Annual Report and Accounts

for the 18 months ended 31 December 2007

Mobile Tornado Group plc
Company registration number: 5136300

Contents

	Page

Chairman's report

Introduction

Mobile Tornado, one of the leading providers of convergent, presence-based instant communications announces its results for the eighteen month period to 31 December 2007.

Financial Results

Turnover in the eighteen month period to 31 December 2007 amounted to £825k (twelve months to 30 June 2006: £289k). Operating losses increased to £4,773k (2006 restated: £3,413k). After net interest receivable of £75k (2006: net interest payable - £469k) the loss on ordinary activities before taxation was £4,698k (2006 restated: £3,882k). Net cash outflow from operating activities increased in the period to £4,498k (2006: £1,649k).

The Group consolidated balance sheet shows a net deficit at 31 December 2007 of £2,071k compared to a net deficit of £1,622k at 30 June 2006. Cash at bank was £1,884k at 31 December 2007 compared to £192k at 31 June 2006.

The accounts have been prepared in accordance with UK Generally Accepted Accounting Practice. The Board continues to consider the implications and timetable for implementing International Financial Reporting Standards (IFRS). As an AIM listed Group the Board recognises that IFRS will apply to the Group's next accounting period ending 31 December 2008.

Review of operations

As I highlighted in my last statement, we have taken a very close look at the way in which we deliver our product into the market. Whilst we have had some success with selling directly to mobile operators, we have also been frustrated by the long lead times that this entails. For this reason we have invested heavily in the development of a managed service proposition in conjunction with InTechnology plc, our exclusive UK partner and major shareholder, which allows our mobile applications to be sold directly to enterprises worldwide. The rationale for this is very clear. We are confident that enterprises would use a PTT (Push to Talk) managed service if it was available. This has been borne out in recent months through trials of the managed PTT service with a number of UK enterprises operating in sectors such as transport and logistics, security and construction. Following the success of these trials, InTechnology plc announced the commercial launch of these services on 27 March 2008 and I am pleased to report that this has already generated significant interest and sales activity.

Having successfully launched the managed service platform in the UK we strongly believe that the managed service model is one that enterprises throughout the world will embrace. It is our intention to extend this service throughout Europe. We have an existing channel partner in Germany and are in the process of putting in place similar arrangements in other key European countries. We are also in discussions with a major US telecommunications company to launch a managed service in the US in the second half of the current year.

Notwithstanding the above, a number of deals were concluded during the second half of the year with commercial partners secured in a number of new territories. We signed a partnership agreement with Technovoz Limited in Argentina which will lead to the rollout of PTT services to enterprises and mobile operators in that market. Further discussions are being held to extend this relationship into other South American countries including Brazil and Mexico. A combination of rapidly developing regional economies with largely untapped customer bases in both corporate and consumer sectors creates a unique opportunity for our products in that region. Further deals were announced with Partner Communications in Israel, Radiomovel Telcomunicacoes in Portugal and Ericsson Hong Kong. This resulted in sales of £538k in the second half, which is a record for the Company.

Current trading and future prospects

As I have detailed above, I believe the future success of the Company will be determined by our ability to deliver our applications directly into the hands of Enterprises. Enterprise mobility is transforming the way that business is done. The spend across mobile managed services is expected to double by 2009, growing at a cumulative average growth rate of 25% from $2.1bn in 2006 to $4.1bn in 2009 (Gartner 2007). Mobile technology now has the ability to extend core IT processes into the field. It is this trend which has driven the partnership we announced on 21st February with Intermec, a major US manufacturer of handheld computers.

The Intermec deal is an exclusive pan-EMEA partnership to provide PTT services on Intermec's rugged CN3 handheld computers. For enterprises, the availability of low cost cellular based instant communications dramatically enhances the productivity of every mobile worker. It allows workers to communicate with a supervisor and to resolve issues through immediate dialogue with their head office, resulting in a major reduction in customer service costs. By combining voice communication and data management in one handheld device, users avoid the expense of carrying a separate PDA for data as well as a mobile phone. Additionally, by using the global GSM mobile phone network instead of a local RF transmitter, a device with PTT will have coverage virtually everywhere. At the same time, costly mobile phone tariffs are avoided as the service is web hosted and there is just one small monthly charge per device. As a result of this partnership, we have already entered discussions with many large organisations in the transportation, logistics and field services sectors and expect over the coming months to announce some significant deals.

The investment in our core IPRS technology platform continued during the period and I'm pleased to say that having launched Version 3 in January 2008, we have largely completed the heavy investment phase of the Company's development. The platform that has been created is a significant asset which sits at the heart of the Company's future strategy. It is our intention to develop and launch many applications from this platform, with Push to Talk being the first of the 'Push to Xperience' suite of applications.

The next application to launch commercially may well be 'Push to Video'. This was showcased at the CTIA show in April 2007 and through our partnership with Nortel Networks in the United States, entered initial trials with two 'tier one' (greater than 2 million subscribers) operators towards the end of last year. These trials have progressed well and I can confirm that we will be proceeding to a full market trial with one of the operators this year. Assuming that this is successful we could be looking at commercial deployment in early 2009.

The Company raised a further £2.3million in October 2007, through the re-issue of the 12,251,333 shares previously held in treasury, and separately, a new issue of £1.5million cumulative redeemable preference shares. InTechnology plc showed its continued support and confidence in the Group's plans by subscribing for the majority of the treasury shares, thereby taking their shareholding to 49.9% and taking up the full issue of preference shares. The Group continues to incur losses on a monthly basis but the cost base is in the process of being reduced to a level commensurate with the Group's current strategy and business model. This will facilitate renewed focus on a breakeven position which will now be driven by the sale of licenses to our emerging network of managed partners around the world.

I would like to thank our employees for their contribution to the Group's development. The technical platform that sits at the heart of the Group is the result of many man years of skilled engineering. I believe we are uniquely placed to deliver mobile applications which will transform enterprise communications. Our team has been tasked with significantly increasing our customer base this year, and I am confident they will be successful.

Peter Wilkinson
Non- Executive Chairman
28 March 2008

Directors' report

The Directors present their annual report and audited financial statements of the Company and the Group for the eighteen month period ended 31 December 2007.

Principal activities

Mobile Tornado is a provider of next generation instant messaging solutions which serve the market of mobile data services in the mobile communication industry. These services include a Group of services generically termed 'Push to x' services, of which 'Push to Talk' is the most commonly known.

