MOBILE TORNADO

Annual Report and Accounts

for the year ended 31 December 2014

Mobile Tornado Group plc
Company registration number: 5136300

Contents

Introduction

Mobile Tornado Group plc, the leading provider of instant communication mobile applications to the enterprise market, announces its results for the twelve month period to 31 December 2014.

Financial Highlights

- Revenue down by 34% to £1.75m (2013: £2.65m)
  - Recurring revenues up by 45% to £1.20m (2013: £0.82m)
  - Hardware and 3rd party software sales reduced to £0.20m (2013: £1.42m)
  - Professional service sales reduced slightly to £0.29m (2013: £0.37m)
- Adjusted EBITDA* loss of £2.50m (2013: £1.82m)
- Adjusted operating loss* of £2.67m (2013: £2.02m)
- Loss after tax of £2.95m (2013: £2.34m)
- Basic loss per share of 1.31p (2013: 1.18p)
- Cash at bank of £0.04m (2013: £2.44m) with net debt of £6.56m (2013: £3.19m)

*excluding exchange differences

Operating highlights

- Commercial launch of services in Canada, Mexico and Brazil
- Strong recurring revenue growth seen in early period since launch of services
- Monthly recurring revenues at 31 December 2014 of £120,000 - up 52% on prior year (31 December 2013: £79,000)
- Further momentum across the Americas - Ecuador deployed and Columbia soon to follow.
- Restructure of business initiated to re-focus business into its key markets and customers and deliver annualised savings of c£1m from FY15.

Financial results and key performance indicators

Total revenue for the year ended 31 December 2014 declined by 34% to £1.75m (2013: £2.65m). As reported in the Company's trading update on 5 December 2014, the decrease in total revenue was largely due to the significant decrease in hardware and software license sales to Tier 1 Mobile Network Operators. Furthermore, a significant proportion of the revenue in the previous period was as a result of work completed for our Canadian customer. There were no major Tier 1 Mobile Network Operator installations during this financial period.

Encouragingly, recurring revenue, a key performance indicator for the business, was up by 45% to £1.20m (2013: £0.82m).

Gross profit increased to £1.47m (2013: £1.30m) as the growth in higher margin recurring revenues offset the decline in hardware and software license revenues. Gross margin is expected to continue to increase as our Mobile Network Operator customers move out of installation and trial phase into commercial deployment.

Operating expenses increased by 27% to £3.97m (2013: £3.12m) during the period, due to the investment in additional human resources across sales, technical and customer service functions. The Board made this investment based on the increasing levels of interest from Tier 1 Mobile Network Operators and the opportunities in the Homeland Security markets in particular. However, the longer than expected sales cycles have led management to re-evaluate its priorities for 2015. These are outlined in the business review below.

As a result of the increased operating expenses, the Group operating loss before exchange differences, depreciation and amortization increased to £2.50m from £1.82m in 2013. Reported Group operating losses were £2.66m (2013: £2.02m). The loss before tax for the year was £3.17m (2013: £2.47m). This resulted in a basic loss per share of 1.31p (2013: 1.18p).

The net cash outflow from operating activities was £2.75m (2013: £1.25m). At 31 December 2014 the Company had £0.04m cash at bank (31 December 2013: £2.44m) and net debt of £6.56m (2013: £3.19m).

Results and dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2014 (year ended 31 December 2013: nil). The Company currently intends to reinvest future earnings to finance the growth of the business over the near term.

Business review

The Company made good operational progress during 2014 across each of its primary routes to market, namely:

- Mobile Network Operators (MNOs) reselling to their business customers;
- Independent Solution Vendors (ISVs) reselling to their enterprise customers;
- Hardware manufacturers embedding the Company's PTT application into their devices; and
- Government agencies procuring solutions for Homeland Security.

Mobile network operators

The growth in recurring revenues has been driven by the commercial launch of services in Canada during the second half of 2014. We have worked closely with this customer during the last 6 months and look forward to increased sales momentum during the rest of this year.

I am pleased to report that our business has finally launched in South America, with our Tier 1 customers in Mexico and Brazil launching commercial services during the first quarter of 2015. South America is the largest PTT ("Push-to-Talk") market in the world, with existing users predominantly using the iDEN technology. It has been well publicised that this platform is now approaching end of life, with service provision no longer available from the end of 2018. The opportunity to provide an alternative is significant and we are now working closely with our partners in these key territories to ensure a successful transition of customers to our own platform. We are also working on technical installations for Colombia and Ecuador, as our presence in South America gathers momentum.

Instacom, our exclusive partner in South Africa, has made great progress during the year and is now commercially engaged with all three national Tier 1 mobile operators. In a short space of time it has become the leading provider of PTT services in this market and we are exploring ways to strengthen our collaboration in other African markets.

There is increasing interest from mobile operators around the globe for our PTT proposition as they seek out incremental revenue opportunities. The new management team will approach each new opportunity with caution, as we seek to ensure that our resources are deployed into only those customers and markets that can give us returns in the short to medium term.

Our experience in new markets, for example in France, has to date been frustrating with a commercial service yet to launch. There is no doubt that the key markets to focus on are those that are already familiar with PTT, such as South America, or those that are anxious to adopt due to the rapid deployment of 3G/4G networks, such as Africa. We are strategically well placed with a presence in each of these vast continents, and will give these our principal focus over the coming financial year.

I'm pleased to confirm that following our creation of a new division in Israel which was set up to capture the PTT opportunities in that territory, we have been approached by the established Tier 1 operators looking to explore potential collaboration opportunities. This represents a more cost effective route to market, and given our focus on overheads and speed to market, is one we will adopt more widely across the Company.

Independent Solution Vendors (ISVs)

Integrating our communication solution to an existing software application is a channel we are keen to develop more widely. The workforce management sector has seen significant growth in recent years and created a plethora of software companies delivering solutions to improve the efficiency of the workforce. Our application is a 'fit for purpose' communication tool that enhances the offerings provided by any number of these companies.

