MOBILE STREAMS PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2014

Company registration number: 03696108

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2014

Company registration number:	03696108
Registered office:	Abacus House 33 Gutter Lane London, EC2V 8AR
Directors:	E Benasso S D Buckingham M Carleton T Maunder R G Parry P Tomlinson
Chairman:	R G Parry
Secretary:	Pennsec Limited
Bankers:	National Westminster Bank plc PO Box 13 30 Market Place Newbury RG14 1AS
Auditor:	Grant Thornton UK LLP Chartered Accountants and Statutory Auditor Grant Thornton House Melton Street Euston Square London NW1 2EP
Nominated Adviser & Broker	N Plus 1 Singer Advisory LLP One Bartholomew Lane London EC2N 2AX
Corporate web site:	www.mobilestreams.com

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Chairman's Statement:

The Board of Mobile Streams plc presents its audited accounts for the financial year ended 30 June 2014.

The past 12 months has seen Mobile Streams plc (the "Group" or the "Company") continue with its strategy to develop a content offering across a wide range of mobile devices in a number of markets direct to consumers. This is in addition to our original business of providing content to mobile network operators and other business partners. The operating performance of the business reflects our substantial positioning in Argentina and Latin America. It also reflects the cost of working with Argentinean exchange control rules and the sudden and significant devaluation of the Argentinean peso in January 2014.

Group revenue for the year ended 30 June 2014 was £48.6m (2013: £53.9m). Trading EBITDA* was £0.7m for year (2013: £5.2m). Profit before tax was £0.2m (2013 £4.8m). Much of the reduction in revenues and profits are attributable to the devaluation of the Argentinean peso. Revenue in Argentina (which equates to 83% of our revenue) on a constant currency basis increased by 16% from AR$380m to AR$440m.

Our operations outside Europe represent more than 99% of the overall revenues for the period. Latin America represents 98% (see note 22) of the total revenues for the year. Of this some 83% was in Argentina.

During 2012, Argentina modified its regulations regarding international transfer of funds which restricted the Group's ability to transfer cash out of the country. As of 30 June 2013, more than 73% of the Group's cash was in Argentina. Following a strategic decision to mitigate capital risk and diversify our sources of cash generation (principally to states with more appropriate capital controls such as Mexico and Colombia), Mobile Streams has reduced the proportion of its capital reserves within Argentina to 16% as of 30 June 2014.

Mobile Streams enters the new financial year with a clear focus on continuing to expand its operating base in Latin America and in open mobile Internet services including Appitalism for apps and games in new developing markets including in Africa. The Directors do not propose a payment of a dividend (2013: £Nil). In the new financial year, revenue is once again expected to be largely generated in Latin America.

Despite the challenges in Argentina, the Board believes that the Company is well positioned to deliver growth in shareholder returns with established products and strong trading relationships, complemented by broader market growth in developing markets, which represent our key targets for future growth. We are long established experts in mobile content.

Roger Parry
Chairman

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

STRATEGIC REPORT

Mobile Streams PLC (AIM: MOS), the global mobile media company, is pleased to provide an update to its shareholders on its performance for the 12 months ended 30 June 2014.

BUSINESS REVIEW

Operating Review

Mobile Streams' performance during the financial year ended 30 June 2014 was driven primarily from Mobile Internet sales in Latin America.

Group revenue for the year ended 30 June 2014 was £48.6m. The gross profit was £14.2m and decreased by 19% during the year (year ended 30 June 2013: £17.6m). The gross profit margin decreased from 33% to 29% due to increased marketing (Direct to Consumer) costs related to Mobile Internet.

Selling, marketing and administrative expenses were £14.2m, an 11% increase on the year ended 30 June 2013. Revenues are generated from two principal business activities: the sale of mobile content through mobile operators (Mobile Operator Sales) and the sale of mobile content over the internet (Mobile Internet Sales). Additionally, the Group is engaged in the provision of consulting and technical services (Other Service Fees).

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

The Argentine peso suffered a big devaluation against the British Pound during the year (23% during January 2014 and 67.6% for the 12 months ended on June 30 2014). The financial results and balances of all group entities that have a functional currency different from the presentation currency, are translated into the presentation currency, and these exchange differences are recognised in the income statement or as a separate component of equity (cumulative translation reserve), which will be converted to results in the future.

Mobile Internet Sales

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

As a result, the Group experienced rapid growth and a stabilization in 2013-2014 in Mobile Internet sales as consumers used their mobile devices to purchase mobile content subscriptions. The decrease in revenue is due to the big devaluation effect of the Argentine peso compared to the British pound.

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

Mobile Streams continued to show solid revenues for the most recent financial year, driven primarily by Argentina, Mexico and Colombia. Whilst Latin America has remained stable, we are pleased that we have also successfully leveraged our Appitalism (http://www.appitalism.com) expertise and market positioning and won new apps business in Asia Pacific, with the announcement of Optus App Store deal.

Mobile Operator Sales

The Group has several contracts with mobile operators that allow the distribution of content through their mobile portals, although the revenue has been reduced by more than 50% year on year partially due to the devaluation of the Argentinian peso in January 2014.

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

Mobile Streams maintains direct operator relationships in several markets around the world including Australia, Singapore, Argentina, Mexico and Colombia, as well as partnerships with well-known telecoms companies around the world.

Financial Review

Group revenue for the year ended 30 June 2014 was £48.6m, a 9.8% decrease on the previous year (2013: £53.9m).

Gross profit was £14.2m, a decrease of 19% during the year (2013: £17.6m). The gross profit margin decreased from 33% to 29% due to increased marketing (Direct to Consumer) costs related to Mobile Internet.

Selling, marketing and administrative expenses were £14.2m, an 11% increase on the year ended 30 June 2013 (2013: £12.8m).

The Group recorded a loss after tax of £0.6m for the year ended 30 June 2014 (2013: profit £2.6m). Basic earnings per share decreased to a loss of 1.52 pence per share (2013: profit of 7.1 pence per share). Adjusted earnings per share (excluding interest, depreciation, amortisation, impairments and share compensation expense) decreased to 0.499 pence per share .(2013: 8.1 pence per share).

The Group had cash of £3.0m at 30 June 2014, with no debt (£2.9m of cash with no debt as at 30 June 2013).

