



# Mobile Tornado



## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

for the year ended 31 December 2016

## Contents

	Page
Strategic report	2
Directors' report	7
Independent auditors' report	12
Consolidated income statement	15
Consolidated statement of comprehensive income	15
Consolidated statement of financial position	16
Consolidated statement of changes in equity	17
Consolidated statement of cash flows	18
Notes to the financial statements	19
Company balance sheet	39
Company statement of changes in equity	40
Notes to the Company financial statements	41
Notice of Annual General Meeting	47
Corporate information	51

## Strategic report

### Introduction

Mobile Tornado Group plc, the leading provider of instant communication mobile applications to the enterprise market, announces its results for the year ended 31 December 2016.

### Financial Highlights

- Revenue decreased by 10% to £2.02m (2015: £2.26m)
- Recurring revenues increased by 10% to £1.84m (2015: £1.68m)
- Professional service sales decreased to £0.16m (2015: £0.50m)
- Hardware and 3rd party software sales decreased to £0.02m (2015: £0.08m)
- Gross profit decreased by 9% to £1.92m (2015: £2.12m)
- Operating expenses increased by 15% to £3.89m (2015: £3.38m) – adversely impacted by the depreciation of Sterling during the year
- Adjusted EBITDA\* loss of £1.96m (2015: £1.26m)
- Group operating loss for the year increased to £3.09m (2015: £1.45m) – impacted by further exchange differences of £0.64m (2015: £0.07m) and exceptional items of £0.28m (2015: £nil) comprising property costs arising from our joint lease and salary and redundancy costs arising from the transition of our R&D team during the year
- Loss after tax of £3.45m (2015: £1.66m)
- Basic loss per share of 1.39p (2015: 0.69p)
- Cash at bank of £0.17m (2015: £0.11m) with net debt of £9.06m (2015: £6.81m)

\*Earnings before interest, tax, depreciation, amortisation, exceptional items and excluding exchange differences

### Operating highlights

- Appointment of Avi Tooba as Chief Executive, formerly a senior director with Motorola for 30 years
- Recruitment of a new senior management team with significant sector experience
- New R&D centre opened in Ukraine to support development of new functionality and feature sets
- Enhanced technical platform delivering strong positive feedback from customers and increasing commercial engagement
- Applications roadmap developed featuring SDK and Dispatcher applications – development well advanced with launches anticipated this financial year
- Growing pipeline of high quality customer engagements driven by enhanced technical platform and applications

### Financial results and key performance indicators

Total revenue for the year ended 31 December 2016 reduced by 10% to £2.02m (2015: £2.26m). Encouragingly, recurring revenue, a key performance indicator for the business, continued to increase and was up by 10% to £1.84m (2015: £1.68m). Non-recurring revenue, comprising installation fees, hardware and professional services, reduced to £0.19m (2015: £0.58m) due to the smaller number and size of new installations during the period.

Gross profit decreased to £1.92m (2015: £2.12m) as a result of the growth in higher margin recurring revenues being countered by lower professional services revenues in the year. Operating expenses increased by 15% in the year to £3.89m (2015: £3.38m) resulting from the enhancements made to our research and development staffing over the year.

Due to the annual revaluation of certain financial liabilities on the balance sheet, the Group also reported a translational loss of £0.64m (2015: £0.07m) due to the depreciation of sterling during the year. The Group received an income tax credit in respect of our qualifying investment in R&D activities of £0.28m (2015: £0.37m).

## Strategic report

As a result of the above, the loss after tax for the year increased to £3.45m (2015: Loss £1.66m) and an increased basic loss per share of 1.39p (2015: 0.69p).

The net cash outflow from operating activities was £1.72m (2015: £1.23m). At 31 December 2016, the Group had £0.17m cash at bank (2015: £0.11m) and net debt of £9.06m (2015: £6.81m).

### Results and dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2016 (year ended 31 December 2015: nil). The Company currently intends to reinvest future earnings to finance the growth of the business over the near term.

### Review of operations

The appointment of Avi Tooba during the period as Chief Executive has resulted in a significant acceleration in the development of our technical platform. Having held senior positions at Motorola Solutions for over 30 years, he brings enormous experience to our business. He has moved fast to strengthen our engineering teams, opening up a technical centre in Ukraine to capitalise on established talent pools that have deep experience of instant communications. At the same time, we have recruited a highly experienced technical leadership team to drive the development of the various projects.

Although operating expenses have increased to accommodate this investment in resources, we have been prudent in our approach, and by rebalancing the teams across our different geographical locations, have managed to restrict the cost increase compared to the prior year to 15%. Of this, in excess of 50% was caused by the decline in the value of sterling over the year since the majority of our overheads are denominated in foreign currency.

The primary focus of the technical team has been to ensure that our services can be deployed more effectively to customers across the world. The server platform has been enhanced to deliver more capacity for customers, creating a far better return on investment. A further development has enabled customers to install our software onto virtual servers, eliminating the need for expensive hardware investment within their own data centres. These improvements have been well received by our existing customers.

The next cycle of development is to introduce certain new products to the market. During the year, we commenced work on a new Software Development Kit (SDK), an application that allows customers to integrate our instant communication solutions into their own products quickly and easily. Given the huge industry that has developed around workforce management, the market opportunity for our SDK is substantial. We have commenced trials with a number of businesses that are interested to introduce instant communication functionality to their existing workforce management applications.

We also committed to the development of a new Dispatch Console towards the end of last year, and are expecting to make a full commercial launch in July 2017. This console will be a significant step forward with major advances in functionality and feature sets, allowing companies with large workforces to manage their operations more effectively. A number of customers are currently running beta trials prior to a full commercial launch in the third quarter of this financial year. We are confident that this product will open up new potential markets and generate incremental revenue streams.

## Strategic report

### Mobile network operators ('MNOs')

Although revenues overall were down year on year, it was pleasing to see recurring revenues increase by 10% compared to the previous year. This increase was driven by our MNO customers in the Americas, offset in part by a decline in South Africa caused by the renegotiation of our exclusive agreement in the first half of the year. The exclusivity payments have been reduced to facilitate investment in the launch of services with the three leading MNOs in the territory. Whilst there have been some delays in the roll out of services, I'm pleased to report that the two largest MNOs are in the process of launching full services during the second quarter of this year.

South America continues to be the primary opportunity for growth over the coming years. Our engagement with MNOs in Mexico, Brazil, Ecuador and Colombia has continued. Many of the technical developments outlined above have been tailored to requirements in these markets, and it is encouraging that we are beginning to see early signs that the market opportunity we have been aware of for some time may be starting to gather momentum.

As we have previously highlighted, the iDEN Push To Talk (PTT) platform, which was widely deployed in South America, has reached the end of its life. It's anticipated that many of these customers will look to switch their instant communication requirements to PTT over cellular. We are working hard with our existing customers to ensure they are well placed to capitalise on the opportunity. I am hopeful that as our solution gains traction in the market, providing evidence that it represents a robust and high quality alternative to iDEN, then new customers will also be attracted to our solution.

Our activities in mainland Europe remained stable during the period, with flat revenues compared to the previous year. The technical developments and new product initiatives have started to generate interest from MNOs in a number of countries and in response we are seeking to strengthen our business development resource across this region during the current year.

Activity in Israel accelerated during the period with our exclusive partner launching services with one of the leading MNOs. A number of major corporate customers have been trialling the service and I am pleased to see that these trials are turning into full commercial contracts. We anticipate good momentum in this market during the current financial year.

### Independent Solution Vendors (ISVs)

As detailed above, we have significantly enhanced our SDK, allowing ISVs and their customers to incorporate PTT functionality into their applications. We are very confident that this channel to market will become more important to the business as it allows us to deploy our solution to the market with little or no incremental cost. The feedback from early trials of the SDK are very promising and I look forward to developing this channel over the coming year.

### Hardware manufacturers

It is essential that our solution operates across a wide selection of rugged handset and accessories. We have certified a number of new 3G and 4G devices for operation on our systems, enhancing our proposition to our partners and customers.

### Public sector

We have continued to work on a number of significant projects within the public sector. As we have highlighted in the past, the commercial nature of these deals is such that, rather than payment of a regular monthly license fee, the customer pays an upfront capital sum for the right to use our platform for a fixed period of time. Given that the size of these deals can be significant, the trials and negotiations can take place over an extended period of time.

## Strategic report

This process can obviously take some time given the value and complexities of the opportunities, but given the technical advances we have made over the last 12 months, and the increasing number of tenders we are being asked to participate in, we hope to win our first public sector deal in the short-medium term.

### 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.

### Indirect route to market

As described above, one of the Group's primary channels to market are MNOs reselling our services to their enterprise customers. Whilst MNOs are ideally positioned to forward sell our services and are likely to possess material resources for doing so, there remains an inherent uncertainty arising from the Group's inability to exert full control over the sales and marketing strategies of these customers.

