MOBILE STREAMS PLC

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2019

Company registration number:	03696108
Registered office:	125 Wood Street London EC2V 7AW
Directors:	Nigel Burton (Chairman) Mark Epstein (Chief Operating Officer) Charles Goodfellow (Non-Executive Director) Peter Tomlinson (Non-Executive Director)
Secretary:	Pennsec Limited 125 Wood Street London EC2V 7AW
Bankers:	National Westminster Bank plc 30 Market Place Newbury RG14 5AG
Auditor:	PKF Littlejohn LLP 15 Westferry Circus Canary Wharf London E14 4HD
Nominated Adviser:	Beaumont Cornish Limited 10th Floor 30 Crown Place London EC2M 2SJ
Broker:	Peterhouse Capital Limited 3rd Floor 80 Cheapside London EC2V 6EE
Registrar:	Computershare The Pavilions Bridgwater Road Bristol BS13 8AE
Corporate web site:	www.mobilestreams.com

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Chairman's Statement

The Board of Mobile Streams presents its audited accounts for the financial year ended 30 June 2019.

In the year to 30 June 2019 Mobile Streams continued to offer games and other content direct to consumers across a wide range of mobile devices in a number of large emerging markets. Market conditions in Argentina in particular, including the loss of a major billing partner and the peso devaluation, had an adverse effect on revenues, leading to increased losses. As a result of the reductions in revenue, a comprehensive cost-cutting programme was undertaken during the year.

Group revenue for the year ended 30 June 2019 was £1.3m (2018: £3.0m). Trading EBITDA (calculated as profit before tax, interest, amortisation, depreciation, share compensation expense and impairment of assets) was negative £0.7m for year (2018: negative £1.2m). Loss before tax was £0.6m (2018: £0.9m loss). Most of the reduction in revenues is attributable to challenging trading conditions in Argentina. Revenue in Argentina (which equated to 65% of Group revenue) on a constant currency basis decreased by 17.7% from AR$58m to AR$48m.

The Directors do not propose payment of a dividend (2018: £Nil). The Group had a net cash balance of £0.1m, with no debt, at 30 June 2019 (2018: £1.0m).

Following the year end, the Company raised £0.25m before expenses through a Placing in November 2019 and extinguished amounts owing of £210k. The Placing was accompanied by the appointment of new advisers and a strengthening of the Board.

The Group's principal business remains the generation of revenues through relationships with mobile operators and content aggregators and retailing directly to the consumer, and the Board expects that in the current financial year the majority of revenues are again likely to be generated in Latin America.

The Company will, through its licensing of the Krunch Data platform, launch a new data insight and intelligence offering that will utilise and enable the monetisation of the 15 years and approximately 2 billion 'data sets' built up by the Company's consumer content business. The new data insight and intelligence platform, called Streams, will be focused on the B2B (business to business) market and will target customers in the US, LatAm and Europe.

The Board believes that the new data offering is the largest opportunity for the Company to deliver growth to shareholders via newly developed products, leveraging the years of data it has collected on consumer content purchases to drive a significant new revenue stream for the business. The new platform will be launched in early April 2020 and the Company will be updating its website in phases, phase one to start immediately, in order to reflect the evolving nature of the business. The main focus for the year will be in growing and developing the product and sales pipeline.

The traditional content delivery side of the business still brings in ongoing revenue and therefore will be continued, however the majority of investment going forwards will be in growing the new data insight and intelligence business.

The Directors have considered the impact of the Covid-19 pandemic on the business, and at the time of writing revenues have not been affected. All our staff work from home, and the online nature of the existing business, both in terms of content delivery and revenue collection, means that we do not envisage any disruption to the business unless a prolonged economic downturn results in a rise in cancellations. Marketing of the Krunch Data platform is also largely remote, although in the short term demand could be affected as clients themselves respond to the emerging situation.

As announced today, a Firm Placing of £78,750 and a further Conditional Placing of £146,250 before expenses, subject to shareholder approval, have been arranged by the Company's broker.

The Directors have prepared a cashflow forecast which indicates that the amount raised in November plus the proposed further Placing is expected to cover the Company's working capital requirements for the foreseeable future.

Nigel B

Nigel Burton
Chairman
30 March 2020

Operating review

Mobile Streams' performance during the financial year ended 30 June 2019 was driven primarily by its Mobile Internet subscription sales in Argentina and India.

Group revenue for the year ended 30 June 2019 was £1.3m (2018: £3.0m). The gross profit of £0.5m (2018: £1.2m) decreased by 57%. The gross profit margin decreased from 38.7% to 36.6% as a result of higher marketing (direct to consumer) costs related to its Mobile Internet division.

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, whilst using independent portals, as well as the open mobile internet, more actively.

Mobile Internet sales

The Argentine Peso devalued significantly during the period, affecting the revenues when expressed in GBP. We continue to work with our longest standing billing partner locally and this remains the foundation of the overall business.

The Indian mobile market has stabilised after the last years development. During 2019, network connections have continued improving throughout the country, lowered prices for data and had an impact on the financial results of other carriers.

Our largest customer in India merged their Indian businesses, disrupting the Company’s ability to monetise its services as platforms were merged and new contracts concluded. The Company maintains business with three large local telecoms operators at the time of writing.

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 year on year partially because of consumer preferences and greater competition.

There was a reduction in the number of consumer visitors to these portals, which has been a continuing trend for several years. The Group's 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.

The mobile operator revenue stream is now immaterial to the overall Group given its decline and the shift to mobile internet sales.

Sales by Territory

Operations in Argentina were extremely challenging in the year as a result of general market conditions and regulation in the local market for mobile content subscriptions. Revenues in Argentina decreased 20.7% in Argentine Pesos terms from AR$58.4m to AR$46m. As a result of the Peso devaluation in the year of 30.7%, the revenues expressed in Sterling show a 62% decrease from £2.3m to £0.9m, equating to 65% of Group revenues.

Revenues in India represented 30.9% of the revenues of the Group. Indian revenues have been reducing due to the reduction in marketing campaigns. Trading was more challenging than anticipated because of policy changes at one of the Group’s key partners and lower revenue from another.

Financial review

Group revenue for the year ended 30 June 2019 was £1.3m, a 56% decrease on the previous year (2018: £3.046m).

Gross profit was £0.5m, a decrease of 57% during the year (2018: £1.178m). The gross profit margin decreased from 38.7% to 36.6% on account of increased marketing (Direct to Consumer) costs related to Mobile Internet.

Selling, marketing and administrative expenses were £0.239m, a 62% decrease (2018: £0.638m).

The Group recorded a loss after tax of £0.4m for the year ended 30 June 2019 (2018 loss: £1.015m). Basic earnings per share decreased to a loss of 0.365 pence per share (2018: loss of 1.007 pence per share). Adjusted earnings per share (excluding interest, depreciation, amortisation, impairments and share compensation expense) decreased to a loss of 0.360 pence per share (2018: loss of 0.997 pence per share).

