

MOBILE STREAMS PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2012

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Company registration number 03696108

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

Company registration number	03696108
Registered office	Abacus House 33 Gutter Lane London, EC2V 8AR
Directors	S D Buckingham M Carleton G Margent (resigned 21 June 2012) T Maunder P Tomlinson R G Parry
Chairman	R G Parry
Secretary	Pennsec Limited
Bankers	National Westminster Bank plc PO Box 13 30 Market Place Newbury RG14 1AS
Auditors	Grant Thornton UK LLP Chartered Accountants and Statutory Auditor Grant Thornton House Melton Street Euston Square London NW1 2EP
Corporate web site	www.mobilestreams.com

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

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CHAIRMAN'S STATEMENT

Mobile Streams is pleased to present its audited accounts for the financial year ended 30th June 2012. The financial year end of the Company changed from 31 December to 30 June at the beginning of this financial year- comparisons are therefore made between 18 months to the end of June 2011 and the 12 months ended 30th June 2012.

The past 12 months has seen Mobile Streams plc (the "Group" or the "Company") continue on its strategy to develop a content offering across a wide range of mobile devices direct to consumers in addition to our original business of providing content to mobile network operators and other business partners. The operating performance of the business resulted from our presence and positioning in Latin America as well as our move away from mobile music services towards apps and games oriented services.

Group revenue for the year ended 30 June 2012 was £22m (18 months period ended June 2011: £15.5m). Trading EBITDA* was £2m for year (18 month period ended June 2011: £0.5m). Profit before tax was £1.6m (18 month period ended June 2011: £0.1m).

Our operations outside Europe represent 99% of the overall revenues for the period. Latin America represents 91% (see note 21) of the total revenues for the year.

During the year ended 30 June 2012, Argentina modified its laws on cross border intercompany transfer of funds. As at 30 June 2012, 94% of the Group's cash balance of £1.8m was held in Argentina. Management is taking steps to mitigate this risk by diversifying its sources of cash generation, in particular utilising the cash-flow from its operations in markets such as Mexico and Colombia which do not face the same cash withdrawal restrictions as Argentina. The Company is also moving its finance operations to Argentina to ensure stability and continuity. The Company is in the process of appointing a suitable CFO in Argentina to lead the global and regional finance function for the Group. Further details of the appointment will be made in due course.

Mobile Streams entered the new financial year on 1st July 2012 with a clear focus on expanding its presence in Latin America and on open mobile Internet services including apps and games. Revenues are expected to be generated primarily in Latin America in markets such as Argentina, Brazil, Colombia and Mexico. The new financial year has started with trading ahead of management's expectations. Unaudited revenues were around £3.5m in each of the first four months of the financial year, with EBITDA profits exceeding a total £1m during that same four month period. The financial performance has been driven by continued growth in the Mobile Internet operating segment, where active subscribers have now passed 2.5 million, up from 1.75 million at the end of the financial year.

Our content, distribution and marketing resources and experienced management team places us well as the Mobile Internet expands.

Roger Parry
Chairman

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

MOBILE STREAMS PLC

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OPERATING REVIEW

Mobile Streams' performance during the financial year ended 30 June 2012 was driven by primarily from Mobile Internet sales in Latin America

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, the Group's Mobile Internet revenues grew, whilst its Mobile Operator revenues remained relatively flat. As consumers steadily update their phones from legacy feature and flip phone models to smartphones, they have generally used the operator content portals and application stores less, and used independent portals as well as the open mobile internet more actively.

Mobile Internet Sales

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

As a result, the Group experienced rapid growth in Mobile Internet sales, as consumers used their mobile devices to purchase mobile content subscriptions.

Latin America- primarily Argentina- accounted for the majority of both revenues and growth.

Mobile Internet subscribers doubled to 1.75m active subscribers compared to 846,000 at end June 2011. Active subscribers are defined as customers who have paid to use one of the Company's mobile internet products in the past two month period.

Appitalism.com is our Mobile Internet service for smartphone and tablet users, through which they can acquire and download applications ("apps") and content for its devices. Appitalism continued to evolve during the period and we are continuing to add new content, features, marketing partnerships and billing options to further develop the product. The launch of Appitalism.com was timed to coincide with burgeoning interest in apps for smartphones and tablet devices from both consumers and companies.

Mobile Operator Sales

The Group has several contracts with mobile operators that allow the distribution of content through their mobile portals.

Through active management of operator channels by the Group's channel management teams around the world, we have been successful in maintaining our mobile carrier revenue streams at relatively stable levels, despite generally reduced 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 maintain the overall revenue and margin levels at a relatively consistent level.

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.

Revenues continued to shift from music-oriented products to games and apps. More than 30 Business To Business (B2B) customer contracts had been fully executed for the distribution and provision of the Company's apps, games and eBooks content and services as at 30 June 2012.

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FINANCIAL REVIEW

Group revenue for the year ended 30 June 2012 was £22m, a 42% increase on the 18 months ended 30 June 2011 (£15.5m)

Gross margin decreased to 40.1% (18 months ended 30 June 2011 49.7%) due to increased marketing (Direct to Consumer) costs related to Mobile Internet cost of goods sold

Selling, marketing and administrative expenses were £6.8m, a 5% decrease on the 18 months ended 30 June 2011 (£7.2m)

The Group recorded a profit after tax of £0.8m for the year ended 30 June 2012 (18 months ended 30 June 2011 loss of £0.2m)

Basic earnings per share increased to 2.120 pence per share (18 months ended 30 June 2011 loss of 0.589 pence)

Adjusted earnings per share (excluding depreciation, amortisation, impairments and share compensation expense) increased to 3.157 pence per share, (18 months ended 30 June 2011 profit of 0.542 pence)

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

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DIRECTORS' REPORT

The Directors of the Company (the "Directors") present their report and the financial statements of the Group for the year ended 30 June, 2012

The principal activity of the Group is the provision of technology and services for the publication 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 2012 are shown in the attached financial statements, and are discussed further in the Business Review below

The Directors have not proposed a dividend for this year (18 months ended 30 June 2011 Nil)

BUSINESS REVIEW

Financial overview

The Group's cash balance was £1.8m (30 June 2011: £1.1m) at the year-end. The increase in cash was mainly due to increased revenues in Latin America, within the Mobile Internet segment, from increased subscriptions.

