Unaudited Interim Financial Statements

for the 6 months ended 31 December 2012

Mobile Streams plc. Registered in England & Wales No. 03696108
March 2013

Mobile Streams plc
("Mobile Streams" or the "Group")
Unaudited Interim results for the 6 months ended 31 December 2012

Mobile Streams (AIM: MOS) is pleased to update its shareholders on its unaudited interim results for the six months ended 31 December 2012:

- Revenue growth of 220% to £23.7m (6 months ended 31 December 2011: £7.4m). All revenue is from continuing operations.
- Mobile Internet revenues grew 340% to £21.4m (6 months ended 31 December 2011: £4.9m)
- EBITDA* of £1.9m (6 months ended 31 December 2011: £5k)
- Post-tax profits of £1.1m (6 months to 31 December 2011: loss of £0.2m)
- Cash reserves of £2.0m at 31 December 2012 (31 December 2011: £0.7m), with no debt. £1.7m of the Company's cash (31 December 2011 £0.4m) was located in Argentina, where the Company recently relocated its finance function. Argentina imposed strict rules in January 2012 for companies with the purpose of greater control over the foreign exchange market. This ruling increases the difficulty of repatriation of funds from Argentina.

Commenting, Simon Buckingham, CEO of Mobile Streams said:

"Mobile Streams continued to grow strongly in the first six months of the new financial year. The ongoing improvement in the Company's revenues, profits and cash generation was driven primarily by solid growth in the Company's Mobile Internet subscriber base in the Latin America region, primarily in Argentina, Mexico and Colombia. Active Subscribers** passed 2.7m at end of December 2012, compared to 1.25m at 31 December 2011.
We entered 2013 with strong foundations and momentum and we now have in excess of 3m Active Subscribers. We continue to add new markets such as Brazil to our Mobile Internet rollout. We look forward to making further updates to our shareholders as 2013 progresses."

* Earnings before interest, tax, depreciation, amortisation and share compensation
** Active Subscribers are defined as customers who have paid to use one of the Company's Mobile Internet services in the past two months

An investor call, hosted by Simon Buckingham will be held at 9.30 BST on 3rd April 2013. Those investors wishing to dial in are asked to register with Danielle Walsh at N+1 Singer (danielle.walsh@n1singer.com).

Enquires:

Mobile Streams Simon Buckingham, Chief Executive Officer	+1 646 812 4749
Nominated Adviser and Broker N+1 Singer Jonny Franklin-Adams/ Matt Thomas	+44 (0)20 7496 3000

MOBILE STREAMS PLC

OPERATING REVIEW

Mobile Operators

The Operator segment benefited from the addition of apps and games to the Company's portfolio of available content services. The Group was able to mitigate the impact of the trend of reducing visitor traffic to operator content portals caused by increased use of smartphone devices and the open mobile internet through increased effectiveness at converting visitors to its operator services into paying customers. As a result, revenues and gross margins from Operator channels were ahead of the Company's internal budget expectations, being largely unchanged year on year.

Mobile Internet

Growth in the Mobile Internet segment has been rapid, especially in Latin America. As at 31 December 2012, Mobile Streams had more than 2.7 million Active Subscribers in Argentina, Mexico and Colombia.

At the end of the interim period, Mobile Streams was actively marketing its Mobile Internet services in the UK, Argentina, Colombia and Mexico markets.

MOBILE STREAMS PLC

FINANCIAL REVIEW

6 months ended 31 December 2012

Gross profit for the six month period ended 31 December 2012 was £7.5m (2011: £3.0m). Gross margin was 31.7%, down from 40.8% in 2011 as the Company expanded into new markets.

Mobile Internet revenue has increased by 340% to £21.4m (2011: £4.9m). The cost of sales on Mobile Internet revenue is much higher than on Operator revenue resulting in lower Gross profit margin.

The Group recorded a profit after tax of £1.1m for the 6 months ended 31 December 2012 (2011: £(160,000)), generating increased earnings per share of 2.957 pence per share (2011: (0.439) pence per share).

Adjusted earnings per share (excluding depreciation, amortisation, impairments and share compensation expense) increased to 2.992 pence per share (2011: (0.250) pence per share).

Cash

Argentina, where the majority of the Group´s cash is held, has imposed strict rules for companies with the purpose of greater control over the foreign exchange market. This ruling increases the difficulty of repatriation of funds from Argentina.