### Going concern and funding

The Company expects to announce imminently the launch of a placing of up to 24.5m shares at 5.0p to raise a total of approximately £1.2m. The Directors are subscribing for 12.0m shares. The net proceeds of the placing will be used to fund the working capital requirements of the Company.

The Directors are therefore satisfied that the Group and Company have adequate resources to enable them to continue in business for the foreseeable future, which also takes into consideration its contracted revenues, anticipated contracts as well as a written undertaking from the Directors to meet any shortfall in those funds to be raised in the above placing.

### Outlook

The appointment of Avi Tooba as our Chief Executive and his subsequent recruitment of an experienced senior management team has put the business in a strong position to capitalise on the huge opportunities that exist within the instant communication market. With the emergence of 3G and now 4G, there is universal acceptance across both public and private sectors that PTT over Cellular is now a genuine alternative to traditional radio platforms. Our new executive management team, with their experience and background, are able to engage at the highest levels with these organisations and bring unique perspective on the technical requirements of customers as they transition to the new platforms.

## **Strategic report**

With a renewed sense of confidence around the quality of our platform and software applications, it is our intention to deliver the fastest and most robust PTT over Cellular proposition in the marketplace. Given our heritage, we are one of the only providers that is able to provide a seamless interface across 2G, 3G and 4G. As the market for PTT over LTE increases in coming years, we believe our ability to offer MNOs with legacy customers on the old platforms a seamless service and transition to the new, will place us in a unique position. The introduction of new products and services over coming months will further demonstrate the strength we now have across the business.

**Approved by the Board of Directors and signed on behalf of the Board**

**Jeremy Fenn**  
**Chairman**  
**27 April 2017**

## Directors' report

The Directors present their annual report and audited financial statements of the Company and the Group for the year ended 31 December 2016.

### Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

- **Peter Wilkinson** became Non-Executive Director on 30 September 2016, having previously served as Non-Executive Chairman since his appointment to the Board 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 founded the free ISP model Freeserve, the internet access service which was launched by Dixons Group plc.
- **Jeremy Fenn** became Executive Chairman on 30 September 2016, having previously served as Chief Executive Officer and acting Finance Director since his appointment to the Board on 24 November 2006. Jeremy is a qualified chartered accountant and was formerly Chief Executive of Sports Internet Group plc. Following the sale of that business he remained as a Director of Skysports.com until December 2003. Prior to this he was Managing Director of Leeds United Football Club from 1996 to 1999.
- **Richard James** was appointed as Director and Company Secretary on 24 November 2006. Richard qualified as a solicitor with Allen & Overy in 1986 and was a Partner at Pinsent Curtis in 1991 before moving to Hammond Suddards as a Partner in 1996. Richard is also a Director and Company Secretary of InTechnology plc.
- **Avi Tooba** was appointed as Chief Executive Officer on 30 September 2016. Avi was previously the senior Director of engineering at Motorola Solutions overseeing engineering and some 500 engineers at the Israel Design Centre. He managed the Public Safety LTE subscriber devices, TETRA subscribers (European standards) and P25 devices and infrastructure (US standards). Prior to that, he was Director of engineering at Motorola Networks which was later sold to Nokia for an estimated US\$1 billion.

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

	<b>31 December 2016</b>		31 December 2015	
	<b>number</b>	<b>%</b>	number	%
Peter Wilkinson	<b>28,146,141</b>	<b>11.4</b>	28,146,141	11.4
Jeremy Fenn	<b>8,434,752</b>	<b>3.4</b>	8,434,752	3.4
Richard James	<b>2,959,870</b>	<b>1.2</b>	2,959,870	1.2
Avi Tooba (appointed 30 September 2016)	-	-	-	-

Third party indemnity insurance is in place for the four Directors above. This was in force during the year and at the date of this report.

Details of related party transactions involving Directors of the Company are given in note 21 to the Group financial statements.



## Directors' report

### Directors' emoluments

The remuneration of the Directors of the Company was as follows:

	<b>Salary £'000</b>	<b>Fees £'000</b>	<b>Benefits in kind £'000</b>	<b>Total £'000</b>	2015 Total £'000
Peter Wilkinson	–	66	–	<b>66</b>	60
Jeremy Fenn	6	120	1	<b>127</b>	127
Richard James	–	18	–	<b>18</b>	18
Avi Tooba (appointed 30 September 2016)	70	–	21	<b>91</b>	–
<b>Aggregate emoluments</b>	<b>76</b>	<b>204</b>	<b>22</b>	<b>302</b>	205

### Interests in share options

Set out below are details of share options that have been granted to Directors:

	<b>No. of share options 2016</b>	<b>Exercise price pence</b>	<b>Earliest exercise date</b>	<b>Expiry date</b>	No. of share options 2015
Jeremy Fenn	3,000,000	7.5	03/01/15	03/01/22	3,000,000
Avi Tooba	2,000,000	2.0	16/05/19	31/12/26	–
Avi Tooba	2,000,000	4.0	04/11/19	31/12/26	–

### Substantial shareholdings

At 31 December 2016 InTechnology plc held 126,709,135 shares (31 December 2015: 126,709,135) in the Company representing 51.2% of the issued ordinary share capital and 71,276,735 non-convertible cumulative redeemable preference shares with aggregate nominal value of £5.7m.

### Corporate governance

The Company does not comply with the UK Corporate Governance Code. However, the Board recognises the value of the Code and has regard to its requirements as far as it considers practicable and appropriate for a Group of this size.

### Audit Committee

The Audit Committee is chaired by Peter Wilkinson and its other member is Executive Chairman, Jeremy Fenn. Meetings are also attended, by invitation, by the other two 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 adequate accounting records and the consequent reliability of the financial information used within the business to identify and deal with any problems on a timely basis. The monitoring and control procedures include the specification of defined lines of responsibility and authorisation limits,

## Directors' report

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.

### Financial risk management

The Group's financial instruments comprise, principally, cash and short-term deposits and preference shares from its principal shareholder – InTechnology plc, and various items, such as trade receivables and trade payables, 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, liquidity risk and credit 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, however, no formal hedging is performed. 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 has loans outstanding on variable rate terms. Borrowing costs are minimised by ongoing review of the Group's cashflow requirements.

Liquidity risk – the Group seeks to ensure sufficient liquidity is available to meet its foreseeable needs. The Board regularly reviews cash flow projections and the headroom position 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 31 December. 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.

### Going concern

The Company expects to announce imminently the launch of a placing of up to 24.5m shares at 5.0p to raise a total of approximately £1.2m. The Directors are subscribing for 12.0m shares. The net proceeds of the placing will be used to fund the working capital requirements of the Company.

The Directors are therefore satisfied that the Group and Company have adequate resources to enable them to continue in business for the foreseeable future, which also takes into consideration its contracted revenues, anticipated contracts as well as a written undertaking from the Directors to meet any shortfall in those funds to be raised in the above placing.

### Results, dividends & future outlook

Detailed commentary of the Group's results, dividends and future outlook are provided in the Strategic report on pages 2 to 6.

### 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.

## Directors' report

Furthermore, the Directors believe that the Group's ability to sustain a competitive advantage over the long-term depends in a large part on ensuring that all employees contribute to the maximum of their potential. The Group is committed to improving the performance of all employees through development and training.

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

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

### Share schemes

Share ownership is at the heart of the Group's remuneration philosophy and the Directors believe that the key to the Group's future success lies in a motivated workforce holding a stake in the Company. Details of share options granted are set out in note 16 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. No pension contribution payments have been made to Directors during the year.

### Research and development

The Group continues to undertake research and development of new products with the objective of increasing future profitability. During the year, the Group undertook a defined development project which met the criteria for capitalisation under IAS 38 and therefore an amount of £80,000 (2015: £107,000) has been capitalised. The remaining cost to the Group of £1,270,000 (2015: £727,000) is charged to the income statement as incurred after consideration of the criteria for capitalisation under IAS 38.

### Environment

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

### Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable

## Directors' report

law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 102, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

### Annual General Meeting

The next AGM of the Company will be held on 6 June 2017. Details of the business to be proposed at the AGM are contained within the Notice of Meeting, which is set out on pages 47 to 50.

### Independent auditor

PricewaterhouseCoopers 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.