Financial performance

Financial performance for the year has been analysed as follows

	Year to 30 June 2012	18 months period to 30 June 2011	Year to 31 December 2010
	£000's	£000's	£000's
Revenue	22,047	15,491	9,622
Gross profit	8,835	7,703	4,943
Selling and Marketing Costs	(3,668)	(2,238)	(1,140)
Administrative Expenses	(3,153)	(4,939)	(3,345)
Trading EBITDA*	2,014	526	458
Depreciation and Amortisation	(209)	(392)	(317)
Impairments	(169)	-	-
Share Based Compensation	-	(19)	-
Finance Income	2	8	6
Finance Expense	(2)	-	-
Profit before tax	1,636	123	147

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

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DIRECTORS REPORT

Key performance indicators ("KPI's")

The KPI's used by the Group are monthly trading EBITDA*, cash projections, growth in revenue and gross profit. Management review these on a regular basis, largely by reference to budgets and reforecasts.

Earnings before tax, interest, amortisation, depreciation, share compensation expense and impairment of assets (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 reversed out from the bottom-line net income.

The cash flow projection shows how cash is expected to flow in and out which is an important business decision-making tool.

Growth in revenue is a measure of how we are growing our business. Our goal is to achieve year-on-year growth. Gross profit as a percentage of revenue is a measure of our profitability.

Strategy

The Group's revenues are generated through relationships with mobile operators and content aggregators and retailing directly to the consumer.

Principal risks and uncertainties

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

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

Contracts with Mobile Network Operators (MNO's)

While Mobile Streams maintains relationships with numerous MNO's 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.

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DIRECTORS' REPORT

Evolution of mobile entertainment content

Mobile entertainment content is constantly evolving in terms of what is popular, how it is distributed and business models

Management continues to review changes in the market, explore new business models and form new relationships with content partners

Fluctuations in currency exchange rates

Approximately 99% of the Group's revenue relates to overseas operations. 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 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 hedged

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 Key Man insurance policies 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

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DIRECTORS' REPORT

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 25 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 to ensure cash resources are maintained

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

Currency risk

The Group is exposed to translation and transaction foreign exchange risk. 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. Under this scenario, the Argentine subsidiary is considering other alternatives to hedge a possible devaluation of local currency

The Group will continue to review its currency risk position as the overall business profile changes

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DIRECTORS' REPORT

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

During the year ended 30 June 2012, Argentina modified its country's laws on cross border intercompany transfer of funds. As at 30 June 2012, 94% of the Group's cash is held in Argentina, which also accounted for 91% of the Group's revenues in the 12 months to 30 June 2012. Management is making changes to mitigate this risk and is also moving its finance operations to Argentina to ensure stability and continuity.

The aforesaid modified laws, severely restrict the Argentina subsidiary from transferring funds to parent companies for payment dividends or services rendered. This risk is being mitigated by the launch of similar businesses to Argentina in Colombia and Mexico where the laws on cross border transfer of funds are not restricted. Vendor related payments can be made out of Argentina on behalf of other subsidiaries.

The Group currently has no borrowing arrangements in place and prepares cashflow 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.

Policy on payment on trade payables

It is the Group's policy to settle supplier accounts in accordance with individual terms of business. The number of days purchases outstanding at the year-end in respect of the Group were 50 days (18 month 30 June, 2011: 50 days).

Directors and their interests

The present membership of the Directors of the Company (the "Board"), 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 2012	Ordinary shares of £0.002 each 30 June 2011
S D Buckingham	18,257,500	18,257,500
M Carleton	-	-
P Tomlinson	40,000	40,000
R G Parry	181,183	181,183
T Maunder	5,000	-
G Margent (Resigned 21 June 2012)	-	-

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DIRECTORS REPORT

Options

The table below summarises the exercise terms of the various options over ordinary shares of £0.002 (18 months 30 June 2011 £0.002) each which have been granted and were still outstanding at 30 June 2012

	Options Held at 1 July 2011	Options Granted During the period	Options exercised During the period	Options Held at 30 June 2012	Exercise price £	Earliest date from which exercisable	Latest expiry date
	Number	Number	Number	Number			
R G Parry	689,655	-	-	689,655	0.87	15-Feb-07	14-Feb-16
R G Parry	250,000	-	-	250,000	0.343	23-Mar-12	22-Mar-21

*Gabriel Margent held 250,000 share options which lapsed on resignation

The remuneration of each of the Directors for the period ended 30 June 2012 is set out below

	Salary	Fees	Benefits	Year to 30 June 2012 Total	18 months period to 30 June 2011 Total
	£'000	£'000	£'000	£'000	£'000
S D Buckingham	197	-	7	204	234
G Margent	95	-	-	95	88
T Maunder	-	17	-	17	9
R G Parry	-	36	-	36	45
P Tomlinson	-	34	-	34	30
Total	292	87	7	386	406

Benefits comprise medical health insurance

Post balance sheet events

Subsequent to the year end and as set out in note 23 the German subsidiary was subject to a tax audit for the years 2006 to 2010 and a claim was made by the German tax authorities in the sum of Euro 250,000. The company has made a provision in the sum of £120,195 (Euro 150,000) in respect of this claim. As explained in the note the company does not believe it is liable for the full sum and is working with its tax advisers in Germany to resolve this position. The provision is the directors best estimate of the maximum amount due.

There have been no other significant post balance sheet events

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DIRECTORS' REPORT

Going Concern

The Group had cash balances of £1.8m at the year end (30 June 2011, £1.1m) and no borrowings. Having reviewed cashflow 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 cross border intercompany transfer of funds. Management is making changes to mitigate this risk and is also moving its finance operations to Argentina to ensure stability and continuity. As at 30 June 2012, 94% of the Group's cash balance of £1.8m was held in Argentina. The risk is also mitigated by the launch of similar businesses in Columbia and Mexico where the laws on cross border transfers of funds are not restricted. For these reasons, the Board consider Mobile Streams to be a going concern. No other material uncertainties related to 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 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 elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable IFRSs 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.

