MOBILE STREAMS PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2016

Company registration number: 03696108

Financial Statements for the year ended 30 June 2016

Company registration number:	03696108
Registered office:	125 Wood Street London, EC2V 7AW
Directors:	E Benasso S Buckingham M Carleton T Maunder R Parry P Tomlinson
Chairman:	R Parry
Secretary:	Pennsec Limited
Bankers:	National Westminster Bank plc PO Box 13 30 Market Place Newbury RG14 1AS http://www.bank-opening-times.co.uk/natwest/natwest-newbury.html
Auditor:	Grant Thornton UK LLP Chartered Accountants and Statutory Auditor Grant Thornton House Melton Street Euston Square London NW1 2EP http://www.grantthornton.co.uk/en/office-locations/
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Corporate web site:	www.mobilestreams.com

Contents **PAGE**

Chairman's Statement:

The Board of Mobile Streams plc ("Mobile streams" or "the company" or "the group") is pleased to present its audited accounts for the financial year ended 30 June 2016.

The past twelve months has seen Mobile Streams continue with its strategy to develop a content offering direct to consumers across a wide range of mobile devices in a number of large emerging markets. This is in addition to our original business of providing content to mobile network operators and other business partners. The operating performance of the business reflects our substantial position in Argentina which has been a challenging market and the cost of working with Argentinian currency control rules combined with a significant devaluation in the Argentinian peso.

Group revenue for the year ended 30 June 2016 was £12.8m (2015: £29.1m). Trading EBITDA (calculated as profit before tax, interest, amortisation, depreciation, share compensation expense and impairment of assets) was negative £0.6m for year (2015: positive £1.1m). Loss before tax was £0.7m (2014: £0.8m profit). Much of the reduction in revenues is attributable to Argentina. Revenue in Argentina (which equates to 88% of our revenue) on a constant currency basis decreased by 45% from AR$343m to AR$188m. The challenges in Argentina spurred the Company to develop new premium content products, advertising funded products, and to seek to diversify into new emerging markets, specifically India. Mexico is our second largest market and accounted for around 10.3% of our revenues during the period.

The Directors do not propose a payment of a dividend (2015: £Nil). In the new financial year, the majority of revenues are once again expected to be generated in Latin America and the majority of the investment will be in India. The Group ended the year with a net cash balance of £1.4m at 30 June 2016 (2015: £2.1m).

The team at Mobile Streams are long established experts in mobile content and have good contacts with the leading mobile operators around the world. Despite the challenges in Argentina, the Board believes that the Group has the potential to deliver growth in shareholder returns with established and newly developed advertising funded and premium products using our strong trading relationships in developing markets. If we feel we need to accelerate our growth in India this is likely to require additional investment from a joint venture partner or from shareholders.

Roger Parry
Chairman

STRATEGIC REPORT

Mobile Streams PLC (AIM: MOS), the global mobile media company, is pleased to provide an update to its shareholders on its performance for the 12 months ended 30 June 2016.

BUSINESS REVIEW

Operating review

Mobile Streams' performance during the financial year ended 30 June 2016 was driven primarily from its Mobile Internet sales in Latin America.

Group revenue for the year ended 30 June 2016 was £12.8m. The gross profit was £3.5m and decreased by 54% during the year (year ended 30 June 2015: £7.7m). The gross profit margin increased from 26.4% to 27.6% as a result of decreased marketing (direct to consumer) costs related to its Mobile Internet division.

Selling and marketing expenses were £1.3m, a 61% decrease on the year ended 30 June 2015. Revenues are generated from two principal business activities: the sale of mobile content through mobile operators (Mobile Operator Sales); and the sale of mobile content over the internet (Mobile Internet Sales). Additionally, the Group is engaged in the provision of consulting and technical services (Other Service Fees).

During the period, both the Group's Mobile Internet revenues and its Mobile Operator revenues decreased. As consumers steadily update their phones from legacy feature and flip phone models to smartphones, they have generally used the operator content portals less. Consumers generally use independent portals, as well as the open mobile internet, more actively.

The Argentine peso suffered a devaluation against the British Pound during the year (28% for the 12 months ended on 30 June 2016). The financial results and balances of all group entities that have a functional currency different from the presentation currency are translated into the presentation currency, and these exchange differences are recognised as a separate component of equity (cumulative translation reserve). The devaluation of the Argentine Peso has a direct impact in the revenue and the gross profit of the subsidiary, either through the translation to British pounds and by the impact that the currency level has on local inflation and consumers spending level.

Mobile Internet sales

The Group anticipated the shift to the open Mobile Internet business model several years ago and added new products at new price points in new markets.

The Group experienced growth and then stabilisation in 2013 to 2014 in Mobile Internet sales as consumers used their mobile devices to purchase mobile content subscriptions. After that, the business model (based on Mobile Internet) shifted to a model based on the operator platforms and the revenue based on internet decreased. This was mostly the result of the devaluation of the Argentine peso during the 2014 to 2016 financial years, resulting in a fall in sales.

Latin America, primarily Argentina, accounted for the majority of revenues.

STRATEGIC REPORT

Mobile Operator sales

The Group has several contracts with mobile operators that allow the distribution of content through their mobile portals, although the revenue has been reduced by more than 56% year on year partially because of the fact that consumers prefer to use the open mobile internet services on their smartphones and partly because of our own increased focus on Mobile Internet services.

There was a reduction in the number of consumer visitors to these portals, which has been a continuing trend for several years. Our teams share and implement the best retailing practices in order to increase the conversion of visitors into customers to mitigate the natural decline in this revenue stream as the market changes.

Financial review

Group revenue for the year ended 30 June 2016 was £12.8m, a 56% decrease on the previous year (2015: £29.1m).

Gross profit was £3.5m, a decrease of 54% during the year (2015: £7.7m). The gross profit margin increased from 26.4% to 27.6% due to decreased marketing (Direct to Consumer) costs related to Mobile Internet.

Selling, marketing and administrative expenses were £4.2m, a 37% decrease on the year ended 30 June 2015 (2015: £6.6m).

The Group recorded a loss after tax of £1.3m. for the year ended 30 June 2016 (2015 profit: £337k). Basic earnings per share decreased to a loss of 3.52 pence per share (2015: earnings of 0.908 pence per share). Adjusted earnings per share (excluding interest, depreciation, amortisation, impairments and share compensation expense) decreased to a loss of 2.97 pence per share (2015: earnings of 1.56 pence per share).

The Group had cash of £1.4m at 30 June 2016, with no debt (£2.1m of cash with no debt as at 30 June 2015). Argentina cash was £1.2m at 30 June 2016 (2015: £80k).

Financial performance

	Year to 30 June 2016 £000's	Year to 30 June 2015 £000's
Revenue	**12,786**	29,063
Gross profit	**3,530**	7,673
Selling and Marketing Costs	**(1,333)**	(3,405)
Administrative Expenses	**(2,843)**	(3,215)
Trading EBITDA*	**(646)**	1,053
Depreciation and Amortisation	**(59)**	(59)
Impairments	**-**	-
Share Based Compensation	**(146)**	(219)
Operating (loss)/ profit	**(851)**	775
Finance Income	**118**	65
Finance Expense	**(4)**	(8)
(Loss)/Profit before tax	**(737)**	832

*Calculated as profit before tax, interest, amortisation, depreciation, share compensation expense and impairment of assets.

STRATEGIC REPORT

Key performance indicators ("KPI's")

Gross profit as a percentage of revenue is a measure of our profitability. Gross profit was £3.5m. for the year ended on 30 June 2016. The KPIs used by the Group are Trading EBITDA*, variance in revenue and gross profit. Management review these on a regular basis, largely by reference to budgets and reforecasts. Trading EBITDA was a loss of £0.6m for the year ended on June 2016, and it was a profit of £1.1m for the year ended in June 2015.

Earnings before tax, interest, amortisation, depreciation, share compensation expense and impairment of assets (Trading EBITDA†) measured exactly as stated. All tax, interest, amortisation, depreciation, share compensation expense and impairment of assets entries in the income statement are added back to profit after tax in calculating this measure.

Growth in revenue is a measure of how we are building our business. Our goal is to achieve year-on-year growth. Although revenue decreased 56% during the year, like-for-like revenue on a constant currency basis actually decreased by 45%.

Gross profit as a percentage of revenue is a measure of our profitability. Gross profit was 27.6% for the year ended in June 2016, an increase of 1.2% (2015: 26.4%).

