

MobileWave Group Plc
(formerly Fieldbury plc)

FINANCIAL STATEMENTS

for the period ended 28 February 2011

Registration number 04220065

MobileWave Group Plc

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MobileWave Group Plc

CHAIRMAN'S STATEMENT

Chairman's Statement

I am pleased to present the results for MobileWave Group plc for the period ended 28 February 2011. The Board is encouraged by the progress made during the period. The early part of the financial year, from March through to July 2010, was spent conducting due diligence into various companies and businesses to acquire by Fieldbury PLC (as the company was then named).

In August 2010, the Company completed the acquisition of MobileWave Limited for a total consideration of 21,428,571 new ordinary shares of 5 pence each to the vendors. Its core business comprises a mobile marketing platform with an innovative suite of consumer loyalty applications designed to deliver measurable, targeted mobile marketing campaigns.

Review of Operations

Since acquiring the MobileWave business the Directors have carried out a full business review and have broadened the focus of the development of the MobileWave business, focusing in particular on emerging markets.

MobileWave's original product offering continues to be Oi'Rewards, a consumer facing downloadable application ("app") for mobile phones, designed to create a vehicle that integrates social networking, loyalty, market research, sales and promotion through an ongoing digital dialogue between brands and its consumers. Primarily designed for brands and businesses which do not have a loyalty scheme, or which want to overlay a mobile loyalty scheme over their existing card-based loyalty scheme system, Oi'Rewards offers solutions for companies wishing to participate in the mobile content environment. This can be achieved either by using the Oi brand or as a loyalty option using the client's own brand.

Since the Company acquired the MobileWave business, Oi'Rewards has expanded to include such features as a geo-location, a voucher engine and versions of the app for Android, (the operating system for mobile telephone devices, owned and operated by Google Inc). The inclusion of the voucher engine in particular (which broadens the rewards offering), has enabled MobileWave to look beyond its original South African focus and expand into other markets, in particular Asia, the Middle East and the rest of Africa.

Since 2010 MobileWave has engaged a Silicon Valley marketing consultancy firm, Global Fluency, with the intention of expanding into North America and making its platform and message more relevant to enterprise marketers. As a consequence of the relationship with Global Fluency, MobileWave has forged a strategic alliance with the Chief Marketing Officer Council (CMO), a non-profit network of approximately 6,000 marketing professionals engaged in developing best practice in customer relationship management, marketing automation and loyalty. MobileWave has benefitted from this collaboration from introductions to CMO councils member organisations as well as from the credibility of being associated with this influential business network.

MobileWave's core solutions are designed to enhance the efficacy of a retailer, brand and enterprise marketer's loyalty promotions using the mobile and social mediums. A key initiative for 2011 has been the development and beta testing of MobileWave's mobile and social loyalty platform which will be integrated into clients existing loyalty platforms and then specifically tailored to meet the clients' requirements. This development is designed to facilitate clients with an activated loyalty campaign or promotion within a targeted date of two weeks from commencement of contract. MobileWave was built from inception to be a cloud computing based, performance marketing solution; hence clients will only be invoiced nominal set-up fees followed by a trail commission. The social media component of MobileWave's loyalty engine further augments the viral marketing potential for the client, thereby enhancing the overall value of the campaign both from a revenue and brand engagement standpoint.

MobileWave will operate primarily in Asia, Africa and the Middle East and is now in advanced discussions with numerous companies in these regions for the use of its mobile marketing platform. MobileWave's business model shift to enterprise loyalty opens up significant new opportunities for global and regional brands, retailers and enterprises to engage with its platform and creates several new revenue opportunities for MobileWave. The key performance measure of MobileWave's revenue growth will be the number of transactions going through its platform per client per month as this demonstrates end user traction.

MobileWave Group Plc

CHAIRMAN'S STATEMENT

As part of the process of expanding its reach, MobileWave has now moved its product development away from South Africa and has in place a development agreement with Ariose Software in Delhi, India. A new chief technology officer is expected to be appointed shortly in India to lead the team there. The new updated product offering is expected to be released by the end of August 2011, with a further version with greater functionality expected in December 2011. The Board is encouraged by the initial response of targeted customers and is optimistic about the direction of current negotiations with certain prospective customers.

People

In August 2010 Christopher Staines was recruited as Chief Financial Officer and John Heath (founder of the MobileWave business) as Chief Technical Officer of MobileWave Limited, the Company's subsidiary carrying on the MobileWave business. Both are based in South Africa.

In January 2011 Kartik Ram was appointed as the Managing Director of MobileWave Limited. Previously Kartik was the senior vice-president of an Intel Capital telecom portfolio company, One97 Communications, engaged in the mobile cloud computing space. He has spent fifteen years in digital media working at leading enterprises in Silicon Valley and Asia. Kartik is a graduate of the London Business School MBA programme with former schooling at Stanford Graduate School of Business and Texas State University.

As at 31 March 2011, with the move of the Group's R&D operations to India, it was mutually agreed to terminate the employment of John Heath as CTO.

Since the period end MobileWave Group PLC have recruited Kurt Pakendorf as Group CEO and a board member of MobileWave Group PLC. Kurt is a highly experienced technology executive who has held significant leadership positions in technology companies based in Europe and the USA. Prior to this Kurt was an attorney practising corporate law in South Africa, the United Kingdom, and Belgium and with the United Nations in Kosovo.

Litigation update

As shareholders are aware, the Company has been pursuing Mr Devinder Raj Narang in respect of the deferred cash payment of US \$1.5 million which was due on 31 December 2009, together with accrued interest following the disposal of the Freeplay business on 4 August 2008.

The Company has obtained judgment against Mr Narang in the UK which it is seeking to enforce in India. The next hearing date for the matter in India is scheduled on 29 August 2011 and a further update will be provided at that time.

In addition to vigorously pursuing Mr Narang for this debt, we are working, on a without prejudice basis, with a mediator who is known and trusted by both parties, in the hope of reaching a negotiated satisfactory settlement. Although the directors are confident of a favourable settlement in this matter it was considered prudent to provide in full for the debt principal and also not to accrue for any interest due.

Financial Review

MobileWave Group PLC has not traded during the 14 months ended February 2011, other than to make investments in exploring various investment opportunities and in maintaining the administrative functions of the company. MobileWave Limited, the Group's 100% owned operating subsidiary has invested in ongoing Research & Development, Market Research, Corporate Restructuring and the recruitment of personnel to fulfill its future objectives. Development and market research costs incurred during the period were \$311,997.

During the period \$297,761 was spent on abortive acquisition costs and the costs associated with the acquisition of MobileWave were \$220,492. The acquisition of MobileWave resulted in negative goodwill of \$775,813, and the bad debt provision in relation to the deferred cash consideration due on the disposal of the Freeplay Business is \$1,500,000.

MobileWave Group Plc

CHAIRMAN'S STATEMENT

Outlook

In May 2011 the Company received shareholder approval for the issue of Convertible Preference Shares to raise £2m at a coupon of 15%. As at 1 June 2011 the sum of \$300,000 has been received. The Company is in the process of securing the balance of the £2m and is currently in negotiation with a number of investors in this regard. It is expected that the 50% of the said amount will have been raised by 31 July 2011, with the balance in place by September 2011.

When the above funding is in place, MobileWave Group PLC will be well placed to take advantage of the numerous client leads it is now developing for its products, and expects to be generating revenues from September 2011 onwards.

R Stear
CHAIRMAN

MobileWave Group Plc

DIRECTORS AND ADVISORS

DIRECTORS

A Polansky
R M Stear
V Gupta
K Pakendorf

SECRETARY

R C Shear

COMPANY NUMBER

04220065

REGISTERED OFFICE

2 Stone Buildings
Lincoln's Inn
London WC2A 3TH

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
3 Hardman Street
Manchester M3 3HF

BANKERS

HSBC
Poultry and Princes
27-32 Poultry
London EC2P 2BX

SOLICITORS

Edwin Coe
2 Stone Buildings
Lincoln's Inn, London WC2A 3TH

NOMINATED ADVISER AND BROKER

Charles Stanley Securities Limited
25 Luke Street
London EC2A 4AR

REGISTRARS

Capita Registrars
The Registry, 34 Beckenham Road
Beckenham, Kent BR3 4TU

MobileWave Group Plc

DIRECTORS' REPORT

For the period ended 28 February 2011

The Directors present their report and the financial statements of the Group and Company for the period from 1 January 2010 to 28 February 2011.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

MobileWave Group Plc is the parent company of a company offering a consumer facing downloadable application (the "app") for mobile phones, designed to integrate social networking, loyalty, market research, sales and promotion through an ongoing digital dialogue between brand and consumer. The company operated as a holding company during the year.

The consolidated statement of comprehensive income for the period ended 28 February 2011 is set out on page 17. The company's functional currency and the group's presentation currency is US dollars.

A review of the Group's activities and its future prospects are detailed in the Chairman's Statement on pages 2 to 4.

RISKS AND UNCERTAINTIES

Risks and uncertainties are inherent in all businesses and the Group is no exception. Risk management is seen as an important element of internal control and is used to mitigate the Group's exposure to such risks.

Commercial Risks

- Performance depends on the continued ability to develop sustainable sales channels;
- Performance also depends heavily on the continued patent protection;
- The Group is also affected by the lead times in conducting trials by prospective customers and by the lead times involved in converting strong interest into contracts.