In so far as each of the Directors is aware:

- there is no relevant audit information of which the Company's auditors are unaware, and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are 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 have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

During the period ended 30 June 2012 the Board and the Audit Committee approved an extension to the engagement term of the Senior Statutory Auditor responsible for the audit opinion in relation to Mobile Streams plc. The term

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was extended from 6 to 7 years. The Audit Committee is satisfied that this extension does not in any way prejudice the objectivity and independence of the auditor. The approved extension during the period ended 30 June 2012 was to provide stability and continuity following the departure of the CFO at the year end.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'Simon Buckingham', written over a horizontal line.

Simon Buckingham
Director
7 December 2012

MOBILE STREAMS PLC

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

We have audited the group financial statements of Mobile Streams Plc for the year ended 30 June 2012 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 11, the Directors are responsible for the preparation of the group 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 group 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 group financial statements

- give a true and fair view of the state of the group's affairs as at 30 June 2012 and of its profit 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 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.

MOBILE STREAMS PLC

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

Other matter

We have reported separately on the parent company financial statements of Mobile Streams Plc for the year ended 30 June 2012

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

7 December 2012

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

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 2012. 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, as modified by the revaluation of assets and liabilities held at fair value.

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.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, in line with IFRS 3, Business Combinations. Any assets acquired and liabilities and contingent liabilities assumed that are identifiable are measured initially at their fair values at the acquisition date. Goodwill is stated after separating out identifiable intangible assets. The excess of the cost of a business combination over the fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of a business combination is less than the fair value, the difference is recognised directly in the income statement.

Inter-company 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 47-57, 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.

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ACCOUNTING POLICIES

(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.

(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) are 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 their 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

The 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.

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Going Concern

The Group had cash balances of £1.8m at the year end (30 June 2011, £1.1m) and no borrowings. Having reviewed cashflow 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 cross border intercompany transfer of funds. Management is making changes to mitigate this risk and is also moving its finance operations to Argentina to ensure stability and continuity. As at 30 June 2012, 94% of the Group's cash balance of £1.8m was held in Argentina. The risk is also mitigated by the launch of similar businesses in Columbia and Mexico where the laws on cross border transfers of funds are not restricted. For these reasons, the Board considers Mobile Streams to be a going concern. No other material uncertainties related to 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.

ACCOUNTING POLICIES

(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 developments 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 the Group must demonstrate the following criteria:

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

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

(d) Appraisal

MOBILE STREAMS PLC

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Appitalism developments represent intangible assets that have been internally generated, including capitalized 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 capitalized, are amortised on a straight line basis.

(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 shown in "depreciation, amortisation and impairment" in the income statement.

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Financial Statements for the 12 months ended 30 June 2012

ACCOUNTING POLICIES

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 is shown in "depreciation, amortisation and impairment" 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 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.

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

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 increased 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.

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

ACCOUNTING POLICIES

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 2012, the Group is organised into four geographical segments: Europe, North America, Latin America, and Asia Pacific. Revenues are from external customers only and 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).

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

Sales of goods are 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

Rendering of services are 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.

MOBILE STREAMS PLC

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ACCOUNTING POLICIES

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 other creditors 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 method

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 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

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

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

ACCOUNTING POLICIES

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 are yet to become mandatory, have not been applied in the 2012 group financial statements

Standard or Interpretation	Effective for periods beginning on or after
IAS 19 Employee Benefits (revised June 2011)	1 January 2013
Amendments to IAS 1 Presentation	Effective 1 January 2014

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

CONSOLIDATED INCOME STATEMENT

		Year ended 30 June 2012	18 month ended 30 June 2011
		£000's	£000's
Revenue		22,047	15,491
Other income *	21	-	484
Cost of sales	21	(13,212)	(8,272)
Gross profit	21	8,835	7,703
Selling and marketing costs		(3,668)	(2,238)
Administrative expenses **		(3,531)	(5,350)
Operating Profit		1,636	115
Finance income		2	8
Finance expense		(2)	-
Profit before tax		1,636	123
Tax expense	9	(863)	(337)
Profit/ (loss) for the period		773	(214)
Attributable to			
Attributable to equity shareholders of Mobile Streams plc		773	(214)

Earnings/ (loss) per share

		Pence per share	Pence per share
Basic earnings/(loss) per share	7	2.120	(0.589)
Diluted earnings/(loss) per share	7	2.037	(0.572)

* Other income includes the sale of the ringtones.com domain.

** Administrative expenses include Depreciation, Amortisation and Impairment £0.38m (18 months ended 30 June 2011: £0.41m), Share Based Compensation: £Nil (18 months ended 30 June 2011: £7k), Administrative expenses £3.5m (18 months ended 30 June 2011: £4.9m)

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 30 June 2012 £000's	18 month ended 30 June 2011 £000's
Profit/ (loss) for the period	773	(214)
Exchange differences on translating foreign operations	(92)	15
Total comprehensive income/(loss) for the period	681	(199)
Total comprehensive income/(loss) for the period attributable to		
Equity shareholders of Mobile Streams plc	681	(199)

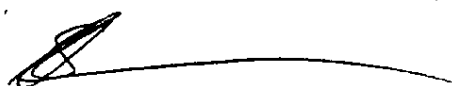
MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2012	30 June 2011
		£000's	£000's
Assets			
Non- Current			
Goodwill	12	714	714
Intangible assets	12	1	348
Property, plant and equipment	11	46	37
Deferred tax asset	16	454	-
		1,215	1,099
Current			
Trade and other receivables	13	3,842	2,235
Cash and cash equivalents	14	1,763	1,100
		5,605	3,335
Total assets		6,820	4,434
Equity			
Equity attributable to equity holders of Mobile Streams plc			
Called up share capital	17	73	73
Share premium		10,317	10,317
Translation reserve		(310)	(218)
Merger reserve	19	153	153
Retained earnings		(8,679)	(9,452)
Total equity		1,554	873
Liabilities			
Non- Current			
Deferred tax liabilities	16	-	13
Current			
Trade and other payables	15	3,774	3,107
Current tax liabilities		1,492	441
		5,266	3,548
Total liabilities		5,266	3,561
Total equity and liabilities		6,820	4,434