Financial performance

	Year to 30 June 2014 £000's	Year to 30 June 2013 £000's	Year to 30 June 2012 £000's
Revenue	**48,573**	53,936	22,047
Gross profit	**14,229**	17,586	8,835
Selling and Marketing Costs	**(7,872)**	(7,843)	(3,668)
Administrative Expenses	**(5,617)**	(4,565)	(3,153)
Trading EBITDA*	**740**	5,178	2,014
Depreciation and Amortisation	**(36)**	(25)	(209)
Impairments	**(380)**	(334)	(169)
Share Based Compensation	**(328)**	(18)	-
Operating profit	**(4)**	4,801	1,636
Finance Income	**170**	-	2
Finance Expense	**(13)**	(13)	(2)
Profit before tax	**153**	4,788	1,636

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

STRATEGIC REPORT

Key performance indicators ("KPI's")

The KPIs used by the Group are trading EBITDA*, growth in revenue and gross profit. Management review these on a regular basis, largely by reference to budgets and reforecasts. Trading EBITDA was £0.7m for the year ended on June 2014, and it was £5.2m for the year ended in June 2013.

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

Growth in revenue is a measure of how we are building our business. Our goal is to achieve year-on-year growth. Although revenue decreased 10% during the year, like for like revenue on a constant currency basis actually increased by 16%. Revenues measured in local currency terms have increased, while measured in British pounds have decreased, due to the local currencies devaluation to the British pound.

Gross profit as a percentage of revenue is a measure of our profitability. Gross profit was £14.2m for the period ended in June 2014, a decrease from the £17.6m booked in 2013.

Strategy

Our business model is generating revenues though relationships with mobile operators and content aggregators and retailing directly to the consumer. Mobile Streams have developed expertise in selling content to consumers in developing markets. We enjoyed great success in gaining market share in Argentina but out results have suffered from the currency issues described. We now plan to seek new market opportunities in Latin America and in Africa which will enable us to use our existing content assets, or technical expertise and our relationships with mobile operators to develop new, profitable streams of revenues.

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.

As the Group grows, management are using geographic and product diversity to counter this risk.

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.

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

Fluctuations in currency exchange rates

Approximately 99% of the Group's revenue relates to operations outside the UK. The Group is therefore exposed to foreign currency fluctuations and the financial condition of the Group may be adversely impacted by foreign currency fluctuations. See note on page 6 - 8 "Financial risk management objectives and policies".

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

Currency exposure is not currently hedged, though the Board is taking steps to review its foreign currency risk exposure and potential means of combating this risk.

Dependencies on key executives and personnel

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

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

Intellectual property rights

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

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

Technology risk

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

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

Management controls and reporting procedures and execution

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

Going concern risk

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

A principal responsibility of management is to manage liquidity risk, as detailed in Note 26 to the financial statements. The Group uses annual budgeting, forecasting and regular performance reviews to assess the longer term profitability of the Group and make strategic and commercial changes as required ensuring cash resources are maintained.

Argentina's Government imposed currency controls at the beginning of 2012 which continue to inhibit the repatriation of funds to the parent company. Management made the appropriate actions to mitigate this risk and has moved its finance operations to Argentina to help ensure stability and continuity.

Financial risk management objectives and policies

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

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

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

Market risk

Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and price risk. In this review interest rate and price risk have been ignored as they are not considered material risks to the business. The Group's policies for currency risk are set out below.

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 aforementioned capital flow restrictions imposed by the Argentinian government severely restrict the Argentina subsidiary from transferring funds to the Group´s parent company for the payment of dividends or for services rendered. This risk is being mitigated by the launch of similar businesses to Argentina in Colombia and Mexico where the cross border transfer of funds is not restricted. Vendor related payments can be made from Argentina on behalf of other subsidiaries.

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.

Argentina Division

12 months to 30 June	**2014**	2013	**2014**	2013
	AR$'000	AR$'000	**£'000**	£'000
Revenue	**440,435**	379,511	**40,500**	49,077

The Argentina Division delivered a solid revenue performance in line with expectations. The division represented 83% of the revenues of the Group.

Argentina revenue rose 16% in Argentine Pesos terms; from AR$379 Million to AR$440 Million; but the reported British Pound figures show a 17% decrease in revenue; from £49M to £40.5M. The actual increase in underlying AR$ revenues reflects the revenue growth measured in local currency. The decrease in British pounds is due to the big devaluation of the argentine peso through the Sterling Pound (67% in a year).

Future Developments

The Company is continuing to further develop its mobile content and mobile Internet services in the markets that it has launched in such as Brazil and Mexico. The Company is also exploring the launch of its services in new emerging markets, focusing in particular on Asia, Africa and India.

The Strategic Report, encompassing pages 2 to 7, was approved by the Board and signed on its behalf by:

Enrique Benasso
Chief Financial Officer
8 October 2014

DIRECTORS' REPORT

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

Results and dividends

The trading results and the Group's financial position for the year ended 30 June 2014 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 (2013: £nil).

Directors and their interests

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

Shares held or controlled by Directors

	Ordinary shares of £0.002 each 30 June 2014	Ordinary shares of £0.002 each 30 June 2013
S D Buckingham	**10,382,500**	17,012,500
M Carleton	**-**	-
P Tomlinson	**40,000**	40,000
R G Parry	**181,183**	181,183
T Maunder	**5,000**	5,000
E Benasso	-	-

DIRECTORS' REPORT

Options

The table below summarises the exercise terms of the various options over ordinary shares of £0.002 (year ended 30 June 2013: £0.002) which have been granted and were still outstanding at 30 June 2014.

	Options Held at 1 July 2013	Options Granted During the period	Options exercised During the period	Options Held at 30 June 2014	Exercise price	Earliest date from which exercisable	Latest expiry date
	Number	Number	Number	Number	£		
R G Parry	689,655	-	-	689,655	0.870	15-feb-07	14-feb-16
R G Parry	250,000	-	-	250,000	0.343	23-mar-12	22-mar-21
E Benasso	-	250,000	-	250,000	0.198	13-jun-15	12-jun-24

The remuneration of each of the Directors for the period ended 30 June 2014 is set out below:

	Salary	Fees	Benefits	Year to 30 June 2014 Total	Year to 30 June 2013 Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
S D Buckingham	183	-	5	188	302
T Maunder	20	-	-	20	17
R G Parry	16	14	-	30	28
P Tomlinson	-	20	-	20	17
G Cerf	44	-	-	44	13
E Benasso	5	-	-	5	-
Total	**268**	**34**	**5**	**307**	**377**

Benefits comprise medical health insurance.

