



Half-Year Report 2009

Deep Expertise | Unrivalled Portfolio | Global Presence | [Myriad](#)

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Half-Year Report 2009

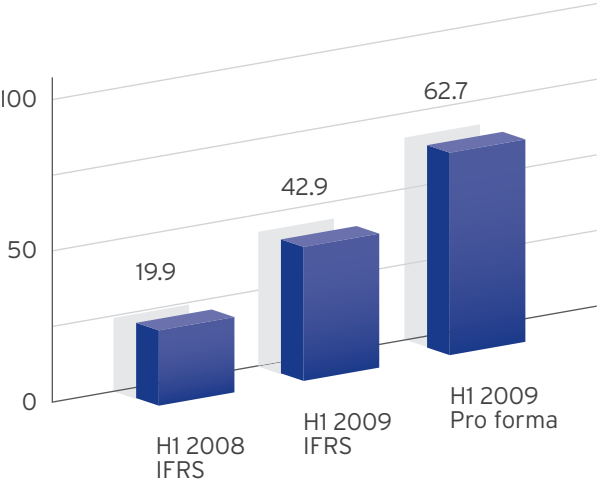
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Facts & figures H1 2009

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

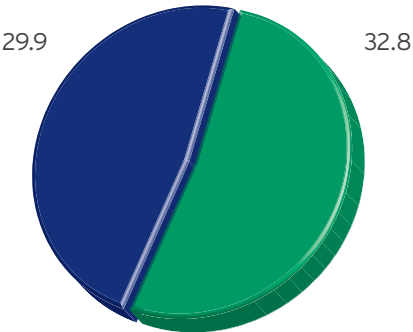
Revenue

in million USD



H1 2009 Pro forma Revenue by type

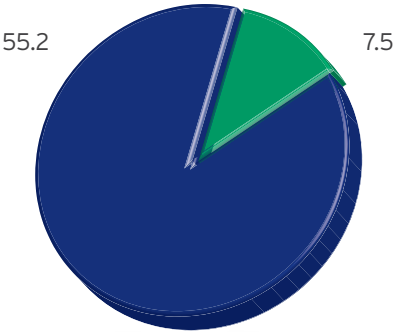
in million USD



- License
- Service

H1 2009 Pro forma Revenue by segment

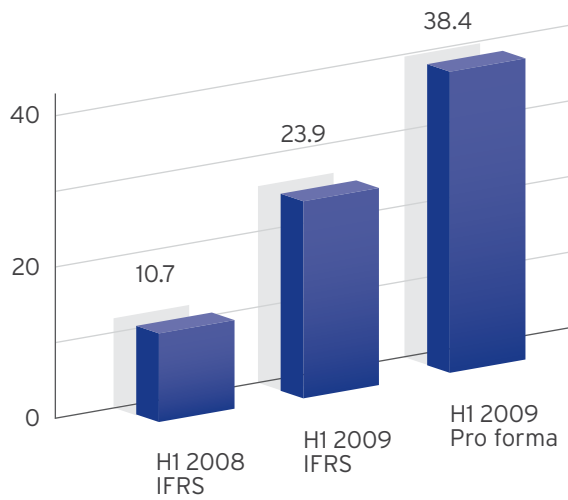
in million USD



- Device Solutions
- Mobile Service Platforms

Gross Profit

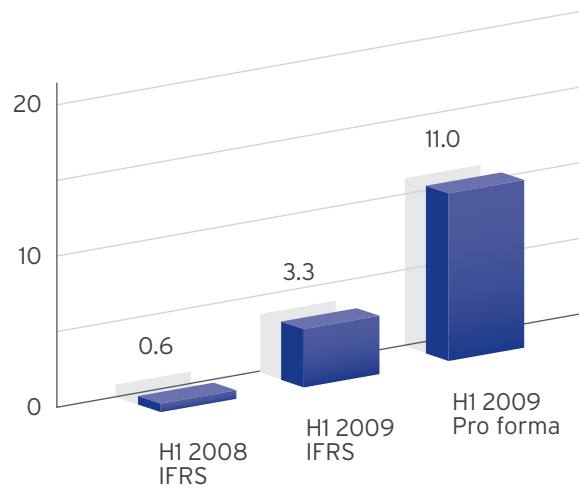
in million USD



EBITDA

(before restructuring charges)

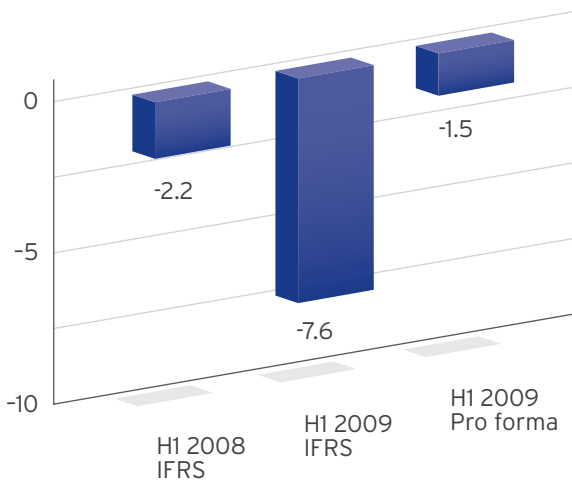
in million USD



EBIT

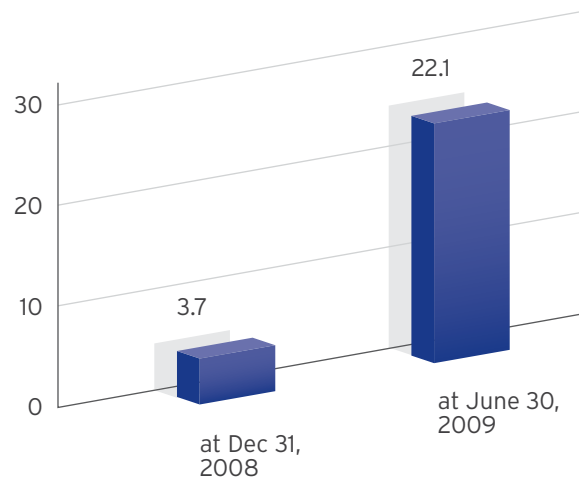
(before exceptional charges)

in million USD



Cash Balance¹⁾

in million USD



¹⁾ Cash and cash equivalents, including short-term investments and marketable securities

Dear Shareholders,

We are pleased to present the first ever results for your new combined company, Myriad Group. Our solid performance in the first half of 2009 clearly demonstrates both progress and our potential.

- Pro forma revenues of USD 62.7 million¹⁾
- Gross profit margin of 61%, up 7 percentage points
- EBITDA of USD 11.0 million (before restructuring charges)
- Operating cash flow of USD 2.7 million
- Cash & cash equivalents of USD 21.7 million

Pro forma revenue in our *Device Solutions* segment - which provides software and engineering services to leading manufacturers of mobile phones and other devices - reached USD 55.2 million for 2009 H1, up nearly five times compared to the same period a year ago. This growth primarily resulted from the acquisitions of Sagem Mobiles software activities at the end of 2008, and Purple Labs in early 2009. Additionally, demand for Myriad device software and services continued to be robust, as we recorded USD 23.4 million in new orders during the first half of this year, resulting in a backlog of USD 157 million as of 30 June 2009.

Our *Mobile Services Platforms* segment - which provides customer self-care services and other solutions for mobile network operators - achieved revenue of USD 7.5 million in 2009 H1, down from USD 8.5 million in 2008 H1. The decline this year is due to the global slowdown in infrastructure investment by mobile network operators. In multiple cases, we observed customers delaying their decision-making or project schedules, although we did manage to add T-Mobile and three other new operator customers in 2009 H1, and retained our industry-leading market share with a customer base of 33 network operators worldwide.