Strategy

Our business model is generating revenues though relationships with mobile operators and content aggregators and retailing directly to the consumer. Mobile Streams have developed expertise in selling content to consumers in developing markets. Our results have suffered from the currency issues described.

Mobile Streams has focused on three main objectives in its recent business trading: expansion into India; stabilisation of its Latin American business primarily in Argentina; and seeking to minimise net cash outflow. Generally, we have sought to invest the gross profits from our Argentine operations into developing the India business whilst seeking to maintain cash balances around the current levels. As previously announced, in Argentina revenues in the last financial year were in part adversely impacted by the devaluation of the Argentine peso in December 2015 as well as a wider slowdown in the mobile subscription business in the local market.

In India, we formed Mobile Streams India Private Limited in October 2015 to enable Mobile Streams to sign agreements with Indian mobile network operators (MNOs), device manufacturers (OEM) and other third parties. As per the strategy in Latin America, the focus is very much on the recurrent revenue generating subscription service in India, with daily and weekly packages both being trialed. Our Mobilegaming.com service was launched in February 2016 with the top three Indian mobile operators with marketing campaigns coordinated by the same team responsible for the success we have had in the Latin America region over the past several years. Active subscriber numbers are steadily growing and now exceed 75,000 in India. Active subscribers are measured as consumers who have made a purchase from the Company in the country in the past 60 days. For like-for-like comparability, this is the same methodology the Group uses to measure subscribers in its other markets such as Argentina.

Principal risks and uncertainties

The nature of the Group's business and strategy makes it subject to a number of risks.

The Directors have set out below the principal risks facing the business.

* Calculated as profit before tax, interest, amortisation, depreciation, share compensation expense and impairment of assets.

Contracts with Mobile Network Operators (MNOs)

While Mobile Streams maintains relationships with numerous MNOs in the various territories, a small number of operators account for a high portion of the Group's business.

Contracts with rights holders

The majority of content provided by Mobile Streams is licensed from rights holders. While Mobile Streams is not dependent on any single rights holder for its entertainment content, termination, non-renewal or significant renegotiation of a contract could result in lower revenue.

The Group continues to enter into new content licensing arrangements to mitigate these risks.

Competition

Competition from alternative providers could adversely affect operating results through either price pressures, or lost custom. Products and pricing of competitors are continuously monitored to ensure the Group is able to react quickly to changes in the market.

Fluctuations in currency exchange rates

Approximately 99% of the Group's revenue relates to operations outside the UK. The Group is therefore exposed to foreign currency fluctuations and the financial condition of the Group may be adversely impacted by foreign currency fluctuations. See note on page 9 "Financial risk management objectives and policies".

The Group has operations in Europe, Asia Pacific, North America and Latin America and recently in India. As a result, it faces both translation and transaction currency risks.

Currency exposure is not currently hedged, though the Board continuously reviews its foreign currency risk exposure and potential means of combating this risk.

Dependencies on key executives and personnel

The success of the business is substantially dependent on the Executive Directors and senior management team.

The Group has incentivised all key and senior personnel with share options and has taken out a Key Man insurance policy on its Chief Executive Officer, Simon Buckingham.

Intellectual property rights

The protracted and costly nature of litigation may make it difficult to take a swift or decisive action to prevent infringement of the Group's intellectual property rights.

Although the Directors believe that the Group's content and technology platform and other intellectual property rights do not infringe the IP rights of others, third-parties may assert claims of infringement which could be expensive to defend or settle. The Group holds suitable insurance to reduce the risk and extent of financial loss.

Technology risk

A significant portion of the future revenues are dependent on the Group's technology platforms. Instability or interruption of availability for an extended period could have an adverse impact on the Group's financial position.

Mobile Streams has invested in resilient hardware architecture and continues to maintain software control processes to minimise this risk.

Management controls and reporting procedures and execution

The ability of the Group to implement its strategy in a competitive market requires effective planning and management control systems. The Group's future growth will depend upon its ability to expand whilst improving exposure to operational, financial and management risk.

Going concern risk

The current uncertain economic climate and changing market place may impact the Group's cash flows and thereby its ability to pay its creditors as they fall due.

A principal responsibility of management is to manage liquidity risk, as detailed in note 24 to the financial statements. The Group uses annual budgeting, forecasting and regular performance reviews to assess the longer term profitability of the Group and make strategic and commercial changes as required ensuring cash resources are maintained. Although there was a significant fall in revenues and a loss for the year ending 30 June 2016, having initiated significant cost saving actions after the end of the reporting period (see note 25) and reviewed the resulting cash flow forecasts for the 12-month period from date of approval of these Financial Statements, the Directors have a reasonable expectation that the Group has sufficient resources to continue in operational existence for the foreseeable future.

Financial risk management objectives and policies

The Group uses various financial instruments. These include cash and various items, such as trade receivables and trade payables that arise directly from its operations. The numerical disclosures relating to these policies are set out in notes to the financial statements.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below. The Group does not currently use derivative products to manage foreign currency or interest rate risks.

The main risks arising from the Group's financial instruments are market risk, currency risk, liquidity risk and credit risk. The Directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous periods.

Market risk

Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and price risk. In this review interest rate and price risk have been ignored as they are not considered material risks to the business.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The Group currently has no borrowing arrangements in place and prepares cash flow forecasts which are reviewed at Board meetings to monitor liquidity.

STRATEGIC REPORT

Credit risk

The Group's principal financial assets are bank deposits, cash and trade receivables. The credit risk associated with the bank deposits and cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from the Group's trade receivables. Most of the Group’s trade receivables are large mobile network operators or media groups. Whilst historically credit risk has been low management continuously monitors its financial assets and performs credit checks on prospective partners.

Argentina

12 months to June 30	**2016**	2015	**2016**	2015
	AR$'000	AR$'000	**£'000**	£'000
Revenue	**187,634**	342,846	**11,198**	**25,293**

The Argentina Division delivered a decreased revenue performance according to the projections. The division represented 88% of the revenues of the Group.

Argentina revenue decreased 45% in Argentine Pesos terms; from AR$343 Million to AR$188 Million; but the reported British Pound figures shows a 56% decrease in revenue; from £25.3m to £11.2m.

Future developments

Looking ahead to the remainder of 2016 and beyond, our primary objectives are to secure mobile billing with the leading seven or eight mobile operators in India, progressively increase marketing spend to grow the subscriber base, enhance our content and service offer by partnering with local Indian companies and launching our browser based (utilising HTML5) games service to become the leading destination for games in India. Mobile Streams has recently gone live with a fourth carrier billing connection in India, extending our addressable audience to around 700 million potential mobile users. The Indian mobile market is growing rapidly, the entrance of Reliance Jio 4G network into the market this year and the upcoming spectrum auction means the primary obstacle of poor data connectivity is being addressed.

The Company sees potential for browser based gaming in both Latin America and India. This HTML5 content works well across all devices including Android, Apple, Tizen and Windows Phone. Devices in emerging markets often have limited memory capable to store downloadable applications so browser based gaming is attractive in the region. Browser based content is not available from Google Play and the App Store, providing differentiation from these competing offerings.

The Strategic Report, encompassing pages 4 to 10, was approved by the Board and signed on its behalf by:

Enrique Benasso
Chief Financial Officer

DIRECTORS' REPORT

The principal activity of the Group is the sale of content for distribution on mobile devices. The Company is registered in England and Wales under company number 03696108.

Results and dividends

The trading results and the Group's financial position for the year ended 30 June 2016 are shown in the attached financial statements, and are discussed further in the Strategic Report.

The Directors have not proposed a dividend for this year (2015: £nil).

Directors and their interests

The present membership of the Directors of the Company (the "Board" or the "Directors"), together with their beneficial interests in the ordinary shares of the Group, is set out below. All Directors served on the Board throughout the year.

Shares held or controlled by Directors

	Ordinary shares of £0.002 each 30 June 2016	Ordinary shares of £0.002 each 30 June 2015
S Buckingham	**10,382,500**	10,382,500
M Carleton	**-**	-
P Tomlinson	**40,000**	40,000
R Parry	**181,183**	181,183
T Maunder	**5,000**	5,000
E Benasso	-	-

Options

The table below summarises the exercise terms of the various options over ordinary shares of £0.002 (year ended 30 June 2015: £0.002) which have been granted and were still outstanding at 30 June 2016.

