



**Annual Report and Accounts
for the year ended 30 June 2006**

Mobile Tornado Group plc
Company registration number: 5136300

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Contents



	Page
Chairman's report	2
Directors' report	5
Report of the independent auditor	11
Consolidated profit and loss account	13
Balance sheets	14
Consolidated cash flow statement	15
Accounting policies	16
Notes to the financial statements	20
Notice of Annual General Meeting	31
Corporate information	33

Chairman's report

Introduction

It is a great pleasure to present Mobile Tornado's first Accounts as a publicly listed Company. The listing was obtained in March 2006 through the reverse takeover by Mobile Tornado International Limited of TMT Group plc, a Company already listed on AIM, but with no underlying business. Following this, TMT changed its name to Mobile Tornado Group plc and the existing business of Mobile Tornado has continued, unchanged and uninterrupted.

I first became involved with Mobile Tornado as a shareholder in February 2004 having been attracted by the technology platform that had been developed. The technology was developed from 1999 onwards by Eyal Fishler and Jorge Pinievsky whilst working for Mobile Tornado Israel Limited, a technology Company which they co-owned together with other investors. In February 2004, Mobile Tornado International Limited, a newly incorporated Irish Company, acquired the assets and employees of Mobile Tornado Israel Limited. Following this acquisition, Mobile Tornado maintained an Israeli research and development centre, appointed a new management team based in Dublin, and commenced the process of commercialising the technology. This 'streaming' technology, for which patents have been filed in a number of territories, addresses an area of the telecommunications market, instant communications, which I believe over the next few years will present enormous opportunity. Mobile Tornado's platform currently enables the provision of the following services:

Push to Talk - PTT applications allow users to exchange real time voice messages between mobile phones and/or personal computers. Users can message individuals in their contact list one-on-one, or broadcast to a larger group of contacts. As with instant messaging on the internet, users signal their availability status, known as presence, which is then displayed on phones across their group of contacts. This allows very quick instant messaging on mobiles worldwide, without having to text.

Presence - In the same way that instant messaging users on the internet can see who in their contact group is on-line, the Mobile Tornado platform provides the same presence functionality for mobile phones. Mobile users can see the current status being signalled by users in their group, including online, offline and do not disturb, and choose whether to contact them.

Desktop-Mobile PTT - As well as, or instead of, using their mobile phone to make PTT calls, users can install a small piece of software on their personal computer from which they can then make calls to other PTT users. This is particularly valuable to enterprises with central dispatch functions.

Since February 2004, Mobile Tornado has raised approximately £5.3 million in equity and convertible loans from a number of private individuals. The reversal into TMT Group plc in March 2006 was accompanied by a further placing of £880k. The injection of £4 million into the Company by InTechnology plc in October 2006 has, I believe, now given the Group the financial platform to fully exploit the global opportunity.

Results

The primary focus during the period under review has been to put the business onto a stable financial platform. The first stage was successfully achieved through the reversal into TMT Group plc in March 2006. This has significantly enhanced the Group's status and credibility with its customers and partners who include some of the biggest global operators in the telecommunications sector.

The second stage of this process was achieved on 23 October 2006 with the £4.0m investment by InTechnology plc. This investment will provide the Group with the resources to strengthen its sales and marketing activities and to maintain the development of its core technology platform.

Chairman's report



Turnover in the year amounted to £289k (2005: £766k). Operating losses increased to £3,381k (2005: £2,809k). After interest charges and other finance costs of £469k (2005: £232k) the loss on ordinary activities before taxation was £3,850k (2005: £3,041k). Net cash outflow from operating activities was £1,649k (2005: £916k inflow) driven by increased investment in research and development.

Review of operations

A disproportionate amount of executive time has been spent on securing the Company's listing onto AIM in March of this year and in procuring subsequent funding. As a consequence, the lack of focus and resources applied to the sales function has inevitably resulted in a disappointing performance with sales for the period under review lower than the previous year. This result does not in any way lessen the opportunity that exists in the market place for the Group's technology platform. Following the appointment of the new board of Directors on 24 November the primary focus has been to establish a clear sales strategy to increase the sale of current products and services to mobile operators and enterprises.

Although Alcatel and Nortel Networks, the Group's existing partners, provide Mobile Tornado with access to a number of the world's mobile network operators, we will seek additional distribution partners, particularly targeting specific markets. Efforts will be focussed on supporting Tier 2 and Tier 3 mobile operators through such distribution partners, especially those outside the US and Western Europe. The Directors consider that many mobile operators in Asia, Africa, South America and Eastern Europe are looking for low-cost, quick to deploy, tried and tested PTT solutions. These relatively small operators may not be able to justify an investment in expensive next generation IMS solutions and therefore represent a good long-term opportunity for the Group.

The Group aims to further establish its indirect sales model and distribution network to sell enterprise solutions to businesses. Mobile Tornado currently has distribution agreements with partners in the US, Germany, and the Netherlands. These partners are considered to be credible providers of mobile data solutions and managed mobile services, and have customers in the market sectors to which PTT is attractive. The Directors are in the process of identifying further potential distribution partners in different geographical regions and aim to pursue negotiations with a view to entering into contractual arrangements with them. I expect to make announcements on new partners early in 2007.

On the technology front, the Group will continue to invest in its research and development operation based in Tel Aviv. The team is currently working on the following applications to complement its range of services -

- Push to e-mail - sends a voice message to a contact's e-mail;
- Push to call - triggers a normal voice call from within PTT;
- Push to video - lets other users see what one user's phone sees; and
- Push to send content - allows customers to send and receive data such as pictures and files.

These applications will support the strategy of supplementing initial licence fees with upgrade fees. We currently believe the Israeli research and development centre is resourced to complete most of the development programme for new applications and upgrades to the current platform, although we will consider outsourcing some elements where appropriate.