Significant Improvement in Underlying Operating Profit

In addition to achieving strong revenue growth, our teams in the first half-year worked extraordinarily hard on other vital fronts:

- we closed the acquisition of Purple Labs, rebranding the combined company as Myriad Group;
- we completed the integration of the Esmertec, Sagem and Purple Labs businesses;
- and, we delivered over USD 6 million of cost synergies in the period.

All of these efforts contributed to rapid improvement in our profitability in the first half of 2009, as our EBITDA (before restructuring) grew to USD 11.0 million, from USD 0.6 million in the year earlier period. This underlying operating profit in 2009 H1 is the best ever recorded by the company, and directly reflects the increased scale and efficiencies resulting from the acquisition of Purple Labs.

¹⁾ The pro forma financial results referred to in this letter reflect the entire Group's financial results for the first six months of 2009, as if Myriad's acquisition of Purple Labs had closed on 1 January 2009.

Ensuring Transparent and Conservative Reporting

In June this year, we publicly announced with our Q1 results that we had revised our revenue recognition policy to better align revenue with cash receipts, and reduce the potential for bad debt. We are now also adopting a more transparent and conservative approach regarding future business projections and the useful life of intangible assets.

Given the rapid change we now witness in the mobile industry, we have further reduced the amortisation period for certain intangible assets from 5 years to 3 years. Although in the near term this increases our amortisation and makes it more difficult to achieve positive operating income, we feel it is prudent to take this more conservative view.

Our 2009 H1 pro forma results also reflect exceptional charges, including a one-time restructuring charge of USD 9.9 million related to the Sagem and Purple Labs acquisitions, and a non-cash impairment charge of USD 14.4 million to reduce the carrying value of goodwill and other intangible assets.

The immediate consequence of the increased amortisation and the exceptional charges is that we are reporting a pro forma net loss of USD 29.1 million for the first half of 2009. While this result might be disappointing to some shareholders, we expect a far better result in the second half - which will be without the exceptional charges - and we believe that our conservative approach in H1 sets a steady course toward increasing profitability in future years.

Significant Improvement in Cash Position

Despite the considerable one-time costs to integrate and restructure the combined company, the resulting operational efficiencies and our careful management of expenses led to positive operating cash flow of USD 2.7 million in 2009 H1, from USD -0.8 million in the prior year period.

Our cash balance at the end of the first half of 2009 was USD 22.1 million. The increase from USD 3.7 million at year-end 2008 resulted mainly from the USD 22.2 million cash coming from the Purple Labs acquisition, and also reflects the positive operating cash flow in the period.

Given today's challenging economic conditions, it is comforting for all of us that Myriad has sufficient cash on hand to sustain its drive for increased growth and profitability.

Myriad Well Positioned for Future Growth

The mobile sector is currently undergoing multiple fundamental changes in its structure and market dynamics. Niche products like the Apple iPhone have squeezed the volumes and margins of traditional phone brands. Internet services providers like Google are extending their reach to today's more computer-like phones. And network operators are racing to create unique Internet services that can differentiate their brands in the increasingly competitive market.

The core driver of all of these changes is **software**.

Thus, while this industry restructuring creates challenges for Myriad, it also presents significant new opportunities. In particular, network operators and phone manufacturers need software partners that can help them create and deliver services innovation on mass market phones, which often includes both new software in the device and new software in the network infrastructure.

Since the announcement of Myriad Group in February, we have seen heightened interest among operators and manufacturers in working with us on their largest and most strategic projects. This is a direct result of our increased scale, the breadth of our portfolio and the depth of our engineering team. We are, for example, now developing Android applications for a tier-one operator; this opportunity would have been unlikely without the increased credibility we gained as Myriad.

To be clear, these deals are not easily won, but as we prove ourselves a reliable partner, and the reputation of Myriad grows, more and more opportunities will flow to us.

On behalf of the Board of Directors and the Executive Management Team, we would like to thank our employees for their efforts, devotion and contribution. We are delighted to be leading a company with such potential for growth, and we appreciate the confidence that our customers, partners, and you, our shareholders, have shown us.



Rolf P. Jetzer
Chairman



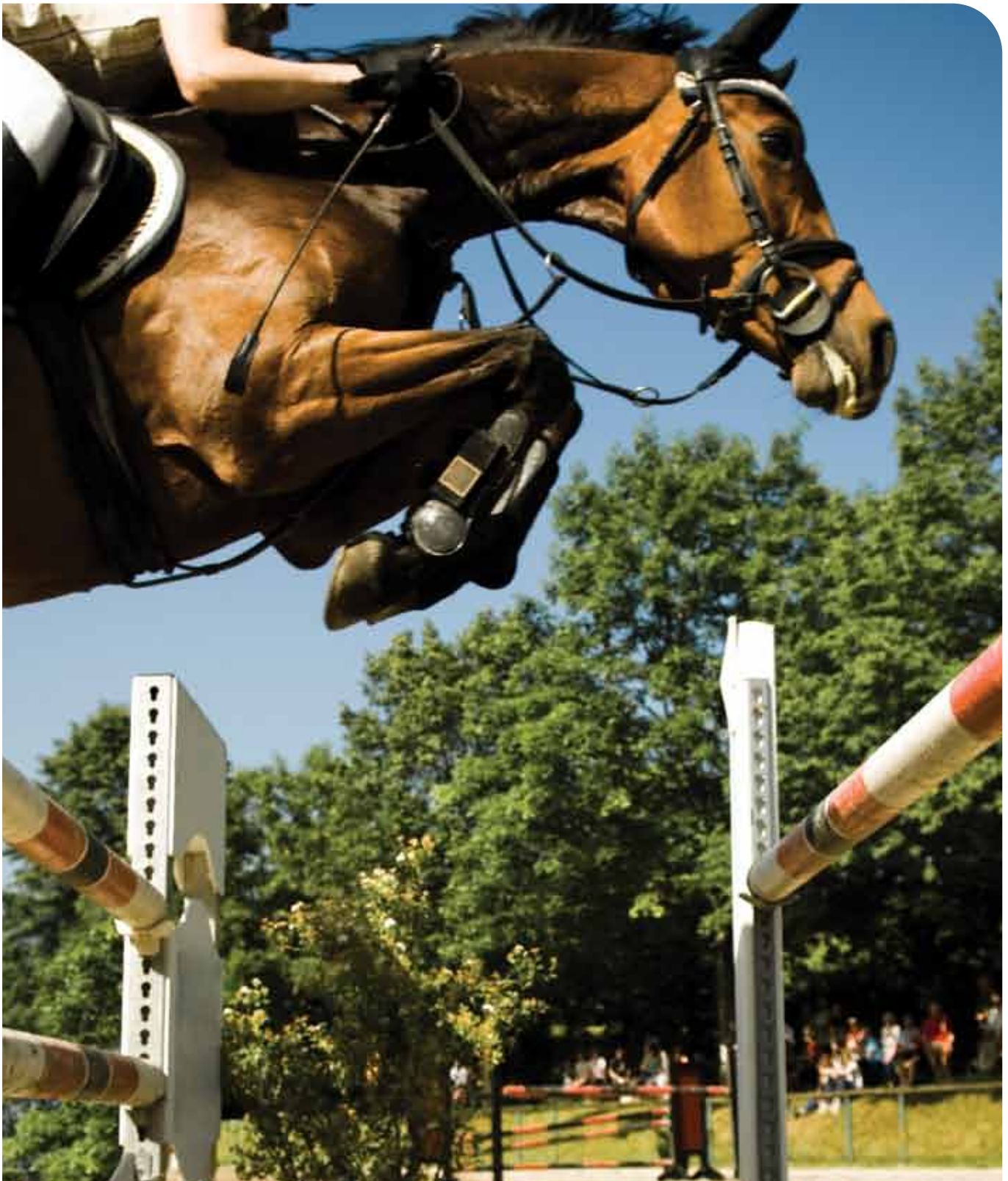
Simon Wilkinson
Chief Executive Officer

IFRS & pro forma statement of operations

Interim consolidated statement of operations for the six months ended June 30, 2009