On behalf of the Board

**Jeremy Fenn**  
**Chairman**  
**27 April 2017**

## **Independent auditors' report to the members of Mobile Tornado Group plc**

### **Report on the financial statements**

#### **Our opinion**

In our opinion:

- Mobile Tornado Group plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2016 and of the Group's loss and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

#### **What we have audited**

The financial statements, included within the Annual Report and Financial Statements, comprise:

- the Consolidated statement of financial position as at 31 December 2016;
- the Company balance sheet as at 31 December 2016;
- the Consolidated income statement and Consolidated statement of comprehensive Income for the year then ended;
- the Consolidated statement of cash flows for the year then ended;
- the Consolidated statement of changes in equity for the year then ended;
- the Company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the Group financial statements is IFRSs as adopted by the European Union, and applicable law. The financial reporting framework that has been applied in the preparation of the Company financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

## **Independent auditors' report to the members of Mobile Tornado Group plc**

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements: and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Group, the Company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the Directors**

As explained more fully in the Statement of the Directors' Responsibilities set out on page 10, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Independent auditors' report to the members of Mobile Tornado Group plc**

### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Randal Casson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds  
27 April 2017**

## Consolidated income statement

### For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
<b>Continuing operations</b>			
Revenue	2	<b>2,024</b>	2,259
Cost of sales		<b>(103)</b>	(137)
<b>Gross profit</b>		<b>1,921</b>	2,122
<b>Operating expenses</b>			
Administrative expenses		<b>(3,885)</b>	(3,384)
<b>Group operating loss before exchange differences, exceptional items &amp; depreciation and amortisation expense</b>			
		<b>(1,964)</b>	(1,262)
Exchange differences		<b>(642)</b>	(68)
Exceptional items	3	<b>(276)</b>	-
Depreciation and amortisation expense		<b>(203)</b>	(115)
Total operating expenses		<b>(5,006)</b>	(3,567)
<b>Group operating loss</b>	4	<b>(3,085)</b>	(1,445)
Finance costs	5	<b>(640)</b>	(586)
<b>Loss before tax</b>		<b>(3,725)</b>	(2,031)
Income tax credit	6	<b>277</b>	371
<b>Loss for the year</b>		<b>(3,448)</b>	(1,660)
<b>Loss per share (pence)</b>			
<b>Basic and diluted</b>	7	<b>(1.39)</b>	(0.69)

## Consolidated statement of comprehensive income

### For the year ended 31 December 2016

	2016 £'000	2015 £'000
<b>Loss for the year</b>	<b>(3,448)</b>	(1,660)
<b>Other comprehensive loss</b>		
Item that will subsequently be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	<b>(71)</b>	(19)
<b>Total comprehensive loss for the year</b>	<b>(3,519)</b>	(1,679)
<b>Attributable to:</b>		
Equity holders of the parent	<b>(3,519)</b>	(1,679)

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



## Consolidated statement of financial position

As at 31 December 2016

	Note	2016 £'000	2015 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	<b>294</b>	315
Intangible assets	9	<b>162</b>	107
		<b>456</b>	422
<b>Current assets</b>			
Trade and other receivables	10	<b>1,313</b>	1,268
Inventories	11	–	28
Cash and cash equivalents	12	<b>165</b>	107
		<b>1,478</b>	1,403
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	<b>(4,719)</b>	(3,535)
Borrowings	14	<b>(3,667)</b>	(1,380)
<b>Net current liabilities</b>		<b>(6,908)</b>	(3,512)
<b>Non-current liabilities</b>			
Trade and other payables	13	<b>(2,625)</b>	(2,514)
Borrowings	14	<b>(5,560)</b>	(5,537)
		<b>(8,185)</b>	(8,051)
<b>Net liabilities</b>		<b>(14,637)</b>	(11,141)
<b>Equity attributable to the owners of the parent</b>			
Share capital	15	<b>4,951</b>	4,951
Share premium	15	<b>12,012</b>	12,012
Reverse acquisition reserve		<b>(7,620)</b>	(7,620)
Merger reserve		<b>10,938</b>	10,938
Foreign currency translation reserve		<b>(2,254)</b>	(2,183)
Accumulated losses		<b>(32,664)</b>	(29,239)
<b>Total equity</b>		<b>(14,637)</b>	(11,141)

The financial statements on pages 15 to 38 were approved by the Board of Directors on 27 April 2017 and were signed on its behalf by:

**Jeremy Fenn**  
**Chairman**  
**27 April 2017**  
**Company Number: 5136300**

## Consolidated statement of changes in equity

### For the year ended 31 December 2016

	Share capital	Share premium	Reverse acquisition reserve	Merger reserve	Foreign currency translation reserve	Accumulated Losses	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2015</b>	<b>4,501</b>	<b>11,225</b>	<b>(7,620)</b>	<b>10,938</b>	<b>(2,164)</b>	<b>(27,592)</b>	<b>(10,712)</b>
Equity settled share-based payments	-	-	-	-	-	13	13
Issue of share capital	450	787	-	-	-	-	1,237
<b>Transactions with owners</b>	<b>450</b>	<b>787</b>	-	-	-	<b>13</b>	<b>1,250</b>
Loss for the year	-	-	-	-	-	(1,660)	(1,660)
Exchange differences on translation of foreign operations	-	-	-	-	(19)	-	(19)
<b>Total comprehensive loss for the year</b>	-	-	-	-	<b>(19)</b>	<b>(1,660)</b>	<b>(1,679)</b>
<b>Balance at 31 December 2015</b>	<b>4,951</b>	<b>12,012</b>	<b>(7,620)</b>	<b>10,938</b>	<b>(2,183)</b>	<b>(29,239)</b>	<b>(11,141)</b>

	Share capital	Share premium	Reverse acquisition reserve	Merger reserve	Foreign currency translation reserve	Accumulated Losses	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2016</b>	<b>4,951</b>	<b>12,012</b>	<b>(7,620)</b>	<b>10,938</b>	<b>(2,183)</b>	<b>(29,239)</b>	<b>(11,141)</b>
Equity settled share-based payments	-	-	-	-	-	23	23
<b>Transactions with owners</b>	-	-	-	-	-	<b>23</b>	<b>23</b>
Loss for the year	-	-	-	-	-	(3,448)	(3,448)
Exchange differences on translation of foreign operations	-	-	-	-	(71)	-	(71)
<b>Total comprehensive loss for the year</b>	-	-	-	-	<b>(71)</b>	<b>(3,448)</b>	<b>(3,519)</b>
<b>Balance at 31 December 2016</b>	<b>4,951</b>	<b>12,012</b>	<b>(7,620)</b>	<b>10,938</b>	<b>(2,254)</b>	<b>(32,664)</b>	<b>(14,637)</b>

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

## Consolidated statement of cash flows

### For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
<b>Operating activities</b>			
Cash used in operations	17	<b>(1,721)</b>	(1,233)
Tax received		<b>277</b>	371
<b>Net cash used in operating activities</b>		<b>(1,444)</b>	(862)
<b>Investing activities</b>			
Purchase of property, plant & equipment		<b>(108)</b>	(206)
Purchase of intangible assets		<b>(81)</b>	(107)
<b>Net cash used in investing activities</b>		<b>(189)</b>	(313)
<b>Financing activities</b>			
Issue of ordinary share capital		-	1,350
Share issue costs		-	(113)
Proceeds from borrowings	14	<b>1,670</b>	-
<b>Net cash inflow from financing activities</b>		<b>1,670</b>	1,237
<b>Effects of exchange rates on cash and cash equivalents</b>		<b>21</b>	4
<b>Net increase in cash and cash equivalents in the year</b>		<b>58</b>	66
Cash and cash equivalents at beginning of year		<b>107</b>	41
<b>Cash and cash equivalents at end of year</b>		<b>165</b>	107

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

## **Notes to the financial statements**

### **For the year ended 31 December 2016**

#### **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 Nature of operations**

The principal activity of the Group is the provision of instant communication mobile applications which serve the market of mobile data services in the mobile communication industry. The Company is a Public Limited Company which is listed on the Alternative Investment Market and incorporated and domiciled in the UK. The address of the registered office is Cardale House, Cardale Court, Beckwith Head Road, Harrogate, HG3 1RY.

##### **1.2 Basis of preparation**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), International Financial Reporting Interpretations Committee (IFRS IC) interpretations endorsed by the European Union and those parts of the Companies Act 2006 that remain applicable to companies reporting under IFRS. The financial statements have been prepared on the historical cost basis with the exception of certain items which are measured at fair value as disclosed in the principal accounting policies set out below. These policies have been consistently applied to both years presented unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from these estimates.

##### **Going concern**

The Company expects to announce imminently the launch of a placing of up to 24.5m shares at 5.0p to raise a total of approximately £1.2m. The Directors are subscribing for 12.0m shares. The net proceeds of the placing will be used to fund the working capital requirements of the Company.

The Directors are therefore satisfied that the Group and Company have adequate resources to enable them to continue in business for the foreseeable future, which also takes into consideration its contracted revenues, anticipated contracts as well as a written undertaking from the Directors to meet any shortfall in those funds to be raised in the above placing.

##### **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 and judgement are:

Share options – share-based payments are dependent on estimates of the number of shares which are expected to vest (note 16).

## Notes to the financial statements

### For the year ended 31 December 2016

Contingent consideration – payments are dependent on estimates of future license sales revenues (note 13).

