



### Mobile Tornado BB3G

Outdoor design,  
water/dust resistant to IP54

- Latest Push To Talk technology
  - Push to Alert
  - GPS tracking
- Dual band UMTS, tri band GSM, 3G
  - Speakerphone
  - USB connectivity
- Two cameras - front and back



# Annual Report and Accounts

for the year ended 31 December 2008



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## Introduction

Mobile Tornado Group plc, the leading provider of mobile applications to the enterprise market, announces its results for the twelve month period to 31 December 2008.

## Highlights

- Managed service platform launched in the UK
- Push to Locate (PTL) and Push to Alert (PTA) applications launched
- BB3G handset launched containing unique applications suite featuring Push to Talk, PTL and PTA
- Feasibility study commenced for launch of managed service in the US
- Costs reduced by annualised £0.7 million– currently running at £2 million per annum

## Financial Results

Turnover in the twelve month period to 31 December 2008 amounted to £466,000 (18 months to 31 December 2007: £825,000). Operating losses reduced to £2,087,000 (18 months to 31 December 2007: £4,773,000). After net financing costs of £132,000 (18 months to 31 December 2007: net finance income – £75,000) the loss on ordinary activities before taxation was £2,219,000 (18 months to 31 December 2007: £4,698,000). Net cash outflow from operating activities decreased significantly in the period to £1,609,000 (18 months to 31 December 2007: £4,498,000).

The Group consolidated balance sheet shows net liabilities at 31 December 2008 of £6,992,000 compared to net liabilities of £2,071,000 at 31 December 2007. Of this decline £2,683,000 was accounted for by an increase in the foreign currency translation reserve caused by the decline in the value of sterling over the period.

Cash at bank was £206,000 at 31 December 2008 compared to £1,884,000 at 31 December 2007. In April 2009, the Company raised a further £1.5 million in convertible preference shares. The Directors believe that following this issue the Group has sufficient working capital for the foreseeable future given its contracted revenue and anticipated contracts.

## Review of operations

The period under review featured two key developments; the launch of a managed service platform in the UK and the development and launch of our own handset, the BB3G.

The managed service platform, which has been developed with InTechnology plc, our principal shareholder and exclusive UK partner, allows our mobile applications to be sold to enterprises directly at a fixed monthly charge. After extensive development work and market trials, this platform was launched in the UK market towards the end of 2008. InTechnology has deployed a direct sales team who are developing the market through a number of sector verticals, which include retail, construction, emergency services, transport and logistics, healthcare and public sector. There has been an excellent reaction from enterprises with traction being established in each vertical sector. This momentum has accelerated in recent weeks with the introduction of the BB3G.

We had been considering the development of our own handset for some time. Even though our software can be installed on any handset and function across all operating platforms we had identified a real need for a ruggedised mobile phone, fully integrated with our applications, to serve the particular needs of the blue collar vertical markets that are being targeted. We developed the handset in partnership with ZTE, one of the leading mobile phone producers in China. The phone was launched in April 2009 with the delivery of the first order for 10,000 handsets to InTechnology plc.

Whilst there are other rugged handsets on the market, the key feature that differentiates the BB3G is our own embedded applications suite which has been integrated into an intuitive

interface on the device. This applications suite comprises Push to Talk (PTT), Push to Locate (PTL) and Push to Alert (PTA). The key features of these applications are as follows:

- PTT allows users to exchange real time voice messages between mobile phones and/or personal computers. As with instant messaging on the internet, users signal their availability status, known as presence, which is then displayed on phones across their group of contacts. This allows very quick instant messaging without having to text. Like a PMR radio, the BB3G has a dedicated PTT button which enables the user to broadcast to every member of the team at the touch of a button.
- PTL uses the Global Positioning System ('GPS') technology to allow employers to know where their employees are instantly, delivering real time information to a PC interface controlled by the employer. The ability to track employees will enhance the ability for enterprises to manage their remote workforces more effectively. This new application will also integrate with PTT allowing efficient and effective communication with employees.
- PTA allows the user of a BB3G to alert a central control unit in the event that they find themselves in difficulty. The BB3G features a dedicated PTA button which when pressed will activate an alert in a receiving centre allowing the employer to communicate through PTT with the employee, or respond with assistance using the PTL application for guidance.

This suite of applications is unique in the enterprise marketplace. Although certain devices fulfil each of the functions individually, none allow for the seamless integration of these functions onto one device. For this reason, there has been a huge amount of interest in the handset and InTechnology's sales team is engaged with many enterprises with deals already having been concluded with companies involved in the hotels, facilities management, health service and emergency services sectors.

There has been a high level of interest in the device within the Private Mobile Radio ('PMR') market. There are in excess of 33 million PMR device users worldwide with over 1.5 million in the UK alone. As a ruggedised handset, the BB3G suits the typical environment within which PMR is normally found. In addition, the functionality provided by our PTT application provides several advantages over PMR as follows:

- PTT has global coverage whilst PMR has localised coverage that is licence dependent
- No additional network infrastructure is required for PTT whereas with PMR investment in permanent or temporary masts is often needed to deliver the required coverage
- PTT is device and network agnostic and devices are standard mobile handsets – PMR on the other hand is delivered over specialist devices that can be extremely expensive
- PTT can be deployed remotely to users anywhere in the world whereas PMR devices will only operate in a local environment

The BB3G also benefits from the enhanced functionality that PTL and PTA brings, ensuring it not only satisfies the 'walkie-talkie' requirements of PMR, but covers personal tracking and lone worker protection in a single device. A number of PMR resellers have been contracted to sell the proposition into their existing customer bases and a significant pipeline of prospective customers has been established.

I have highlighted in previous statements the need to ensure we develop our business efficiently with a focus on the costbase employed in the UK and Israel. We have made adjustments to our operations to accommodate our new strategy and as a result have reduced our total operating expenses before exchange differences to £3.1 million for the year, which represents an annualised saving compared to the previous year of £0.7m. I am pleased to say that the annual operating expenses for the Group is now running at the £2 million per annum we targeted 12 months ago.

During the period we launched a partnership with Intermec, a global handheld device manufacturer, to promote the deployment of our PTT application on their devices. We are in discussions with several more device manufacturers both in Europe and the US who are

interested in embedding our applications in their devices. I expect to announce further deals in this respect over the coming months.

### **Current trading and future prospects**

The markets in which we operate are developing very quickly in response to both legislation and the advance of technology. The introduction of the Corporate Manslaughter and Corporate Homicide Act in April 2008 requires employers to ensure that appropriate communications can be maintained with their lone workers at all times, especially when continuing supervision is required. To facilitate this the lone worker should be equipped with a means of two-way communication, a pager or a personal alarm and the system should enable the worker to raise an instant alarm and be located accurately if assistance is required. The BB3G, with our integrated applications suite, meets these requirements in full, and all on a single device. I believe we can help enterprises within both the public and private sectors meet the requirements of this legislation.

The BB3G has allowed us to move decisively into the markets currently served by PMR. Early feedback from the partners that have already been appointed suggests that the BB3G is capable of being sold as an alternative to a PMR device. The ability to disrupt a technology that has been around for many, many years presents our Company with an exciting opportunity. I anticipate that sales momentum in the UK will begin to build over the second half of the year, and I look forward to updating shareholders on progress in due course.