(in USD 1,000, except for share information)	Six months ended		
	June 30, 2008 (unaudited) IFRS	June 30, 2009 (unaudited) IFRS	June 30, 2009 (unaudited) Pro forma ¹⁾
Total revenue	19'868	42'875	62'656
License revenue	11'631	17'141	29'844
Service revenue	8'237	25'734	32'812
Other revenue (Hardware & software incl in service revenue)	0	0	0
Total cost of revenue	-9'160	-19'011	-24'252
Cost of license revenue	-3'036	-1'869	-1'950
Cost of service revenue	-6'124	-17'142	-22'301
Cost of other revenue (Hardware & software incl. In service cost)	0	0	0
Gross profit	10'708	23'864	38'404
Loss from operations	-2'247	-30'126	-25'883
Research and development, net of capitalized costs	-2'033	-9'290	-15'688
Amortization of capitalized development costs	0	0	0
Sales and marketing	-5'500	-4'312	-5'361
Bad debt expense	729	-225	-225
General and administrative	-3'516	-7'836	-9'478
Amortization of intangible assets	-2'635	-10'497	-12'097
Impairment of intangible assets	0	-14'449	-14'449
Other income / expense, net	0	730	2'952
Restructuring and integration costs	0	-8'111	-9'941
Loss before income taxes	-6'683	-32'211	-28'397
Financial income	182	528	1'554
Financial expenses	-4'618	-2'613	-4'068
Net loss for the period	-6'505	-32'781	-29'085
Income tax benefit/(expense)	178	-570	-688
Loss attributable to:			
Owners of the parent company	-6'505	-32'781	-29'085
Non-controlling interest	0	0	0
	-6'505	-32'781	-29'085
Basic and diluted loss per share	-0.32	-1.00	-0.88

¹ Pro forma includes Purple Labs SA results for the three months ended March 31, 2009



Agility Expertise Flexibility Simplicity

we are quick thinking and fast moving

**Interim condensed
Consolidated
Financial Statements
for the six months
ended June 30, 2009**

Interim consolidated balance sheets

(in USD 1,000)	Notes	January 1, 2008 ¹⁾	December 31, 2008 ¹⁾	June 30, 2009 (unaudited)
ASSETS				
Current assets				
Cash and cash equivalents		4,847	3,330	21,663
Short-term investments and marketable securities		423	417	434
Trade accounts receivable		11,944	10,060	34,818
Income tax receivable		7	857	599
Other receivables		763	3,375	9,534
Inventory		1,720	1,288	1,616
Prepaid expenses and accrued income		1,439	4,978	3,307
<i>Total current assets</i>		21,143	24,305	71,971
Non-current assets				
Furniture and equipment		1,004	1,483	1,983
Intangible assets	5	39,192	55,863	135,650
Long-term investments and other financial assets	6	4,868	3,569	1,603
<i>Total non-current assets</i>		45,064	60,915	139,236
Total assets		66,207	85,220	211,207
LIABILITIES AND EQUITY				
Current liabilities				
Interest-bearing loans and borrowings	7	4,516	5,000	5,031
Trade accounts payable		3,121	3,890	3,662
Income tax payable		154	132	92
Advances received		3,864	3,521	4,190
Other payables		8,949	3,820	18,607
Accrued expenses		5,499	6,003	14,085
Deferred revenue		2,332	2,114	33,023
<i>Total current liabilities</i>		28,435	24,480	78,690
Non-current liabilities				
Interest-bearing loans and borrowings	7	2,466	1,370	6,006
Employee benefits		1,052	2,533	3,037
Other long-term liabilities		0	0	341
Deferred tax liabilities		1,747	1,085	7,448
<i>Total non-current liabilities</i>		5,265	4,988	16,832
Total liabilities		33,700	29,468	95,522
Shareholders' equity				
Share capital	8	1,777	2,019	4,070
Share premium		170,983	103,335	184,854
Cumulative change in fair value of financial assets		306	500	121
Cumulative translation adjustment		-11,047	-15,559	-13,085
Accumulated losses		-129,512	-34,543	-60,275
<i>Total equity attributable to owners of the parent company</i>		32,507	55,752	115,685
Non-controlling interest		0	0	0
Total equity		32,507	55,752	115,685
Total liabilities and equity		66,207	85,220	211,207

These Interim Consolidated Financial Statements should be read in conjunction with the accompanying notes.

¹⁾ Restated, see Note 2

Interim consolidated statement of operations

(in USD 1,000, except for share information)	Notes	Six months ended	
		June 30, 2008 ¹⁾ (unaudited)	June 30, 2009 (unaudited)
License revenue		11,631	17,141
Service revenue		8,237	25,734
Total revenue		19,868	42,875
Cost of license revenue		-3,036	-1,869
Cost of service revenue		-6,124	-17,142
Total cost of revenue		-9,160	-19,011
Gross profit		10,708	23,864
Research and development, net of capitalized costs	5	-2,033	-9,290
Sales and marketing		-5,500	-4,312
Bad debt expense		729	-225
General and administrative		-3,516	-7,836
Amortization of intangible assets		-2,635	-10,497
Impairment of intangible assets	5	0	-14,449
Other income / expense, net		0	730
Restructuring and integration costs	10	0	-8,111
Loss from operations		-2,247	-30,126
Financial income		182	528
Financial expenses		-4,618	-2,613
Loss before income taxes		-6,683	-32,211
Income tax benefit/(expense)		178	-570
Net loss for the period		-6,505	-32,781
Loss attributable to:			
Owners of the parent company		-6,505	-32,781
Non-controlling interest		0	0
		-6,505	-32,781
Basic and diluted loss per share	9	-0.32	-1.00

These Interim Consolidated Financial Statements should be read in conjunction with the accompanying notes.

¹⁾ Restated, see Note 2

Interim consolidated statement of comprehensive income

(in USD 1,000)	Six months ended	
	June 30, 2008 ¹⁾ (unaudited)	June 30, 2009 (unaudited)
Net loss for the period	-6,505	-32,781
Other comprehensive income:		
Exchange differences on translating foreign operations	4,189	4,118
Change in fair value of financial assets, net of tax	139	-365
Other comprehensive income for the period	4,328	3,753
Total comprehensive loss for the period	-2,177	-29,028
Loss attributable to:		
Owners of the parent company	-2,177	-29,028
Non-controlling interest	0	0
	-2,177	-29,028

These Interim Consolidated Financial Statements should be read in conjunction with the accompanying notes.