	Options Held at 01 July 2015	Options Granted During the period	Options exercised During the period	Options Held at 30 June 2016	Exercise price	Earliest date from which exercisable	Latest expiry date
	Number	Number	Number	Number	£		
R G Parry	250,000	-	-	250,000	0.343	23 March 2012	22 March 2021
E Benasso	250,000	-	-	250,000	0.198	13 June 2015	12 June 2024

The remuneration of each of the Directors for the period ended 30 June 2015 is set out below:

	Salary	Fees	Benefits	Year to 30 June 2016 Total	Year to 30 June 2015 Total
	£'000	£'000	£'000	£'000	£'000
S D Buckingham	202	-	-	202	192
T Maunder	20	-	-	20	20
R G Parry	16	14	-	30	30
P Tomlinson	-	20	-	20	20
E Benasso	56	-	-	56	67
Total	**294**	**34**	**-**	**328**	**329**

Benefits comprise medical health insurance.

Events after the reporting period

Subsequent to the end of the reporting period, in response to the fall in revenues and the loss incurred for the year ending 30 June 2016, the group initiated a significant restructuring and cost cutting exercise to bring running costs in line with current levels of revenue. These actions include bringing staff numbers down to 14 from 23 in Argentina, closing the Hong Kong office and reducing office space, server and fees for professional services. The cost of implementing these changes is expected to be approximately £0.27m.

Going Concern

The Group had cash balances of £1.4m at the year-end (2015: £2.1m) and no borrowings. Although there was a significant fall in revenues and a loss for the year ending 30 June 2016, having initiated significant cost saving actions after the end of the reporting period (see note 25) and reviewed the resulting cash flow forecasts for the 12-month period from date of approval of these Financial Statements, the Directors have a reasonable expectation that the Group has sufficient resources to continue in operational existence for the foreseeable future. The Board consider Mobile Streams to be a going concern. No material uncertainties or events that may cast significant doubt about the ability of the Group to continue as a going concern have been identified by the Directors.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Director's Report and the Financial Statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) including FRS 101 Reduced disclosure Framework, and the consolidated accounts in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgments and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and lFRSs have been followed. subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of both the Group and the parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that

- So far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and

- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given pursuant to section 418 of the Companies Act 2006 and should be interpreted in accordance with and subject to those provisions.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website Legislation in the United Kingdom governing the preparation and Dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

Grant Thornton UK LLP has indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

On behalf of the Board

Enrique Benasso
Chief Financial Officer

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF MOBILE STREAMS PLC

We have audited the consolidated financial statements of Mobile Streams Plc for the year ended 30 June 2016 which comprise the accounting policies, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at
https://www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the consolidated financial statements:

give a true and fair view of the state of the group's affairs as at 30 June 2016 and of its loss for the year then ended;
have been properly prepared in accordance with IFRSs as adopted by the European Union; and
have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the group financial statements are prepared is consistent with the group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

certain disclosures of Directors' remuneration specified by law are not made; or
we have not received all the information and explanations we require for our audit.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF MOBILE STREAMS PLC

Other matters

We have reported separately on the parent company financial statements of Mobile Streams Plc for the year ended 30 June 2016

Grant Thornton UK LLP

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Christopher Smith
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

ACCOUNTING POLICIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Group financial statements consolidate those of the parent company and all of its subsidiary undertakings drawn up to 30 June 2016. They have been prepared in accordance with applicable International Financial Reporting Standards as adopted by the EU and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. All references to IFRS in these statements refer to IFRS as adopted by the EU.

The historical cost convention has been applied as set out in the accounting policies.

Consolidation

Subsidiaries are all entities over which the Group has the power to govern the operating and financial policies generally accompanying a shareholding of more than half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control is lost.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated in full. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

The separate financial statements and related notes of the Company are presented on pages 50-56, which are prepared in accordance with FRS 101.

Foreign currency translation

(a) Presentational currency

The consolidated and parent company financial statements are presented in British pounds. The functional currency of the parent entity is also British pounds.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date the transaction occurs. Any exchange gains or losses resulting from these transactions and the translation of monetary assets and liabilities at the balance sheet date are recognised in the income statement, except to the extent that a monetary asset or liability represents a net investment in a subsidiary when exchange differences arising on translation are recognised in equity within the translation reserve. Amount due from or to subsidiaries are treated as part of net investment in the subsidiary when settlement is neither planned nor likely to occur in the foreseeable future.

Foreign currency balances are translated at the year-end using exchange rate prevailing at the year-end.

ACCOUNTING POLICIES

(c) Group companies

The financial results and position of all group entities that have a functional currency different from the presentation currency of the Group are translated into the presentation currency as follows:

- i assets and liabilities for each balance sheet are translated at the closing exchange rate at the date of the balance sheet
- ii income and expenses for each income statement are translated at average exchange rates (unless it is not a reasonable approximation to the exchange rate at the date of transaction)
- iii all resulting exchange differences are recognised as a separate component of equity (cumulative translation reserve)

Property, plant and equipment

All property, plant and equipment (PPE) is stated at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the purchase of the items.

Depreciation is calculated to write off the cost of property, plant and equipment less estimated residual value on a straight line basis over its estimated useful life. The following rates and methods have been applied:

Plant and equipment	33% straight line
Office furniture	Between 10% and 33% straight line

Each asset's residual value and useful life is reviewed, and adjusted if required, at each balance sheet date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Gains/losses on disposal of assets are determined by comparing proceeds received to the carrying amount. Any gain/loss is recognised in the income statement.

ACCOUNTING POLICIES

Going Concern

The Group had cash balances of £1.4m at the year-end (2015: £2.1m) and no borrowings. Although there was a significant fall in revenues and a loss for the year ending 30 June 2016, having initiated significant cost saving actions after the end of the reporting period (see note 25) and reviewed the resulting cash flow forecasts for the 12-month period from date of approval of these Financial Statements, the Directors have a reasonable expectation that the Group has sufficient resources to continue in operational existence for the foreseeable future. The Board consider Mobile Streams to be a going concern. No material uncertainties or events that may cast significant doubt about the ability of the Group to continue as a going concern have been identified by the Directors.

Standards and Amendments to existing standards effective 1 July 2015

In issue but not effective for periods commencing on 1 July 2015

New standards and interpretations currently in issue (as at 11 August 2016) but not effective, based on EU mandatory effective dates, for accounting periods commencing on 1 July 2015 are:

	Applicable for financial years beginning on/after
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38	1 January 2016
Annual Improvements to IFRSs 2011-2013 Cycle	1 January 2015
Amendments to IAS 16 and IAS 41: Bearer Plants	1 January 2016
Amendments to IAS 27: Equity Method in Separate Financial Statements	1 January 2016
Disclosure Initiative: Amendments to IAS 1 Presentation of Financial Statements	1 January 2016

New standards and interpretations currently in issue (as at 11 Aug 2016) but not effective, based on EU mandatory effective dates, for accounting periods commencing on 1 July 2015 are:

	Applicable for financial years beginning on/after
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38	1 January 2016
Annual Improvements to IFRSs 2012-2014 Cycle	1 January 2016
Amendments to IAS 16 and IAS 41: Bearer Plants	1 January 2016
Amendments to IAS 27: Equity Method in Separate Financial Statements	1 January 2016
Disclosure Initiative: Amendments to IAS 1 Presentation of Financial Statements	1 January 2016

Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of net identifiable assets of the acquired entity at the date of acquisition. This goodwill for subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for impairment testing.

(b) Assets acquired through business combinations

These consist of customer relationships, technology based assets and non-compete agreements acquired through business combinations. To meet this definition, the intangibles must be identifiable either by being separable, or by arising from contractual or other legal rights. Intangibles acquired through business combinations are recognised at fair value. Where a reliable estimate of useful life of the intangible can be obtained, the intangible asset is to be amortised using the straight line basis, over the useful life. Where there is an indication of impairment of intangibles, the intangible will be tested for impairment. The estimated useful lives of these assets are:

Customer relationships	3 years
Technology based assets	3 years
Non-compete agreements	3.5 years

(c) Media content and Media platform development

Media content and Media platform development represent intangible assets that have been acquired from third parties and also that are internally generated, including capitalised direct staff costs. Content and platform expenditure is charged against income in the year in which it is incurred unless it meets the recognition criteria of IAS 38 Intangible Assets. To meet the criteria of an intangible asset the Group must demonstrate the following criteria:

- the technical feasibility of completing the asset so that it will be available for use,
- its intention to complete the intangible (or sell it),
- its ability to use or sell the intangible,
- that the intangible will generate future economic benefit,
- that adequate resources are available to complete the intangible, and
- the expenditure can be reliably measured.

