showed during the first half of 2010. Myriad further improved its operating profitability, reached positive net profit and expanded its business in mobile social networking, a high growth market, for the years ahead.

- Revenues of USD 57.9 million
- Gross profit margin of 70%
- EBITDA of USD 12.6 million
- EBITDA margin of 22%
- Positive net profit of USD 0.1 million
- Cash balance of USD 21.9 million

Improvement in operating and net profit

Revenue in our Device Solutions Division, which provides software and engineering services to leading manufacturers of mobile phones and other devices, reached USD 52.6 million. While pro forma revenue in the same period in 2009 was USD 2.9 million higher, this was driven by one-off revenues. Bookings in the first half of 2010 were USD 3.4 million higher year-on-year resulting in a backlog of USD 90.5 million as of 30 June 2010. This demonstrates continued robust demand for Myriad device software and services.

Revenue in our Mobile Services Division, which provides customer self-care services and social messaging solutions for mobile network operators, reached USD 5.3 million, compared to pro forma revenues of USD 7.5 million in 2009 H1. Despite the stronger order intake in H1 2010, the decline in revenue reflects the slippage in order closure in Q2 to the second half of the year. Based on the current order backlog and pipeline, management is confident that the business will deliver an improvement in sales growth during the second half of 2010.

Group licence revenue as a proportion of total revenues increased by 18 percentage points to 66%, driving a 9 percentage point improvement in gross margin to 70% for the first half of 2010 compared to gross margin of 61% for the same period last year. This, together with non-recurring grant income of USD 0.8 million, contributed to an improvement in overall profitability as EBITDA grew to USD 12.6 million, reflecting EBITDA margin of 22%. The comparable pro forma EBITDA (before restructuring charges) for the first half of 2009 was USD 11.5 million and margin of 18%. Notably, the Group delivered a net profit of USD 0.1 million versus prior year pro forma net loss of USD 28.6 million. This reflected positive progress arising from economies of scale, higher operating margins, lower financing costs and the non-recurrence of USD 24.4 million of prior year restructuring and intangible impairment charges.

H1 2010 in review

In May, the VisionMobile 100 Million Club report cited Myriad's continued dominance and growth in mobile application environments, mobile browser and mobile middleware. Myriad's browser was the leader in category in the report and has now shipped in over 2.1 billion handsets, while Myriad's Messaging solutions, also the category leader in the report, has shipped in over one billion devices.

This is a testament to our leadership and ongoing mission to innovate and bring superior features and functionality to mass-market phones.

While we are proud to have these market-leading products in our portfolio, we continue to invest in Research & Development to expand our product offering in new and high-growth mobile software segments such as mobile social networking and Android software solutions.

Mobile social networking to become a cornerstone of our business

Myriad continues to demonstrate that it is a proven and reliable strategic partner, and our reputation is founded on deep engineering expertise.

The expansion into the high-growth mobile social networking segment was reinforced through Telefonica's selection of Myriad to exclusively provide social networking services across twelve territories in Latin America in a five-year strategic partnership. Marketed under Telefonica's Movistar brand, Myriad services will enable mobile users to simultaneously access multiple social networks, via mobile browsers, downloadable apps and other mobile technologies. This partnership is based on a tariff sharing business model and estimated to be worth USD 80 million to USD 100 million to Myriad over a five-year period.

The Telefonica deal, together with the Optus (Australia) contract won in 2009 represent the first social networking deals announced by Myriad since acquiring Xumii, Inc in September 2009. Management are focussed on securing further social messaging deals to drive the growth of this exciting segment.

In the second quarter of 2010, Myriad formed a strategic alliance with Qualcomm China to integrate Myriad's mobile software device suite with Qualcomm's Brew Mobile Platform. Management expect this integration will drive longer term license revenues as Qualcomm chip sets pre-integrated with Myriad software begin to ship on devices in 2011.

Product innovation

Myriad's product portfolio is also being deployed in innovative ways, with Java software now being installed on Blu-ray players of MediaTek. This deal is estimated to be worth USD 5 million to Myriad over a period of two years. We also see strong demand for our new Java-based solution for the 'connected home' market and anticipate a number of new deals in the second half of 2010.

Strong progress has been achieved in the development of Myriad's latest v9 internet browser, with the software beginning trials with several customers. We expect to secure long-term contracts for this key new product towards the end of the year.