The Group had cash of £0.118m at 30 June 2019, with no debt (2018: £1.039m of cash with no debt).

Financial performance

	Year to 30 June 2019 £000's	Year to 30 June 2018 £000's
Revenue	**1,335**	3,046
Gross profit	**501**	1,178
Selling and Marketing Costs	**(239)**	(638)
Administrative Expenses*	**(930)**	(1,713)
Trading EBITDA**	**(668)**	(1,173)
Depreciation and Amortisation	**(3)**	(6)
Impairments	**-**	-
Share Based Compensation	**(3)**	(5)
Operating loss	**(674)**	(1,184)
Finance Income	**113**	255
Finance Expense	**(4)**	(2)
Loss before tax	**(565)**	(931)

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

Key performance indicators ("KPI's")

Gross profit as a percentage of revenue is a measure of our profitability. Gross profit was £0.501m for the year ended on 30 June 2019 (2018: £1.178m). 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 £0.7m for the year ended on 30 June 2019 (2018: loss of £1.2m).

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 consolidated income statement are added back to profit after tax in calculating this measure.

Growth in revenue is a measure of how the Group is building its business. The Company's goal is to achieve year-on-year growth. Although revenue decreased 56% during the year, like-for-like revenue on a constant currency basis decreased by 17.8%.

Gross profit as a percentage of revenue is a measure of our profitability. Gross profit margin was 36.6% for the year ended in June 2019 (2018: 38.7%).

**EBITDA is a non-IFRS measure and is calculated as profit before tax, interest, amortisation, depreciation, share compensation expense and impairment of assets.

STRATEGIC REPORT

Strategy

The Group's principal business remains the generation of revenues through relationships with mobile operators and content aggregators and retailing directly to the consumer, using the Group's expertise in selling content to consumers in developing markets.

In future, the Company will, through its licensing of the Krunch Data platform, launch a new data insight and intelligence offing that will utilise and enable the monetisation of the 15 years and approximately 2 billion 'data sets' of consumer content data the Company has built up. The main focus for the year will be in growing and developing the product and sales pipeline.

Share Issue

In March 2019, the Group issued 40,000,000 shares at a value of £0.35 pence per share. The Group's source of capital is the parent company's equity shares. The Group has not raised debt financing in the past and does not expect to do so in the future.

The Company only has one class of share. The total number of shares in issue as at 30 June 2019 was 140,752,533 (30 June 2018: 100,752,533) with a par value of £0.002 per share. All issued shares are fully paid.

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.

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. Argentina had an inflation rate of 50.7% for the period July 2018 – June 2019 and the Argentinian economy is designated as a hyper-inflationary. See note 20 "Foreign currency risk"

The Group has operations in India and Latin America. 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.

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.

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

In common with the Going Concern disclosures in the Group financial statements, the Company financial statements have been prepared on a going concern basis, which assumes that the Group and the Company will continue in operational existence for the foreseeable future, being 12 months from the date of sign-off of these accounts.

The Group and Company use 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 2019, the Group actively manages its use of cash, particularly marketing and other expenditure. Post year-end and following the change in Directors the Group raised funds through the issue of new equity.

After consideration of the above, the Directors consider that the continued adoption of the going concern basis is appropriate.

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 the 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.

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.

Revenues

Revenues in Argentina decreased 17.7% in Argentine Pesos terms from AR$58.4m to AR$48m. As a result of the Peso devaluation in the year of 30.7%, the revenues expressed in Sterling show a 62% decrease from £2.3m to £0.9m, equating to 65% of Group revenues.

Revenues in India represented 30.9% of the revenues of the Group. The Indian Rupee remained stable during the last 12 months with a revaluation of 2.7% to the British Pound.

Future developments

To provide the Group with a second, complementary revenue stream, the Company has reached agreement with Krunchdata Ltd ("Krunch") to license the Krunch platform. The Company currently has approximately 2 billion 'data sets' accumulated over the last 15 years in the countries in which it operates, including Argentina, India and Mexico. The Board anticipates that the Company will be able to build a B2B offering using the Krunch platform to monetise this data in the regions in which it operates, being Argentina, India and Mexico. The new platform will be launched in early April 2020 and the Company will provide further details as the product and sales pipelines develop.

Potential impact of Brexit

The UK's exit from the European Union is unlikely to impact the Group materially at an operational level, as almost all of the Group's revenues are derived from customers based outside the EU.

The Strategic Report was approved by the Board and signed on its behalf by:

E Benasso
Chief Financial Officer

30 March 2020

DIRECTOR'S REPORT

Items dealt with in the Strategic Report

• Business review
• Principal risks and uncertainties
• Future developments

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 2019 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 (2018: £Nil).

Directors and their interests

The Directors of the Company (the "Board" or the "Directors"), who served during the year, together with their beneficial interests in the ordinary shares of the Group, as at 30 June 2019, are 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 2019	Ordinary shares of £0.002 each 30 June 2018
S Buckingham (resigned 6 December 2019)	**12,385,500**	12,385,500
P Tomlinson	**40,000**	40,000
J Bill (resigned 26 November 2019)	**10,000**	-
E Benasso (resigned 17 October 2019)	-	-

The current Directors of the Company are listed below in the Corporate Governance Statement.

Options

The table below summarises the exercise terms of the various options over ordinary shares of £0.002 (2018: £0.002) which have been granted and were still outstanding at 30 June 2019.

	Options Held at 1 July 2018	Options Granted during the period	Options exercised during the period	Options Held at 30 June 2019	Exercise price	Earliest date from which exercisable	Latest expiry date
	Number	Number	Number	Number	£		
E Benasso	285,000	-	-	285,000	0.180	13 June 2015	12 June 2024

The remuneration of the Directors for the year amounted to £316,000 (2018: £325,000). The remuneration of the highest paid Director was £253,000 (2018: £229,000).

The remuneration of each of the Directors for the period ended 30 June 2019 is set out below:

	Salary	Fees	Benefits	Year to 30 June 2019 Total	Year to 30 June 2018 Total
	£'000	£'000	£'000	£'000	£'000
S Buckingham	232	-	21	253	229
T Maunder	-	-	-	-	10
R Parry	-	-	-	-	13
P Tomlinson	-	25	-	25	25
J Bill	-	10	-	10	10
E Benasso	28	-	-	28	38
Total	**260**	**35**	**21**	**316**	**325**

Benefits comprise medical health insurance. All items are considered short term in nature.

Going Concern

The financial statements have been prepared on a going concern basis. The Directors acknowledge that uncertainty exists over the ability of the Group to meet its funding requirements having incurred a net loss for the year of £4.14m.

As a result of the significant reductions in revenue, a comprehensive rationalisation programme was undertaken during the year. The Group initiated the closure of offices in Singapore, Hong Kong and Australia, and significantly reduced costs elsewhere, with reductions in headcount, marketing and other expenditure.