During the second half of the year we concluded an agreement with an ISV providing solutions to the transportation sector. Our PTT application has been used in a contract with a train company in Brazil to provide instant communications to both the train operatives and customers. We are in discussions with a number of ISVs in North and South America, all with existing enterprise customers that we could access immediately post integration.

Hardware manufacturers

The Board has resolved that the Company will no longer invest in the development of its own handsets. The market is now well served by manufacturers producing rugged handsets for our target markets, with quality and functionality to meet each price point. We will engage with the key players to ensure where possible, that our application is embedded in the handset, making end user customer activation much easier.

Homeland security

The development of our SPOC proposition (Secure PTT Over Cellular) continued during the period, although we have been frustrated with our financial progress in this area. Despite completing successful trials with our customer in South East Asia, the sales cycle has extended and the resourcing required to deliver has expanded. Although The Ministry of Public Safety in this Asian country has deployed the service into six provinces we have been informed that Government budget constraints has pushed any further installations into 2016. Significant technical engagement continued throughout 2014 as we refined the proposition and the integration protocols with the customer's required hardware specification.

Given this lack of visibility and our absolute focus on delivering results within our existing markets and customers, we have curtailed the technical development of this proposition and disbanded the dedicated sales team set up to manage this opportunity.

Technical development

We have continued to invest in our technical platform during the period. It has been gratifying to see certain of our Tier 1 customers independently test our service against those provided by our competitors and to find ours delivering a better quality of service and functionality.

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 mobile network operators (MNOs) reselling our services to their business 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 completed on 15 April 2015 a placing of 22.5m million shares at 6p to raise a total of £1.35m. InTechnology plc and the Directors have subscribed for 18,581,907 shares comprising 82.6% of the issue. The placing will be used to fund the working capital requirements of the Company.

Outlook

The period under review represented one of mixed fortunes. Whilst we are delighted to see our recurring revenues increase by 45%, and finished the year with an annualised recurring revenue run rate of £1.44m based on December 2014 results, we were disappointed that installation revenues from new deals did not materialize in the final quarter of the year as we had hoped. Since we had invested in our cost base in anticipation of these increased sales, the outcome for the year was not in line with our original expectations at the beginning of 2014.

We completed a detailed review of our business activities and resourcing to ensure we are well positioned to deliver shareholder value moving forward. The review clearly highlighted the need to focus much more on our existing customers and markets, and to restrict our pursuit of new engagements to those deemed strategically important.

The major global markets for PTT are in North and South America with millions of users across older iDEN platforms and traditional radio networks. As these platforms reach the end of their useful life and customers seek out IP based solutions delivered across 3G/4G, we are strategically well placed to deliver, given the existing customers we have in these territories and our market leading technical platform.

Having strengthened our operational management team, we are now placing much greater emphasis on our account management activity. If we simply deliver the full potential from our existing customer base, we should be able to deliver significant shareholder value.

It is our intention, of course, to source new customers, but we will be much more strategic to ensure that our focussed resources are deployed effectively.

To provide the business with the necessary funds to continue this development, I am delighted to confirm that we have completed a placing on 15 April 2015, raising £1.35m with existing shareholders. The Company therefore has a sufficiently solid financial base with which to actively pursue the various exciting opportunities in the short to medium term.

The outlook remains positive for the business as recurring revenue levels continue to increase. The macro picture is also positive and we have developed one of the leading technical platforms in this space. The current year has started in line with our expectations and I look forward to further updates as the year progresses.

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

Jeremy Fenn
Chief Executive Officer
15 April 2015

Directors' report

The Directors present their annual report and audited financial statements of the Company and the Group for the year ended 31 December 2014.

Directors

The present Directors are detailed below.

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

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

	15 April 2015 number	**%**	**31 December 2014 number**	**%**	31 December 2013 number	%
Peter Wilkinson	**28,146,141**	**11.4**	**24,837,725**	**11.0**	24,837,725	11.0
Jeremy Fenn	**8,434,752**	**3.4**	**7,670,396**	**3.4**	7,670,396	3.4
Richard James	**2,959,870**	**1.2**	**2,959,870**	**1.3**	2,959,870	1.3
Jorge Pinievsky (resigned 3 October 2014)	**9,168,624**	**3.7**	**9,168,624**	**4.1**	9,168,624	4.1

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

Details of related party transactions involving Directors of the Company are given in note 20 to the Group financial statements.

Directors' emoluments

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

	Salary £'000	**Fees £'000**	**Benefits in kind £'000**	**Total £'000**	2013 Total £'000
Peter Wilkinson	–	58	–	**58**	39
Jeremy Fenn	6	120	1	**127**	202
Richard James	–	18	–	**18**	19
Jorge Pinievsky (resigned 3 October 2014)	105	–	23	**128**	188
Total	**111**	**196**	**24**	**331**	448

Jorge Pinievsky was the highest paid director in the year.

Interests in share options

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

	No. of share options 2014	Exercise price pence	Earliest exercise date	Expiry date	No. of share options 2013
Jeremy Fenn	3,000,000	7.5	03/01/15	03/01/22	3,000,000
Jorge Pinievsky (resigned 3 October 2014)	-	7.5	03/01/15	31/12/19	3,000,000

Substantial shareholdings

At 15 April 2015 InTechnology plc held 126,709,135 shares (31 December 2014: 112,200,000; 31 December 2013: 112,200,000) 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 recognizes 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 Chief Executive Officer, Jeremy Fenn. Meetings are also attended, by invitation, by the other Executive Director. 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, 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 Directors have reviewed the available cash reserves, confirmed financial support in the form of a new placing of shares completed on 15 April 2015 raising £1.35m, together with cash projections for the foreseeable future and in particular for the next twelve months from the date of signing these financial statements. The review modelled a range of sensitivities concerning both the size and timing of projected revenues from both current as well as new customers. On the basis of this review, they have reasonable expectation that the Group will be able to meet its liabilities as they fall due and continue to trade for the foreseeable future. They therefore have concluded that the financial statements are appropriately prepared on a going concern basis.