Management

At the time of my appointment to the Board a number of other key board appointments were made. Jeremy Fenn has joined the board as Chief Financial Officer, David Parry as VP Sales Worldwide and Eyal Fishler as Chief Technical Officer. I have worked very closely with Jeremy

Chairman's report



and David in the past and I am confident that the skill sets they bring will help the Group to realise its enormous potential. The introduction of Eyal onto the Board demonstrates our belief in the technical platform he and his team have created and my commitment to ensure that it remains at the forefront of the instant communications revolution.

Current trading and future prospects

It is quite clear to me, from the short time I have been on the Board that the Group does not suffer from a lack of opportunity. The market for instant communications in a mobile world is starting to grow very rapidly. I believe we are ideally placed to capitalise on this momentum and I am confident that we can deliver significant progress during 2007.

I would like to record my appreciation for the continuing commitment of all our team members throughout the business and thank them for their support during a year of significant change.

I look forward to the next 12 months with confidence.

Peter Wilkinson
Non Executive Chairman
29 December 2006

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end.

Directors' report

The Directors present their annual report and audited financial statements of the Company and the Group for the year ended 30 June 2006.

Principal activities

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

Business review

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

Results and dividends

The Directors are unable to recommend the payment of a dividend in respect of the year ended 30 June 2006 (2005: £nil). The Company currently intends to reinvest future earnings to finance the growth of the business.

The loss sustained for the financial year of £3,850k (2005: £3,041k) will be deducted from reserves.

Key performance indicators

The board recognises the importance of setting and monitoring key performance indicators (KPI) across the Group. Maintaining the services of members of the research and development team during the year was seen as key and a KPI concerning staff turnover of this function was set. Performance levels as measured by this indicator were high. Going forward, the Group's KPI will be that of EBITDA.

Share Issues

On 26 April 2006, the Company announced a placing of 14,551,333 shares at a price of 16p per share to fund the acceleration of its global marketing and the development of extensions to its fixed-mobile convergence products. Jorge Pinievsky, then a Director of the Company, subscribed for 12,251,333 shares in the April Placing.

On 27 June 2006 the Company announced that it had not received payment for the shares issued to Mr Pinievsky in the April Placing. Mr Pinievsky subsequently resigned from the board of Directors of the Company, although he remains an employee of the Group, owing to his commercial expertise in the Group's market. Mr Pinievsky has surrendered all shares issued to him in the April Placing to the Company.

Mr Pinievsky's unpaid shares, which have been surrendered to the Company, will be held by the Company and either re-allotted or cancelled in due course. The unpaid 12,251,333 shares and the associated debtor are not included within the total of issued share capital or the associated notes of the Group or the legal parent. If the surrendered shares are not re-allotted within three years of their surrender, they must be cancelled. Mr Pinievsky remains liable to the Company for the unpaid issue price (less any amount realised by the Company if the shares are re-allotted).

Change of accounting period

The Directors have elected to change the accounting period of the Group to a 31 December period end date in light of the period end date of other Group companies. Consequently, the next accounting period of the Group will be 1 July 2006 to 31 December 2007.

Directors' report

International Financial Reporting Standards (IFRS)

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

Charitable and political donations

The Group made no charitable or political contributions during the year (2005: £nil).

Directors

The present Directors are detailed below.

- **Peter Robert Wilkinson** (52) was appointed Non-Executive Chairman on 24 November 2006. He will be working closely with the Executive Directors in the delivery of Mobile Tornado's strategic plan. Peter is currently Chief Executive of InTechnology plc. Peter was formerly Chairman of Sports Internet Group plc which was sold to BSkyB plc for £301 million in May 2000. He also invented the free ISP model Freeserve, the internet access service which was launched by the Dixons Group plc.
- **Jeremy Mark Fenn** (43) was appointed as Chief Financial Officer and acting Chief Executive on 24 November 2006. Jeremy is a qualified chartered accountant and was formerly Chief Executive of Sports Internet Group plc. Following the sale of that business he remained as a Director of Skysports.com until December 2003. Prior to this he was Managing Director of Leeds United Football Club from 1996 to 1999. He is currently a non-Executive Director of Yoomeia plc and a Director of Pannal plc.
- **David Parry** (56) was appointed as VP Worldwide Sales on 24 November 2006. David brings significant strategic management and commercial leadership to Mobile Tornado. He has a demonstrable record of achievement growing sales in multi-national technology, manufacturing and distribution enterprises and for the past 6 years has worked with InTechnology plc, leading sales development in the Managed Services and IT Security divisions.
- **Eyal Fishler** (29) was appointed as Chief Technology Officer on 24 November 2006. Eyal was the original developer of the Mobile Tornado technology having previously served in a classified communications unit of the Israel Defence Force. Before working for Mobile Tornado, he was involved in developing several innovative technologies, including a three dimensional virtual reality device and a biometrics speech recognition system.
- **Richard Mark James** (46) was appointed as Director and Company Secretary on 24 November 2006. Richard qualified as a solicitor with Allen & Overy in 1986 and was a Partner at Pinsent Curtis in 1991 before moving to Hammond Suddards as a Partner in 1996. Richard is also a Director and Company Secretary of InTechnology plc.
- **John Paul Swingewood** (51) stood down as Executive Chairman of Mobile Tornado on 24 November 2006 to become a Non-Executive Director. John has held senior Director positions with BSkyB plc and BT plc and is currently deputy chairman of Yoomeia plc and a Director of Pannal plc.

Rodger Sargent resigned as Finance Director and Company Secretary on 7 March 2006. Mark Hughes resigned as Finance Director and Company Secretary on 23 October 2006. Christopher Akers resigned as Non Executive Director on 24 November 2006. Jorge Pinievsky resigned as a Director on 27 June 2006.

