



For immediate Release

22 August 2007

EBT Mobile China plc
("EBT" or "the Company")
Interim Results for the six months ended 30 June 2007

EBT Mobile China plc (AIM: EBT), a leading China-based retailer of mobile phone products and services, is pleased to announce its interim results for the six months ended 30 June 2007.

Highlights

- Number of stores up by 65% to 238 (H1 2006: 144)
- Footprint increased to 26 cities (H1 2006: 16) including new openings in the affluent Eastern Region
- Revenue increased by 41% to RMB317.0m (£20.8m¹) (H1 2006: RMB225.0m, £14.8m)
- Adjusted operating loss² of RMB7.7m (£0.5m) (H1 2006: RMB1.5m, £0.1m)
- Loss after tax narrowed to RMB9.8m (£0.6m) (H1 2006: RMB11.6m, £0.8m)
- Cash and cash equivalents of RMB126.5m (£8.3m) as at 30 June 2007
- Share placing in January raised £7.4m before expenses to fund strategic initiatives
- Acquisition of Shanghai Jingxin Jialing Telecommunications Co. Ltd. in February to strengthen EBT's relationships with China Mobile and Motorola
- Agreement signed with Motorola China in March to open Motorola-branded kiosks and shops in China
- Invested RMB2.5m (£0.16m) in cash to acquire 50% of the equity in Shanghai Jiaqi Telecommunications Co. to explore business opportunities in the fixed line arena
- Agreement to open 7 mobile phone stores within Tesco Hymall hypermarkets

note¹: for illustration purposes only, all figures in RMB are converted into sterling, using the exchange rate of 15.2455 as at 30 June 2007

note²: operating loss before share-based payments, foreign exchange movements and acquisition related expenses

Zhang Ge, CEO of EBT said, "We continue to make significant progress in rolling out our stores across the Eastern Region of China. As previously announced whilst the timing for opening some new stores in the second half may be delayed we remain on course to meet our targeted number of stores open by 2007 year end.

As our business continues to expand and gain critical mass, we are increasingly seeing the benefits of our scale, both in revenue and cost terms. The Board retains its positive outlook for the prospects of the Group and believes EBT is well placed to become China's leading end to end provider of wireless products and services".

For the six months ended 30 June	2007 unaudited (£'m)*	2006 unaudited (£'m)*	2007 unaudited (RMB'm)	2006 unaudited (RMB'm)	% Change
Revenue	20.8	14.8	317.0	225.0	+41%
Gross profit	2.2	1.6	33.9	24.9	+36%
Adjusted operating loss**	(0.5)	(0.1)	(7.7)	(1.5)	
Operating loss	(0.9)	(0.8)	(13.6)	(12.1)	
Adjusted loss after tax **	(0.3)	(0.1)	(4.0)	(1.1)	
Loss after tax	(0.6)	(0.8)	(9.9)	(11.6)	
EPS per share	-0.3p	-0.5p	-5fen	-7fen	
Cash	8.3	4.9	126.5	75.1	

* figures in £ are for illustrative purposes only, all translated using the RMB:£ exchange rate of 15.2455 as at 30 June 2007

** balance excludes the following expense items:

- 1) share-based payments: in compliance with IFRS 2: *Share-based Payments*, share-based payments are measured at their fair value at the date of grant and recognised in the income statement over the vesting period. The share-based payment charges recorded in the income statement amounted to RMB1.0m (H1 2006: RMB8.7m), which are non-cash items;
- 2) exchange gain/(loss): during 2007, sterling appreciated against the RMB, which has a net effect of RMB1.2m exchange losses in the income statement (H1 2006: RMB1.9m exchange losses);
- 3) acquisition-related expenses: during the year of 2007, EBT made one acquisition. These expenses of RMB3.8m cover the amortisation of intangible assets acquired and indirect transaction expenses.

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Chief Executive's Review

Substantial progress has been made since the start of the year to expand EBT's position in the fast growing Chinese mobile phone market. In the first half of 2007 the number of stores has grown from 190 to 238 and we entered into 8 new cities, raising the total to 26 cities compared to just 16 as at June 2006. In particular we have continued to focus on the affluent Eastern region, expanding our footprint in tier 2 and 3 cities (district capitals and county level cities respectively).