Employees

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

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

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

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

Share schemes

Share ownership is at the heart of the Group's remuneration philosophy and the Directors believe that the key to the Group's future success lies in a motivated workforce holding a stake in the Company. Details of share options granted are set out in note 15 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. The cost to the Group of £1,286k (2013: £890k) 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

The Directors are responsible for preparing the Strategic Report and Director's 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) for the Parent Company and International Financial Reporting Standards as adopted by the European Union (IFRSs) for the Group. Under company law, Directors must not approve the financial statements unless they are satisfied that they will give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, and disclose with reasonable accuracy at any time the financial position of the Company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company auditor is 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 auditor is aware of that information.

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

Annual General Meeting

The next AGM of the Company will be held on 1 July 2015. Details of the business to be proposed at the AGM are contained within the Notice of Meeting, which is set out on pages 46 to 49.

Independent auditor

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

The external auditor is required to rotate the lead audit partner responsible for the Group audit every five years in accordance with Ethical Standard 3 (ES3) 'Long association with the audit engagement', issued by the Auditing Practices Board. Having extended the term of the lead audit partner to a sixth year for the year ended 31 December 2013, following a fund raising exercise during the year, the lead audit partner duly changed in advance of the 2014 financial year end, in accordance with ES3.

By order of the Board

Jeremy Fenn
Chief Executive Officer
15 April 2015

Report of the independent auditor to the members of Mobile Tornado Group plc
For the year ended 31 December 2014

We have audited the financial statements of Mobile Tornado Group plc for the year ended 31 December 2014 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of financial position, the consolidated statement of cash flows, the parent company balance sheet and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' responsibilities within the Directors Report, 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2014 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MOBILE TORNADO

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

For the year ended 31 December 2014

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Grant Thornton UK LLP

Mark Overfield BSc FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
15 April 2015

Consolidated income statement
For the year ended 31 December 2014

	Note	**Year ended 31 December 2014 £'000**	Year ended 31 December 2013 £'000
Continuing operations			
Revenue	2	**1,746**	2,653
Cost of sales		**(280)**	(1,353)
Gross profit		**1,466**	1,300
Operating expenses			
Other operating expenses		**(3,969)**	(3,124)
Group operating loss before exchange differences, depreciation and amortisation expense		**(2,503)**	(1,824)
Exchange differences		**(13)**	(68)
Depreciation and amortisation expense		**(146)**	(124)
Total operating expenses		**(4,128)**	(3,316)
Group operating loss	3	**(2,662)**	(2,016)
Finance costs	4	**(513)**	(536)
Finance income	5	**7**	85
Loss before tax		**(3,168)**	(2,467)
Income tax credit	6	**220**	132
Loss for the year		**(2,948)**	(2,335)
Loss per share (pence)			
Basic and diluted	7	**(1.31)**	(1.18)

Consolidated statement of comprehensive income
For the year ended 31 December 2014

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Loss for the year	**(2,948)**	(2,335)
Other comprehensive income		
Item that will subsequently be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	**(18)**	5
Total comprehensive loss for the period	**(2,966)**	(2,330)
Attributable to:		
Equity holders of the parent	**(2,966)**	(2,330)

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

Consolidated statement of changes in equity
For the year ended 31 December 2014

MOBILE TORNADO

	Share capital £'000	Share premium £'000	Reverse acquisition reserve £'000	Merger reserve £'000	Preference shares £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2013	**3,699**	**4,449**	**(7,620)**	**10,938**	**2,390**	**(2,151)**	**(22,324)**	**(10,619)**
Equity settled share-based payments	-	-	-	-	-	-	25	25
Issue of share capital	800	6,776	-	-	-	-	-	7,576
Preference shares	-	-	-	-	(2,390)	-	-	(2,390)
Transactions with owners	**800**	**6,776**	**-**	**-**	**(2,390)**	**-**	**25**	**5 ,211**
Loss for the year	-	-	-	-	-	-	(2,335)	(2,335)
Exchange differences on translation of foreign operations	-	-	-	-	-	5	-	5
Total comprehensive income/ (loss) for the year	**-**	**-**	**-**	**-**	**-**	**5**	**(2,335)**	**(2,330)**
Balance at 31 December 2013	**4,499**	**11,225**	**(7,620)**	**10,938**	**-**	**(2,146)**	**(24,634)**	**(7,738)**

	Share capital £'000	Share premium £'000	Reverse acquisition reserve £'000	Merger reserve £'000	Preference shares £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2014	**4,499**	**11,225**	**(7,620)**	**10,938**	**-**	**(2,146)**	**(24,634)**	**(7,738)**
Equity settled share-based payments	-	-	-	-	-	-	(10)	(10)
Issue of share capital on exercise of options	2	-	-	-	-	-	-	2
Transactions with owners	**2**	**-**	**-**	**-**	**-**	**-**	**(10)**	**(8)**
Loss for the year	-	-	-	-	-	-	(2,948)	(2,948)
Exchange differences on translation of foreign operations	-	-	-	-	-	(18)	-	(18)
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**-**	**(18)**	**(2,948)**	**(2,966)**
Balance at 31 December 2014	**4,501**	**11,225**	**(7,620)**	**10,938**	**-**	**(2,164)**	**(27,592)**	**(10,712)**

MOBILE TORNADO

Consolidated statement of financial position
As at 31 December 2014

	Note	2014 £'000	2013 £'000
Assets			
Non-current assets			
Property, plant and equipment	8	**213**	204
		213	204
Current assets			
Trade and other receivables	9	**1,472**	1,060
Inventories	10	**109**	133
Cash and cash equivalents	11	**41**	2,437
		1,622	3,630
Liabilities			
Current liabilities			
Trade and other payables	12	**(3,303)**	(3,537)
Borrowings	13	**(1,047)**	-
Net current (liabilities)/assets		**(2,728)**	93
Non-current liabilities			
Trade and other payables	12	**(2,643)**	(2,412)
Borrowings	13	**(5,554)**	(5,623)
		(8,197)	(8,035)
Net liabilities		**(10,712)**	(7,738)
Equity attributable to the owners of the parent			
Share capital	14	**4,501**	4,499
Share premium	14	**11,225**	11,225
Reverse acquisition reserve		**(7,620)**	(7,620)
Merger reserve		**10,938**	10,938
Foreign currency translation reserve		**(2,164)**	(2,146)
Retained earnings		**(27,592)**	(24,634)
Total equity		**(10,712)**	(7,738)