Effective cost management

Managing our cost base effectively continues to be a top priority. During the first half of 2010, we increased the number of engineers based in China from 133 to 184 in line with our strategy of lowering the total cost of innovation.

We also closed one of the sites based in France to continue our cost reduction program and in July 2010, a team of French-based engineers were transferred from Myriad for a one-off exit cost of approximately USD 3.2 million. Management expect this will deliver annualised savings of about USD 2.8 million per annum going forward.

Future outlook

We keep our guidance for 2010 of a small decline in revenues of approximately 3-5% year on year, mainly due to currency fluctuations for the time being. We are increasing our EBITDA margin guidance up to a range of 17-19% for this financial year, reflecting the increased licence mix. However, as we are discussing the future terms of our relationship with Sagem Wireless, the outcome of these negotiations has the potential to impact our current 2010 guidance. For the future years, we are confident to reach annual revenue growth of 15-20% in 2011/2012 based on our strong market position, potential new deals and planned product launches throughout 2010 and the first half of 2011.

In July 2010, Myriad sold a portion of its IP portfolio for USD 19 million to an undisclosed buyer, with cash payment received in August 2010. The sale of this IP does not affect Myriad's ability to use the IP within its own business, nor does it affect Myriad's longer term growth prospects or revenue guidance. The transaction boosts Myriad's cash reserves thereby improving liquidity and financial stability.

On behalf of the Board of Directors and the Executive Management Team, we would like to thank our employees for their efforts and commitment, our customers for their continued loyalty and business and you, our shareholders, for your interest and loyalty in our Company.

Sincerely,



Rolf P. Jetzer
Chairman



Simon Wilkinson
Chief Executive Officer

Financial overview

(in USD 1,000)	HY 2009 IFRS	HY 2009 pro forma ⁽¹⁾	HY 2010 IFRS
Revenue	42,473	62,945	57,890
Gross profit	23,462	38,693	40,735
Gross margin in %	55.2%	61.5%	70.4%
EBITDA before restructuring charges	2,929	11,533	12,595
EBITDA margin in %	6.9%	18.3%	21.8%
EBITDA	(5,182)	1,592	12,595
EBIT without exceptional charges	(7,967)	(964)	276
EBIT	(30,528)	(25,354)	276
Net result	(33,183)	(28,556)	62
Operating cash flow	2,781	477	(8,056)
Cash balance ⁽²⁾	22,097	22,097	21,934
Shareholders' equity	115,685	115,685	86,841
Equity ratio in %	54.8%	54.8%	60.3%
Market capitalisation (CHF 1,000)	218,252	218,252	213,181

(1) HY 2009 pro forma results are shown, as if Myriad's acquisition of Purple Labs had closed on 1 January 2009. Myriad management believes that pro forma financial information provides more meaningful period-to-period comparisons of its performance, since under IFRS, the results of Purple Labs in 2009 are only consolidated from 1 April 2009.

(2) Cash and cash equivalents including short-term investments and marketable securities.



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Interim consolidated financial statements for the six months ended 30 June 2010

Interim consolidated balance sheet

(in USD 1,000)	Notes	December 31, 2009 (audited)	June 30, 2010 (unaudited)
ASSETS			
Current assets			
Cash and cash equivalents		33,235	21,136
Short-term investments and marketable securities		4,718	798
Trade accounts receivable	14	8,704	20,018
Other receivables		6,258	6,017
Inventory		864	943
Prepaid expenses and accrued income		8,812	6,383
<i>Total current assets</i>		62,591	55,295
Non-current assets			
Furniture and equipment		2,286	2,066
Intangible assets	5	105,558	85,237
Long-term investments and other financial assets	6	1,459	1,381
<i>Total non-current assets</i>		109,303	88,684
Total assets		171,894	143,979
LIABILITIES AND EQUITY			
Current liabilities			
Interest-bearing loans and borrowings	7	4,985	4,424
Trade accounts payable		3,234	3,116
Income tax payable		876	344
Advances received		4,806	4,625
Other payables	2	5,419	6,997
Accrued expenses	2	18,094	18,049
Deferred revenue	14	26,626	11,808
<i>Total current liabilities</i>		64,040	49,363
Non-current liabilities			
Interest-bearing loans and borrowings	7	3,670	2,353
Employee benefits		1,381	1,141
Deferred tax liabilities		6,243	4,281
<i>Total non-current liabilities</i>		11,294	7,775
Total liabilities		75,334	57,138
Shareholders' equity			
Share capital	8	4,259	4,401
Share premium		194,412	151,426
Cumulative change in fair value of financial assets		36	36
Cumulative translation adjustment		(18,957)	(23,307)
Accumulated losses		(83,190)	(45,715)
Total equity attributable to owners of the parent company		96,560	86,841
Total liabilities and equity		171,894	143,979

These interim consolidated financial statements should be read in conjunction with the accompanying notes.