Directors' report



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

	1 July 2005*		30 June 2006	
	number	%	number	%
Peter Wilkinson (appointed 24 November 2006)	-	-	24,536,392	13.3
John Swingewood (appointed 7 March 2006)	-	-	7,805,511	4.2
Jeremy Fenn (appointed 24 November 2006)	-	-	7,670,396	4.2
Eyal Fishler (appointed 24 November 2006)	-	-	9,119,259	5.0
Jorge Pinievsy (resigned 27 June 2006)	-	-	9,168,624	5.0
Richard James (appointed 24 November 2006)	-	-	2,959,870	1.6
Chris Akers (resigned 24 November 2006)	1,000,000	16.8	1,312,500	0.7
Rodger Sargent (resigned 7 March 2006)	337,500	5.7	337,500	0.2
Mark Hughes (resigned 23 October 2006)	-	-	291,530	0.2

*or later date of appointment.

There were no changes in Directors' interests between 1 July 2006 and 29 December 2006.

Details of related party transactions involving Directors of the Company are given in note 24 to the financial statements.

Post balance sheet event

Eyal Fishler and David Parry were each awarded 1,800,000 share options on 27 October 2006 at an exercise price of 5 pence per share. The options were granted under the Company's 2006 share option plan.

Substantial shareholdings

At 29 December 2006, InTechnology plc held 80,000,000 shares in the Company representing 43.4% of the issued ordinary share capital. There are no other shareholders, other than the Directors detailed above, who hold more than 3% of the Company's issued share capital.

Corporate governance

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

Audit Committee

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

The committee assists the board in ensuring that appropriate accounting policies, internal financial controls and compliance procedures are in place. It also reviews the drafts of interim and final results prior to submission to the board and provides a forum through which the external auditors report to the board.

Internal control

The Directors acknowledge their responsibility for the Group's systems of internal control. The Group maintains systems of internal controls, including suitable monitoring procedures, in order to provide reasonable, but not absolute, assurance of the maintenance of proper accounting records and the consequent reliability of the financial information used within the business to identify and deal with any problems on a timely basis. The monitoring and control

Directors' report

procedures include the specification of defined lines of responsibility and authorisation limits, the delegation of authority, the identification of risks and the continual process of the preparation of, and reporting against, annual budgets, forecasts and strategic plans.

Financial risk management

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

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

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

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

Going concern

After reviewing profit and cashflow forecasts for the year ending 31 December 2007 the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. In October 2006 the Group secured a further funding injection from InTechnology plc who subscribed £4 million for 80 million shares at 5p per share. For these reasons, the Directors continue to adopt the going concern basis in preparing the financial statements.

Employees

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

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

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

The Group continues to give full and fair consideration to applications for employment made by disabled persons, having regard to their respective aptitudes and abilities. The policy

Directors' report

includes, where practicable, the continued employment of those who may become disabled during their employment and the provision of training and career development and promotion, where appropriate.

Share schemes

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

Pension costs

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

Research and development

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

Policy and practice on payment of creditors

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

In the year ended 30 June 2006 average creditor days for the Group and Company were 182 days (2005: 238 days) and 313 days (2005: 24 days) respectively. Creditor days have eased substantially since the year end following the funding received from InTechnology plc.

Environment

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

Statement of Directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Directors' report

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

In so far as the Directors are aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of the that information.

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

Annual General Meeting

The next AGM of the Company will be held on 31 January 2007. Details of the business to be proposed at the AGM are contained within the Notice of Meeting, which is set out on pages 31 to 35.

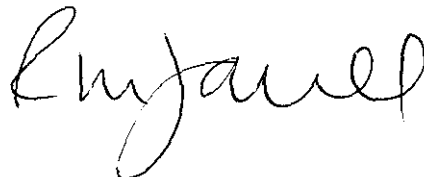
Independent auditors

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

By order of the Board

Richard James
Company Secretary

29 December 2006



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

For the year ended 30 June 2006

We have audited the Group and parent Company financial statements (the "financial statements") of Mobile Tornado Group plc for the year ended 30 June 2006 which comprise the consolidated profit and loss account, the Group and Company balance sheets, the consolidated cash flow statement, accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of Directors and auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

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

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

Basis of audit opinion

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

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

**Report of the independent auditor to the
members of Mobile Tornado Group plc
For the year ended 30 June 2006**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the parent Company's affairs as at 30 June 2006 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.


GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
LEEDS

29 December 2006

Consolidated profit and loss account
For the year ended 30 June 2006



	Group 12 mths to 30 June 2006 £'000	Group 12 mths to 30 June 2005 £'000
Turnover		
Continuing operations	289	766
Acquisitions	-	-
	1	1
	289	766
Cost of Sales		
Continuing operations	(68)	(149)
Acquisitions	-	-
Gross profit	221	617
Net operating expenses before depreciation and amortisation		
Continuing operations	(2,712)	(2,832)
Acquisitions	(211)	-
Depreciation - all continuing operations	(77)	(65)
Amortisation - all continuing operations	(602)	(529)
Administrative expenses	(3,602)	(3,426)
Group operating loss		
Continuing operations	(3,170)	(2,809)
Acquisitions	(211)	-
	(3,381)	(2,809)
Interest receivable/(payable)	2	(469)
Loss on ordinary activities before tax	(3,850)	(3,041)
Taxation	4	-
Loss sustained for the financial year	(3,850)	(3,041)
EBITDA	(2,702)	(2,215)
Loss per share (pence)		
Basic and diluted	6	(4.79)
		(3.89)