The financial statements on pages 14 to 38 were approved by the Board of Directors on 15 April 2015 and were signed on its behalf by:

Jeremy Fenn
Chief Executive Officer
15 April 2015
Company Number: 5136300

Consolidated statement of cash flows

For the year ended 31 December 2014

	Note	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Operating activities			
Cash used in operations	16	**(2,751)**	(1,245)
Tax received		**220**	132
Interest received		**7**	6
Net cash used in operating activities		**(2,524)**	(1,107)
Investing activities			
Purchase of property, plant & equipment		**(148)**	(132)
Net cash used in investing activities		**(148)**	(132)
Financing			
Issue of ordinary share capital		**2**	4,000
Share issue costs		**-**	(424)
Proceeds from borrowings	13	**270**	-
Net cash inflow from financing		**272**	3,576
Effects of exchange rates on cash and cash equivalents		**4**	-
Net (decrease)/increase in cash and cash equivalents in the period		**(2,396)**	2,337
Cash and cash equivalents at beginning of period		**2,437**	100
Cash and cash equivalents at end of period		**41**	2,437

MOBILE TORNADO

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.

1.2 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards, IFRS, International Financial Reporting Interpretations Committee (IFRIC) 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 Directors have reviewed the available cash reserves, confirmed financial support in the form of a new equity share issue completed on 15 April 2015 raising £1.35m, together with cash projections for the foreseeable future and in particular for the next twelve months from the date of signing these financial statements. The review modelled a range of sensitivities concerning both the size and timing of projected revenues from both current as well as new customers. On the basis of this review, they have reasonable expectation that the Group will be able to meet its liabilities as they fall due and continue to trade for the foreseeable future. They therefore have concluded that the financial statements are appropriately prepared on a going concern basis.

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 15).

Contingent consideration – payments are dependent on estimates of future license sales revenues (note 12).

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 9).

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 2014. 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.

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.

1.4 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.

1.5 Interest

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

1.6 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

1.7 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.

1.8 Foreign currency translation

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

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.

1.9 Segmental reporting

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

1.10 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.

1.11 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.

Accounting policies

1.12 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.

1.13 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.

1.14 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
- 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 at each balance sheet date or earlier upon indication of impairment. Any impairment losses are written off immediately to income.

1.15 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.
- "Retained earnings" 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.

1.16 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 maturites of three months or less from inception and which are subject to an insignificant risk of changes in value.

1.17 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.

1.18 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.

1.19 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.

1.20 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:

- IFRS 9 Financial Instruments (IASB effective date 1 January 2018)
- IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017)
- IFRIC Interpretation 21 Levies (IASB effective 1 January 2014)
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) (IASB effective date 1 July 2014)
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (IASB effective date 1 January 2016)
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (IASB effective date 1 January 2016)
- Annual Improvements to IFRSs 2010-2012 Cycle (IASB effective date generally 1 July 2014)
- Annual Improvements to IFRSs 2011-2013 Cycle (IASB effective date 1 July 2014)
- Annual Improvements to IFRSs 2012-2014 Cycle (effective 1 January 2016)
- Amendments to IAS 16 and IAS 41: Bearer Plants (effective 1 January 2016)
- Amendments to IAS 27: Equity Method in Separate Financial Statements (effective 1 January 2016)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (effective 1 January 2016)
- IFRS 9 Financial Instruments (IASB effective date 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017)
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (IASB effective date 1 January 2016)

None of these standards are expected to have a significant impact on the financial statements of the Group.

A number of new and revised standards are effective for the first time in these financial statements. These include amendments to IFRS 10, IFRS 11 and IFRS 12. There is no significant impact on the financial statements of these revised standards.

2 Segmental analysis

The Group presents its results in accordance with internal management reporting information. At 31 December 2014 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 credit of £10,000 (year ended 31 December 2013: £25,000 charge).

Revenue by category

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Licenses	**981**	689
Hardware & software	**196**	1,424
Professional services	**287**	371
Other	**282**	169
Total	**1,746**	2,653

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

	Year ended 31 December 2014 Revenue £'000	**At 31 December 2014 Non-current assets £'000**	Year ended 31 December 2013 Revenue £'000	At 31 December 2013 Non-current assets £'000
UK	**169**	**19**	57	–
Europe	**546**	–	392	–
North America	**440**	**46**	1,348	76
South America	**112**	–	76	40
Israel	**48**	**148**	–	88
Africa	**379**	–	327	–
Asia/Pacific	**52**	–	453	–
Total	**1,746**	**213**	2,653	204

Our mobile network operator customer in Canada represents 24% (2013: 48%) of the total revenue of the Group.

Notes to the financial statements
For the year ended 31 December 2014

3 Group operating loss

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Group operating loss before taxation is stated after charging/(crediting):		
Staff costs (note 17)	**2,314**	1 ,889
Depreciation of owned property, plant and equipment (note 8)	**146**	124
Research and development expenditure	**1,286**	890
Other operating lease rentals	**288**	149
Net exchange loss/(gain)	**13**	68

Auditor's remuneration

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

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**22**	23
Fees payable to the Company's auditor and its associates for other services:		
Tax compliance services	**5**	11
Corporate finance services	**-**	25
Other services pursuant to legislation	**3**	2
Total	**30**	61

4 Finance costs

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Finance charge on preference shares	**(513)**	(425)
Other interest payable	**-**	(111)
Total finance costs	**(513)**	(536)

5 Finance income

	31 December 2014 £'000	31 December 2013 £'000
Profit on initial fair valuation recognition of preference shares	**–**	79
Bank interest receivable	**7**	6
Total finance income	**7**	85

6 Tax

(a) Analysis of credit for the year

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
United Kingdom current tax		
Adjustment in respect of prior periods	**(220)**	(132)
Total credit for the year	**(220)**	(132)

(b) Factors affecting the tax credit for the year

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Loss before tax	**(3,168)**	(2,467)
At standard rate of corporation tax of 21% (2013: 23%)	**(665)**	(567)
Effects of:		
Expenses not deductible for tax purposes	**108**	103
Un-utilised tax losses	**557**	464
Prior year research & development tax credit claimed	**(220)**	(132)
Total credit for the year	**(220)**	(132)

The most appropriate tax rate for the Group is considered to be 21% (2013: 23%), the standard rate of profits tax in the UK.