The US is the most developed market in the world for PTT with over 25 million users. Through our relationship with Intermec we have established some interest amongst certain US enterprises who are looking for a different PTT application than the ones being offered by existing providers. The quality of our application compares very favourably with those already operating in the market and we have had extremely positive feedback from the trials we have run. As a result of this we are now assessing the feasibility of launching a managed service platform in the US which will mirror that which is currently deployed in the UK. We are in the process of assessing the suitability of various potential partners and will advise shareholders when negotiations are concluded. We will continue to assess the opportunities that present themselves in other territories and are currently in negotiations with partners in Canada, Brazil and South Africa.

These financial statements represent another period of significant progress for the Company;

- We now have a proven technical platform through which our applications can be sold to enterprises directly
- We now have a series of mobile applications which satisfy the workforce management requirements of enterprises
- We now have a device which delivers these applications to the customer in one simple, cost effective package

The discussions we are having with enterprises, channel partners, mobile operators, and device manufacturers make me very positive for the future of this Company. We have a technical platform that allows us to deliver multiple mobile applications directly into enterprises, satisfying the various workforce management related issues they face. We have an extremely talented team of engineers that will continue to focus on the development of applications that meet the needs of our customers. The introduction of PTL and PTA this year is a testament to the flexibility of our technical platform.

I am confident that the progress we have made will continue and look forward to updating shareholders over the coming months.

**Peter Wilkinson**  
**Chairman**

**29 June 2009**

## Directors' report

The Directors present their annual report and audited financial statements of the Company and the Group for the year ended 31 December 2008.

### Principal activity

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 year ended 31 December 2008 (18 months ended 31 December 2007: £nil). The Company currently intends to reinvest future earnings to finance the growth of the business.

The loss sustained for the year of £2,219,000 (18 months to 31 December 2007: £4,716,000) will be deducted from reserves.

### Share Issues

On 28 April 2009, InTechnology Plc subscribed for 18,750,000 new non-voting preference shares of 8p each. In addition, the terms attached to the pre-existing 18,750,000 non-voting preferences issued to InTechnology Plc in October 2007 were varied so that the same terms attach to all non-voting preference shares. The redemption date for all preference shares is 31 December 2010. Further details of these terms are included in note 12 to the financial statements.

### Key performance indicators

The board recognises the importance of setting and monitoring key performance indicators (KPI's) across the Group, although for this period under review, the board considered it not relevant to explicitly set and monitor any KPI's.

### Directors

The present Directors are detailed below.

- **Peter Robert Wilkinson** (55) 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** (46) was appointed as Chief Financial Officer and 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 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 Eco City Vehicles plc and Commensus plc.
- **Richard Mark James** (48) was appointed as Director and Company Secretary on 24 November 2006. Richard qualified as a solicitor with Allen & Overy in 1986 and was

## Directors' report

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** (55) 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 Non Executive Director of Eco City Vehicles plc and Emizon Limited.

David Parry resigned as VP worldwide sales on 26 August 2008. Eyal Fishler resigned as Chief Technology Officer on 12 May 2008

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

	<b>31 December 2008</b>		<b>31 December 2007</b>	
	<b>number</b>	<b>%</b>	<b>number</b>	<b>%</b>
Peter Wilkinson	24,837,725	13.4	24,587,725	13.3
John Swingewood	7,805,511	4.2	7,805,511	4.2
Jeremy Fenn	7,670,396	4.2	7,670,396	4.2
Eyal Fishler (resigned 12 May 2008)	–	–	9,119,259	5.0
Richard James	2,959,870	1.6	2,959,870	1.6

There were no changes in Directors' interests between 1 January 2009 and 29 June 2009.

Third party indemnity insurance is in place for the four Directors above.

Details of related party transactions involving Directors of the Company are given in note 19 to the financial statements.

### Substantial shareholdings

At 31 December 2008, 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

As an AIM listed Group, Mobile Tornado Group plc applies those principles of good governance appropriate to a group of its size.

### 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



## Directors' report

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 principal 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.

**Credit risk** – the Group's exposure to credit risk is limited to the carrying amount of its financial assets at the balance sheet date. In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics. The Group's customers are generally companies with whom the Group has strong trading relationships with no recent history of default. The Group continually monitors its trade receivables and incorporates this information into its credit risk controls.

## Directors' report

### 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 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.

## Directors' report

In the year ended 31 December 2008 average creditor days for the Group and Company were 31 days (2007: 99 days) and 33 days (2007: 83 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 consolidated financial statements in accordance with International Financial Reporting Standards (IFRS's) as adopted by the European Union and the Parent Company financial statements under 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 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 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 28 July 2009. Details of the business to be proposed at the AGM are contained within the Notice of Meeting, which is set out on pages 40 to 43.

## **Directors' report**

### **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**

**29 June 2009**

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

### **For the year ended 31 December 2008**

We have audited the Group and parent company financial statements (the 'financial statements') of Mobile Tornado Group plc for the year ended 31 December 2008 which comprise the principal accounting policies, the Group income statement, the Group and parent company balance sheets, the Group cash flow statement, the Group statement of changes in shareholders' equity and notes to the financial statements. 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 auditors**

The directors' responsibilities for preparing the Annual Report and the Group financial statements in accordance with United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and for preparing the parent company 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 whether the financial statements have been 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. The other information comprises only the Directors' Report and the Chairman's 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

**Report of the independent auditor to the  
members of Mobile Tornado Group plc  
For the year ended 31 December 2008**

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 Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2008 and of its loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 December 2008;
- the parent company 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**

**29 JUNE 2009**

**Consolidated income statement**  
**For the year ended 31 December 2008**



	<b>Year ended</b>	18 mths to	
	<b>31 December</b>	31 December	
	<b>2008</b>	2007	
<b>Note</b>	<b>£'000</b>	£'000	
<b>Revenue</b>	2	<b>466</b>	825
Cost of sales		<b>(48)</b>	(143)
<b>Gross profit</b>		<b>418</b>	682
Total operating expenses before depreciation and amortisation		<b>(1,651)</b>	(4,512)
Depreciation of property, plant & equipment		<b>(161)</b>	(51)
Amortisation of intangible assets		<b>(693)</b>	(892)
Total operating expenses		<b>(2,505)</b>	(5,455)
<b>Group operating loss</b>	3	<b>(2,087)</b>	(4,773)
Finance costs	4	<b>(153)</b>	(25)
Finance income	4	<b>21</b>	100
<b>Loss on continuing operations before tax</b>		<b>(2,219)</b>	(4,698)
Tax	5	-	(18)
<b>Loss sustained for the period</b>		<b>(2,219)</b>	(4,716)
<b>Loss per share (pence)</b>			
<b>Basic and diluted</b>	6	<b>(1.20)</b>	(3.00)