Following the successful placing and Board changes in November 2019, the Directors have reduced costs further, and intend to launch a new data insight and intelligence platform, called Streams, later this month which will be focused on the B2B (business to business) market and will target customers in the US, LATAM and Europe. The Directors believe that the new data offering is the largest opportunity for the Company to deliver growth to shareholders via newly developed products, leveraging the years of data it has collected on consumer content purchases to drive a significant new revenue stream for the business.

The Directors have prepared a cashflow forecast which indicates that, in addition to existing resources, the amount raised in the Conditional Placing announced today, is expected to cover the Company’s working capital requirements for the foreseeable future.

The Directors believe, that based on these developments and the forecasts and projections prepared, that sufficient liquid resources will be available for the Company to continue to operate as a going concern for the foreseeable future, and that the Company will be able to access adequate capital to operate successfully.

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. Company law requires the Directors to prepare Group and Company Financial Statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group Financial Statements in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”) and have elected under company law to prepare the Company Financial Statements in accordance with IFRS as adopted by the EU.

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 judgements 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 Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the Financial Statements, and the Directors' Remuneration Report comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and 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 Group's auditor is unaware, and
- The Directors have taken all steps that they ought to have taken as directors 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

PKF Littlejohn UK LLP have indicated their willingness to continue in office.

Corporate Governance Statement

The Board is committed to maintaining high standards of corporate governance.

The Company's Corporate Governance Statement, which includes full details of the recognised corporate governance code which the Company complies with and an explanation of any departure from the code, is maintained on its website, as required by AIM rules. The information is be reviewed annually and the website includes the date on which the information was last reviewed. The most recent review has been undertaken during the process of preparing the Annual Report and Financial Statements.

As a company whose shares are traded on AIM, the Board seeks to comply with the Quoted Companies Alliance's Corporate Governance Code ("the QCA Code"). In addition, the Directors have adopted a code of conduct for dealings in the shares of the Company by directors and employees and are committed to maintaining the highest standards of corporate governance. Nigel Burton, in his capacity as Non-Executive Director, has assumed responsibility for ensuring that the Company has appropriate corporate governance standards in place and that these requirements are followed and applied within the Company as a whole. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board. The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. A large part of the Company's activities is centred upon what needs to be an open and respectful dialogue with employees, clients and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company successfully to achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does.

No material governance related matters occurred during the financial year ended 30 June 2019. However, since the year end, there were several changes to the Board. The resignation of Enrique Benasso as a Director was announced in October 2019. In November 2019 the resignation of Jonathan Bill as a Director and the appointment of Nigel Burton, Charles Goodfellow and Mark Epstein to the Board as Directors were announced, at the same time Peter Tomlinson stepped down as Non-Executive Chairman and was replaced by Nigel Burton. Mr. Tomlinson remains on the board of the Company as a Non-Executive Director. The resignation of Simon Buckingham as a Director and CEO was announced in December 2019.

A summary of the Company's Corporate Governance Statement follows.

Role of the Board

The Board has a responsibility to govern the Company rather than to manage it and in doing so act in the best interests of the Company as a whole. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director. Non-Executive Directors receive formal letters of appointment setting out the key terms, conditions and expectations of their appointment.

Responsibilities of the Board

The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance. Day to day management is devolved to the Chief Executive Officer who is charged with consulting the Board on all significant financial and operational matters.

Board of Directors

The Board of Directors currently comprises four Directors: Non-Executive Chairman Nigel Burton, Independent Non-Executive Directors Charles Goodfellow and Peter Tomlinson, and Chief Operating Officer, Mark Epstein.

The Directors are of the opinion that the Board comprises a suitable balance and that the recommendations of the QCA Code have been implemented to an appropriate level. The Board, through the Non-Executive Chairman, the Chief Executive Officer and the Independent Non-Executive Directors, maintain regular contact with its advisers to ensure that the Board maintains an understanding of the views of major shareholders about the Company.

All Directors have access to the advice of the Company's solicitors and the Company Secretary, necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively and all Directors have access to independent professional advice, at the Company's expense, as and when required.

Board Meetings

The Board meets regularly throughout the year. During the year ended 30 June 2019, the Board met eleven times in relation to normal operational matters.

Board Committees

The Board has established the following committees, each of which has its own terms of reference:

Audit and Compliance Committee

The Audit and Compliance Committee comprises Dr Nigel Burton, Charles Goodfellow and Peter Tomlinson; Peter Tomlinson chairs this committee. The Audit and Compliance Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported. It receives reports from the executive management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit and Compliance Committee shall meet not less than twice in each financial year and it has unrestricted access to the Company's auditors.

Remuneration Committee

The Remuneration Committee comprises Nigel Burton, Peter Tomlinson and Charles Goodfellow; Peter Tomlinson chairs this committee. The Remuneration Committee reviews the performance of the executive directors and employees and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also considers and approves the granting of share options pursuant to the share option plan and the award of shares in lieu of bonuses pursuant to the Company's Remuneration Policy.

Nominations Committee

The Nominations Committee comprises Nigel Burton, Peter Tomlinson and Charles Goodfellow; Nigel Burton chairs this committee.

On behalf of the Board

Nigel B

Nigel Burton
Chairman

30 March 2020

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

Opinion

We have audited the group financial statements of Mobile Streams Plc (the 'group') for the year ended 30 June 2019 which comprise the Consolidated Statement of Profit and Loss, Consolidated Statement of Profit and Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity and the Consolidated Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. 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.

In our opinion, the group financial statements:

- give a true and fair view of the state of the group's affairs as at 30 June 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our application of materiality

The group materiality for the financial statements as a whole was set at £21,000 based on 1.5% of revenue. Revenue was used as the basis for materiality as the Group is revenue generating. Performance materiality was calculated at 70% (£16,100) of materiality for the financial statements as a whole as we were appointed as auditors on 14 November 2019 and this is the first year to be audited by us.

We have agreed with those charged with governance that we would report any individual audit difference in excess of £1,050 as well as differences below this threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

In designing our audit, we determined materiality and assessed the risk of material misstatement in the group financial statements. In particular, we looked at areas involving significant accounting estimates and judgements by the directors. These areas were however not considered to constitute Key Audit Matters. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatements due to fraud. Of the 7 reporting components of the Group, a full scope audit was performed on the complete financial information of 3 components (UK, Argentina and India) and, for the other components, a limited scope review was performed.