Post balance sheet events

There have been no significant post balance sheet events.

DIRECTORS' REPORT

Going Concern

The Group had cash balances of £3.0m at the year end (2013:£2.9m) and no borrowings. Having reviewed cash flow forecasts and budgets for the 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 year ended 30 June 2012, Argentina modified its laws on the cross border intercompany transfer of funds. Management have made the proper changes to mitigate this risk and have moved the finance operations to Argentina to help ensure stability and continuity. The risk is also mitigated by the launch of similar businesses in markets such as Colombia and Mexico where the cross border transfer of funds is not restricted. For these reasons, the Board consider Mobile Streams to be a going concern. No material uncertainties or events that may cast significant doubt about the ability of the Group to continue as a going concern have been identified by the Directors.

Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). 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 accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards / UK Accounting Standards 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 will continue in business.

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

The Directors confirm that:

- in so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Auditors

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

On behalf of the Board

Enrique Benasso
Chief Financial Officer
8 October 2014

We have audited the consolidated financial statements of Mobile Streams Plc for the year ended 30 June 2014 which comprise the accounting policies, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 10, the Directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the group's affairs as at 30 June 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Other matter

We have reported separately on the parent company financial statements of Mobile Streams Plc for the year ended 30 June 2014.

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

8 October 2014

ACCOUNTING POLICIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Group financial statements consolidate those of the parent company and all of its subsidiary undertakings drawn up to 30 June 2014. They have been prepared in accordance with applicable International Financial Reporting Standards as adopted by the EU and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. All references to IFRS in these statements refer to IFRS as adopted by the EU.

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

Consolidation

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

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

The separate financial statements and notes of the Company are presented on pages 48-53, which are prepared in accordance with UK GAAP.

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 recognised in the income statement.

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

ACCOUNTING POLICIES

(c) Group companies

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

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

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

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

Property, plant and equipment

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

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

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

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

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

ACCOUNTING POLICIES

Going Concern

The Group had cash balances of £3.0m at the year ended (2013: £2.9m) and no borrowings (2013: no borrowings). Having reviewed cash flow forecasts and budgets for the year ahead the Directors have a reasonable expectation that the Group has sufficient resources to continue its operations for the foreseeable future. During the year ended 30 June 2012 Argentina modified its laws on the cross border intercompany transfer of funds. Management have made changes to mitigate this risk including the launch of similar businesses in Colombia and Mexico where cross border transfers of funds are not restricted. For these reasons, the Board consider Mobile Streams to be a going concern. No material uncertainties or events that may cast significant doubt about the ability of the Group to continue as a going concern have been identified by the Directors.

Intangible assets

(a) Goodwill

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

(b) Assets acquired through business combinations

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

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

(c) Media content and Media platform development

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

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

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

ACCOUNTING POLICIES

(d) Appitalism

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

(e) Software

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

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

Impairment of assets

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

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

Taxation

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

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

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

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

ACCOUNTING POLICIES

Provisions

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

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

Financial Assets

a) Cash and cash equivalents

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

b) Trade and other receivables

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

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

Financial Liabilities

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

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

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

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

Revenue recognition

As at 30 June 2014, the Group is organised into four geographical segments: Europe, North America, Latin America, and Asia Pacific. Revenues are from external customers only and are generated from three principal business activities: the sale of mobile content through Mobile Operator Services (Mobile Operator Sales), the sale of mobile content over the internet (Mobile Internet Sales) and the provision of consulting and technical services (Other Service Fees).

ACCOUNTING POLICIES

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

a) Mobile Operator Sales & Mobile Internet Sales

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

b) Other Service Fees

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

c) Interest Income

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

d) Deferred Income

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

Share based payments

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

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

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

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

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

Share capital

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

ACCOUNTING POLICIES

Leased assets

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

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

Equity balances

a) Called up share capital

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

b) Share premium

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

c) Translation Reserve

The translation reserve represents the cumulative translation adjustments on translation of foreign operations.

d) Merger Reserve

The merger reserve represents the excess over nominal value of the fair value of consideration received for equity shares issued directly to acquire another entity meeting the specific requirements of section 612 of the Companies Act 2006.

Standards and interpretations not yet applied

The following new Standards and Interpretations, which have been adopted by the European Union and were yet to become mandatory, have not been applied in the 2014 group financial statements.

	Mandatory for periods starting on or after
IFRS 10 Consolidated Financial Statements	1 January 2014
IFRS 11 Joint Arrangements	1 January 2014
IFRS 12 Disclosure of Involvement with Other Entities	1 January 2014
Amendments to IFRS 10, IFRS 11 and IFRS 12 Transition Guidance	1 January 2014
Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities	1 January 2014
IAS 27 (Revised) Separate Financial Statements	1 January 2014
IAS 28 (Revised) Investments in Associates and Joint Ventures	1 January 2014
IAS 32 (Amendments) Offsetting Financial Assets and Financial Liabilities	1 January 2014
IAS 36 (Amendments) Recoverable Amount Disclosure for Non-Financial Assets	1 January 2014

ACCOUNTING POLICIES

IAS 39 (Amendments) Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IFRIC 21 Levies	1 January 2014

CONSOLIDATED INCOME STATEMENT

		Year ended 30 June 2014 £000's	Year ended 30 June 2013 £000's
Revenue	22	**48,573**	53,936
Cost of sales	22	**(34,344)**	(36,350)
Gross profit	22	**14,229**	**17,586**
Selling and marketing costs	22	**(7,872)**	(7,843)
Administrative expenses *	22	**(6,361)**	(4,942)
Operating Profit (Loss)		**(4)**	**4,801**
Finance income	5	**170**	-
Finance expense	6	**(13)**	(13)
Profit before tax		**153**	**4,788**
Tax expense	10	**(713)**	(2,177)
Profit (Loss) for the period		**(560)**	**2,611**
Attributable to:			
Attributable to equity shareholders of Mobile Streams plc		**(560)**	**2,611**

Earnings/ (loss) per share		**Pence per share**	Pence per share
Basic earnings per share	9	**(1.517)**	7.128
Diluted earnings per share	9	**(1.517)**	6.832

* Administrative expenses include Depreciation, Amortization and Impairment £0.41 m (2013: £0.36m); Share Based Compensation £ 328k (2013: £13k).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