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

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

Balance sheets
As at 30 June 2006

	Notes	Group At 30 June 2006 £'000	Group At 30 June 2005 £'000	Company At 30 June 2006 £'000	Company At 30 June 2005 £'000
Fixed Assets					
Intangible Assets	7	1,580	2,182	-	-
Tangible Assets	8	67	119	-	-
Investment in subsidiary undertakings	9	-	-	12,758	-
		1,647	2,301	12,758	-
Current Assets					
Debtors	10	336	432	1,394	26
Cash at Bank and in hand		192	856	8	938
		528	1,288	1,402	964
Creditors – amounts falling due within one year	11	(1,334)	(3,761)	(205)	(42)
Net Current Assets		(806)	(2,473)	1,197	922
Total assets less current liabilities		841	(172)	13,955	922
Creditors – amounts falling due after more than one year	12	(2,463)	(3,024)	-	-
Net Assets		(1,622)	(3,196)	13,955	922
Capital and Reserves					
Share Capital	14 & 15	1,844	3	1,844	119
Share Premium	15	1,624	1,359	1,624	974
Reverse Acquisition Reserve	15	(7,620)	-	-	-
Merger Reserve	15	10,938	-	10,938	-
Profit and loss account	15	(8,408)	(4,558)	(451)	(171)
		(1,622)	(3,196)	13,955	922

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

The financial statements on pages 13 to 30 were approved by the Board of Directors on 29 December 2006 and were signed on its behalf by:


Jeremy Fenn
Chief Financial Officer

29 December 2006

Consolidated cash flow statement
For the year ended 30 June 2006



	Note	2006 £'000	2005 £'000
Net cash (outflow)/inflow from operating activities	16	(1,649)	916
Returns on investments and servicing of finance			
Interest received		4	1
Interest paid		(473)	(224)
Net cash outflow from returns on investments and servicing of finance		(469)	(223)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(37)	(10)
Net cash outflow from capital expenditure and financial investment		(37)	(10)
Acquisitions and disposals			
Net cash at bank acquired with purchase of subsidiary undertakings	20	584	-
Net cash inflow from acquisitions and disposals		584	-
Net cash (outflow)/inflow before financing		(1,571)	683
Financing			
Issue of ordinary share capital		1,298	-
Share Issue costs		(391)	-
Net cash inflow from financing		907	-
(Decrease)/increase in cash in the year	17 & 18	(664)	683

Accounting policies

Basis of preparation

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

A summary of the main accounting policies which have been applied consistently is set out as follows.

Basis of consolidation

The Group financial statements consolidate those of the Company and its subsidiary undertakings at 30 June 2006. Acquisitions of subsidiaries are dealt with using the acquisition method of accounting except for the reverse takeover transaction detailed below.

On 7 March 2006 the Company, then named TMT Group plc, became the parent of Mobile Tornado International Limited, in a share for share transaction. Due to the relative value of the companies, the former Mobile Tornado International Limited shareholders became majority shareholders with 97% of the share capital. Following the transaction, the Company's continuing operations and executive management were that of Mobile Tornado International Limited. Accordingly the substance of the combination was that Mobile Tornado International Limited acquired TMT Group plc in a reverse acquisition. As part of the business combination TMT Group plc changed its name to Mobile Tornado Group Plc.

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

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

As a consequence of applying reverse acquisition accounting, the results of the Group for the year ended 30 June 2006 comprise the results of Mobile Tornado International Limited to its year ending 30 June 2006 plus the results of TMT Group plc from 7 March 2006, the date of acquisition, to 30 June 2006. The comparative figures are those of Mobile Tornado International Limited for the year ending 30 June 2005. As set out in note 7, goodwill amounting to £448,134 arose on the difference between the sum of the fair value of TMT Group plc's share capital and the cost of acquisition, and the fair value of its net assets at the reverse acquisition date. The goodwill has been written off in the year to 30 June 2006 because TMT Group plc had no continuing business and the goodwill had no intrinsic value.

The Company is entitled to the merger relief offered by section 131 of the Companies Act 1985 in respect of the consideration received in excess of the nominal value of the equity shares issued in connection with the acquisition of Mobile Tornado International Limited which has been credited to a merger reserve.

The effect on the consolidated financial statements of adopting reverse acquisition accounting, rather than following the legal form, are widespread. However, the following table indicates the principal effect on the composition of the consolidated reserves:

Accounting policies

	Reverse acquisition accounting (as disclosed) £'000	Normal acquisition accounting £'000	Impact of reverse acquisition accounting £'000
Called up share capital	1,844	1,844	-
Share premium account	1,624	1,624	-
Merger reserve	10,938	10,938	-
Reverse acquisition reserve	(7,620)	-	(7,620)
Profit and loss account	(8,408)	(1,542)	(6,866)
	(1,622)	12,864	(14,486)

Goodwill

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

Intangible fixed assets

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

Intellectual Property 5 years

Tangible fixed assets

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

Office equipment 3 years

Computer equipment 3 years

Investments

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

Revenue recognition

Turnover represents the invoiced sales price, less trade discounts allowed, value added tax and other sales taxes (where applicable). The majority of revenues are derived from software licence sales of Mobile Tornado products.

Licences

For software licence arrangements that do not require significant modification or customisation of the underlying software, revenues are recognised on the later of:

1. The entering into a legally binding arrangement with the customer for the licence of the software.
2. The fulfilment of any related obligation defined in such an arrangement related to the various stages of the product(s) delivery, such as installation, upgrades or acceptance.
3. Customer payment being deemed fixed or determinable and free of material contingencies or other significant uncertainties.

Accounting policies

Consulting services (fixed price basis)

Many of these software licence arrangements also include short-term consulting implementation services.

To the extent that such consulting services are considered distinct from the installation of Mobile Tornado's licensed product:

- Expenses relating to the provision of such consulting services are recognised as incurred.
- The related revenues are recognised in the accounting period in which the work is performed.
- Any related loss on completion of such work is recognised as soon as it is anticipated.