Business review

The information that fulfils the requirements of the Business Review can be found in the Chairman's Report on pages 2 to 4.

Results and dividends

The Directors are unable to recommend the payment of a dividend in respect of the period ended 31 December 2007 (2006: £nil). The Company currently intends to reinvest future earnings to finance the growth of the business.

The loss sustained for the eighteen month financial period of £4,716k (twelve months to 30 June 2006 restated: £3,882k) will be deducted from reserves.

Key performance indicators

The board recognises the importance of setting and monitoring key performance indicators (KPI) across the Group. Maintaining the services of members of the research and development team during the year was seen as key and a KPI concerning staff turnover of this function was set. Performance levels as measured by this indicator were high with a staff turnover of only 5% for the eighteen month financial period (twelve months to 30 June 2006:5%). This was as expected by the Directors. Going forward, the Group's KPI will be that of number of licenses sold.

Share Issues

On 23 October 2006 the Company issued 80,000,000 ordinary shares at a price of 5p each in respect of a subscription for shares by InTechnology Plc.

On 26 October 2007 the Company re-issued the 12,251,333 ordinary shares held in Treasury at a price of 7p each. 12,200,000 shares were placed with InTechnology Plc and 51,333 with Peter Wilkinson.

On 26 October 2007, InTechnology Plc subscribed for 18,750,000 non-voting preference shares of 8p each. The non-voting preference shares carry a cumulative annual coupon of 10 per cent and may be redeemed at the subscription price (together with any accrued but unpaid coupon). If the non-voting preference shares are not redeemed prior to 31 December 2009 or a third party acquires 75% or more of the issued ordinary share capital of the Company, each non-voting preference share will automatically convert into an ordinary share. The non-voting preference shares will not be admitted to trading on AIM.

International Financial Reporting Standards (IFRS)

The Board recognises that IFRS is expected to apply to the Group from the first accounting period commencing after 1 January 2007 as an AIM listed Company. The board also recognises that the first set of accounts of the Group that will be prepared under IFRS are those for the period 1 January 2008 to 31 December 2008 and that this will require the Group to develop a corporate reporting structure and policies to meet this requirement.

Charitable and political donations

The Group made no charitable or political contributions during the year (2006: £nil).

Directors

The present Directors are detailed below.

- **Peter Robert Wilkinson** (53) was appointed Non-Executive Chairman on 24 November 2006. Peter is currently Chief Executive of InTechnology plc. Peter was formerly Chairman of Sports Internet Group plc which was sold to BSkyB plc for £301 million in May 2000. He also invented the free ISP model Freeserve, the internet access service which was launched by the Dixons Group plc.

- **Jeremy Mark Fenn** (44) was appointed as Chief Financial Officer and acting Chief Executive on 24 November 2006. Jeremy is a qualified chartered accountant and was formerly Chief Executive of Sports Internet Group plc. Following the sale of that business he remained as a Director of Skysports.com until December 2003. Prior to this he was Managing Director of Leeds United Football Club from 1996 to 1999. He is currently a non-Executive Director of Yoomedia plc and a Director of Pannal plc.

- **David Parry** (57) was appointed as VP Worldwide Sales on 24 November 2006. David brings significant strategic management and commercial leadership to Mobile Tornado. He has a demonstrable record of achievement growing sales in multi-national technology, manufacturing and distribution enterprises and for the past 6 years has worked with InTechnology plc, leading sales development in the Managed Services and IT Security divisions.

- **Eyal Fishler** (30) was appointed as Chief Technology Officer on 24 November 2006. Eyal was the original developer of the Mobile Tornado technology having previously served in a classified communications unit of the Israel Defence Force. Before working for Mobile Tornado, he was involved in developing several innovative technologies, including a three dimensional virtual reality device and a biometrics speech recognition system.

- **Richard Mark James** (47) was appointed as Director and Company Secretary on 24 November 2006. Richard qualified as a solicitor with Allen & Overy in 1986 and was a Partner at Pinsent Curtis in 1991 before moving to Hammond Suddards as a Partner in 1996. Richard is also a Director and Company Secretary of InTechnology plc.

- **John Paul Swingewood** (52) stood down as Executive Chairman of Mobile Tornado on 24 November 2006 to become a Non-Executive Director. John has held senior Director positions with BSkyB plc and BT plc and is currently deputy chairman of Yoomedia plc and a Director of Pannal plc.

Mark Hughes resigned as Finance Director and Company Secretary on 23 October 2006. Christopher Akers resigned as Non Executive Director on 24 November 2006.

Directors and their families have the following beneficial interests in the ordinary share capital of the Company:

	31 December 2007		30 June 2006 *	
	number	%	number	%
Peter Wilkinson (appointed 24 November 2006)	24,587,725	13.3	24,536,392	13.3
John Swingewood	7,805,511	4.2	7,805,511	4.2
Jeremy Fenn (appointed 24 November 2006)	7,670,396	4.2	7,670,396	4.2
Eyal Fishler (appointed 24 November 2006)	9,119,259	4.9	9,119,259	5.0
Richard James (appointed 24 November 2006)	2,959,870	1.6	2,959,870	1.6

* or later date of appointment

There were no changes in Directors' interests between 1 January 2008 and 28 March 2008.

Third party indemnity insurance is in place for the five directors above.

Details of related party transactions involving Directors of the Company are given in note 22 to the financial statements.

Substantial shareholdings

At 31 December 2007, InTechnology plc held 92,200,000 shares in the Company representing 49.9% of the issued ordinary share capital. There are no other shareholders, other than the Directors detailed above, who hold more than 3% of the Company's issued share capital.

Corporate governance

The Directors are committed to a high standard of corporate governance throughout the Group.

Audit Committee

The Audit Committee is chaired by Peter Wilkinson and its other member is the other non-Executive Director, John Swingewood. Meetings are also attended, by invitation, by the Executive Directors. This committee normally meets twice during the financial year, around the time of the preparation of the Group's interim and final results.

The committee assists the board in ensuring that appropriate accounting policies, internal financial controls and compliance procedures are in place.

Internal control

The Directors acknowledge their responsibility for the Group's systems of internal control. The Group maintains systems of internal controls, including suitable monitoring procedures, in order to provide reasonable, but not absolute, assurance of the maintenance of proper accounting records and the consequent reliability of the financial information used within the business to identify and deal with any problems on a timely basis. The monitoring and control procedures include the specification of defined lines of responsibility and authorisation limits, the delegation of authority, the identification of risks and the continual process of the preparation of, and reporting against, annual budgets, forecasts and strategic plans.