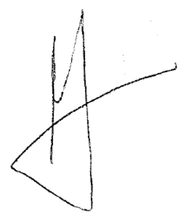
Total comprehensive (loss) / income for the period

	Year ended 30 June 2014 £000's	Year ended 30 June 2013 £000's
(Loss) Profit for the period	**(560)**	2,611
Amounts which may be reclassified to profit & loss:		
Exchange differences on translating foreign operations	**(1,347)**	(385)
Total comprehensive (loss) income for the period	**(1,907)**	**2,226**
Total comprehensive (loss) for the period attributable to:		
Equity shareholders of Mobile Streams plc	**(1,907)**	**2,226**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		2014	2013
		£000's	£000's
Assets			
Non- Current			
Goodwill	13	-	380
Intangible assets	13	-	-
Property, plant and equipment	12	**107**	30
Deferred tax asset	17	**260**	194
		367	**604**
Current			
Trade and other receivables	14	**6,494**	8,420
Cash and cash equivalents	15	**2,964**	2,851
		9,458	**11,271**
Total assets		**9,825**	**11,875**
Equity			
Equity attributable to equity holders of Mobile Streams plc			
Called up share capital	18	**74**	73
Share premium		**10,579**	10,357
Translation reserve		**(2,041)**	(695)
Merger reserve	20	-	153
Retained earnings		**(6,135)**	(6,055)
Total equity		**2,477**	**3,833**
Current			
Trade and other payables	16	**5,340**	5,390
Current tax liabilities		**1,668**	2,532
Provisions	24	**340**	120
		7,348	**8,042**
Total liabilities		**7,348**	**8,042**
Total equity and liabilities		**9,825**	**11,875**

The financial statements were authorised by the Board of Directors and were signed on its behalf by:



Enrique Benasso
Chief Financial Officer
8 October 2014
Company number: 03696108

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of Mobile Streams Plc					
	Called up share capital	**Share premium**	**Translation reserve**	**Retained earnings**	**Merger reserve**	**Total Equity**
	£000's	£000's	£000's	£000's	£000's	**£000's**
Balance at 1 July 2012	73	10,317	(310)	(8,679)	153	1,554
Exercise of share options	-	40	-	-	-	40
Credit for share based payments	-	-	-	13	-	13
Transactions with owners	**-**	**40**	**-**	**13**	**-**	**53**
Profit for the year ended 30 June 2013	-	-	-	2,611	-	2,611
Exchange differences on translating foreign operations	-	-	(385)	-	-	(385)
Total comprehensive income for the period	-	-	(385)	2,611	-	2,226
Balance at 30 June 2013	**73**	**10,357**	**(695)**	**(6,055)**	**153**	**3,833**
Balance at 1 July 2013	**73**	**10,357**	**(695)**	**(6,055)**	**153**	**3,833**
Exercise of share options	1	222	-	-	-	223
Credit for share based payments	-	-	-	328	-	328
Disposal of subsidiary	-	-	-	153	(153)	-
Transactions with owners	**1**	**222**	**-**	**481**	**(153)**	**551**
Disposal of subsidiary	-	-	1	(1)	-	-
Loss for the 12 months ended 30 June 2014	-	-	-	(560)	-	(560)
Exchange differences on translating foreign operations	-	-	(1,347)	-	-	(1,347)
Total comprehensive income for the period	-	-	(1,346)	(561)	-	(1,907)
Balance at 30 June 2014	**74**	**10,579**	**(2,041)**	**(6,135)**	**-**	**2,477**

CONSOLIDATED CASH FLOW STATEMENT

		Year ended 30 June 2014	Year ended 30 June 2013
		£000's	**£000's**
Operating activities			
Profit before taxation		**153**	4,788
Adjustments:			
Share based payments		**327**	18
Depreciation	4	**36**	25
Amortisation		**-**	-
Impairments	4	**380**	334
Interest received	5	**(170)**	-
Changes in trade and other receivables		**1,926**	(4,578)
Changes in trade and other payables		**(50)**	1,616
Disposal of subsidiary		**(15)**	-
Tax paid		**(493)**	(1,017)
Total cash generated in operating activities		**2,094**	**1,186**
Investing activities			
Additions to property, plant and equipment	12	**(118)**	(11)
Interest received	5	**170**	-
Net Cash used in investing activities		**52**	**(11)**
Financing activities			
Issue of share capital (net of expenses paid)		**110**	**-**
Net Cash used in investing activities		**110**	-
Net change in cash and cash equivalents		**2,257**	1,175
Cash and cash equivalents at beginning of period		**2,851**	1,763
Exchange gains/(losses) on cash and cash equivalents		**(2,144)**	(87)
Cash and cash equivalents, end of period	15	**2,964**	**2,851**

1. GENERAL INFORMATION

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

The Company is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is Abacus House, 33 Gutter Lane, London, EC2V 8AR.

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

In the current year, the Germany subsidiary was dissolved, so it is no longer included in the consolidated financial statement, with effect from the date of liquidation.

These consolidated financial statements have been approved for issue by the Board of Directors on October 8, 2014.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

2.1 CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

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

Estimates

(a) Goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amount of cash-generating units has been determined based on value-in-use calculations. These calculations require estimates to be made. Refer to note 13.

(b) Accrued revenue and accrued content costs

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

Judgement

(c) Risk of currency

As mentioned before, the Argentinian government has imposed restrictions on certain cross border transactions, including the remitting of cash back to the Group’s parent company in the UK. While the Argentinian subsidiary is currently unable to freely transfer cash back to its parent company, there are mechanisms by which cash can be transferred indirectly, albeit at a discount on the official exchange rate. Restrictions on currency controls haven’t changed along the year, although the Government has allowed some derivative transactions that can be used to remit cash out of the country.

The results and financial position of the Argentinian subsidiary are translated into Sterling at official exchange rates for inclusion in the Group’s consolidated financial statements. The directors have considered whether dual exchange rates might exist, with a second ‘effective’ exchange rate arising from the mechanism through which cash can be remitted, and whether the results and position of the Argentinian subsidiary should be translated at this second rate on consolidation. The directors are of the opinion that using the official exchange rate is most appropriate because:

- the Group has no requirement to transfer cash from Argentina to the UK and is not projected to have any such requirement for the foreseeable future;

- the directors do not expect the currency restrictions to remain in place indefinitely and it is unlikely that the Group would remit cash to its parent unless this could be achieved at the official exchange rate; and

- the Group is currently able to utilise the cash held in Argentina to support the trading activities of certain other companies within the Group without restriction.