Factors considered in determining whether consulting service revenues should be accounted for separately include: – the nature of the services (ie. whether the services are essential to the functionality of the licensed product), the degree of risk, the availability of services from other vendors, timing of payments and the impact of milestones or other acceptance criteria on the realisation of the software licence fee.

The revenue streams detailed above constitute one class of business.

Revenue invoiced to customers that has not fulfilled the recognition criteria detailed above, is held in a deferred income account.

Foreign currencies

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

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

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

Research and development

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

Deferred taxation

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

Share options

The Group grants share options to employees and Directors on a discretionary basis. When share options are granted to employees a charge is made to the Group profit and loss account and a reserve created in capital and reserves to record the fair value of the awards in accordance with UITF Abstract 17 "Employee Share Schemes". No charge has been made to date as the exercise price of all share options granted has been equal to the Company's share price at the date of award.

Accounting policies

Financial instruments

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

Compound instruments

Compound instruments comprise both a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar debt instrument. The liability component is accounted for as a financial liability. The residual is the difference between the net proceeds of issue and the liability component (at time of issue). The residual is the equity component, which is accounted for as an equity instrument. The interest expense on the liability component is calculated applying the effective interest rate for the liability component of the instrument. The difference between this amount and any repayments is added to the carrying amount of the liability in the balance sheet. Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability. The impact of applying this accounting policy has been to continue to classify all preference share capital and the convertible loan notes as financial liabilities.

Notes to the financial statements
For the year ended 30 June 2006



1 Segmental information

	2006	2005
	£'000	£'000
Turnover by destination		
Europe	-	169
Middle East	222	93
Africa	67	300
Asia/Pacific	-	204
Total	289	766

Turnover by source

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

	2006	2005
	£'000	£'000
Turnover by product type		
Licences	48	418
Hardware	127	235
Software	43	89
Maintenance	23	-
Professional services	48	24
Total	289	766

2 Net interest payable

	2006	2005
	£'000	£'000
Interest payable on convertible loan notes	406	214
Finance charge on 9% cumulative preference shares	22	19
Other interest payable	45	-
	473	233
Bank interest receivable	(4)	(1)
Net interest payable	469	232

The 9% cumulative preference shares are classified as a liability under FRS25.

3 Loss on ordinary activities before taxation

	2006	2005
	£'000	£'000
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Staff costs (note 22)	1,684	1,252
Depreciation of owned tangible fixed assets (note 8)	77	65
Amortisation of intangible assets	602	529
Other operating lease rentals	109	83
Auditors' remuneration - audit	43	8
Auditors' remuneration - tax compliance	5	4
Net exchange (gain)/loss on foreign currency borrowings	(62)	262
Loss on disposal of tangible fixed assets	12	-

Notes to the financial statements

For the year ended 30 June 2006

4 Tax on loss on ordinary activities

Corporation Tax:

No charge to UK corporation tax arose in the period due to group trading losses incurred.

Deferred Tax:

Unrelieved tax losses of £8,408,000 remain available to offset against future trading profits. No deferred tax asset has been recognised in respect of these losses.

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

Loss on ordinary activities before taxation	(3,850)	(3,041)
At standard rate of corporation tax of 30% (2005: 30%)	(1,155)	(912)
Effects of:		
Amortisation of intangible assets	181	159
Expenses not deductible for tax purposes	2	37
Un-utilised tax losses	972	716
	-	-

5 Loss of the holding company

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the Company is not presented in these financial statements. The parent Company's loss for the year ended 30 June 2006 was £279,708 (2005: £170,899).

6 Loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of £3,850,000 (2005: £3,041,000) by the weighted average number of ordinary shares in issue during the year of 80,339,651 (2005: 78,130,096). The weighted average number of shares for the year ended 30 June 2006 assumes that the 78,130,096 ordinary shares issued in relation to the reverse acquisition of Mobile Tornado Group plc (formerly TMT Group plc) existed for the entire year. Mobile Tornado Group plc shares have been included since 7 March 2006 the date of the reverse acquisition, and all other shares have been included in the computation based on the weighted average number of days since issuance. The weighted average number of ordinary shares for the year ended 30 June 2005 is assumed to be equal to the 78,130,096 ordinary shares issued in relation to the reverse acquisition.

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

	2006		2005	
	Basic and diluted (Loss)/ earnings £'000	Basic and diluted (Loss)/ earnings per share pence	Basic and diluted (Loss)/ earnings £'000	Basic and diluted (Loss)/ earnings per share pence
Loss attributable to ordinary shareholders	(3,850)	(4.79)	(3,041)	(3.89)
Amortisation of goodwill	602	0.75	529	0.68
Adjusted basic earnings per share	(3,248)	(4.04)	(2,512)	(3.21)

Notes to the financial statements
For the year ended 30 June 2006



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

7 Intangible fixed assets

Group	Goodwill £'000	Purchased Intellectual	Total £'000
		Property £'000	
Cost			
At 1 July 2005	-	3,009	3,009
Acquisitions	448	-	448
At 30 June 2006	448	3,009	3,457
Amortisation			
At 1 July 2005	-	827	827
Charge for the year	448	602	1,050
At 30 June 2006	448	1,429	1,877
Net book amount at 30 June 2006	-	1,580	1,580
Net book amount at 30 June 2005	-	2,182	2,182

8 Tangible fixed assets

Group	Office Equipment	Computer Equipment	Leasehold Improvement	Total £'000
	£'000	£'000	£'000	
Cost				
At 1 July 2005	5	209	-	214
Additions	8	21	8	37
Disposals	(1)	(24)	-	(25)
At 30 June 2006	12	206	8	226
Accumulated depreciation				
At 1 July 2005	-	95	-	95
Charge for the year	1	75	1	77
Disposals	-	(13)	-	(13)
At 30 June 2006	1	157	1	159
Net book amount at 30 June 2006	11	49	7	67
Net book amount at 30 June 2005	5	114	-	119

Notes to the financial statements
For the year ended 30 June 2006



9 Investments

	Company £'000
Shares in group undertakings	
At 1 April 2005	-
Subsidiary undertakings:	
Acquisition of Mobile Tornado International Ltd	12,758
At 30 June 2006	12,758

Investments in Group undertakings are stated at cost.