Principal risks and uncertainties

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

The Directors have set out below the principle risks facing the business. The Directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all the risks identified below. Where possible, processes are in place to monitor and mitigate such risks.

Product obsolescence

Due to the nature of the market in which the Group operates, products are subject to technological advances and as a result, obsolescence. The Directors are committed to the research and development strategy in place, and are confident that the Group is able to react effectively to the developments within the market.

Competition

The market in which the Group operates is highly competitive. As a result there is a risk of eroding margins and of being unable to meet customer's expectations. Policies of constant price monitoring and ongoing market research are in place to mitigate such risks.

Financial risk management

The Group's financial instruments comprise, principally, cash and short term deposits, and various items, such as trade debtors and trade creditors, arising directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The main risks arising from the Group's financial instruments are currency risk, interest risk and liquidity risk. The board's policies for managing these risks are summarised as follows:

Currency risk – the Group has no borrowings in foreign currency, and foreign currency liabilities are matched wherever possible by corresponding foreign currency assets. Foreign currency bank accounts are utilised where appropriate. No foreign currency transactions of a speculative nature are undertaken.

Interest risk – The Group is exposed to interest rate risk as it invests surplus cash in floating rate deposit accounts. These funds are invested with the objective of maintaining a balance between accessibility of funds and competitive rates of return.

Liquidity risk – the Group seeks to ensure sufficient liquidity is available to meet its foreseeable needs. The board reviews cash flow projections and the headroom position in respect of its cash balances and banking facilities to ensure the Group is adequately funded.

Going concern

After reviewing profit and cashflow forecasts for the proceeding twelve months, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis in preparing the financial statements.

Employees

The Group places considerable value on the involvement of its employees and has continued its practice of keeping them informed of matters affecting them as employees and the various factors affecting the performance of the Group.

The Directors recognise that continued and sustained improvement in the performance of the Group depends on its ability to attract, motivate and retain employees of the highest calibre. Furthermore, the Directors believe that the Group's ability to sustain a competitive advantage over the long term depends in a large part on ensuring that all employees contribute to the maximum of their potential. The Group is committed to improving the performance of all employees through development and training.

The Group is an equal opportunity employer. The Group's policies seek to promote an environment free from discrimination, harassment and victimisation and to ensure that no employee or applicant is treated less favourably on the grounds of gender, marital status, age, race, colour, nationality or national origin, disability or sexual orientation or is disadvantaged by conditions or requirements, which cannot objectively be justified. Entry into, and progression within the Group, is solely determined on the basis of work criteria and individual merit.

The Group continues to give full and fair consideration to applications for employment made by disabled persons, having regard to their respective aptitudes and abilities. The policy includes, where practicable, the continued employment of those who may become disabled during their employment and the provision of training and career development and promotion, where appropriate.

Share schemes

Share ownership is at the heart of the Group's remuneration philosophy and the Directors believe that the key to the Group's future success lies in a motivated workforce holding a stake in the Company. Details of share options granted are set out in note 14 to the financial statements.

Pension costs

The Group does not operate a pension scheme but makes contributions to the personal pension schemes of some of its employees. These contributions are charged against profits.

Research and development

The Group continues to undertake research and development of new products with the objective of increasing future profitability. The cost to the Group is charged to the profit and loss account as incurred.

Policy and practice on payment of creditors

It is the Group's policy to agree terms and conditions for its business transactions with its suppliers. The Group seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

In the period ended 31 December 2007 average creditor days for the Group and Company were 99 days (2006: 182 days) and 83 days (2006: 313 days) respectively.

Environment

The Group recognises the importance of environmental responsibility. The nature of its activities has a minimal effect on the environment but where they do, the Group acts responsibly and is aware of its obligations at all times.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors are 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 the 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 of financial statements may differ from legislation in other jurisdictions.

Annual General Meeting

The next AGM of the Company will be held on 1 May 2008. Details of the business to be proposed at the AGM are contained within the Notice of Meeting, which is set out on pages 31 to 33.

Independent auditor

Grant Thornton UK LLP have indicated their willingness to continue in office and a resolution proposing that they be reappointed as independent auditor and authorising the Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board

Jeremy Fenn
Managing Director
28 March 2008

Report of the independent auditor to the members of Mobile Tornado Group plc

For the period ended 31 December 2007

We have audited the Group and parent Company financial statements (the ''financial statements'') of Mobile Tornado Group plc for the period ended 31 December 2007 which comprise the consolidated profit and loss account, the Group and parent Company balance sheet, the consolidated cash flow statement, accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's report that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Report and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the parent Company's affairs as at 31 December 2007 and of the Group's loss for the eighteen month period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
LEEDS
28 March 2008

Consolidated profit and loss account
For the period ended 31 December 2007

	Note	18 mths to 31 December 2007 £'000	12 mths to 30 June 2006 (Restated) £'000
Turnover			
Continuing operations		825	289
	1	**825**	**289**
Cost of sales			
Continuing operations		(143)	(68)
Gross profit		**682**	**221**
Net operating expenses before depreciation and amortisation		(4,512)	(2,955)
Depreciation		(51)	(77)
Amortisation		(892)	(602)
Administrative expenses		(5,455)	(3,634)
Group operating loss		**(4,773)**	**(3,413)**
Interest receivable/(payable)	2	75	(469)
Loss on ordinary activities before tax		**(4,698)**	**(3,882)**
Taxation	4	(18)	-
Loss sustained for the financial year		**(4,716)**	**(3,882)**
Loss per share (pence)			
Basic and diluted	6	**(3.00)**	**(4.83)**

There were no recognised gains or losses other than the loss for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated statement of total recognised gains and losses
For the period ended 31 December 2007

	18 mths to 31 December 2007 £'000	12 mths to 30 June 2006 (Restated) £'000
Loss sustained for the financial period	(4,716)	(3,882)
Exchange loss on translation of overseas subsidiaries	(434)	-
Total recognised gains and losses relating to the period	**(5,150)**	**(3,882)**

Reconciliation of movements in Group Shareholders' funds
For the period ended 31 December 2007