¹⁾ Restated, see Note 2

Interim consolidated statement of changes in equity (unaudited)

(in USD 1,000)	Attributable to equity holders of the parent company								Total equity
	Share capital	Share premium	Treasury shares	Changes in fair value of financial assets	Cumulative translation adjustment	Accumulated losses	Total	Non-controlling interest	
Balance at January 1, 2008	1,777	170,983	0	306	-11,047	-117,575	44,444	0	44,444
Change in accounting policy (see Note 2)	0	0	0	0	0	-11,937	-11,937	0	-11,937
Restated balance	1,777	170,983	0	306	-11,047	-129,512	32,507	0	32,507
<i>Changes in equity for 2008</i>									
Total comprehensive loss for the period	189	7,161	0	171	-3,193	-6,505	-2,177	0	-2,177
<i>Transaction with owners, recorded directly in equity</i>									
Offsetting of accumulated losses against share premium	0	-102,692	0	0	0	102,692	0	0	0
Shares issued in connection with exercised stock options	46	2,060	0	0	0	0	2,106	0	2,106
Shares issued in connection with conversion of bridge loans	71	6,889	0	0	0	0	6,960	0	6,960
Shares issued in connection with business combinations	10	771	0	0	0	0	781	0	781
Stock option expense	0	324	0	0	0	0	324	0	324
Total transactions with owners	127	-92,648	0	0	0	102,692	10,171	0	10,171
Balance at June 30, 2008	2,093	85,496	0	477	-14,240	-33,325	52,438	0	52,438
Balance at December 31, 2008	2,019	103,335	0	500	-15,559	-20,392	69,903	0	69,903
Change in accounting policy (see Note 2)	0	0	0	0	0	-14,151	-14,151	0	-14,151
Restated balance	2,019	103,335	0	500	-15,559	-34,543	55,752	0	55,752
<i>Changes in equity for 2009</i>									
Total comprehensive loss for the period	50	1,608	0	-379	2,474	-32,781	-29,028	0	-29,028
<i>Transaction with owners, recorded directly in equity</i>									
Offsetting of accumulated losses against share premium	0	-7,049	0	0	0	7,049	0	0	0
Shares issued in connection with exercised stock options (Note 8)	0	11	0	0	0	0	11	0	11
Shares issued in connection with business combinations (Note 4)	2,001	86,576	0	0	0	0	88,577	0	88,577
Cost of share capital increases	0	-133	0	0	0	0	-133	0	-133
Stock option expense	0	506	0	0	0	0	506	0	506
Total transactions with owners	2,001	79,911	0	0	0	7,049	88,961	0	88,961
Balance at June 30, 2009	4,070	184,854	0	121	-13,085	-60,275	115,685	0	115,685

These Interim Consolidated Financial Statements should be read in conjunction with the accompanying notes.

Condensed interim consolidated cash flow statement

(in USD 1,000)	Notes	June 30, 2008 ¹⁾ (unaudited)	June 30, 2009 (unaudited)
Net loss for the period		-6,505	-32,781
Adjustments for:			
Depreciation and amortization		2,889	10,830
Impairment of intangible assets	5	0	14,449
Impairment of financial assets	6	0	1,432
Cost of stock options	8	324	506
Increase of pension accruals		59	332
(Decrease) / increase of bad debt reserve, net		-729	225
Interest expense		1,304	442
Interest income		-463	-65
Income taxes expense / (income)		-178	570
		-3,299	-4,060
Net changes in working capital		3,241	7,004
Income taxes paid		-732	-287
Net cash (used in) / provided by operating activities		-790	2,657
Capital expenditure for fixed assets		-146	-547
Capital expenditure for intangible assets		-2,170	-1,286
Cash inflow from acquisition, net	4	0	21,089
Decrease of short-term investments and marketable securities		-36	-36
Interest received		123	0
Increase in financial assets		0	-152
Net cash (used in) / provided by investing activities		-2,229	19,068
Repayment of borrowings		0	-3,976
Proceeds from shareholder loan		6,262	0
Settlement of payments relating to acquisitions		-4,016	0
Proceeds from issue of share capital	8	2,140	11
Interest paid		-160	-443
Net cash provided by / (used in) financing activities		4,226	-4,408
Net increase in cash and cash equivalents		1,207	17,317
Cash and cash equivalents at beginning of period		4,847	3,330
Effect of exchange rate fluctuations on cash and cash equivalents		472	1,016
Cash and cash equivalents at end of period		6,526	21,663

These Interim Consolidated Financial Statements should be read in conjunction with the accompanying notes.

¹⁾ Restated, see Note 2

Selected notes to the interim condensed consolidated financial statements

1 Corporate information and principles of consolidation

The Myriad Group (formerly Esmertec Group) ('Myriad' or the 'Group') consists of Myriad Group AG ('the Company'), incorporated on April 1, 1999 in Dübendorf, Switzerland, and its consolidated subsidiaries. At an extraordinary meeting of shareholders on March 18, 2009 it was decided to change the name of the ultimate holding company - Esmertec AG - to Myriad Group AG. The subsidiaries are as follows:

Company	Share capital (million)	Ownership at Dec 31, 2008	Ownership at June 30, 2009	Function	Consolidated since
Esmertec Inc., Newark, DE, USA	USD 0.1	100%	100%	S	Creation: May 2000
OOVM A/S, Aarhus, Denmark	DKK 0.5	100%	100%	Dormant	Acquisition: July 2004; inactive since operations ceased in July 2006
Myriad (China) Co. Ltd., Beijing, PRC (formerly Esmertec China Co., Ltd.)	CNY 2.0	65%	65%	E/S	Creation: April 2005
Myriad Technology AG, Dübendorf, Switzerland (formerly Esmertec Holding AG)	CHF 1.0	100%	100%	A	Creation: February 2006
Esmertec France S.A., Bagneux, France	EUR 0.08	100%	100%	E/S	Acquisition: February 2006
Esmertec Korea Co. Ltd., Seoul, Korea	KRW 50.78	100%	100%	E/S	Creation: August 2006
Certoise 2G SAS, Cergy, France	EUR 0.55	100%	100%	E/S	Acquisition: Dec 2008
Purple Labs SA, Le Bourget du Lac, France	EUR 0.5	0%	100%	E/S	Acquisition: April 2009
Certoise 3G SAS, Cergy, France	EUR 8.3	0%	100%	E/S	Acquisition: April 2009
Myriad Group (UK) Ltd., Didsbury, UK (formerly Purple Labs (UK) Ltd.)	GBP 0.00 ¹⁾	0%	100%	A	Acquisition: April 2009
Purple Labs Trading Ltd., Hong Kong, PRC	HKD 0.00 ²⁾	0%	100%	E/S	Acquisition: April 2009
Purple Labs Trading Ltd., Seoul, South Korea	KRW 50.0	0%	100%	E/S	Acquisition: April 2009
Purple Labs Japan Inc., Tokyo, Japan	JPY 5.0	0%	100%	E/S	Acquisition: April 2009
Purple Labs Inc., San Mateo, CA, USA	USD 0.0001	0%	100%	E/S	Acquisition: April 2009

A = Administrative

S = Sales and support

E = Engineering services (internal/external)

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

¹⁾ Myriad Group (UK) Ltd.'s share capital is 1 EUR.

²⁾ Purple Labs Trading Ltd. Hong Kong's share capital is 1 HKD.

2 Basis of preparation and accounting policies

The interim condensed consolidated financial statements for the six months ended June 30, 2009 were prepared in accordance with IAS 34, Interim Financial Reporting.

Except for the adoption of new or revised accounting standards and the change in revenue recognition set out below, the same accounting policies have been applied as disclosed in the annual financial statements 2008.

The preparation of the interim condensed consolidated financial statements requires Management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities. If actual circumstances in the future deviate from such estimates and assumptions, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. The judgments and assumptions taken in these interim condensed consolidated financial statements do not differ from those taken and disclosed in detail in the annual report 2008 with the following exceptions:

Estimated useful life of intangible assets

In light of the increasing pace of technological changes Management has reduced the estimated useful life of Capitalized development costs from 5 years to 3 years from 1 January 2009. This change in the accounting estimate increased the amortization in the six months ended June 30, 2009 by USD 1.7 million.