(d) Income taxes

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

e) Deferred taxation

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

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

During the year ended 30 June 2014 the Group (including its overseas subsidiaries) obtained the following services from the Group's auditor and network firms:

	Year ended 2014	**Year ended 2013**
	£000's	**£000's**
Fees payable to the Company’s auditor and its associates for the audit of the parent company and consolidated accounts	**53**	68
Non-Audit services:		
Fees payable to the Company's auditor and its associates for other services:		
Interim statement review	**10**	8
Tax compliance and advisory services	**9**	11
	72	**87**

4. DEPRECIATION, AMORTISATION AND IMPAIRMENT

		Year ended 2014	**Year ended 2013**
	Notes	**£000's**	**£000's**
Depreciation	12	**36**	25
Impairment	13	**380**	334
		416	**359**

5. FINANCE INCOME

	Year ended 2014 £000's	Year ended 2013 £000's
Interest receivable	**170**	**-**

6. FINANCE EXPENSE

	Year ended 2014 £000's	Year ended 2013 £000's
Interest expense	**(13)**	**(13)**

7. DIRECTORS' AND OFFICERS' REMUNERATION

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

Charges in relation to remuneration received by key management personnel for services in all capacities during the Year ended 30 June 2014 are as follows:

	2014 £000's	2013 £000's
Short- term employee benefits		
- benefits	**5**	2
- salaries/remuneration	**302**	375
	307	**377**

8. DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	Year ended 2014 £000's	Year ended 2013 £000's
Wages and salaries	**2,363**	1,948
Social security costs	**249**	166
	2,612	**2,114**

The average number of employees during the year to June 2014 was as follows:

	Year ended 2014 Number	Year ended 2013 Number
Management	**7**	7
Administration	**48**	47
	55	**54**

9. EARNINGS PER SHARE

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

	Year ended 2014	**Year ended 2013**
	Pence per share	**Pence per share**
Basic earnings per share	**(1.517)**	7.128
Diluted earnings per share	**(1.517)**	6.832

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

(Loss) /Profit for the period	**(560)**	**2,611**
For adjusted earnings per share	**£000's**	**£000's**
(Loss) /Profit for the period	**(560)**	2,611
Add back: share compensation expense	**328**	18
Add back: depreciation and amortisation	**36**	25
Add back: impairment	**380**	334
Adjusted profit for the period	**184**	**2,988**

Weighted average number of shares

	Number of shares	**Number of shares**
For basic earnings per share	**36,908,888**	36,632,292
Exercisable share options	**1,502,963**	1,587,421
For diluted earnings per share	**38,411,851**	**38,219,713**
	Pence per share	**Pence per share**
Adjusted earnings per share	**0.499**	8.157
Adjusted diluted earnings per share	**0.479**	7.818

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

10. INCOME TAX EXPENSE

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

	2014 £'000	2013 £'000
Foreign tax on profits of the period	779	1,917
Total current tax	779	1,917
Deferred tax:		
Origination & reversal of temporary differences: (Deferred tax charge/(credit) (note 16)	(66)	260
Tax on profit on ordinary activities	713	2,177
Factors affecting the tax charge for the period		
Profit on ordinary activities before tax	153	4,788
Profit multiplied by standard rate of corporation tax in the United Kingdom of 24%/28%	37	1,149
Effects of:		
Adjustment for tax-rate differences	172	579
Expenses not deductible for tax purposes in current year	325	229
Expenses not deductible others subsidiaries	175	-
Tax losses utilised	-	(76)
Prior year tax adjustments	-	290
Other	4	6
Total tax charge for the period	713	2,177
Comprising		
Current tax expense	779	1,917
Deferred tax (expense), income, resulting from the origination and reversal of temporary differences	(66)	260
	713	2,177
Provision for deferred tax (Deferred tax asset)		
Provision brought forward	194	454
Current Year	66	(260)
Deferred tax asset carried forward	260	194
Relating to		
Expenses deducted in Argentina on a paid basis	260	194
Other	-	-
Deferred Tax asset	260	194
Unprovided Deferred tax		
Losses	0	0

11. DIVIDENDS

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

12. PROPERTY, PLANT AND EQUIPMENT

	Office furniture, plant and equipment £000's
Cost	
At 1 July 2013	439
Additions	118
Translation adjustments	(40)
At 30 June 2014	**517**
Depreciation	
At 1 July 2013	409
Provided in the year	36
Translation adjustments	(35)
At 30 June 2014	**410**
Net book value at 30 June 2014	**107**

	Office furniture, plant and equipment £000's
Cost	
At 1 July 2012	433
Additions	11
Translation adjustments	(5)
At 30 June 2013	**439**
Depreciation	
At 1 July 2012	387
Provided in the year	25
Translation adjustments	(3)
At 30 June 2013	**409**
Net book value at 30 June 2013	**30**

13. GOODWILL AND INTANGIBLE ASSETS

The Group has impaired in full the remaining value of goodwill attributable to Mobile Streams (Hong Kong) Limited and its subsidiaries in Singapore and Australia which make up the Asia Pacific operating segment. Following an impairment review at the balance sheet date the recoverable amount of this cash generating unit was found to be negligible so an impairment of £380k has been charged. The current business projection cannot support the value of the goodwill recorded. The recoverable amount was determined based on value-in-use calculations, based on budgets for the next seven years prepared by senior management. These budgets are for longer than the standard five year period suggested by IFRS because new contracts have been signed by existing customers extending over this period. These budgets have been extrapolated over a ten year forecast using a growth rate of 2.5%. A discount rate of 13.7% (2013: 13.7%), based on WACC of the group, is used in the valuation of cash-generating units. There was no change in the method of estimation during the year.