	Note	18 mths to 31 December 2007 £'000	12 mths to 30 June 2006 (Restated) £'000
Loss sustained for the financial period		(4,716)	(3,882)
Issue of Shares		4,670	-
Employee share option adjustment		31	32
Exchange loss on translation of overseas subsidiaries		(434)	-
Net change in shareholders' funds		**(449)**	**(3,850)**
Opening shareholders' funds	15	(1,622)	2,228
Closing shareholders' funds	**15**	**(2,071)**	**(1,622)**

Balance sheets
As at 31 December 2007

		Group		Company	
		31 December 2007	30 June 2006 (Restated)	31 December 2007	30 June 2006 (Restated)
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	7	722	1,580	-	-
Tangible assets	8	94	67	-	-
Investment in subsidiary undertakings	9	-	-	12,758	12,758
		816	**1,647**	**12,758**	**12,758**
Current assets					
Debtors	10	844	336	4,482	1,394
Cash at bank and in hand		1,884	192	1,731	8
		2,728	528	6,213	1,402
Creditors - amounts falling due within one year	11	(1,740)	(1,334)	(466)	(205)
Net current assets/(liabilities)		**988**	**(806)**	**5,747**	**1,197**
Total assets less current liabilities		**1,804**	**841**	**18,505**	**13,955**
Creditors - amounts falling due after more than one year	12	(3,875)	(2,463)	(1,500)	-
Net (liabilities)/assets		**(2,071)**	**(1,622)**	**17,005**	**13,955**
Capital and reserves					
Share capital	14 & 15	3,689	1,844	3,689	1,844
Share premium	15	4,449	1,624	4,449	1,624
Reverse acquisition reserve	15	(7,620)	(7,620)	-	-
Merger reserve	15	10,938	10,938	10,938	10,938
Share option reserve	15	63	32	63	32
Foreign currency translation reserve	15	(434)	-	-	-
Profit and loss account	15	(13,156)	(8,440)	(2,134)	(483)
		(2,071)	**(1,622)**	**17,005**	**13,955**

The Company balance sheet above is that of Mobile Tornado Group plc, the legal parent Company.

The financial statements on pages 13 to 30 were approved by the Board of Directors on 28 March 2008 and were signed on its behalf by:

Jeremy Fenn
Managing Director
28 March 2008

Consolidated cash flow statement
For the period ended 31 December 2007

	Note	18 mths to 31 December 2007 £'000	12 mths to 30 June 2006 £'000
Net cash outflow from operating activities	16	**(4,498)**	**(1,649)**
Returns on investments and servicing of finance			
Interest received		100	4
Interest paid		-	(473)
Net cash inflow/(outflow) from returns on investments and servicing of finance		**100**	**(469)**
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(79)	(37)
Net cash outflow from capital expenditure financial investment		**(79)**	**(37)**
Acquisitions			
Net cash at bank acquired with purchase of subsidiary undertakings		-	584
Net cash inflow from acquisitions		-	**584**
Net cash outflow before financing		**(4,477)**	**(1,571)**
Financing			
Issue of ordinary share capital		4,858	1,298
Share issue costs		(188)	(391)
Issue of preference shares		1,500	-
Net cash inflow from financing		**6,170**	**907**
Increase/(decrease) in cash in the period	**17 & 18**	**1,693**	**(664)**

Basis of preparation
The financial statements have been prepared in accordance with the Companies Act 1985, applicable Accounting Standards in the United Kingdom and the historical cost convention except for the adoption of reverse acquisition accounting, described below, which constitutes a true and fair override departure from United Kingdom accounting standards.

A summary of the main accounting policies which have been applied consistently (except as explained below) is set out as follows.

Changes in accounting policies

The Group has adopted FRS20, 'Share-based Payment'. The adoption of this standard represents a change in accounting policy and the prior year comparatives have been restated accordingly. The effects of the change on administrative expenses for the year ended 30 June 2006 and Group reserves are summarised as follows:

The Group operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

	Administrative expenses £'000	Share option reserve £'000	Profit and loss £'000
Year ended 30 June 2006			
As previously stated	3,602	-	(8,408)
Restated	3,634	32	(8,440)

Revenue Recognition
The Group has refined its accounting policy in respect of revenue recognition to give a better reflection in the accounts of the period in which material work was performed to earn the revenue relating to each customer. Previously, license fee, hardware, software and all related professional services revenues (installation, training) were not recognised until final customer sign-off of an internal acceptance document - ATP. Revenues relating to a customer (all types) are now recognised upon completion of that customer's installation as opposed to the ATP. The process of moving from a completed installation to ATP was a 'fine-tuning' exercise, not incurring material cost to the Group nor any significant uncertainty. This change has no effect on the revenue stated for the year ended 30 June 2006.

Basis of consolidation
The Group financial statements consolidate those of the Company and its subsidiary undertakings at 31 December 2007. Acquisitions of subsidiaries are dealt with using the acquisition method of accounting except for the reverse takeover transaction detailed below.

On 7 March 2006 the Company, then named TMT Group plc, became the parent of Mobile Tornado International Limited, in a share for share transaction. Due to the relative value of the companies, the former Mobile Tornado International Limited shareholders became majority shareholders with 97% of the share capital. Following the transaction, the

Company's continuing operations and executive management were that of Mobile Tornado International Limited. Accordingly the substance of the combination was that Mobile Tornado International Limited acquired TMT Group plc in a reverse acquisition. As part of the business combination TMT Group plc changed its name to Mobile Tornado Group Plc.

The Companies Act 1985, FRS 6 and FRS 7, would normally require the Company's consolidated accounts to follow the legal form of the business combination. In that case the pre-acquisition results would be that of TMT Group plc and its subsidiary undertakings, which would exclude Mobile Tornado International Limited. The results of Mobile Tornado International Limited would then be included in the Group from 7 March 2006. However, this would portray the combination as the acquisition of Mobile Tornado International by TMT Group plc, and would, in the opinion of the Directors, fail to give a true and fair view of the substance of the business combination. Accordingly the Directors have adopted reverse acquisition accounting as the basis of consolidation in order to give a true and fair view.

In invoking the true and fair override the Directors note that reverse acquisition accounting is endorsed under International Financial Reporting Standard 3. Furthermore, the Urgent Issues Task Force of the UK's Accounting Standards Board considered the subject and concluded that there are instances where it is right and proper to invoke the true and fair override in such a way.