The group's key accounting function is based in Argentina and our audit was performed both on site in Argentina and from our office with regular contact with relevant personnel throughout. No component auditors were used in the audit.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	***How the scope of our audit responded to the key audit matter***
Revenue Recognition (note 21) Under ISA (UK) 240 there is a presumption that revenue recognition is a fraud risk. There is the risk that revenue from the provision of services has been incorrectly recognised within the financial statements. There is also a risk that material misstatement has arisen as a result of the first-year adoption of IFRS 15, and that sufficient disclosures have not been made in order to comply with the new standard.	Our work in this area included: • Documenting our understanding of the internal control environment and performing walkthrough testing; • Performing substantive testing to ensure the completeness of revenue; • Performing cut-off testing to ensure that revenue has been accounted for within the correct period; • Reviewing management's assessment of the impact of IFRS 15 in line with the 5-step model; and • Reviewing the group's revenue recognition disclosure to ensure that it is in accordance with IFRS 15.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the group financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the group financial statements are prepared is consistent with the group financial statements; and

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- certain disclosures of directors' remuneration specified by law are not made; or

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

- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matter
We have reported separately on the parent company financial statements for the year ended 30 June 2019.

Use of our report

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.

Joseph Archer

Joseph Archer (Senior Statutory Auditor)

For and on behalf of PKF Littlejohn LLP

Statutory Auditor

15 Westferry Circus

Canary Wharf

London

E14 4HD

30 March 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 30 June 2019 £000's	Year ended 30 June 2018 £000's
Revenue	17	**1,335**	3,046
Cost of sales	17	**(834)**	(1,868)
Gross profit		**501**	1,178
Selling and marketing costs		**(239)**	(638)
Administrative expenses *	3	**(936)**	(1,724)
Operating Loss		**(674)**	(1,184)
Finance income	4	**113**	255
Finance expense	5	**(4)**	(2)
Loss before tax		**(565)**	(931)
Tax credit / (expense)	9	**151**	(84)
Loss for the year		**(414)**	(1,015)
Attributable to:			
Equity shareholders of Mobile Streams plc		**(414)**	**(1,015)**

Earnings per share

		Pence per share	Pence per share
Basic and Diluted earnings per share	8	**(0.368)**	(1.007)

* Administrative expenses include Depreciation, Amortisation and Impairment £1k (ended 30 June 2018: £6k); Share Based Compensation £3k (ended 30 June 2018: £5k). Other administrative expenses £0.9m (ended 30 June 2018: £1.7m).

	Year ended 30 June 2019 £000's	Year ended 30 June 2018 £000's
Loss for the year	**(414)**	(1,015)
Amounts which may be reclassified to profit & loss:		
Exchange differences on translating foreign operations	**(219)**	(533)
Total comprehensive loss for the year	**(633)**	(1,548)
Total comprehensive loss for the year attributable to:		
Equity shareholders of Mobile Streams plc	**(633)**	(1,548)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2019 £000's	2018 £000's
Assets			
Non- Current			
Property, plant and equipment		**-**	7
Deferred tax asset	14	-	74
		-	**81**
Current			
Trade and other receivables	11	**347**	904
Cash and cash equivalents	12	**115**	1,039
		462	**1,943**
Total assets		**462**	**2,024**
Equity			
Equity attributable to equity holders of Mobile Streams plc			
Called up share capital	15	**280**	200
Share premium		**12,610**	12,550
Translation reserve		**(4,005)**	(3,786)
Retained earnings		**(8,974)**	(8,563)
Total equity		**(89)**	**401**
Current			
Trade and other payables	13	**551**	1,410
Current tax liabilities		**-**	213
		551	**1,623**
Total liabilities		**551**	**1,623**
Total equity and liabilities		**462**	**2,024**

The notes on pages 22 to 39 form part of these financial statements.

The financial statements were approved by the Board of Directors on 30 March 2020 and are signed on its behalf by:

E Benasso
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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 2017	**182**	**12,463**	**(3,253)**	**(7,553)**	**1,839**
Balance at 1 July 2017	182	12,463	(3,253)	(7,553)	1,839
Share based payments	-	-	-	5	5
Issue of shares	18	87	-	-	105
Transactions with owners	18	87	-	5	110
Loss	-	-	-	(1,015)	(1,015)
Other comprehensive income	-	-	(533)	-	(533)
Total comprehensive loss for the year	-	-	(533)	(1,015)	(1,548)
Balance at 30 June 2018	**200**	**12,550**	**(3,786)**	**(8,563)**	**401**
Balance at 1 July 2018	200	12,550	(3,786)	(8,563)	401
Share based payments	-	-	-	3	3
Issue of shares	80	60	-	-	140
Transactions with owners	80	60	-	3	143
Disposal of subsidiary	-	-	-	-	-
Loss	-	-	-	(414)	(414)
Other comprehensive income	-	-	(219)	-	(219)
Total comprehensive loss for the year	-	-	(219)	(414)	(633)
Balance at 30 June 2019	**280**	**12,610**	**(4,005)**	**(8,974)**	**(89)**

CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT		Year ended 30 June 2019	Year ended 30 June 2018
		£000's	£000's
Operating activities			
Loss before taxation		**(565)**	(931)
Adjustments:			
Share based payments		**3**	5
Depreciation		**3**	6
Interest received	4	**(113)**	(255)
Interest paid	5	**4**	2
Changes in trade and other receivables		**557**	667
Changes in trade and other payables		**(859)**	(239)
Tax paid		**(62)**	(385)
Exchange (losses)		**(141)**	(432)
Total cash generated in operating activities		**(1,173)**	**(1,562)**
Investing activities			
Additions to property, plant and equipment		**-**	(17)
Interest received	4	**113**	255
Interest paid	5	**(4)**	(2)
Net Cash generated from investing activities		**109**	**236**
Financing activities			
Share issue (net of expenses paid)		**140**	105
Net Cash generated from financing activities		**140**	**105**
Net change in cash and cash equivalents		**(924)**	(1,221)
Cash and cash equivalents at beginning of year		**1,039**	2,260
Cash and cash equivalents, end of year	12	**115**	**1,039**

No net debt reconciliation has been shown as the Company has no debt.

GROUP ACCOUNTING POLICIES

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 were approved for issue by the Board of Directors on 30 March 2020.

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 2019. 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 financial statements have been prepared under the historical cost convention.

Consolidation

Control is achieved where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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 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 consolidated statement of financial position date are recognised in the consolidated 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. Upon settlement, amounts that have arisen are taken directly to profit or loss.

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

GROUP 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 consolidated statement of financial position are translated at the closing exchange rate at the date of the consolidated statement of financial position.

ii income and expenses for each consolidated 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).

Hyper-inflationary currencies

The Argentinian economy is designated as a hyper-inflationary. The financial statements of the Argentinian subsidiary are stated in terms of the purchasing power at the end of the reporting period through the selection of a general price index before translation into the Group's presentation currency being GBP.

Going Concern

The financial statements have been prepared on a going concern basis, which assumes that the Group and the Company will continue in operational existence for the foreseeable future, being 12 months from the date of sign-off of these accounts.

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 2019, the Group actively manages its use of cash, particularly marketing and other expenditure. Post year-end and following the change in Directors the Group raised funds through the issue of new equity.

After consideration of the above the Directors consider that the continued adoption of the going concern basis is appropriate.

