Mobile Tornado Group plc
("Mobile Tornado", the "Company" or the "Group")

Final results

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 2013.

Financial highlights

- Revenue up 82.6% to £2.65m (2012: £1.45m)
  - *Recurring licence fees up 36% to £0.83m (2012: £0.61m)*
  - *Installation fees of £1.80m (2012: £0.84m)*
- Adjusted EBITDA* loss of £1.82m (2012: £1.36m loss)
  - *Reflecting planned investment in the staff base in anticipation of future growth*
- Adjusted operating loss* of £1.95m (2012: £1.46m loss)
- Loss after tax of £2.34m (2012: £1.69m loss)
- Basic loss per share of 1.18p (2012: 0.91p loss)
- Cash at bank of £2.44m (2012: £0.10m) with net debt of £3.19m (2012: £3.25m)

**excluding exchange differences*

Operating highlights

- Increase in sales momentum with installations to generate future recurring licence fees
- 29,000 billing licences at the end of December 2013 (2012: 19,000)
- Successful commercial launch of TELUS Link in Canada
- América Móvil and France-based Tier 1 MNO deployed and ready for commercial launch
- Homeland security trial in SE Asia progressing well
- New strategic partner agreement in Turkey
- Further negotiations with Mobile Network Operators and additional trials underway
- New division launched in Israel to exploit existing PTT market
- Further investment in the business through the recruitment of additional engineering resource

Jeremy Fenn, Chief Executive Officer of Mobile Tornado, said: "The year has seen strong revenue growth as Mobile Network Operators continue to look to create new revenue streams around additional services and applications. There is an increasing recognition among MNOs that Mobile Tornado's Push to Talk (PTT) application suite is the leading communication tool for remote workforces. The period under review has also been characterised by a number of large installation projects and good progress on a number of continuing trials, which we expect to start generating recurring licence fee revenues in the near future. We have prepared the Company to deliver on further growth and remain confident that we will deliver significant shareholder value from our pipeline of opportunities."

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About Mobile Tornado Group Plc (www.mobiletornado.com)

Mobile Tornado Group PLC (AIM: MBT) specialises in the provision of Instant Communications services for mobile devices, with a focus on enterprise workforce management. The Company's main applications comprise Instant Talk, Instant Locate, Instant Alert & Instant Message and are geared towards improving a business's productivity and performance by enabling organisations and workers to connect one-to-one or one-to-many at the touch of a button.

By equipping their workforce with conventional mobile handsets and Mobile Tornado's Instant Communication services, a company can communicate with one or many employees simultaneously, monitor employee locations, and immediately be alerted of major issues. At the touch of a button, they can communicate with employees more efficiently and cost-effectively than would be possible with traditional mobile services or other Private Mobile Radio (PMR) solutions.

Mobile Tornado's patented Internet Protocol Radio Service (IPRS™) technology has been successfully deployed on networks around the world. The suite of IP-based, OMA standards-compliant services provide instantaneous, 'always-on', bandwidth-efficient communications across a range of mobile networks and devices, including compatibility with forthcoming LTE (Long Term Evolution) 4G mobile networks. Both technical and cost performance is superior to many competing services and technologies, with proven success in the current marketplace.

Financial results and key performance indicators

Total revenue for the year ended 31 December 2013 increased 82.6% to £2.65m (2012: £1.45m). The increase in total revenue was largely due to the significant increase in income related to a major installation for our Tier 1 Mobile Network Operator in Canada. As a result we saw installation fees increase by 113% to £1.80m (2012: £0.84m).

Recurring licence fee revenues, our key performance indicator for the business, were up by 36% to £0.83m (2012: £0.61m) and monthly run-rate recurring licence fees as at 31 December 2013 were £79,000, a 49% improvement on the previous year (as at 31 December 2012: £53,000).