Trade and other receivables – recognition of any impairment provisions in respect of amounts recorded as trade and other receivables is dependent on judgements made on the recoverability of such items (note 10).

Research and development – distinguishing the research and development phases of the Group's research and development expenditure and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement.

#### 1.3 Basis of consolidation

The Group financial statements consolidate those of the Company and its subsidiary undertakings at 31 December 2016. A subsidiary is an entity controlled by the Group. Control is achieved where the Group has the power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. All subsidiaries have a reporting date of 31 December. All transactions and balances between Group companies are eliminated on consolidation including unrealised gains and losses on transactions between Group companies.

#### 1.4 Business combinations

Acquisitions of subsidiaries are dealt with using the acquisition method of accounting. The acquisition method of accounting involves the recognition at 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 statement of financial position 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 statement of financial position. The results of subsidiaries are included from the date that control commences to the date that control ceases. Business combinations that preceded the Group's transition to IFRS on 1 July 2006 have not been restated.

#### 1.5 Revenue recognition

Revenue comprises the fair value of consideration receivable for the sale of licenses, services and goods, excluding inter-company sales and value-added taxes, and represents net invoice value less estimated rebates, returns and settlement discounts.

License and service revenues are recognised on a straight line basis over the period to which the license and services relate. Unrecognised license and service revenues are included as deferred income in the statement of financial position.

The Group recognises revenue on perpetual license fees where the Group has no remaining obligations to perform and hardware sales when the risks and rewards have been transferred to the customer, this is when goods have been received and accepted by the customer.

## Notes to the financial statements

For the year ended 31 December 2016

### 1.6 Interest

Interest is recognised on an accruals basis using the effective interest method.

### 1.7 Operating expenses

Operating expenses are recognised in the income statement upon utilisation of the service or as incurred.

### 1.8 Exceptional items

Exceptional items are non-recurring material items which are outside the normal scope of the Group's ordinary activities such as liabilities and costs arising from a fundamental restructuring of the Group's operations. Such items are disclosed separately within the financial statements.

### 1.9 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 in the period to which the contributions relate.

#### Share-based payments

The Group operates equity-settled share-based remuneration plans for its employees. Vesting conditions are non-market based.

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.

### 1.10 Foreign currency translation

The consolidated financial statements are presented in UK Sterling (GBP £000). Sterling is also the functional currency of the Company.

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated).

#### Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than Sterling (the Group's presentation currency) are translated into Sterling upon consolidation. The functional currency of the entities in the Group have remained unchanged during the reporting period.

## Notes to the financial statements

### For the year ended 31 December 2016

On consolidation, assets and liabilities of foreign operations have been translated into sterling at the closing rate at the reporting date. Income and expenses have been translated into the Group's presentation currency at the average rate over the reporting period given that these rates do not fluctuate significantly over the year. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

#### 1.11 Segmental reporting

The Group presents its results in accordance with internal management reporting information to the chief operating decision maker (Board of Directors). The Group has only one operating segment. At 31 December, the Board continue to monitor operating results by category of revenue.

#### 1.12 Taxation

##### Current tax

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date. The tax currently payable is based on taxable profit for the year. Taxable profit/(loss) differs from net profit/(loss) as reported in income statement because it excludes items of income that are taxable or deductible in other years and it further excludes items that are never tax deductible.

##### Deferred tax

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 and laws enacted or 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.

## Notes to the financial statements

### For the year ended 31 December 2016

#### 1.13 Property, plant and 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
Leasehold improvement	10 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.

#### 1.14 Operating leases

Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

#### 1.15 Inventories

Inventories are stated at the lower of historical cost and net realisable amount. Net realisable amount is the estimated selling price in the ordinary course of business less any applicable variable selling costs. Provision is made for obsolete, slow moving and defective inventory where appropriate.

#### 1.16 Intangible assets – 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' which are;

- the development costs can be measured reliably;
- the project is technically and commercially feasible;
- the Group intends to and has sufficient resources to complete the project;
- the Group has the ability to use or sell the resulting technology; and
- the resulting technology will generate probable future economic benefits.

Measurement uncertainties over economic benefits 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



## Notes to the financial statements

### For the year ended 31 December 2016

at each balance sheet date or earlier upon indication of impairment. Any impairment losses are written off immediately to the income statement in operating expenses.

#### 1.17 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 of Mobile Tornado International Ltd.
- "Foreign currency translation reserve" represents the differences arising from translation of investments in overseas subsidiaries into Sterling.
- "Accumulated losses" represents retained losses.

All transactions with owners of the parent are recorded separately within equity.

Reverse acquisition and merger reserves were frozen at their previous GAAP values from 1 July 2006, the date of transition to IFRS. The foreign currency translation reserve was reset to zero at this date.

#### 1.18 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 with maturities of three months or less from inception and which are subject to an insignificant risk of changes in value.

#### 1.19 Financial assets – loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financial assets comprise trade and other receivables and cash and cash equivalents which are classified as loans and receivables. Financial assets are recognised in the Group's consolidated statement of financial position 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.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when all substantial risks and rewards are transferred.

## **Notes to the financial statements**

### **For the year ended 31 December 2016**

#### **1.20 Financial liabilities**

Financial liabilities are obligations to pay cash or other financial assets and comprise trade and other 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. Trade payables, accruals and other creditors are measured at initial recognition at fair value plus translation cost and subsequently measured at amortised cost using the effective interest rate method.

Borrowings are initially recorded at fair value and then subsequently recorded at amortised cost using the effective interest method.

Instruments such as preference shares are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

#### **1.21 Contingent consideration**

Contingent consideration arising on the acquisition of a business is held as a creditor in the balance sheet until such time as those amounts are paid. Amounts arising on business combinations before 1 July 2006, the date of transition to IFRS, were not restated at this date.

#### **1.22 Standards in issue not yet effective**

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

- Amendment to IAS 7, 'Statement of cash flows on disclosure initiative';
- Amendment to IAS 12, 'Income taxes' on Recognition of deferred tax assets for unrealised losses;
- Amendment to IAS 2, 'Share based payments';
- IFRS 9, 'Financial instruments';
- Amendments to IFRS 4, 'Insurance contracts';
- Amendment to IAS 40, 'Investment property';
- 'Annual improvements' 2014-2016';
- IFRS 15 'Revenue from contracts with customers';
- IFRIC 22, 'Foreign currency transactions and advance consideration';
- Amendment to IFRS 15, 'Revenue from contracts with customers';
- IFRS 16 'Leases'.

## Notes to the financial statements

### For the year ended 31 December 2016

#### 2 Segmental analysis

The Group presents its results in accordance with internal management reporting information to the chief operating decision maker (Board of Directors). At 31 December 2016 the Board continued to monitor operating results by category of revenue within a single operating segment, the provision of instant communication solutions. 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 charge of £23,000 (year ended 31 December 2015: £13,000).

#### Revenue by category

	<b>2016</b>	2015
	<b>£'000</b>	£'000
License fees	<b>1,679</b>	1,279
Hardware & software	<b>22</b>	81
Professional services	<b>163</b>	499
Other	<b>160</b>	400
<b>Total</b>	<b>2,024</b>	2,259

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

	<b>2016</b>	<b>2016</b>	2015	2015
	<b>Revenue</b>	<b>Non-current</b>	Revenue	Non-current
	<b>£'000</b>	<b>assets</b>	£'000	assets
		<b>£'000</b>		£'000
UK	<b>62</b>	<b>11</b>	125	11
Europe	<b>418</b>	–	476	–
North America	<b>895</b>	–	764	15
South America	<b>261</b>	–	271	–
Israel	<b>76</b>	<b>445</b>	105	396
Africa	<b>312</b>	–	483	–
Asia/Pacific	–	–	35	–
<b>Total</b>	<b>2,024</b>	<b>456</b>	2,259	422

Our mobile network operator customer in Canada represents £852,000 (2015: £729,000) of the total revenue of the Group.

#### 3 Exceptional costs

These comprise:

- Property costs of £216,000 (2015: £nil) arising from our joint lessee – Alvarion Technologies Ltd entering receivership during the year. Under the terms of the lease, MT Labs Ltd, became liable for that proportion of the office previously utilised by Alvarion Technologies Ltd.
- Salary and redundancy costs of £60,000 (2015: £nil) arising from the transition of the research and development management team during the year and as described further in the strategic report on pages 2 and 3.