Intangible assets, if capitalised, are amortised on a straight-line basis over the period of the expected benefit. Amortisation commences when the asset is ready for use.

ACCOUNTING POLICIES

(d) Appitalism

Appitalism development represents intangible assets that have been internally generated, including capitalised direct staff costs. To meet the intangible asset criteria the group must demonstrate the technical feasibility of completing the asset so that it will be available for use, its intention to complete the intangible (or sell it), its ability to use or sell the intangible, that the intangible will generate future economic benefit, adequate resources to complete the intangible and the expenditure can be reliably measured. Intangible assets, if capitalised, are amortised on a straight line basis, and reviewed annually for indicators of impairment.

(e) Software

Software represents assets that have been acquired from third parties. To meet the criteria for recognition the intangible asset must be both identifiable and either separable, or arise from contractual or other legal rights. Intangible assets acquired from third parties are stated at cost less accumulated amortisation and impairment losses. Where a reliable estimate of useful life of the intangible can be obtained, the intangible asset is to be amortised using the straight line basis, over the useful life. Where there is an indication of impairment of intangible assets with a definite life, the intangible will be tested for impairment. The estimated useful life of acquired software is 2 years.

Amortisation is included in “Administrative expenses” in the income statement.

Impairment of assets

Assets that have an indefinite useful life, such as goodwill, are not subject to amortisation, but are instead tested annually for impairment and also tested whenever an event or change in situation indicates that the carrying amount may not be recoverable. Assets that are subject to amortisation are also tested for impairment whenever an event or change in situation indicates that the carrying amount may not be recoverable. An impairment loss is recognised in the income statement as the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is determined by the higher of the fair value of an asset less costs to sell and the value in use. In order to assess impairment, assets are grouped at the lowest levels for which separate cash flows can be identified (cash generating units).

Impairment charges are included in the “Administrative expenses” in the income statement.

Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred income tax is determined using tax rates known by the balance sheet date and that are expected to apply when the deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax liabilities are provided in full. There is no discounting of assets or liabilities.

Changes in deferred tax assets or liabilities are recognised as a component of the tax expense in the income statements, except where they relate to items that are charged or credited directly to equity or other comprehensive income, in which case the related deferred tax is also charged or credited directly to equity or other comprehensive income.

ACCOUNTING POLICIES

Provisions

Provisions, including those for legal claims, are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

Financial Assets

a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits held with financial institutions and other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

b) Trade and other receivables

Trade receivables are included in trade and other receivables in the balance sheet. Trade receivables are recognised initially at fair value and later measured at amortised cost using the effective interest method, less any provision for impairment. An impairment provision for trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the terms of the receivables. The provision is calculated as the difference between the receivable's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Subsequent recoveries of amounts previously written off are credited in the income statement

Financial Liabilities

Financial liabilities are obligations to pay cash or deliver other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. All financial liabilities are recorded initially at fair value, net of direct issue costs.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

The Group's financial liabilities consist of trade and other payables, which are measured subsequent to initial recognition at amortised cost using the effective interest rate method.

All interest-related charges are reported in the income statement as finance costs.

Revenue recognition

As at 30 June 2016, the Group was organised into four geographical segments: Europe, North America, Latin America, and Asia Pacific. Revenues are from external customers only and are generated from three principal business activities: the sale of mobile content through Mobile Operator Services (Mobile Operator Sales), the sale of mobile content over the internet (Mobile Internet Sales) and the provision of consulting and technical services (Other Service Fees).

ACCOUNTING POLICIES

Revenue includes the fair value of sale of goods and services, net of value added tax, rebates and discounts and after eliminating intercompany sales within the Group. Revenue is recognised as follows:

a) Mobile Operator Sales & Mobile Internet Sales

Revenue from the sale of goods is recognised when a Group entity has delivered media content to the end consumer, who has accepted the product and collectability of the related receivable is reasonably assured from the customer.

b) Other Service Fees

Revenue is recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the specific transaction, on the basis of the actual service provided as a proportion of the total services to be provided.

c) Interest Income

Interest receivable is recognised in the income statement using the effective interest method. If the collection of interest is considered doubtful, it is deferred and excluded from interest income in the income statement.

d) Deferred Income

Revenue that has been collected from customers but where the above conditions are not met is recorded in the Statement of Financial Position under accruals and deferred income and released to the income statement when the conditions are met.

Share based payments

Employees (including Directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (‘equity-settled transactions’).

The Group has applied the requirements of IFRS 2 Share-based Payments to all grants of equity instruments.

The cost of equity settled transactions with employees is measured by reference to the fair value at the grant date of the equity instruments granted. The fair value is determined by using the Black-Scholes model.

The cost of equity-settled transactions is recognised in the income statement, together with a corresponding increase in retained earnings, over the periods in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (‘vesting date’). At each balance sheet date before vesting the cumulative expense is calculated, representing the extent to which the vesting period has expired and management’s best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest. Market conditions are taken into account in determining the fair value of the options granted, at grant date, and are subsequently not adjusted for. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

No expense or increase in equity is recognised for awards that do not ultimately vest. Awards where vesting is conditional upon a market condition are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are charged to the share premium account.

ACCOUNTING POLICIES

Leased assets

In accordance with IAS 17, all the Group's leases are determined to be operating leases and the payments made under them are charged to the income statement on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

Operating leases are leases in which the risks and rewards of ownership are not transferred to the lessee.

Equity balances

a) Called up share capital

Called up share capital represents the aggregate nominal value of ordinary shares in issue.

b) Share premium

The share premium account represents the incremental paid up capital above the nominal value of ordinary shares issued.

c) Translation Reserve

The translation reserve represents the cumulative translation adjustments on translation of foreign operations. Please refer to the page 30 for the judgment and estimates disclosure.

CONSOLIDATED INCOME STATEMENT

		Year ended 30 June 2016 £000's	Year ended 30 June 2015 £000's
Revenue	21	**12,786**	29,063
Cost of sales	21	**(9,256)**	(21,390)
Gross profit	21	**3,530**	7,673
Selling and marketing costs	21	**(1,333)**	(3,405)
Administrative expenses *	21	**(3,048)**	(3,493)
Operating (Loss)/Profit		**(851)**	775
Finance income	5	**118**	65
Finance expense	6	**(4)**	(8)
(Loss)/Profit before tax		**(737)**	832
Tax expense	10	**(569)**	(495)
(Loss)/Profit for the year		**(1,306)**	337
Attributable to:			
Attributable to equity shareholders of Mobile Streams plc		**(1,306)**	**337**

(Loss)/earnings per share

		Pence per share	Pence per share
Basic (loss)/earnings per share	9	**(3.519)**	0.908
Diluted (loss)/earnings per share	9	**(3.519)**	0.855

* Administrative expenses include Depreciation, Amortisation and Impairment £59k (ended 30 June 2015:£59k); Share Based Compensation £146k (ended 30 June 2015: £219k). Other administrative expenses £2.9m (ended 30 June 2015: £3.2m).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 30 June 2016 £000's	Year ended 30 June 2015 £000's
(Loss)/Profit for the year	**(1,306)**	337
Amounts which may be reclassified to profit & loss		
Exchange differences on translating foreign operations	**(1,017)**	(92)
Total comprehensive (loss)/income for the year	**(2,323)**	**245**
Total comprehensive (loss)/income for the year attributable to:		
Equity shareholders of Mobile Streams plc	**(2,323)**	**245**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		2016	2015
		£000's	**£000's**
Assets			
Non- Current			
Property, plant and equipment	12	**20**	94
Deferred tax asset	17	**189**	285
		209	**379**
Current			
Trade and other receivables	14	**2,576**	4,016
Cash and cash equivalents	15	**1,367**	2,098
		3,943	**6,114**
Total assets		**4,152**	**6,493**
Equity			
Equity attributable to equity holders of Mobile Streams plc			
Called up share capital	18	**74**	74
Share premium		**10,579**	10,579
Translation reserve		**(3,150)**	(2,133)
Retained earnings		**(5,943)**	(4,782)
Total equity		**1,560**	**3,738**
Current			
Trade and other payables	16	**1,595**	2,090
Current tax liabilities		**997**	665
		2,592	**2,755**
Total liabilities		**2,592**	**2,755**
Total equity and liabilities		**4,152**	**6,493**

The financial statements were approved by the Board of Directors on 8 November 2016 and are signed on its behalf by:

Enrique Benasso
Chief Financial Officer

Company registration number: 03696108

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of Mobile Streams Plc				
	Called up share capital	**Share premium**	**Translation reserve**	**Retained earnings**	**Total Equity**
	£000's	£000's	£000's	£000's	**£000's**
Balance at 30 June 2014	**74**	**10,579**	**(2,041)**	**(5,338)**	**3,274**
Balance at 1 July 2014	74	10,579	(2,041)	(5,338)	3,274
Credit for share based payments	-	-	-	219	219
Transactions with owners	-	-	-	219	**219**
Profit for the 12 months ended 30 June 2015	-	-	-	337	337
Exchange differences on translating foreign operations	-	-	(92)	-	(92)
Total comprehensive loss for the year	-	-	(92)	337	245
Balance at 30 June 2015	**74**	**10,579**	**(2,133)**	**(4,782)**	**3,738**
Balance at 1 July 2015	74	10,579	(2,133)	(4,782)	3,738
Credit for share based payments	-	-	-	145	145
Transactions with owners	-	-	-	145	**145**
(Loss)/Profit for the 12 months ended 30 June 2016	-	-	-	(1,306)	(1,306)
Exchange differences on translating foreign operations	-	-	(1,017)	-	(1,017)
Total comprehensive loss for the year	-	-	(1,017)	(1,306)	(2,322)
Balance at 30 June 2016	**74**	**10,579**	**(3,150)**	**(5,943)**	**1,560**

CONSOLIDATED CASH FLOW STATEMENT

		Year ended 30 June 2016	Year ended 30 June 2015
		£000's	£000's
Operating activities			
(Loss)/Profit before taxation		**(737)**	832
Adjustments:			
Share based payments		**146**	219
Depreciation	4	**59**	59
Interest received	5	**(118)**	(65)
Changes in trade and other receivables		**304**	1,983
Changes in trade and other payables		**13**	(3,250)
Provision		**-**	(340)
Tax paid		**(237)**	-
Total cash generated in operating activities		**(570)**	**(562)**
Investing activities			
Additions to property, plant and equipment	12	**(8)**	(49)
Interest received	5	**118**	65
Net Cash generated from investing activities		**110**	**16**
Financing activities			
Issue of share capital (net of expenses paid)		**-**	39
Net Cash generated from financing activities		**-**	39
Net change in cash and cash equivalents		**(461)**	(507)
Cash and cash equivalents at beginning of year		**2,098**	2,964
Exchange (losses) on cash and cash equivalents		**(270)**	(359)
Cash and cash equivalents, end of year	15	**1,367**	**2,098**

1. GENERAL INFORMATION

Mobile Streams Plc (the Company) and its subsidiaries (together 'the Group') sell digital content, primarily for distribution on wireless devices. The Group has subsidiaries in Europe, Asia, North America and Latin America. The Group has made various strategic acquisitions to build its market share in these regions.

The Company is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is 125 Wood Street, London, EC2V 7AW.

The Company is listed on the London Stock Exchange's Alternative Investment Market.

These consolidated financial statements have been approved for issue by the Board of Directors on 8 November 2016.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are evaluated on a regular basis and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

2.1 CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. These estimates, by definition, will rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates

(a) Accrued revenue and accrued content costs

Estimation is required by management to determine the value of accrued revenue and accrued content cost liability which is based on the content delivery to its customers. Due to the timing of confirmation of delivery of content to its customers from the service providers, management estimation is applied to determine the level of accrued revenue and accrued content liability to be recognised within the financial statements until confirmation is received.

Judgement

(b) Income taxes

The Group is subject to income taxes in various jurisdictions. Judgement is required in determining the worldwide provision for income taxes. There are many transactions/calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different to what is initially recorded, such differences will impact the income tax and deferred tax provisions.

(c) Deferred taxation

Judgement is required by management in determining whether the Group should recognise a deferred tax asset. Management consider whether there is sufficient certainty its tax losses available to carry forward will ultimately be offset against future earnings, this judgement impacts on the degree to which deferred tax assets are recognised (see note 17).

3. SERVICES PROVIDED BY THE GROUP'S AUDITOR AND NETWORK FIRMS

During the year ended 30 June 2016 the Group (including its overseas subsidiaries) obtained the following services from the Group's auditor and network firms:

	Year ended 2016	Year ended 2015
	£000's	£000's
Fees payable to the Company's auditor and its associates for the audit of the parent company and consolidated accounts	**69**	56
Non-Audit services:		
Fees payable to the Company's auditor and its associates for other services:		
Interim statement review	**11**	10
Tax compliance and advisory services	**12**	18
	92	84

4. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging the following items:

	Notes	Year ended 2016 £000's	Year ended 2015 £000's
Depreciation	12	**59**	59
Reversal of provision	23	**-**	(340)
Loss on foreign currency		**(402)**	38
		(343)	**(243)**

5. FINANCE INCOME

	2016 £000's	2015 £000's
Interest receivable	**118**	**65**

6. FINANCE EXPENSE

	2016 £000's	2015 £000's
Interest expense	**(4)**	**(8)**

7. DIRECTORS' AND OFFICERS' REMUNERATION

The Directors are regarded as the key management personnel of Mobile Streams Plc.

Charges in relation to remuneration received by key management personnel for services in all capacities during the Year ended 30 June 2016 are as follows:

KEY MANAGEMENT REMUNERATION

	2016 £000's	2015 £000's
Short- term employee benefits		
- benefits	**-**	1
- salaries/remuneration	**328**	328
	328	**329**

8. DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2016 £000's	2015 £000's
Wages and salaries	**2,012**	2,107
Social security costs	**225**	260
	2,237	**2,367**

CURRENT YEAR

BENEFITS

	Europe	Asia Pacific	North America	Latin America	Group
Benefits	(2)	(4)	(17)	(67)	**(90)**
	(2)	**(4)**	**(17)**	**(67)**	**(90)**

PRIOR YEAR

BENEFITS

	Europe	Asia Pacific	North America	Latin America	Group
Benefits	(3)	(23)	(1)	(42)	**(69)**
	(3)	**(22)**	**(1)**	**(42)**	**(69)**

The average number of employees during the year to June 2016 was as follows:

	Year ended 2016 Number	Year ended 2015 Number
Management	**7**	7
Administration	**40**	48
	47	**55**

9. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the (loss) or profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period. The options this year are not-dilutive as loss-making.

	Year ended 2016 Pence per share	Year ended 2015 Pence per share
Basic (loss)/earnings per share	**(3.519)**	0.908
Diluted (loss)/earnings per share	**(3.519)**	0.855

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

	2016	2015
	£000's	£000's
(Loss)/profit for the year	**(1,306)**	**337**
For adjusted earnings per share	**£000's**	**£000's**
(Loss)/profit for the year	**(1,306)**	337
Add back: share compensation expense	**146**	219
Add back: depreciation and amortisation	**59**	59
Adjusted (loss)/profit for the year	**(1,101)**	**615**

Weighted average number of shares

	Number of shares	Number of shares
For basic earnings per share	**37,114,283**	37,100,536
Exercisable share options	**-**	2,330,961
For diluted earnings per share	**37,114,283**	**39,431,497**
	Pence per share	**Pence per share**
Adjusted (Loss)/earnings per share	**(2.967)**	1.658
Adjusted diluted (Loss)/earnings per share	**(2.967)**	1.560

For year ended 30 June 2016, 3.17m (2015: 2.33m) potential ordinary shares has been excluded from the calculations of earnings per share as they are anti-dilutive.

The adjusted EPS has been calculated to reflect the underlying profitability of the business by excluding non-cash charges for depreciation, amortisation, impairments and share compensation charges.

10. INCOME TAX EXPENSE

The tax charge is based on the profit before tax for the year and represents:

	2016	2015
	£'000	£'000
Foreign tax on profits of the period	473	521
Total current tax	473	521
Deferred tax:		
Origination & reversal of timing differences: (Deferred tax charge/(credit) (Note 17)	96	(26)
Tax on (loss)/profit on ordinary activities	569	495
Factors affecting the tax charge for the period		
(Loss)/Profit on ordinary activities before tax	(737)	495
(Loss)/Profit multiplied by standard rate of corporation tax in the United Kingdom of 20.75%/24%	(153)	103
Effects of:		
Adjustment for tax-rate differences	177	207
Expenses not deductible for tax purposes	(96)	350
Expenses not deductible others subsidiaries	217	19
Other	271	(158)
Current tax charge for the period	569	521
Comprising		
Current tax expense	473	521
Deferred tax (expense), income, resulting from the origination and reversal of temporary differences	96	(26)
	569	495
Provision for deferred tax (Deferred tax asset)		
Provision brought forward	285	260
Current Year	(96)	26
Traslation adjustment	-	(1)
Deferred tax provision/(asset) carried forward	189	285
Relating to		
Expenses deducted in Argentina on a paid basis	189	285
Provision for deferred tax	189	285

11. DIVIDENDS

No dividends were paid or proposed during the current year or prior year.