Gross profit increased to £1.30m (2012: £1.15m). However, gross margin is expected to improve with the introduction of additional recurring licence revenues as our Mobile Network Operator ("MNO") installations move out of installation and trial phases and into commercial deployment.

The significant increase in activity levels referenced above has compelled management to make significant human and capital investments in the business across the sales, technical and customer service operations. This investment for growth has resulted in operating expenses increasing during the period to £3.12m from £2.51m. However, we believe the current headcount and cost base is now at a suitable level to see the business develop over the medium-term.

As a result, Group operating loss before exchange differences, depreciation and amortisation increased to £1.82m (2012: £1.36m loss). Reported Group operating losses were £2.02m (2012: £1.33m). The loss before tax for the period was £2.47m (2012: £1.79m loss). This resulted in a basic loss per share of 1.18p (2012: 0.91p loss).

The net cash outflow from operating activities was £1.11m (2012: £0.94m). In August 2013, the Company raised gross proceeds of £4.0m from a placing of 20,000,000 new ordinary shares at 20 pence per share. Therefore the Company saw a net increase in cash and cash equivalents in the period of £2.34m (2012: £0.02m increase). In addition, a capital reorganisation was also completed which resulted in £4.0m of debt being capitalised into ordinary shares and £2.7m of debt capitalised into non-convertible preference shares. At 31 December the Company had £2.44m cash at bank (31 December 2012: £0.10m) and net debt of £3.19m (2012: £3.25m).

Results and dividends

The Directors are unable to recommend the payment of a dividend in respect of the year ended 31 December 2013 (year ended 31 December 2012: £nil). The Company currently intends to reinvest future earnings to finance the growth of the business.

Business review

The Company made continued progress during 2013 across each of its primary channels to market, namely:

- Mobile network operators (MNOs) reselling to their business customers
- Partners reselling to their enterprise customers
- Hardware manufacturers embedding the application into their devices
- Government and Municipal agencies procuring solutions for Homeland Security

Mobile Network Operators

We successfully deployed and installed our Push-To-Talk (PTT) platform with the Tier 1 Mobile Network Operator, TELUS, in Canada during the period, with TELUS link, their next generation PTT service, available to their customers from October 2013. Of particular note is that the technical delivery teams completed this initial deployment on schedule and on budget proving the operational abilities of the Group in addition to the compelling value proposition of the technical offering.

Canada is a territory with an existing customer base of PTT users who are already familiar with the benefits that the service brings and initial reports of early adoption rates are already looking positive. The TELUS Link service is an evolution of the legacy Mike service offered by TELUS on the iDEN network and customers are being encouraged to transfer to TELUS Link which offers expanded services that are compatible with all major smartphone operating systems. We expect to see an increasing momentum of TELUS customers transferring to this service during 2014.

We had expected to see the full commercial launch of PTT services for América Móvil and our Tier 1 MNO based in France, before the end of the year. This has now been pushed into the new financial year. We remain optimistic that Telcel in Mexico, with more than 70 million cellular subscribers, will be the first of América Móvil's Group of companies to launch the service during 2014 and we then expect Claro in Brazil to rapidly follow with more than 55 million subscribers, in 2014.

The scale of the opportunity for the Group continues to expand and we have engaged with four more MNOs across Africa, Europe and Asia. Whilst we have not yet concluded commercial agreements with these potential customers, we expect to be able to update investors on progress during 2014.

Regional partners

The Group believes regional partners offer the opportunity to accelerate our penetration in a number of our target markets. We have established partner relationships in the USA, Canada, South America, Germany, Italy and Spain and are working with each of them to develop opportunities within their respective territories. I am delighted to say that we have recently concluded a further strategic partnership agreement with NIMIS, a supplier of emergency, safety and security products to the enterprise sector in Turkey. Turkey is a territory that has an existing PTT market and we are hopeful that establishing a presence in this market will lead to the development of a new customer base for the Group.