Processes to manage the impact on the business of each of the above risks are embedded in the operations. The Directors and other senior management actively monitor these processes, and the actions which arise, to ensure risks are effectively managed.

Operational Risks

Health and safety, employer's and public liability risks are monitored by way of regular updates to the Board.

Financial Risks

The Group manages financial and treasury risk through active working capital management. Monitoring of cash flow and currency exposure is undertaken at Board level on a monthly basis.

KEY PERFORMANCE INDICATORS

Management uses a range of performance measures to monitor and manage the business. Certain of these are particularly important in the generation of shareholder value and are considered key performance indicators or KPIs. The KPIs used in the business include:

- The current and projected cash resources of the Group;
- The timeliness and efficiency of the research and development team;
- Manpower levels and their effectiveness.

Growth of repeatable sales is progressing at a slower rate than desired, and this has had an impact on cash projections. As a result, manpower levels and other costs have been rationalised, and will be reduced further if necessary. The Board is satisfied with the performance and delivery of the research and development team. The Board retains these KPIs as being entirely suited to the needs of a growing business.

MobileWave Group Plc

DIRECTORS' REPORT

For the period ended 28 February 2011

RESULTS AND DIVIDENDS

The trading results for the year and the Group's financial position at the end of the period are set out in the attached financial statements.

The Directors do not recommend payment of a final dividend.

DIRECTORS WHO HELD OFFICE DURING THE PERIOD

The Directors of the Company who held office during the period, and are in office at the date of this report, are as follows:

R M Stear	Executive Chairman
A Polansky	Non-Executive Director
T G Roddick (resigned 19 July 2010)	Non-Executive Director
V Gupta (appointed 11 August 2010)	Non-Executive Director

On 1 June 2011 the Company appointed K Pakendorf as an executive director.

Qualifying third party indemnity provision is in place for the benefit of all Directors of the Company.

THE DIRECTORS AND THEIR INTERESTS

The Directors at 28 February 2011 together with their beneficial interests, including family holdings, in the shares of the Company were as follows:

	5p ordinary shares		45p deferred shares	
	2011	2009	2011	2009
	No	No	No	No
R M Stear (a)	18,777,096	14,651,097	205,519	205,519
A Polansky	608,493	608,493	-	-

(a) The beneficial interests of R M Stear shown above are held by the Flambard Settlement, of which he is a beneficiary, Flambard Holdings Limited, BBHISL Nominees Limited and Forest Nominees Limited. 534,479 of R M Stear's shares relate to his beneficial interest in shares owned by Flambard Data Services Limited.

PAYMENT OF CREDITORS

The Group's policy is to agree terms of payment with suppliers and to settle invoices accordingly. The practice on payment of accounts payable has been quantified under the terms of the Statement of Payment Practice Regulations. The number of days' supplier invoices included in trade payables at 28 February 2011 represented 63 days (2009: 41 days) of annual purchases for the Group.

CHARITABLE & POLITICAL CONTRIBUTIONS

There were no charitable and political contributions for 2011 or 2010.

RESEARCH AND DEVELOPMENT

The main research and development activities undertaken by the Group are the development of a mobile phone application. In the opinion of the directors, continuity of investment in this area is essential for the maintenance of the Group's market position and for future growth.

MobileWave Group Plc

DIRECTORS' REPORT

For the period ended 28 February 2011

POST BALANCE SHEET EVENTS

On 11 May 2011, the Directors announced that the Company intended to raise up to £2 million through the issue of Convertible Preference Shares. As of the date of this report \$300,000 has been raised.

The Convertible Preference Shares have the following rights:

- A 15 per cent per annum coupon will be attached which will be aggregated up to and paid on the date of conversion or redemption.
- They will automatically be converted into Ordinary Shares in the event that the mid market price of Ordinary Shares is no less than an average of 7.0 pence per Share over a consecutive period of 30 days, as derived from the Daily Official List of the London Stock Exchange.
- When converted, the Convertible Preference Shares will rank pari passu in all respects with the existing Ordinary Shares including the rights to receive all dividends and other distributions declared, made or paid on or in respect of such shares.
- Holders of Convertible Preference Shares will be entitled at any time to convert the Convertible Preference Shares into Ordinary Shares at a price equivalent to 5.0 pence per Ordinary Share.
- If the Convertible Preference Shares have not been converted into Ordinary Shares within three years from the date of issue, they will be redeemable by the Company

EMPLOYEE INVOLVEMENT

Every effort is made to keep staff informed of and involved in the operations of the Group. The Group recognises its legal and social obligations with regard to the employment of disabled persons. Applications for employment by disabled persons are given full consideration, taking account of their aptitude and ability. As with all employees, general training and promotion are available to disabled employees in accordance with their ability and commitment.

GOING CONCERN

The Directors of MobileWave Group plc have prepared the financial statements on a going concern basis, which assumes the Group will continue in operational existence for the foreseeable future. The Group's ability to meet its future funding and working capital requirements, and therefore continue as a going concern, is dependent upon being able to generate further investment funding, sustainable revenues and free cash flow. The Directors have prepared projected cash flow information for the period ending 12 months from the date of approval of these financial statements. The projections take into account the new business opportunities, highlighted in the Chairman's statement (expected to launch in August 2011), the quantum of which will affect the Group's cash requirements, which are continually monitored by the Board.

On the basis of these projections, the Directors have identified the requirement to obtain further investment funding and negotiations are being undertaken with investors to raise £2m, and with targeted customers to secure new business. Current indications are that these will come to a satisfactory conclusion. Agreement of further investment would, based upon projections prepared by the Group, enable it to continue to meet its debts as they fall due for at least the next 12 months. As at the date of these financial statements, however, there remains some uncertainty over the timing and success of these matters.

Should further investment not be secured or trading activities not meet anticipated targets, then the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Whilst there is a material uncertainty in relation to the timing and completion of the above matters, the Directors are continuing their negotiations with various parties and, based on indications so far, anticipate a positive outcome and consider that it is appropriate that the financial statements be prepared on a going concern basis.

MobileWave Group Plc

DIRECTORS' REPORT

For the period ended 28 February 2011

FINANCIAL INSTRUMENTS

The Group's activities expose the Group to a number of risks including market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group manages these risks through an effective risk management program. The Board provides written objectives, policies and procedures with regards to managing currency and interest rate exposure, liquidity and credit risk.

Exposures to financial risks are monitored by Financial Operations management and they are required to produce a regular risk report comprising of an assessment of the risks and an indication of their impact on the business.

The risk reports are provided to the Board of Directors in advance of the monthly board meetings and are discussed by the Board to ensure that the risk mitigation procedures are compliant with the Group policy and that any new risks are appropriately managed.

Further information may be found in Note 18 to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDINGS

The only substantial shareholding as at 10 June 2011 is that of R M Stear details of which can be seen above.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant financial information and to establish that it has been communicated to the auditor.

AUDITORS

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the Board

R M Stear
CHAIRMAN

Mobilewave Group plc

DIRECTORS' REMUNERATION REPORT

REMUNERATION COMMITTEE

The Company has a Remuneration Committee. The Committee comprises of one non-exec director, A Polansky and one executive director, R M Stear. It is chaired by R M Stear.

The policy of the committee is to reward executive Directors in line with the current remuneration of Directors in comparable businesses in order to recruit, motivate and retain high quality executives within a competitive market place.

There are two main elements of the remuneration packages for executive Directors and senior management:

- Basic annual salary (including Directors' fees);
- Share option incentives.

No changes were made to the basic salary packages and bonus arrangements during the financial period being reported.

DIRECTORS' REMUNERATION

The table below summarises the Directors' remuneration for the current and the prior period for comparison.

	14 months ended 28 February 2011 \$	Year ended 31 December 2010 \$
R M Stear	21,793	22,000
A Polansky	5,750	5,750
T G Roddick (to 19 July 2010)	1,300	5,750
V Gupta (from 11 August 2010)	3,475	-
	<u>32,318</u>	<u>33,500</u>

DIRECTORS' SHARE OPTIONS

The Directors at 28 February 2011 have been granted options over the Company's shares:

	At 1 January 2010	Number granted in year	At 28 February 2011	Exercise price	Date exercisable
R M Stear	996,037	-	996,037	29p	22-06-07 - 22-06-16
	500,000	-	500,000	4.5p	31-12-08 - 30-09-18
	500,000	-	500,000	4.5p	31-12-10 - 22-09-18
	-	500,000	500,000	5p	23-01-12 - 23-01-21
A Polansky	-	500,000	500,000	5p	23-07-13 - 23-07-22
	-	500,000	500,000	5p	23-01-12 - 23-01-21
V Gupta	-	250,000	250,000	5p	23-07-13 - 23-07-22
	-	250,000	250,000	5p	23-01-12 - 23-01-21
Total	<u>1,996,037</u>	<u>2,500,000</u>	<u>4,496,037</u>		

Details of the options are covered in note 16.

PRINCIPLES OF CORPORATE GOVERNANCE

The Group's Board appreciates the value of good corporate governance not only in the areas of accountability and risk management but also as a positive contribution to business prosperity. It believes that corporate governance involves more than a simple "box ticking" approach to establish whether a company has met the principles of a number of specific rules and regulations (including those set out in the Corporate Governance Guidelines for Smaller Quoted Companies published in September 2010). Rather the issue is one of applying corporate governance in a sensible and pragmatic fashion having regard to the individual circumstances of a particular company's business. The key objective is to enhance and protect shareholder value.