As a consequence of applying reverse acquisition accounting, the results of the Group for the year ended 30 June 2006 comprise the results of Mobile Tornado International Limited to its year ending 30 June 2006 plus the results of TMT Group plc from 7 March 2006, the date of acquisition, to 30 June 2006. As set out in note 7, goodwill amounting to £448,134 arose on the difference between the sum of the fair value of TMT Group plc's share capital and the cost of acquisition, and the fair value of its net assets at the reverse acquisition date. The goodwill was written off in the year to 30 June 2006 because TMT Group plc had no continuing business and the goodwill had no intrinsic value.

Goodwill
Goodwill arising on the reverse acquisition of TMT Group plc has been written off to the reverse acquisition reserve for the reasons explained above.

Intangible fixed assets
The cost of intangible fixed assets is their purchase cost. Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Intellectual Property	5 years

Tangible fixed assets
The cost of tangible fixed assets is their purchase cost. Depreciation is calculated so as to write-off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Office equipment	3 years
Computer equipment	3 years

The Directors review tangible fixed assets for impairment if events or changes in circumstances indicate that the carrying value of may not be recoverable.

Investments
Investments in subsidiary undertakings are stated at cost less any provision for impairment.

Foreign currencies
Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to sterling at the exchange rates ruling at the balance sheet date.

The results and assets and liabilities of overseas subsidiary undertakings are translated at the year end exchange rate. Any resulting exchange differences are taken to reserves and are reported in the statement of total recognised gains and losses if material.

All other exchange differences are taken to the profit and loss account.

Research and development
Research and development expenditure is written off to the profit and loss account as incurred.

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.

Share options
The company issues equity-settled share-based payments to employees and Directors on a discretionary basis. Equity-settled share-based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the company’s estimate of the shares that will eventually vest.

Fair value is measured using the Black Scholes method. The expected life used in the model has been adjusted, based on management’s best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Financial instruments
Income and expenditure arising on financial instruments is recognised on an accruals basis, and credited or charged to the profit and loss account in the financial period to which it relates. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability. Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

1 Segmental information

Turnover by destination	18 mths to 31 December 2007 £'000	12 mths to 30 June 2006 £'000
Europe	117	-
North America	338	-
South America	80	-
Middle East	37	222
Africa	48	67
Asia/Pacific	205	-
Total	**825**	**289**

Turnover by source
The source of all turnover detailed above is the Republic of Ireland.

Turnover by product type	18 mths to 31 December 2007 £'000	12 mths to 30 June 2006 £'000
Licences	174	48
Hardware & Software	269	170
Maintenance	44	23
Professional services	338	48
Total	**825**	**289**

2 Net interest payable

	18 mths to 31 December 2007 £'000	12 mths to 30 June 2006 £'000
Interest payable on convertible loan notes	-	(406)
Finance charge on preference shares	(25)	(22)
Other interest payable	-	(45)
	(25)	(473)
Bank interest receivable	100	4
Net interest receivable/(payable)	**75**	**(469)**

The cumulative preference shares are classified as a liability under FRS25. Net interest payable includes accrued interest on the cumulative preference shares of £25,000.

3 Loss on ordinary activities before taxation

	18 mths to 31 December 2007 £'000	12 mths to 30 June 2006 £'000
Loss on ordinary activities before taxation is stated after charging / (crediting):		
Staff costs (note 20)	2,604	1,684
Depreciation of owned tangible fixed assets (note 8)	51	77
Amortisation of intangible assets (note 7)	892	602
Other operating lease rentals	227	109
Auditor's remuneration - audit of the financial statements	17	15
Auditor's remuneration - other fees	77	25
Net exchange gain	(465)	(62)
Loss on disposal of tangible fixed assets	-	12

	18 mths to 31 December 2007 £'000	12 mths to 30 June 2006 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	17	15
Fees payable to the company's auditor and its associates for other services:		
The audit of the company's subsidiaries pursuant to legislation	18	20
Tax services	53	5
Other services pursuant to legislation	6	-
Total	**94**	**40**

Included within staff costs of £2,604,000 (2006: £1,684,000) are research and development costs of £1,374,000 (2006: £790,000).

4 Tax on loss on ordinary activities

	18 mths to 31 December 2007 £'000	12 mths to 30 June 2006 £'000
Tax charge comprises:		
United Kingdom corporation tax at 30% (2006: 30%)		
UK current tax	-	-
Overseas current tax	(18)	-
Total current tax	**(18)**	**-**

The tax assessed for the period differs from that resulting from applying the standard rate of corporation tax, the differences are explained below:

	18 mths to 31 December 2007 £'000	12 mths to 30 June 2006 (Restated) £'000
Loss on ordinary activities before taxation	(4,698)	(3,882)
At standard rate of corporation tax of 30% (2006: 30%)	(1,409)	(1,165)
Effects of:		
Amortisation of intangible assets	267	181
Expenses not deductible for tax purposes	46	12
Un-utilised tax losses	1,114	972
Total	**18**	**-**

Deferred Tax:

At 31 December 2007, the Group had accumulated tax losses of £12,238,000 (30 June 2006: £8,408,000) which are available for offset against future trading profits of certain Group operations, subject to agreement with the relevant tax authorities. No deferred tax asset has been recognised in respect of these losses given the level of uncertainty over their recoverability.

5 Loss of the holding company

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the Company is not presented in these financial statements. The parent Company's loss for the 18 months ended 31 December 2007 was £1,651,000 (2006 restated: £312,000).

6 Loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of £4,716,000 (2006 restated: £3,882,000) by the weighted average number of ordinary shares in issue during the year of 157,181,628 (2006: 80,339,651). The weighted average number of shares for the year ended 30 June 2006 assumes that the 78,130,096 ordinary shares issued in relation to the reverse acquisition of Mobile Tornado Group plc (formerly TMT Group plc) existed for the entire year. Mobile Tornado Group plc shares have been included since 7 March 2006 the date of the reverse acquisition, and all other shares have been included in the computation based on the weighted average number of days since issuance.

The adjusted basic loss per share has been calculated to provide a better understanding of the underlying performance of the Group as follows:

	18 mths to 31 December 2007		12 mths to 30 June 2006 (Restated)	
	Basic and diluted		Basic and diluted	
	(Loss)/ earnings	(Loss)/ earnings per share	(Loss)/ earnings (Restated)	(Loss)/ earnings per share (Restated)
	£'000	pence	£'000	pence
Loss attributable to ordinary shareholders	**(4,716)**	**(3.00)**	**(3,882)**	**(4.83)**
Amortisation of goodwill	892	0.57	602	0.75
Adjusted basic loss per share	**(3,824)**	**(2.43)**	**(3,280)**	**(4.08)**

The loss attributable to ordinary shareholders and the weighted average number of ordinary shares for the purpose of calculating the diluted earnings per ordinary share are identical to those used for basic earnings per ordinary share. This is because the exercise of share options is not dilutive under the terms of FRS 22 'Earnings per share'.