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

# Consolidated statement of changes in equity

## For the year ended 31 December 2008



	Share capital £'000	Share premium £'000	Reverse acquisition reserve £'000	Merger reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 July 2006</b>	<b>1,844</b>	<b>1,624</b>	<b>(7,620)</b>	<b>10,938</b>	<b>-</b>	<b>(8,408)</b>	<b>(1,622)</b>
<b>Changes in equity</b>							
Exchange differences on translation of foreign operations	-	-	-	-	(434)	-	(434)
<b>Net income recognised directly in equity</b>	-	-	-	-	<b>(434)</b>	-	<b>(434)</b>
Loss for the period	-	-	-	-	-	(4,716)	(4,716)
<b>Total recognised income and expense for the period</b>	-	-	-	-	<b>(434)</b>	<b>(4,716)</b>	<b>(5,150)</b>
Equity settled share-based payments	-	-	-	-	-	31	31
Issue of share capital	1,845	2,825	-	-	-	-	4,670
<b>Balance at 31 December 2007</b>	<b>3,689</b>	<b>4,449</b>	<b>(7,620)</b>	<b>10,938</b>	<b>(434)</b>	<b>(13,093)</b>	<b>(2,071)</b>

	Share capital £'000	Share premium £'000	Reverse acquisition reserve £'000	Merger reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 January 2008</b>	<b>3,689</b>	<b>4,449</b>	<b>(7,620)</b>	<b>10,938</b>	<b>(434)</b>	<b>(13,093)</b>	<b>(2,071)</b>
<b>Changes in equity</b>							
Exchange differences on translation of foreign operations	-	-	-	-	(2,683)	-	(2,683)
<b>Net income recognised directly in equity</b>	-	-	-	-	<b>(2,683)</b>	-	<b>(2,683)</b>
Loss for the year	-	-	-	-	-	(2,219)	(2,219)
<b>Total recognised income and expense for the year</b>	-	-	-	-	<b>(2,683)</b>	<b>(2,219)</b>	<b>(4,902)</b>
Equity settled share-based payments	-	-	-	-	-	(29)	(29)
Issue of share capital	10	-	-	-	-	-	10
<b>Balance at 31 December 2008</b>	<b>3,699</b>	<b>4,449</b>	<b>(7,620)</b>	<b>10,938</b>	<b>(3,117)</b>	<b>(15,341)</b>	<b>(6,992)</b>



**Consolidated balance sheet**  
**As at 31 December 2008**



	<b>Notes</b>	<b>2008</b> <b>£'000</b>	2007 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	7	<b>106</b>	722
Property, plant & equipment	8	<b>80</b>	94
Available-for-sale investments	9	<b>101</b>	–
		<b>287</b>	816
<b>Current assets</b>			
Trade and other receivables	10	<b>310</b>	844
Cash and cash equivalents		<b>206</b>	1,884
		<b>516</b>	2,728
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	<b>(2,911)</b>	(1,740)
<b>Net current (liabilities)/assets</b>		<b>(2,395)</b>	988
<b>Non-current liabilities</b>			
Trade and other payables	11	<b>(3,384)</b>	(2,375)
Borrowings	12	<b>(1,500)</b>	(1,500)
<b>Net liabilities</b>		<b>(6,992)</b>	(2,071)
<b>Shareholders' equity</b>			
Share capital	13	<b>3,699</b>	3,689
Share premium	13	<b>4,449</b>	4,449
Reverse acquisition reserve		<b>(7,620)</b>	(7,620)
Merger reserve		<b>10,938</b>	10,938
Share option reserve		<b>34</b>	63
Foreign currency translation reserve		<b>(3,117)</b>	(434)
Retained earnings		<b>(15,375)</b>	(13,156)
<b>Total equity</b>		<b>(6,992)</b>	(2,071)

The financial statements on pages 13 to 35 were approved by the Board of Directors on 29 June 2009 and were signed on its behalf by:

**Jeremy Fenn**  
**Managing Director**

**29 June 2009**

**Consolidated cash flow statement**  
**For the year ended 31 December 2008**



	<b>Year ended</b>	18 mths to
	<b>31 December</b>	31 December
	<b>2008</b>	2007
<b>Note</b>	<b>£'000</b>	£'000
<b>Operating activities</b>		
<b>Cash used in operations</b>	15	(1,609)
		(4,498)
<b>Net cash used in operating activities</b>		<b>(1,609)</b>
		(4,498)
<b>Investing activities</b>		
Purchase of property, plant & equipment		(149)
		(79)
Interest received		21
		100
Interest paid		(3)
		-
<b>Net cash (used in)/generated from investing activities</b>		<b>(131)</b>
		21
<b>Financing</b>		
Net proceeds from issue of ordinary share capital		10
		4,670
Issue of preference shares		-
		1,500
<b>Net cash inflow from financing</b>		<b>10</b>
		6,170
<b>Effects of exchange rates on cash and cash equivalents</b>		<b>52</b>
		(2)
<b>Net (decrease)/increase in cash and cash equivalents in the period</b>		<b>(1,678)</b>
		1,692
Cash and cash equivalents at beginning of period		1,884
		192
<b>Cash and cash equivalents at end of period</b>		<b>206</b>
		1,884

## Accounting policies

### 1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 1.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with applicable International Financial Reporting Standards as adopted by the EU and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared under the historical cost convention. The measurement bases and principal accounting policies of the Group are set out below. The policies have changed from the previous year when the financial statements were prepared under applicable United Kingdom Generally Accepted Accounting Principles (UK GAAP). The transition to IFRS, as reported in our interim statement on 30 September 2008, required changes to the presentational format but did not require any restatement of comparative financial information for the 18 months ended 31 December 2007. The date of transition to IFRS was 1 July 2006.

The accounting policies set out below have been applied consistently throughout the Group for the purpose of preparation of these consolidated financial statements.

In accordance with IFRS 1 'First Time Adoption of International Financial Reporting Standards' there are a number of first time adoption exemptions available, some of which are mandatory and some optional. The Group has only applied the following optional exemptions:

- Business combinations – the Group has not restated any business combinations that occurred before 1 July 2006

The following mandatory exceptions to full retrospective application of IFRS were applicable to the Group:

- Estimates under IFRS at 1 July 2006 are consistent with estimates made at the same date under UK GAAP

#### Significant accounting estimates and judgements

The preparation of these financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue during the reporting period. Actual results could differ from these estimates. The key sources of estimation at the balance sheet date are:

Share options – Share based payments are dependent on estimates of the number of shares which are expected to vest.

Intellectual property – the Group tests annually whether intellectual property has suffered any impairment. This calculation requires the use of estimates.

#### 1.2 Basis of consolidation

The Group financial statements consolidate those of the Company and its subsidiary undertakings at 31 December 2008. A subsidiary is an entity controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Acquisitions of subsidiaries are dealt with using the acquisition method of accounting except for the reverse takeover transaction detailed below. The acquisition method of accounting involves the recognition at

## Accounting policies

fair value of all identifiable assets and liabilities, including contingent liabilities, of the subsidiary at the acquisition date regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies. Goodwill is stated after separating out identifiable intangible assets. Any difference between the fair value of assets acquired and the consideration paid is treated as goodwill in the consolidated balance sheet. The results of subsidiaries are included from the date that control commences to the date that control ceases.

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.

As a consequence of applying reverse acquisition accounting as endorsed under International Financial Reporting Standard 3, 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. 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.

### 1.3 Intangible assets

#### **Acquired intellectual property**

Intellectual property acquired separately and as part of a business combination is capitalised at cost and fair value as at the date of acquisition. Management must estimate the expected useful life of any intellectual property and charge amortisation accordingly. The useful life of the acquired intellectual property is estimated to be 5 years. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described below.