BOARD STRUCTURE

The specific responsibilities reserved to the Board include: setting group strategy and approving an annual budget and medium-term projections; reviewing operational and financial performance; approving major acquisitions, divestments and capital expenditure; reviewing the Group's systems of financial control and risk management; ensuring that appropriate management development and succession plans are in place; reviewing the environmental, health and safety performance of the Group; approving appointments to the Board and the Company Secretary; approving policies relating to Directors' remuneration and the severance of Directors' contracts; and ensuring that a satisfactory dialogue takes place with shareholders.

The Board has delegated the following responsibilities to Executive Management: the development and recommendation of strategic plans for consideration by the Board that reflect the longer term objectives and priorities established by the Board; implementation of the strategies and policies of the Group as determined by the Board; monitoring of the operating and financial results against plans and budgets; monitoring the quality of the investment process against objectives; prioritising the allocation of capital, technical and human resources; monitoring the composition and terms of reference of divisional management committees; and developing and implementing risk management systems.

DIRECTORS AND DIRECTORS' INDEPENDENCE

The Board comprises the Chairman, who is an executive director, a director and two non-executive directors. The names of the Directors are set out on page 7. V Gupta was appointed on 11 August 2010, T G Roddick resigned on 19 July 2010 and K Pakendorf was appointed 1 June 2011, the remaining executive and non-executive Directors served throughout the period under review. The non-executive directors are of sufficient calibre that their views carry significant weight in the Board's decision making.

The Directors are given access to independent professional advice at the Group's expense, when the Directors deem it is necessary in order for them to carry out their responsibilities.

The Board considers all its non-executive Directors to be independent notwithstanding the shareholdings shown in this report.

PROFESSIONAL DEVELOPMENT

On appointment, the Directors take part in an induction programme when they receive information about the Group, the role of the Board and the matters reserved for its decision, the terms of reference and membership of the principal Board and management committees, and the powers delegated to those committees, the Group's corporate governance practices and procedures, including the powers reserved for the Group's most senior executives, and the latest financial information about the Group. This is supplemented by visits to key locations and meetings with other key senior executives. Throughout their year in office the Directors are continually updated on the Group's business, the competitive and regulatory environments in which it operates, corporate social responsibility matters and other changes affecting the Group and the industry in which it operates as a whole, by written briefings and meetings with senior executives.

MobileWave Group Plc

CORPORATE GOVERNANCE

THE COMPANY SECRETARY

The Company Secretary is responsible for advising the Board through the Chairman on all governance matters. The Directors have access to the advice and services of the Company Secretary.

INFORMATION

Regular reports and papers are circulated to the Directors in a timely manner in preparation for Board and Committee meetings. These papers are supplemented by information specifically requested by the Directors from time to time. The Board periodically holds meetings at the Group's various locations and reviews the operations first hand.

RELATIONS WITH SHAREHOLDERS

The Chairman gives feedback to the Board on issues raised with him by major shareholders as suggested by the Corporate Governance Guidelines for Smaller Quoted Companies. Effective two-way communication with fund managers, institutional investors and analysts is actively pursued and this encompasses issues such as performance, policy and strategy. During the period the Directors have had meetings with analysts and institutions and will continue to do so.

The Group maintains a corporate website (www.mobilewave.com) containing a wide range of information of interest to institutional and private investors. The Group has frequent discussions with institutional shareholders on a range of issues affecting its performance. These include meetings following the announcement of the annual results with the Group's largest institutional shareholders on an individual basis. In addition, the Group responds to individual ad hoc requests for discussions from institutional shareholders.

There is also an opportunity, at the Company's Annual General Meeting for individual shareholders to raise general business matters with the full Board and notice of the Company's Annual General Meeting is circulated to all shareholders at least 20 working days before such meeting. The Chairman will be available at the Annual General Meeting to answer questions.

INTERNAL CONTROL

In accordance with the guidance of the Turnbull Committee the board of Directors is responsible for the Group's system of internal control; sets appropriate policies on internal control; seeks regular assurance that enables it to satisfy itself that the system is functioning effectively; and ensures that the system of internal control is effective in managing risks in the manner which it has approved.

The Directors continue to review the effectiveness of the Group's system of financial and non-financial controls, including operational and compliance controls, risk management and the Group's high level internal control arrangements. These reviews include an assessment of internal controls and, in particular, internal financial controls.

The Group views the careful management of risk as a key management activity. Managing business risk to deliver opportunities is a key element of all activities. These business risks, which may be strategic, operational, reputational, financial or environmental, should be understood and visible.

The Group does not have an internal audit function and the Board will consider the need to create one as the Group grows.

There are no significant issues disclosed in the financial statements for the period ended 28 February 2011 and up to the date of approval of the report and financial statements that have required the Board to deal with any material internal control issues.

AUDITOR'S INDEPENDENCE AND OBJECTIVITY

The audit committee reviews all services being provided by the external auditor to review the independence and objectivity of the external auditor, taking into consideration relevant professional and regulatory requirements, so that these are not impaired by the provision of permissible non-audit services.

Details of the amounts paid to the external auditors during the year for audit and other services are set out in note 2 to the financial statements.

NOMINATION COMMITTEE

No formal Nomination Committee exists in view of the stage of development of the Group. Instead appointments to the Board by the Chief Executive and other Executive Directors are discussed with the Chairman. Appointments are made after an evaluation of the skills, knowledge and expertise required to ensure that the Board as a whole has the ability to ensure that the Group can continue to compete effectively in its market place.

MobileWave Group Plc

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare group and parent company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the group and the company and the financial performance of the group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing each of the group and company financial statements, the Directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether they have been prepared in accordance with IFRSs adopted by the EU;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the MobileWave Group Plc's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

MobileWave Group Plc

INDEPENDENT AUDITOR'S REPORT

For the period ended 28 February 2011

We have audited the consolidated and parent company financial statements (“the financial statements”) of MobileWave Group Plc for the period ended 28 February 2011 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Statements of Changes in Equity, the Consolidated and Parent Company Cash Flow Statements and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of Companies Act 2006.

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 auditors

As more fully explained in the Directors’ Responsibilities Statement set out on page 14, 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 (APB’s) Ethical Standards for Auditors.

Scope of the audit and financial statements

A description of the scope of an audit of financial statements is provided on the APB’s website at www.frc.org.uk/apb/scope/private.cfm.

Opinion

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 28 February 2011 and of the group’s loss for the period 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 IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the accounting policies on page 25 of the financial statements concerning the group’s ability to continue as a going concern. The directors have identified the requirement to obtain further working capital facilities to finance anticipated new business opportunities and negotiations are being undertaken with interested parties to secure investment funding of £2m and new business for the product offering which is due to launch in August 2011. There remains some uncertainty over the timing and success of these matters. These conditions along with the other matters disclosed in the accounting policies indicate the existence of a material uncertainty which may cast significant doubt on the group’s ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

Emphasis of matter – Valuation of intellectual property at acquisition

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 8 to the financial statements relating to the valuation of the intellectual property acquired in the acquisition of MobileWave Limited on 12 August 2010. The directors have measured the fair value using a discounted cash flow technique and we draw your attention to the impact that reasonably possible changes in key assumptions could have on the estimate of the fair value made at the date of acquisition.

MobileWave Group Plc
INDEPENDENT AUDITOR'S REPORT
For the period ended 28 February 2011

Opinion on other matters prescribed by the Companies Act 2006

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

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.

GRAHAM BOND FCA (SENIOR STATUTORY AUDITOR)

Registered Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

8 July 2011

MobileWave Group Plc
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 28 February 2011

	<i>Notes</i>	14 months ended 28 February 2011 US\$000
REVENUE	1	-
Cost of sales		-
Gross profit		-
Administrative expenses (before separately disclosed items)		(2,313)
Separately disclosed items	3	(1,242)
LOSS FROM OPERATIONS	2	(3,555)
Finance expenses	5	(11)
Finance income	5	10
LOSS BEFORE TAXATION		(3,556)
Taxation	6	-
LOSS FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT		(3,556)
OTHER COMPREHENSIVE INCOME, NET OF TAX		
Currency translation difference		(3)
Other comprehensive income		(3)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		(3,559)
		\$
Basic and fully diluted loss per share – (\$ per share)	7	(0.05)

MobileWave Group Plc
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 28 February 2011

Company No 04220065

	<i>Notes</i>	As at 28 February 2011 US\$000
Assets		
Non-current assets		
Intangible assets	8	1,648
Property, plant and equipment	9	20
		<u>1,668</u>
Current assets		
Inventories	11	2
Trade and other receivables	12	64
Cash and cash equivalents	13	5
		<u>71</u>
Total assets		<u><u>1,739</u></u>
Equity		
Share capital	16	15,051
Share premium account		28,761
Merger reserve		(1,047)
Other reserves		60
Foreign currency translation reserve		(3)
Share based payment reserve		1,278
Retained deficit		(43,584)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		<u>516</u>
Current liabilities		
Trade and other payables	14	1,223
		<u>1,223</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,739</u></u>

These financial statements were approved by the Board of Directors and authorised for issue on 8 July 2011 and are signed on their behalf by:

R M STEAR
DIRECTOR

MobileWave Group Plc
 COMPANY STATEMENT OF FINANCIAL POSITION
 as at 28 February 2011