New and amended standards mandatory for the first time for the financial periods beginning on or after 1 January 2018 applicable to the Group from 1 July 2018:

As of 1 July 2018, the Group has adopted IFRS 9 and IFRS 15.

The Group adopted IFRS 9, Financial Instruments ('IFRS 9'), which replaced IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 addresses the classification, measurement and recognition of financial assets and liabilities.

The Group reviewed the financial assets and liabilities reported on its Statement of Financial Position and completed an assessment between IAS 39 and IFRS 9 to identify any accounting changes. The financial assets subject to this review were trade and other receivables. The financial liabilities subject to this review were the trade and other payables. Based on this assessment of the classification and measurement model, there were no changes to classification and measurement other than changes in terminology.

IFRS 15 "Revenue from Contracts with Customers" provides a single, principles based five-step model to be applied to all contracts with customers. The standard includes guidance on the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. IFRS 15 also introduces new disclosures about revenue. There was no impact on the Group of adopting IFRS 15 other than terminology.

GROUP ACCOUNTING POLICIES

Of the other IFRSs and IFRICs adopted, none have had a material effect on future Groups Financial Statements.

New standards and interpretations not yet adopted

The International Accounting Standards Board (IASB) has issued the following new and revised standards, amendments and interpretations to existing standards that are not effective for the financial year ending 30 June 2019 and have not been adopted early. The Group is currently assessing the impact of these standards and based on the Group's current operations do not expect them to have a material impact on the financial statements.

New Standards	*Effective Date*
IFRS 16 - Leases	1 January 2019
IFRS 17 - Insurance Contracts	1 January 2021
Amendments to Existing Standards	
IFRIC 23 Uncertainty over Income Tax Treatments*	1 January 2019
Annual Improvements to IFRSs (2015-2017 Cycle)*	1 January 2019
Amendments to IFRS 9 Prepayment Features with Negative Compensation	1 January 2019
Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to IAS 19 Plan Amendment, Curtailment or Settlement	1 January 2019

*Not yet adopted by European Union

IFRS 16 "Leases" is effective for periods commencing on or after 1 January 2019 and has been endorsed by the EU. Under the provisions of the standard most leases, including the majority of those previously classified as operating leases, will be brought onto the statement of financial position, as both a right-of-use asset and a largely offsetting lease liability. The right-of-use asset and lease liability are both based on the present value of lease payments due over the term of the lease, with the asset being depreciated in accordance with IAS 16 'Property, Plant and Equipment' and the liability increased for the accretion of interest and reduced by lease payments. Unless the Group enters into any material lease contracts prior to the year end, the Directors do not consider that adoption of this standard will have any impact on the financial statements.

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 consolidated statement of financial position 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 consolidated income statement, 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.

GROUP 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 consolidated statement of financial position 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) Classification

The Group classifies its financial assets as receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the Statement of Financial Position date. These are classified as non-current assets. The Group's receivables comprise trade and other receivables and cash and cash equivalents in the Statement of Financial Position.

b) Recognition and Measurement

Financial assets are initially measured at fair value plus transactions costs. Receivables are subsequently carried at amortised cost using the effective interest method, except for short term receivables.

c) Impairment of Financial Assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset, or a group of financial assets, is impaired. A financial asset, or a group of financial assets, is impaired, and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event"), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset, or group of financial assets, that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal repayments;
- the disappearance of an active market for that financial asset because of financial difficulties;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio; or
- for assets classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost.

Assets carried at amortised cost

The amount of impairment is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced, and the loss is recognised in the Statement of Comprehensive Income. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

GROUP ACCOUNTING POLICIES

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Statement of Comprehensive Income.

Financial Liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instruments. Financial liabilities are initially measured at fair value, net of transactions costs. They are subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the Group or Company's contractual obligations expire, are cancelled or are discharged. The Group's financial liabilities consist of trade and other payables.

Revenue recognition

IFRS 15 was adopted from 1 July 2018. There were no material changes to the revenue arising from the adoption.

Under IFRS 15, Revenue from Contracts with Customers, five key points to recognise revenue have been assessed:

Step 1: Identify the contract(s) with a customer;

Step 2: Identify the performance obligations in the contracts;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract; and

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and specific criteria have been met for each of the Group's activities, as described below.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Where the Group makes sales relating to a future financial period, these are deferred and recognised under 'deferred revenue' on the Statement of Financial Position.

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 consolidated 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 consolidated statement of financial position 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 consolidated statement of financial position date is recognised in the consolidated income statement, with a corresponding entry in equity.

GROUP ACCOUNTING POLICIES

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.

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 consolidated 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. 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.

1.1 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.

(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. Details of the amounts can be found in notes 11 and 13 of the financial statements.

(b) Hyper-inflation and devaluation risks

The majority of revenues and costs in the existing business arise in Argentina, a country suffering hyper-inflation and currency devaluation. Whilst the effects can to some extent be mitigated by incurring costs in the same currency, the overall impact when reported in Sterling cannot be reduced materially.

2. SERVICES PROVIDED BY THE GROUP'S AUDITOR

During the year ended 30 June 2019 the Group (including its overseas subsidiaries) obtained the following services from the Group's auditor and network firms:

	Year ended 2019 £000's	**Year ended 2018 £000's**
Fees payable to the Company’s auditor and its associates for the audit of the parent company and consolidated accounts		
Current auditor	**42**	-
Previous auditor	**-**	47
Non-Audit services:		
Fees payable to the Company's auditor and its associates for other services:		
Tax compliance	**-**	7
	42	**54**

3. OPERATING LOSS

Operating loss is stated after charging the following items:	**Year ended 2019 £000's**	**Year ended 2018 £000's**
Depreciation	**3**	6
Gain on foreign currency	**(117)**	(32)
	(114)	**(26)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. FINANCE INCOME

	2019 £000's	2018 £000's
Interest receivable	**113**	**255**

5. FINANCE EXPENSE

	2019 £000's	2018 £000's
Interest expense	**(4)**	**(2)**

6. 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 2019 are detailed in the Directors Report.

7. DIRECTORS AND EMPLOYEES

Staff costs including Directors during the year were as follows:

	2019 £000's	2018 £000's
Wages and salaries	**892**	999
Social security costs	**51**	95
	943	**1,094**

The average number of employees during the year to 30 June 2019 was as follows:

	Year ended 2019 Number	Year ended 2018 Number
Management	**8**	5
Administration	**1**	13
	9	**18**

8. EARNINGS PER SHARE

Basic loss 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. For the year ended 30 June 2019, 4m (2018: 4m) options over ordinary shares have been excluded from the calculations of earnings per share; the options were non-dilutive in both years as the company was loss-making.