	Media platform development and software £000's	Media content £000's	Appitalism £000's	Other intangibles £000's	Subtotal £000's	Goodwill £000's	Total £000's
Cost							
At 1 July 2013	2,348	332	337	2,364	5,381	2,670	**8,051**
Translation adjustments	-	-	-	-	-	-	**-**
At 30 June 2014	**2,348**	**332**	**337**	**2,364**	**5,381**	**2,670**	**8,051**
Accumulated amortisation and impairment							
At 1 July 2013	2,348	332	337	2,364	5,381	2,290	**7,671**
Impairment	-	-	-	-	-	380	**380**
Translation adjustments	-	-	-	-	-	-	**-**
At 30 June 2014	**2,348**	**332**	**337**	**2,364**	**5,381**	**2,670**	**8,051**
Net book value at 30 June 2014	**-**	**-**	**-**	**-**	**-**	**-**	**-**

	Media platform development and software £000's	Media content £000's	Appitalism £000's	Other intangibles £000's	Subtotal £000's	Goodwill £000's	**Total £000's**
Cost							
At 1 January 2012	2,348	332	337	2,364	5,381	2,670	**8,051**
Additions - externally acquired	-	-	-	-	-	-	**-**
Translation adjustments	-	-	-	-	-	-	**-**
At 30 June 2013	**2,348**	**332**	**337**	**2,364**	**5,381**	**2,670**	**8,051**
Accumulated amortisation and impairment							
At 1 January 2012	2,348	332	337	2,364	5,381	1,956	**7,337**
Impairment	-	-	-	-	-	334	**334**
At 30 June 2013	**2,348**	**332**	**337**	**2,364**	**5,381**	**2,290**	**7,671**
Net book value at 30 June 2013	**-**	**-**	**-**	**-**	**-**	**380**	**380**

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

14. TRADE AND OTHER RECEIVABLES

	2014 £000's	**2013 £000's**
Trade receivables	**4,341**	4,574
Accrued receivables	**1,223**	3,242
Prepayments	**930**	604
	6,494	**8,420**

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

Trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables, on the basis of age and collectability, were found to be impaired and a provision for doubtful debts of £177,000 (year ended 30 June 2013: £136,000) has been recorded.

In addition, some of the unimpaired trade receivables are past due as at the reporting date. The profile of financial assets past due but not impaired is as follows:

	2014 £000's	2013 £000's
On Due		
Not more than 30 days	**3824**	714
Overdue		
Not more than 3 months	**668**	3,926
More than 3 months but not more than 6 months	**3**	12
More than 6 months but not more than 1 year	**23**	58
Provision for doubtful debts	**(177)**	(136)
	4,341	**4,574**

Provision for doubtful debts reconciliation

	2014 £000's	2013 £000's
Opening provision for doubtful debts	**136**	91
Change in provision during the year	**41**	45
Closing provision for doubtful debts	**177**	**136**

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

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	2014 £000's	2013 £000's
Cash at bank and in hand*	**2,964**	**2,851**

*See note 2.1(c) for details of restrictions. The amount restricted is £453k (2013: £2,084k)

16. TRADE AND OTHER PAYABLES

	2014 £000's	2013 £000's
Trade payables	**2,059**	991
Other payables	**452**	396
Accruals and deferred income	**2,829**	4,003
	5,340	**5,390**

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

17. DEFERRED TAX ASSETS AND LIABILITIES

	Balance 1 July 2012	Recognised in income statement	Balance 30 Jun 2013	Recognised in income statement	Traslation Adjustment	Balance 30 June 2014
	£000's	£000's	£000's	£000's	£000's	£000's
Deferred tax asset:						
- Expenses accrued	369	(148)	221	(81)	(89)	51
- Royalties	22	6	28	59	(11)	76
- Bonus provisions	7	(7)	-	-	-	-
- Others	56	(111)	(55)	166	22	133
Deferred tax asset	**454**	**(260)**	**194**	**144**	**(78)**	**260**
Deferred tax liability:						
- On intangible assets	-	-	-	-	-	-

18. SHARE CAPITAL

The Company only has one class of share. The total number of shares in issue as at 30 June 2014 is 37,075,083 (30 June 2013: 36,632,292) with a par value of £0.002 per share. All issued shares are fully paid.

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

	2014	2013
	£000's	£000's
Authorised		
69,150,000 ordinary shares of £0.002 each (30 June 2013: 69,150,000)	**138**	138
Allotted, called up and fully paid:		
37,075,083 ordinary shares of £0.002 each (30 June 2013: 36,632,292)	**74**	73

Allotted, called up and fully paid

	Year ended 2014	**Year ended 2013**
Outstanding at 1 July	36,632,292	36,457,692
Exercised	442,791	174,600
Outstanding at 30 June	37,075,083	36,632,292

Other Reserves

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

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

19. SHARE BASED PAYMENTS

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

On 12 July 2013, 2.383.594 options were granted to Company personnel. Strike value was 0.70 per option.

The fair value per option of options granted during the year 2014 and the assumptions used in the calculation are shown below:

Date of grant	**13 June 2014**		
Share price at grant (£)	0.6500	0.6500	0.6500
Exercise price (£)	0.1975	0.1975	0.1975
Shares under option	877,865	877,865	877,865
Vesting period (years)	1	2	3
Expected volatility	86.66%	86.66%	86.66%
Option Life (years)	10	10	10
Expected life (years)	5	5	5
Risk-free rate	1.9934%	1.9934%	1.9934%
Dividend yield	0.00%	0.00%	0.00%
Fair value per option (£) 07/30/2013	0.253	0.345	0.410
Fair value per option (£) 06/12/2014	0.071	0.097	0.115

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

1. Personal to the Option Holder and are not transferable, or assignable.

2. Shall not be exercisable on or after the tenth anniversary of the grant date.

3. Subject to the rules of the Plans, the Options shall Vest as follows – Options vest at 33.3% per year:

    - 33.3% vest on the First Anniversary of the grant of option;

    - A second 33.3% vest on the Second Anniversary of the grant of option; and

    - The last 33.33% vest on the Third Anniversary of the grant of option.

	2014		2013	
	Number (000's)	Weighted average exercise price	Number (000's)	Weighted average exercise price
Outstanding at 1 July	**2,196**	**£0.50**	**2,200**	**£0.46**
Granted	**2,634**	**£0.65**	**250**	**£0.61**
Exercised	**(443)**	**£0.25**	**(175)**	**£0.20**
Forfeited	**-**	**-**	**(79)**	**£0.16**
Other leavers on vesting period	**(282)**	**0.70**	**-**	**-**
Outstanding at 30 June	**4,105**	**£0.62**	**2,196**	**£0.50**
Exercisable at 30 June	**1,503**	**£0.56**	**1,587**	**£0.53**

	2014			2013		
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	**0.272**	**1,054**	**7.0**	0.279	1,246	6.8
£0.51 - £1.00	**0.739**	**3,051**	**7.4**	0.801	949	3.5

Share options exercised during the year ended 30 June 2014 were 442,791 (2013: 174,600).