Changes in accounting policies

The Group adopted the following new and revised International Financial Reporting Standards and interpretations effective January 1, 2009:

- IFRIC 13 - "Customer Loyalty Programs"
- IFRIC 15 - "Agreements for the Construction of Real Estate"
- IFRIC 16 - "Hedges of a Net Investment in a Foreign Operation"
- Improvements to IFRSs (May 2008)
- IFRS 2 amended "Share based Payments", Vesting Conditions and Cancellations
- IFRS 7 amended "Financial Instruments: Disclosures" - Improving Disclosures about Financial Instruments
- IFRS 8 - "Operating Segments"
- IAS 23 revised - "Borrowing Costs"
- IAS 32 amended "Financial Instruments: Presentation" and IAS 1 amended "Presentation of Financial Statements" - Puttable Financial Instruments and Obligations Arising on Liquidation
- IAS 1 revised - "Presentation of Financial Statements"

With the exception of IFRS 8 and IAS 1 the adoption had no substantial effect on the interim condensed consolidated financial statements.

The introduction of IFRS 8 did result in a change in composition of reportable segments. Note 11 was amended in order to reflect the enhanced disclosure requirements of this standard.

The adoption of IAS 1 revised led to the additional disclosure of the statement of comprehensive income as Myriad opted for a separate statement of operations.

The following new and revised standards and interpretations have been issued, but are not yet effective and are not applied in these interim condensed consolidated financial statements. Their impact on the interim condensed consolidated financial statements of Myriad Group has not yet been systematically analyzed. The expected effects disclosed in the table below reflect an assessment by Group Management.

Standard / Interpretation		Effective date	Planned application by Myriad
IFRS 3 revised - Business combinations	***	1 July 2009	Reporting year 2010
IFRS 5 revised - Assets held for sale	**	1 July 2009	Reporting year 2010
IAS 27 amended - Consolidated and separate financial statements	***	1 July 2009	Reporting year 2010
Improvements to IFRSs (April 2009)	**	1 July 2009 1 January 2010	Reporting year 2010
Amendment to IAS 39 - Financial instruments: Recognition and Measurement Eligible hedged items	*	1 July 2009	Reporting year 2010
IFRIC 17 - Distributions of non-cash assets to owners	*	1 July 2009	Reporting year 2010
IFRIC 18 - Transfer of assets from customers	*	1 July 2009	Transfers after July 2009
Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions	*	1 January 2010	Reporting year 2010

* No impact or no significant impact is expected on the consolidated financial statements of Myriad Group.

** The impacts on the consolidated financial statements of Myriad Group can not yet be determined with sufficient reliability.

*** This standard will have an effect on transactions effective on or after January 1, 2010.

Change in accounting policy of revenue recognition

In 2009 Myriad Group decided to change its accounting policy for recognizing revenues for committed volume contracts. While previously, revenues arising from committed volume contracts were recognized up-front upon delivery of the master copy, and accounts receivable were subsequently reviewed for any impairment, the revised policy leads to the recognition of revenues when payments actually become due, based on quarterly royalty reports or any other specific payment terms. Past experience has shown that the collectability of receivables related to contracts with extended payment terms (due in more than 12 months) is not always given and significant bad debt expenses on accounts receivable from such contracts were incurred. As a result, Management of the Company has come to the conclusion that extended payment terms beyond one year should be interpreted as an indicator that collectability is not deemed probable, which is also in line with relevant US guidance related to the software industry.

Furthermore, Purple Labs SA, which was acquired by the Company as of April 1, 2009, has already applied the revised policy for committed volume contracts in its previous financial statements prepared in accordance with IFRS. Therefore Management of the Group decided to adopt the revised policy, which it believes provides more relevant and reliable financial information.

The following paragraphs represent the changed accounting policy on revenue recognition:

Revenue recognition

The Group recognizes revenue when all of the following conditions are satisfied:

1. persuasive evidence of an agreement exists
2. delivery has occurred
3. the fee is fixed or determinable, and
4. collectability is deemed probable.

a) License revenue

The general revenue recognition criteria set out above are applied as follows with respect to license revenues:

- **Persuasive evidence of an agreement:** Myriad considers signed contracts and purchase orders as adequate documents that provide persuasive evidence of the existence of an arrangement. If standard practice includes use of signed contract, then persuasive evidence is provided only by a contract signed by both parties. If it is a client's business practice to use only purchase orders, then evidence must specify governing terms and conditions.
- **Delivery must have occurred:** Myriad considers the delivery to have occurred upon the transfer of the product master or first copy, in the case of products sold in the Devices Solutions segment, or upon formal customer acceptance, in the case of products sold in the Mobile Services Platforms segment. Any contracts that provide for the delivery of future software, other than unspecified upgrades or enhancements, are additional elements and are recorded as deferred revenue. After delivery, if uncertainty exists about customer acceptance of the software, recognition of license revenue is deferred until acceptance occurs.
- **Fee must be fixed or determinable:** In the Devices Solutions segment, Myriad considers a fee is fixed or determinable if the amount of the unit fee and number of copies is defined in the contractual agreement with the customer. In the Mobile Services Platforms Segment, the fee is fixed when the capacity level and related price has been agreed.
- **Collectability must be probable:** Myriad has a close relationship with its customers and carefully monitors their creditworthiness. Collection is deemed probable if Myriad expects that the customer will be able to pay amounts under the arrangement as payments become due. If Myriad determines that collection is not probable, revenue is deferred and recognized upon cash collection.

Devices Solutions segment

Standard terms of the license agreements for the Devices Solutions segment require the licensee to document the total number of shipments of products incorporating Myriad's technology and report this data to Myriad on a quarterly basis.

A majority of contracts irrevocably commit the customer to a guaranteed minimum order over a specified term of typically two to three years. Committed volume contracts include a fixed fee and require payment throughout the life of the contract generally based on quarterly royalty reports, whereby any amount not consumed by the customer will become due at the end of the contract. Other committed volume contracts provide for fixed instalment payment terms. While the first three of the above four revenue recognition criteria are met at the inception of the committed volume contract when the delivery of the master copy of the software takes place, the fourth

criterion - collectability - is not deemed probable in the case of contracts with payment terms that extend beyond one year. Based on past experience and the nature of the contractual cash flows of such contracts, the Group recognizes revenues when payments become due, i.e. based on the quarterly royalty reports or any other specified payment terms.

License agreements pursuant to which customers commit to purchase Myriad's software for a specified period of time but that do not specify minimum purchasing requirements are referred to as duration contracts. Duration contracts also include a fixed fee, which is based on the number of shipments. Under duration contracts, customers report the number of devices shipped incorporating Myriad software on a quarterly basis, and are invoiced for license fees accordingly. Revenue is recognized under such contracts based upon the quarterly royalty reports.

Mobile Services Platforms segment

Standard terms of the license agreements for the Mobile Services Platforms segment call for the sale of a license which permits a server to manage up to a specified number of Unstructured Supplementary Service Data (USSD) messages per second, known as capacity-based licenses. These licenses are sold to mobile operators as part of a turnkey solution, which includes installation and other services. Myriad recognizes revenue from the sale of its capacity-based software licenses upon formal acceptance of the full solution by the customer. Installation and other services are accounted for separately.

In addition, Myriad recognizes all of the costs related to the sale of such licenses, including the cost of licenses and selling expenses, at the time revenue is recognized.

b) Service revenue

Service revenue consists of non-recurring engineering, installation, training, consulting, and technical support services. Revenue on fixed price projects, for which Myriad's engineering services contracts typically are incurred, is recognized upon completion of specific contractual milestone events, or based on an estimated percentage of completion as work progresses. Estimated losses on fixed-price service arrangements are recognized immediately when it becomes apparent that a loss will be incurred. After such a determination, it is possible that actual losses realized will be greater than the estimate previously recorded. These differences could be material. Revenue from training and consulting service elements is generally recognized as the services are performed. Maintenance contracts include second level support to the customer and there is generally a time and response commitment made to the customer to resolve software issues. Maintenance revenue is recognized on a straight-line basis over the period of the contracts.