## Notes to the financial statements

### For the year ended 31 December 2016

#### 4 Group operating loss

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Group operating loss before taxation is stated after charging:		
Staff costs (note 18)	<b>2,746</b>	2,060
Depreciation of owned property, plant and equipment (note 8)	<b>178</b>	115
Amortisation of intangible assets	<b>25</b>	–
Research and development expenditure	<b>1,350</b>	834
Other operating lease rentals	<b>409</b>	261
Net exchange loss	<b>642</b>	68

#### Auditors' remuneration

During the year the Group obtained the following services from the Group's auditors as detailed below:

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Fees payable to the Company's auditors for the audit of the Company's financial statements	<b>24</b>	23

#### 5 Finance costs

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Finance charge on preference shares	<b>(640)</b>	(586)
<b>Total finance costs</b>	<b>(640)</b>	(586)

#### 6 Income tax credit

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

	<b>2016</b>	2015
	<b>£'000</b>	£'000
<b>United Kingdom current tax</b>		
Adjustment in respect of prior years	<b>(277)</b>	(371)
<b>Total credit for the year</b>	<b>(277)</b>	(371)

## Notes to the financial statements

### For the year ended 31 December 2016

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

##### Deferred tax:

At 31 December 2016 the Group had accumulated tax losses of £32,097,000 (31 December 2015: £27,353,000) which are available for offset against future trading profits of certain Group operations, subject to agreement with the relevant tax authorities. No deferred tax asset has been recognised in respect of these losses given the level of uncertainty over their recoverability.

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Loss before tax	<b>(3,725)</b>	(2,031)
At standard rate of corporation tax of 20% (2015: 20.25%)	<b>(745)</b>	(411)
Effects of:		
Expenses not deductible for tax purposes	<b>134</b>	123
Un-utilised tax losses	<b>611</b>	288
Prior year research & development tax credit claimed	<b>(277)</b>	(371)
<b>Total credit for the year</b>	<b>(277)</b>	(371)

#### 7 Loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of £3,448,000 (2015: £1,660,000) by the weighted average number of ordinary shares in issue during the year of 247,553,189 (2015: 240,710,723).

	<b>2016</b>		2015	
	<b>Basic and diluted Loss £'000</b>	<b>Loss per share pence</b>	Basic and diluted Loss £'000	Loss per share pence
<b>Loss attributable to ordinary shareholders</b>	<b>(3,448)</b>	<b>(1.39)</b>	(1,660)	(0.69)
<b>Adjusted basic loss per share</b>	<b>(3,448)</b>	<b>(1.39)</b>	(1,660)	(0.69)

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 are anti-dilutive under the terms of IAS 33.

## Notes to the financial statements

### For the year ended 31 December 2016

#### 8 Property, plant and equipment

	Office equipment £'000	Computer equipment £'000	Leasehold improvement £'000	Total £'000
<b>Cost</b>				
At 1 January 2015	59	826	59	944
Additions	2	169	43	214
Exchange adjustments	2	26	4	32
<b>At 31 December 2015</b>	<b>63</b>	<b>1,021</b>	<b>106</b>	<b>1,190</b>
Additions	12	103	3	118
Exchange adjustments	7	129	21	157
<b>At 31 December 2016</b>	<b>82</b>	<b>1,253</b>	<b>130</b>	<b>1,465</b>
<b>Accumulated depreciation</b>				
At 1 January 2015	21	692	18	731
Charge for the year	10	100	5	115
Exchange adjustments	3	23	3	29
<b>At 31 December 2015</b>	<b>34</b>	<b>815</b>	<b>26</b>	<b>875</b>
Charge for the year	12	129	50	191
Exchange adjustments	4	96	5	105
<b>At 31 December 2016</b>	<b>50</b>	<b>1,040</b>	<b>81</b>	<b>1,171</b>
<b>Net book amount at 31 December 2016</b>	<b>32</b>	<b>213</b>	<b>49</b>	<b>294</b>
Net book amount at 31 December 2015	29	206	80	315

#### 9 Intangible assets

	Total £'000
At 1 January 2016	107
Additions	80
Amortisation for the year	(25)
<b>At 31 December 2016</b>	<b>162</b>

Additions in the year comprise third party services and internal staff costs in relation to a quality assurance automation project.

#### 10 Trade and other receivables

	2016 £'000	2015 £'000
Trade receivables	1,133	986
Less: provision for impairment of trade receivables	(330)	(260)
Trade receivables – net	803	726
Other receivables	256	233
Prepayments and accrued income	254	309
	<b>1,313</b>	1,268
<b>Current portion</b>	<b>1,313</b>	1,268

## Notes to the financial statements

### For the year ended 31 December 2016

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

	<b>2016</b>	2015
	<b>£'000</b>	£'000
<b>Impaired</b>		
Three to six months	–	–
Over six months	<b>330</b>	260
	<b>330</b>	260
<b>Not impaired</b>		
Less than three months	<b>79</b>	272
Three to six months	<b>101</b>	202
Over six months	<b>507</b>	126
	<b>687</b>	600

Of the overdue receivables against which no provision has been made, £547,000 (2015: £418,000) relates to one particular customer. The Directors have maintained an open dialogue with this customer throughout the year and since the year end as to their financial position and a repayment plan has been agreed to clear this overdue debt. In parallel, an assessment of this customer's ability to pay has been made by reference to both its current and projected operating cash flows as well as the level of cash payments received during the year, post year-end from the customer and, on the basis of this, no provision has been made.

The carrying amounts of the Group's receivables are denominated in US dollar, Canadian dollar and Euros.

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 receivables is as follows:

	<b>2016</b>	2015
	<b>£'000</b>	£'000
At 1 January	<b>260</b>	177
Provision for receivables impairment	<b>89</b>	83
Receivables written off during the year as uncollectable	<b>(19)</b>	–
	<b>330</b>	260

## 11 Inventories

	<b>2016</b>	2015
	<b>£'000</b>	£'000
<b>Hardware</b>	–	28

The cost of inventories recognised as an expense and included within cost of sales amounted to £nil (2015: £nil). Inventories put to internal use during the year and therefore transferred to property, plant and equipment amounted to £28,000 (2015: £81,000).

## Notes to the financial statements

### For the year ended 31 December 2016

#### 12 Cash and cash equivalents

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Cash at bank and in hand:		
Sterling	<b>6</b>	8
US Dollar	<b>56</b>	24
Canadian dollar	<b>19</b>	1
Euro	<b>–</b>	1
Israel Shekel	<b>84</b>	73
	<b>165</b>	107

#### 13 Trade and other payables

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Trade payables	<b>990</b>	787
Accruals	<b>570</b>	382
Social security and other taxes	<b>65</b>	47
Other payables	<b>51</b>	36
Deferred income	<b>2,314</b>	1,924
Contingent consideration	<b>3,354</b>	2,873
	<b>7,344</b>	6,049
Less non-current portion: contingent consideration	<b>(2,625)</b>	(2,514)
<b>Current portion</b>	<b>4,719</b>	3,535

The contingent consideration arose on the purchase of intellectual property from Tersync Limited in 2001 and represents a royalty payable on future sales of Push to Talk related products by Mobile Tornado, payable in part as 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 £2,026,000 (2015: £1,751,000) received from InTechnology plc in respect of 12 month licenses that had not been brought into use at the balance sheet date. The Group will recognise related income from the date of activation of each license, or the expiration of its obligations if sooner.



## Notes to the financial statements

### For the year ended 31 December 2016

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

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Preference shares	<b>7,557</b>	6,917
Loans from related party undertaking	<b>1,670</b>	–
<b>Total borrowings</b>	<b>9,227</b>	6,917

#### Maturity analysis

	<b>2016</b>	2015
	<b>£'000</b>	£'000
In one year or less	<b>3,667</b>	1,380
Between two and five years	<b>5,560</b>	5,537
<b>Total</b>	<b>9,227</b>	6,917

InTechnology plc has agreed not to demand immediate repayment of the unpaid accrued interest on the 10% preference shares amounting to £1,997,000 (2015: £1,380,000)

The Group do not have any derivative financial liabilities at 31 December 2016 or 31 December 2015.

#### Financial risks

The main financial risks faced by the Group include interest rate risk, liquidity risk, credit 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 receivables and payables 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 risk profile of the financial assets of the Group comprise cash of £165,000 (2015: £107,000) as follows:

	<b>Floating rate</b>	
	<b>2016</b>	2015
	<b>£'000</b>	£'000
<b>Currency</b>		
Sterling	<b>6</b>	8
US dollar	<b>56</b>	24
Canadian dollar	<b>19</b>	1
Euro	<b>–</b>	1
Israel shekel	<b>84</b>	73
<b>Total</b>	<b>165</b>	107

## Notes to the financial statements

### For the year ended 31 December 2016

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 (2015: £nil).

#### 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>2016</b>	2015
	<b>£'000</b>	£'000
Fixed rate 10% preference shares classified as debt	<b>7,557</b>	6,917
<b>Total</b>	<b>7,557</b>	6,917
	<b>Floating</b>	
	<b>2016</b>	2015
	<b>£'000</b>	£'000
Loans from related party undertaking	<b>1,670</b>	-
<b>Total</b>	<b>1,670</b>	-

Further details of which can be found in note 21 on page 38.