#### **Impairment testing of intangible assets and property, plant and equipment**

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Cash-generating units to which intangible assets have been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each asset or cash-generating unit and reflect their respective risk profiles as assessed by management.

## Accounting policies

An impairment charge is reversed if the asset or cash-generating unit's recoverable amount exceeds its carrying amount.

### Research and development

Research expenditure, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is charged to income in the year in which it is incurred. Internal development expenditure, whereby research findings are applied to a plan for the production of new or substantially improved products or processes, is charged to income in the year in which it is incurred unless it meets the recognition criteria of IAS 38 'Intangible Assets'. Measurement and other uncertainties generally mean that such criteria are not met. Where, however, the recognition criteria are met, intangible assets are capitalised and amortised over their useful economic lives from product launch. Intangible assets relating to products in development are subject to impairment testing at each balance sheet date or earlier upon indication of impairment. Any impairment losses are written off immediately to income.

### 1.4 Revenue Recognition

Revenue comprises the fair value for the sale of licences, services and goods, excludes inter-company sales and value-added taxes and represents net invoice value less estimated rebates, returns and settlement discounts. Licence and service revenues are recognised over the period to which the licence and services relate. Unrecognised licence and service revenues and associated costs of sale are included as deferred income and deferred cost respectively in the balance sheet.

The Group only recognises revenue on the sale of equipment once any obligation to install such equipment has been completed.

### 1.5 Interest

Interest is recognised on a time-proportion basis using the effective interest method.

### 1.6 Employee benefits

#### Pension obligations

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

### 1.7 Share based payments

The Group operates equity-settled share based remuneration plans for its employees.

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes pricing model, which takes into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where variations are due only to share prices not achieving the threshold for vesting.

### 1.8 Currency translations

#### Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in sterling.

## Accounting policies

### Transactions and balances

Foreign currency assets and liabilities are translated at the exchange rates ruling at the end of the financial period. Exchange profits or losses on foreign currency trading transactions are included in the Group income statement.

### Group companies

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

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

### 1.9 Taxation

The charge for taxation is based on the profits for the year and takes into account taxation deferred because of temporary differences between the treatment of certain items for taxation and for accounting purposes.

Temporary differences arise from the inclusion of profits and losses in the accounts in different periods from which they are recognised in tax assessments and primarily arise as a result of the difference between tax allowances on property, plant & equipment and the corresponding depreciation charge. Full provision is made for the tax effects of these differences using tax rates substantively enacted at the balance sheet date.

No provision is made for unremitted earnings of foreign subsidiaries where there is no commitment to remit such earnings. Similarly, no provision is made for temporary differences relating to investments in subsidiaries since realisation of such differences can be controlled and is not probable in the foreseeable future. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

### 1.10 Property, plant & equipment

Property, plant and equipment is stated at historical cost less depreciation. The Group's policy is to write off the difference between the cost of all property, plant and equipment and their residual value on a straight line basis over their estimated useful lives as follows:

Office equipment	3 years
Computer equipment	3 years

Reviews are made annually of the estimated remaining lives and residual values of individual productive assets, taking account of commercial and technological obsolescence as well as normal wear and tear, and adjustments are made where appropriate. All individual assets are reviewed for impairment when there are indications that the carrying value may not be recoverable.

## Accounting policies

### Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Reverse acquisition reserve" represents the difference between the required total of the Group's equity instruments and the reported equity of the legal parent.
- "Merger reserve" represents the difference between the nominal value of the share capital issued by the Company and their fair value at 7 March 2006, the date of the acquisition.
- "Share option reserve" represents equity-settled share-based employee remuneration until such share options are exercised.
- "Foreign currency translation reserve" represents the differences arising from translation of investments in overseas subsidiaries.
- "Retained earnings" represents retained profits.

#### 1.11 Cash and cash equivalents

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

#### 1.12 Financial assets – loans and receivables

Financial assets comprise trade receivables and cash and cash equivalents. Financial assets are recognised in the Group's consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument. Loans and receivables are measured at initial recognition at fair value and are subsequently recorded at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. Cash and cash equivalents comprise cash on hand and on short term deposit.

#### 1.13 Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and comprise trade payables and borrowings. Financial liabilities are recognised in the Group's consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument. They are subsequently recorded at amortised cost using the effective interest method. Trade payables are measured at initial recognition at fair value. Changes in fair value are recognised in the income statement.

Borrowings are initially recorded at fair value and then subsequently recorded at amortised cost using the effective interest method. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis in the income statement.

## Accounting policies

### 1.14 Investments

Investments are classified as available-for-sale financial assets. All financial assets within this category are measured subsequently at fair value, with changes in value recognised in equity, through the statement of changes in equity. Gains and losses arising from investments classified as available-for-sale are recognised in the income statement when they are sold or when the investment is impaired.

### 1.15 Adoption of IFRS 8 'Operating Segments'

The Group has decided to adopt early IFRS 8 'Operating Segments'. Under IFRS 8, the Group would only have one operating or reportable primary segment, so the adoption of the standard early has no significant impact on the presentation of the results.

Further information about the Group's segment reporting policies is set out in note 2. 1.16 Standards and interpretations not yet applied

The following standards and interpretations currently in issue but not effective for accounting periods commencing on 1 January 2008 and which have not been applied in the 2008 consolidated financial statements are:

- IAS 1 Presentation of Financial Statements (revised 2007) (effective 1 January 2009), which has an impact on presentation only
- Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (effective 1 January 2009)
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective 1 July 2009)
- Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective 1 January 2009)
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements – Costs of Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 January 2009)
- Group Cash-settled Share-based Payment Transactions – Amendment to IFRS 2 (effective 1 January 2010)
- Amendment to IFRS 7 Financial Instruments: Disclosures – Improving Disclosures About Financial Instruments (effective 1 January 2009)
- Improvements to IFRSs (effective 1 January 2009 other than certain amendments effective 1 July 2009)
- Improvements to IFRSs 2009 (various effective dates, earliest of which is 1 July 2009, but mostly 2010)
- IFRS 3 Business Combinations (Revised 2008) (effective 1 July 2009)

The standards are expected to have an impact on presentation only.



## Notes to the financial statements

### For the year ended 31 December 2008

#### 2 Segmental analysis

The Group has elected to fully adopt IFRS 8 early and thus presents its results in accordance with internal management reporting information. Under IFRS 8, the Group has only one operating segment. Therefore the results presented in the income statement are the same as those required under IFRS 8, save for the year end entry of IFRS 2 share option credit of £29,000 (18 months ended 31 December 2007: £31,000 charge).

Revenue is reported by geographical location of customers. Non-current assets are reported by geographical location of assets.