CONSOLIDATED INCOME STATEMENT

	Unaudited 6 months ended 31 December 2012	**Unaudited 6 months ended 31 December 2011**	**Audited 12 months ended 30 June 2012**
	£000's	£000's	**£000's**
Revenue	**23,664**	**7,392**	**22,047**
Cost of Sales	(16,146)	(4,377)	**(13,212)**
Gross Profit	7,518	3,015	**8,835**
Selling and Marketing Costs	(3,350)	(1,390)	**(3,668)**
Administrative Expenses **	(2,264)	(1,689)	**(3,531)**
Operating Profit/(Loss)	1,904	(64)	1,636
Finance income	-	-	2
Finance expense	(1)	-	**(2)**
Profit/(Loss) before tax	1,903	(64)	**1,636**
Tax expense	(825)	(96)	**(863)**
Profit/(Loss) for the period	1,078	(160)	**773**
Attributable to:			
Attributable to equity shareholders of Mobile Streams Plc	1,078	(160)	**773**

Earning Per Share

	Pence per share	**Pence per share**	**Pence per share**
Basic earnings per share	**2.957**	**(0.439)**	**2.120**
Diluted earnings per share	**2.851**	**(0.439)**	**2.037**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 6 months ended 31 December 2012	Unaudited 6 months ended 31 December 2011	Audited 12 months ended 30 June 2012
	£000's	£000's	£000's
Assets			
Non- Current			
Goodwill	714	714	714
Intangible assets	1	299	1
Property, plant and equipment	35	41	46
Deferred tax asset	680	-	454
	1,430	**1,054**	**1,215**
Current			
Trade and other receivables	6,369	3,016	3,842
Cash and cash equivalents	2,016	746	1,763
	8,385	**3,762**	**5,605**
Total Assets	**9,815**	**4,816**	**6,820**
Equity			
Equity attributable to equity holders of Mobile Streams Plc			
Called up share capital	73	73	73
Share Premium	10,317	10,317	10,317
Translation reserve	(531)	(387)	(310)
Merger reserve	153	153	153
Retained earnings	(7,601)	(9,521)	(8,679)
Total equity	2,411	635	1,554
Liabilities			
Non- Current			
Deferred tax liabilities	-	13	-
	-	13	-
Current			
Trade and other payables	5,001	3,810	3,774
Current tax liabilities	2,403	358	1,492
	7,404	4,168	5,266
Total liabilities	7,404	4,181	5,266
Total equity and liabilities	9,815	4,816	6,820

CONSOLIDATED CASH FLOW STATEMENT

	Unaudited 6 months ended 31 December 2012	Unaudited 6 months ended 31 December 2011	Audited 12 months ended 30 June 2012
	£000's	£000's	£000's
Operating activities			
Profit/loss before taxation	1,903	(64)	1,636
Adjustments:			
Depreciation	13	10	22
Amortisation	-	59	187
(Loss) on disposal of fixed assets	-	-	169
Interest received	-	-	-
Interest paid	-	(1)	(2)
Changes in Trade and other receivables	(2,529)	(781)	(1,607)
Changes in Trade and other payables	1,226	703	667
Tax Paid	-	(87)	175
Total cash utilised in operating activities	613	(161)	1,247
Investing Activities			
Additions to property, plant and equipment	(44)	5	(31)
Additions to other intangible assets	-	(24)	-
Interest paid	(1)	-	-
Interest received	-	1	2
Net Cash used in investing activities	(45)	(18)	(29)
Net change in cash and cash equivalents	568	(179)	1,218
Cash and cash equivalents at beginning of period	1,763	1,100	1,100
Exchange (loss) on cash and cash equivalents	(315)	(175)	(555)
Cash and cash equivalents, end of period	2,016	746	1,763

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Called up share capital	Share premium	Translation reserve	Merger reserve	Retained earnings	Total Equity
	£000's	£000's	£000's	£000's	£000's	**£000's**
Balance at 1 July 2011	**73**	**10,317**	**(218)**	**153**	**(9,452)**	**873**
Profit/(loss) for the 6 months ended 31 December 2011	-	-	-	-	(160)	(160)
Exchange differences on translating foreign operations	-	-	(169)	-		(169)
Total comprehensive income for the period	-	-	(169)	-	(160)	(329)
Balance at 31 December 2011	**73**	**10,317**	**(387)**	**153**	**(9,612)**	**544**
Balance at 1 January 2012	73	10,317	(387)	153	(9,612)	544
Profit/(loss) for the 6 months ended 30 June 2012	-	-	-	-	933	933
Exchange differences on translating foreign operations	-	-	77	-		77
Total comprehensive income for the period	-	-	77	-	933	1,010
Balance at 30 June 2012	**73**	**10,317**	**(310)**	**153**	**(8,679)**	**1,554**
Balance at 1 July 2012	73	10,317	(310)	153	(8,679)	1,554
Profit/(loss) for the 6 months ended 30 December 2012	-	-	-	-	1,078	1,078
Exchange differences on translating foreign operations	-	-	(221)	-		(221)
Total comprehensive income for the period	-	-	(221)	-	1,078	857
Balance at 31 December 2012	**73**	**10,317**	**(531)**	**153**	**(7,601)**	**2,411**