Interim consolidated income statement

		Six months ended June 30, (unaudited)	
		2009	2010
(in USD 1,000, except for per share information)	Notes	Restated ⁽¹⁾	
Licence revenue		17,141	38,130
Service revenue		25,332	19,760
Total revenue		42,473	57,890
Cost of licence revenue		(1,869)	(1,889)
Cost of service revenue		(17,142)	(15,266)
Total cost of revenue		(19,011)	(17,155)
Gross profit		23,462	40,735
Research and development, net of capitalised costs	5	(9,290)	(16,647)
Sales and marketing		(4,312)	(6,596)
Bad debt expense		(225)	(20)
Restructuring and integration costs	10	(8,111)	–
Other income and expenses		730	3,139
General and administrative		(7,836)	(8,475)
Amortisation of intangible assets	5	(10,497)	(11,860)
Impairment of intangible assets		(14,449)	–
(Loss)/profit from operations		(30,528)	276
Financial income		528	–
Financial expenses		(2,613)	(143)
(Loss)/profit before income taxes		(32,613)	133
Income tax expense		(570)	(71)
Net (loss)/profit attributable to equity holders of the parent company		(33,183)	62
Average number of shares		32,881,911	46,120,151
Basic and diluted (loss)/earnings per share	9	(1.01)	0.00

These interim consolidated financial statements should be read in conjunction with the accompanying notes.

(1) See note 2

Interim consolidated statement of comprehensive income

(in USD 1,000)	Six months ended June 30, (unaudited)	
	2009 ⁽¹⁾	2010
Net (loss)/profit for the period	(33,183)	62
Other comprehensive income:		
Exchange differences on translating foreign operations	4,118	(12,135)
Change in fair value of financial assets, net of tax	(365)	–
Other comprehensive income/(loss) for the period	3,753	(12,135)
Total comprehensive loss for the period attributable to equity holders of the parent company	(29,430)	(12,073)

These interim consolidated financial statements should be read in conjunction with the accompanying notes.

(1) See note 2

Interim consolidated statement of changes in equity (unaudited)

(in USD 1,000)	Attributable to equity holders of the parent company					Total
	Share capital	Share premium	Changes in fair value of financial assets	Cumulative translation adjustment	Accumulated losses ⁽¹⁾	
Balance at Jan 1, 2009	2,019	103,335	500	(15,559)	(34,543)	55,752
Total comprehensive profit/(loss) for the six months	50	1,608	(379)	2,474	(33,183)	(29,430)
Offsetting of accumulated losses against share premium	–	(7,049)	–	–	7,049	–
Shares issued in connection with exercised stock options	–	11	–	–	–	11
Shares issued in connection with business combinations	2,001	86,576	–	–	–	88,577
Cost of share capital increases	–	(133)	–	–	–	(133)
Stock option expenses	–	506	–	–	–	506
Total transactions with owners	2,001	79,911	–	–	7,049	88,961
Balance at June 30, 2009	4,070	184,854	121	(13,085)	(60,677)	115,283

(1) See note 2

(in USD 1,000)	Attributable to equity holders of the parent company					Total
	Share capital	Share premium	Changes in fair value of financial assets	Cumulative translation adjustment	Accumulated losses	
Balance at Jan 1, 2010	4,259	194,412	36	(18,957)	(83,190)	96,560
Total comprehensive profit/(loss) for the six months	(269)	(7,516)	–	(4,350)	62	(12,073)
Offsetting of accumulated losses against share premium	–	(37,413)	–	–	37,413	–
Shares issued in connection with business combinations	411	1,275	–	–	–	1,686
Stock option expenses	–	668	–	–	–	668
Total transactions with owners	411	(35,470)	–	–	37,413	2,354
Balance at June 30, 2010	4,401	151,426	36	(23,307)	(45,715)	86,841

Regarding share capital see Note 8. Net reserves of approx. USD 56.6 million are not available for distribution due to legal restrictions.