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



Simon Buckingham
Director
7 December 2012
 Company number 03696108

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

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 January 2010	73	10,310	(233)	(9,238)	153	1,065
Employee share based compensation	-	7	-	-	-	7
(Loss) for the 18 months ended 30 June 2011	-	-	-	(214)	-	(214)
Exchange differences on translating foreign operations	-	-	15	-	-	15
Total comprehensive income for the period	-	7	15	(214)	-	(192)
Balance at 30 June 2011	73	10,317	(218)	(9,452)	153	873
Balance at 1 July 2011	73	10,317	(218)	(9,452)	153	873
Profit for the 12 months ended 30 June 2012	-	-	-	773	-	773
Exchange differences on translating foreign operations	-	-	(92)	-	-	(92)
Total comprehensive income for the period	-	-	(92)	773	-	681
Balance at 30 June 2012	73	10,317	(310)	(8,679)	153	1,554

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

CONSOLIDATED CASH FLOW STATEMENT

		Year ended 30 June 2012 £000's	18 months ended 30 June 2011 £000 s
Operating activities			
Profit before taxation		1,636	123
Adjustments			
Share based payments		-	19
Depreciation	5	22	83
Amortisation	5	187	309
Impairments	5	169	-
Interest received	6	(2)	(8)
Changes in trade and other receivables		(1,607)	(450)
Changes in trade and other payables		667	(214)
Tax paid		175	(64)
Total cash generated /(utilised) in operating activities		1,247	(202)
Investing activities			
Additions to property, plant and equipment	11	(31)	(43)
Additions to other intangible assets		-	(317)
Interest received	6	2	8
Net Cash used in investing activities		(29)	(352)
Financing activities			
Issue of share capital (net of expenses paid)		-	7
Net Cash used in investing activities		-	7
Net change in cash and cash equivalents		1,218	(547)
Cash and cash equivalents at beginning of period		1,100	1,659
Exchange (losses) on cash and cash equivalents		(555)	(12)
Cash and cash equivalents, end of period	14	1,763	1,100

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. GENERAL INFORMATION

Mobile Streams Plc (the Company) and its subsidiaries (together 'the Group') provide technology and services for the publication of 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.

These consolidated financial statements have been approved for issue by the Board of Directors on 7th December 2012.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates 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.

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 12.

(b) Accrued revenue and accrued content costs

Judgement 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, judgement 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) 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.

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(d) Intangible assets

The Group is required to identify and assess the useful life of intangible assets and determine if there is a finite or indefinite life. Judgement is required in determining if an intangible asset has a finite life and the extent of this finite life in order to calculate the amortisation charge on the asset. The Group tests annually whether intangible assets with an indefinite life have 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. Where there is no observable market value for an intangible asset, management will make use of a valuation technique to determine the value of an intangible. In doing so, certain assumptions and estimates will be made. Refer to note 12.

e) Share based payments

The Group is required to measure the fair value of equity settled transactions with employees at the grant date of the equity instruments. The fair value is determined by using the Black-Scholes method. This requires assumptions regarding interest free rates, share price volatility and expected life of an employee share option. The volatility of the Company's share price on each date of grant was calculated as the average of volatilities of share prices of companies in our Peer Group on the corresponding dates. The Peer Group is a group of companies in the same industry providing similar services. 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.

f) 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 16).

3 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 2012 are as follows

	2012		2011	
	£000's		£000's	
Short-term employee benefits				
- salaries/remuneration			386	406
			Year to 30	18 months
			June 2012	period to 30
				June 2011
	Salary	Fees	Benefits	Total
	£'000	£'000	£'000	£'000
S D Buckingham	197	-	7	204
GMargent	95	-	-	95
T Maunder	-	17	-	17
R G Parry	-	36	-	36
P Tomlinson	-	34	-	34
Total	292	87	7	386
				406

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 SERVICES PROVIDED BY THE GROUP'S AUDITOR AND NETWORK FIRMS

During the year ended 30 June 2012 the Group (including its overseas subsidiaries) obtained the following services from the Group's auditor and network firms

	2012 £000's	18 months 2011 £000's
Fees payable to the Company's auditor and its associates for the audit of the parent company and consolidated accounts	44	54
Non-Audit services		
Fees payable to the Company's auditor and its associates for other services		
The audit of the Company's subsidiaries pursuant to legislation	6	6
Interim procedures	15	30
Tax compliance and advisory services	65	90

5 DEPRECIATION, AMORTISATION AND IMPAIRMENT

		Year ended 2012 £000's	18 months 30 June 2011 £000's
	Notes		
Depreciation	11	22	84
Amortisation	12	187	308
Impairment	12	169	-
		<u>378</u>	<u>392</u>

6 FINANCE INCOME

	Year ended 2012 £000's	18 months 30 June 2011 £000's
Interest receivable	<u>2</u>	<u>8</u>

7 EARNINGS/(LOSS) PER SHARE

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

	Year ended 2012 Pence per share	18 months 30 June 2011 Pence per share
Basic earnings/ (loss) per share	2 120	(0 589)
Diluted earnings/(loss) per share	2 037	(0 572)

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

	2012 £000's	18 months 2011 £000's
Profit/(Loss) for the period	<u>773</u>	<u>(214)</u>
For adjusted earnings per share	£000's	£000's
Profit/(Loss) for the period	773	(214)
Add back: share compensation expense	-	19
Add back: depreciation and amortisation	209	392
Add back: impairment	<u>169</u>	<u>-</u>
Adjusted profit for the period	<u>1,151</u>	<u>197</u>

Weighted average number of shares

	Number of shares	Number of shares
For basic earnings per share	36,457,692	36,313,610
Exercisable share options	<u>1,488,563</u>	<u>1,085,000</u>
For diluted earnings per share	<u>37,946,255</u>	<u>37,398,610</u>
	Pence per share	Pence per share
Adjusted earnings per share	3.157	0.542
Adjusted diluted earnings per share	3.033	0.527

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

8 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	Year ended 2012 £000's	18 months 30 June 2011 £000's
Wages and salaries	1,792	2,503
Social security costs	148	232
	<u>1,940</u>	<u>2,735</u>