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The interim results of Mobile Streams plc are prepared in accordance with the requirements of IAS 34 Interim Financial Reporting as adopted by the EU and prepared in accordance with the accounting policies set out in the last financial statements for the 12 months ended 30 June 2012.

The interim results, which are not audited, do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006.

The comparative financial information for the 12 months ended 30 June 2012 has been extracted from the statutory accounts for that period. In addition, the financial information for the 6 months ended 31 December 2011 has been extracted from the Interim results. The full audited accounts of the Group for the 12 months ended 30 June 2012 were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and have been delivered to the Registrar of Companies.

The auditor's report on these financial statements was unqualified and did not contain statements under S498(2) or S498(3) of the Companies Act.

2. SEGMENT REPORTING

As at 31 December 2012, the Group was organized into 4 geographical segments: Europe, North America, Latin America, and Asia Pacific. Revenues were from external customers only and generated from three principal business activities: the sale of mobile content through MNO's (Mobile Operator sales), the sale of mobile content over the internet (Mobile Internet sales) and the provision of consulting and technical services (Other Service Fees).

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The segmental results for the 6 months ended 31 December 2012 were as follows:

£000's	Europe	Asia	North America	Latin America	Group
Mobile Operator Sales	41	451	186	1,580	**2,258**
Mobile Internet Sales	23	-	-	21,348	**21,371**
Other Service fees	(1)	11	-	25	**35**
Total Revenue	**63**	**462**	**186**	**22,953**	**23,664**
Cost of sales	(2)	(325)	(92)	(15,727)	**(16,146)**
Gross profit	**61**	**137**	**94**	**7,226**	**7,518**
Operating Expenses	(9)	(186)	(115)	(5,291)	(5,601)
EBITDA*	**52**	**(49)**	**(21)**	**1,935**	**1,917**
Depreciation, amortisation	-	(1)	(5)	(7)	**(13)**
Finance expense	-	-	-	(1)	**(1)**
Profit/(Loss) before tax	**52**	**(50)**	**(26)**	**1,927**	**1,903**
Income tax expense	-	-	-	(825)	**(825)**
Profit/(Loss) after tax	52	(50)	(26)	1,102	**1,078**

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

The segmental results for the year ended 30 June 2012 are as follows:

£000's	Europe	Asia Pacific	North America	Latin America	Group
Mobile Operator Sales	148	1,327	418	3,542	**5,435**
Mobile Internet Sales	80	-	1	16,425	**16,506**
Other Service fees	1	43	1	61	**106**
Total Revenue	**229**	**1,370**	**420**	**20,028**	**22,047**
Cost of sales	(21)	(957)	37	(12,271)	**(13,212)**
Gross profit	**208**	**413**	**457**	**7,757**	**8,835**
Operating Expenses	(682)	(300)	(575)	(5,264)	**(6,821)**
EBITDA*	**(474)**	**113**	**(118)**	**2,493**	**2,014**
Depreciation, amortisation	(75)	(2)	(290)	(11)	**(378)**
Finance income/(expense)	-	2	-	(2)	**-**
Loss before tax	**(549)**	**113**	**(408)**	**2,480**	**1,636**
Taxation	27	-	-	(890)	**(863)**
Profit/(loss) after tax	(522)	113	(408)	1,590	**773**

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The segmental results for the 6 months ended 31 December 2011 were as follows:

£000's	**Europe**	**Asia Pacific**	**North America**	**Latin America**	**Group**
Mobile Operator Sales	68	767	219	1,426	**2,480**
Mobile Internet Sales	51	-	-	4,810	**4,861**
Other Service fees	14	-	6	31	**51**
Total Revenue	**133**	**767**	**225**	**6,267**	7,392
Cost of sales	(72)	(544)	9	(3,770)	**(4,377)**
Gross profit	**61**	**223**	**234**	**2,497**	3,015
Operating Expenses	(233)	(281)	(156)	(2,340)	**(3,010)**
EBITDA*	**(172)**	**(58)**	**78**	**157**	5
Depreciation, amortisation	(3)	1	(60)	(7)	**(69)**
Loss before tax	**(175)**	**(57)**	**18**	**150**	**(64)**
Taxation	(5)	-	-	(91)	**(96)**
(Loss)/Profit after tax	(180)	(57)	18	59	**(160)**