Company No 04220065

	<i>Notes</i>	As at 28 February 2011 US\$000	As at 31 December 2009 US\$000	As at 31 December 2008 US\$000
Assets				
Non-current assets				
Intangible assets	8	12	-	-
Property, plant and equipment	9	1	2	6
Investments in subsidiaries	10	697	-	9,705
		<u>710</u>	<u>2</u>	<u>9,711</u>
Current assets				
Trade and other receivables	12	600	1,573	3,108
Cash and cash equivalents	13	3	2,079	2,649
Total current assets		<u>603</u>	<u>3,652</u>	<u>5,757</u>
Total assets		<u><u>1,313</u></u>	<u><u>3,654</u></u>	<u><u>15,468</u></u>
Equity				
Share capital	16	15,051	13,373	11,426
Share premium		28,761	28,761	28,761
Merger reserve		(1,047)	-	1,947
Other reserves		60	60	60
Share based payment reserve		1,278	1,479	1,727
Retained losses		(43,768)	(40,234)	(28,832)
Total equity		<u>335</u>	<u>3,439</u>	<u>15,089</u>
Current liabilities				
Trade and other payables	14	978	215	379
		<u>978</u>	<u>215</u>	<u>379</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,313</u></u>	<u><u>3,654</u></u>	<u><u>15,468</u></u>

These financial statements were approved by the Board of Directors and authorised for issue on 8 July 2011 and are signed on their behalf by:

R M STEAR
 DIRECTOR

MobileWave Group Plc
 STATEMENTS OF CHANGES IN EQUITY
 For the period ended 28 February 2011

CONSOLIDATED

	Share Capital \$000	Share Premium Account \$000	Merger Reserve \$000	Other Reserve \$000	Foreign currency translation reserve \$000	Share based payment reserve US\$000	Retained Deficit \$000	Total \$000
At 1 January 2009	11,426	28,761	1,947	60	-	1,727	(30,766)	13,155
Loss for the year	-	-	-	-	-	-	(8,273)	(8,273)
Loss and total comprehensive expense for the year	-	-	-	-	-	-	(8,273)	(8,273)
Share based compensation	-	-	-	-	-	102	-	102
Transfer due to lapsed options	-	-	-	-	-	(350)	350	-
Capitalisation of reserves	1,947	-	(1,947)	-	-	-	-	-
Deemed value of shares	-	-	-	-	-	-	(1,545)	(1,545)
At 31 December 2009	13,373	28,761	-	60	-	1,479	(40,234)	3,439
Loss for the period	-	-	-	-	-	-	(3,556)	(3,556)
Other comprehensive income:								
Currency translation difference	-	-	-	-	(3)	-	-	(3)
Total comprehensive expense for the period	-	-	-	-	(3)	-	(3,556)	(3,559)
Issue of shares	1,678	-	(1,047)	-	-	-	-	631
Share based compensation	-	-	-	-	-	5	-	5
Transfer due to lapsed options	-	-	-	-	-	(206)	206	-
At 28 February 2011	15,051	28,761	(1,047)	60	(3)	1,278	(43,584)	516

MobileWave Group Plc
 STATEMENTS OF CHANGES IN EQUITY
 For the period ended 28 February 2011

PARENT COMPANY

	Share Capital \$000	Share Premium Account \$000	Merger Reserve \$000	Other Reserve \$000	Share based payment reserve US\$000	Retained Deficit \$000	Total \$000
At 1 January 2009	11,426	28,761	1,947	60	1,727	(28,832)	15,089
Loss for the year	-	-	-	-	-	(10,207)	(10,207)
Loss and total comprehensive expense for the year	-	-	-	-	-	(10,207)	(10,207)
Share based compensation	-	-	-	-	102	-	102
Transfer due to lapsed options	-	-	-	-	(350)	350	-
Capitalisation of reserves	1,947	-	(1,947)	-	-	-	-
Deemed value of shares	-	-	-	-	-	(1,545)	(1,545)
At 31 December 2009	13,373	28,761	-	60	1,479	(40,234)	3,439
Loss for the period	-	-	-	-	-	(3,740)	(3,740)
Total comprehensive expense for the period	-	-	-	-	-	(3,740)	(3,740)
Issue of shares	1,678	-	(1,047)	-	-	-	631
Share based compensation	-	-	-	-	5	-	5
Transfer due to lapsed options	-	-	-	-	(206)	206	-
At 28 February 2011	15,051	28,761	(1,047)	60	1,278	(43,768)	335

Share capital

Share capital represents the nominal value of equity shares issued.

Share premium

The share premium account comprises the consideration received in excess of the nominal value of equity shares issued net of issue costs and the difference between the carrying amount of a financial liability and the nominal value of equity instruments issued when debt instruments are settled by the issue of equity instruments.

Merger reserve

The merger reserve represents the difference between the fair value of equity instruments issued as part of a business combination and the nominal value in transactions which qualify for Section 131 merger relief.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currency differs from the reporting currency of the Group.

Share based payment reserve

This reserve is the result of the Company's grant of equity settled share options and warrants to selected employees and measured in accordance with IFRS2 Share-based payment transactions.

MobileWave Group Plc
STATEMENTS OF CHANGES IN EQUITY
For the period ended 28 February 2011

Other reserve

Net proceeds of US\$60,000 have been attributed to an issue of warrants in a prior year and this amount has been included within equity as another reserve.

Retained deficit

The Retained deficit reflects the cumulative losses incurred to date.

MobileWave Group Plc
CONSOLIDATED CASH FLOW STATEMENT
for the period ended 28 February 2011

	14 months ended 28 February 2011 US\$000
Cash flow from operating activities	
Loss for the period before tax	(3,556)
Adjustments for:	
Finance cost	11
Finance income	(10)
Gain on bargain purchase	(776)
Share based payment expense	5
Depreciation	11
Changes in working capital	
Decrease in accrued income, trade and other receivable	1,519
Increase in trade and other payables	800
Cash used in operating activities	(1,994)
Income taxes credit received	-
Net cash used in operating activities	(1,994)
Cash flows from investing activities	
Acquisition of subsidiary undertaking	(66)
Net cash acquired on acquisition of subsidiary undertaking	2
Payments to acquire intangible assets	(12)
Interest received	10
Net cash used in investing activities	(66)
Cash flows from financing activities	
Interest on loans	(11)
Net cash outflow from financing activities	(11)
Net decrease in cash and cash equivalents	(2,071)
Cash & cash equivalents at the beginning of the financial period	2,079
Effect of foreign exchange rate changes	(3)
Cash & cash equivalents at the end of the financial period	5

MobileWave Group Plc
COMPANY CASH FLOW STATEMENT
for the period ended 28 February 2011

	14 months ended 28 February 2011 US\$000	Year ended 31 December 2009 US\$000
Cash flow from operating activities		
Loss before tax	(3,740)	(10,207)
Adjustments for:		
Share based payment expenses	5	102
Depreciation	1	1
Loss on disposal of property, plant and equipment	-	3
Loss on disposal of non-current asset investments	-	9,122
Changes in working capital		
Decrease in trade and other receivables	973	205
Increase/(decrease) in trade and other payables	763	(164)
Cash used in operating activities	(1,998)	(938)
Income taxes credit received	-	-
Net cash used in operating activities	(1,998)	(938)
Cash flows from investing activities		
Payments to acquire intangible asset	(12)	-
Acquisition of subsidiary undertaking	(66)	-
Net cash inflow from disposal of subsidiary	-	368
Net cash used in investing activities	(78)	368
Cash flows from financing activities		
Proceeds on issue of ordinary shares	-	-
Net cash inflow from financing activities	-	-
Net decrease in cash and cash equivalents	(2,076)	(570)
Cash & cash equivalents at the beginning of the financial period	2,079	2,649
Cash & cash equivalents at the end of the financial period	3	2,079

MobileWave Group Plc

ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), IFRIC interpretations and the Companies Act 2006 applicable to Companies reporting under IFRS.

The Company is a public limited liability company incorporated and domiciled in England and Wales.

The financial statements have been prepared on the historic cost basis. The parent company is preparing its financial statements for a 14 month period to 28 February 2011 whilst the comparative period is for a 12 month period only. The Directors elected to change the company's year end to make it coterminous with the year end of MobileWave Limited.

The principal accounting policies adopted are set out below.

PRESENTATION CURRENCY

The financial statements are presented in United States of America Dollars, denoted by the symbol "US \$". This is the company's functional currency and the group's presentation currency. The functional currency of the company is US Dollars based on the following factors:-

- The majority of the Company's investment funds and shareholder loans are raised in US Dollars.
- The majority of the Company's cash flows were US Dollars.
- The Company's future revenue streams will be in US Dollars

GOING CONCERN

The Directors of MobileWave Group plc have prepared the financial statements on a going concern basis, which assumes the Group will continue in operational existence for the foreseeable future. The Group's ability to meet its future funding and working capital requirements, and therefore continue as a going concern, is dependent upon being able to generate further investment funding, sustainable revenues and free cash flow. The Directors have prepared projected cash flow information for the period ending 12 months from the date of approval of these financial statements. The projections take into account the new business opportunities, highlighted in the Chairman's statement (expected to launch in August 2011), the quantum of which will affect the Group's cash requirements, which are continually monitored by the Board.

On the basis of these projections, the Directors have identified the requirement to obtain further investment funding and negotiations are being undertaken with investors to raise £2m, and with targeted customers to secure new business. Current indications are that these will come to a satisfactory conclusion. Agreement of further investment would, based upon projections prepared by the Group, enable it to continue to meet its debts as they fall due for at least the next 12 months. As at the date of these financial statements, however, there remains some uncertainty over the timing and success of these matters.