The average number of employees during the year was

	Year ended 2012 Number	18 months 30 June 2011 Number
Management	5	5
Administration	41	42
	<u>46</u>	<u>47</u>

9 INCOME TAX EXPENSE

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

	2012 £'000	2011 £'000
<i>Current tax</i>		
UK corporation tax on profits of the period	-	-
Foreign tax on profits of the period	1,355	337
<i>Total current tax</i>	<u>1,355</u>	<u>337</u>
<i>Deferred tax</i>		
Origination & reversal of timing differences (Deferred tax charge/(credit) (note 16))	(492)	-
<i>Tax on profit on ordinary activities</i>	<u>863</u>	<u>337</u>
Factors affecting the tax charge for the period		
Profit on ordinary activities before tax	1 636	123
Profit multiplied by standard rate		
of corporation tax in the United Kingdom of 24%/28%	<u>393</u>	<u>34</u>
<i>Effects of</i>		
Adjustment for tax-rate differences	266	76
Expenses not deductible for tax purposes in current year	11	198
Tax losses carried forward	230	31
Tax losses utilised	(27)	-
Prior year tax adjustments	(10)	-
Other	-	2

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

<i>Current tax charge for the period</i>	863	337
Comprising		
Current tax expense	874	374
Deferred tax (expense), income, resulting from the origination and reversal of temporary differences	(11)	(37)
	863	337
Provision for deferred tax (Deferred tax asset)		
Provision at brought forward	(38)	(38)
Current Year	492	-
<i>Deferred tax provision/(asset) carried forward</i>	454	(38)
Relating to		
Expenses deducted in Argentina on a paid basis	454	-
Other	-	(38)
<i>Provision for deferred tax</i>	454	(38)
Unprovided Deferred tax		
Losses	203	177

10 DIVIDENDS

No dividends were paid or proposed during the year (18 months ended 30 June 2011 Nil)

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11 PROPERTY, PLANT AND EQUIPMENT

	Office furniture, plant and equipment £000's
Cost	
At 1 July 2011	421
Additions	31
Disposals	(23)
Translation adjustments	4
At 30 June 2012	433
Depreciation	
At 1 July 2011	384
Provided in the year	22
Disposals	(23)
Translation adjustments	4
At 30 June 2012	387
Net book value at 30 June 2012	46

	Office furniture, plant and equipment £000's
Cost	
At 1 January 2010	379
Additions	44
Disposals	(2)
Translation adjustments	-
At 30 June 2011	421
Depreciation	
At 1 January 2010	300
Provided in the year	84
At 30 June 2011	384
Net book value at 30 June 2011	37

12 GOODWILL AND INTANGIBLE ASSETS

The carrying amount of goodwill is entirely attributable to Mobile Streams (Hong Kong) Limited and its subsidiaries in Singapore and Australia which make up the Asia Pacific reportable segment. Following an impairment review at the balance sheet date the fair value was higher than the carrying value and therefore no impairment was required (2011 No impairment charge). The recoverable amount was determined based on value-in-use calculations, covering a twenty years forecast assuming continued profits from the existing customer relationships and content repertoire offering. The valuation is wholly based on budgets which have been prepared by senior management. Growth of 2.5% based on historical information and the discount rate of 13.7%, based on WACC of the entity, are used in the

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

valuation of cash-generating units. These rates are used to extrapolate cash flows beyond the forecast period. There was no change in the method of estimation during the year.

On to a different matter, the intangible asset of Appitalism has been assessed to review the need of impairment. As a result, the net book value at the balance sheet date was higher than its fair value so an impairment charge of £169,000 has been booked. (2011: No impairment charge)

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	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 2011	2,349	332	326	2,364	5,371	2,670	8,041
Additions - externally acquired	1	-	2	-	3	-	3
Disposals	-	-	-	-	-	-	-
Translation adjustments	(2)	-	9	-	7	-	7
At 30 June 2012	2,348	332	337	2,364	5,381	2,670	8,051

**Accumulated amortisation
and impairment**

At 1 July 2011	2,344	332	54	2,292	5,022	1,956	6,978
Amortisation	3	-	112	72	187	-	187
Impairment	-	-	169	-	169	-	169
Depreciation on Disposal	-	-	-	-	-	-	-
Translation adjustments	-	-	2	-	2	-	2
At 30 June 2012	2,347	332	337	2,364	5,380	1,956	7,336

**Net book value at 30 June
2012**

1	-	-	-	1	714	715
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	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 2010	2,349	332	-	2,364	5,045	2,670	7,715
Additions - internally generated	-	-	326	-	326	-	326
Additions - externally acquired	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Translation adjustments	-	-	-	-	-	-	-
At 30 June 2011	2,349	332	326	2,364	5,371	2,670	8,041

**Accumulated amortisation
and impairment**

At 1 January 2010	2,229	331	-	2,154	4,714	1,956	6,670
Amortisation	115	1	54	138	308	-	308
Impairment	-	-	-	-	-	-	-
Depreciation on Disposal	-	-	-	-	-	-	-
Translation adjustments	-	-	-	-	-	-	-
At 30 June 2011	2,344	332	54	2,292	5,022	1,956	6,978

**Net book value at 30 June
2011**

5	-	272	72	349	714	1,063
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MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Other intangible assets

Mobile Streams' other intangible assets comprised acquired customer relationships, technology based assets and non-compete agreements. These assets were fully amortised in the year.