	Year ended 2019 Pence per share	Year ended 2018 Pence per share
Basic and Diluted loss per share	**(0.368)**	(1.007)

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

	2019	**2018**
	£000's	£000's
Loss for the year	**(414)**	**(1,015)**
For adjusted earnings per share	**£000's**	**£000's**
Loss for the year	**(414)**	(1,015)
Add back: share compensation expense	**3**	5
Add back: depreciation and amortisation	**3**	6
Adjusted loss for the year	**(408)**	**(1,004)**
Weighted average number of shares		
	Number of shares	**Number of shares**
For basic and diluted earnings per share	**112,588,149**	100,752,533
	Pence per share	**Pence per share**
Adjusted basic and diluted Loss per share	**(0.362)**	(0.997)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. INCOME TAX

The tax (credit)/charge is based on the profit before tax for the year and represents:

	2019	2018
	£'000	**£'000**
Foreign tax on profits of the period	(225)	3
Total current tax	(225)	3
Deferred tax:		
Origination & reversal of timing differences: (Deferred tax charge/(credit) (Note 17))	74	81
Total Deferred tax	74	81
Total Tax benefit	(151)	84

	2019	2018
Factors affecting the tax charge for the period	**£'000**	**£'000**
Loss on ordinary activities before tax	(565)	(931)
Loss multiplied by weighted average tax rate applicable of corporation tax in the United Kingdom of 19%	(107)	(177)
Adjustment in respect of prior years - foreign tax	(225)	3
Prior year tax adjustments - deferred tax	74	81
Deferred tax not recognized	107	177
Tax (credit) / expense	(151)	84

10. DIVIDENDS

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

11. TRADE AND OTHER RECEIVABLES

	2019	2018
	£000's	**£000's**
Trade receivables	**63**	203
Accrued receivables	**57**	62
Other debtors	**227**	639
	347	**904**

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2019 £000's	2018 £000's
Within terms		
Not more than 30 days	**58**	79
Overdue		
Not more than 3 months	**62**	143
More than 3 months but not more than 6 months	**8**	285
More than 6 months but not more than 1 year	**23**	154
More than 1 year	**244**	400
Provision for doubtful debts	**(49)**	(157)
	347	**904**

Provision for doubtful debts reconciliation	**2019**	**2018**
	£000's	**£000's**
Opening provision for doubtful debts	**157**	157
Change in provision during the year	**(108)**	-
Closing provision for doubtful debts	**49**	**157**

Trade and other receivables that are not impaired are considered to be collectible within the Group's payment terms, negotiated with each customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	2019	2018
	£000's	£000's
Argentinian company´s cash at bank and in hand	**67**	**599**
Other companies	**48**	**440**
Cash at bank and in hand	**115**	**1,039**

£Nil (2018: (£520k) is held in Government bonds that can be liquidated within 3 months. This is included in the Argentinian cash balance.

13. TRADE AND OTHER PAYABLES

	2019	2018
	£000's	£000's
Trade payables	**271**	247
Other payables	**119**	116
Accruals and deferred income	**161**	1,047
	551	**1,410**

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

14. DEFERRED TAX ASSETS AND LIABILITIES

	Balance 30 June 2017	Recognised in consolidated income statement	Balance 30 June 2018	Recognised in consolidated income statement	Translation Adjustment	Balance 30 June 2019
	£000's	£000's	£000's	£000's	£000's	£000's
Deferred tax asset:						
- Expenses accrued	14	(1)	13	(13)		(0)
- Royalties	48	(28)	20	(20)		(0)
- Bonus provisions	-	-	-			-
- Others	93	(52)	41	(41)		0
Deferred tax asset	**155**	**(48)**	**74**	**(74)**	**-**	**(0)**

The deferred tax asset credit was reversed due to uncertainty over the timing of future taxable profits. The balance in the prior year resulted from unpaid intercompany balances in Argentina, which were completely written-off during the year to 30 June 2019.

15. SHARE CAPITAL

The Company only has one class of share. The total number of shares in issue as at 30 June 2019 is 140,752,533 (30 June 2018: 100,752,533) 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 does not expect to do so in the future.

Allotted, called up and fully paid	**Year ended 2019**	**Year ended 2018**
In issue at 1 July 2018	100,752,533	100,752,533
Issued	40,000,000	-
In issue at 30 June 2019	140,752,533	100,752,533

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.

16. 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.

	2019			2018		
Range of exercise prices	**Weighted average exercise price (£)**	**Number of Shares (000's)**	**Weighted average remaining life (years): Contractual**	Weighted average exercise price (£)	Number of Shares (000's)	Weighted average remaining life (years): Contractual
£0 - £0.50	**0.282**	**1,014**	**3.3**	0.282	1,014	3.3
£0.51 - £1.00	**0.640**	**3,487**	**2.1**	0.640	3,487	2.1

No share options were exercised during the year ended 30 June 2019 (2018: Nil).

The total charge for the year relating to employee share-based payment plans was £3k (2018: £5k), all of which related to equity-settled share-based payment transactions.

17. SEGMENT REPORTING

As at 30 June 2019, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The segmental results for the year ended 30 June 2019 are as follows:

£000's	Europe	Asia Pacific	North America	Latin America	Consol	Group
Mobile Operator Services	**3**	**-**	**9**	**-**	-	**12**
Mobile Internet Services	**-**	**423**	**-**	**900**	-	**1,323**
Total Revenue	**3**	**423**	**9**	**900**	**-**	**1,335**
Cost of sales	**-**	**(173)**	**(3)**	**(658)**	-	**(834)**
Gross profit	**3**	**250**	**6**	**242**	**-**	**501**
Selling, marketing and administration expenses	**1152**	**409**	**(1,098)**	**(1630)**	-	**(1167)**
Trading EBITDA*	**1155**	**659**	**(1,092)**	**(1,388)**	**-**	**(666)**
Depreciation, amortisation and impairment	**-**	**-**	**-**	**(3)**		**(3)**
Share based compensation	**(5)**	**-**	**-**	**-**	-	**(5)**
Finance income	**-**	**-**	**-**	**113**		**113**
Finance expense	**(38)**	**-**	**35**	**(1)**	-	**(4)**
Loss before tax	**1,112**	**659**	**(1,057)**	**(1,279)**	**-**	**(565)**
Taxation	**-**	**-**	**-**	**151**	-	**151**
Loss after tax	**1,112**	**659**	**(1,057)**	**(1,128)**	**-**	**(414)**
Segmental assets	34	27	18	383	-	**462**
Segmental liabilities	187	117	3	244	-	**551**

The segmental results for the year ended 30 June 2018 were as follows:

£000's	Europe	Asia Pacific	North America	Latin America	Consol	Group
Mobile Operator Services	**2**	**1**	**31**	**-**	-	**34**
Mobile Internet Services	**-**	**543**	**-**	**2,463**	-	**3,006**
Other Service fees	**5**	**-**	**1**	**-**	-	**6**
Total Revenue	**7**	**544**	**32**	**2,463**	**-**	**3,046**
Cost of sales	**(2)**	**(305)**	**(15)**	**(1,546)**	-	**(1,868)**
Gross profit	**5**	**239**	**17**	**917**	**-**	**1,178**
Selling, marketing and administration expenses	**(4,364)**	**198**	**(98)**	**1,913**	-	**(2,351)**
Trading EBITDA*	**(4,359)**	**437**	**(81)**	**2,830**	-	**(1,173)**
Depreciation, amortisation and impairment	**-**	**-**	**-**	**(6)**		**(6)**
Share based compensation	**(5)**	**-**	**-**	**-**	-	**(5)**
Finance income	**-**	**-**	**-**	**255**		**255**
Finance expense	**(39)**	**-**	**39**	**(2)**	**-**	**(2)**
Loss before tax	**(4,403)**	**437**	**(42)**	**3,077**	-	**(931)**
Taxation	**-**	**-**	**-**	**(84)**	**-**	**(84)**
Loss after tax	**(4,403)**	**437**	**(42)**	**2,993**	-	**(1,015)**
Segmental assets	123	273	202	1,426	-	2,024
Segmental liabilities	161	73	302	1,087	-	1,623

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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:

	2019	2018
	£000's	**£000's**
Segment revenues		
Total segment revenues	**1,335**	3,046
Group's revenues	**1,335**	**3,046**
Segment results		
Total segment Loss after tax	**(414)**	(1,015)
Group's Loss after tax	**(414)**	**(1,015)**
Segment assets		
Total segment assets	**462**	2,024
Consolidation eliminations	**-**	**-**
Group's assets	**462**	**2,024**
Segment liabilities		
Total segment liabilities	**551**	1,623
Consolidation eliminations	**-**	-
Group's liabilities	**551**	**1,623**

Revenue in Argentina represents 65% of the total revenue of the Group (2018: 76%); then India 31% (2018: 17.6%), Mexico 3.1% (2018: 4.6%) and the rest of the companies 0.9%. One main customer in Argentina comprises 65% of total Group revenue (2018: 76%).

18. CAPITAL COMMITMENTS

The Group has no capital commitments as at 30 June 2019 (30 June 2018: £Nil).

19. RELATED PARTY TRANSACTIONS

Key Management

The only related party transactions that occurred during the year were the remuneration of senior management disclosed in the Remuneration Committee Report.

20. 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, Argentine Peso, Mexican Peso, Indian Rupee and Colombian Peso.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Currently no hedging instruments are used. 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.

	2019 000's				2018 000's			
	USD	AUS	ARS	Other	USD	AUS	ARS	Other
Nominal amounts	£	£	£	£	£	£	£	£
Financial assets	18	-	366	44	158	5	757	428
Financial liabilities	(3)	-	(190)	(171)	(302)	(18)	(498)	(644)
Short-term exposure	15	-	176	(127)	(144)	(13)	259	(216)

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

	2019	2018
US Dollar	4%	-1%
Australian Dollar	-2%	-5%
Argentine Peso	-31%	-43%

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 2019, the Group's financial liabilities were all current and have contractual maturities as follows:

30 June 2019	**Within 6 months**	**6 to 12 months**
	£000's	**£000's**
Trade and other payables	390	-

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

	Within 6 months	**6 to 12 months**
	£000's	**£000's**
Trade and other payables	363	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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:

	2019	2018
	£000's	£000's
Ordinary Share capital	280	201
Share premium	12,610	12,550
Translation reserve	(4,005)	(3,786)
Retained earnings	(8,974)	(8,563)
	(89)	**402**

21. FINANCIAL INSTRUMENTS

The Company's financial instruments comprise primarily cash and various items such as trade debtors and trade payables which arise directly from operations. The main purpose of these financial instruments is to provide working capital for the Company's operations. The Company does not utilise complex financial instruments or hedging mechanisms.

The tables below set out the Group's accounting classification of each class of its financial assets and liabilities.

	2019	2018
	£000's	£000's
Financial Assets at amortised cost		
Accrued Receivables	57	62
Trade receivables	63	203
Cash and Cash equivalents	115	1,039
Total	**235**	**1,304**
Financial Liabilities at amortised cost		
Trade Creditors	(271)	(247)
Accrued content costs	(91)	(553)
Other Accrued liabilities	(70)	(494)
Total	**(432)**	**(1,294)**

All of the above financial assets' carrying values are approximate to their fair values, as at 30 June 2019 and 2018.

In the view of management, all of the above financial liabilities' carrying values approximate to their fair values as at 30 June 2019 and 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. ULTIMATE CONTROLLING PARTY

The Directors do not consider there to be an ultimate controlling party due to the composition of the share register.

23. EVENTS AFTER THE REPORTING DATE

Following the year end, the Company raised £0.25m before expenses through a Placing in November 2019 and extinguished amounts owing of £201k. The Placing was accompanied by the appointment of new advisers and a strengthening of the Board.

On 30 March 2020 a Firm Placing was announced, to raise £78,750 (before the deduction of fees and expenses) through the issue of 98,437,500 ordinary shares at 0.08 pence per share (the "Placing"). Each Firm Placing share will be issued with one warrant exercisable at 0.2 pence per share for a period of two years from the date of admission of these new shares to AIM, which is expected to be on or around 6 April.

Also on 30 March 2020, a Conditional Placing was announced to raise £145,000 (before the deduction of fees and expenses) through the issue of 182,812,500 ordinary shares at 0.08 pence per share (the " Conditional Placing"). Each Conditional Placing share will be issued with one warrant exercisable at 0.2 pence per share for a period of two years from the date of admission of these new shares to AIM, which is expected to be on or around 1 May.

The Directors have considered the impact of the Covid-19 pandemic on the business, and at the time of writing revenues have not been affected. All our staff work from home, and the online nature of the existing business, both in terms of content delivery and revenue collection, means that we do not envisage any disruption to the business unless a prolonged economic downturn results in a rise in cancellations. Marketing of the Krunch Data platform is also largely remote, although in the short term demand could be affected as clients themselves respond to the emerging situation.

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

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

Opinion

We have audited the financial statements of Mobile Streams plc (the 'parent company') for the year ended 30 June 2019 which comprise the parent company Statement of Financial Position, the parent company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the parent company financial statements:

- give a true and fair view of the state of the parent company's affairs as at 30 June 2019;
- 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our application of materiality

The company materiality for the financial statements as a whole was set at £18,000. Loss before tax was used as the basis for materiality given the nature of the Company. Performance materiality was calculated at 70% (£12,600) of materiality for the financial statements as a whole as we were appointed as auditors on 14 November 2019 and this is the first year to be audited by us. We have agreed with those charged with governance that we would report any individual audit difference in excess of £900 as well as differences below this threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

In designing our audit, we determined materiality and assessed the risk of material misstatement in the group financial statements. In particular, we looked at areas involving significant accounting estimates and judgements by the directors. These areas were however not considered to constitute Key Audit Matters. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatements due to fraud.

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

Key audit matters

We have determined that there are no key audit matters to communicate in our report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the parent company financial statements are prepared is consistent with the parent company financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.This description forms part of our auditor's report.