Details of the principal investments at 30 June 2006 in which the Group or Company holds more than 20% of the nominal value of ordinary share capital are as follows:

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

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

10 Debtors

	Group		Company	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Amounts falling due within one year:				
Trade debtors	184	348	-	-
Other debtors and prepayments	152	84	21	26
Amounts owed by Group undertakings	-	-	1,373	-
Total	336	432	1,394	26

11 Creditors – amounts falling due within one year

	Group		Company	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Trade creditors and accruals	653	1,131	187	12
Other taxation and social security	94	13	18	3
Other creditors	278	330	-	27
Deferred income	45	74	-	-
Deferred consideration	264	-	-	-
9% Cumulative Preference Shares	-	310	-	-
Convertible Loan Notes	-	1,903	-	-
Total	1,334	3,761	205	42

The convertible loan notes and preference shares were converted to issued ordinary share capital of Mobile Tornado International Limited on 7 March 2006.

Notes to the financial statements
For the year ended 30 June 2006



12 Creditors – amounts falling due after more than one year

	Group		Company	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Deferred consideration	2,463	3,024	-	-
Total	2,463	3,024	-	-

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

- (i) 50% of the first US\$200,000 relevant sales.
- (ii) 15% of any additional relevant sales, subject to any related cumulative royalty payments being capped at a maximum of US\$5.3 million. Direct reseller and other third party costs may be deducted in arriving at these royalty payments, subject to such costs not exceeding 10% of the relevant sales. The deferred consideration is secured by a charge over the intellectual property of the Mobile Tornado Group.

13 Financial instruments

Interest rate risk profile of financial assets

The financial assets of the Group comprise cash of £192,000, all held in floating rate accounts, as follows:

	2006 £'000	2005 £'000
Currency		
Sterling	28	475
US dollar	120	247
Euro	44	134
Total	192	856

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

14 Called up share capital

	Company	
	2006 £'000	2005 £'000
Authorised		
200,000,000 (2005: 25,000,000) Ordinary shares of 2p each	4,000	500
Total	4,000	500
	2006 £'000	2005 £'000
Allotted, called up and fully paid		
92,180,096 (2005: 5,937,500) Ordinary shares of 2p each	1,844	119
Total	1,844	119

The share capital in the Group balance sheet at 30 June 2005 reflected that of Mobile Tornado International Limited prior to the reverse acquisition.

Notes to the financial statements

For the year ended 30 June 2006

On 7 March 2006 the Company issued 78,130,096 ordinary shares of 2p each in respect of the reverse acquisition of Mobile Tornado International Limited.

On 7 March 2006 the Company issued 5,500,000 ordinary shares of 2p each in respect of a placing at 16p per share.

On 21 April 2006 the Company issued 312,500 ordinary shares of 2p each as part payment for professional fees in relation to the reverse acquisition of Mobile Tornado International Limited.

On 26 April 2006, the Company announced a placing of 14,551,333 shares at a price of 16p per share to fund the acceleration of its global marketing and the development of extensions to its fixed-mobile convergence products. Jorge Pinievsky, then a Director of the Company, subscribed for 12,251,333 shares in the April Placing.

On 27 June 2006 the Company announced that it had not received payment for the shares issued to Mr Pinievsky in the April Placing. Mr Pinievsky subsequently resigned from the board of Directors of the Company, although he remains an employee of the Group, owing to his technical expertise in the Group's market. Mr Pinievsky has surrendered all shares issued to him in the April Placing to the Company.

Mr Pinievsky's unpaid shares, which have been surrendered to the Company, will be held by the Company and either re-allotted or cancelled in due course. The unpaid 12,251,333 shares and the associated debtor are not included in the balance sheet or associated notes of the Group or the legal parent. If the surrendered shares are not re-allotted within three years of their surrender, they must be cancelled. Mr Pinievsky remains liable to the Company for the unpaid issue price (less any amount realised by the Company if the shares are re-allotted).

Share issue costs

The Company incurred issue costs of £486,000 in respect of the above shares issued during the year. These have been debited to the share premium account of the Company.

Share options

Certain employees hold options to subscribe for shares in the Company at prices ranging from 2p to 5p under the share option schemes. The number of shares subject to options is as follows:

Name of scheme	No. of shares		Exercise price (p)
	2006	2005	
Mobile Tornado Group plc scheme 1	2,461,918	-	2.0
Mobile Tornado Group plc scheme 2	3,600,000	-	5.0
	6,061,918	-	

Notes to the financial statements

For the year ended 30 June 2006

15 Shareholders' funds

	Ordinary share capital £'000	Share premium account £'000	Reverse acquisition reserve £'000	Merger reserve £'000	Profit & loss account £'000	Total shareholders' funds £'000
Group						
At 1 July 2005	3	1,359	-	-	(4,558)	(3,196)
Issue of shares	1,841	265	-	10,938	-	13,044
Reverse acquisition capital adjustment	-	-	(7,620)	-	-	(7,620)
Loss sustained for the year	-	-	-	-	(3,850)	(3,850)
At 30 June 2006	1,844	1,624	(7,620)	10,938	(8,408)	(1,622)

	Ordinary share capital £'000	Share premium account £'000	Reverse acquisition reserve £'000	Merger reserve £'000	Profit & loss account £'000	Total shareholders' funds £'000
Company						
At 1 July 2005	119	974	-	-	(171)	922
Issue of shares	1,725	650	-	10,938	-	13,313
Loss sustained for the year	-	-	-	-	(280)	(280)
At 30 June 2006	1,844	1,624	-	10,938	(451)	13,955

On 7 March 2006 the company acquired 79,689,970 ordinary shares of €0.0001 of Mobile Tornado International Limited, being 100% of its nominal share capital satisfied by the issue of 78,130,096 ordinary shares. Advantage has been taken of section 131 of the Companies Act 1985 on merger relief in respect of the premium on the issue of shares to finance the acquisition.