7 Intangible fixed assets

Group	Goodwill £'000	Purchased Intellectual Property £'000	Total £'000
Cost			
At 1 July 2006	448	3,009	3,457
Acquisitions	-	-	-
Exchange Adjustments	-	199	199
At 31 December 2007	**448**	**3,208**	**3,656**
Amortisation			
At 1 July 2006	448	1,429	1,877
Charge for the year	-	892	892
Exchange Adjustments	-	165	165
At 31 December 2007	**448**	**2,486**	**2,934**
Net book amount at 31 December 2007	-	**722**	**722**
Net book amount at 30 June 2006	-	1,580	1,580

8 Tangible fixed assets

Group	Office Equipment £'000	Computer Equipment £'000	Leasehold Improvement £'000	Total £'000
Cost				
At 1 July 2006	12	206	8	226
Additions	1	78	-	79
Disposals	-	-	-	-
Exchange Adjustments	-	(12)	-	(12)
At 31 December 2007	**13**	**272**	**8**	**293**
Accumulated depreciation				
At 1 July 2006	1	157	1	159
Charge for the year	-	51	-	51
Disposals	-	-	-	-
Exchange Adjustments	-	(11)	-	(11)
At 31 December 2007	**1**	**197**	**1**	**199**
Net book amount at 31 December 2007	**12**	**75**	**7**	**94**
Net book amount at 30 June 2006	11	49	7	67

9 Investment in subsidiary undertakings

	Company £'000
Shares in group undertakings	
At 1 July 2006	12,758
Subsidiary undertakings:	-
At 31 December 2007	**12,758**

Investments in Group undertakings are stated at cost.

Details of the principal investments at 31 December 2007 in which the Group or Company holds more than 20% of the nominal value of ordinary share capital are as follows:

Subsidiary undertakings	Country of incorporation or registration	Nature of business	Group proportion held	Company proportion held
Mobile Tornado International Ltd	Republic of Ireland	Sale of instant communication services	100%	100%
M.T. Labs Ltd	Israel	Sale of instant communication services	100%	0%

M.T. Labs Ltd is a wholly owned subsidiary of Mobile Tornado International Ltd.

10 Debtors

	31 December 2007 £'000	30 June 2006 £'000	31 December 2007 £'000	30 June 2006 £'000
Amounts falling due within one year:				
Trade debtors	448	184	-	-
Other debtors and prepayments	396	152	62	21
Amounts owed by Group undertakings	-	-	4,420	1,373
Total	**844**	**336**	**4,482**	**1,394**

11 Creditors – amounts falling due within one year

	Group		Company	
	31 December 2007 £'000	30 June 2006 £'000	31 December 2007 £'000	30 June 2006 £'000
Trade creditors and accruals	890	653	383	187
Other taxation and social security	150	94	83	18
Other creditors	134	278	-	-
Deferred income	403	45	-	-
Deferred consideration	163	264	-	-
Total	**1,740**	**1,334**	**466**	**205**

12 Creditors – amounts falling due after more than one year

	Group		Company	
	31 December 2007 £'000	30 June 2006 £'000	31 December 2007 £'000	30 June 2006 £'000
Deferred consideration	2,375	2,463	-	-
10% cumulative preference shares	1,500	-	1,500	-
Total	**3,875**	**2,463**	**1,500**	-

The deferred consideration represents a royalty payable on future sales of Push to Talk related products by Mobile Tornado, payable in part consideration for the acquisition of the rights to the technology underlying such product. The royalty is payable quarterly on any relevant sales (on a cash receipts basis) as follows:

(i) 50% of the first US$200,000 relevant sales.

(ii) 15% of any additional relevant sales, subject to any related cumulative royalty payments being capped at a maximum of US$5.3 million. Direct reseller and other third party costs may be deducted in arriving at these royalty payments, subject to such costs not exceeding 10% of the relevant sales. The deferred consideration is secured by a charge over the intellectual property of the Mobile Tornado Group.

The issue of the 10% cumulative preference shares is detailed in note 14.

13 Financial instruments

The Group's policy of managing financial risk is detailed in the Directors' report on pages 5 to 10.

Short-term debtors and creditors have been excluded from the following disclosures, other than the currency risk disclosures.

Interest rate risk profile of financial assets
The interest rate profile of the financial assets of the Group comprise cash of £1,884,000, as follows:

	Floating rate	
	31 December 2007 £'000	**30 June 2006 £'000**
Currency		
Sterling	1,734	28
US dollar	133	120
Euro	17	44
Total	**1,884**	**192**

The sterling, US dollar and euro financial assets relate to cash at bank and bear interest based on GBP LIBOR, US dollar LIBOR and EURIBOR respectively. There are no fixed rate financial assets (2006: £nil).

Interest rate risk profile of financial liabilities
The interest rate profile of the financial liabilities of the Group is as follows:

	Sterling	
	31 December 2007 £'000	**30 June 2006 £'000**
Fixed rate preference shares	1,500	
Total	**1,500**	**-**

Currency risk

The table below shows the extent to which Group companies have monetary assets and liabilities in currencies other than their local currency.

	31 December 2007 £'000	**30 June 2006 £'000**
Functional currency of operation: Sterling		
US Dollar assets (net)	3,097	397
Euro assets (net)	433	117
Total	3,530	514
Functional currency of operation: Euro		
US Dollar liabilities (net)	(5,288)	(3,097)
Sterling liabilities (net)	(887)	(915)
Total	(6,175)	(4,012)
Functional currency of operation: US Dollar		
Euro liabilities (net)	-	-
Sterling liabilities (net)	-	-
Total	-	-

14 Called up share capital

	Company	
	31 December 2007 £'000	**30 June 2006 £'000**
Authorised		
475,000,000 (2006: 200,000,000) Ordinary shares of 2p each	9,500	4,000
Total	**9,500**	**4,000**

	31 December 2007 £'000	**30 June 2006 £'000**
Allotted, called up and fully paid		
184,431,430 (2006: 92,180,096) Ordinary shares of 2p each	3,689	1,844
Total	**3,689**	**1,844**

On 23 October 2006 the Company issued 80,000,000 ordinary shares at a price of 5p each in respect of a subscription for shares by InTechnology Plc.