Change in disclosure of foreign exchange results

In 2009 Myriad Group decided to change its disclosure of foreign exchange results. Whilst previously foreign exchange gains were disclosed in financial income and foreign exchange losses were disclosed in the financial expense lines of the consolidated statement of operation, the Group now discloses the net foreign exchange result in the corresponding financial income or expense line.

The change of the accounting policy for revenue recognition in respect of committed volume contracts and for disclosure of foreign exchange results were adopted retrospectively as of January 1, 2008 and had the following impact on the Group's interim condensed consolidated financial statements:

A) Restated balance sheet as per January 1, 2008

(in USD 1,000)	As originally published	Change in accounting policy	Restated
Trade accounts receivable	28,402	-16,458	11,944
Income tax payable	-2,563	2,409	-154
Advances received	0	-3,864	-3,864
Accrued expenses	-11,507	6,008	-5,499
Deferred revenue	-2,301	-32	-2,332
Net effect of restatement on equity		-11,937	
<i>Equity attributable to owners of the parent company</i>	-44,444	11,937	-32,507

B) Restated statement of operations for the six months ended June 30, 2008

(in USD 1,000 except for share information)	As originally published	Change in accounting policy	Restated
License revenue	9,276	2,355	11,631
Cost of license revenue	-1,863	-1,173	-3,036
Bad debt expense	1,601	-872	729
Financial income	4,299	-4,117	182
Financial expense	-7,280	2,662	-4,618
Income tax benefit	504	-326	178
Net loss	-5,034	-1,471	-6,505
Loss attributable to:			
Owners of the parent company	-5,034	-1,471	-6,505
Basic and diluted loss per share	-0.25	-0.07	-0.32

C) Restated balance sheet as per December 31, 2008

(in USD 1,000)	As originally published	Change in accounting policy	Restated
Trade accounts receivable	26,189	-16,129	10,060
Income tax receivable	2	855	857
Prepaid expenses and accrued income	6,667	-1,689	4,978
Income tax payable	-2,241	2,109	-132
Advances received	0	-3,521	-3,521
Accrued expenses	-10,500	4,497	-6,003
Deferred revenue	-1,841	-273	-2,114
Net effect of restatement on equity		-14,151	
<i>Equity attributable to owners of the parent company</i>	-69,903	14,151	-55,752

3 Seasonality of operations

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

4 Business combinations

Certoise 2G SAS

On July 31, 2008 Myriad announced that it had entered into a framework agreement to acquire Sagem Mobiles' software platform activities. The parties agreed that the shareholders of the software platform activities to be sold (which were transferred to a new legal entity, named Certoise 2G SAS and owned by Sagem Wireless SA, Paris, France) would receive as consideration 3,210,790 shares in the Company. Such shares were created by capital increase (conversion of authorized capital in ordinary capital) by resolution of the Board of Directors of the Company as of December 31, 2008, and according to the contribution agreement entered into between the Company and Sagem Wireless SA, Paris, France on December 23, 2008, the Company received 55,379 shares with a nominal value of Euro 10.00 each in Certoise 2G SAS, Cergy, France in consideration for 3,210,790 shares in the Company with a nominal value of CHF 0.10 each. As at December 31, 2008 the shares of the Company were traded at CHF 6.40 on SIX Swiss Exchange. The equivalent of the Company's shares provided to Sagem Wireless SA therefore amounted to USD 19,466,000 (CHF 20,549,056).

The share capital increase was registered in the Commercial Registry of the Canton of Zurich as at January 7, 2009. The capital increase is shown as an increase of share premium in shareholders' equity as at December 31, 2008. As at January 7, 2009 the amount of USD 304,158 (CHF 321,079) was reclassified to share capital.

Purple Labs SA

On February 13, 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. Previously, with effective date as of December 31, 2008, Purple Labs SA had acquired from Sagem Wireless SA, Paris, its 3G mobile platform business by acquiring all outstanding shares in Certoise 3G SAS, Cergy, France.

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 April 17, 2009. As at April 17, 2009 the shares of the Company were traded at CHF 4.05 on SIX Swiss Exchange.

The contribution agreement also includes 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 are 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 Company options if the earn-out is achieved. The Board of Directors believes that the earn-out will most probably be reached and therefore the earn-out has already been taken into account in the purchase price allocation. The equivalent of the Company's shares and options therefore amounted to USD 88,576,510 (CHF 100,895,899).

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

The acquisition had the following provisional effect on the Group's assets and liabilities:

Effect of the acquisition on April 1, 2009 (in USD 1,000)	Book value (pre- acquisition)	Fair value adjustments	Fair value
Cash and cash equivalents	22,183		22,183
Accounts receivable	4,314		4,314
Other receivables	19,209		19,209
Tangible assets	550		550
Openwave existing technologies	21,287	7,067	28,354
Openwave IPR&D technologies	0	16,511	16,511
Sagem existing technologies	0	6,476	6,476
Other intangible assets	1,219		1,219
Financial assets	475		475
Trade accounts payable	-2,715		-2,715
Other payables	-35,457		-35,457
Financial debts	-7,051		-7,051
Provisions	-498		-498
Other liabilities	-2,031		-2,031
Deferred tax liabilities		-6,557	-6,557
Net assets acquired at April 1, 2009	21,485	23,497	44,982
Goodwill			44,689
Total purchase price			89,671
Settled by:			
- payment with shares			88,577
- paid transaction costs			1,094
Total purchase price			89,671
Paid in cash in 2009			-1,094
Less cash acquired			22,183
Cash inflow from acquisition in 2009, net			21,089

The calculation of the fair value of the identifiable assets and liabilities and therefore of the goodwill at the time of the acquisition was performed by independent consultants.

The identifiable intangible assets consist primarily of the acquired technology. The acquired technology was measured by projecting the technology specific revenue and applying the Discounted Cash Flow method for calculating the fair value. Deferred taxes on the valuation differences resulting from the purchase price allocation were calculated at a tax rate of 34.4 %. The goodwill of USD 44.7 million arising from the acquisition amounts to 49.8 % of the purchase price and essentially reflects the value of the expected value added to the Myriad product portfolio including synergies and the value of the acquired workforce.

On a pro forma basis, had Purple Labs SA been acquired as at January 1, 2009, the revenue for the period of the first half-year ended June 30, 2009 would have been approx. USD 62.7 million and the net loss approx. USD 29.1 million.

While this acquisition did not have any effect on the result of the comparative period, revenues and net results were affected during the six months ended June 30, 2009, by USD 16.4 million and USD -4.8 million respectively.

5 Intangible assets

In June 2009, after a review of the latest market conditions and the internal sales pipeline, Management decided to prioritize the development of products around Myriad's core technologies, resulting in a revised product roadmap with some projects discontinued.

These events and decisions triggered new estimations of future cash flows from Myriad's acquired and internally developed intangible assets. Such future cash flows, discounted to present value, were compared to the carrying value of the related intangible assets. Where the discounted cash flows were below the carrying value, an impairment loss was recorded.

In total an impairment loss of USD 14,449,000 (June 30, 2008: 0) was recorded relating to the Device Solutions Segment (USD 4,636,000) and the Mobile Services Platforms Segment Business (USD 9,813,000). The impairment loss can further be analyzed as follows:

Acquired intangible assets

After a review of the latest market developments and the current expectations and requirements of our customers in China, Management decided to revise the future business projections.

As the discounted cash flows were below the carrying value of recognized goodwill, an impairment loss of USD 3,537,000 was recorded in the six months ended June 30, 2009, relating to goodwill acquired with Coretek (Myriad China), which is wholly related to the Device Solutions Segment.