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

	2006 £'000	2005 £'000
Operating loss	(3,381)	(1,665)
Depreciation of tangible fixed assets	77	35
Amortisation of intangibles	602	301
Loss on disposal of tangible fixed assets	12	-
Decrease/(increase) in debtors	126	(273)
Increase in creditors and provisions	915	2,518
Net cash (outflow)/inflow from operating activities	(1,649)	916

Notes to the financial statements
For the year ended 30 June 2006

17 Reconciliation of movement in net funds

	2006	2005
	£'000	£'000
(Decrease)/increase in cash in the year	(664)	683
Change in net debt resulting from cash flows	(664)	683
Non-cash changes:		
Conversion of Convertible Loan Notes	2,213	(1,551)
Movement in net funds in the year	1,549	(868)
Net debt at start of year	(1,357)	(489)
Net funds/(debt) at end of year	192	(1,357)

18 Analysis of net funds

	At 1 July 2005	Cashflow	Non-cash changes	At 30 June 2006
	£'000	£'000	£'000	£'000
Cash at bank and in hand	856	(664)	-	192
Convertible loan notes	(2,213)	-	2,213	-
Net funds	(1,357)	(664)	2,213	192

19 Post balance sheet event

In October 2006 InTechnology plc subscribed £4 million for 80 million shares at 5p per share. Following this subscription, InTechnology plc held 43.38% of the enlarged share capital. Peter Wilkinson and Richard James, Directors of InTechnology, also own approximately 13.3% and 1.6% respectively of the enlarged share capital in their personal capacities. Peter Wilkinson is also a 57 per cent shareholder in InTechnology.

InTechnology's principal activity is providing IT services and products via channel partners for the deployment of data storage and security, and data and voice services through its wide-area private network infrastructure. The Group also provides IT professional services relating to pre-sales consultancy, technical services, customer support and training.

Notes to the financial statements
For the year ended 30 June 2006

20 Acquisitions

On 7 March 2006 Mobile Tornado International Limited completed the reverse acquisition of TMT Group plc for consideration of £950,000, reflecting the fair value of the 5,937,500 ordinary shares acquired having a market value of 16p at the date of acquisition. Goodwill arising on the reverse acquisition and the fair value of the net assets acquired are set out on the following table:

	Book and fair value £'000
Debtors	30
Cash at Bank and in hand	584
Creditors – amounts falling due within one year	(112)
Net Assets	502
Goodwill arising on acquisition	448
	950
Satisfied by:	
Fair value of shares acquired	950

The goodwill of £448,000 has been written off in full in the year ended 30 June 2006 because TMT Group plc has no continuing business and therefore the goodwill has no intrinsic value.

The profit and loss accounts of TMT Group plc for the period from 1 July 2005 to 7 March 2006 and the year ended 30 June 2005 are summarised below:

	Period to 7 March 2006 £'000	Year to 30 June 2005 £'000
Turnover	-	-
Operating loss	(83)	(208)
Net loss before taxation	(69)	(171)
Taxation	-	-
Net loss after taxation	(69)	(171)

In the 4 month period since acquisition Mobile Tornado Group plc contributed a net operating cash outflow of £1,455,000, paid £27,000 in interest, and received £906,000 from the issue of new ordinary share capital (net of issue costs of £391,000).

21 Directors' emoluments

Group	2006 Number	2005 Number
Salary	95	30
Pension	2	-
	97	30
<hr/>		
Highest Paid Director		
Salary	39	15
Pension	2	-
	41	15

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

Notes to the financial statements
For the year ended 30 June 2006

22 Employee information

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

Group	2006 Number	2005 Number
Sales	5	3
Product development	27	23
Finance & administration	5	4
	37	30

Staff costs for the persons above were:

	2006 £'000	2005 £'000
Wages and salaries	1,601	1,112
Social security costs	55	116
Pension costs	28	24
	1,684	1,252

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

Company	2006 Number	2005 Number
Sales	-	-
Product development	-	-
Finance & administration	3	2
	3	2

Staff costs for the persons above were:

	2006 £'000	2005 £'000
Wages and salaries	95	30
Social security costs	9	-
Pension costs	2	-
	106	30

23 Capital commitments

The Group had no capital commitments at 30 June 2006.

24 Related party transactions

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

Peter Wilkinson and John Swingewood, holders of Mobile Tornado Group plc shares are shareholders of InTechnology plc. Peter Wilkinson is also a Director of InTechnology plc. Mobile Tornado International Limited has bought services totalling £4,000 (2005; £nil) from InTechnology plc in the year. As at 30 June 2006, Mobile Tornado International Limited owed £1,000 (2005; £nil) to InTechnology plc.

Notes to the financial statements

For the year ended 30 June 2006

John Swingewood and Jeremy Fenn are Directors and shareholders of YooMedia plc. Peter Wilkinson also holds shares in YooMedia plc. Mobile Tornado International Limited has bought services totalling £44,000 (2005; £nil) from YooMedia plc in the year. As at 30 June 2006, Mobile Tornado International Limited owed £11,000 (2005; £nil) to YooMedia plc.