	<b>Year ended 31 December 2008 Revenue £'000</b>	<b>At 31 December 2008 Non-current assets £'000</b>	18 mths to 31 December 2007 Revenue £'000	At 31 December 2007 Non-current assets £'000
Europe	30	246	117	781
North America	83	-	338	-
South America	153	-	80	-
Middle East	98	41	37	35
Africa	76	-	48	-
Asia/Pacific	26	-	205	-
<b>Total</b>	<b>466</b>	<b>287</b>	<b>825</b>	<b>816</b>

#### 3 Group operating loss

	<b>Year ended 31 December 2008 £'000</b>	18 mths to 31 December 2007 £'000
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Staff costs (note 17)	1,861	2,604
Depreciation of owned property, plant & equipment (note 8)	161	51
Amortisation of intangible assets (note 7)	693	892
Other operating lease rentals	248	227
Net exchange gain	(1,407)	(465)

#### Auditor remuneration

During the year the Group obtained the following services from the Group's auditor at costs as detailed below:

	<b>Year ended 31 December 2008 £'000</b>	18 mths to 31 December 2007 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	20	17
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	15	18
Tax services	3	53
Other services pursuant to legislation	2	6
<b>Total</b>	<b>40</b>	<b>94</b>

## Notes to the financial statements

### For the year ended 31 December 2008

#### 4 Net financial expenses

	<b>Year ended 31 December 2008 £'000</b>	18 mths to 31 December 2007 £'000
Interest expense:		
– finance charge on preference shares	(150)	(25)
– other interest payable	(3)	–
Finance costs	(153)	(25)
Finance income:		
– bank interest receivable	21	100
Finance income:		
<b>Net finance (costs)/income</b>	<b>(132)</b>	<b>75</b>

#### 5 Tax

##### (a) Analysis of charge for the year

	<b>Year ended 31 December 2008 £'000</b>	18 mths to 31 December 2007 £'000
United Kingdom current tax on income for the period	–	–
Overseas current tax on income for the period	–	(18)
<b>Total current tax</b>	<b>–</b>	<b>(18)</b>
Deferred tax expense	–	–
<b>Total charge for the year/period</b>	<b>–</b>	<b>(18)</b>

##### (b) Factors affecting the tax charge for the year

	<b>Year ended 31 December 2008 £'000</b>	18 mths to 31 December 2007 £'000
Loss before tax	(2,219)	(4,698)
At standard rate of corporation tax of 28% (2007: 30%)	(621)	(1,409)
Effects of:		
Amortisation of intangible assets	194	267
Expenses not deductible for tax purposes	–	46
Un-utilised tax losses	427	1,114
<b>Total charge for the year/period</b>	<b>–</b>	<b>18</b>

The most appropriate tax rate for the Group is considered to be 28% (2007: 30%), the standard rate of profits tax in the UK which is the primary source of revenue for the Group. The statutory corporation tax rate reduced from 30% to 28% from 1 April 2008.

#### Deferred Tax

At 31 December 2008, the Group had accumulated tax losses of £14,326,000 (31 December 2007: £12,238,000) which are available for offset against future trading profits of certain Group operations, subject to agreement with the relevant tax authorities. No deferred tax

## Notes to the financial statements

### For the year ended 31 December 2008

asset has been recognised in respect of these losses given the level of uncertainty over their recoverability.

#### 6 Loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of £2,219,000 (2007: £4,716,000) by the weighted average number of ordinary shares in issue during the year of 184,503,773 (2007: 157,181,628).

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

	Year ended 31 December 2008 Basic and diluted		18 mths to 31 December 2007 Basic and diluted	
	(Loss)/ earnings £'000	(Loss)/ earnings per share pence	(Loss)/ earnings (Restated) £'000	(Loss)/ earnings (Restated) per share pence
<b>Loss attributable to ordinary shareholders</b>	(2,219)	(1.20)	(4,716)	(3.00)
Amortisation of goodwill	693	0.38	892	0.57
<b>Adjusted basic loss per share</b>	<b>(1,526)</b>	<b>(0.82)</b>	<b>(3,824)</b>	<b>(2.43)</b>

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 IAS 33.

#### 7 Intangible assets

	Purchased Intellectual Property £'000
<b>Cost</b>	
At 1 July 2006	3,009
Exchange Adjustments	199
<b>At 31 December 2007</b>	<b>3,208</b>
Exchange Adjustments	1,028
<b>At 31 December 2008</b>	<b>4,236</b>
<b>Amortisation</b>	
At 1 July 2006	1,429
Charge for the period	892
Exchange Adjustments	165
<b>At 31 December 2007</b>	<b>2,486</b>
Charge for the year	693
Exchange Adjustments	951
<b>At 31 December 2008</b>	<b>4,130</b>
<b>Net book amount at 31 December 2008</b>	<b>106</b>
Net book amount at 31 December 2007	722

## Notes to the financial statements

### For the year ended 31 December 2008

The Group's intellectual property has been reviewed for indications of impairment and was not found to be impaired.

The residual value and expected useful life of the intellectual property were also reviewed and no revisions were deemed necessary.

#### 8 Property, plant & equipment

	Office Equipment £'000	Computer Equipment £'000	Leasehold Improvement £'000	Total £'000
<b>Cost</b>				
At 1 July 2006	12	206	8	226
Additions	1	78	-	79
Exchange Adjustments	-	(12)	-	(12)
<b>At 31 December 2007</b>	<b>13</b>	<b>272</b>	<b>8</b>	<b>293</b>
Additions	1	148	-	149
Disposals	-	(26)	-	(26)
Exchange Adjustments	4	129	3	136
<b>At 31 December 2008</b>	<b>18</b>	<b>523</b>	<b>11</b>	<b>552</b>
<b>Accumulated depreciation</b>				
At 1 July 2006	1	157	1	159
Charge for the period	-	51	-	51
Exchange Adjustments	-	(11)	-	(11)
<b>At 31 December 2007</b>	<b>1</b>	<b>197</b>	<b>1</b>	<b>199</b>
Charge for the year	2	29	-	31
Impairment charge	-	130	-	130
Exchange Adjustments	1	110	1	112
<b>At 31 December 2008</b>	<b>4</b>	<b>466</b>	<b>2</b>	<b>472</b>
<b>Net book amount at 31 December 2008</b>	<b>14</b>	<b>57</b>	<b>9</b>	<b>80</b>
Net book amount at 31 December 2007	12	75	7	94

#### 9 Investments

	£'000
At 1 January 2008	-
Investment in Jukata	101
<b>At 31 December 2008</b>	<b>101</b>

The investment is classified as available for sale in accordance with IAS 39.

**Notes to the financial statements**  
**For the year ended 31 December 2008**

**10 Trade and other receivables**

	<b>2008</b>	2007
	<b>£'000</b>	£'000
Trade receivables	252	539
Less: provision for impairment of trade receivables	(181)	(91)
Trade receivables – net	71	448
Other receivables	66	130
Prepayments and accrued income	156	126
Deferred cost of sales	17	140
	310	844
<b>Current portion</b>	<b>310</b>	<b>844</b>

The age of the Group's year end past due receivables is as follows:

	<b>2008</b>	2007
	<b>£'000</b>	£'000
<b>Impaired</b>		
Over 6 months	181	91
	<b>181</b>	<b>91</b>
<b>Not impaired</b>		
Less than 3 months	71	–
3 to 6 months	–	–
Over 6 months	–	–
	<b>71</b>	<b>–</b>

The individually impaired receivables relate to customers in unexpectedly difficult economic circumstances. The overdue receivables against which no provision has been made relate to a number of customers for whom there is no recent history of default or any other indication that settlement will not be forthcoming.