Deferred tax:

At 31 December 2014 the Group had accumulated tax losses of £29,609,000 (31 December 2013: £25,356,000) 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.

7 Loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of £2,948,000 (2013: £2,335,000) by the weighted average number of ordinary shares in issue during the year of 224,990,775 (2013: 198,036,027).

	Year ended 31 December 2014 Basic and diluted		Year ended 31 December 2013 Basic and diluted	
	Loss £'000	**Loss per share pence**	Loss £'000	Loss per share pence
Loss attributable to ordinary shareholders	**(2,948)**	**(1.31)**	(2,335)	(1.18)
Adjusted basic loss per share	**(2,948)**	**(1.31)**	(2,335)	(1.18)

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.

8 Property, plant and equipment

	Office equipment £'000	**Computer equipment £'000**	**Leasehold improvement £'000**	**Total £'000**
Cost				
At 1 January 2013	19	648	16	683
Additions	1	131	-	132
Disposals	-	(41)	-	(41)
Exchange adjustments	(1)	(8)	(1)	(10)
At 31 December 2013	**19**	**730**	**15**	**764**
Additions	39	70	43	152
Exchange adjustments	1	26	1	28
At 31 December 2014	**59**	**826**	**59**	**944**
Accumulated depreciation				
At 1 January 2013	11	446	5	462
Charge for the year	1	114	9	124
Disposals	-	(19)	-	(19)
Exchange adjustments	-	(7)	-	(7)
At 31 December 2013	**12**	**534**	**14**	**560**
Charge for the year	7	137	3	146
Exchange adjustments	2	21	2	25
At 31 December 2014	**21**	**691**	**19**	**731**
Net book amount at 31 December 2014	**38**	**134**	**41**	**213**
Net book amount at 31 December 2013	7	196	1	204

9 Trade and other receivables

	2014 £'000	2013 £'000
Trade receivables	**1,159**	586
Less: provision for impairment of trade receivables	**(177)**	-
Trade receivables - net	**982**	586
Other receivables	**254**	291
Prepayments and accrued income	**236**	183
Total	**1,472**	1,060
Current portion	**1,472**	1,060

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

	2014 £'000	2013 £'000
Impaired		
Three to six months	**177**	-
Total	**177**	-
Not impaired		
Less than three months	**179**	113
Three to six months	**140**	104
Over six months	**502**	258
Total	**821**	475

Of the overdue receivables against which no provision has been made, £628,000 (2013: £311,000) 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, confirmed financial support 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:

	2014 £'000	2013 £'000
At 1 January	-	97
Provision for receivables impairment	**177**	-
Receivables written off during the year as uncollectable	-	(97)
Total	**177**	-

10 Inventories

	2014 £'000	2013 £'000
Hardware	**109**	133

11 Cash and cash equivalents

	2014 £'000	2013 £'000
Cash at bank and in hand:		
- Sterling	**11**	291
- US Dollar	**17**	252
- Canadian dollar	**-**	18
- Euro	**-**	53
- Israel Shekel	**13**	173
Short-term deposits in Sterling	**-**	1,650
Total	**41**	2,437

12 Trade and other payables

	2014 £'000	2013 £'000
Trade payables	**667**	452
Accruals	**360**	517
Social security and other taxes	**47**	47
Other creditors	**98**	155
Deferred income	**2,003**	2,071
Contingent consideration	**2,771**	2,707
Total	**5,946**	5,949
Less non-current portion: contingent consideration	**(2,643)**	(2,412)
Current portion	**3,303**	3,537

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

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

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

The deferred income balance includes an amount of £1,843,000 (2013: £1,977,000) 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 licence, or the expiration of its obligations if sooner.

13 Borrowings, other financial liabilities and other financial assets

	2014 £'000	2013 £'000
Preference shares	**6,331**	5,623
Loans	**270**	-
Total borrowings	**6,601**	5,623

Maturity analysis

	2014 £'000	2013 £'000
In one year or less	**1,047**	-
Between one and two years	**-**	-
Between two and five years	**5,554**	5,623
Total	**6,601**	5,623

Loans of £270k are non-interest bearing and repayable on demand.

As at 31 December 2014, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	31 December 2014			31 December 2013		
	Current		**Non-current**	Current		Non-current
	within 6 months £'000	**6 to 12 months £'000**	**1 to 5 years £'000**	within 6 months £'000	6 to 12 months £'000	1 to 5 years £'000
Other loans	**270**	**-**	**-**	-	-	-
Preference shares	**777**	**299**	**7,943**	195	288	8,536
Trade and other payables	**1,145**	**86**	**2,643**	1,371	48	2,412
Total	**2,192**	**385**	**10,586**	1,566	336	10,948

The group do not have any derivative financial liabilities at 31 December 2014 or 31 December 2013.

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 £41,000 (2013: £2,437,000) as follows:

	Floating rate	
	31 December 2014 £'000	31 December 2013 £'000
Currency		
Sterling	**11**	1,941
US dollar	**17**	252
Canadian dollar	**–**	18
Euro	**–**	53
Israel shekel	**13**	173
Total	**41**	2,437

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 (2013: £nil).