John Swingewood and Jeremy Fenn are shareholders and Directors of Eescape Holdings Limited. Mobile Tornado International Limited has bought services totalling £4,000 (2005; £17,000) from Eescape Holdings Limited in the year. As at 30 June 2006, Mobile Tornado International Limited owed £11,000 (2005; £17,000) to Eescape Holdings Limited.

Notice of Annual General Meeting



NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Company will be held at Central House, Beckwith Knowle, Harrogate, HG3 1UG on 31 January 2007 at 10 a.m. for the following purposes, Resolutions 1 to 7 being proposed as ordinary resolutions and Resolution 8 being proposed as a special resolution:

As ordinary business:

1. to receive and adopt the report of the Directors and the audited accounts of the Company and its subsidiaries for the year ended 30 June 2006 together with the report of the auditors thereon;
2. to re-appoint Grant Thornton UK LLP as auditors to the Company and to authorise the Directors to fix their remuneration;
3. to re-elect John Swingewood, who has been appointed by the board since the last annual general meeting and retires in accordance with Article 87 of the Company's articles of association and who, being eligible, offers himself for re-election, as a Director;
4. to re-elect Peter Wilkinson, who has been appointed by the board since the last annual general meeting and retires in accordance with Article 87 of the Company's articles of association and who, being eligible, offers himself for re-election, as a Director;
5. to re-elect Jeremy Fenn, who has been appointed by the board since the last annual general meeting and retires in accordance with Article 87 of the Company's articles of association and who, being eligible, offers himself for re-election, as a Director;
6. to re-elect David Parry, who has been appointed by the board since the last annual general meeting and retires in accordance with Article 87 of the Company's articles of association and who, being eligible, offers himself for re-election, as a Director;
7. to re-elect Eyal Fishler, who has been appointed by the board since the last annual general meeting and retires in accordance with Article 87 of the Company's articles of association and who, being eligible, offers himself for re-election, as a Director; and

As special business:

8. THAT in substitution for all existing and unexercised authorities, pursuant to section 80 of the Companies Act 1985 (the "Act"), as amended, the Directors of the Company be generally and unconditionally authorised to exercise all or any of the powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) in the capital of the Company up to a maximum nominal amount of £696,210 (representing approximately one third of the issued ordinary share capital of the Company), provided that this authority shall, unless previously revoked or varied by the Company in general meeting, expire five years from the date of passing this Resolution save that the Company may before the expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors of the Company may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired; and
9. THAT the Directors of the Company be and they are hereby empowered, pursuant to section 95 of the Act and pursuant to the authority set out in Resolution 8 above, to allot equity securities (as defined in section 94(2) of the Act) for cash out of any relevant securities (as defined in section 80(2) of the Act) which they are from time to time authorised to allot, as if section 89(1) of the Act did not apply to:
 - (i) the grant of options under any share option scheme of the Company;

Notice of Annual General Meeting



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

(iii) in connection with an issue of equity securities up to an aggregate nominal amount of £208,863 (representing approximately 5.7 per cent. of the issued share capital of the Company),

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

By Order of the Board

Richard James
Company Secretary

29 December 2006

Registered office:

4th Floor, French Railways House
178-180 Piccadilly, London W1J 9EN

Notes:

- 1 A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
- 2 A form of proxy is provided with this notice. Completion and return of such a proxy will not prevent a member from attending the Meeting and voting in person.
- 3 To be effective, the form of proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such power or authority) must be deposited with the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR not less than 48 hours before the time of the holding of the Meeting or any adjournment thereof.
- 4 Pursuant to regulation 41(1) of the Uncertificated Securities Regulations 2001 (2001 No. 3755), the Company has specified that only those members registered on the register of members of the Company at 10 a.m. on 29 January 2007 or, in the event that the meeting is adjourned, on the register of members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the Meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to the register of members after 10 a.m. on 29 January 2007 or, in the event that the Meeting is adjourned, in the register of members 48 hours before the time of any adjourned Meeting, shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
- 5 Pursuant to sections 324 and 325 and paragraph 29, Part IV, Schedule 13 Companies Act 1985, the Register of Directors' Interests in the shares of the Company and a copy of the service agreements between the Company or one of its subsidiaries and its Directors will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) until the date of the Meeting and also on the date and at the place of the Meeting from 15 minutes prior to and during the continuance of the Meeting.
- 6 Pursuant to Rule 20 of the AIM Rules, this Notice and the accompanying Form of Proxy and the Directors' and Auditors' Reports and Financial Statements for the period ended 30 June 2006 will be available for inspection at Central House, Beckwith Knowle, Harrogate, HG3 1UG during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) for a period of one month from the date of this Notice.
- 7 Biographical details of the Director who is proposed for reappointment at the Meeting are set out on page 6 of the Directors' and Auditors' Reports and Financial Statements for the period ended 30 June 2006.

Corporate information



Company Registration Number: 5136300

Registered Office: 4th Floor
French Railways House
178-180 Piccadilly
London
W1J 9EN

Directors: P R Wilkinson (Non-Executive Chairman)
J M Fenn (CFO and acting Chief Executive)
D Parry (VP Worldwide Sales)
E Fishler (Chief Technology Officer)
J P Swingewood (Non-Executive Director)
R M James (Director & Company Secretary)

Nominated Advisor and Broker: Corporate Synergy Plc
12 Nicholas Lane
London
EC4N 7BN

Bankers: Barclays Bank Plc
Hanover Square
50 Pall Mall
London
SW1Y 5AX

Solicitors: Norton Rose
Kempson House
Camomile Street
London
EC3A 7AN

Registrars: Capita Registrars Ltd
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Auditors: Grant Thornton UK LLP
No 1 Whitehall Riverside
Leeds
LS1 4BN

Internet addresses: www.mobiletornado.com