13 TRADE AND OTHER RECEIVABLES

	2012 £000's	2011 £000's
Trade receivables	684	673
Accrued receivables	2,410	1,090
Prepayments	748	472
	<u>3,842</u>	<u>2,235</u>

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 £91,000 (18 months ended 30 June 2011: £68,000) 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:

	2012 £000's	2011 £000's
Not more than 3 months	36	20
More than 3 months but not more than 6 months	174	84
More than 6 months but not more than 1 year	7	-

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Provision for doubtful debts reconciliation

	2012 £000's	2011 £000's
Opening provision for doubtful debts	68	60
Change in provision during the year	23	8
Closing provision for doubtful debts	<u>91</u>	<u>68</u>

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

14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components

	2012 £000's	2011 £000's
Cash at bank and in hand	<u>1,763</u>	<u>1,100</u>

15 TRADE AND OTHER PAYABLES

	2012 £000's	2011 £000's
Trade payables	903	578
Other payables	118	93
Accruals and deferred income	<u>2,753</u>	<u>2,436</u>
	<u>3,774</u>	<u>3,107</u>

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

16. DEFERRED TAX ASSETS AND LIABILITIES

	Balance 1 Jan 2010 £000's	Recognised in income £000's	Balance 30 Jun 2011 £000's	Recognised in income £000's	Balance 30 June 2012 £000's
Deferred tax asset:					
- Tax losses	-	-	-	-	-
- Fixed assets	-	-	-	-	-
- Pension provisions	-	-	-	8	8
- Others	-	-	-	446	446
Deferred tax asset	<u>-</u>	<u>-</u>	<u>-</u>	<u>454</u>	<u>454</u>

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Deferred tax liability

- On intangible assets	38	(25)	13	(13)	-
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Deferred tax liability on intangible assets has decreased as a result of impairment and amortisation

17. SHARE CAPITAL

The Company only has one class of shares. The total number of shares issued is 36,457,692 (30 June 2011 36,457,692) 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.

	2012 £000's	2011 £000's
Authorised		
69,150,000 ordinary shares of £0.002 each (30 June 2011 69,150,000)	138	138
Allotted, called up and fully paid		
36,457,692 ordinary shares of £0.002 each (30 June 2011 36,457,692)	73	73

18 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.

There were no options granted to Directors during the year ended 30 June 2012.

The fair value per option of options granted during the 18 months period to 30 June 2011 and the assumptions used in the calculation are shown below:

Date of grant	17 March 2011			23 March 2011		
Share price at grant (£)	0.3025	0.3025	0.3025	0.3430	0.3430	0.3430
Exercise price (£)	0.3025	0.3025	0.3025	0.3430	0.3430	0.3430
Shares under option	275,000	275,000	275,000	166,667 *	166,667 *	166,667 *
Vesting period (years)	1	2	3	1	2	3
Expected volatility	44.72%	44.72%	44.72%	44.64%	44.64%	44.64%
Option Life (years)	10	10	10	10	10	10
Expected life (years)	5	5	5	5	5	5
Risk-free rate	0.8981%	0.8981%	0.8981%	0.9435%	0.9435%	0.9435%
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fair value per option (£)	0.055	0.077	0.094	0.061	0.087	0.106

* A total of 250,000 shares, 83,500 shares per vesting period, have been forfeited in 2012.

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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
 - The first 33.3% vest on the Third Anniversary of the grant of option

	2012		2011	
	Number ('000's)	Weighted average exercise price	Number ('000's)	Weighted average exercise price
Outstanding at 1 July	2,500	£0.44	1,582	£0.47
Granted	-	-	1,375	£0.31
Exercised	-	-	(165)	£0.04
Forfeited	(300)	£0.35	(292)	£0.26
Outstanding at 30 June	<u>2,200</u>	<u>£0.46</u>	<u>2,500</u>	<u>£0.44</u>
Exercisable at 30 June	<u>1,489</u>	<u>£0.52</u>	<u>1,085</u>	<u>£0.62</u>

	2012			2011		
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	0.264	1,501	7.6	0.276	1,801	8.8
£0.51 - £1.00	0.869	699	3.6	0.869	699	4.6

No share options were exercised during the year ended 30 June 2012 (18 months ended 30 June 2011: 165,000 at a weighted average price of £0.3130).

The total charge for the year relating to employee share based payment plans was £ Nil (18 months ended 30 June 2011: £7,000), all of which related to equity-settled share based payment transactions.

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. MERGER RESERVE

£000's

Balance 1 July 2011 & 30 June 2012

153

The merger reserve was created on the issue of shares in consideration for the acquisition of Mobile Streams Europe GmbH

20 OPERATING LEASES

The Group has commitments under operating leases for land and buildings to pay the following amounts in the next twelve months

	Land and Buildings	
	2012	2011
	£000's	£000's
Annual commitments under non-cancellable operating leases expiring		
Within one year	64	111
Within two to five years	215	72
After five years	-	-
	<u>279</u>	<u>183</u>

There are no other operating leases. Lease payments recognised as an expense during the period amount to £46,260 (2011: £210,000)

21 SEGMENT REPORTING

As at 30 June 2012, the Group is organised into 4 geographical segments: Europe, North America, Latin American, and Asia Pacific. Revenues are from external customers only and generated from three principal business activities: the sale of mobile content through MNO'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 transfers are priced and carried out at arm's length.

91% of revenue in Latin America is derived from 2 major customers and 97% of revenue in Asia Pacific is derived from 3 major customers.

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

£000's	Europe	Asia Pacific	North America	Latin America	Consol	Group
Mobile Operator Services	148	1,327	418	3,542	-	5,435
Mobile Internet Services	80	-	1	16,425	-	16,505
Other Service fees	1	43	1	61	-	106
Total Revenue	229	1,370	420	20,028	-	22,047
Cost of sales	(21)	(957)	37	(12,271)	-	(13,211)
Gross profit	208	413	457	7,757	-	8,835
Selling, marketing and administration expenses	(682)	(300)	(575)	(5,264)	-	(6,821)
EBITDA*	(474)	113	(118)	2,493	-	2,013
Depreciation, amortisation and impairment	(75)	(2)	(290)	(11)	-	(378)
Share based compensation	-	-	-	-	-	-
Finance income/(expense)	-	2	-	(2)	-	(0)
Profit/(Loss) before tax	(549)	113	(408)	2,480	-	1,636
Taxation	27	-	-	(890)	-	(863)
Profit/(loss) after tax	(523)	113	(408)	1,591	-	773
Segmental assets	490	303	144	5,542	340	6,819
Segmental liabilities	286	498	546	3,937	0	5,267