Should further investment not be secured or trading activities not meet anticipated targets, then the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Whilst there is a material uncertainty in relation to the timing and completion of the above matters, the Directors are continuing their negotiations with various parties and, based on indications so far, anticipate a positive outcome and consider that it is appropriate that the financial statements be prepared on a going concern basis.

MobileWave Group Plc

ACCOUNTING POLICIES

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements under IFRS requires the Board to make judgements, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities as at the date of the financial statements and the reported amount of revenue and expense during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements that are not readily apparent from other sources. However, the actual results may differ from these estimates.

Other areas of judgement, risk and uncertainty which are relevant to an understanding of these results and the Group's financial position are referred to in the Directors' Report. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing the current period's financial statements, the Directors have made some critical accounting judgements, the following of which have had the most significant effect on the amounts recognised:

- concluding that the acquisition of MobileWave Limited constituted a business combination as defined by IFRS 3 (revised) Business Combinations and not an asset acquisition. Management considered the extent of the activities of MobileWave and whether they constituted process to the inputs ie the intellectual property acquired;
- estimating the value of the intangible assets acquired as part of the acquisition of MobileWave Limited.

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

- the estimate of the recoverable amount of purchased and internally generated intangible assets not yet brought into use (note 8); and
- the fair value of share-based compensation awards. These have been measured using the Black-Scholes model which makes use of significant estimates and assumptions concerning the future (note 16).

INTERPRETATIONS AND STANDARDS WHICH BECAME EFFECTIVE DURING THE PERIOD

IFRS 2	Amendment Group cash settled share based payment transactions
IFRS 3	(Revised 2008) Business combinations
IFRS 8	Operating Segments
IAS 1	(Revised) Presentation of Financial Statements
IAS 7	Statement of Cash Flows (Improvements April 2009)
IAS 38	Intangible Assets (Improvements May 08)
IAS 36	Impairment of Assets (Improvements April 2009)

The adoption of IAS 1 (Revised) Presentation of Financial Statements has led to change in presentation of the financial statement components since the entity last reported consolidated financial information. IFRS 3 (Revised) has been applied to the acquisition of MobileWave Limited during the period. As a consequence, directly attributable acquisition costs have been expensed in the Consolidated Statement of Comprehensive Income which would have previously been capitalised as part of the cost of the business combination. The adoption of other amendments and standards has not had a significant impact on the financial position or performance of the Group.

MobileWave Group Plc

ACCOUNTING POLICIES

INTERPRETATIONS AND STANDARDS WHICH HAVE BEEN ISSUED AND ARE NOT YET EFFECTIVE

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

IFRS 1	Amended: Additional exemptions
IFRS 7	Amended: Disclosures – Transfer of Financial Assets
IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 12	Amendment; Deferred tax: Recovery of Underlying Assets
IAS 24	Related Party Disclosures revised (2009)
IAS 27	Consolidated and separate Financial Statements reissued as Separate Financial Statements (as amended in 2011)
IAS 28	Investments in Associates reissued as Investments in Associates and Joint Ventures (as amended in 2011)
IAS 32	Amendment: Classification of Rights Issues
IAS 34	Amendment: Improvements to IFRS (2010)
IFRIC 13	Amendment: Improvements to IFRS (2010)
IFRIC 14	Amendment: Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing financial liabilities with Equity Instruments

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial position or performance of the Group or company.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of MobileWave Group Plc (previously Fieldbury Plc) and its subsidiaries. The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Comprehensive Income from the date control has changed. Business combinations are accounted for under the acquisition method of accounting. All costs of acquisition are written off in the period. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The Company Statement of Comprehensive Income has not been disclosed in accordance with section 408 of the Companies Act 2006. The parent company loss for the period amounted to US\$3,740,000 (year to 31 December 2009: Loss US\$10,207,000).

MobileWave Group Plc

ACCOUNTING POLICIES

REVENUE RECOGNITION

Dividend and interest revenue

Dividend revenue from investments is recognised when the Group's right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

INVESTMENTS

Investments in subsidiary undertakings are recorded at cost being the fair value of the consideration given to acquire the undertaking excluding directly attributable charges associated with the investment which are expensed through income as incurred. Subsequently investments are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

GOODWILL

Goodwill arising on a business combination or a jointly controlled entity represents the excess of the fair value of the consideration transferred over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent year. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

NEGATIVE GOODWILL

Negative goodwill arising on acquisition of subsidiaries or business is recognised in full on the date of acquisition and is recorded in the consolidated income statement.

INTANGIBLE ASSETS

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Useful lives of acquired intangible assets
Domain Names

The Directors consider the domain name to have an estimated useful life of 15 years.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the year in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;

MobileWave Group Plc

ACCOUNTING POLICIES

- the availability of adequate technical, financial and other resources to complete the development and to use or
- sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost until the asset starts generating economic benefit at which point it is reduced by amortisation and impairment losses. Until the asset is brought into use, the asset is tested annually for impairment.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. Such intangible assets are recognised and measured at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The fair value of intellectual property rights, trademarks and patents acquired is determined using the multi period excess earnings model. The model derives the asset's value from discounted future cash flows taking into account contributions from other assets of the Group.

Subsequent to initial recognition, the carrying value is amortised over the expected useful economic life of the particular assets as follows:

Intellectual property rights
Trade marks

The Directors estimate the useful economic life of intellectual property rights and trade marks to be 10 years.

IMPAIRMENT

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment, investments and intangible assets that have been brought in use to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

In respect of intangible assets other than goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

MobileWave Group Plc

ACCOUNTING POLICIES

FOREIGN CURRENCIES

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in US Dollars ('\$ US'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements. In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Foreign exchange gains and losses resulting from such transactions are recognised in the Statement of Comprehensive Income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in US Dollars using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognised in the Statement of Comprehensive Income in the year in which the foreign operation is disposed of. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each period end, with the effect of any changes in estimate accounted for on a prospective basis. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

The principal annual rates for this purpose are:

Fixtures & fittings	-	25% straight line
Leasehold improvements	-	over the shorter of the term of the lease or 10% - 33%
Office furniture and equipment	-	10% - 20% straight line
Computer equipment	-	20% straight line

INVENTORIES

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. The cost of inventories is based upon a first-in-first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

MobileWave Group Plc

ACCOUNTING POLICIES

PROVISIONS

Provisions are recognised when a present obligation (legal or constructive) exists as a result of a past event, it is probable that the obligation will need to be settled, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

SHARE-BASED COMPENSATION

The Company operates an equity-settled, share based compensation plan. The fair value of the employee services received in exchange for the grant of options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and growth targets). Non-market vesting conditions are included in the assumptions about the number of options that are expected to vest. At each reporting date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the Statement of Comprehensive Income, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

LEASING

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of comprehensive income. Contingent rentals are recognised as expenses in the years in which they are incurred. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the year in which they are incurred. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative over the lease term.

MobileWave Group Plc

ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the entity has become a party to the contractual provisions of the instrument.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdraft.

Financial liability

Financial liabilities are classified according to the substance of the contractual arrangements entered into. An instrument will be classified as a financial liability when there is a contractual obligation to deliver cash or another financial asset to another enterprise.

Borrowings

Interest-bearing bank loans, overdrafts and shareholder loans are initially recorded at fair value, which represents the fair value of the consideration received, net of any issue costs associated with other borrowings. Borrowings are subsequently stated at amortised cost.

Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and allocated to the Statement of Comprehensive Income over the term of the instrument using an effective rate of interest on the outstanding carrying value.

Borrowings are classified as current liabilities unless the entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

MobileWave Group Plc

ACCOUNTING POLICIES

Deferred tax assets arising from deductible temporary differences are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority or by different taxable entities where the Group intends to settle its current tax assets and liabilities on a net basis.

MobileWave Group Plc
 NOTES TO THE FINANCIAL STATEMENTS
 For the period ended 28 February 2011

1 SEGMENTAL REPORTING

The management consider that there is only one operating segment within the Group based on the way the business is organised and the way results are reported internally and that all companies within the Group operate to support the one operation which is based in South Africa.

2 LOSS FROM OPERATIONS 2011
US\$000

Loss from operations is stated after charging:

Depreciation of owned assets	11
Operating lease rentals – other assets	300
Auditor’s remuneration	46
Share based compensation	5
Research and development	312
Foreign exchange losses	19

Amounts payable to Baker Tilly UK Audit LLP and their associates in respect of both audit and non audit services:

	2011 US\$000
Audit Services	
- Statutory audit	28
Other Services	
The auditing of accounts of associates of the company pursuant to legislation.	
- Audit of subsidiaries where such services are provided by Baker Tilly UK Audit LLP and their associates	-
Other services	18

	46

3 SEPARATELY DISCLOSED ITEMS

	2011 US\$000
Abortive acquisition costs	298
Acquisition costs	220

	518
Gain on bargain purchase (note 8)	(776)
Impairment of deferred consideration receivable	1,500

	1,242

MobileWave Group Plc
 NOTES TO THE FINANCIAL STATEMENTS
 For the period ended 28 February 2011

4 EMPLOYEES

NUMBER OF EMPLOYEES

The average monthly numbers of employees (including the Directors) during the period were:

	2011 Number
Administration and executive	1
	<u>1</u>

EMPLOYMENT COSTS

	2011 US\$000
Wages and salaries	32
Social security costs	1
Share based compensation	2
	<u>35</u>

DIRECTORS' EMOLUMENTS

	2011 US\$000
Remuneration and other emoluments	22
Non-executive fees	10
Share based compensation	3
	<u>35</u>

No retirement benefits are accruing to any Directors under money purchase or defined benefit schemes.