On 26 October 2007 the Company re-issued the 12,251,333 ordinary shares held in Treasury at a price of 7p each. 12,200,000 shares were placed with InTechnology Plc and 51,333 with Peter Wilkinson.

On 26 October 2007, InTechnology Plc subscribed for 18,750,000 non-voting preference shares of 8p each. The non-voting preference shares carry a cumulative annual coupon of 10 per cent and may be redeemed at the subscription price (together with any accrued but unpaid coupon). If the non-voting preference shares are not redeemed prior to 31 December 2009 or a third party acquires 75% or more of the issued ordinary share capital of the Company, each non-voting preference share will automatically convert into an ordinary share. The non-voting preference shares will not be admitted to trading on AIM.

Share issue costs
The Company incurred issue costs of £188,000 in respect of the above shares issued during the year. These have been debited to the share premium account of the Company.

Share options

The Group has a share option scheme for certain employees and directors. Options are exerciseable at a price equal to the average market price of the company's shares on the date of grant. The vesting period is usually two to three years. The options are settled in equity once settled.

Details of the number of shares subject to option and the exercise price outstanding during the year are as follows:

Name of scheme	**No. of shares 31 December 2007**	**30 June 2006**	**Exercise price (p)**	**Earliest exercise date**
Mobile Tornado Group plc scheme 1	2,461,918	2,461,918	2.0	07/03/06
Mobile Tornado Group plc scheme 2	3,600,000	3,600,000	5.0	27/10/09
	6,061,918	**6,061,918**		

The closing mid-market share price on 26 March 2008 was 6.3p

15 Shareholders' funds

Group	Ordinary share capital £'000	Share premium account £'000	Reverse acquisition reserve £'000	Merger reserve £'000	Share option reserve £'000	Foreign currency translation reserve £'000	Profit & loss account £'000	Total shareholders' funds £'000
At 1 July 2006 as previously reported	1,844	1,624	(7,620)	10,938	-	-	(8,408)	(1,622)
Prior year adjustment	-	-	-	-	32	-	(32)	-
At 1 July 2006 (restated)	1,844	1,624	(7,620)	10,938	32	-	(8,440)	(1,622)
Issue of shares	1,845	2,825	-	-	-	-	-	4,670
Employee share option adjustment	-	-	-	-	31	-	-	31
Exchange loss on translation of overseas subsidiaries	-	-	-	-	-	(434)	-	(434)
Loss sustained for the year	-	-	-	-	-	-	(4,716)	(4,716)
At 31 December 2007	**3,689**	**4,449**	**(7,620)**	**10,938**	**63**	**(434)**	**(13,156)**	**(2,071)**

Company	Ordinary share capital £'000	Share premium account £'000	Reverse acquisition reserve £'000	Merger reserve £'000	Share option reserve £'000	Foreign currency translation reserve £'000	Profit & loss account £'000	Total shareholders' funds £'000
At 1 July 2006 as previously reported	1,844	1,624	-	10,938	-	-	(451)	13,955
Prior year adjustment	-	-	-	-	32	-	(32)	-
At 1 July 2006 (restated)	1,844	1,624	-	10,938	32	-	(483)	13,955
Issue of shares	1,845	2,825	-	-	-	-	-	4,670
Employee share option adjustment	-	-	-	-	31	-	-	31
Exchange loss on translation of overseas subsidiaries	-	-	-	-	-	-	-	-
Loss sustained for the year	-	-	-	-	-	-	(1,651)	(1,651)
At 31 December 2007	**3,689**	**4,449**	**-**	**10,938**	**63**	**-**	**(2,134)**	**17,005**

16 Reconciliation of operating loss to net cash (outflow)/ inflow from operating activities

	18 mths to December 2007 £'000	12 mths to 30 June 2006 (Restated) £'000
Operating loss	(4,773)	(3,413)
Depreciation of tangible fixed assets	51	77
Amortisation of intangibles	892	602
Loss on disposal of tangible fixed assets	-	12
Share option non cash charge	31	32
(Increase)/Decrease in debtors	(528)	126
(Decrease)/Increase in creditors and provisions	(171)	915
Net cash outflow from operating activities	**(4,498)**	**(1,649)**

17 Reconciliation of movement in net funds

	18 mths to 31 December 2007 £'000	12 mths to 30 June 2006 £'000
Increase/(decrease) in cash in the period	1,693	(664)
Net cash inflow from issue of preference shares	(1,500)	-
Change in net debt resulting from cash flows	193	(664)
Non-cash changes:		
Exchange movements	(1)	-
Conversion of Convertible Loan Notes	-	2,213
Movement in net funds in the year	192	1,549
Net funds/(debt) at start of year	192	(1,357)
Net funds at end of year	**384**	**192**

18 Analysis of net funds

	At 30 June 2006 £'000	Cashflow £'000	Non-cash changes £'000	At 31 December 2007 £'000
Cash at bank and in hand	192	1,693	(1)	1,884
10% cumulative preference shares	-	-	(1,500)	(1,500)
Net funds	**192**	**1,693**	**(1,501)**	**384**

19 Directors' emoluments

	18 mths to 31 December 2007 £'000	12 mths to 30 June 2006 £'000
Salary	285	95
Pension	7	2
Other benefits	28	-
Compensation paid to past director for loss of office	10	-
Sums paid to third parties for directors' services	294	-
Total	**624**	**97**
Highest Paid Director		
Salary	-	39
Pension	-	2
Sums paid to third parties for directors' services	166	-
Total	**166**	**41**

These represent emoluments of the Directors of the legal parent Company, Mobile Tornado Group Plc.

20 Employee information

The average monthly number of persons (including Executive Directors) employed by the Group during the year was:

Group	18 mths to 31 December 2007 Number	12 mths to 30 June 2006 Number
Sales	9	5
Product development	30	27
Finance & administration	6	5
Total	**45**	**37**

Staff costs for the persons above were:

	18 mths to 31 December 2007 £'000	12 mths to 30 June 2006 £'000
Wages and salaries	2,147	1,601
Social security costs	155	55
Pension costs	70	28
Other benefits	232	-
Total	**2,604**	**1,684**

21 Capital commitments

The Group and Company had no capital commitments at 31 December 2007.

