

Company [Messaging International Plc](#)

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Headline Interim Results

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Messaging International Plc ("Messaging International" or "the Company")
Interim Results

Messaging International Plc, the AIM-listed provider of innovative messaging services, announces its results for the six months ended 30 June 2006.

Chairman's Statement

The Company continued to make progress in the period, entering agreements with global telecom operators and developing new products, which will ensure a strong position in the messaging sector. Our blue-chip customer base, which includes Sprint-Nextel, one of the top tier mobile providers in the USA, Rogers Wireless, the largest mobile operator in Canada and several other worldwide operators, is testament to the high esteem we enjoy in the sector.

Despite the lengthy sales cycles in the telecom sector and the slow build-up in traffic volumes having somewhat delayed our development, new agreements signed during the period under review and the constantly growing number of messages delivered through our systems underpins our optimism for the future.

We provide messaging services and products that enable service providers to send, receive, and manage voice, text and multimedia messages from a wide range of communication media. Importantly for us, consumer demand continues to drive investment in product development in this sector. We are at the forefront of technological change and constantly strive to stay one step ahead of the competition. This position was highlighted by our recently obtained US and Canadian patent for our Mobile Station (MS) message selection identification system, which enables users to seamlessly reply to messages across various messaging services. This patent may enable the Company to charge licensing fees to various vendors using the patent. We are waiting to receive a European patent for this method.

In tandem with developing new products, we are focused on improving our market penetration, which naturally requires the expansion of marketing activity. To this end we have stepped up activity in the USA, Asia and Europe. While there is a long lead time to completing agreements, we are beginning to see the results of our labour and have a pipeline of new business opportunities. New business in the period includes agreements with Pelephone, an Israeli mobile operator, to power an email to text service, as well as two tier-one USA mobile operators and Virgin Mobile USA, to market our proprietary Text-to-Landline solution.

For the period, the Company is reporting operating losses of Â£545,162 (year ended 31 December 2005: losses Â£392,919) on a turnover of Â£321,055 (year ended 31 December 2005: Â£219,793). The pace of change in the sector means that we

continue to invest heavily in research with the view to creating new products as well as developing existing ones. These research and development costs incurred in the six month period ended 30 June 2005 were £218,435 (year ended 31 December 2005: £182,655). These costs have affected our current results but the company should benefit financially in the longer term.

Our experienced team, blue-chip clients and leading-edge technology, form a solid platform from which to develop the business. The messaging sector is changing rapidly and in line with this your management is focused on enhancing the Company's intellectual property base so that we are able to capitalise on the resulting opportunities for expansion worldwide. Additionally, we continue to explore potential acquisition opportunities that will complement our already extensive offering.

Finally I'd like to thank all those involved with the Company for their hard work and I look forward to the future.

Horacio Furman
Chairman

Messaging International Plc
Consolidated income statement for the six month period ended 30th June 2006

Notes	Unaudited 6months ended 30June 2006	Audited Year ended 31December 2005
	£	£
Continuing operations		
Revenues	321,055	219,793
Cost of revenue	(237,186)	(168,594)
	-----	-----
Gross profit	83,869	51,199
	-----	-----
Operating expenses		
Research and development	(218,435)	(182,655)
Sales and marketing	(233,874)	(149,003)
Administrative and general costs	(179,218)	(131,912)
	-----	-----
Total operating expenses	(631,527)	(463,570)
	-----	-----
Operating loss on ordinary activities before interest and taxation	(547,658)	(412,371)
Interest and similar income	2,496	19,452
	-----	-----
Loss on ordinary		

activities before taxation		(545,162)	(392,919)
Taxation on ordinary activities	2	-	-
		-----	-----

Loss for the financial period		(545,162)	(392,919)
		-----	-----

Loss per share from continuing operations

Basic and diluted loss per share	3	(0.5) p	(0.7) p
		-----	-----

All amounts relate to continued activities.

There were no recognised gains or losses other than shown in the profit and loss account.