#### Currency risk

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

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Functional currency of operation: Sterling		
US Dollar (net liabilities)	<b>(2,711)</b>	(2,329)
Euro (net liabilities)	<b>(1,876)</b>	(1,596)
Canadian Dollar (net liabilities)	<b>(89)</b>	(50)
<b>Total</b>	<b>(4,676)</b>	(3,975)

#### Sensitivity analysis

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

A 10% movement in both Sterling to US dollar and Euro exchange rates would result in a charge or credit to profit and equity of £425,000 (2015: £351,000).

A 1% movement in interest rates would result in a charge or credit to profit and equity of £20,000 (2015: £14,000).

## Notes to the financial statements

### For the year ended 31 December 2016

#### Capital management

Managed capital is cash to meet working capital needs.

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.

The Group's goal in capital management is to maintain adequate cash balances with the minimum necessary borrowing. There are no externally imposed capital requirements during the year covered by the financial statements.

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

	2016 £'000	2015 £'000
<b>Current assets – loans and receivables</b>		
Trade and other receivables	1,060	959
Cash and cash equivalents	165	107
	<b>1,225</b>	1,066
<b>Current liabilities – held at amortised cost</b>		
Trade and other payables	(2,340)	(1,565)
Preference shares	(1,997)	(1,380)
Loans	(1,670)	–
	<b>(6,007)</b>	(2,945)
<b>Non-current liabilities – held at amortised cost</b>		
Trade and other payables	(2,625)	(2,514)
Preference shares	(5,560)	(5,537)
	<b>(8,185)</b>	(8,051)
<b>Net financial assets and liabilities</b>	<b>(12,967)</b>	(9,930)

The Directors consider that the fair value of financial assets and liabilities approximates to the carrying value for both 2016 and 2015.

#### 15 Share capital and share premium

	Number of issued and fully paid shares '000	Share capital £'000	Share premium £'000	Total £'000
At 1 January 2016	247,553	4,951	12,012	16,963
<b>As at 31 December 2016</b>	<b>247,553</b>	<b>4,951</b>	<b>12,012</b>	<b>16,963</b>

The total authorised number of ordinary shares is 475 million (2015: 475 million) with a par value of 2p per share (2015: 2p per share).

## Notes to the financial statements

### For the year ended 31 December 2016

#### Non-voting preference shares – included in financial liabilities

	Number of shares '000	Nominal Value £'000
<b>As at 31 December 2015 and 2016</b>	<b>71,277</b>	5,702

All preference shares are non-voting, non-convertible cumulative redeemable preference shares. They are redeemable at par value on 31 December 2018, or, at the Company's discretion, at any earlier date and will accrue interest at a fixed rate of 10 per cent. per annum. Unpaid dividends accrue interest at 3% above Bank of England base rate until settled.

#### 16 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 options are settled in equity.

The number of shares subject to options, the periods in which they were granted and the dates on which they may be exercised are as follows:

Name of scheme	Number of shares		Exercise price pence	Earliest exercise date	Vesting condition	Expiry date
	2016 '000	2015 '000				
Israel scheme	1,169	1,169	2.0	02/02/09	–	31/12/19
Israel scheme	1,250	1,250	5.0	02/02/09	100,000 subscribers	31/12/19
UK scheme	200	200	5.0	03/12/11	100,000 subscribers	03/12/18
UK scheme	100	100	5.0	07/07/13	100,000 subscribers	07/07/20
Israel scheme	400	400	7.5	03/01/15	–	31/12/19
UK scheme	3,500	3,500	7.5	03/01/15	–	03/01/22
UK scheme	200	450	6.0	18/06/18	–	18/06/25
Israel scheme	2,300	9,400	6.0	07/09/18	–	31/12/23
Israel scheme	2,500	–	2.0	16/05/19	–	31/12/26
Israel scheme	4,250	–	4.0	04/11/19	–	31/12/26
<b>Total</b>	<b>15,869</b>	16,469				

Options were valued using the Black-Scholes option-pricing model:

Grant date	16/05/16	04/11/16
Shares under option ('000)	2,500	4,500
Share price at grant date (pence)	2.0	4.0
Exercise price (pence)	2.0	4.0
Vesting period (years)	3.0	3.0
Expected volatility	33%	36%
Expected life	3.0	3.0

The expected volatility is based on historical volatility over the last year. The expected life is assumed as being equal to the earliest exercise date. The risk-free rate of return is taken as the Bank of England base-rate at the date of grant.

## Notes to the financial statements

### For the year ended 31 December 2016

A reconciliation of option movements over the year to 31 December 2016 is shown below:

	2016		2015	
	Number '000	Weighted average exercise price pence	Number '000	Weighted average exercise price pence
Outstanding at 1 January 2016/2015	16,469	6.0	7,019	4.0
Granted	7,000	3.3	9,850	6.0
Forfeited	(7,600)	5.9	(400)	5.3
Outstanding at 31 December	15,869	4.8	16,469	6.0
Exercisable at 31 December	2,169	3.4	2,169	3.4

The closing mid-market share price on 12 April 2017 was 5.5 pence.

The weighted average remaining contractual life of the share options outstanding at 31 December 2016 was 7.0 years at exercise prices ranging from 2.0 pence to 7.5 pence.

Those options exercisable at 31 December 2016 are at exercise prices of 2.0 pence and 5.0 pence.

The total charge for the year relating to employee share-based payment plans was £23,000 (2015: £13,000), all of which related to equity-settled share-based payment transactions.

#### 17 Cash used in operations

	2016 £'000	2015 £'000
Loss before taxation	(3,725)	(2,031)
Adjustments for:		
Depreciation and amortisation	203	115
Share-based payment charge	23	13
Interest expense	640	586
Changes in working capital:		
Decrease in inventories	31	84
Decrease in trade and other receivables	38	217
Increase/(Decrease) in trade and other payables	1,069	(217)
<b>Net cash used in operations</b>	<b>(1,721)</b>	<b>(1,233)</b>

## Notes to the financial statements

### For the year ended 31 December 2016

#### 18 Employee information

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

	<b>2016</b>	2015
	<b>Number</b>	Number
Sales	<b>3</b>	5
Product development & operations	<b>37</b>	33
Finance & administration	<b>6</b>	5
<b>Total</b>	<b>46</b>	43

Included in the table above are 17 persons that are contractors (2015: 16). These are included as employees on the basis of their providing services to the Company on a material time basis over the year.

Staff costs for the persons above were:

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Wages and salaries	<b>2,463</b>	1,847
Social security costs	<b>117</b>	81
Other pension costs	<b>92</b>	49
Share-based payment charge	<b>23</b>	13
Other benefits	<b>51</b>	70
<b>Total</b>	<b>2,746</b>	2,060

Directors' costs included within the above are as separately detailed in the Directors' report under the heading Directors' emoluments.

#### 19 Capital commitments

The Group had no capital commitments at 31 December 2016 (2015: £nil).

#### 20 Operating leases

Details of operating lease arrangements for the Group are as follows:

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Lease payments under operating leases charged to operating costs in the year	<b>409</b>	261

At the balance sheet date the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases as follows:

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Within one year	<b>189</b>	174
One to five years	<b>669</b>	565
<b>Total</b>	<b>858</b>	739

## Notes to the financial statements

### For the year ended 31 December 2016

Operating lease payments represent rentals payable by the Group for vehicles and certain properties.

#### 21 Related party transactions

For the purposes of IAS 24, key management of the Group are the same as those of the Board of Directors. Share options issued to key management personnel during the year are detailed in note 16 on page 35. Key management personnel remuneration includes the following expenses:

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Salaries including bonuses	<b>76</b>	6
Other benefits	<b>22</b>	1
<b>Total remuneration</b>	<b>98</b>	7
Sums paid to third parties for services	<b>204</b>	198
<b>Total short-term employee benefits</b>	<b>302</b>	205

Directors' remuneration and the remuneration of each Director is presented in the Directors' Report on page 8.

Peter Wilkinson is a shareholder and Director of InTechnology plc. Mobile Tornado Group plc has bought goods and services totalling £158,000 (year ended 31 December 2015; £278,000) from InTechnology plc in the year to 31 December 2016. As at 31 December 2016, Mobile Tornado Group plc owed InTechnology plc £519,000 (31 December 2015; £361,000).

InTechnology plc has provided loan finance of £1,670,000 to Mobile Tornado Group plc in the year ended 31 December 2016 (year ended 31 December 2015; £601,000). As at 31 December 2016, Mobile Tornado Group plc owed InTechnology plc £1,670,000 (31 December 2015; £nil).

Payments to a third party, Mainstream Capital Partners LLP, are made in respect of the services provided by Jeremy Fenn, Executive Chairman. As at 31 December 2016, Mobile Tornado Group Plc owed £nil (31 December 2015: £5,000) to Jeremy Fenn.