These interim consolidated financial statements should be read in conjunction with the accompanying notes.

Interim consolidated cash flow statement

(in USD 1,000)	June 30 (unaudited)	
	2009	2010
Net (loss)/profit for the period	(33,183)	62
Adjustments for:		
Depreciation and amortisation	10,897	12,319
Impairment of intangible assets	14,449	–
Impairment of financial assets	1,432	–
Cost of stock options	506	668
Increase/(decrease) of employee benefits	332	(98)
Increase of bad debt reserve, net	225	20
Profit on disposal of fixed assets	–	(17)
Financial income and expenses	377	143
Income tax expense	570	71
	(4,395)	13,168
Net changes in working capital	7,463	(21,131)
Income taxes paid	(287)	(93)
Net cash provided by/(used in) operating activities	2,781	(8,056)
Capital expenditure for fixed assets	(547)	(503)
Capital expenditure for intangible assets	(7)	(511)
Capitalised development costs	(1,279)	(2,926)
Cash inflow from acquisition, net	20,965	–
Proceeds from sale of fixed assets	–	32
(Increase)/decrease in short-term investments and marketable securities	(36)	3,526
Interest received	–	7
Increase in financial assets	(152)	(30)
Net cash provided by/(used in) investing activities	18,944	(405)
Repayment of borrowings	(3,976)	(928)
Proceeds from issue of share capital	11	–
Interest paid	(443)	(209)
Net cash used in financing activities	(4,408)	(1,137)
Net increase/(decrease) in cash and cash equivalents	17,317	(9,598)
Cash and cash equivalents at beginning of period	3,330	33,235
Effect of exchange rate fluctuations on cash and cash equivalents	1,016	(2,501)
Cash and cash equivalents at end of period	21,663	21,136

These interim consolidated financial statements should be read in conjunction with the accompanying notes.

Selected notes to the interim condensed consolidated financial statements

1 Corporate information

The Myriad Group ('Myriad' or the 'Group') consists of Myriad Group AG ('the Company'), incorporated on 1 April 1999 in Dübendorf, Switzerland, and its consolidated subsidiaries. The subsidiaries are consistent with those disclosed in the consolidated financial statements for the previous year ended 31 December 2009.

Myriad Group AG (ticker: MYRN) is publicly traded on SIX Swiss Exchange (SIX).

2 Basis of preparation and accounting policies

The unaudited interim consolidated financial statements for the six months ended 30 June 2010 were prepared in accordance with IAS 34, Interim Financial Reporting.

The accounting policies used for the interim consolidated financial statements are consistent with those used in the consolidated financial statements for the previous year ended 31 December 2009.

There have been no significant changes in accounting estimates.

In the second half of 2009 post acquisition revenues earned by Purple Labs were re-assessed resulting in a reallocation to the pre-acquisition period. This resulted in changes to both the fair value of the net assets at acquisition and the reported result in the first half of 2009. Revenues previously included in the first half of 2009 were therefore treated as pre-acquisition and the fair value table was restated as disclosed in note 4 of the full year Annual Report to 31 December 2009. Service revenue was reduced by USD 402,000 in the six months to 30 June 2009.

These restatements were disclosed in the full year consolidated financial statements to 31 December 2009 but not reflected in the interim six month period ending 30 June 2009.

Comparative information for 31 December 2009 has been represented in this interim statement following consideration by management. USD 7,062,000 relating to employee vacation accruals, social taxes and social accruals previously included in other payables has been represented in accrued expenses to better reflect the nature of the underlying expenses and to be consistent with other items included under these captions.

New standards, amendments to standards or interpretations

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2010:

IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

IFRS 2 (amendments), 'Group cash-settled share-based payment transaction' (effective from 1 January 2010). In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 - Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance is not expected to have a material impact on the Group's financial statements.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2010 but are not currently relevant for the Group:

IFRIC 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.

IFRIC 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009. This is not relevant to the Group, as it has not received any assets from customers.

'Additional exemptions for first-time adopters' (Amendment to IFRS 1) was issued in July 2009. The amendments are required to be applied for annual periods beginning on or after 1 January 2010. This is not relevant to the Group, as it is an existing IFRS preparer.

Improvements to International Financial Reporting Standards 2009 were issued in April 2009. The effective dates vary standard by standard but most are effective 1 January 2010.