Other matter

We have reported separately on the group financial statements of Mobile Streams plc for the year ended 30 June 2020.

Use of our report

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.

Joseph Archer

Joseph Archer (Senior Statutory Auditor)

For and on behalf of PKF Littlejohn LLP

Statutory Auditor

15 Westferry Circus

Canary Wharf

London

E14 4HD

30 March 2020

COMPANY STATEMENT OF FINANCIAL POSITION

		30 June 2019 £000's	30 June 2018 £000's
Fixed assets			
Investments in subsidiaries	1	-	-
Total fixed assets		-	-
Current assets			
Trade and other receivables	2	24	20
Cash and cash equivalents		10	147
Other assets		-	5
Total current assets		34	172
Trade and other payables	3	(187)	(1,899)
Current Liabilities		(187)	(1,899)
(Net Liabilities) / Net assets		**(153)**	**(1,727)**
Capital and reserves			
Called up share capital	4	280	200
Share premium	5	12,610	12,550
Profit and loss account		(13,043)	(14,477)
Shareholders deficit / Shareholders funds		**(153)**	**(1,727)**

The parent Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own Statement of Comprehensive Income account in these financial statements. The parent Company's recognised profit for the year ended 30 June 2019 was £1,431k.

The notes on pages 46 to 49 form part of these financial statements.

The financial statements were approved by the Board of Directors on 30 March 2020.

E Benasso
Chief Financial Officer

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital account £000	Share premium account £000	Profit and loss account £000	Total £000
At 1 July 2017	182	12,463	(10,596)	2,140
Issue of shares	18	87	-	105
Loss for the year	-	-	(3,977)	(3,977)
Share based payments - share options	-	-	6	6
At 30 June 2018	**200**	**12,550**	**(14,477)**	**(1,727)**
At 1 July 2018	200	12,550	(14,477)	(1,727)
Issue of shares	80	60	-	140
Profit for the year	-	-	1,431	1,431
Share based payments - share options	-	-	3	3
At 30 June 2019	**280**	**12,610**	**(13,043)**	**(153)**

COMPANY FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT 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).

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.

Going concern

In common with the Going Concern disclosures in the Group financial statements, the Company financial statements have been prepared on a going concern basis, which assumes that the Group and the Company will continue in operational existence for the foreseeable future, being 12 months from the date of sign-off of these accounts.

The Group and Company use 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 2019, the Group actively manages its use of cash, particularly marketing and other expenditure. Post year-end and following the change in Directors the Group has raised funds through the issue of new equity.

After consideration of the above the Directors consider that the continued adoption of the going concern basis is appropriate.

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated in the Company's consolidated statement of financial position at cost less provisions for impairment.

COMPANY FINANCIAL STATEMENTS

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 recognised profit for the year ended 30 June 2019 was £1,413,000.

NOTES TO COMPANY FINANCIAL STATEMENTS

1. INVESTMENT IN SUBSIDIARY COMPANIES

	30 June 2019 £000's	30 June 2018 £000's
Cost	3,636	3,636
Accumulated impairment	(3,636)	(3,616)
Net Book Value after impairment	-	-

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:

Subsidiary	Proportion held Directly by Mobile Streams plc	By other Group companies	Total held by Group	Country of incorporation	Status
Mobile Streams Inc.	100%	-	100%	USA	Active
Appitalism, Inc.	100%	-	100%	USA	Active
Mobile Streams de Argentina SRL	50%	50%	100%	Argentina	Active
Mobile Streams Chile Limitada	50%	50%	100%	Chile	Closed
Mobile Streams Columbia Limitada.	50%	50%	100%	Colombia	Active
Mobile Streams of Mexico de CV	50%	50%	100%	Mexico	Active
The Nickels Group Inc.	-	100%	100%	USA	Closed
Mobile Streams Venezuela SA	100%	-	100%	Venezuela	Closed
Mobile Streams Australia Pty Limited	-	100%	100%	Australia	Active
Mobile Streams (Hong Kong) Limited	100%	-	100%	Hong Kong	Active
Mobile Streams Singapore Limited	-	100%	100%	Singapore	Closed
Mobile Streams India Private Limited	99.99%	-	99.99%	India	Active

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

The registered offices addresses are:

Mobile Streams plc
125 Wood Street
London
EC2V 7AW

Mobile Streams, Inc.
PO Box 471191
Celebration
FL 34747-4679

NOTES TO COMPANY FINANCIAL STATEMENTS (CONTINUED)

Mobile Streams Australia PTY LTD
ABN: 11 095 019 748
Level 13, Macquarie House
167 Macquarie St
Sydney NSW 2000
AUSTRALIA

Mobile Streams Hong Kong Limited
B8, 10/F Proficient Industrial Center
6 Wang Kwun Rd
Kowloon Bay, Hong Kong

Mobile Streams Singapore PTE LTD
House 101 - Upper Cross Street #05-35
People´s Park Centre
Singapore 058357

Mobile Streams Argentina SRL
Viamonte 1815 3rd Floor appt G
Ciudad Autonoma de Buenos Aires
Republica Argentina

Mobile Streams India:
2106, Wing A, Bldg/2, Raheja Willows, CHS L,
Birchwood, Akruli Rd, Kandivali East, Maharashtra,
India

Mobile Streams Colombia
AV. CRA 13 No. 69-74 OF. 701
Municipio Bogota D.C..
Colombia

Mobile Streams Mexico
Calle Florencia No. 57, 3° Piso,
Colonia Juarez, Delegacion Cuauhtemoc, Ciudad de Mexico, C.P. 06600.
Mexico

NOTES TO COMPANY FINANCIAL STATEMENTS (CONTINUED)

2. DEBTORS

	2019	2018
	£000's	£000's
Trade debtors	**24**	18
Other debtors	**-**	2
	24	**20**

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

3. CREDITORS

Creditors: amounts falling due within one year

	2019	2018
	£000's	£000's
Trade creditors	**129**	105
Amounts owed to group undertakings	**-**	1,738
Accruals and deferred income	**58**	56
	187	**1,899**

4. SHARE CAPITAL

For details of share capital refer to note 15 to the Group financial statements.

5. SHARE PREMIUM ACCOUNT

For details of share capital refer to note 15 to the Group financial statements.

6. CAPITAL COMMITMENTS

The Company has no capital commitments at 30 June 2019 (2018: Nil).

7. CONTINGENT LIABILITIES

As at 30 June 2019 there were no contingent liabilities (2018: Nil).

8. RELATED PARTY TRANSACTIONS

During the year the Company remunerated the Directors and Officers 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.

9. DIRECTORS AND EMPLOYEES

The average number of employees during the year to 30 June 2019 was as follows:

	Year ended 2019 Number	Year ended 2018 Number

NOTES TO COMPANY FINANCIAL STATEMENTS (CONTINUED)

Management	**2**	2
Administration	**-**	-
	2	**2**