The Group is controlled by InTechnology plc (incorporated in the UK), which owns 51.2% of the Company's ordinary shares. The Group's ultimate parent and controlling party is Peter Wilkinson.

#### 22 Investments

Details of the principal investments at 31 December 2016 in which the Company holds more than 20% of the nominal value of ordinary share capital are as follows:

	<b>Country of incorporation or registration</b>	<b>Nature of business</b>	<b>Group proportion held</b>	<b>Company proportion held</b>
M.T. Labs Limited	Israel	Sale of instant communication services	100%	100%

With registered address: 13 Amal street, Afek Industrial Park, Rosh Ha'ayin 4809249, Israel

## Company balance sheet

### As at 31 December 2016

	Note	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Intangible assets	4	7,500	8,022
Tangible assets	5	11	55
		<b>7,511</b>	<b>8,077</b>
<b>Current assets</b>			
Debtors	7	1,395	1,364
Cash at bank and in hand		27	10
		<b>1,422</b>	<b>1,374</b>
<b>Creditors</b> – amounts falling due within one year	8	<b>(7,605)</b>	<b>(4,270)</b>
<b>Net current liabilities</b>		<b>(6,182)</b>	<b>(2,896)</b>
<b>Total assets less current liabilities</b>		<b>1,328</b>	<b>5,181</b>
<b>Creditors</b> – amounts falling due after more than one year	8	<b>(8,327)</b>	<b>(8,216)</b>
<b>Net liabilities</b>		<b>(6,999)</b>	<b>(3,035)</b>
<b>Capital and reserves</b>			
Called up share capital	9	4,951	4,951
Share premium account		12,012	12,012
Merger reserve		10,938	10,938
Share option reserve		126	103
Accumulated losses		<b>(35,026)</b>	<b>(31,039)</b>
<b>Total shareholders' deficit</b>		<b>(6,999)</b>	<b>(3,035)</b>

The Company's loss for the financial year was £3,987,000 (2015: £5,709,000).

The financial statements on pages 39 to 46 were approved by the Board of Directors on 27 April 2017 and were signed on its behalf by:

**Jeremy Fenn**  
**Chairman**  
**27 April 2017**  
**Company Number: 5136300**

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



## Company statement of changes in equity

For the year ended 31 December 2016

	Called up share capital £'000	Share premium account £'000	Merger reserve £'000	Share option reserve £'000	Accumu- lated losses £'000	Share- holders' funds/ (deficit) £'000
<b>Balance at</b>						
<b>1 January 2015</b>	<b>4,501</b>	<b>11,225</b>	<b>10,938</b>	<b>90</b>	<b>(25,330)</b>	<b>1,424</b>
Equity settled						
share-based payments	-	-	-	13	-	13
Issue of share capital	450	787	-	-	-	1,237
Loss for the year	-	-	-	-	(5,709)	(5,709)
<b>Balance at</b>						
<b>31 December 2015</b>	<b>4,951</b>	<b>12,012</b>	<b>10,938</b>	<b>103</b>	<b>(31,039)</b>	<b>(3,035)</b>
<b>Balance at</b>						
<b>1 January 2016</b>	<b>4,951</b>	<b>12,012</b>	<b>10,938</b>	<b>103</b>	<b>(31,039)</b>	<b>(3,035)</b>
Equity settled						
share-based payments	-	-	-	23	-	23
Loss for the year	-	-	-	-	(3,987)	(3,987)
<b>Balance at</b>						
<b>31 December 2016</b>	<b>4,951</b>	<b>12,012</b>	<b>10,938</b>	<b>126</b>	<b>(35,026)</b>	<b>(6,999)</b>

## **Notes to the Company financial statements**

### **For the year ended 31 December 2016**

#### **1. General information**

The principal activity of the Company is the provision of instant communication mobile applications which serve the market of mobile data services in the mobile communication industry. The Company is a Public Limited Company which is listed on the Alternative Investment Market and incorporated and domiciled in the UK. The address of the registered office is Cardale House, Cardale Court, Beckwith Head Road, Harrogate, HG3 1RY.

#### **2. Statement of compliance**

The individual financial statements of Mobile Tornado Group plc have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### **3. Summary of significant accounting policies**

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

##### **3.1 Basis of preparation**

The financial statements are presented in sterling, rounded to the nearest thousand. They are prepared on a going concern basis and under the historical cost convention. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.3.

##### **3.2 Going concern**

The Company expects to announce imminently the launch of a placing of up to 24.5m shares at 5.0p to raise a total of approximately £1.2m. The Directors are subscribing for 12.0m shares. The net proceeds of the placing will be used to fund the working capital requirements of the Company.

The Directors are therefore satisfied that the Group and Company have adequate resources to enable them to continue in business for the foreseeable future, which also takes into consideration its contracted revenues, anticipated contracts as well as a written undertaking from the Directors to meet any shortfall in those funds to be raised in the above placing.

##### **3.3 Critical accounting estimates and judgements**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Contingent consideration – payments are dependent on estimates of future license sales revenues

Trade and other receivables – recognition of any impairment provisions in respect of amounts recorded as trade and other receivables is dependent on judgements made on the recoverability of such items

## Notes to the Company financial statements

### For the year ended 31 December 2016

Research and development – distinguishing the research and development phases of the Group’s research and development expenditure and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement.

#### 3.4 Share options

The Company 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.

#### 3.5 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 exchange differences are taken to the profit and loss account.

#### 3.6 Tangible fixed assets

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

Computer & other equipment	3 years
Vehicles	3 years

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

#### 3.7 Goodwill

The Directors continue to assess that the goodwill has a finite life of 20 years and therefore will continue to amortise the goodwill over this period.

#### 3.8 Intangible assets

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’ which are;

- the development costs can be measured reliably;
- the project is technically and commercially feasible;
- the Group intends to and has sufficient resources to complete the project;
- the Group has the ability to use or sell the resulting technology; and
- the resulting technology will generate probable future economic benefits.

## Notes to the Company financial statements

### For the year ended 31 December 2016

Measurement uncertainties over economic benefits 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.

#### 3.9 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. The investment has been fully impaired in previous periods.

#### 3.10 Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligation of the financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains and losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividend and distributions relating to equity instruments are debited direct to equity.

## 4 Intangible assets

	<b>Goodwill</b>	<b>Intangible assets</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>			
At 1 January 2016	12,758	107	12,865
Additions	–	80	–
<b>At 31 December 2016</b>	<b>12,758</b>	<b>187</b>	<b>12,865</b>
<b>Accumulated amortisation</b>			
At 1 January 2016	4,843	–	4,843
Charge for the year	577	25	602
<b>At 31 December 2016</b>	<b>5,420</b>	<b>25</b>	<b>5,445</b>
<b>Net book amount at 31 December 2016</b>	<b>7,338</b>	<b>162</b>	<b>7,500</b>
Net book amount at 31 December 2015	7,915	107	8,022

## Notes to the Company financial statements

### For the year ended 31 December 2016

#### 5 Tangible assets

	Computer equipment £'000	Vehicles £'000	Total £'000
<b>Cost</b>			
At 1 January 2016	363	24	387
<b>At 31 December 2016</b>	<b>363</b>	<b>24</b>	<b>387</b>
<b>Accumulated depreciation</b>			
At 1 January 2016	319	13	332
Charge for the year	36	8	44
<b>At 31 December 2016</b>	<b>355</b>	<b>21</b>	<b>376</b>
<b>Net book amount at 31 December 2016</b>	<b>8</b>	<b>3</b>	<b>11</b>
Net book amount at 31 December 2015	44	11	55

#### 6 Fixed asset investments

Details of the investments at 31 December 2016 in which the Company holds more than 20% of the nominal value of ordinary share capital are as follows:

	Country of incorporation or registration	Nature of business	Group proportion held	Company proportion held
M.T. Labs Limited	Israel	Sale of instant communication services	100%	100%

With registered address: 13 Amal street, Afek Industrial Park, Rosh Ha'ayin 4809249, Israel

On 31 October 2009 the trade and net assets of Mobile Tornado International Limited were transferred to Mobile Tornado Group plc at book value, following which the net investment held by Mobile Tornado Group plc in Mobile Tornado International Limited was £12,758,000. Consequently, the value of the investment held in Mobile Tornado International Limited is not supported by any net assets or future cash flows. As the transfer did not impair the future profitability of the Company, £12,758,000 was transferred from investments to goodwill in the Company balance sheet.

Mobile Tornado International Limited was subsequently dissolved.

#### 7 Debtors

	2016 £'000	2015 £'000
Trade receivables	803	727
Prepayments and accrued income	236	188
Other debtors	6	9
Amounts owed by Group undertakings	350	440
	<b>1,395</b>	1,364

Trade receivables includes £nil (2015: £nil) falling due after more than one year. Trade receivables are stated after provisions for impairment of £330,000 (2015: £260,000).

Amounts due from Group undertakings are unsecured, interest free and repayable on demand.