12. PROPERTY, PLANT AND EQUIPMENT

	Office furniture, plant and equipment £000's
Cost	
At 1 July 2015	568
Additions	8
Translation adjustments	(20)
At 30 June 2016	**556**
Depreciation	
At 1 July 2015	474
Provided in the year	59
Translation adjustments	2
At 30 June 2016	**536**
Net book value at 30 June 2016	**20**

	Office furniture, plant and equipment £000's
Cost	
At 1 July 2014	517
Additions	49
Translation adjustments	2
At 30 June 2015	**568**
Depreciation	
At 1 July 2014	410
Provided in the year	59
Translation adjustments	5
At 30 June 2015	**474**
Net book value at 30 June 2015	**94**

13. GOODWILL AND INTANGIBLE ASSETS

The Group impaired in full the remaining value of goodwill attributable to Mobile Streams (Hong Kong) Limited and its subsidiaries in Singapore and Australia which make up the Asia Pacific operating segment at June 2014.

	Media platform development and software £000's	Media content £000's	Appitalism £000's	Other intangibles £000's	Subtotal £000's	Goodwill £000's	Total £000's
Cost							
At 1 July 2015	2,348	332	337	2,364	5,381	2,670	**8,051**
At 30 June 2016	**2,348**	**332**	**337**	**2,364**	**5,381**	**2,670**	**8,051**
Accumulated amortisation and impairment							
At 1 July 2015	2,348	332	337	2,364	5,381	2,670	**8,051**
At 30 June 2016	**2,348**	**332**	**337**	**2,364**	**5,381**	**2,670**	**8,051**
Net book value at 30 June 2016	**-**	**-**	**-**	**-**	**-**	**-**	**-**

	Media platform development and software £000's	Media content £000's	Appitalism £000's	Other intangibles £000's	Subtotal £000's	Goodwill £000's	**Total £000's**
Cost							
At 1 July 2014	2,348	332	337	2,364	5,381	2,670	**8,051**
At 30 June 2015	**2,348**	**332**	**337**	**2,364**	**5,381**	**2,670**	**8,051**
Accumulated amortisation and impairment							
At 1 July 2014	2,348	332	337	2,364	5,381	2,290	**7,671**
Impairment	-	-	-	-	-	380	**380**
At 30 June 2015	**2,348**	**332**	**337**	**2,364**	**5,381**	**2,670**	**8,051**
Net book value at 30 June 2015	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Other intangible assets
Mobile Streams' other intangible assets comprised acquired customer relationships, technology based assets and non-compete agreements. These assets are fully amortised.

14. TRADE AND OTHER RECEIVABLES

	2016 £000's	2015 £000's
Trade receivables	**555**	1,010
Accrued receivables	**434**	758
Other debtors	**1,587**	2,248
	2,576	**4,016**

The carrying value of receivables is considered a reasonable approximation of fair value.

In addition, some of the unimpaired trade receivables are past due as at the reporting date. The age profile of trade receivables is as follows:

	2016 £000's	2015 £000's
Within terms		
Not more than 30 days	**238**	308
Overdue		
Not more than 3 months	**97**	365
More than 3 months but not more than 6 months	**2**	361
More than 6 months but not more than 1 year	**154**	149
Provision for doubtful debts	**(192)**	(173)
	299	**1,010**

Provision for doubtful debts reconciliation

	2016 £000's	2015 £000's
Opening provision for doubtful debts	**173**	177
Change in provision during the year	**19**	(4)
Closing provision for doubtful debts	**192**	**173**

Trade and other receivables that are not past due or impaired are considered to be collectible within the Group's normal payment terms.

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	2016 £000's	2015 £000's
Argentina´s cash at bank and in hand	**1,178**	**80**
Other companies	**189**	**2,018**
Cash at bank and in hand	**1,367**	**2,098**

16. TRADE AND OTHER PAYABLES

	2016 £000's	2015 £000's
Trade payables	**349**	1,001
Other payables	**161**	74
Accruals and deferred income	**1,085**	1,015
	1,595	**2,090**

All amounts are current. The carrying values are considered to be a reasonable approximation of fair value.

17. DEFERRED TAX ASSETS AND LIABILITIES

	Balance 30 Jun 2014 £000's	Recognised in income statement £000's	Balance 30 June 2015 £000's	Recognised in income statement £000's	Traslation Adjustment £000's	Balance 30 June 2016 £000's
Deferred tax asset:						
- Expenses accrued	51	7	58	(35)		23
- Royalties	76	13	89	(36)		53
- Bonus provisions	-	-	-			-
- Others	133	5	138	(26)		112
Deferred tax asset	**260**	**26**	**285**	**(96)**	**-**	**189**
Deferred tax liability:						
- On intangible assets	-	-	-	-	-	-

18. SHARE CAPITAL

The Company only has one class of share. The total number of shares in issue as at 30 June 2016 is 37,114,283 (30 June 2015: 37,114,283) with a par value of £0.002 per share. All issued shares are fully paid.

The Group's main source of capital is the parent company's equity shares. The policy which is met by the Group is to retain sufficient authorised share capital so as to be able to issue further shares to fund acquisitions, settle share based transactions and raise new funds. Share based payments relate to employee share options schemes. The schemes have restrictions on headroom so as not to dilute the value of issued shares of the Company. The Group has not raised debt financing in the past and expects not to do so in the future.

	2016	2015
	£000's	£000's
Authorised		
69,150,000 ordinary shares of £0.002 each (30 June 2015: 69,150,000)	**138**	138
Allotted, called up and fully paid:		
37,114,283 ordinary shares of £0.002 each (30 June 2015: 37,114,283)	**74**	74

Allotted, called up and fully paid

	Year ended 2016	**Year ended 2015**
In issue at 1 July 2015	37,114,283	37,075,083
Issued	-	39,200
In issue at 30 June 2016	37,114,283	37,114,283

Other Reserves

Share Premium Account
The balance in the share premium account represents the proceeds received above the nominal value on the issue of the Company's equity share capital.

Translation Reserve
The Translation reserve contains the exchange differences arising on translating foreign operations.

19. SHARE BASED PAYMENTS

The Group operates three share option incentive plans – an Enterprise Management Incentive Scheme, a Global Share Option Plan and an ISO Sub Plan - in order to attract and retain key staff. The remuneration committee can grant options over shares in the Company to employees of the Group. Options are granted with a fixed exercise price equal to the market price of the shares under option at the date of grant and are equity settled, the contractual life of an option is 10 years. Exercise of an option is subject to continued employment. Options are valued at date of grant using the Black-Scholes option pricing model.

On 12 July 2013, 2,383,594 options were granted to Company personnel. Strike value was 0.70 per option.

The volatility of the Company's share price on the date of grant was calculated as the average of volatilities of share prices of companies in the Peer Group on the corresponding date. The volatility of share price of each company in the Peer Group was calculated as the average of annualised standard deviations of daily continuously compounded returns on the Company's stock, calculated over 1, 2, 3, 4 and 5 years back from the date of grant, where applicable. The risk-free rate is the yield to maturity on the date of grant of a UK Gilt Strip, with term to maturity equal to the life of the option. The expected life of an employee share option is 5 years.

Share options in issue at the year-end under the various schemes are:

1. Personal to the Option Holder and are not transferable, or assignable.
2. Shall not be exercisable on or after the tenth anniversary of the grant date.
3. Subject to the rules of the Plans, the Options shall Vest as follows – Options vest at 33.3% per year:
   - 33.3% vest on the First Anniversary of the grant of option;
   - A second 33.3% vest on the Second Anniversary of the grant of option; and
   - The last 33.33% vest on the Third Anniversary of the grant of option.