Interest rate risk profile of financial liabilities

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

	Fixed	
	31 December 2014 £'000	31 December 2013 £'000
Fixed rate 10% preference shares classified as debt	**6,331**	5,623
Total	**6,331**	5,623

	Floating	
	31 December 2014 £'000	31 December 2013 £'000
Loans	**270**	–
Total	**270**	–

Currency risk

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

	31 December 2014 £'000	31 December 2013 £'000
Functional currency of operation: Sterling		
US Dollar (net liabilities)	**(2,039)**	(2,102)
Euro (net liabilities)	**(1,768)**	(1,830)
Canadian Dollar net assets	**19**	79
Total	**(3,788)**	(3,853)

Notes to the financial statements
For the year ended 31 December 2014

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 £421,000 (2013: £428,000).

A 1% movement in interest rates would result in a charge or credit to profit and equity of £6,000 (2013: £17,000).

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 period covered by the financial statements.

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

	31 December 2014 £'000	31 December 2013 £'000
Current assets – loans and receivables		
Trade and other receivables	**1,236**	877
Cash and cash equivalents	**41**	2,437
	1,277	3,314
Current liabilities – held at amortised cost		
Trade and other payables	**(1,254)**	(1,419)
Preference shares	**(777)**	–
Loans	**(270)**	–
	(2,301)	(1,419)
Non-current liabilities – held at amortised cost		
Trade and other payables	**(2,643)**	(2,412)
Preference shares	**(5,554)**	(5,623)
	(8,197)	(8,035)
Net financial assets and liabilities	**(9,221)**	(6,140)

The Directors consider that the fair value of financial assets and liabilities approximates to the carrying value for both 2014 and 2013.

Notes to the financial statements
For the year ended 31 December 2014

14 Share capital and share premium

	Number of issued and fully paid shares '000	Share capital £'000	Share premium £'000	Total £'000
At 1 January 2014	224,953	4,499	11,225	15,724
Issue of shares	100	2	–	2
As at 31 December 2014	**225,053**	**4,501**	**11,225**	**15,726**

The total authorised number of ordinary shares is 475 million (2013: 475 million) with a par value of 2p per share (2013: 2p per share).

Non-voting preference shares – included in financial liabilities

	Number of shares '000	Nominal Value £'000
As at 31 December 2013 and 2014	**71,277**	**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.

15 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 2014 '000	2013 '000	Exercise price pence	Earliest exercise date	Vesting condition	Expiry date
Israel scheme	**1,169**	1,268	2.0	02/02/09	–	31/12/19
Israel scheme	**1,600**	1,900	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	**450**	4,601	7.5	03/01/15	–	31/12/19
UK scheme	**3,500**	3,500	7.5	03/01/15	–	03/01/22
Total	**7,019**	11,569				

Notes to the financial statements
For the year ended 31 December 2014

Options were valued using the Black-Scholes option-pricing model. 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. A reconciliation of option movements over the year to 31 December 2014 is shown below:

	2014		2013	
	Number '000	**Weighted average exercise price pence**	Number '000	Weighted average exercise price pence
Outstanding at 1 January 2014/2013	**11,569**	**4.2**	11,569	4.2
Forfeited	**(4,451)**	**7.5**	-	-
Exercised	**(99)**	**2.0**	-	-
Outstanding at 31 December	**7,019**	**4.0**	11,569	4.0
Exercisable at 31 December	**1,268**	**2.0**	1,268	2.0

There were no options granted in 2014 nor 2013.

The closing mid-market share price on 14 April 2015 was 4.6 pence.

The weighted average remaining contractual life of the share options outstanding at 31 December 2014 was 6.0 years at exercise prices ranging from 2.0 pence to 7.5 pence.

Those options exercisable at 31 December 2014 are at an exercise price of 2.0 pence.

The total credit for the year relating to employee share-based payment plans was £10,000 (2013: charge of £25,000), all of which related to equity-settled share-based payment transactions.

16 Cash used in operations

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Loss before taxation	**(3,168)**	(2,467)
Adjustments for:		
Depreciation and impairment	**146**	124
Share-based payment charge	**(10)**	25
Interest income	**(7)**	(6)
Fair value loss/(gain) on financial liabilities recognised in profit or loss	**-**	(79)
Interest expense	**513**	536
Changes in working capital:		
Decrease/(increase) in inventories	**30**	(44)
(Increase)/decrease in trade and other receivables	**(394)**	1,116
Increase/(decrease) in trade and other payables	**139**	(450)
Net cash used in operations	**(2,751)**	(1,245)

Notes to the financial statements

For the year ended 31 December 2014

17 Employee information

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

	Year ended 31 December 2014 Number	Year ended 31 December 2013 Number
Sales	**8**	5
Product development & operations	**37**	28
Finance & administration	**5**	5
Total	**50**	38

Included in the table above are 19 persons that are contractors (2013: 16). These are included as employees on the basis of their providing services to the Group on a material time basis over the year.

Staff costs for the persons above were:

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Wages and salaries	**2,226**	1,576
Social security costs	**90**	59
Pension costs	**52**	32
Share-based payment charge	**(10)**	25
Holiday provision and other benefits	**(45)**	222
Total	**2,314**	1,914

18 Capital commitments

The Group had no capital commitments at 31 December 2014 (2013: £nil)

19 Operating leases

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

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Lease payments under operating leases charged to operating costs in the year	**288**	149

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

	31 December 2014 £'000	31 December 2013 £'000
within one year	**207**	236
one to five years	**197**	192
Total	**404**	428

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

20 Related party transactions

For the purposes of IAS 24, key management of the Group are the same as those of the Board of Directors. There were no share options issued to key management personnel during the year. Key management personnel remuneration includes the following expenses:

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Salaries including bonuses	**111**	141
Other benefits	**24**	54
Total remuneration	**135**	195
Share-based payment (credit)/charge	**(4)**	19
Sums paid to third parties for services	**196**	253
Total short-term employee benefits	**327**	467

Directors remuneration and the remuneration of each Director is presented in the Directors' Report on page 7.