22 Related party transactions

The Company has taken advantage of the exemption available under FRS 8 'Related Party Disclosures' from disclosing transactions between the Company and its subsidiary undertakings as these have been eliminated on consolidation of these financial statements.

Peter Wilkinson is a shareholder and Director of InTechnology plc. Mobile Tornado International Limited has bought services totalling £9,000 (2006; £4,000) from InTechnology plc in the eighteen month period to 31 December 2007. As at 31 December 2007, there was no amount owing to InTechnology Plc by Mobile Tornado International Limited (30 June 2006; £1,000). Mobile Tornado Group Plc has bought services totalling £195,000 (2006; £nil) from InTechnology plc in the eighteen month period to 31 December 2007. As at 31 December 2007, Mobile Tornado Group Plc owed InTechnology Plc £1,000 (30 June 2006; £nil).

John Swingewood and Jeremy Fenn were Directors and shareholders of YooMedia plc during the eighteen month period to 31 December 2007. Peter Wilkinson also holds shares in YooMedia plc. Mobile Tornado International Limited has bought services totalling £9,000 (2006; £44,000) from YooMedia plc in the eighteen month period to 31 December 2007. As at 31 December 2007, Mobile Tornado International Limited owed £16,000 (30 June 2006; £11,000) to YooMedia plc.

Payments to a third party, Jeremy Fenn, are made in respect of the Director services provided by Jeremy Fenn. As at 31 December 2007, Mobile Tornado Group Plc owed £16,000 (30 June 2006: £nil) to Jeremy Fenn.

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Company will be held at Central house, Beckwith Knowle, Harrogate, HG3 1UG on 1 May 2008 at 10.00 a.m. for the following purposes, Resolutions 1 to 5 being proposed as ordinary resolutions and Resolution 6 being proposed as a special resolution:

As ordinary business:

1. to receive and adopt the report of the Directors and the audited accounts of the Company and its subsidiaries for the eighteen month period ended 31 December 2007 together with the report of the auditors thereon;

2. to re-appoint Grant Thornton UK LLP as auditors to the Company and to authorise the Directors to fix their remuneration;

3. to re-elect Richard James, who retires in accordance with Article 87 of the Company's articles of association and who, being eligible, offers himself for re-appointment, as a Director;

4. to re-elect Jeremy Fenn, who retires in accordance with Article 92 of the Company's articles of association and who, being eligible, offers himself for re-election, as a Director;

As special business:

5. THAT

   in substitution for all existing and unexercised authorities, pursuant to section 80 of the Companies Act 1985 (the "Act"), as amended, the Directors of the Company be generally and unconditionally authorised to exercise all or any of the powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) in the capital of the Company up to a maximum nominal amount of £1,229,500 (representing approximately one third of the issued ordinary share capital of the Company), provided that this authority shall, unless previously revoked or varied by the Company in general meeting, expire five years from the date of passing this Resolution save that the Company may before the expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors of the Company may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired; and

6. THAT
   the Directors of the Company be and they are hereby empowered, pursuant to section 95 of the Act and pursuant to the authority set out in Resolution 5 above, to allot equity securities (as defined in section 94(2) of the Act) for cash out of any relevant securities (as defined in section 80(2) of the Act) which they are from time to time authorised to allot, as if section 89(l) of the Act did not apply to:

   (i) the grant of options under any share option scheme of the Company;

   (ii) in connection with or the subject of an offer or invitation, including a rights issue or open or equivalent offer to holders of ordinary shares and such other equity securities of the Company as the Directors may determine on the register on a fixed record date in proportion (as near as may be) to the respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory; and

(iii) in connection with an issue of equity securities up to an aggregate nominal amount of £184,430 (representing approximately 5 per cent. of the issued share capital of the Company),

provided that this authority shall expire on the conclusion of the next annual general meeting of the Company or 15 months from the date of this Resolution, whichever is earlier and the Company may before such expiry make an offer, agreement or other arrangement which would or might require relevant securities to be allotted after such expiry and the Directors of the Company may allot relevant securities pursuant to any such offer, agreement or other arrangement as if the authority hereby conferred had not so expired.

By Order of the Board
Richard James
Company Secretary
28 March 2008

Registered office:
Central House
Beckwith Knowle
Otley Road
Harrogate HG3 1UG

Notes:

1 A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.

2 A form of proxy is provided with this notice. Completion and return of such a proxy will not prevent a member from attending the Meeting and voting in person.

3 To be effective, the form of proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such power or authority) must be deposited with the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time of the holding of the Meeting or any adjournment thereof.

4 Pursuant to regulation 41(1) of the Uncertificated Securities Regulations 2001 (2001 No. 3755), the Company has specified that only those members registered on the register of members of the Company at 6.00 p.m. on 29 April 2008 or, in the event that the meeting is adjourned, on the register of members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the Meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to the register of members after 6.00 p.m. on 29 April 2008 or, in the event that the Meeting is adjourned, in the register of members 48 hours before the time of any adjourned Meeting, shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

5 Pursuant to Rule 20 of the AIM Rules, this Notice and the accompanying Form of Proxy and the Directors' and Auditors' Reports and Financial Statements for the period ended 31 December 2007 will be available for inspection at Central House, Beckwith Knowle, Harrogate, HG3 1UG during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) for a period of one month from the date of this Notice.

6 Biographical details of the Director who is proposed for reappointment at the Meeting are set out on page 6 of the Directors' and Auditors' Reports and Financial Statements for the period ended 31 December 2007.

7 To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder’s name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

Corporate information

Company Registration Number:	5136300
Registered Office:	Central House Otley road Harrogate HG3 1UG
Directors:	P R Wilkinson (Non-Executive Chairman) J M Fenn (Managing Director) D Parry (VP Worldwide Sales) E Fishler (Chief Technology Officer) J P Swingewood (Non-Executive Director) R M James (Director & Company Secretary)
Nominated Advisor and Broker:	Blue Oar Securities Plc 30 Old Broad Street London EC2N 1HT
Bankers:	Barclays Bank Plc Hanover Square 50 Pall Mall London SW1Y 5AX
Solicitors:	Hammonds 2 Park Lane Leeds LS3 1ES
Registrars:	Capita Registrars Ltd The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Auditors:	Grant Thornton UK LLP No 1 Whitehall Riverside Leeds LS1 4BN

Internet addresses:
www.mobiletornado.com