The carrying amounts of the Group's receivables are all denominated in US dollar.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

Movement on the Group's provision for impairment of trade receivables are as follows:

	<b>2008</b>	2007
	<b>£'000</b>	£'000
At 1 January 2008/1 July 2006	91	21
Provision for receivables impairment	61	69
Receivables written off during the year as uncollectable	–	–
Unused amounts reversed	–	–
Exchange differences	29	1
	<b>181</b>	<b>91</b>

The other classes of receivables do not contain impaired assets.

## Notes to the financial statements

### For the year ended 31 December 2008

#### 11 Trade and other payables

	<b>2008</b>	2007
	<b>£'000</b>	£'000
Trade payables	257	890
Accruals	530	–
Social security and other taxes	134	150
Other creditors	398	134
Deferred income	1,488	403
Deferred consideration	3,488	2,538
	<b>6,295</b>	4,115
Less non-current portion: deferred consideration	(3,384)	(2,375)
<b>Current portion</b>	<b>2,911</b>	1,740

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 deferred income balance includes an amount of £1,171,000 (2007: £nil) received from InTechnology plc in respect of 12 month licenses that had not been brought into use at the balance sheet date.

#### 12 Borrowings, other financial liabilities and other financial assets

	<b>2008</b>	2007
	<b>£'000</b>	£'000
<b>Non-current</b>		
Preference shares	1,500	1,500
	1,500	1,500
<b>Total borrowings</b>	<b>1,500</b>	1,500

#### Maturity analysis

	<b>2008</b>	2007
	<b>£'000</b>	£'000
<b>Preference shares</b>		
Between one and two years	1,500	1,500
	<b>1,500</b>	1,500

The following additional terms apply to all non-voting preference shares:

The Company may, at any time on not less than 10 business days' notice in writing to the holders of preference shares, redeem, in multiples of not less than 6,250,000 preference shares, such total number of preference shares as is specified in such notice.

## Notes to the financial statements

### For the year ended 31 December 2008

If all or some of the Preference Shares are not redeemed by 31 December 2010 a holder of Preference Shares may from that date give to the Company notice in writing of the conversion of all or some of his Preference Shares. Each Preference Share shall convert into one fully paid Ordinary Share.

Not less than 10 Business Days' prior to the sale of a controlling interest in the Company, the Company shall notify in writing the Preference Shareholders of such Sale. Following receipt of a Sale Notice, a Preference Shareholder may:

- (A) elect to convert all or some of his Preference Shares into Ordinary Shares; or
- (B) elect not to convert any of his Preference Shares.

Holders of Preference Shares not converted pursuant to the above may at anytime from the date of a Sale give to the Company a Conversion Notice in respect of the conversion of all or some of the Preference Shares held by such shareholder.

### Financial risks

The main financial risks faced by the Group include interest rate risk, liquidity risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks.

The Group's financial instruments comprise cash, liquid resources and various items, such as debtors and creditors that arise directly from its operations. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken. The year end position reflects these policies and there have been no changes in policies or risks since the year end.

Financial asset returns are maximised by ongoing review of the Group's cash flow requirements. Any funds surplus to short-term working capital requirements are placed on interest bearing deposit.

### Interest rate risk profile of financial assets

The interest rate profile of the financial assets of the Group comprise cash of £206,000 (2007:£1,884,000) as follows:

	<b>Floating rate</b>	
	<b>31 December 2008 £'000</b>	31 December 2007 £'000
<b>Currency</b>		
Sterling	48	1,734
US dollar	98	113
Euro	26	17
Israel Shekel	34	20
<b>Total</b>	<b>206</b>	<b>1,884</b>

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 (2007: £nil).

## Notes to the financial statements

### For the year ended 31 December 2008

#### Interest rate risk profile of financial liabilities

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

	<b>Fixed</b>	
	<b>31 December</b>	31 December
	<b>2008</b>	2007
	<b>£'000</b>	£'000
Fixed rate 10% preference shares	1,500	1,500
<b>Total</b>	<b>1,500</b>	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.

	<b>31 December</b>	31 December
	<b>2008</b>	2007
	<b>£'000</b>	£'000
Functional currency of operation: Sterling		
US Dollar assets (net)	6,548	3,097
Euro liabilities (net)	-	433
<b>Total</b>	<b>6,548</b>	3,530
Functional currency of operation: Euro		
US Dollar liabilities (net)	(10,020)	(5,288)
Sterling liabilities (net)	-	(887)
<b>Total</b>	<b>(10,020)</b>	(6,175)
Functional currency of operation: US Dollar		
Euro liabilities (net)	-	-
Sterling liabilities (net)	-	-
<b>Total</b>	<b>-</b>	-

#### Sensitivity analysis

Financial assets and liabilities are sensitive to movements in interest rates and foreign exchange rates.

A 10% movement in exchange rates would result in a charge or credit to profit and equity of £228,000 (2007: £216,000).

A 1% movement in interest rates would result in a charge or credit to profit and equity of £2,000 (2007: £19,000).

#### Capital management

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern; and
- To provide an adequate return to shareholders.

These objectives are maintained by pricing products and services commensurately with the level of risk. There are no externally imposed capital requirements.



## Notes to the financial statements

For the year ended 31 December 2008

### Summary of the Group's financial assets and liabilities as defined in IAS 39 'financial instruments: recognition and measurement'

	31 December 2008 £'000	31 December 2007 £'000
<b>Current assets – loans and receivables</b>		
Trade and other receivables	153	844
Cash and cash equivalents	206	1,884
	359	2,728
<b>Current liabilities – held at amortised cost</b>		
Trade and other payables	(2,777)	(1,740)
<b>Non-current liabilities – held at amortised cost</b>		
Trade and other payables	(3,384)	(2,375)
Borrowings	(1,500)	(1,500)
	(4,884)	(3,875)
<b>Net financial assets and liabilities</b>	<b>(7,302)</b>	<b>(2,887)</b>

The Directors consider that the fair value of financial assets and liabilities equates to the carrying value for both 2008 and 2007.

### 13 Share capital and share premium

	Number of shares 000's	Share capital £'000	Share premium £'000	Total £'000
At 1 July 2006	92,180	1,844	1,624	3,468
Issue of shares	92,251	1,845	2,825	4,670
Employee share options: – proceeds from shares issued	–	–	–	
<b>As at 31 December 2007</b>	<b>184,431</b>	<b>3,689</b>	<b>4,449</b>	<b>8,138</b>
Employee share options: – proceeds from shares issued	522	10	–	10
<b>As at 31 December 2008</b>	<b>184,953</b>	<b>3,699</b>	<b>4,449</b>	<b>8,148</b>

The total authorised number of ordinary shares is 475 million (2007: 475 million) with a par value of 2p per share (2007: 2p per share).

### Non-voting preference shares

	Number of shares 000's	Value £'000
At 1 July 2006	–	–
Issue of preference shares of 8p each	18,750	1,500
<b>As at 31 December 2007 and 31 December 2008</b>	<b>18,750</b>	<b>1,500</b>

The above preference shares are classified as debt and therefore shown within creditors.

## Notes to the financial statements

### For the year ended 31 December 2008

#### 14 Share based payments

The Group has a share option scheme for certain employees and directors. Options are exercisable 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.