The segmental results for the 18 months ended 30 June 2011 are as follows

£000's	Europe	Asia Pacific	North America	Latin America	Consol	Group
Mobile Operator Services	290	2,535	1,191	3,143	-	7,159
Mobile Internet Services	279	-	175	7,016	-	7,470
Other Service fees	668	108	44	42	-	862
Total Revenue	1,237	2,643	1,410	10,201	-	15,491
Other Income	484	-	-	-	-	484
Cost of sales	(194)	(1,775)	(236)	(6,069)	-	(8,274)
Gross profit	1,527	868	1,174	4,132	-	7,701
Selling, marketing and administration expenses	(1,467)	(664)	(1,647)	(3,397)	-	(7,175)
EBITDA*	60	204	(473)	735	-	526
Depreciation, amortisation and impairment	(275)	(5)	(73)	(39)	-	(392)
Share based compensation	(19)	-	-	-	-	(19)
Finance income	4	4	-	-	-	8
Profit/(Loss) before tax	(230)	203	(546)	696	-	123
Taxation	80	-	-	(417)	-	(337)
Profit/(loss) after tax	(150)	203	(546)	279	-	(214)
Segmental assets	254	583	553	2,257	787	4,434
Segmental liabilities	246	825	735	1,742	13	3,561

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

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

	2012 £000's	2011 £000's
Segment revenues		
Total segment revenues	22,047	15,491
Group's revenues	<u>22,047</u>	<u>15,491</u>
Segment results		
Total segment Profit/ (loss) after tax	773	(214)
Group's Profit/ (loss) after tax	<u>773</u>	<u>(214)</u>
Segment assets		
Total segment assets	14,034	12,719
Consolidation	(7,214)	(8,285)
Group's assets	<u>6,820</u>	<u>4,434</u>
Segment liabilities		
Total segment liabilities	12,815	11,171
Consolidation	(7,549)	(7,610)
Group's liabilities	<u>5,266</u>	<u>3,561</u>

INTEREST REVENUE

Interest Revenue for the year ended 30 June 2012 was £2k derived entirely from Latin America (Argentina) (18 months ended 30 June 2011 £8k)

DEFERRED TAX

	Europe	Asia Pacific	North America	Latin America	Other	Group
Deferred Tax	-	-	454	-	-	454
Deferred Tax	-	-	454	-	-	454

BENEFITS

	Europe	Asia Pacific	North America	Latin America	Other	Group
Benefits	-	(25)	(30)	(1)	-	(56)
	-	(25)	(30)	(1)	-	(56)

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18 months ended 30 June 2011

DEFERRED TAX	Europe	Asia Pacific	North America	Latin America	Other	Group
Deferred Tax	-	-	-	-	(13)	(13)
	-	-	-	-	(13)	(13)

BENEFITS

	Europe	Asia Pacific	North America	Latin America	Other	Group
Benefits	-	(38)	(70)	(2)	-	(110)
	-	(38)	(70)	(2)	-	(110)

22. CAPITAL COMMITMENTS

The Group has no capital commitments as at 30 June 2012 (30 June 2011 £Nil)

23 CONTINGENT LIABILITIES

The German subsidiary was subject to a tax audit for the years 2006 to 2010. As a result of the audit findings, the German fiscal authority, the Tax and Revenue Office of Hanover-North, is claiming a tax payment of about £200,325 (€250,000).

A provision of £120,195 (€150,000) has been booked (2011: no provision charge), because the company does not believe it is liable for the full sum and is working with its tax advisers in Germany to resolve this position. The provision is the director's best estimate of the maximum amount due.

The Group has no other contingent liabilities as at 30 June 2011.

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24 RELATED PARTY TRANSACTIONS

Key Management

The only related party transactions that occurred during the year were the remuneration of senior management disclosed in note 3

Other Related Parties

Although not a related party under IFRS, the Group has received management fee income from Zoombak Inc, a subsidiary of TruePosition Inc who are a minority shareholder in the Company. Furthermore as announced on 28 September 2010, Mobile Streams' agreement to provide management services to Zoombak, LLC, the location based devices and services subsidiary of TruePosition, Inc ended in early January 2011. In addition to the fixed management fee that was paid by TruePosition to the Company, the Zoombak management services agreement included certain performance related provisions whereby bonus sums would become payable to Mobile Streams depending on the financial performance of Zoombak. The Company had raised invoices amounting to its calculation of these bonuses in prior years, however, TruePosition disputed these invoices.

The Company and TruePosition have now negotiated and executed a settlement agreement that amicably resolves the outstanding matters relating to the Zoombak management services agreement. Furthermore, Zoombak made a one-time payment of \$250,000 (£155,000) to the Company, shown as revenue in the income statement for the period 30 June 2011. This contract has been terminated during the 18 month period ended 30 June 2011.

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25 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 and Argentine 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. 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, are translated into local currency at the closing rate as follows:

	2012 000's				2011 000's			
	US \$	AUS \$	ARS \$	Other	US \$	AUS \$	ARS \$	Other
Nominal amounts								
Financial assets	105	262	5,298	287	292	486	2,051	290
Financial liabilities	(546)	(567)	(3,829)	(58)	(738)	(739)	(1,646)	(196)
Short-term exposure	(441)	(305)	1,469	229	(446)	(253)	405	94

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.

	2012	2011
US Dollar	3%	8%
Australian Dollar	4%	24%
Argentine Peso	5%	18%

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Liquidity risk

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

As at 30 June 2012, the Group's liabilities were all current and have contractual maturities as follows:

30 June 2012	Within 6 months £000's	6 to 12 months £000's
Trade and other payables	3,774	-

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

30 June 2011	Within 6 months £000's	6 to 12 months £000's
Trade and other payables	3,107	-

Capital Management Disclosures

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Group's various classes of debt. 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 may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

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 2012 which comprise the parent company balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 11, 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 2012,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the 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.

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

OTHER MATTER

We have reported separately on the group financial statements of Mobile Streams Plc for the period ended 30 June 2012

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

7 December 2012

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

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 income statement in the financial statements. The loss for the parent company for the year ended 30 June 2012 was £3,117,000 (18 months period ended 30 June 2011: profit £134,000).

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

Revenue recognition

As at 30 June 2012, the Group is organised into four geographical segments: Europe, North America, Latin America, and Asia Pacific. 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 sale of goods and services, 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

- Rendering of services are 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 Statement of Financial Position under other creditors 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.