The total charge for the year relating to employee share based payment plans was £328k (2013: £13k), all of which related to equity-settled share based payment transactions.

20. MERGER RESERVE

	2014	2013
	£000's	£000's
Balance at 1 July 2013 and 30 June 2014	**-**	**153**

The merger reserve was created on the issue of shares in consideration for the acquisition of Mobile Streams Europe GmbH. During the period, the entity was dissolved and so the merger reserve was reduced to Nil via a transfer to retained earnings.

21. OPERATING LEASES

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

	Land and Buildings	
	2014	**2013**
	£000's	**£000's**
Annual commitments under non-cancellable operating leases expiring:		
Within one year	**154**	266
Within two to five years	**59**	284
	213	**550**

Lease payments recognised as an expense during the period amount to £180k (2013: £127k).

22. SEGMENT REPORTING

As at 30 June 2014, the Group was organised into 4 geographical segments: Europe, North America, Latin American, and Asia Pacific. The operating segments are organised, managed and reported to the Chief Operating Decision Maker based on their geographical location. Revenues are from external customers only and generated from three principal business activities: the sale of mobile content through Multi-National Organisation's (Mobile Operator Services), the sale of mobile content over the internet (Mobile Internet Services) and the provision of consulting and technical services (Other Service Fees).

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

The segmental results for the year ended 30 June 2014 are as follows:

£000's	**Europe**	**Asia**	**North America**	**Latin America**	**Group**
Mobile Operator Services	66	368	230	1,258	**1,922**
Mobile Internet Services	5	-	250	46,353	**46,608**
Other Service fees	30	3	3	6	**42**
Total Revenue	**101**	**371**	**483**	**47,617**	**48,572**
Cost of sales	(28)	(223)	(236)	(33,857)	**(34,344)**
Gross profit	73	148	247	13,760	**14,228**
Operating Expenses	(513)	(303)	3	(12,675)	**(13,488)**
EBITDA	**(440)**	**(155)**	**250**	**1,085**	**740**
Depreciation, amortisation and impairment	(380)	(1)	(6)	(29)	**(416)**
Share based compensation	-	-	-	(328)	**(328)**
Finance income/(expense)	-	-	-	157	**157**
Profit/(Loss) before tax	(820)	(156)	244	885	**153**
Income tax expense	-	-	-	(713)	**(713)**
Profit/(Loss)	(820)	(156)	244	172	**(560)**

The segmental results for the year ended 30 June 2013 are as follows:

£000's	Europe	Asia	North America	Latin America	Group
Mobile Operator Services	73	789	477	2,886	**4,225**
Mobile Internet Services	40	-	4	49,581	**49,625**
Other Service fees	2	35	-	49	**86**
Sales Revenue	**115**	**824**	**481**	**52,516**	**53,936**
Cost of sales	(43)	(595)	(173)	(35,539)	**(36,350)**
Gross profit	**72**	**229**	**308**	**16,977**	**17,586**
Operating Expenses	(202)	(312)	513	(12,408)	**(12,409)**
EBITDA	(130)	(83)	821	4,569	**5,177**
Depreciation, amortisation and impairment	(334)	(1)	(11)	(13)	**(359)**
Share based compensation	-	-	-	(18)	**(18)**
Finance income/(expense)	-	-	-	(12)	**(12)**
Profit/(Loss) before tax	(464)	(84)	810	4,526	**4,788**
Income tax expense	(34)	-	-	(2,143)	**(2,177)**
Profit/(Loss)	(498)	(83)	810	2,383	**2,611**

* Earnings before interest, tax, depreciation, amortisation and share compensation.

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

	2014 £000's	2013 £000's
Segment revenues		
Total segment revenues	**48,573**	53,936
Group's revenues	**48,573**	**53,936**
Segment results		
Total segment Profit after tax	**(560)**	2,611
Group's Profit after tax	**(560)**	**2,611**
Segment assets		
Total segment assets	**9,865**	11,865
Consolidation elimantions	**(40)**	10
Group's assets	**9,825**	**11,875**
Segment liabilities		
Total segment liabilities	**7,348**	8,042
Consolidation elimantions	**-**	-
Groups's liabilities	**7,348**	**8,042**

INTEREST REVENUE

Interest Revenue for the year ended 30 June 2014 was £170k (2013: Nil)

DEFERRED TAX

Year ended 30 June 2014

DEFERRED TAX	**Europe**	**Asia Pacific**	**North America**	**Latin America**	**Consol**	**Group**
Deferred Tax	-	-	260	-	-	260
	-	**-**	**260**	**-**	**-**	**260**

BENEFITS	**Europe**	**Asia Pacific**	**North America**	**Latin America**	**Consol**	**Group**
Employee Benefits	-	(22)	(42)	(1)	-	**(65)**
	-	**(22)**	**(42)**	**(1)**	**-**	**(65)**

Year ended 30 June 2013

DEFERRED TAX	**Europe**	**Asia Pacific**	**North America**	**Latin America**	**Consol**	**Group**
Deferred Tax	-	-	194	-	-	**194**
	-	**-**	**194**	**-**	**-**	**194**

BENEFITS	**Europe**	**Asia Pacific**	**North America**	**Latin America**	**Other**	**Group**
Employee Benefits	-	(23)	(51)	(1)	-	**(75)**
	-	**(23)**	**(51)**	**(1)**	**-**	**(75)**

23. CAPITAL COMMITMENTS

The Group has no capital commitments as at 30 June 2014 (30 June 2013: £Nil).

24. PROVISIONS

	2014 £000's
Carrying amount at 1 July 2013	**120**
Additional provisions made in period	220
Amounts used in period	-
Unused amounts reversed in period	-
Carrying amount at end of 30 June 2014	**340**

The company’s German subsidiary was placed into liquidation during 2013. The German subsidiary is the subject of a local tax enquiry and an amount of £200,000 is claimed by the German tax authorities.

The company’s liquidator has lodged a separate claim against the Group in the sum of €425,000 and the group is advised by its lawyers that this amount is likely to be payable. A provision of £340,000 (2013: £120,195) has been made as the Directors’ best estimate of the amount that will be payable by the Group.