During the year options were granted for an aggregate of 2,000,000 ordinary shares. 800,000 options were granted on 9 May 2008 and 1,200,000 options were granted on 3 December 2008. The fair value of these two option awards was calculated using the BlackScholes option-pricing model, the inputs into which were:

	<b>1,200,000 shares</b>	<b>800,000 shares</b>
Share price at grant date (pence)	5	5
Exercise price (pence)	5	5
Expected volatility	12%	16%
Risk-free rate	3%	5%
Expected time to exercise	3.0 years	2.0 years

A reconciliation of option movements over the year to 31 December 2008 is shown below:

	<b>2008</b>		2007	
	<b>Number</b>	<b>Weighted average exercise price</b>	Number	Weighted average exercise price
	<b>000's</b>	<b>pence</b>	000's	pence
Outstanding at 1 January 2008/1 July 2006	6,062	3.8	2,462	2.0
Granted	2,000	5.0	3,600	5.0
Forfeited	(3,600)	5.0	-	-
Exercised	(323)	2.0	-	-
Expired	(2,139)	2.0	-	-
Outstanding at 31 December	2,000	0.0	6,062	3.8
Exercisable at 31 December	267	5.0	2,462	2.0

The closing mid-market share price on 29 June 2009 was 6 pence.

The total credit for the year relating to employee share based payment plans was £29,000 (2007: £31,000 charge), all of which related to equity-settled share based payment transactions.

## Notes to the financial statements

### For the year ended 31 December 2008

#### 15 Cash used in operations

	<b>Year ended 31 December 2008 £'000</b>	18 mths to 31 December 2007 £'000
Loss before taxation	(2,219)	(4,698)
Adjustments for:		
Depreciation	161	51
Amortisation of non-financial assets	693	892
Share based payment (credit)/charge	(29)	31
Net finance costs/(income)	132	(75)
Changes in working capital		
Decrease/(increase) in trade and other receivables	594	(528)
Decrease in trade and other payables	(941)	(171)
<b>Net cash used in operations</b>	<b>(1,609)</b>	<b>(4,498)</b>

#### 16 Directors' remuneration

	<b>Year ended 31 December 2008 £'000</b>	18 mths to 31 December 2007 £'000
Salary	44	285
Pension	-	7
Other benefits	4	28
Compensation paid to past director for loss of office	59	10
Sums paid to third parties for directors' services	243	294
<b>Total</b>	<b>350</b>	<b>624</b>
Highest Paid Director		
Salary	-	-
Pension	-	-
Sums paid to third parties for directors' services	165	166
<b>Total</b>	<b>165</b>	<b>166</b>

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

## Notes to the financial statements

For the year ended 31 December 2008

### 17 Employee information

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

	<b>Year ended 31 December 2008 Number</b>	18 mths to 31 December 2007 Number
Sales	7	9
Product development	21	30
Finance & administration	6	6
<b>Total</b>	<b>34</b>	<b>45</b>

Staff costs for the persons above were:

	<b>Year ended 31 December 2008 £'000</b>	18 mths to 31 December 2007 £'000
Wages and salaries	1,579	2,147
Social security costs	57	155
Pension costs	65	70
Other benefits	160	232
<b>Total</b>	<b>1,861</b>	<b>2,604</b>

### 18 Capital commitments

The Group had no capital commitments at 31 December 2008.

### 19 Related party transactions

For the purposes of IAS 24, key management of the Group are the same as those of the board of directors. There was no share based payment credit or charge in relation to key management personnel. Key management personnel remuneration includes the following expenses:

	<b>Year ended 31 December 2008 £'000</b>	18 mths to 31 December 2007 £'000
Salaries including bonuses	44	285
Pension	–	7
Company car allowance	4	28
Sums paid to third parties for directors' services	243	294
<b>Total short-term employee benefits</b>	<b>291</b>	<b>614</b>
Termination benefits	59	10
<b>Total remuneration</b>	<b>350</b>	<b>624</b>

## **Notes to the financial statements**

### **For the year ended 31 December 2008**

Peter Wilkinson is a shareholder and Director of InTechnology plc. Mobile Tornado International Limited has bought services totalling £nil (18 months ended 31 December 2007; £9,000) from InTechnology plc in the year to 31 December 2008. As at 31 December 2008, there was no amount owing to InTechnology Plc by Mobile Tornado International Limited (31 December 2007; £nil). Mobile Tornado Group Plc has bought services totalling £82,000 (18 months ended 31 December 2007; £195,000) from InTechnology plc in the year to 31 December 2008. As at 31 December 2008, Mobile Tornado Group Plc owed InTechnology Plc £27,000 (31 December 2007; £1,000).

InTechnology plc has bought future use licences totalling £957,000 (18 months ended 31 December 2007; £nil) in the year to 31 December 2008 from Mobile Tornado International Limited. As at 31 December 2008, there was no amount owing to Mobile Tornado International Limited by InTechnology plc (31 December 2007; £nil).

Payments to a third party, Jeremy Fenn, are made in respect of the services provided by Jeremy Fenn. As at 31 December 2008, Mobile Tornado Group Plc owed £nil (31 December 2007: £16,000) to Jeremy Fenn.

**Company balance sheet-prepared under UK GAAP**   
**As at 31 December 2008**

	Notes	2008 £'000	2007 £'000
<b>Fixed assets</b>			
Investments	2	<b>12,859</b>	12,758
		<b>12,859</b>	12,758
<b>Current assets</b>			
Debtors	3	<b>6,835</b>	4,482
Cash at bank and in hand		<b>11</b>	1,731
		<b>6,846</b>	6,213
<b>Creditors – amounts falling due within one year</b>	4	<b>(2,044)</b>	(466)
<b>Net current assets</b>		<b>4,802</b>	5,747
<b>Total assets less current liabilities</b>		<b>17,661</b>	18,505
Creditors – amounts falling due after one year		–	(1,500)
<b>Net assets</b>		<b>17,661</b>	17,005
<b>Capital and reserves</b>			
Called up share capital	5,6	<b>3,699</b>	3,689
Share premium account	6	<b>4,449</b>	4,449
Merger reserve	6	<b>10,938</b>	10,938
Share option reserve	6	<b>34</b>	63
Profit and loss account	6	<b>(1,459)</b>	(2,134)
<b>Shareholders' funds</b>		<b>17,661</b>	17,005

The financial statements on pages 36 to 39 were approved by the Board of Directors on 29 June 2009 and were signed on its behalf by:

**Jeremy Fenn**  
**Managing Director**  
**29 June 2009**

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

# Notes to the company financial statements prepared under UK GAAP



For the year ended 31 December 2008

## 1 Principal accounting policies

### 1.1 Basis of preparation

The financial statements have been prepared under the historical cost basis of accounting and under United Kingdom Generally Accepted Accounting Practice (UK GAAP).

### 1.2 Share options

The Group grants share options to employees and directors on a discretionary basis.

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes pricing model, which takes into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where variations are due only to share prices not achieving the threshold for vesting.

### 1.3 Investments

Investments are stated at cost less provision for any permanent impairment in value. The carrying value of investments is reviewed annually to determine the need for any provision for impairment.

### 1.4 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.

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

## 2 Fixed asset investments

	<b>£'000</b>
At 1 January 2008	12,758
Investment in Jukata	101
<b>At 31 December 2008</b>	<b>12,859</b>

Investments are stated at cost.