5 FINANCING

	2011 US\$000
Interest payable on shareholder loans	11
	<u>11</u>
Interest received from investment loan	10
	<u>10</u>

During the period a loan of \$120,000 was made to Lifeline Technologies Trading Limited. The loan and accrued interest was fully repaid on 12 October 2010.

MobileWave Group Plc
 NOTES TO THE FINANCIAL STATEMENTS
 For the period ended 28 February 2011

6 TAXATION

FACTORS AFFECTING TAX CHARGE FOR YEAR

The tax assessed for the period is lower than the standard rate of corporation tax in the UK 28%. The differences are explained below:

	2011 US\$000
Loss before taxation	(3,556)
Loss multiplied by standard rate of corporation tax in the UK of 28%	(996)
Losses carried forward	996
Current tax credit/(expense) for year	-

7 LOSS PER SHARE

	2011 US\$000
Loss for the financial year	(3,556)
Average number of ordinary shares in issue	66,613
Dilutive potential of share options	-
	66,613
	US\$
EPS	
Basic loss per 5p (2009: 5p) ordinary share (in US\$)	(0.05)
Diluted loss per 5p (2009: 5p) ordinary share (in US\$)	(0.05)

The calculation of the basic and diluted loss per ordinary share of 5p each has been based on the loss for the relevant financial period and on 66,612,769 shares. This represents the weighted average number of ordinary shares in issue. The loss for the year from continuing operations and the weighted average number of ordinary shares for the purposes of calculating the diluted loss per share from continuing operations are the same as for the basic loss per share calculation. This is because the outstanding share options would have the effect of reducing the loss per ordinary share and therefore not dilute under the terms of IAS 33.

MobileWave Group Plc
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 28 February 2011

8 INTANGIBLE ASSETS

Group	Customer related assets US\$000	Computer related assets US\$000	Intangible assets US \$000	Goodwill US \$000	Total US \$000
Cost					
At 1 January 2009	4,416	512	-	5,282	10,210
Disposals	(4,416)	(512)	-	(5,282)	(10,210)
At 31 December 2009	-	-	-	-	-
Arising on acquisition	67	4	1,566	-	1,637
Additions	-	12	-	-	12
At 28 February 2011	67	16	1,566	-	1,649
Depreciation					
At 1 January 2009	1,067	359	-	1,787	3,213
Disposals	(1,067)	(359)	-	(1,787)	(3,213)
At 31 December 2009	-	-	-	-	-
Charge for the period	-	1	-	-	1
At 28 February 2011	-	1	-	-	1
Net book value					
At 28 February 2011	67	15	1,566	-	1,648
At 31 December 2009	-	-	-	-	-
At 1 January 2009	3,349	153	-	3,495	6,997

Amortisation is included within administrative expenses in the statement of comprehensive income.

MobileWave Group Plc
 NOTES TO THE FINANCIAL STATEMENTS
 For the period ended 28 February 2011

8 INTANGIBLE ASSETS (*continued*)

Company	Domain Name US \$000	Total US \$000
Cost		
At 1 January 2009	-	-
Disposals	-	-
	<hr/>	<hr/>
At 31 December 2009	-	-
Additions	12	12
	<hr/>	<hr/>
At 28 February 2011	12	12
	<hr/>	<hr/>
Depreciation		
At 1 January 2009	-	-
Charge for the year	-	-
Disposals	-	-
	<hr/>	<hr/>
At 31 December 2009	-	-
Charge for the period	-	-
	<hr/>	<hr/>
At 28 February 2011	-	-
	<hr/>	<hr/>
Net book value		
At 28 February 2011	12	12
	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2009	-	-
	<hr/> <hr/>	<hr/> <hr/>
At 1 January 2009	-	-
	<hr/> <hr/>	<hr/> <hr/>

On 12 August 2010 the Company completed the acquisition of the entire issued share capital of Mobilewave Limited which, together with its subsidiary undertakings, has developed a mobile marketing platform with an innovative suite of consumer loyalty applications designed to deliver measurable, targeted mobile marketing campaigns. The consideration payable was satisfied by the issue of 21,428,571 ordinary shares of 5p each plus \$66,000 cash to Touchstone International Limited, one of the Vendors, in consideration of Touchstone International Limited agreeing not to compete with the MobileWave business for a period of 18 months from completion of the acquisition. The Directors of MobileWave Group Plc (previously Fieldbury Plc) have expertise in the technologies industry and in particular, taking developing businesses to the market. The business of MobileWave provides access to a social networking platform via mobile phone which coupled with loyalty reward programmes can be used as a sales promotion and marketing research tool.

Amortisation is included within administrative expenses in the statement of comprehensive income.

MobileWave Group Plc
 NOTES TO THE FINANCIAL STATEMENTS
 For the period ended 28 February 2011

8 INTANGIBLE ASSETS (*continued*)

The transaction has been accounted for using the acquisition method of accounting.

	Book Value	Fair Value adjustment	Fair Value
	\$	\$	\$
ASSETS			
NON CURRENT ASSETS			
Intangible assets			
- Brownstone Database	67,387	-	67,387
- Intellectual Property	-	1,566,000	1,566,000
- Software	4,000	-	4,000
Property, plant & equipment	28,006	-	28,006
	<u>99,393</u>	<u>1,566,000</u>	<u>1,665,393</u>
CURRENT ASSETS			
Inventories	2,979	-	2,979
Trade and other receivables	10,331	-	10,331
Cash and cash equivalents	1,743	-	1,743
	<u>15,053</u>	<u>-</u>	<u>15,053</u>
TOTAL ASSETS	<u>114,446</u>	<u>1,566,000</u>	<u>1,680,446</u>
NON CURRENT LIABILITIES			
Loans from Shareholders	189,746	-	189,746
	<u>189,746</u>	<u>-</u>	<u>189,746</u>
CURRENT LIABILITIES			
Trade and other payables	17,953	-	17,953
TOTAL LIABILITIES	<u>207,699</u>	<u>-</u>	<u>207,699</u>
NET ASSETS	<u>(93,253)</u>	<u>1,566,000</u>	<u>1,472,747</u>
Gain on bargain purchase			(775,813)
			<u>696,934</u>
Settled by:			
Cash			66,000
Ordinary shares (21,428,571 at 1.88 pence per share – fair value of consideration)			630,934
			<u>696,934</u>

The directors have valued the intellectual property acquired in the acquisition of MobileWave Limited at \$1.566m. Fair value has been measured using a discounted cash flow model. Post tax cash flows have been estimated over a period of 3 years and discounted using a 60% discount rate, a rate considered to be an acceptable return to an investor prepared to invest in a developing technology business.

The cash flow forecasts take into account many assumptions which have been derived from market data where possible. Revenue is dependent on a number of brand reward partners signing up to campaigns, retailers using the platform to promote marketing and discount offers, consumers registering and remaining active through the incentive to earn Oi rewards and redeem to realise beneficial valuation.

MobileWave Group Plc
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 28 February 2011

8 INTANGIBLE ASSETS (*continued*)

The valuation assumes that over the next 3 years, campaigns will be sold to 20 brand partners who will in turn initiate coupon campaigns generating income through initial fees but mainly through coupon redemption. The valuation assumes that those consumers that register 50% will be active users and of those who earn Oi rewards, 85% of them will redeem their points.

The valuation is sensitive to certain assumptions used. Applying a discount rate of 50% rather than 60% would cause the fair value to increase to \$1.86m. However if the users generated from brand partner reward schemes fell by 50%, then the fair value would reduce to \$900,000. Redemption rates increasing from 85% to 100% would cause the fair value to decrease to \$457,000 whilst the proportion of active users falling by 10%, the fair value would reduce to \$1.35m.

This valuation formed the basis on which the acquisition was presented to the shareholders of MobileWave Group plc (formerly Fieldbury plc).

The fair value of the net assets acquired was \$1,472,747 which is in excess of the \$696,934 cost of acquisition. Accordingly under IFRS the Consolidated Statement of Comprehensive Income has been credited with a gain on bargain purchase of \$775,813 in the period and has been included in separately disclosed items.

Directly attributable acquisition costs of \$220,492 have been expensed through income as incurred and disclosed within administrative expenses.

MobileWave Limited contributed \$267,125 of the net loss for the period between the date of acquisition and the reporting date. If this acquisition had occurred on 1 January 2010 the consolidated loss for the period would have been \$3,719,856.

PARENT COMPANY

The company purchased domain names during the period for \$12,000 (2009: \$Nil).