Our exclusive partner in South Africa, Instacom, has made great progress during the period. They are now working with some of the most important transportation, security and facilities management companies in the region. They have established themselves as the leading provider of PTT in the region, and given the rapid adoption of 3G and 4G networks across the country, this momentum is expected to continue throughout 2014. We are convinced the wider African market represents an enormous opportunity for the Group and having already achieved market penetration in the South African market, we are keen to expand into other African territories and believe Instacom provides us with the platform to deliver this growth. We are in active discussions with them to determine the best way to develop the business into these new markets.

Hardware manufacturers

We continue to engage with hardware manufacturers as and when they introduce new devices into the market. One of the core features of our proposition is that we are able to operate across multiple hardware platforms to provide our customers with the widest possible choice in deploying our service.

During the period we worked with Sonim, one of the leading manufacturers of ruggedised handsets to the construction, security, oil, gas and chemical operations, utilities, logistics, forestry, agriculture and defence industries. We successfully integrated our PTT application into their devices for their North American customers.

Our service has also been successfully implemented in a new hands-free device by RoadStar, a wholly owned subsidiary of Telit Communications plc. Installation and set-up of the new PTT platform will start in Q2 of 2014. The RoadStar flagship product line is an innovative HSPA car phone with best in class hands free audio and value added services over high speed 3.5G cellular networks. The RoadStar, with the addition of PTT will be deployed in the global market and will include all the key features Mobile Tornado makes available in its standard applications for mobile devices. RoadStar is a leading provider of cellular fixed car phones products and services for public and private market segments.

We have also continued development of our own devices, in particular the T930 and which has been specially designed for the Homeland Security market. In particular, these devices feature our proprietary application alongside an industry leading and proprietary encryption layer that meets the demanding standards of this industry.

Homeland security

The development of our SPOC proposition (Secure PTT Over Cellular) has continued during the period and we have completed successful trials in South East Asia during the second half of the year. Significant technical engagement has continued into 2014 as we have refined the precise proposition and the integration protocols with the customer's required hardware specification. We believe we are nearing the completion of these activities and should reach full commercial engagement in the near future.

Although not at quite such an advanced stage we are in discussions with Government and Municipal agencies across Africa and South America. This is a huge market opportunity as public bodies across the world look for more economic means of communication. It's worth noting that the UK Government's Emergency Services Mobile Communications Programme is ultimately seeking a solution to replace the current TETRA platform deployed by Airwave. We believe this procurement process will be replicated around the world as Governments look for cheaper solutions with enhanced functionality to take advantage of the new 4G networks that are currently being rolled out. Having developed one of the leading PTT platforms, which can deliver much of the required functionality, we will be looking to ensure we are engaged in these developments.

New Division

As announced in March 2014, we decided to establish a separate division to target Israel, which is an established PTT market and one that we examined carefully during the second half of 2013. We have recruited Shmulik Nehama, one of the leading figures in the industry, who was part of the leadership team that founded Motorola Integrated Radio Systems ('MIRS') a company focused on PTT in the Israel market which built up a customer base in excess of 400,000. He has been appointed as Regional Director and has been charged with building a significant business presence in this market. He is currently in the process of organising trials for 20 leading companies, which will commence in May. I am hopeful that during the second half we will be able to report a successful outcome and commence commercial deployments.

Technical development

As a direct result of the increased engagements across our customer base, including Tier 1 MNOs, strategic partners, hardware manufacturers and the new launched division, we have been required to recruit additional staff into both our Technical and Operations teams. In total, we now have a team of 38 engineers and support staff responsible for executing our product roadmap, installing our platforms with new customers and managing the requirements of our existing customers.

We have noted the growing interest in Instant Communication platforms, particularly in the consumer space. Whilst we have clearly focused our early efforts on Enterprise grade instant communications, we have also developed a consumer based application for the South American market which we are determined to optimise and are currently reviewing our options in respect of the wider consumer market.