Furthermore, in light of the recent recessionary driven slowdown in mobile network operator spend combined with uncertainty in predicting the timing and speed of recovery of that spend, Management has revised its view of revenues arising from the Mobile Services Platforms Business. This has led to an impairment in the carrying value of the goodwill acquired with the Esmertec France (formerly Cellicium) business of USD 9,813,000 in the six months ended June 30, 2009.

There were no changes in the discount and growth rates, disclosed in the annual report 2008.

Capitalization of development costs

As a result of the decisions outlined above, and based on current estimates of future cash flows, Management considered that the value of certain projects with capitalized costs had been impaired and a loss of USD 1,099,000 was thus recorded in the six months ended June 30, 2009.

Development costs incurred after technical feasibility has been demonstrated, are capitalized until such time as the product incorporating the technology is commercialized. The total amount of development cost capitalized during the six months ended June 30, 2009 amounted to USD 1,279,000 compared to USD 2,169,000 for the six months ended June 30, 2008. Capitalized development costs are amortized over a period of three years after the commercial release of the respective product.

Estimated useful life of intangible assets

The intangible assets of the Device Solutions Segment related to the Java applications of former Esmertec, and those of the Mobile Services Platforms (MSP) Segment (former Mobile Operator/ USSD Segment) are amortized over an estimated life of 5 years. The estimated useful life of intangible assets acquired through Purple Labs SA has been estimated by independent valuers as follows:

	Estimated useful life (years)
Openwave Existing Technologies:	5
Openwave IPR&D Technologies:	7
Sagem Existing Technologies:	
• Certoise 2G	3
• Certoise 3G	2,5
Other Intangible Assets:	5

As the Company continues to evolve, it is possible that product life cycles may shorten which could have the impact of shortening the amortization period in the future and could increase amortization accordingly.

6 Long-term investments and other financial assets

The investment in Javaground Inc USA, a California-based company focusing on porting and testing games for mobile telephones, is classified as "available for sale". Myriad Group AG holds 19.99% of Javaground shares at end of June 2009. In addition to the equity investment, Myriad has a loan receivable of USD 1.0 million which needs to be redeemed by February 2010.

Given the uncertainty in the economic outlook for Javaground, Management decided to write off the loan and investment amounting to USD 1.4 million.

7 Interest bearing loans and borrowings

Overview of fair values and maturity dates of interest bearing loans and borrowings as of June 30, 2009:

(in USD 1,000)	December 31, 2008	June 30, 2009
Convertible bonds	2,734	2,774
Short term loan	947	0
Interest bearing loans	78	6,371
Credit line from financial institutions	2,611	0
Repayable government loans	0	1,892
Total	6,370	11,037
Total current portion of interest bearing loans and borrowings (1 year or less)	5,000	5,031
1-2 years	1,370	4,114
2-5 years	0	1,892
Total non-current portion of interest bearing loans and borrowings	1,370	6,006
Total interest bearing loans and borrowings	6,370	11,037

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 2008, 2009 and 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 March 30, 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 18.5 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 recognized 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 recognized in the balance sheet as at June 30, 2009 amounts to USD 2,773,574 (December 31, 2008: USD 2,734,000) of which USD 1,463,192 will be due in September 2009.

Interest bearing loans

There are two loans with outstanding amounts as of June 30, 2009 of USD 6,295,000 and USD 75,600 respectively. The loan of USD 6,295,000 (EUR 4,481,000) bears interest of 11.5% per annum and is repayable in monthly installments. The date of the final installment is March 1, 2011. The total of the repayable installments within one year is USD 3,568,000 (EUR 2,540,000).

Credit facility

The Company has access to a bank credit line of EUR 0.5 million in France (USD 0.7 million) with an indefinite duration with a notice period of 60 days. Last year the Group disposed of a bank credit line of CHF 4 million (USD 3.9 million). As of June 30, 2009 and 2008 respectively these credit lines have not been used.

Repayable government loans

In 2008, Myriad France joined a French R&D program which will last for a period of 30 months. In 2009, it received a first installment of EUR 1,731,000 from the French government including EUR 1,347,000 (USD 1,892,000) that would be repayable if the resulting technology is successfully commercialized.

8 Share capital

During the six months ended June 30, 2009 and 2008, no dividends were paid out. The movements in issued share capital for the six months ended June 30, 2008 and 2009 were as follows:

	2008		2009	
	Number of shares	Share capital (USD 1,000)	Number of shares	Share capital (USD 1,000)
Issued capital at January 1,	20,006,797	1,777	21,308,584	2,019
Event:				
Shares issued through exercise of stock options	473,645	46	3,131	0
Shares issued in connection with business combinations	102,258	10	22,868,922	2,001
Shares issued in connection with the redemption of bridge loans	720,145	71	0	0
Translation adjustment		189		50
Issued capital at June 30,	21,302,845	2,093	44,180,637	4,070
Thereof treasury shares	20	-	20	-
Authorized capital at June 30,	1,332,580	129	4,373,743	403
Conditional capital at June 30,	2,242,945	216	4,487,092	413

Reconciliation of share capital

	2008		2009	
	Number of shares	Share capital (USD 1,000)	Number of shares	Share capital (USD 1,000)
Share capital as per registry of commerce at June 30,	20,829,200	2,047	44,177,506	4,070
Paid in capital not yet registered (exercised stock options)	473,645	46	3,131	0
Total share capital	21,302,845	2,093	44,180,637	4,070

Shares issued through exercise of stock options

During the six months ended June 30, 2009, stock options were exercised resulting in the issuance of 3,131 shares at a nominal value of CHF 0.10 each, with proceeds to the Company of CHF 12,500 (USD 11,000).

Shares issued in connection with business combinations

In December 2008 the Company increased the share capital by 3,210,790 shares in connection with the acquisition of Certoise 2G. The capital increase was registered at January 7, 2009. In April 2009 the Company increased the share capital by a total of 19,658,132 shares in connection with the acquisition of Purple Labs SA.

Stock options

The following table details the movements in outstanding employee stock options from January 1, 2009 until June 30, 2009:

(in 1,000)	For the six months ended June 30,	
	2008	2009
Opening balance	1,744	1,119
Granted	0	2,162
Exercised	-474	-3
Cancelled or expired	-334	-53
Ending balance	936	3,225
- Thereof vested and exercisable	446	638

The amount of stock option expense recognized during the six months ended June 30, 2009 is USD 506,000 (USD 324,000 during the six months ended June 30, 2008).

Authorized share capital

The authorized share capital comprises shares which the Board of Directors is entitled to issue at its discretion until June 30, 2010.

At the extraordinary general meeting of shareholders held in March 2009, the shareholders voted to increase the authorized share capital by CHF 383,861.10 (3,838,611 shares of CHF 0.10 each). The subscription rights of the shareholders are excluded to the extent the authorized share capital is used to offer a shareholding interest to Myriad's business partners of strategic importance or to make strategic moves.

Authorized share capital

	2009	
	Number of shares	Share capital (USD 1,000)
Authorized capital at January 1, 2009	3,745,922	355
Event:		
Share issued in connection with business combination	-3,210,790	-275
Creation of authorized share capital	3,838,611	354
Translation adjustment	0	-31
Authorized capital at June 30, 2009	4,373,743	403

Conditional share capital

The conditional share capital decreased in 2009 first half-year by 3,131 shares due to the exercise of stock options.

At the extraordinary general meeting of shareholders held on March 18, 2009, and May 19, 2009 the shareholders voted to increase the conditional share capital by CHF 175,301.70 (1,753,017 shares of CHF 0.10 each) and CHF 50,000 (500,000 shares of 0.10 CHF each) respectively.