Peter Wilkinson is a shareholder and Director of InTechnology plc. Mobile Tornado Group plc has bought goods and services totalling £417,000 (year ended 31 December 2013; £484,000) from InTechnology plc in the year to 31 December 2014. As at 31 December 2014, Mobile Tornado Group plc owed InTechnology plc £333,000 (31 December 2013; £59,000).

InTechnology plc has provided loan finance of £270,000 to Mobile Tornado Group plc in the year ended 31 December 2014 (year ended 31 December 2013; £nil). As at 31 December 2014, Mobile Tornado Group plc owed InTechnology plc £270,000 (31 December 2013; £nil).

Peter Wilkinson is a shareholder and Director of Alvarion Telecom UK Ltd - a 100% parent company of Alvarion Technologies Ltd. Mobile Tornado Group plc has sold services totalling £70,000 (year ended 31 December 2013; £nil) to Alvarion Technologies Ltd in the year to 31 December 2014. As at 31 December 2014, Alvarion Technologies Ltd owed Mobile Tornado Group plc £nil (31 December 2013; £nil).

MT Labs Ltd has sold services totalling £421,000 (year ended 31 December 2013; £nil) to Alvarion Technologies Ltd in the year to 31 December 2014. MT Labs Ltd has bought services totalling £127,000 (year ended 31 December 2013; £nil) from Alvarion Technologies Ltd in the year to 31 December 2014. As at 31 December 2014, Alvarion Technologies Ltd owed MT Labs Ltd £29,000 (31 December 2013; £nil).

Jorge Pinievsky is a shareholder and Director of Valley Telecom Limited. Mobile Tornado Group plc has bought goods and services totalling £10,000 (year ended 31 December 2013; £115,000) from Valley Telecom Limited in the year to 31 December 2014. As at 31 December 2014, Mobile Tornado Group plc owed Valley Telecom Limited £nil (31 December 2013; £nil).

Payments to a third party, Stonerings Limited, are made in respect of the services provided by Jeremy Fenn, Chief Executive Officer. As at 31 December 2014, Mobile Tornado Group plc owed £5,000 (31 December 2013: £12,000) to Jeremy Fenn.

21 Post balance sheet event

On 15 April 2015 the Company completed a placing of 22.5 million shares at 6p to raise a total of £1.35m. InTechnology plc and the Directors have subscribed for 18,581,907 shares comprising 82.6% of the issue. The placing will be used to fund the working capital requirements of the Company.

Company balance sheet – prepared under UK GAAP
As at 31 December 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	2	**115**	145
Goodwill	4	**11,953**	12,758
		12,068	12,903
Current assets			
Debtors	5	**1,626**	1,172
Cash at bank and in hand		**12**	2,265
		1,638	3,437
Creditors – amounts falling due within one year	6	**(3,937)**	(3,079)
Net current (liabilities)/assets		**(2,299)**	358
Total assets less current liabilities		**9,769**	13,261
Creditors – amounts falling due after one year	6	**(8,345)**	(8,035)
Net assets		**1,424**	5,226
Capital and reserves			
Called up share capital	7,8	**4,501**	4,499
Share premium account	8	**11,225**	11,225
Merger reserve	8	**10,938**	10,938
Share option reserve	8	**90**	100
Profit and loss account	8	**(25,330)**	(21,536)
Shareholders' funds		**1,424**	5,226

The financial statements on pages 39 to 45 were approved by the Board of Directors on 15 April 2015 and were signed on its behalf by:

Jeremy Fenn
Chief Executive Officer
15 April 2015
Company Number: 5136300

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

Notes to the Company financial statements prepared under UK GAAP
For the year ended 31 December 2014

1 Principal accounting policies

1.1 Basis of preparation
The financial statements have been prepared under the historical cost basis of accounting and in accordance with applicable accounting standards - United Kingdom Generally Accepted Accounting Practice (UK GAAP).

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its individual statement of comprehensive income in these financial statements. The Company's overall result for the year is given in the statement of changes in shareholders' equity.

1.2 Going concern
The Directors have reviewed the available cash reserves, confirmed financial support in the form of a new equity share issue completed on 15 April 2015 raising £1.35m, together with cash projections for the foreseeable future and in particular for the next twelve months from the date of signing these financial statements. The review modelled a range of sensitivities concerning both the size and timing of projected revenues from both current as well as new customers. On the basis of this review, they have reasonable expectation that the Group will be able to meet its liabilities as they fall due and continue to trade for the foreseeable future. They therefore have concluded that the financial statements are appropriately prepared on a going concern basis.

1.3 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.

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

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

1.5 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.

Notes to the Company financial statements prepared under UK GAAP
For the year ended 31 December 2014

1.6 Goodwill

In previous periods the Directors departed from the specific requirement of Companies legislation to amortise goodwill over a finite period for the purpose of giving a true and fair view. In the current year the Directors have reviewed this assessment and believe that the goodwill has a finite life of 20 years and therefore will amortise the goodwill over this period. This is a change in management estimate and is based on a consideration of the level of uncertainty involved in predicting general market conditions beyond a period of 20 years.

1.7 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.

1.8 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.

2 Tangible assets

	Computer equipment £'000	Vehicles £'000	Total £'000
Cost			
At 1 January 2014	328	–	328
Additions	35	24	59
At 31 December 2014	**363**	**24**	**387**
Accumulated depreciation			
At 1 January 2014	183	–	183
Charge for the year	84	5	89
At 31 December 2014	**267**	**5**	**272**
Net book amount at 31 December 2014	**96**	**19**	**115**
Net book amount at 31 December 2013	145	–	145

3 Investments

Details of the principal investments at 31 December 2014 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%

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.

4 Goodwill

	Goodwill £'000
At 1 January 2013 and 31 December 2013	12,758
Amortisation for the year	(805)
At 31 December 2014	**11,953**

The Directors in considering current sales pipeline activity and future cash flow projections together with the quality of its current research and development team believe that the intellectual property held by the Company can deliver economic benefits in excess of the carrying value of the goodwill. For this reason, no impairment has been applied for the year.