Outlook

Our progress in 2013 is a testament to the commercial interest in our Instant Communications platform which can be installed and integrated at a relatively low cost. MNOs are becoming more aware of Push to Talk applications as a means to generate additional revenues and increase customer loyalty.

Given the major platform installations that were largely completed in 2013 we are well positioned to benefit from the repeat licence fee revenues that will be generated following commercial launch.

We have been encouraged by our trials with Government agencies looking to adopt our Secure PTT over Cellular platform for homeland security and we hope to conclude our first commercial deal this year.

To manage the continued growth in activity across the business we have recruited a number of new engineers and support staff and I am delighted to welcome them to the Company. It has been a very productive period and I would like to thank the whole team for their huge efforts. We have prepared the Company to deliver on further growth and remain confident that we will deliver significant shareholder value from our pipeline of opportunities.

Peter Wilkinson
Chairman
23 April 2014

Consolidated income statement
For the year ended 31 December 2013

	Year ended 31 December 2013	Year ended 31 December 2012
	£'000	£'000
Continuing operations		
Revenue	**2,653**	1,453
Cost of sales	**(1,353)**	(308)
Gross profit	**1,300**	1,145
Operating expenses		
Other operating expenses	**(3,124)**	(2,506)
Group operating loss before exchange differences, depreciation and amortisation expense	**(1,824)**	(1,361)
Exchange differences	**(68)**	132
Depreciation and amortisation expense	**(124)**	(100)
Total operating expenses	**(3,316)**	(2,474)
Group operating loss	**(2,016)**	(1,329)
Finance costs	**(536)**	(460)
Finance income	**85**	-
Loss before tax	**(2,467)**	(1,789)
Income tax credit	**132**	101
Loss for the year	**(2,335)**	(1,688)
Attributable to:		
Equity holders of the parent	**(2,335)**	(1,688)
Loss per share (pence)		
Basic and diluted	**(1.18)**	(0.91)

Consolidated statement of comprehensive income
For the year ended 31 December 2013

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Loss for the year	**(2,335)**	(1,688)
Other comprehensive income		
Item that will subsequently be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	**5**	12
Total comprehensive loss for the period	**(2,330)**	(1,676)
Attributable to:		
Equity holders of the parent	**(2,330)**	(1,676)

Consolidated statement of changes in equity
For the year ended 31 December 2013

	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 2012	**3,699**	**4,449**	**(7,620)**	**10,938**	**2,390**	**(2,163)**	**(20,661)**	**(8,968)**
Equity settled share-based payments	-	-	-	-	-	-	25	25
Transactions with owners	-	-	-	-	-	-	**25**	**25**
Loss for the year	-	-	-	-	-	-	(1,688)	(1,688)
Exchange differences on translation								
of foreign operations	-	-	-	-	-	12	-	12
Total comprehensive income for the year	-	-	-	-	-	**12**	**(1,688)**	**(1,676)**
Balance at 31 December 2012	**3,699**	**4,449**	**(7,620)**	**10,938**	**2,390**	**(2,151)**	**(22,324)**	**(10,619)**

	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 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)**

Consolidated statement of financial position
As at 31 December 2013

	2013	2012
	£'000	£'000
Assets		
Non-current assets		
Property, plant and equipment	**204**	221
	204	221
Current assets		
Trade and other receivables	**1,060**	2,179
Inventories	**133**	68
Cash and cash equivalents	**2,437**	100
	3,630	2,347
Liabilities		
Current liabilities		
Trade and other payables	**(3,537)**	(7,223)
Borrowings	**-**	(267)
Net current assets / (liabilities)	**93**	(5,143)
Non-current liabilities		
Trade and other payables	**(2,412)**	(2,612)
Borrowings	**(5,623)**	(3,085)
	(8,035)	(5,697)
Net liabilities	**(7,738)**	(10,619)
Shareholders' equity		
Share capital	**4,499**	3,699
Share premium	**11,225**	4,449
Reverse acquisition reserve	**(7,620)**	(7,620)
Merger reserve	**10,938**	10,938
Preference shares	**-**	2,390
Share option reserve	**100**	75
Foreign currency translation reserve	**(2,146)**	(2,151)
Retained earnings	**(24,734)**	(22,399)
Total equity	**(7,738)**	(10,619)