Messaging International Plc

Consolidated balance sheet as at 30 June 2006

	Unaudited 30 June 2006	Audited 31 December 2005
	£	£
Non current assets		
Goodwill	3,236,617	3,236,617
Tangible assets	54,280	52,371
Intangible assets	1,158	1,631
Restricted cash	94,288	84,338
	-----	-----
	3,386,343	3,374,957
	-----	-----
Current assets		
Cash and cash equivalents	341,264	954,888
Trade and other receivables	266,874	181,501
	-----	-----
	608,138	1,136,389
	-----	-----
Current liabilities		
Trade and other payables	(217,741)	(220,549)
	-----	-----
	-----	-----
Net current assets	390,397	915,840
	-----	-----
Non current liabilities		
Severance pay obligations	(132,681)	(116,228)

Total liabilities	(350,422)	(336,777)
Net assets	3,644,059	4,174,569
Share capital	576,900	576,900
Share premium account	3,999,475	3,999,475
Post acquisition losses	(938,081)	(392,919)
Foreign currency translation reserve	5,765	(8,887)
Shareholders' equity	3,644,059	4,174,569

Messaging International Plc

Consolidated cash flow statement for the six months ended 30 June 2006

	Unaudited 6 months ended 30 June 2006	Audited Year ended 31 December 2005
	£	£
Net cash outflow from operating activities	(601,553)	(344,006)
Investing activities		
Interest and similar income	2,496	19,452
Purchase of tangible assets	(14,567)	(13,261)
Investments	-	(9,193)
Net overdrafts acquired with subsidiary	-	(5,479)
Net cash used in investing activities	(12,071)	(8,481)
Financing activities		
Issue of equity share capital	-	1,574,998
share issue costs	-	(292,625)

Net cash from financing activities	-	1,282,373
	-----	-----
Net increase in cash and cash equivalents	(613,624)	929,886
Cash and cash equivalents at the beginning of the period/year	954,888	25,002
	-----	-----
	-----	-----
Cash and cash equivalents at the end of the period/year	341,264	954,888
	-----	-----

Messaging International Plc
Notes to the interim report for the six months ended 30 June 2006

1 Basis of preparation

The interim results for the six months ended 30 June 2006 are unaudited and do not constitute accounts within the meaning of S240 of the Companies Act 1985. The interim results have been drawn up using accounting policies and presentation consistent with those disclosed and applied in the annual report and accounts for the year ended 31 December 2005.

The Comparative information contained in this report for the year ended 31 December 2005 includes the results of its trading subsidiaries from the date of acquisition on 20 July 2005 and for that reason no comparative figures for the six months ended 30 June 2005 were considered relevant for the purposes of this statement. The Comparative information contained in this report does not constitute the accounts within the meaning of S240 of the Companies Act 1985.

The accounting policies used in the interim statement are consistent with those used in the financial statements for the year ended 31 December 2005 and are in accordance with International Financial Reporting Standards.

2 Taxation

No provision has been made for taxation as the group has losses available to carry forward against future trading profits.

3 Basic and diluted loss per share

The calculation of the loss per ordinary share is based on the loss after taxation for the six month period to 30 June 2006 of £545,162 and 115,380,000 ordinary shares in issue throughout the period.

The calculation of the loss per ordinary share the year ended 31 December 2005 is based on the loss after taxation of £392,919 and 56,171,781 ordinary shares being the weighted average number of shares in issue in the period.

In view of the loss, share warrants and warrants are anti-dilutive and therefore the diluted loss per share has not been presented.

4 Reconciliation of operating loss to net cash outflow from operating activities

6 months ended	Year ended
30 June 2006	31 December 2005
£	£

Operating loss for the period	(547,658)	(412,371)
Adjustments for:-		
Depreciation of tangible assets	12,658	8,281
Amortisation of intangible assets	473	307
Foreign currency translation differences	14,652	(8,887)
	-----	-----
Operating cash flow before movements in working capital	(519,875)	(412,670)
(Increase)/reduction in receivables	(85,373)	47,308
(Reduction)/increase in payables	(2,808)	7,518
Increase in provisions	6,503	13,838
	-----	-----
Net cash outflow from operating activities	(601,553)	(344,006)
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