	2016 Number (000's)	**2016** Weighted average exercise price	2015 Number (000's)	2015 Weighted average exercise price
Outstanding at 1 July	**4,066**	**£0.62**	**4,105**	**£0.62**
Granted		**-**	**-**	
Exercised	**-**	**-**	**(39)**	**£0.03**
Other leavers on vesting period	**(65)**	**-**		
Outstanding at 30 June	**4,001**	**£0.62**	**4,066**	**£0.62**
Exercisable at 30 June	**3,174**	**£0.62**	**2,331**	**£0.36**

Range of exercise prices	**2016** **Weighted average exercise price (£)**	**2016** **Number of Shares (000's)**	**2016** **Weighted average remaining life (years): Contractual**	2015 Weighted average exercise price (£)	2015 Number of Shares (000's)	2015 Weighted average remaining life (years): Contractual
£0 - £0.50	**0.282**	**1014**	**5.3**	0.28	1,014	1.60
£0.51 - £1.00	**0.740**	**2987**	**4.0**	0.739	3,004	4.70

No share options were exercised during the year ended on 30 June 2016. (2015: 39,200).

The total charge for the year relating to employee share based payment plans was £147k (2015: £219k), all of which related to equity-settled share based payment transactions.

20. OPERATING LEASES

The Group has commitments under operating leases for land and buildings to pay the following amounts. The reduction is due to the reduction of the remaining period of the contract, by one year.

	Land and Buildings	
	2016	**2015**
	£000's	**£000's**
Future minumum lease payments under non-cancelabble operating leases		
Within one year	**11**	75
In two-five years	**-**	-
In more than five years	**-**	-
	11	**75**

The two operating entities in Argentina and Hong Kong are obligated to lease agreements for office space. The Hong Kong office lease will expire on July 31 2017. The Argentina office lease contract has expired on March 31 2016 and an extension for 6 months has been agreed, until October 31 2016. While the new lease agreement is being negotiated.

The operating lease commitments represent the base rent payments that these entities are obligated to make for the remaining terms of the current lease agreements.

Lease payments recognised as an expense during the period amount to £222k (2015: £199k).

21. SEGMENT REPORTING

As at 30 June 2016, the Group was organised into 4 geographical segments: Europe, North America, Latin American, and Asia Pacific. The operating segments are organised, managed and reported to the Chief Operating Decision Maker based on their geographical location. Revenues are from external customers only and generated from three principal business activities: the sale of mobile content through Multi-National Organisation's (Mobile Operator Services), the sale of mobile content over the internet (Mobile Internet Services) and the provision of consulting and technical services (Other Service Fees).

All operations are continuing and all inter-segment transactions are priced and carried out at arm's length.

The segmental results for the year ended 30 June 2016 are as follows:

£000's	Europe	Asia Pacific	North America	Latin America	Group
Mobile Operator Services	31	6	58	80	**175**
Mobile Internet Services	0	21	11	12,552	**12,583**
Other Service fees	**23**	**0**	**0**	**5**	**28**
Total Revenue	**54**	**27**	**69**	**12,637**	**12,786**
Cost of sales	**(33)**	**(29)**	**(30)**	**(9,165)**	**(9,256)**
Gross profit	**21**	**(2)**	**39**	**3,472**	**3,530**
Selling, marketing and administration expenses	(557)	(317)	(113)	(3,189)	**(4,176)**
Trading EBITDA*	**(536)**	**(318)**	**(74)**	**283**	**(646)**
Depreciation, amortisation and impairment	0	(1)	0	(57)	**(58)**
Share based compensation	(146)	0	0	0	**(146)**
Finance income/expense	0	0	0	113	**113**
Profit/(Loss) before tax	**(682)**	**(319)**	**(74)**	**338**	**(737)**
Taxation	0	0	0	(569)	**(569)**
Profit/(loss) after tax	**(682)**	**(319)**	**(74)**	**(231)**	**(1,306)**
Segmental assets	84	117	179	3,772	4,152
Segmental liabilities	161	(34)	296	2,168	2,592

The segmental results for the year ended 30 June 2015 are as follows:

£000's	Europe	Asia Pacific	North America	Latin America (re-stated)	Group
Mobile Operator Services	10	151	29	440	**630**
Mobile Internet Services	0	0	28	28,379	**28,407**
Other Service fees	10	0	2	14	**26**
Total Revenue	**20**	**151**	**59**	**28,833**	**29,063**
Cost of sales	(27)	95	(11)	(21,447)	**(21,390)**
Gross profit	**(7)**	**246**	**48**	**7,386**	**7,673**
Selling, marketing and administration expenses	397	(249)	42	(6,810)	**(6,620)**
Trading EBITDA*	390	(3)	90	576	**1,053**
Depreciation, amortisation and impairment	0	(1)	(1)	(57)	**(59)**
Share based compensation	(219)	0	0	0	**(219)**
Finance income	3	0	1	53	**57**
Profit/(Loss) before tax	**174**	**(4)**	**90**	**572**	**832**
Taxation	0	0	(7)	(488)	**(495)**
Profit/(loss) after tax	**174**	**(4)**	**83**	**84**	**337**
Segmental assets	866	101	475	5,093	6,493
Segmental liabilities	163	(20)	249	2,364	2,755

* Earnings before interest, tax, depreciation, amortization, impairments of assets and share compensation

The totals presented in the Group’s operating region segments reconcile to the Group's key financial figures as presented in its financial statements as follows:

	2016	2015
	£000’s	£000’s
Segment revenues		
Total segment revenues	**12,786**	29,063
Group’s revenues	**12,786**	**29,063**
Segment results		
Total segment (Loss)/Profit after tax	**(1,306)**	337
Group’s (Loss)/Profit after tax	**(1,306)**	**337**
Segment assets		
Total segment assets	**4,152**	6,493
Consolidation eliminations	**-**	**-**
Group’s assets	**4,152**	**6,493**
Segment liabilities		
Total segment liabilities	**2,592**	2,755
Consolidation eliminations	**-**	-
Groups’s liabilities	**2,592**	**2,755**

Revenue in Argentina represents 87.6% of the total revenue of the Group; then Mexico 10.3%, and finally the rest of the companies 2.1%. The Group has 3 customers which account for 10% or more of the revenues. One with 41.2%, one with 30.7% and one with 15.8% of the revenue.

INTEREST REVENUE

Interest Revenue for the year ended 30 June 2016 was £118k (2015: £64k)

DEFERRED TAX

Year ended 30 June 2016

DEFERRED TAX	**Europe**	**Asia Pacific**	**North America**	**Latin America**	**Group**
Deferred Tax	-	-	-	189	189
	-	**-**	**-**	**189**	**189**

Year ended 30 June 2015

DEFERRED TAX	**Europe**	**Asia Pacific**	**North America**	**Latin America**	**Group**
Deferred Tax	-	-	-	285	**285**
				285	**285**

22. CAPITAL COMMITMENTS

The Group has no capital commitments as at 30 June 2016 (30 June 2015: £Nil).

23. RELATED PARTY TRANSACTIONS

Key Management

The only related party transactions that occurred during the year were the remuneration of senior management disclosed in note 7.

24. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to currency and liquidity risk, which result from both its operating and investing activities. The Group's risk management is coordinated in close co-operation with the Board and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets. The most significant financial risks to which the Group is exposed are described below. Also refer to the accounting policies.

Foreign currency risk

The Group is exposed to transaction foreign exchange risk. The currencies where the Group is most exposed to volatility are US Dollars, Australian Dollars, Argentine Peso, Mexican Peso and Colombian Peso.

Currently, there is generally an alignment of assets and liabilities in a particular market and no hedging instruments are used. In Latin American markets cash in excess of working capital is converted into a hard currency such as US Dollars, except in Argentina, where domestic regulations prevented companies from acquiring US Dollars until December 2015. Given this situation, the Argentine subsidiary is considering other alternatives to hedge a possible devaluation of local currency. The Company will continue to review its currency risk position as the overall business profile changes.

Foreign currency denominated financial assets and liabilities, which are all short-term in nature and translated into local currency at the closing rate, are as follows.

	2016 000's				2015 000's			
	USD	AUS	ARS	Other	USD	AUS	ARS	Other
Nominal amounts	£	£	£	£	£	£	£	£
Financial assets	126	59	2,672	336	428	71	3,963	1,092
Financial liabilities	(295)	(46)	(1,477)	(612)	(247)	(62)	(1,681)	(305)
Short-term exposure	(169)	13	1,195	(276)	181	9	2,282	787

Percentage movements for the period in regards to the British Pound to US Dollar, Australian Dollar and Argentine Peso exchange rates are as follows. These percentages have been determined based on the average market volatility in exchange rates during the period.