Consolidated statement of cash flows
For the year ended 31 December 2013

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Operating activities		
Cash used in operations	**(1,245)**	(1,043)
Tax received	**132**	101
Interest received	**6**	-
Net cash used in operating activities	**(1,107)**	(942)
Investing activities		
Purchase of property, plant & equipment	**(132)**	(261)
Net cash used in investing activities	**(132)**	(261)
Financing		
Issue of ordinary share capital	**4,000**	-
Share issue costs	**(424)**	-
Proceeds from borrowings	**-**	1,227
Net cash inflow from financing	**3,576**	1,227
Effects of exchange rates on cash		
and cash equivalents	**-**	(1)
Net increase in cash and		
cash equivalents in the period	**2,337**	23
Cash and cash equivalents at beginning of period	**100**	77
Cash and cash equivalents at end of period	**2,437**	100

1 Financial information

The financial information set out in this final results announcement does not constitute statutory accounts within the meaning of s495(2) or s495(3) of the Companies Act 2006. Statutory accounts for the year ended 31 December 2013 will be dispatched to shareholders for approval at the Annual General Meeting to be held on 26 June 2014. The statutory accounts contain an unqualified audit report, which did not include a statement under s498(2) or s498(3) of the Companies Act 2006, and will be delivered to the Registrar of Companies.

The statutory accounts for the year ended 31 December 2012 which have been delivered to the Registrar of Companies, contained an unqualified audit report and did not include a statement under s498(2) or s498(3) of the Companies Act 2006.

2 Segmental analysis

The Group presents its results in accordance with internal management reporting information. At 31 December 2013 the Board continued to monitor operating results by category of revenue. Under IFRS 8 the Group has only one operating segment. Therefore the results presented in the income statement are the same as those required under IFRS 8, save for the year end entry of IFRS 2 share option charge of £25,000 (year ended 31 December 2012: £25,000).

Revenue by category

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Licences	**825**	606
Hardware & software	**1,424**	256
Professional services	**371**	585
Other	**33**	6
Total	**2,653**	1,453

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

	Year ended 31 December 2013 Revenue £'000	**At 31 December 2013 Non-current assets £'000**	Year ended 31 December 2012 Revenue £'000	At 31 December 2012 Non-current assets £'000
UK	**57**	**-**	102	-
Europe	**392**	**-**	625	-
North America	**1,348**	**76**	17	5
South America	**76**	**40**	413	81
Israel	**-**	**88**	4	135
Africa	**327**		292	

		-		-
Asia/Pacific	**453**	**-**	-	-
Total	**2,653**	**204**	1,453	221

Our mobile network operator customer in Canada represents 48% (2012: nil %) of the total revenue of the Group.

3 Loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of £2,335,000 (2012: £1,688,000) by the weighted average number of ordinary shares in issue during the year of 198,036,027 (2012: 184,953,708).

	Year ended 31 December 2013 Basic and diluted		Year ended 31 December 2012 Basic and diluted	
	Loss	**Loss per share**	Loss	Loss per share
	£'000	**pence**	£'000	pence
Loss attributable to ordinary shareholders	**(2,335)**	**(1.18)**	(1,688)	(0.91)
Adjusted basic loss per share	**(2,335)**	**(1.18)**	(1,688)	(0.91)

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.

4 Annual General Meeting

The Annual General Meeting of the Company will be held at Cardale House, Cardale Court, Beckwith Head Road, Harrogate, HG3 1RY on 26 June 2014 at 9.00 a.m. The audited results for the year ended 31 December 2013 will be posted to shareholders shortly and will be available on the Company's website at www.mobiletornado.com at the same time.