Relationships with key handset manufacturers, major retailers and China Mobile, the country's leading mobile network operator, remain strong, reflecting our core partnership strategy of "Win with Winners" (3W), which remains highly effective in driving our physical expansion.

A placing of new shares in early January raised £7.4m before expenses which helped to fund a number of strategic initiatives as well as supporting the cash demands of the store expansion programme. Despite further substantial investment in developing the business, the balance sheet remains strong with cash and equivalents of £8.3m as at 30 June 2007.

Business Review

EBT opened 48 stores during the period, taking the total number of stores to 238, an increase of 65% over June 2006 (H1 2006: 144). EBT's position as the only specialist mobile phone retailer to be selected by China Mobile Shanghai to operate within its retail outlets continues to generate opportunities and so far we have opened 56 service halls/stores as per China Mobile's roll-out plan.

As part of EBT's roll out of new stores we continue to open new outlets with our existing major retail partners such as Auchan, Carrefour, Lotus, Metro and Trust-Mart and at the end of June there was a further significant development when we announced that EBT had opened the first of 7 new stores within hypermarkets operated by Tesco Hymall, Tesco plc's vehicle for expansion into China.

We work closely with the leading handset manufacturers and during the half year we entered into an agreement with Motorola China, the second largest mobile phone manufacturer in China, to open Motorola-branded kiosks and shops, ranging in size from 10 to 60 square metres, across the country.

In February, EBT acquired Shanghai Jingxin Jialing Telecommunications Co Ltd. to strengthen the Company's relationships with China Mobile and Motorola. In the following month EBT took a 50% interest in the equity of Shanghai Jiaqi Telecommunications Co. Jiaqi provides us with the potential to explore business opportunities in the fixed line arena as well as providing a full range of telecommunication services to our customers in Shanghai. Both these acquisitions have been completed and the Company looks forward to updating the market on progress in due course.

Financial Review

In the six months to 30 June 2007, revenue increased by 41% to RMB317.0m (H1 2006: RMB225.0) which is the equivalent of £20.8m¹ (H1 2006 £14.8m) and gross profit increased by 36% to RMB33.9m (H1 2006: RMB24.9m) or £2.2m (H1 2006: £1.6m). This is significant progress despite the lack of new handset releases by the major manufacturers into the Chinese market. Fewer premium priced products coming onto the market has impacted average unit prices and margins which resulted in a slight reduction in gross margins to 10.7% in the first half, compared to 11.0% in the same period of 2006.

Distribution costs increased by 64% to RMB27.0m (H1 2006: RMB16.5m) or £1.8m (H1 2006: £1.1m). As EBT continues to expand into tier 2 and 3 cities, management intends to streamline procedures and internal structures in order to control distribution costs.

Excluding the effect of foreign exchange, share-based payments and acquisition-related expenses, the loss after tax was RMB4.0m (H1 2006: RMB1.1m) or a loss of £0.3m (H1 2006: £0.1m). The loss for the period, including share-based payments, the effect of foreign exchange and acquisition-related expenses, was RMB9.9m (H1 2006:11.6m) or £0.6m (H1 2006: £0.8m).

The balance sheet remains strong and at 30 June 2006 cash and cash equivalents amounted to RMB126.5m (H1 2006: RMB75.1m) equivalent to £8.3m (H1 2006: £4.9m). Management intends to continue to improve logistics and inventory management to maximise its working capital.

Outlook

We continue to make significant progress in rolling out our stores across the Eastern Region of China. As previously announced whilst the timing for opening some new stores in the second half may be delayed we remain on course to meet our targeted number of stores open by 2007 year end.