MobileWave Group Plc
 NOTES TO THE FINANCIAL STATEMENTS
 For the period ended 28 February 2011

9 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold Improvements US\$000	Office furniture & equipment US\$000	Computer equipment US \$000	Total US \$000
Cost				
At 1 January 2009	367	355	8	730
Disposals	(367)	(355)	(5)	(727)
At 31 December 2009	-	-	3	3
Arising on acquisition	-	17	12	29
At 28 February 2011	-	17	15	32
Depreciation				
At 1 January 2009	-	-	2	2
Charge for the year	-	-	1	1
Disposals	-	-	(2)	(2)
At 31 December 2009	-	-	1	1
Charge for the period	-	8	3	11
At 28 February 2011	-	8	4	12
Net book value				
At 28 February 2011	-	9	11	20
At 31 December 2009	-	-	2	2
At 1 January 2009	367	355	6	722

MobileWave Group Plc
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 28 February 2011

9 PROPERTY, PLANT AND EQUIPMENT (*continued*)
Company

	Computer equipment US \$000	Total US \$000
Cost		
At 1 January 2009	8	8
Disposals	(5)	(5)
At 31 December 2009	3	3
Additions	-	-
At 28 February 2011	3	3
Depreciation		
At 1 January 2009	2	2
Charge for the year	1	1
Disposals	(2)	(2)
At 31 December 2009	1	1
Charge for the period	1	1
At 28 February 2011	2	2
Net book value		
At 28 February 2011	1	1
At 31 December 2009	2	2
At 1 January 2009	6	6

The depreciation is recognised within administrative expenses in the statement of comprehensive income.

10 FINANCIAL ASSET INVESTMENTS

	2011 US \$000	2009 US \$000
Company:		
Investments in subsidiaries:		
Cost at beginning of period	-	12,292
Additions	697	-
Disposals	-	(12,292)
At end of period	697	-
Impairment at beginning of period	-	2,587
Additions	-	-
Disposals	-	(2,587)
At end of period	-	-
Net book value:		
At end of period	697	-

MobileWave Group Plc
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 28 February 2011

10 FINANCIAL ASSET INVESTMENTS (*continued*)

Details of subsidiary undertakings at the end of the period, which are wholly owned by the company except where noted, are as follows:

<i>Company</i>	<i>Country of registration or incorporation</i>	<i>Shares held class</i>	<i>Proportion of shares held by group</i>	<i>Nature of business</i>
MobileWave Limited	Jersey	Ordinary	100%	Holding company
MobileWave(SA) Pty Limited *	South Africa	Ordinary	100%	Communications
Oi Rewards Pty Limited *	South Africa	Ordinary	100%	Dormant

* The shareholding is an indirect one via a subsidiary company.

11 INVENTORIES

Group	2011 US\$000	2009 US\$000
Finished goods for resale	2	-

Inventories expensed in the Consolidated Statement of Comprehensive Income are shown within Cost of Sales. All inventories are carried at the lower of cost or net realisable value.

12 TRADE AND OTHER RECEIVABLES

	Group 2011 US\$000	Company 2011 US\$000	Company 2009 US\$000
Other receivables	12	-	1,500
Amounts owed by group undertakings	-	548	-
Prepayments and accrued income	52	52	73
	<u>64</u>	<u>600</u>	<u>1,573</u>

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. A provision for impairment has been made in the current period to fully provide for the \$1.5m due from D Narang in respect of the disposal of Freeplay as management are uncertain as to the outcome of the current legal proceedings.

Included within other receivables is \$12 denominated in South African Rand.

13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash held by the Group. The carrying amount of the asset approximates the fair value.

	Group 2011 US\$000	Company 2011 US\$000	Company 2009 US\$000
Cash at bank	5	3	2,079

MobileWave Group Plc
 NOTES TO THE FINANCIAL STATEMENTS
 For the period ended 28 February 2011

14 TRADE AND OTHER PAYABLES

	Group 2011 US\$000	Company 2011 US\$000	Company 2009 US\$000
Current:			
Trade payables	675	675	127
Shareholder loans	323	122	29
Accruals	225	181	59
	<u>1,223</u>	<u>978</u>	<u>215</u>

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 63 days (2009 41 days).

The carrying amount of trade and other payables approximates to their fair values.

Shareholder loans represent amounts repayable to certain shareholders. No interest is payable on the shareholder loans owed by the Company. Shareholder loans payable by MobileWave (SA) Pty Limited of US\$200,819 carry an interest rate of 10%. The amounts are repayable in six to nine months. Further details of shareholder loans and loans from directors are set out in note 17.

Included within trade payable is \$500,586 denominated in GBP.

15 PROVISIONS FOR DEFERRED TAXATION

	Non-trading losses US\$000	Capital losses US\$000	Trading losses US\$000
Losses carried forward at 1 January 2010	340	25,820	5,046
Losses arising on acquisition	-	-	889
Losses arising in the period	-	-	3,966
	<u>340</u>	<u>25,820</u>	<u>9,901</u>

At the reporting date, the Group has unused tax losses as noted above available for offset against future profits. A deferred tax asset of \$2,722,000 has not been recognised in respect of such losses on the basis that the Directors consider that there is too much uncertainty surrounding the timing and amounts of future profits. Unrecognised tax losses which may be carried forward indefinitely.

MobileWave Group Plc
 NOTES TO THE FINANCIAL STATEMENTS
 For the period ended 28 February 2011

16 SHARE CAPITAL

	2011		2009	
	Number of shares	US\$000	Number of shares	US\$000
Authorised				
Ordinary shares of 5p each	110,819,639	11,820	110,819,639	11,820
Deferred shares of 45p each	4,496,508	3,902	4,496,508	3,902
Deferred shares of 5p each	39,180,361	3,064	39,180,361	3,064
		<u>18,786</u>		<u>18,786</u>
Allotted, called up and fully paid				
Ordinary shares of 5p each				
At the beginning of the period/year	57,684,198	6,407	96,864,559	9,471
Issued during the period/year	21,428,571	1,678	-	-
Transfer to deferred 5p	-	-	(39,180,361)	(3,064)
At the end of the period/year	<u>79,112,769</u>	<u>8,085</u>	<u>57,684,198</u>	<u>6,407</u>
Deferred shares of 45p each				
At the beginning of the period/year	4,496,508	3,902	1,730,098	1,955
Allotments in the period/year	-	-	2,766,410	1,947
At the end of the period/year	<u>4,496,508</u>	<u>3,902</u>	<u>4,496,508</u>	<u>3,902</u>
Deferred B shares of 5p each				
At the beginning of the period/year	39,180,361	3,064	-	-
Allotments in the period/year	-	-	39,180,361	3,064
At the end of the period/year	<u>39,180,361</u>	<u>3,064</u>	<u>39,180,361</u>	<u>3,064</u>
Total				
At the beginning of the period/year		13,373		11,426
Allotments in the period/year		1,678		5,011
Transfers in the period/year		-		(3,064)
At the end of the period/year		<u>15,051</u>		<u>13,373</u>

The company's deferred shares have no rights to dividends or voting rights.

During the period the company issued 21,428,571 ordinary shares of 5 pence in consideration for the acquisition of MobileWave Limited.

Capital management

The Group's main objective when managing capital is to protect returns to shareholders by ensuring the Group will continue to trade in the foreseeable future. The Group also aims to maximise its capital structure of debt and equity so as to minimise its cost of capital.

The Group considers its capital to include share capital, share premium, merger reserve, other reserves, foreign currency translation reserve, share based payment reserve and the retained deficit. The Group has no external debt.

MobileWave Group Plc
 NOTES TO THE FINANCIAL STATEMENTS
 For the period ended 28 February 2011

16 SHARE CAPITAL (*continued*)

Share capital represents the nominal value of ordinary shares issued and fully paid.

Share premium represents the excess of funds raised from the placings of equity shares over the nominal value of the shares after deducting directly attributable placing costs.

The merger reserve was established in respect of the MobileWave acquisition.

Retained deficit represent accumulated losses to date.

The Group has no long-term gearing ratio target as it believes that it currently has no assets on which to secure funding.

Share options

The Company has adopted an unapproved employee share option scheme. Under the Scheme the Directors have the discretion to grant options to subscribe for ordinary shares up to a maximum of 10% of the Company's issued share capital options can be granted to any employee or consultant of the Group. Options cannot be exercised for a period of one year from the date of grant except in certain circumstances. In the event of any employee or consultant to whom options have been granted ceasing to be an employee or consultant of the Group, he or she will have a set period in which to exercise those options (depending on the reasons for leaving), failing which the options will lapse.

At 28 February 2011 the Company had 9,732,099 ordinary shares under option of 5p each (2009: 8,705,613). The details of the Company's share option schemes are detailed below:

Grant date	Subscription price per share	Number of shares for which rights exercisable	Period over which options are exercisable
24 February 2005	52p	1,036,062	24 February 2005 to 24 February 2010
19 October 2005	52p	100,000	1 July 2006 to 1 July 2011
5 May 2005	52p	100,000	31 March 2006 to 31 March 2011
22 June 2006	29p	996,037	22 June 2007 to 22 June 2016
17 December 2007	6.5p	500,000	1 July 2009 to 17 December 2012
22 September 2008	4.5p	1,350,000	31 December 2008 to 22 September 2018
22 September 2008	4.5p	150,000	31 December 2010 to 22 September 2018
23 July 2010	5p	2,750,000	23 January 2012 to 23 January 2021
23 July 2010	5p	2,750,000	23 July 2013 to 23 July 2022
Total share options in issue		9,732,099	

MobileWave Group Plc
 NOTES TO THE FINANCIAL STATEMENTS
 For the period ended 28 February 2011

16 SHARE CAPITAL (*continued*)

A reconciliation of option movements over the period to 28 February 2011 is shown below:

	2011		2009	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at beginning of the period	8,705,613	17.5p	12,652,641	14.7p
Granted	5,500,000	5p	-	-
Forfeited/Lapsed	(4,473,514)	9.2p	(3,947,028)	11.7p
Exercised	-	-	-	-
Outstanding at end of the period	<u>9,732,099</u>	<u>13.4p</u>	<u>8,705,613</u>	<u>17.5p</u>
Exercisable at the end of the period	<u>4,232,099</u>	<u>27.3p</u>	<u>7,738,946</u>	<u>18.7p</u>

The Group charged \$5,455 to the Statement of Comprehensive Income in relation to share based payments.