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted:

IFRS 9, 'Financial instruments', effective for annual periods beginning on or after 1 January 2013, though earlier adoption is permitted. The standard addresses the classification and measurement of financial assets. This is not currently relevant to the Group.

Revised IAS 24, 'Related party disclosures', effective for annual periods beginning on or after 1 January 2011, though earlier adoption is permitted. Management do not currently expect this standard to result in additional disclosures.

IAS 32 (amendment), 'Classification of rights issues', effective for annual periods beginning on or after 1 February 2010, though earlier adoption is permitted. This is not currently relevant to the Group.

IFRIC 14 (amendment), 'Prepayments of a minimum funding requirement', effective for annual periods beginning on or after 1 January 2011, though earlier application is permitted. This is not currently relevant to the Group as no voluntary prepayment of minimum funding contributions in respect of future service have been made.

IFRIC 19, 'Extinguishing financial liabilities with equity investments', effective for annual periods beginning on or after 1 July 2010. This is not relevant to the Group as no equity instruments have been issued to extinguish any financial liabilities.

Improvements to International Financial Reporting Standards 2010 were issued in May 2010. The effective dates vary standard by standard but most are effective 1 January 2011.

3 Seasonality of operations

Management believes that Myriad Group is not exposed to significant seasonal or cyclical variations in its operations.

4 Acquisitions and disposals

Purple Labs SA

On 13 February 2009, Myriad Group and Purple Labs SA, Le Bourget du Lac, France, a company developing and marketing mobile device software including mobile browsers and messaging, announced that they had reached agreement on the acquisition by the Company of all outstanding shares in Purple Labs SA, in an all-share transaction.

The parties agreed in a contribution agreement that the shareholders of Purple Labs SA receive 19,658,132 shares with a nominal value of CHF 0.10 each in the Company as a consideration for 1,666,486 shares with a nominal value of EUR 0.37 each in Purple Labs SA. The shares were created in an ordinary share capital increase by resolution of the Board of Directors at 17 April 2009. As at 17 April 2009 the shares of the Company were traded at CHF 4.05 on SIX Swiss Exchange.

The contribution agreement also included an earn-out clause that would provide Purple Labs SA shareholders a further 4,368,474 shares with a nominal value of CHF 0.10 each of the Company if specified targets for 2009 revenue and gross profit margin were achieved. In addition, the Purple Labs SA management options scheme was converted to 1,457,997 Company options. This would grow by a further 323,999 free shares and Company options if the earn-out is achieved. As the Board of Directors at the start of the initial recognition believed that the earn-out would be reached, the earn-out was taken into account in the purchase price allocation. As the conditions (revenue and gross margin targets) were achieved in 2009, the earn-out clause shares were issued on 29 March 2010 at a nominal value of CHF 0.10 each. The market value of the shares at 29 March 2010 was CHF 4.36 per share on SIX Swiss Exchange. This resulted in an increase to the goodwill arising on the acquisition of USD 1,274,000.

Purple Labs SA was included in the consolidation of the Group as from 1 April 2009.

5 Intangible assets

Intangible assets includes goodwill and fair valued intangible assets arising on business combinations and capitalised development costs. The reduction in intangible assets includes amortisation charges of USD 11,860,000 and translation adjustments arising on the revaluation of Euro denominated intangible assets and goodwill.

There were no impairment costs in the six months to 30 June 2010.

A total impairment loss of USD 14,449,000 was recorded in the first six months of 2009 following a review of market conditions and the internal sales pipeline. USD 4,636,000 related to the Device Solutions Division and USD 9,813,000 related to the Mobile Services Division.

There were no changes in the discount and growth rates disclosed in the 2009 annual report.

Capitalisation of development costs

Development costs incurred after technical feasibility has been demonstrated, are capitalised until such time as the product incorporating the technology is commercialised. The total amount of development cost capitalised during the six months ended 30 June 2010 amounted to USD 2,926,000 compared to USD 1,279,000 for the six months ended 30 June 2009. Capitalised development costs are amortised over a period of three years after the commercial release of the respective product.

6 Long-term investments and other financial assets

In February 2006, Myriad announced a 19.99% investment in Javaground USA Inc. USA, a California-based company focusing on porting and testing games for mobile telephones. The investment was made for USD 444,000 (including transaction costs of USD 44,000). In addition, Myriad agreed to provide a loan of up to a total of USD 1.6 million to help fund Javaground's working capital requirements. The loan bears interest at 4% per annum and the principal was due to be redeemed by February 2010. However Management consider it to be unlikely that the loan and accrued interest will be repaid. Given the uncertainty in the economic outlook for Javaground, Management decided to write off the loan and investment of USD 2 million (including foreign currency translation movements in 2009).