Of the conditional capital of CHF 448,709.20 as at June 30, 2009, CHF 378,209 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 September 30, 2011 at the latest.

Conditional share capital

	2009	
	Number of shares	Share capital (USD 1,000)
Conditional capital at January 1, 2009	2,237,206	212
Event:		
Creation of conditional share capital	2,253,017	208
Exercised stock options	-3,131	0
Translation adjustment	0	-7
Conditional share capital	4,487,092	413

9 Loss per share

The basic earnings per share are calculated by dividing the net loss of USD 32,781,000 (net loss of USD 6,505,000 for the six months ended June 30, 2008) attributable to owners of the parent company by 32,881,911 weighted average numbers of shares issued and outstanding during the period under review (20,239,312 in the prior period).

10 Restructuring and integration costs

Following the acquisition of Purple Labs, Management decided to reorganize and restructure Myriad Group. This resulted in a reduction of the sales force and support effort in the Java business and the elimination of certain middle Management roles in the product and services organization.

These restructuring costs comprise primarily final compensation for terminated employees as well as consulting fees related to the process and costs to terminate leases.

The restructuring and integration costs amounting to USD 8.1 million consist of USD 3.7 million for integration and USD 4.4 million for personnel measures of which USD 2.9 million will be paid in the second half-year 2009 (included in accrued expenses).

11 Segment reporting

According to IFRS 8 "Operating segments" the identification of the reportable operating segments has to follow the Management approach. Therefore, the external segment reporting is based on the internal organizational and Management structure, as well as internal reports to the Chief Operating Decision Maker (CODM).

The following reportable segments were identified:

a) Device Solutions Segment 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, the Jbed Java Virtual Machine and its activities and its related products and services.

b) Mobile Services Platform (MSP): This business segment was formerly reported as “Mobile Operator” segment. The Management decided to change the name to be more in line with the extensive service portfolio in the Unstructured Supplementary Service Data (USSD) business.

The Customized Solution segment previously reported with the Mobile and Multimedia Devices segment is now integrated in the Device Solutions segment.

Segment reporting for the six months ended June 30, 2008 and 2009:

	Device Solutions Segment		Mobile Services Platforms Segment		Total Segments		Unallocated / Eliminations		Total Myriad Group	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
(in USD 1,000)	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Total revenue	11,362	35,401	8,506	7,474	19,868	42,875	0	0	19,868	42,875
Gross Profit	4,099	18,436	6,609	5,428	10,708	23,864	0	0	10,708	23,864
(Loss)/ Profit from operations (EBIT)	-3,452	-19,936	1,460	-9,857	-1,992	-29,793	-255	-333	-2,247	-30,126
Financial result, net	0	0	0	0	0	0	-4,436	-2,085	-4,436	-2,085
Loss before income taxes (EBT)	-3,452	-19,936	1,460	-9,857	-1,992	-29,793	-4,691	-2,418	-6,683	-32,211
Segment assets	40,033	162,863	39,590	24,264	79,623	187,127	5,597	24,080	85,220	211,207
Segment liabilities	17,518	69,820	3,891	4,759	21,409	74,579	8,059	20,943	29,468	95,522

12 Commitments and contingencies

The Group's companies may grant guarantees in the normal course of business. As at June 30, 2009 performance guarantees and tender bonds had been issued to customers and prospects by the MSP segment totaling USD 281,527 (June 30, 2008: USD 458,000). All such bank guarantees were secured by liens in amount equal to the guaranteed amounts on marketable security accounts held at the issuing date.

Further, to cover the limits of the company credit cards of Myriad Group AG, the amount of USD 27,600 (CHF 30,000) is pledged as per June 30, 2009.

Management is not aware of any other significant commitments or contingent liabilities which have not been disclosed in this report.

13 Related party transactions

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 per cent of the outstanding share capital, as well as entities under these parties' control.

All transactions with related parties the Group is entering into are negotiated on arm's length basis.

In June 2007, the Group signed a consulting agreement with a member of the Company's Board of Directors to provide certain consulting services to the Company, in the area of business and marketing consulting in the Device Solution segment and MSP markets. The consulting agreement was renewed in 2008. During the six months ended June 30, 2009 expenses recognized from this contract totaled USD 18,227 (June 30, 2008: USD 199,000). The mentioned Board member stepped down at the ordinary general meeting held on May 19, 2009.

In September 2008, the Company signed a short term consulting agreement with a member of the Company's Board of Directors to provide certain services in the area of acquisition. During the six months ended June 30, 2009 expenses recognized from this contract totaled USD 31,106 (June 30, 2008: USD 0). The mentioned Board member stepped down at the ordinary general meeting dated May 19, 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 June 30, 2009 expenses recognized from this contract totaled USD 10,222 (June 30, 2008: USD 0).

14 Post balance sheet events

Significant events

Myriad France SAS

As at July 28, 2009, Esmertec France SA, Certoise 2G and Certoise 3G were merged into Myriad France SAS (formerly Purple Labs SA). The merger is viewed as an internal reorganization that simplifies Myriad Group's administrative Management by gathering the entire set of physical and human resources into a single entity. Furthermore, the merger enables reduced operating costs and more efficient use of fixed assets.

Asset deal Xumii Inc.

On August 6, 2009 the Group acquired certain assets of Xumii, a privately-held software company providing mobile and web-based social networking services. In connection with the acquisition, the Group entered into an Asset Purchase Agreement (the "APA") between Myriad Group AG, Dübendorf, Switzerland and Myriad Group Australia Pty Ltd., Sydney, Australia (a 100 percent subsidiary of Myriad Group AG incorporated on July 30, 2009), together the "Purchasers", and Xumii Australia Pty Ltd., Sydney, Australia, Xumii IP Pty Limited, Sydney, Australia and Xumii Inc, San Mateo, CA, USA, together the "Sellers". Additionally, the Group entered into employment agreements with 17 Xumii staff. The purchase consideration paid, contingent earn-out and goodwill arising from this acquisition are not material to the Group. The transaction is not expected to have a material impact to Myriad revenue or EBITDA for the full fiscal 2009.

Esmertec China Co., Ltd

The Company held 65% of Esmertec China Co., Ltd. as of June 30, 2009. With effective (registration) date September 4, 2009 the Company purchased the remaining 35% of the equity interest at a price of USD 233,600 (RMB 1,600,000). After the registration date, Esmertec China Co. Ltd. is fully owned by Myriad Group AG and all the rights and liabilities in connection with the equity interest of Esmertec China Co., Ltd. are completely transferred.

There have been no other events between June 30, 2009 and the date of authorization of these interim condensed consolidated financial statements that would lead to an adjustment of the carrying amounts of assets and liabilities presented as of June 30, 2009 or would otherwise have to be disclosed.

The Board of Directors authorized these interim condensed consolidated financial statements for issuance on September 22, 2009.



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About Myriad

Myriad Group AG is a global leader in mobile software. The company's mobile applications are among the most widely deployed in the industry, with Myriad being one of only five software companies in the world that has delivered its products in more than 1 billion mobile phones.

Myriad's product portfolio covers the full range of software needed in mobile phones: a suite of applications and runtimes, as well as complete software platforms and middleware for 2G and 3G phones, including Android and LiMo devices.

The portfolio also includes USSD-based customer self-care platforms that currently serve 220 million mobile users and deliver over 10 billion messages a year, across more than 30 network operators worldwide.

Earlier this year, Myriad Group was created from the combination of two industry-leading companies, Esmertec and Purple Labs. Myriad operates worldwide, with its headquarters in Switzerland and offices in France, UK, USA, China, South Korea, Taiwan and Japan.

Myriad Group AG is listed on the SIX Swiss Exchange (SIX Symbol: MYRN).