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The segmental assets for the 6 months ended 31 December 2012 were as follows:

£000's	Europe	Asia	North America	Latin America	Consol	Group
Fixed Assets						
Property, plant and equipment	**-**	**11**	**2**	**22**	**-**	**35**
Intangible assets	-	-	**1**	-		**1**
Goodwill	**-**	**-**	**-**	**-**	**714**	**714**
Deferred Tax	**-**	**-**	**-**	**680**	**-**	**680**
Current Assets	**106**	**162**	**252**	**7,865**	**-**	**8,385**
Cash at Bank and in Hand	67	48	62	1,839	-	**2,016**
Accounts Receivable	(7)	31	89	2,612	-	**2,725**
Accrued Receivable	19	58	62	2,809	-	**2,948**
Prepayments	8	13	13	323	-	**357**
Minimum Guarantees and Advances	-	-	-	2	-	**2**
Other Assets	19	12	26	280	-	**337**
TOTAL ASSETS	**106**	**173**	**255**	**8,567**	**714**	**9,815**
Current Liabilities	**(454)**	**(549)**	**(497)**	**(5,904)**	**-**	**(7,404)**
Trade Creditors	74	(113)	(227)	(762)	-	**(1,028)**
Accrued content costs	(56)	(398)	(285)	(854)	-	**(1,593)**
Other Accrued liabilities	(276)	(47)	46	(1,696)	-	**(1,973)**
Other Creditors	(196)	9	(31)	(189)	-	**(407)**
Corporate Income tax payable	-	-	-	(2,403)	-	**(2,403)**
TOTAL LIABILITIES	**(454)**	**(549)**	**(497)**	**(5,904)**	**-**	**(7,404)**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The segmental assets for the 6 months ended 30 June 2012 were as follows:

£000's	Europe	Asia	North America	Latin America	Consol	Total
Fixed Assets						
Property, plant and equipment	**-**	**16**	**3**	**27**	**-**	**46**
Intangible assets	-	1	-	-	-	**1**
Goodwill	**-**	**-**	**-**	**-**	**714**	**714**
Deferred tax asset	**-**	**-**	**-**	**454**	**-**	**454**
Current Assets	**137**	**106**	**301**	**5,061**	**-**	**5,605**
Cash at Bank and in Hand	25	6	24	1,708	-	**1,763**
Accounts Receivable	54	38	232	358	-	**682**
Accrued Receivable	29	32	2	2,347	-	**2,410**
Prepayments	9	17	12	490	-	**528**
Minimum Guarantees and Advances	-	-	-	2	-	**2**
Other Assets	20	13	31	156	-	**220**
TOTAL ASSETS	**137**	**123**	**304**	**5,542**	**714**	**6,820**
Current Liabilities	**(285)**	**(546)**	**(498)**	**(3,937)**	**-**	**(5,266)**
Trade Creditors	(43)	(149)	(217)	(494)	-	**(903)**
Accrued content costs	(56)	(356)	(344)	(399)	-	**(1,154)**
Other Accrued liabilities	(178)	(51)	90	(1,461)	-	**(1,599)**
Other Creditors	(8)	10	(27)	(92)	-	**(118)**
Corporate Income tax payable	-	-	-	(1,492)	-	**(1,492)**
TOTAL LIABILITIES	**(285)**	**(546)**	**(498)**	**(3,937)**	**-**	**(5,266)**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The segmental assets for the 6 months ended 31 December 2011 were as follows:

£000's	Europe	Asia	North America	Latin America	Consol	Total
Fixed Assets						
Property, plant and equipment	**-**	**22**	**3**	**16**	**-**	**41**
Intangible assets	**73**	**226**	**-**	**-**	**-**	**299**
Goodwill	-	**-**	**-**	**-**	**714**	**714**
Current Assets	**166**	**183**	**464**	**2,949**	-	**3,762**
Cash at Bank and in Hand	37	52	125	532	-	**746**
Accounts Receivable	77	60	287	1,373	-	**1,797**
Accrued Receivable	19	41	8	715	-	**783**
Prepayments	13	17	13	204	-	**247**
Minimum Guarantees and Advances	-	-	-	2	-	**2**
Other Assets	20	13	31	123	-	**187**
TOTAL ASSETS	**239**	**431**	**467**	**2,965**	**714**	**4,816**
Current Liabilities	(220)	(626)	(787)	(2,547)	-	**(4,181)**
Trade Creditors	(26)	(127)	(245)	(684)	-	**(1,082)**
Accrued content costs	(99)	(440)	(448)	(367)	-	**(1,354)**
Other Accrued liabilities	(76)	(68)	(58)	(1,038)	-	**(1,239)**
Other Creditors	(7)	9	(36)	(100)	-	**(134)**
Corporate Income tax payable	-	-	-	(358)	-	**(358)**
Deferred tax	(13)	-	-	-	-	**(13)**
TOTAL LIABILITIES	**(220)**	**(626)**	**(787)**	**(2,547)**	**-**	**(4,181)**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. EARNINGS PER SHARE

Earnings/(loss) per share

Earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited 6 months ended 31 December 2012	**Unaudited 6 months ended 31 December 2011**	**Audited 12 months ended 30 June 2012**
Profit/(loss) for the period (£000's)	**1,078**	**(160)**	**773**
Earnings/(loss) per share (pence):			
Basic	**2.957**	(0.439)	**2.120**
Diluted	**2.841**	(0.439)	**2.037**

Adjusted earnings per share

Adjusted earnings per share is calculated to reflect the underlying profitability of the business by excluding non-cash charges for depreciation, amortization, impairments and share compensation charges.

	6 months ended 31 December 2012	6 months ended 31 December 2011	**12 months ended 30 June 2012**
	£000's	**£000's**	**£000's**
Profit/(loss) for the period	**1,078**	**(160)**	**773**
Add back: impairment of intangibles and goodwill	**-**	**-**	**169**
Add back: depreciation and amortisation	**13**	**69**	**209**
Adjusted profit/(loss) for the period	**1,091**	**(91)**	**1151**

	Pence per Share	**Pence per share**	**Pence per Share**
Adjusted earnings per share	**2.992**	**(0.250)**	**3.157**
Adjusted diluted earnings per share	**2.875**	**(0.250)**	**3.033**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Weighted average number of shares

	6 months ended 31 December 2012	6 months ended 31 December 2011	**12 months ended 30 June 2012**
Basic	**36,457,692**	36,457,692	**36,457,692**
Exercisable share options	**1,488,563**	1,130,230	**1,488,563**
Diluted	**37,946,255**	37,587,922	**37,946,255**

Diluted earnings/(loss) per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has only one category of ordinary shares.

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

4. CONTINGENT LIABILITIES

The German subsidiary was subject to a tax audit for the years 2006 to 2010. As a result of the audit findings, the German fiscal authority, the Tax and Revenue Office of Hanover-North, is claiming a tax payment of about £200,000 (€250,000).

A provision of £120,195 (€150,000) has been booked (period ended June 2012), because the group does not believe it is liable for the full sum and was working with its tax advisers in Germany to resolve this position. The provision is the director's best estimate of the maximum amount due.

This situation has been appealed and currently a response from the Tax authorities is still pending.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5. GOING CONCERN

The Group had cash balances of £2.0m at 31 December 2012 (30 June 2012, £1.8m) and no borrowings. Having reviewed cash flow forecasts and budgets for a year ahead the Directors have a reasonable expectation that the Group has sufficient resources to continue in operational existence for the foreseeable future.

During the first half of the current year, Argentina continued with its restrictions on cross border intercompany transfers of funds. The Group was able to transfer funds from Argentina by means of the purchase and subsequent sale of securities in Argentina.

As part of the changes Management introduced in the previous year to mitigate this risk, finance operations have been moved to Argentina to ensure stability and continuity.

The risk is also mitigated by the launch of similar businesses in Columbia, Mexico and Brazil where cross border transfers of funds are not restricted. As at 31 December 2012, 88% of the Group's cash balance of £2.0m was held in Argentina.

6. 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 from the translation of monetary assets and liabilities at the balance sheet date are recognized in the income statement.

Foreign currency balances are translated at the balance sheet using exchange rates prevailing at the period end.

(c) Group companies

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

i assets and liabilities for each balance sheet are translated at the closing exchange rate at the date of the balance sheet

ii income and expenses for each income statement are translated at average exchange rates (unless it is not a reasonable approximation to the exchange rate at the date of transaction)

iii all resulting exchange differences are recognized as a separate component of equity (cumulative translation reserve)

The exchange rates used in respect of Argentinean pesos are the official published exchange rates.