As our business continues to expand and gain critical mass, we are increasingly seeing the benefits of our scale, both in revenue and cost terms. The Board retains its positive outlook for the prospects of the Group and believes EBT is well placed to become China's leading end to end provider of wireless products and services.

note ¹: for illustration purposes only, all figures in RMB are converted into sterling, using the exchange rate of 15.2455 as at 30 June 2007

EBT MOBILE CHINA PLC
UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Six months ended 30 Jun 2007 RMB'000	Six months ended 30 Jun 2006 RMB'000	Year ended 31 Dec 2006 RMB'000
CONTINUING OPERATIONS			
Revenue	316,971	225,031	495,107
Cost of sales	(283,092)	(200,129)	(440,332)
Gross profit	<u>33,879</u>	<u>24,902</u>	<u>54,775</u>
Other operating income	14	59	918
Distribution costs	(26,990)	(16,501)	(39,499)
Administrative expenses	(20,533)	(20,511)	(34,407)
Operating loss before financial guarantee	<u>(13,630)</u>	<u>(12,051)</u>	<u>(18,213)</u>
Financial guarantee	-	-	(2,268)
Operating loss	<u>(13,630)</u>	<u>(12,051)</u>	<u>(20,481)</u>
Investment revenue	3,756	440	1,775
Loss before tax	<u>(9,874)</u>	<u>(11,611)</u>	<u>(18,706)</u>
Taxation	-	(3)	(470)
Loss for the year	<u>(9,874)</u>	<u>(11,614)</u>	<u>(19,176)</u>
Attributable to equity holders of the parent	<u>(9,874)</u>	<u>(11,614)</u>	<u>(19,176)</u>
	RMB	RMB	RMB
Loss per share			
Basic	<u>(0.05)</u>	<u>(0.07)</u>	<u>(0.11)</u>

**UNAUDITED CONSOLIDATED STATEMENT OF RECOGNISED INCOME
AND EXPENSE**
FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Six months ended 30 Jun 2007 RMB'000	Six months ended 30 Jun 2006 RMB'000	Year ended 31 Dec 2006 RMB'000
Exchange differences on translation of foreign operations and net gain/(loss) recognised directly in equity	676	3,458	7,446
Loss for the year	(9,874)	(11,614)	(19,176)
Total recognised income and expense for the year	<u>(9,198)</u>	<u>(8,156)</u>	<u>(11,730)</u>
Attributable to equity holders of the parent	<u>(9,198)</u>	<u>(8,156)</u>	<u>(11,730)</u>

[for illustrative purposes, figures in RMB can be converted into £, using the RMB:£ exchange rate of 15.2455 as at 30 June 2007]

EBT MOBILE CHINA PLC
UNAUDITED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2007

	As at 30 Jun 07 RMB'000	As at 31 Dec 2006 RMB'000
Non-current assets		
Investment in subsidiaries	2,500	-
Other intangible assets	6,619	60
Property, plant and equipment	3,160	2,561
	<u>12,279</u>	<u>2,621</u>
Current assets		
Inventories	75,285	58,743
Trade receivables	64,125	52,184
Other receivables	14,604	3,525
Cash and cash equivalents	126,457	52,959
Deposits and prepayments	44,451	37,605
Prepaid taxes	-	1,787
	<u>324,922</u>	<u>206,803</u>
TOTAL ASSETS	<u><u>337,201</u></u>	<u><u>209,424</u></u>
Current liabilities		
Trade payables	29,987	24,807
Notes payables	22,232	19,459
Accruals and other payables	12,525	4,857
Provisions	2,298	2,268
Other tax liabilities	744	2,689
	<u>67,786</u>	<u>54,080</u>
Net current assets	<u>257,136</u>	<u>152,723</u>
Total liabilities	<u>67,786</u>	<u>54,080</u>
NET ASSETS	<u><u>269,415</u></u>	<u><u>155,344</u></u>
EQUITY		
Share capital	53,505	52,958
Share premium account	286,272	173,169
Other reserves	97,193	86,898
Retained losses	(167,555)	(157,681)
TOTAL EQUITY	<u><u>269,415</u></u>	<u><u>155,344</u></u>

[for illustrative purposes, figures in RMB can be converted into £, using the RMB:£ exchange rate of 15.2455 as at 30 June 2007]