Details of the principal investments at 31 December 2008 in which the Company holds more than 20% of the nominal value of ordinary share capital are as follows:

<b>Subsidiary undertakings</b>	<b>Country of incorporation or registration</b>	<b>Nature of business held</b>	<b>Group proportion held</b>	<b>Company proportion</b>
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.

**Notes to the company financial statements  
prepared under UK GAAP**



**For the year ended 31 December 2008**

**3 Debtors**

	<b>2008</b>	2007
	<b>£'000</b>	£'000
Other debtors and prepayments	74	62
Amounts owed by Group undertakings	6,761	4,420
	<b>6,835</b>	<b>4,482</b>

**4 Creditors – amounts falling due within one year**

	<b>2008</b>	2007
	<b>£'000</b>	£'000
Trade creditors and accruals	497	383
Other taxation and social security	47	83
10% cumulative preference shares	1,500	–
	<b>2,044</b>	<b>466</b>

**5 Share capital**

	<b>2008</b>	2007
	<b>£'000</b>	£'000
<b>Authorised</b>		
475,000,000 (2007: 475,000,000) Ordinary shares of 2p each	9,500	9,500
<b>Total</b>	<b>9,500</b>	<b>9,500</b>

	<b>2008</b>	2007
	<b>£'000</b>	£'000
<b>Allotted, called up and fully paid</b>		
184,953,708 (2007: 184,431,430) Ordinary shares of 2p each	3,699	3,689
<b>Total</b>	<b>3,699</b>	<b>3,689</b>

**Non-voting preference shares**

	<b>Number of shares</b>	Value
	<b>000's</b>	£'000
At 1 July 2006	–	–
Issue of preference shares of 8p each	18,750	1,500
<b>As at 31 December 2007 and 31 December 2008</b>	<b>18,750</b>	<b>1,500</b>

The above preference shares are classified as debt and therefore shown within creditors.

**6 Shareholders' funds**

	<b>Ordinary share capital</b>	<b>Share premium account</b>	<b>Merger reserve</b>	<b>Share option reserve</b>	<b>Profit &amp; loss account</b>	<b>Total share- holders' funds</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 January 2008	3,689	4,449	10,938	63	(2,134)	17,005
Issue of shares	10	–	–	–	–	10
Employee share option adjustment	–	–	–	(29)	–	(29)
Profit for the year	–	–	–	–	675	675
<b>At 31 December 2008</b>	<b>3,699</b>	<b>4,449</b>	<b>10,938</b>	<b>34</b>	<b>(1,459)</b>	<b>17,661</b>



## **Notes to the company financial statements prepared under UK GAAP**



**For the year ended 31 December 2008**

### **7 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.

Payments to a third party, Jeremy Fenn, are made in respect of the services provided by Jeremy Fenn. As at 31 December 2008, Mobile Tornado Group Plc owed £nil (31 December 2007: £16,000) to Jeremy Fenn.

### **8 Profit for the financial year**

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 profit for the year ended 31 December 2008 was £675,000 (18 months ended 31 December 2007: £1,651,000 loss).

## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Company will be held at Central House, Beckwith Knowle, Harrogate, HG3 1UG on 28 July 2009 at 10.00 a.m. to transact the following business:

### 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 year ended 31 December 2008 together with the report of the auditors thereon;
2. to re-appoint Grant Thornton UK LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the Directors to fix their remuneration;
3. to re-appoint Peter Wilkinson, who retires in accordance with Article 92 of the Company's articles of association and who, being eligible, offers himself for re-appointment as a Director;
4. to re-appoint John Swingewood, who retires in accordance with Article 92 of the Company's articles of association and who, being eligible, offers himself for re-appointment as a Director;

### As special business:

To consider and, if thought fit, pass the following resolutions, with resolution 5 being proposed as an ordinary resolution and resolution 6 being proposed as a special resolution:

5. THAT, in substitution for all existing and unexercised authorities (save for the authority granted pursuant to resolution number 2 passed at the general meeting of the Company held on 28 April 2009, which shall expire on 27 April 2014), pursuant to section 80 of the Companies Act 1985 (the "Act"), as amended, the Directors of the Company be and are hereby 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 £1,233,012 (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 at the conclusion of the next annual general meeting of the Company after the passing of 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. References in this resolution to the Act shall, where the context requires and where appropriate, include references to the Companies Act 2006 ("CA06") and any corresponding or similar sections of the CA06, it being the intention that, to the extent permitted by law, the authority contained in this resolution shall continue in full force and effect notwithstanding any repeal of the Act or any relevant part or section thereof; and
6. THAT, subject to the passing of resolution 5 (and in addition to the authority granted pursuant to resolution number 3 passed at the general meeting of the Company held on 28 April 2009, which shall expire on 27 April 2014), the Directors of the Company be and 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) wholly for cash and/or to allot equity securities where such allotment constitutes an allotment of securities by virtue of section 94(3A) of the Act, as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the

## Notice of Annual General Meeting



allotment of equity securities (excluding any shareholder holding shares as treasury shares):

- (i) in connection with 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) otherwise than pursuant to sub-paragraphs (a) and (b) above, up to an aggregate nominal amount of £184,953 (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 save that the Company may before such expiry make an offer, agreement or other arrangement which would or might require equity securities to be allotted after such expiry and the Directors of the Company may allot equity securities pursuant to any such offer, agreement or other arrangement as if the authority hereby conferred had not so expired. References in this resolution to the Act shall, where the context requires and where appropriate, include references to the CA06 and any corresponding or similar sections of the CA06, it being the intention that, to the extent permitted by law, the authority contained in this resolution shall continue in full force and effect notwithstanding any repeal of the Act or any relevant part or section thereof.

**By Order of the Board**

Richard James  
Company Secretary

**Registered office:**

Central House  
Beckwith Knowle  
Otley Road  
Harrogate HG3 1UG

29 June 2009

# Notice of Annual General Meeting

## Notes:

### Appointment of proxies

- 1 As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of Meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
- 2 A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.
- 3 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact Capita Registrars at Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
- 4 If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote or abstain from voting as he or she thinks fit in relation to any other matter which is put before the Meeting.

### Appointment of proxy using hard copy proxy form

- 5 The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to Capita Registrars at Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and
- received by Capita Registrars by no later than 10.00 a.m. on 26 July 2009.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

### Appointment of proxy by joint members

- 6 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

### Changing proxy instructions

- 7 To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Registrars at Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

### Termination of proxy appointments

- 8 In order to revoke a proxy instruction you will need to inform Capita Registrars by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Registrars at Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. In either case, the revocation notice must be received by Capita Registrars by no later than 10.00 a.m. on 26 July 2009.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

### Communication

- 9 Except as provided above, members who wish to communicate with the Company in relation to the Meeting should write to the Company Secretary, Mobile Tornado Group plc, Central House, Beckwith Knowle, Otley Road, Harrogate HG3 1UG. No other methods of communication will be accepted.

## Notice of Annual General Meeting



### **Uncertificated Securities Regulations**

- 10 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 10:00 a.m. on 26 July 2009 shall be entitled to attend and vote at the Meeting in respect of the number of shares registered in their name at that time. Changes to the register of members after 10:00 a.m. on 26 July 2009 shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

## 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) J P Swingewood (Non-Executive Director) R M James (Director & Company Secretary)
Nominated Advisor and Broker:	Astaire 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
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