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

COMPANY ACCOUNTING POLICIES

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment

Depreciation is calculated to write down the cost less estimated residual value of fixed assets over their estimated useful lives. The following rates and methods have been applied:

Leasehold improvements	Over the life of the lease
Plant and equipment	33% straight line
Media platform development	33% - 50% straight line
Office furniture	Between 10% and 33% straight line

Media platform costs represent the cost of the initial development of websites and media platforms, which support the Company's core operations.

The Company continued to invest in expanding the capability of the media platform during 2011-2012 and has capitalised the direct staff costs incurred during the creation of this asset. The expected useful economic life of the platform is estimated to be 2 years and the asset is being depreciated on this basis.

INTANGIBLE ASSETS

The intangible assets represent the cost of creating original media content. Intangible assets are stated at cost, net of amortisation and any provision for impairment. Amortisation is calculated to write down the cost of intangible assets over their estimated useful lives. The following rates and methods have been applied:

Intangible assets	Between 2 and 4 years straight line
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DEFERRED TAXATION

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

Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

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. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to reserves. All other 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').

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

COMPANY ACCOUNTING POLICIES

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 method.

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.

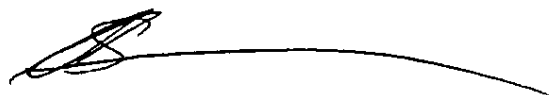
MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

COMPANY BALANCE SHEET

		30 June 2012 £000's	Restated 30 June 2011 £000's
Fixed assets			
Intangible assets	2	-	2
Investments in subsidiaries	1	354	1,442
Total fixed assets		354	1,444
Current assets			
Debtors	3	748	2687
Cash and cash equivalents		11	83
Deferred tax asset		-	-
Others assets		3	2
Total current assets		762	2,772
Creditors amounts falling due within one year	4	(707)	(690)
Net current assets	55	2,082	
Net assets		409	3,526
Capital and reserves			
Called up share capital	5	73	73
Share premium	6	10,317	10,317
Profit and loss account	6	(9,981)	(6,864)
Shareholders funds		409	3,526

The financial statements were approved by the Board of Directors on 7 December 2012



Simon Buckingham
Director

Company registration number

03696108

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

NOTES TO COMPANY FINANCIAL STATEMENTS

1 INVESTMENT IN SUBSIDIARY COMPANIES

	30 June 2012 £000's	30 June 2011 £000's
Cost		
At July 2011 and 30 June 2012	<u>3,898</u>	<u>3,898</u>
Net Book Amount after impairment	<u>354</u>	<u>1,442</u>

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 and Colombia, their fair market value was less than their carrying value and therefore an impairment charge of £1,088m needed to be recognized (2011 No impairment charge)

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 De Brasil Midia Digital Para Celulares Ltda	79%	21%	100%	Brazil
Mobile Streams Chile Ltda	50%	50%	100%	Chile
Mobile Streams De Colombia Ltda	50%	50%	100%	Columbia
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%	Venezuela
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
Mobile Streams Europe GmbH	100%	-	100%	Germany

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

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

NOTES TO COMPANY FINANCIAL STATEMENTS (CONTINUED)

2. FIXED ASSETS

	Investment in Subsidiaries £000's	Tangible Assets £000's	Total £000's
Balance at 1 July 2011	1,442	2	1,444
At 30 June 2012	1,442	2	1,444
Depreciation provided for the year	-	(2)	(2)
Impairment	(1,088)	-	(1,088)
At 30 June 2012	(1,088)	(2)	(1,090)
Net book value at 30 June 2012	354	-	354
Net book value at 30 June 2011	1,442	2	1,444

3 DEBTORS

	Restated	
	2012 £000's	2011 £000's
DEBTORS		
Trade debtors and receivables	92	131
Amounts owed by Group undertaking	656	2,556
	<u>748</u>	<u>2,687</u>

4. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £000's	2011 £000's
Trade creditors	37	17
Amounts owed to Group undertakings	441	459
Accruals and deferred income	229	214
	<u>707</u>	<u>690</u>

5. SHARE CAPITAL

For details of share capital refer to note 17 to the Group financial statements

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

NOTES TO COMPANY FINANCIAL STATEMENTS (CONTINUED)

6 RESERVES

	Share Premium £000's	Restated Profit and loss Account £000's
At 1 July 2011	10,317	(6,864)
Loss for the year	-	(3,117)
At 30 June 2012	<u>10,317</u>	<u>(9,981)</u>

7 CAPITAL COMMITMENTS

The Company has no capital commitments at 30 June 2012 (30 June 2011 Nil)

8 CONTINGENT LIABILITIES

As at 30 June 2012 there were no contingent liabilities (30 June 2011 Nil)

9 RELATED PARTY TRANSACTIONS

During the year the Company remunerated senior management personnel as disclosed in note 3 in the Group financial statements

There are no other related party transactions that require disclosing under Financial Reporting Standard 8

10 CORRECTION OF PRIOR PERIOD ERROR

On April 2011, a dividend distribution took place in Argentinean subsidiary, generating an income for Mobile Streams PLC of £77,188, for its 50% of participation in the capital of the subsidiary

During the current year has been detected an error in prior year, due to the omission of the above mentioned transaction between group companies

As a result, the income of £77,188 and the related intercompany debtor haven't been reported in the individual financial statements of Mobile Streams PLC as of June 30, 2011. Therefore, the figures have been restated

The reconciliation between the reported figures and the restated amounts is as follows

Income Statement

	Profit and loss Account £000's
At 30 June 2011	(6,941)
Correction to prior year loss	<u>77</u>
At 1 July 2011	<u>(6,864)</u>

MOBILE STREAMS PLC

Financial Statements for the 12 months ended 30 June 2012

NOTES TO COMPANY FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet

In addition, the balance sheet balances were understated as at 30 June 2011, so this error resulted in the restatement of the following line items for the year ended 30 June 2011

DEBTORS	£000's
Amounts owed by Group undertaking	
At 30 June 2011	2,479
Correction to prior year balance	<u>77</u>
At 1 July 2011	<u><u>2,556</u></u>