25. RELATED PARTY TRANSACTIONS

Key Management

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

26. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Foreign currency risk

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

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

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

	2014 000's				2013 000's			
Nominal amounts	USD £	AUS £	AR$ £	Other £	USD £	AUS £	AR$ £	Other £
Financial assets	236	93	6,286	2,302	227	148	9,867	892
Financial liabilities	(330)	(307)	(5,594)	(642)	(472)	(554)	(6,180)	(597)
Short-term exposure	(94)	(214)	692	1,660	(245)	(406)	3,687	295

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

	2014	2013
US Dollar	12%	-2%
Australian Dollar	8%	8%
Argentine Peso	68%	18%

Foreign exchange currency Gain/ (loss)

	Year ended 2014 £000's	**Year ended 2013 £000's**
Foreign currency	**(989)**	**(350)**

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 2014, the Group's financial liabilities were all current and have contractual maturities as follows:

30 June 2014	**Within 6 months £000's**	**6 to 12 months £000's**
Trade and other payables	2,511	-

30 June 2013	**Within 6 months £000's**	**6 to 12 months £000's**
Trade and other payables	1,387	-

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

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:

Capital	**2014**	**2013**
Ordinary share capital	74	73
Share premium	10,579	10,357
Translation reserve	(2,041)	(695)
Merger reserve	-	153
Retained earnings	(6,135)	(6,055)
	2,477	**3,833**

27. BUSINESS DISPOSAL

In the year, the Group completed the liquidation of its wholly owned subsidiary, Mobile Streams Europe GmbH, The loss on disposal was determined as follows:

	£000
Cash disposed of	15
Net assets disposed (other than cash)	
Property, plant and equipment	-
Deferred tax asset	-
Trade and other receivables	461
Trade and other payables	(148)
Reclassification of merger reserve on disposal	(153)
Loss on disposal	**(175)**

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

We have audited the parent company financial statements of Mobile Streams Plc for the year ended 30 June 2014 which comprise the parent company accounting policies, the parent company balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 10, the Directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the parent company financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2014;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

OTHER MATTER

We have reported separately on the consolidated financial statements of Mobile Streams Plc for the period ended 30 June 2014.

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

8 October 2014

PARENT COMPANY ACCOUNTING POLICIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

As used in the financial statements and related notes, the term 'Company' refers to Mobile Streams Plc. The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by the Act, the separate financial statements have been prepared in accordance with the UK Generally Accepted Accounting Principles ("UK GAAP").

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. The loss for the parent company for the year ended 30 June 2014 was £450,000 (year ended 30 June 2013:£972,000).

The following paragraphs describe the main accounting policies. The policies have been consistently applied to all periods presented.

Revenue recognition

Revenues are from external customers only and generated from three principal business activities: the sale of mobile content through mobile network operators (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).

Revenue includes the fair value of goods and services sold, net of value-added tax, rebates and discounts. Revenue is recognised as follows:

a) Mobile Operator Sales & Mobile Internet Sales

Sales of goods are recognised when the Company has delivered media content to the end consumer, who has accepted the product and collectability of the related receivable is reasonably assured from the customer.

b) Other services

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

c) Interest income

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

d) Deferred income

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

INVESTMENTS IN SUBSIDIARIES

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

DEFERRED TAXATION

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

PARENT COMPANY ACCOUNTING POLICIES

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

FOREIGN CURRENCIES

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

OPERATING LEASES

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

SHARE BASED PAYMENTS

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

Equity settled transactions

The Group has applied the requirements of Financial Reporting Standard 20 “Share Based Payments” to all grants of equity instruments.

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

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

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

COMPANY BALANCE SHEET

		30 June 2014	30 June 2013
		£000's	**£000's**
Fixed assets			
Investments in subsidiaries	1	20	347
Total fixed assets		20	347
Current assets			
Debtors	2	903	1,548
Cash and cash equivalents		698	256
Others assets		46	4
Total current assets		1,647	1,808
Creditors: amounts falling due within one year	3	(473)	(734)
Net current assets		1,174	1,074
Net assets		**1,194**	**1,421**
Capital and reserves			
Called up share capital	4	74	73
Share premium	5	10,579	10,357
Profit and loss account	5	(9,459)	(9,009)
Shareholders funds		**1,194**	**1,421**

The financial statements were approved by the Board of Directors on 8 October 2014.

Enrique Benasso
Chief Financial Officer

Company registration number: 03696108

8 October 2014

NOTES TO COMPANY FINANCIAL STATEMENTS

1. INVESTMENT IN SUBSIDIARY COMPANIES

	30 June 2014	30 June 2013
	£000's	£000's
Cost		
At July 2012 and 30 June 2014	3,636	3,636
Net Book Value after impairment	20	347

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.

At the year-end the Company's investments were reviewed for impairment. A valuation of the Company's investments indicated that, in the case of the investments in the subsidiaries in Germany, USA, Hong Kong, Australia, Mexico and Colombia, their fair market value was less than their carrying value and therefore no impairment charge needed to be recognised (2013: £7k).

Investments in Subsidiary undertakings comprise:

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

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

NOTES TO COMPANY FINANCIAL STATEMENTS (CONTINUED)

2. Debtors

	2014 £000's	2013 £000's
Trade debtors and receivables	**56**	71
Amounts owed by Group undertaking	**847**	1,477
	903	**1,548**

3. Creditors: amounts falling due within one year

	2014 £000's	2013 £000's
Trade creditors	**26**	86
Amounts owed to Group undertakings	**-**	494
Accruals and deferred income	**447**	154
	473	**734**

4. SHARE CAPITAL

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

5. RESERVES

	Share Premium £000's	Profit and loss Account £000's
At 1 July 2013	**10,357**	(9,009)
Premium on shares issued in year	**222**	-
Loss for the year	-	(450)
At 30 June 2014	**10,579**	**(9,459)**

6. CAPITAL COMMITMENTS

The Company has no capital commitments at 30 June 2014 (2013: Nil).

7. CONTINGENT LIABILITIES

As at 30 June 2014 there were no contingent liabilities (2013: Nil).

NOTES TO COMPANY FINANCIAL STATEMENTS

8. RELATED PARTY TRANSACTIONS

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

The company is taking advantage of the exemption per FRS 8 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.