In November 2008, Esmertec KK merged with Ubion and Websoft International. The name of the new company is eflow Inc. and Myriad's interest in the new company after the merger is 10.76%. In 2009 a share capital increase took place in eflow where Myriad did not participate. As a consequence the Group's interest as at 31 December 2009 and 30 June 2010 has decreased to 9.58%.

The investment in Javaground Inc. and eflow Inc. (formerly Esmertec KK) are classified as "available for sale". The market value of the assets is determined on every balance sheet date based on future discounted cash flows taking into consideration the latest operational business plans.

Other financial assets include the rent deposits for offices in Dübendorf, in the UK and in Asia, totalling USD 981,000 (2009: USD 1,043,000). The deposits bear interest at current market rates.

7 Interest-bearing loans and borrowings

	Dec 31, 2009	June 30, 2010
Convertible bonds	1,431	1,425
Short-term loan	4,160	2,728
Interest bearing loan	41	39
Credit line from financial institution	16	1
Repayable government loans	3,007	2,584
Total	8,655	6,777
Total current portion of interest-bearing loans and borrowings (1 year or less)	4,985	4,424
1 - 2 years	1,205	488
2 - 5 years	2,465	1,865
Total non-current portion of interest-bearing loans and borrowings	3,670	2,353
Total interest-bearing loans and borrowings	8,655	6,777

A) Convertible Bonds

In 2004 and 2005 Myriad Group AG issued convertible notes in the aggregate amount of CHF 33.85 million and CHF 3.175 million respectively. The convertible notes mature in September 2010, and pay interest at a rate of 4.25 per cent per annum on the face value of the notes. The convertible notes entitle the holders to convert the notes into shares at a fixed price, beginning of 30 March 2006. To the extent the bonds are not converted by the maturity date, Myriad Group AG is required to redeem the bonds at the principal amount plus a premium of 28.5 per cent.

In March 2007 amendments to the existing debt agreements were proposed. Convertible note holders representing 90.57 per cent of the total convertible bond principal agreed to the amendments. The modifications of the terms and conditions of the debt instruments were accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability at the point in time when the amendment was taking place. The amendment led in the first half year of 2007 to a gain of USD 1,067,000 recognised as other financial income in the statement of operations.

In December 2007 a total of USD 26,630,000 (CHF 29,974,080) was converted into share capital. The total remaining value of the convertible bond recognised in the balance sheet as at 30 June 2010 amounts to USD 1,425,000 (31 December 2009: USD 1,431,000) of which USD 1,463,000 will be due in September 2010.

B) Short-term loan

The short-term loan of USD 2,728,000 (2009: USD 4,160,000) bears interest of 11.5% per annum and is repayable in monthly instalments. The total of the repayable instalments within one year is USD 2,728,000.

The loan was entered into by Purple Labs SA to finance the acquisition of Openwave.

C) Credit line from financial institution

The Company has access to a bank credit line of EUR 0.5 million in France (USD 0.6 million) with an indefinite duration with a notice period of 60 days.

As of 30 June 2010 USD 1,000 (31 December 2009: USD 16,000) has been drawn down under this facility.

D) Repayable government loans

In 2008, Myriad France joined a French R&D programme which will last for a period of 30 months. In 2009 it received a first instalment of EUR 1,720,000 (30 June 2010: USD 2,119,000) from the French Government which would be repayable between 2012 and 2019 if the resulting technology is successfully commercialised.

Under a separate R&D scheme Myriad France is due to repay USD 232,000 in September 2010 and USD 233,000 subject to successful commercialisation of the related product.

