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Statement re Placing

Released : 27/06/2006

Mobile Tornado Group PLC
27 June 2006

Mobile Tornado Group Plc ('Company' or 'Mobile Tornado')

On 26 April 2006, the Company announced the placing of 14,551,333 new ordinary shares at a price of 16p per ordinary share ('Placing') to accelerate its global marketing and develop extensions of its fixed-mobile convergence products.

Mr Pinievsky, a director of the Company, subscribed for 12,251,333 new ordinary shares in the Placing ('Placing Shares'). On receipt of his duly signed subscription letter and confirmation from Mr Pinievsky that the Company's Israeli subsidiary was in funds, the Board issued and allotted the Placing Shares. However, as at the date of this announcement, the Company has not yet received payment for the Placing Shares. Whilst Mr Pinievsky has assured the Board that he continues to make every effort to secure the funds to pay for the shares, the Board has now come to the view, following its own investigations and detailed discussions with Mr Pinievsky, that there can be no assurance that the financing that Mr Pinievsky confirmed was in place will be forthcoming, in which circumstances Mr Pinievsky may be unable to pay for his Placing Shares.

Mr Pinievsky has today resigned from the board of Mobile Tornado, although he will remain with the Group as an employee. The Board is taking legal advice to determine what immediate action should be taken in relation to the Placing Shares and to consider the enforcement of payment obligations against Mr Pinievsky.

The financial position of the Company and its subsidiaries ('Group') has been protected against the shortfall of the placing proceeds by management actions across the Group to reduce development costs, delay the expansion programme, manage creditors and agree additional shareholder loans.

The Board is currently working with Mr Pinievsky to resolve this matter without recourse to litigation and, in particular, is addressing the possibility of Mr Pinievsky realising other assets (including potentially his pre-existing holding of shares in the Company) to fund his default. Mr Pinievsky has agreed to deposit the share certificates he holds in respect of all shares issued to him in connection with such discussion.

A further announcement will be made in due course.

Trading Update

The Company continues to see increasing global interest for its mobile Push to 'X' products, including its recently demonstrated Push to Video solution. The Company's key patent continues to be progressed in major territories. Mobile Tornado, in collaboration with global hosting partners, is planning to launch a managed service for its products to address the smaller mobile operators and enterprise customers on a pay per month model. The first service is expected to launch in Germany in July 2006. Trading revenues from Mobile Tornado International Limited are anticipated to be approximately £290,000 for the 12 months to 30 June 2006. The Directors are encouraged by the revenues expected from the contracts already in place and the growing order book for the coming financial year.

Contacts:

Mobile Tornado Group	
John Swingewood, Executive Chairman	020 8104 1992
Buchanan Communications	
James Strong	020 7466 5000
Corporate Synergy Plc	
Rhod Cruwys / John Prior	020 7448 4400

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