## Notes to the Company financial statements

### For the year ended 31 December 2016

#### 8 Creditors

	2016 £'000	2015 £'000
Trade creditors	641	435
Accruals	234	148
Other taxation and social security	16	18
10% cumulative preference shares	7,699	7,082
Other creditors	4	6
Deferred income	2,314	1,924
Loans owed to related party undertaking	1,670	–
Contingent consideration	3,354	2,873
	<b>15,932</b>	12,486
Less non-current portion:		
Deferred consideration	<b>(2,625)</b>	(2,514)
10% cumulative preference shares	<b>(5,702)</b>	(5,702)
<b>Amounts due within 1 year</b>	<b>7,605</b>	4,270

#### 9 Called up share capital

	2016 £'000	2015 £'000
<b>Allotted, called up and fully paid</b>		
247,553,189 (2015: 247,553,189) Ordinary shares of 2p each	4,951	4,951
<b>Total</b>	<b>4,951</b>	4,951

There is a single class of ordinary shares. There are no restrictions on the distributions.

#### Non-voting preference shares – classified as liability

	Number of shares '000	Nominal Value £'000
<b>As at 31 December 2015 and 2016</b>	<b>71,277</b>	5,702

All preference shares are non-voting, non-convertible cumulative redeemable preference shares. They are redeemable at par value on 31 December 2018, or, at the Company's discretion, at any earlier date and will accrue interest at a fixed rate of 10 per cent. per annum. Unpaid dividends accrue interest at 3% above Bank of England base rate until settled.

#### 10 Capital and other commitments

At the balance sheet date the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2016 £'000	2015 £'000
Within one year	5	12
<b>Total</b>	<b>5</b>	12

Operating lease payments represent rentals payable by the Company for certain properties.

## **Notes to the Company financial statements**

### **For the year ended 31 December 2016**

#### **11 Related party transactions**

The Company has taken advantage of the exemption available under FRS 102 'Related Party Disclosures' from disclosing transactions between the Company and its wholly owned subsidiary undertaking as these have been eliminated on consolidation of these financial statements.

Peter Wilkinson is a shareholder and Director of InTechnology plc. Mobile Tornado Group plc has bought goods and services totalling £158,000 (year ended 31 December 2015; £278,000) from InTechnology plc in the year to 31 December 2016. As at 31 December 2016, Mobile Tornado Group plc owed InTechnology plc £519,000 (31 December 2015; £361,000).

InTechnology plc has provided loan finance of £1,670,000 to Mobile Tornado Group plc in the year ended 31 December 2016 (year ended 31 December 2015; £601,000). As at 31 December 2016, Mobile Tornado Group plc owed InTechnology plc £1,670,000 (31 December 2015; £nil).

Payments to a third party, Mainstream Capital Partners LLP, are made in respect of the services provided by Jeremy Fenn, Executive Chairman. As at 31 December 2016, Mobile Tornado Group Plc owed £nil (31 December 2015: £5,000) to Jeremy Fenn.

The Group is controlled by InTechnology plc (incorporated in the UK), which owns 51.2% of the Company's ordinary shares. The Group's ultimate parent and controlling party is Peter Wilkinson.

#### **12 Loss for the financial year**

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The Parent Company's loss for the year ended 31 December 2016 was £3,987,000 (year ended 31 December 2015: £5,709,000 loss).

## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Company will be held at Cardale House, Cardale Court, Beckwith Head Road, Harrogate, HG3 1RY on 6 June 2017 at 09.00 a.m. to transact the following business. Resolutions 1 to 5 (inclusive) will be proposed as ordinary resolutions and resolutions 6 and 7 will be proposed as special resolutions.

### ORDINARY RESOLUTIONS

1. to receive and adopt the report of the Directors and the audited accounts of the Company and its subsidiaries for the financial year ended 31 December 2016 together with the report of the auditors thereon.
2. to re-appoint PricewaterhouseCoopers 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.
3. to authorise the Directors to determine the auditors' remuneration.
4. to re-appoint Richard James, who retires in accordance with Article 38 of the Company's articles of association and who, being eligible, offers himself for re-appointment as a Director.
5. THAT, in substitution for all existing and unexercised authorities, pursuant to section 551 of the Companies Act 2006 (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 and grant equity securities (within the meaning of section 560 of the Act) in the capital of the Company up to a maximum nominal amount of £1,790,931 (being approximately 33 per cent of the Company's issued share capital), 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 equity securities to be allotted or granted after such expiry and the Directors of the Company may allot or grant equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

### SPECIAL RESOLUTIONS

6. THAT, subject to the passing of resolution 5, the Directors of the Company be and are hereby empowered pursuant to section 570 and 573 of the Act to allot equity securities (as defined in section 560 of the Act) for cash or otherwise pursuant to the authority given by resolution 5 and/or to allot equity securities where such allotment constitutes an allotment of securities by way of section 560(2)(b) of the Act, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities in connection with the satisfaction of indebtedness owed by the Company to InTechnology plc up to an aggregate nominal amount of £1,200,000. The subscription price payable in respect of any such allotment shall not be less than the average of the mid-market price for the Company's shares for the 3 days prior to such allotment;

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.



## Notice of Annual General Meeting

7. THAT, subject to the passing of resolution 5, the Directors of the Company be and are hereby empowered pursuant to section 570 and 573 of the Act to allot equity securities (as defined in section 560 of the Act) for cash or otherwise pursuant to the authority given by resolution 5 and/or to allot equity securities where such allotment constitutes an allotment of securities by way of section 560(2)(b) of the Act, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
- (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 (i) and (ii) above, up to an aggregate nominal amount of £542,706 (being approximately 10 per cent of the Company's issued share capital);

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.

**By Order of the Board**

Jeremy Fenn  
Executive Chairman  
28 April 2017

**Registered office:**

Cardale House  
Cardale Court  
Beckwith Head Road  
Harrogate, HG3 1RY

## 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 Asset Services at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU or you may photocopy the enclosed proxy form.
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 Asset Services at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and
- received by Capita Asset Services by no later than 9.00 a.m. on 4 June 2017.

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 stating their capacity (e.g. director, secretary).

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

#### Appointment of proxy by CREST

6. If you are a CREST member and wish to appoint a proxy or proxies through the CREST electronic proxy appointment service you may do so by using the procedures described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Capita Registrars (ID: RA10) by the latest time for receipt of proxy appointments specified in this notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

If you are a CREST member or, where applicable, a CREST sponsor, or voting service provider, you should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, you and, where applicable, your CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

#### Appointment of proxy by joint members

7. 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).

## Notice of Annual General Meeting

### Changing proxy instructions

8. 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 cut-off time will be disregarded.

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

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

### Termination of proxy appointments

9. In order to revoke a proxy instruction you will need to inform Capita Registrars by sending a hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Registrars at PXS, 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 Asset Services by no later than 9.00 a.m. on 4 June 2017.

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.

The return of the completed proxy form, other such instruments, or any CREST Proxy Instruction will not prevent you from attending the Meeting and voting in person if you wish to do so. If you have appointed a proxy and attend the Meeting in person, your proxy application will automatically be terminated.

### Communication

10. 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, Cardale House, Cardale Court, Beckwith Head Road, Harrogate, HG3 1RY.

No other methods of communication will be accepted.

### Corporate representatives

11. If a corporation is a member of the Company, it may by resolution or other governing body authorise one or more persons to act as its representative or representatives at the Meeting and any such representative or representatives shall be entitled to exercise on behalf of the corporation all the powers that the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares.

Corporate representatives should bring with them either an original or certified copy of the appropriate board resolution or an original letter confirming the appointment, provided it is on the corporation's letterhead and is signed by an authorised signatory and accompanied by evidence of the signatory's authority.

### Uncertificated Securities Regulations

12. 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 close of business on 4 June 2017 (or if the Meeting is adjourned, close of business on the day two days prior to the date of the adjourned Meeting) 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 that date 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:	Cardale House Cardale Court Beckwith Head Road Harrogate North Yorkshire HG3 1RY
Directors:	Peter Wilkinson (Non-Executive Director) Jeremy Fenn (Executive Chairman) Avi Tooba (Chief Executive Officer) Richard James (Director & Company Secretary)
Nominated Advisor and Broker:	Investec Bank Plc 2 Gresham Street London EC2V 7QP
Bankers:	Barclays Bank Plc Hanover Square 50 Pall Mall London SW1Y 5AX
Solicitors:	Schofield Sweeney LLP 76 Wellington Street Leeds LS1 2AY
Registrars:	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Auditors:	PricewaterhouseCoopers LLP Central Square 29 Wellington Street Leeds LS1 4DL
Internet address:	<a href="http://www.mobiletornado.com">www.mobiletornado.com</a>





Mobile Tornado

[www.mobiletornado.com](http://www.mobiletornado.com)