8 Share capital

During the six months ended 30 June 2010 and 2009, no dividends were paid out. The movements in issued share capital for the six months ended 30 June 2009 and 2010 are as follows:

Share capital table	2009		2010	
	Number of shares	Share capital (USD 1,000)	Number of shares	Share capital (USD 1,000)
Issued capital at January 1	21,308,584	2,019	44,192,137	4,259
Shares issued through exercise of stock options	3,131	–	–	–
Shares issued in connection with business combinations	22,868,922	2,001	4,368,474	411
Translation adjustment	–	50	–	(269)
Issued capital at June 30	44,180,637	4,070	48,560,611	4,401
Thereof treasury shares	20	–	20	–
<i>Authorised capital at June 30</i>	4,373,743	403	5,269	5
<i>Conditional capital at June 30</i>	4,487,092	413	4,475,592	406

Reconciliation of share capital

	2009		2010	
	Number of shares	Share capital (USD 1,000)	Number of shares	Share capital (USD 1,000)
Shares capital as per registry of commerce at June 30	44,177,506	4,070	48,560,611	4,401
Paid in capital not yet registered (exercised stock options)	3,131	–	–	–
Total share capital	44,180,637	4,070	48,560,611	4,401

Shares issued through exercise of stock options

During the six months ended 30 June 2010, Nil (2009: 3,131) stock options were exercised resulting in net proceeds to the Company of Nil (2009: CHF 50,764 (USD 48,050)).

Shares issued in connection with business combinations

In March 2010 the Company increased the share capital by a total of 4,368,474 shares in connection with an earn out agreement in connection with the acquisition of Purple Labs SA (see Note 4).

Stock options

The following table details the movements in outstanding employee stock options from 1 January 2010 until 30 June 2010:

(in 1,000)	For the six months ended June 30	
	2009	2010
Opening balance	1,119	2,702
Granted	2,162	366
Exercised	(3)	–
Cancelled or expired	(53)	(432)
Ending balance	3,225	2,636
Thereof vested and exercisable	638	1,010

The fair value of stock options expensed in the six months ended 30 June 2010 was USD 668,000 (USD 506,000 during the six months ended 30 June 2009).

Authorised share capital

At 30 June 2010, the authorised share capital comprises 5,269 shares which the Board of Directors is entitled to issue at its discretion until 30 June 2011.

Conditional share capital

Of the remaining conditional capital of CHF 447,559.20 as at 30 June 2010 (4,475,592 shares of CHF 0.10 each), CHF 377,059.00 is reserved for the exercise of stock option rights which may be granted to members of the Board of Directors ("Board"), employees of Myriad and its subsidiaries as well as members of an Advisory Board (not established) under Myriad's stock option plan(s) as approved by the Board. The subscription rights of the shareholders with respect to these shares are excluded.

The remaining CHF 70,500.20 of Myriad's conditional capital is reserved for the exercise of conversion rights which are granted to various investors under the terms of Convertible Notes Purchase Agreements. The conversion rights are exercisable until 30 September 2011 at the latest. The subscription rights of the shareholders with respect to these shares are excluded.

9 Earnings/(loss) per share

The basic earnings/(loss) per share are calculated by dividing the net profit of USD 62,000 (net loss of USD 33,183,000 for the six months ended 30 June 2009) attributable to the owners of the parent company by 46,120,151 weighted average number of shares issued and outstanding during the period under review (32,881,911 in the prior period).

10 Restructuring and integration costs

There were no restructuring and integration costs in the period (30 June 2009: USD 8.1 million).

The restructuring and integration costs resulted from a reorganisation and restructure of Myriad Group following the acquisition of Purple Labs SA in 2009.

11 Segment reporting

According to IFRS 8 'Operating segments' the identification of the reportable segments has to follow the management approach. Therefore the external segment reporting corresponds to the internal organisational and management structure, as well as to internal reports to the Chief Operating Decision maker (CODM) based on which performance is evaluated and resources are allocated. The Group's CODM is the Board of Directors of Myriad Group AG.

The following reportable segments were identified:

a) *Device Solutions Division* includes activities of the software platforms and middleware and related products and services including Android and Limo platforms as well as the historical activity of the Group before the acquisition of Purple Labs SA, namely the Jbed Java Virtual Machine and its activities and its related products and services.

b) *Mobile Services Division*: The Group provides mobile operators with service platforms and software for mass market phones. This business segment was formerly reported as "Mobile Services Platform".