5 Debtors

	2014 £'000	2013 £'000
Trade receivables - net	**958**	586
Other debtors and prepayments	**230**	141
Amounts owed by Group undertakings	**438**	445
Total	**1,626**	1,172

Notes to the Company financial statements prepared under UK GAAP
For the year ended 31 December 2014

6 Creditors – amounts falling due within one year

	2014 **£'000**	2013 £'000
Trade creditors and accruals	**725**	611
Other taxation and social security	**19**	10
10% cumulative preference shares	**6,479**	5,702
Other creditors	**15**	13
Deferred income	**2,003**	2,071
Loans	**270**	-
Contingent consideration	**2,771**	2,707
Total	**12,282**	11,114
Less non-current portion:		
Deferred consideration	**(2,643)**	(2,412)
10% cumulative preference shares	**(5,702)**	(5,623)
Amounts due within 1 year	**3,937**	3,079

7 Share capital

	2014 **£'000**	2013 £'000
Allotted, called up and fully paid		
225,053,189 (2013: 224,953,708) Ordinary shares of 2p each	**4,501**	4,499
Total	**4,501**	4,499

Non-voting preference shares – classified as liability

	Number of shares '000	**Nominal Value £'000**
As at 31 December 2013 and 2014	**71,277**	**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.

Notes to the Company financial statements prepared under UK GAAP
For the year ended 31 December 2014

8 Reconciliation of movement in shareholders' funds

	Ordinary share capital £'000	Share premium account £'000	Merger reserve £'000	Preference shares £'000	Share option reserve £'000	Profit & loss account £'000	Total share-holders' funds £'000
At 1 January 2013	3,699	4,449	10,938	2,390	75	(19,153)	2,398
Issue of shares	800	6,776	–	–	–	–	7,576
Employee share option adjustment	–	–	–	–	25	–	25
Loss for the year	–	–	–	–	–	(2,383)	(2,383)
Preference shares	–	–	–	(2,390)	–	–	(2,390)
At 31 December 2013	**4,499**	**11,225**	**10,938**	**-**	**100**	**(21,536)**	**5,226**

	Ordinary share capital £'000	Share premium account £'000	Merger reserve £'000	Share option reserve £'000	Profit & loss account £'000	Total shareholders' funds £'000
At 1 January 2014	4,499	11,225	10,938	100	(21,536)	5,226
Issue of shares	2	–	–	–	–	2
Employee share option adjustment	–	–	–	(10)	–	(10)
Loss for the year	–	–	–	–	(3,794)	(3,794)
At 31 December 2014	**4,501**	**11,225**	**10,938**	**90**	**(25,330)**	**1,424**

9 Operating leases

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

	31 December 2014 £'000	31 December 2013 £'000
within one year	**57**	67
Total	**57**	67

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

Notes to the Company financial statements prepared under UK GAAP
For the year ended 31 December 2014

10 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 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 £417,000 (year ended 31 December 2013; £484,000) from InTechnology plc in the year to 31 December 2014. As at 31 December 2014, Mobile Tornado Group plc owed InTechnology plc £333,000 (31 December 2013; £59,000).

InTechnology plc has provided loan finance of £270,000 to Mobile Tornado Group plc in the year ended 31 December 2014 (year ended 31 December 2013; £nil). As at 31 December 2014, Mobile Tornado Group plc owed InTechnology plc £270,000 (31 December 2013; £nil).

Peter Wilkinson is a shareholder and Director of Alvarion Telecom UK Ltd - a 100% parent company of Alvarion Technologies Ltd. Mobile Tornado Group plc has sold services totalling £70,000 (year ended 31 December 2013; £nil) to Alvarion Technologies Ltd in the year to 31 December 2014. As at 31 December 2014, Alvarion Technologies Ltd owed Mobile Tornado Group plc £nil (31 December 2013; £nil).

Jorge Pinievsky is a shareholder and Director of Valley Telecom Limited. Mobile Tornado Group plc has bought goods and services totalling £10,000 (year ended 31 December 2013; £115,000) from Valley Telecom Limited in the year to 31 December 2014. As at 31 December 2014, Mobile Tornado Group plc owed Valley Telecom Limited £nil (31 December 2013; £nil).

Payments to a third party, Stonerings Limited, are made in respect of the services provided by Jeremy Fenn, Chief Executive Officer. As at 31 December 2014, Mobile Tornado Group Plc owed £5,000 (31 December 2013: £12,000) to Jeremy Fenn.

11 Loss for the financial year

The Parent 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 2014 was £3,794,000 (year ended 31 December 2013: £2,383,000 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 30 June 2015 at 09:00 am to transact the following business:

As ordinary business:

1. to receive and adopt the report of the Directors and the audited accounts of the Company and its subsidiaries for the financial year ended 31 December 2014 together with the report of the auditors thereon;

2. to re-appoint Grant Thornton UK LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company;

3. to authorise the Directors to determine the auditors' remuneration;

4. to re-appoint Peter Wilkinson, 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;

As special business:

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

5. THAT, in substitution for all existing and unexercised authorities, 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 £1,650,354 (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.

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:

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

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

(iii) otherwise than pursuant to sub-paragraphs (a) and (b) above, up to an aggregate nominal amount of £495,106 (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
Richard James
Company Secretary
5 June 2015

Registered office:
Cardale House
Cardale Court
Beckwith Head Road
Harrogate
HG3 1RY

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 28 June 2015.

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

Appointment of proxy by 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). 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 Asset Services (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).

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 after the relevant cut-off time will be disregarded.

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

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

Termination of proxy appointments

9 In order to revoke a proxy instruction you will need to inform Capita Registrars by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Asset Services at PXS, 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 28 June 2015.

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 a completed proxy form, other such instrument 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 appointment 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 of its directors 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 6:00 p.m. on 28 June 2015 (or if the Meeting is adjourned 6:00 p.m. 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 HG3 1RY
Directors:	P R Wilkinson (Non-Executive Chairman) J M Fenn (Chief Executive Officer) R M 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:	Walker Morris LLP Kings Court 12 King Street Leeds LS1 2HL
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 address:	www.mobiletornado.com