	2016	2015
US Dollar	17%	-8%
Australian Dollar	14%	14%
Argentine Peso	-28%	4%

Effect of possible changes in currency rates

Currency: GBP	**£'000** **Effect on Profit**	**£'000** **Effect on Equity**
Effect of a 10% US Dollar devaluation (against the GBP)	(128)	(128)
Effect of a 10% US Dollar Appreciation (against the GBP)	128	128
Effect of a 10% Australian Dollar devaluation (against the GBP)	75	75
Effect of a 10% Australian Dollar appreciation (against the GBP)	(75)	(75)
Effect of a 20% Peso devaluation (against the GBP)	(179)	(179)

	Year ended 2016 £000's	**Year ended 2015 £000's**
Foreign currency	**402**	**(38)**

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Management prepares cash flow forecasts which are reviewed at Board meetings to ensure liquidity. The Group has no borrowing arrangements.

As at 30 June 2016, the Group's financial liabilities were all current and have contractual maturities as follows:

30 June 2016	Within 6 months £000's	6 to 12 months £000's
Trade and other payables	510	-

The maturity of the Group's financial liabilities, which were all current at the previous year end, was as follows:

30 June 2015	Within 6 months £000's	6 to 12 months £000's
Trade and other payables	1,075	-

Capital Management Disclosures

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group could return capital to shareholders or issue new shares.

The Group considers its capital to comprise the following:

	2016 £000's	2015 £000's
Ordiary Share capital	74	74
Share premium	10,579	10,579
translation reserve	(3,150)	(2,133)
Retained earnings	(5,943)	(4,782)
	1,560	**3,738**

25. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, in response to the fall in revenues and the loss incurred for the year ending 30 June 2016, the group initiated a significant restructuring and cost cutting exercise to bring running costs in line with current levels of revenue. These actions include bringing staff numbers down to 14 from 23 in Argentina, closing the Hong Kong office and reducing office space, server and fees for professional services. The cost of implementing these changes is expected to be approximately £0.27m.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF MOBILE STREAMS PLC

We have audited the parent company financial statements of Mobile Streams Plc for the year ended 30 June 2016 which comprise the parent company balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2016;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the consolidated financial statements of Mobile Streams Plc for the year ended 30 June 2016.

Christopher Smith
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

PARENT COMPANY ACCOUNTING POLICIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 – "Reduced Disclosure Framework" (FRS 101) The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have all been applied consistently throughout the year unless otherwise stated.

The financial statements have been prepared on a historical cost basis The financial statements are presented in Sterling (£) and have been presented in round thousands (£'000) This is the first year in which the financial statements have been prepared in accordance with FRS 101. The date of transition to FRS 101 is 1 July 2014. There are no measurement differences from the previous accounting framework adopted Disclosure exemptions adopted.

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

1. A statement of cash flows and related notes
2. The requirements of IAS 24 related party disclosures to disclose related party transactions entered in to between two or more members of the group as they are wholly owned within the group.
3. The effect of future accounting standards not adopted.
4. Certain share based payment disclosures.
5. Disclosures in relation to impairment of assets.
6. Disclosures in respect of financial instruments (other than disclosures required as a result of recording financial instruments at fair value) .

Additionally, the consolidated Group prepares accounts under IFRS which should be read in conjunction with these statements.

Basis of preparation

The financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below. The company has applied the exemption under section 408 of the Companies Act 2006 and has not included the individual profit and loss account statement in the financial statements.

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated in the Company's balance sheet at cost less provisions for impairment.

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered.

Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted.

PARENT COMPANY ACCOUNTING POLICIES

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

OPERATING LEASES

Rentals in respect of leases are charged to the profit and loss account in equal amounts over the lease term.

SHARE BASED PAYMENTS

Employees (including Directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

Equity settled transactions

The Group has applied the requirements of IFRS 2 "Share Based Payments" to all grants of equity instruments.

The cost of equity settled transactions with employees is measured by reference to the fair value at the grant date of the equity instruments granted. The fair value is determined by using the Black-Scholes model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in retained earnings, over the periods in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest. Market conditions are taken into account in determining the fair value of options granted, at grant date, and are not subsequently adjusted for. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

No expense or increase in equity is recognised for awards that do not ultimately vest. Awards where vesting is conditional upon a market condition are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

COMPANY PROFIT AND LOSS ACCOUNT

The parent Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent Company's recognized loss for the year ended June 30 2016 was £ 182,413.

COMPANY BALANCE SHEET

		30 June 2016	30 June 2015
		£000's	**£000's**
Fixed assets			
Investments in subsidiaries	1	20	20
Total fixed assets		20	20
Current assets			
Debtors	2	1,903	1,176
Cash and cash equivalents		29	795
Others assets		7	6
Total current assets		1,939	1,977
Creditors: amounts falling due within one year	3	(161)	(163)
Net current assets		1,778	1,814
Net assets		**1,798**	**1,834**
Capital and reserves			
Called up share capital	4	74	74
Share premium	5	10,579	10,579
Profit and loss account	5	(8,855)	(8,819)
Shareholders funds		**1,798**	**1,834**

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital account £000	Share premium account £000	Share based payment reserve £000	Profit and loss account £000	Total £000
At 1 July1 2014	74	10,579	393	(9,852)	1,194
Gain/(loss) for the year				421	421
Share based payments - share options			219		219
	74	**10,579**	**612**	**(9,431)**	**1,834**
At 30 June 2015					
(Loss)/gain for the year				(182)	(182)
Share based payments - share options			146		146
At 30 June 2016	**74**	**10,579**	**758**	**(9,613)**	**1,798**

The financial statements were approved by the Board of Directors on 8 November 2016.

Enrique Benasso
Chief Financial Officer
Company registration number: 03696108

NOTES TO COMPANY FINANCIAL STATEMENTS

1. INVESTMENT IN SUBSIDIARY COMPANIES

	30 June 2016 £000's	30 June 2015 £000's
Cost	3,636	3,636
Accumulated impairment	(3,616)	(3,616)
Net Book Value after impairment	20	20

Investments in subsidiaries are reviewed for impairment when events indicate the carrying amount may not be recoverable and are accounted for in the Company's financial statements at cost less accumulated impairment losses.

Investments in Subsidiary undertakings comprise:

	Proportion held			
	Directly by Mobile Streams Plc	By other Group companies	Total held by Group	Country of incorporation
Mobile Streams Inc.	100%	-	100%	USA
Appitalism, Inc.	100%	-	100%	USA
Mobile Streams de Argentina SRL	50%	50%	100%	Argentina
Mobile Streams Chile Ltda.	50%	50%	100%	Chile
Mobile Streams de Colombia Ltda.	50%	50%	100%	Colombia
Mobile Streams of Mexico S De RL De CV	50%	50%	100%	Mexico
The Nickels Group Inc.	-	100%	100%	USA
Mobile Streams Venezuela SA	100%	-	100%	Venzuela
Mobile Streams Australia Pty Limited	-	100%	100%	Australia
Mobile Streams (Hong Kong) Limited	100%	-	100%	Hong Kong
Mobile Streams Singapore Limited	-	100%	100%	Singapore
Mobile Streams India Private Limited	99.99%	-	99.99%	India

All the subsidiaries' issued shares were ordinary shares and their principal activities were the distribution of licensed mobile phone content.

NOTES TO COMPANY FINANCIAL STATEMENTS (CONTINUED)

2. Debtors

	2016 £000's	2015 £000's
Trade debtors	**29**	45
Amounts owed by Group undertaking	**1,874**	1,131
	1,903	**1,176**

We estimate these receivables are fully recoverable during the next year.

3. Creditors: amounts falling due within one year

	2016 £000's	2015 £000's
Trade creditors	**69**	61
Accruals and deferred income	**92**	102
	161	**163**

4. SHARE CAPITAL

For details of share capital refer to note 18 to the Group financial statements.

5. SHARE PREMIUM ACCOUNT

	Share Premium £000's
At 1 July 2015	**10,579**
Premium on shares issued in year	**-**
At 30 June 2016	**10,579**

6. CAPITAL COMMITMENTS

The Company has no capital commitments at 30 June 2016 (2015: Nil).

7. CONTINGENT LIABILITIES

As at 30 June 2016 there were no contingent liabilities (2015: Nil).

NOTES TO COMPANY FINANCIAL STATEMENTS (CONTINUED)

8. RELATED PARTY TRANSACTIONS

During the year the Company remunerated senior management personnel as disclosed in note 7 in the consolidated financial statements.

The company is taking advantage of the exemption per IAS 24 which does not require disclosure of transactions entered into between members of a group when one of the transacting parties is a wholly owned subsidiary.