Segment reporting for the six months ended 30 June 2009 and 2010:

(in USD 1'000)	Device Solutions Division		Mobile Services Division		Total segments		Non-allocated/ eliminations		Total Myriad Group	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Revenue third party	34,998	52,605	7,475	5,285	42,473	57,890	–	–	42,473	57,890
Revenue intra segment	–	–	–	–	–	–	–	–	–	–
Total revenue	34,998	52,605	7,475	5,285	42,473	57,890	–	–	42,473	57,890
EBITDA	(5,992)	16,723	810	(4,128)	(5,182)	12,595	–	–	(5,182)	12,595
Depreciation and amortisation							(10,897)	(12,319)	(10,897)	(12,319)
Impairment							(14,449)	–	(14,449)	–
(Loss)/profit from operations									(30,528)	276
Financial income									528	–
Financial expenses									(2,613)	(143)
(Loss)/profit before income taxes									(32,613)	133

The Group has adopted the amendment to IFRS 8 "Operating Segments" issued as part of the IASB's 2009 annual improvement project issued in April 2009 and has not disclosed segmental information in respect of segment assets as this information is not provided to the Chief Operating Decision Maker.

12 Guarantees, pledges in favour of third parties and other contingent liabilities

The Group's companies may grant guarantees in the normal course of business. At 30 June 2010, performance guarantees and tender bonds had been issued to customers and prospects by the Mobile Services Division totalling USD 8,709 (30 June 2009: USD 281,527). All such bank guarantees were secured by liens in amount equal to the guaranteed amounts on marketable security accounts held at the issuing banks.

Further, to cover the limits of the company credit cards of Myriad Group AG, the amount of USD 27,000 (CHF 30,000) is pledged in favour of UBS AG as per 30 June 2010.

Management is not aware of any other significant commitments or contingent liabilities which have not been disclosed in these interim consolidated financial statements.

13 Related parties

Related parties are members of the Executive Management Team, the Board of Directors and close family members of the aforementioned parties, and shareholders holding in excess of 3% of the outstanding share capital, as well as entities under these parties' control.

All transactions with related parties Myriad is entering into are negotiated on an arms' length basis.

In June 2007, Myriad signed a consulting agreement with a member of Myriad's Board of Directors to provide certain consulting services to Myriad, in the area of business and marketing consulting in mobile, multimedia and mobile operator markets. During the six months ended 30 June 2010 expenses recognised from this contract totalled USD Nil (30 June 2009: USD 18,227).

The aforementioned Board member stepped down at the ordinary general meeting held on 19 May 2009.

In September 2008, Myriad signed a short term consulting agreement with a member of Myriad's Board of Directors to provide certain services to Myriad in the area of acquisition. During the six months ended 30 June 2010, expenses recognised from this contract totalled USD 18,663 (30 June 2009: USD 18,227). The aforementioned Board member stepped down at the ordinary general meeting dated 19 May 2009.

In April 2009, the Company agreed with a member of the Board of Directors to provide certain services in the area of Compliance and Governance. During the six months ended 30 June 2010 expenses recognised from this contract totalled USD Nil (30 June 2009 USD 10,222).

There were no other significant transactions with related parties during the six months ended 30 June 2010 and 30 June 2009. All transactions were carried out at arms' length.

14 Trade accounts receivable and deferred revenue

The movement in trade accounts receivable and deferred revenue results from the renegotiation of invoicing and payment terms with Sagem announced at Q1 2010. Invoicing and payment has moved from quarterly in advance to a deferred basis, monthly in arrears from March 2010.

15 Post balance sheet events

The following events occurred subsequent to the balance sheet date:

On 19 July 2010 - Myriad Group AG announced the signature of an agreement under which Myriad receives USD 19 million cash, due in August 2010, for the assignment of certain of its patent rights. The agreement does not affect Myriad's right to continue using the assigned intellectual property rights.

The Board of Directors authorised these interim condensed consolidated financial statements for issue on 25 August 2010.



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About Myriad

Myriad Group AG is a global leader in mobile technology and has shipped over 3.5 billion software applications in more than 2 billion mobile phones. Its comprehensive portfolio includes browsers, messaging, Java, social networking, user interfaces and middleware for all types of mobile phones, from ultra-low cost handsets to advanced smartphones.

The company provides both individual components and complete solutions, which enable handset manufacturers and operators to deliver amazing experiences on mobile phones. Myriad also develops USSD-based customer self-care platforms that deliver over 10 billion messages a year to 220 million mobile users across more than 30 mobile operators worldwide.

Myriad was created from the combination of industry-leading companies, Esmertec and Purple Labs. It operates worldwide, with offices in Switzerland, France, UK, USA, Mexico, China, South Korea, Taiwan, Japan and Australia. Headquartered in Dübendorf-Zürich Switzerland, Myriad is listed on the SIX Swiss Exchange (SIX Symbol: MYRN). For more information, visit www.myriadgroup.com.