EBT MOBILE CHINA PLC
UNAUDITED CONSOLIDATED CASHFLOW
FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Six months ended 30 Jun 2007 RMB'000	Six months ended 30 Jun 2006 RMB'000	Year ended 31 Dec 2006 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax from continuing operations	(9,874)	(11,611)	(18,706)
Adjustments for:			
Depreciation of property, plant and equipment	370	294	621
Amortisation of intangible assets	2,776	11	23
Share-based payments expense	970	8,650	12,258
Loss/(gain) on disposals of property, plant and equipment	14	(47)	(47)
Allowances for doubtful debts	-	-	327
Interest income	(3,778)	(440)	(1,775)
Net foreign exchange loss	1,335	-	3,741
Operating cash flows before movements in working capital	(8,187)	(3,143)	(3,558)
(Increase)/decrease in inventory	(16,542)	(20,145)	(29,544)
(Increase)/decrease in notes receivable	-	626	626
(Increase)/decrease in trade receivables	(11,941)	(20,006)	(29,815)
(Increase)/decrease in other receivables	(11,079)	(2,465)	(810)
(Increase)/decrease in deposits and prepayments	(6,846)	5,729	(28,237)
(Increase)/decrease in amounts due from a related party	-	50	50
Increase/(decrease) in prepaid taxes	1,787	2,331	1,924
Increase/(decrease) in trade payables	5,180	(264)	6,265
Increase/(decrease) in accruals and other payables	7,668	(9,761)	(13,745)
Increase/(decrease) in provisions	30	-	2,268
Increase/(decrease) in notes payables	2,773	(3,814)	13,167
Increase/(decrease) in other tax liabilities	(2,419)	(812)	1,290
Increase/(decrease) in amounts due to related parties	-	(1,070)	(1,070)
Cash generated from/(used in) operations	(39,576)	(52,744)	(81,189)
Income tax paid	474	(334)	(335)
Net cash generated from/(used in) operating activities	(39,102)	(53,078)	(81,524)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	3,778	440	1,775
Proceeds on disposal of property, plant and equipment	79	57	57
Purchase of property, plant and equipment	(1,062)	(516)	(889)
Purchase of intangible assets	(685)	(19)	(20)
Acquisition of subsidiary	(2,500)	-	-
Net cash generated from/(used in) investing activities	(390)	(38)	923
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds on issue of shares	113,650	70,563	75,625
Net cash from financing activities	113,650	70,563	75,625
NET INCREASE IN CASH AND CASH EQUIVALENTS	74,158	17,447	(4,976)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
Effect of foreign exchange rate change	(660)	3,458	3,705
CASH AND CASH EQUIVALENTS AT END OF YEAR	126,457	75,135	52,959

[for illustrative purposes, figures in RMB can be converted into £, using the RMB:£ exchange rate of 15.2455 as at 30 June 2007]

NOTES TO THE UNAUDITED INTERIM ACCOUNTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

1. Basis of preparation

This interim financial information does not constitute statutory financial statements within the meaning of section 240 of the Companies Act 1985. The financial information for the six months ended 30 June 2007 and 30 June 2006 has not been audited. The information relating to the year ended 31 December 2006 is an extract from the audited financial statements for that year on which the auditors gave an unqualified audit report.

The financial statements have been prepared in accordance with applicable International Financial Reporting Standards (IFRSs) adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation. The principal accounting policies of the Group are set out in the Group's 2006 annual report and financial statements.

2. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

3. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and other sales-related tax. Sales of mobile phones and phone cards are recognised when goods are delivered and titles have been passed. Where the Group recognises revenue through the sale of goods out of retail stores within department stores and hypermarkets, the revenue is recognised at the gross value billed to the customer rather than the net value retained after costs incurred with the department stores and hypermarkets.

4. Presentation currency

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Renminbi (RMB), which is the presentation currency for the consolidated financial statements.

5. Share-based payments

The Group has applied the requirements of IFRS 2 *Share-based Payments*. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2005. The Group issues equity-settled payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

6. Business Combinations

The cost of the acquisition is measured at the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control, plus any costs directly attributable to the business combination. In February 2007, EBT acquired the business from Jingxin Jialing Telecommunication Co., Ltd.. The acquisition consideration was comprised of cash of £0.13m and up to 2.4 million ordinary shares of EBT Mobile China plc. The share consideration is subject to adjustments of the operating status of the store in the two years following the acquisition date.