The options outstanding at 28 February 2011 had a weighted average exercise price of 13.4p and a weighted average remaining contractual life of 8.3 years.

Expected volatility was based upon the historical volatility over the expected life of the schemes. The expected life is based upon historical data and has been adjusted based on management's best estimates for the effects of non-transferability, exercise restrictions and behavioural considerations.

Options granted during the year to employees, directors and contractors of MobileWave Group plc were:

	23 July
Grant date	2010
Share price at grant date	1.875p
Exercise price	5p
Number of recipients	6
Share options granted	5,500,000
Vesting period (months)	18 to 36
Expected volatility	88.9%
Option life (years)	10
Expected life (years)	5
Risk free rate	4%
Expected dividends expressed as a dividend yield	-
Fair value per option	0.1p

MobileWave Group Plc

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 February 2011

17 RELATED PARTY TRANSACTIONS

GROUP

DIRECTORS

The acquisition of MobileWave Limited constituted a related party transaction for the purpose of Aim Rule 13, by virtue of R M Stear being a director of the Company and a substantial shareholder in MobileWave Limited and T G Roddick who resigned as a director of the Company within 12 months of the date of acquisition and being a shareholder in MobileWave Limited.

Fees for Directors' services are set out in the Directors' Remuneration Report and in Note 4 to the financial statements. The only other related party to the Directors is Flambard Holdings Limited. Details of that relationship are below. The Directors are of the opinion that the terms and conditions of the transactions with R M Stear and his related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to any other entity on an arm's length basis. The Company has a consultancy services contract with Flambard Holdings Limited under which a quarterly fee of US\$60,000 is payable.

The Group has a trading relationship with Flambard Holdings Limited, a company of which R M Stear is a Director and shareholder. Flambard Holdings Limited has a service agreement with the Group for the provision, on an arm's length basis, of consultancy and administrative services in the UK and South Africa. The Group purchased \$285,781 of consultancy services (2009: \$261,935) and \$113,013 of administrative services (2009: \$15,606) from Flambard Holdings Limited during the period. The balance due at the 28 February 2011 is \$144,963 (2009: \$2,142).

On 15 March 2010 MobileWave Limited entered into an agreement with Flambard Data Services Limited and Flambard Investments Mauritius Limited, companies of which R M Stear is a Director and shareholder, and Brownstone Capital Investments (Pty) Limited whereby MobileWave Limited is to be given access to 350,000 data records held in a database maintained by Flambard Data Services Limited, to a value agreed between the parties of ZAR 500,000. The access to this database is partially in consideration of the issue of shares by MobileWave Limited to Flambard Data Services Limited.

On 23 July 2010 the Company entered into a facility agreement with R M Stear which would provide funding up to \$300,000 in certain circumstances. The facility may be provided by any of the following means:

- by providing a loan to the Company, not exceeding \$300,000 for a fixed term of twelve months at an annual interest rate of 6% per annum; or
- by subscribing for new Ordinary Shares for an amount not exceeding \$300,000 at a price equivalent to the lower of 5p per Ordinary Share and the average mid market price of the Ordinary Shares over a ten day period prior to the subscription; or
- by procuring an overdraft facility from a bank with a personal guarantee by Mr Stear, not exceeding \$300,000; or
- by providing a convertible loan not exceeding \$300,000 for a fixed term of twelve months at an interest rate of 6% per annum convertible at Mr Stear's discretion at the end of the twelve month period into ordinary shares at the lower of 5p per ordinary share and the average mid market price of the ordinary shares over a ten day period following conversion.

Included in shareholders loans is \$250,262 (2009: \$nil) due to Flambard Holdings Limited and \$43,594 due to Flambard Data Services Limited. \$107,082 of the total loan due to Flambard Holdings Limited and \$43,594 of the loan due to Flambard Data Services Limited carries interest at 10% per annum.

MobileWave Group Plc

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 February 2011

17 RELATED PARTY TRANSACTIONS (*continued*)

During the period a loan of \$120,000 was made to Lifeline Technologies Trading Limited. The loan and accrued interest (US\$10,000) was fully repaid on 12 October 2010. V Gupta, a non-exec Director, is an investor, not a Director, of Lifeline Technologies Trading Limited.

KEY MANAGEMENT COMPENSATION

The Board is of the opinion that the key management personnel are the Directors and consultants who provide services of an executive nature. In addition to their fees the Group also provides certain non cash benefits to the consultants. The total compensation comprised:

	2011 US\$000
Remuneration and fees	279
Share based payment compensation	5
	<hr/>
	284
	<hr/> <hr/>

PARENT COMPANY

Amounts owed to the parent by group companies at the end of the period were:

	2011 US\$000
Mobilewave Jersey Ltd	329
Mobilewave South Africa (Pty) Ltd	219
	<hr/>
	548
	<hr/> <hr/>

The funding provided in the year to MobileWave Limited was \$328,457 on which no interest was charged, and to MobileWave South Africa SA (Pty) Limited \$219,212 on which no interest was charged.

MobileWave Group Plc

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 February 2011

18 FINANCIAL INSTRUMENTS

The Group's financial instruments comprise borrowings, cash and cash equivalents, receivables and trade payables, which arise directly from its funding activities and its operations. The main purpose of these financial instruments is to raise finance for the Group's working capital.

The Group does not generally enter into derivative transactions (such as interest rate swaps and forward foreign currency contracts), and it is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

As at the reporting date the only borrowings outstanding were shareholders' loans which are not interest bearing. Management review and agree the mix of borrowings and will amend the mix to ensure a suitable risk position of the Group.

Liquidity risk

The Group's policy is to achieve continuity of funding by ensuring that adequate loan facilities are in place appropriate to meet its forecast requirements. The Board receives regular cash flow forecasts to ensure that sufficient funding is in place as it is required. Where possible the Group seeks to put committed facilities in place.

Foreign currency risk

The Group's operational and presentation currency is US dollars, and where possible revenues, costs and financing of the Group's global operations are denominated in this currency. Sterling denominated amounts have been retranslated into US dollars using the following rates of exchange: 28 February 2011 £1/ US \$1.612 (2009 £1/ US \$1.6226).

Interest rate risk

The borrowings during the period have been interest bearing. Shareholder loans payable to MobileWave South Africa (Pty) Limited of US\$200,819 carry an interest rate of 10%. Of the \$323,000 shareholder loans outstanding at the reporting date, \$294,000 is due for repayment on or before the 31 December 2011.

Fair values of financial assets and financial liabilities

Market values are not available and accordingly, fair values have been calculated by discounting expected cash flows at prevailing interest and exchange rates.

The carrying amounts of the Group's financial instruments are a reasonable approximation to their fair value.

MobileWave Group Plc
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 28 February 2011

18 FINANCIAL INSTRUMENTS (*continued*)

Foreign currency profile of financial assets

The foreign currency profile of the financial assets and liabilities of the Group as at 28 February 2011 is as follows:

Designated Currency	GBP		South African Rand
	US\$000	US\$000	US\$000
Other receivables	-	-	12
Trade payables	(174)	(501)	-
Shareholder loans	(230)	(93)	-
Accruals	-	(181)	(44)
	<u>(404)</u>	<u>(775)</u>	<u>(32)</u>
Parent company	Cash and cash equivalents		
	2011	2009	2008
	US\$000	US\$000	US\$000
Currency			
Sterling	1	22	199
US Dollars	2	2,057	2,450
	<u>3</u>	<u>2,079</u>	<u>2,649</u>

19 OPERATING LEASE COMMITMENTS

The minimum lease payments under non-cancellable operating lease rentals are in aggregate as follows:

	Property 2011 US\$000
Amounts due under non-cancelling operating leases	
Within one year	212
Within two to five years	850
After five years	141
	<u>1,203</u>

20 CONTROL

The Directors do not consider any one party to exercise overall control of the Group.

MobileWave Group Plc

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 February 2011

21 POST BALANCE SHEET EVENTS

On 11 May 2011, the directors announced that the company intended to raise up to £2 million through the issue of Convertible Preference Shares.

The Convertible Preference Shares will have the following rights:

- A 15 per cent per annum coupon will be attached which will be aggregated up to and paid on the date of conversion or redemption.
- They will automatically be converted into Ordinary Shares in the event that the mid market price of Ordinary Shares is no less than an average of 7.0 pence per Share over a consecutive period of 30 days, as derived from the Daily Official List of the London Stock Exchange.
- When converted, the Convertible Preference Shares will rank *pari passu* in all respects with the existing Ordinary Shares including the rights to receive all dividends and other distributions declared, made or paid on or in respect of such shares.
- Holders of Convertible Preference Shares will be entitled at any time to convert the Convertible Preference Shares into Ordinary Shares at a price equivalent to 5.0 pence per Ordinary Share.
- If the Convertible Preference Shares have not been converted into Ordinary Shares within three years from the date of issue, they will be redeemable by the Company

22 EXPLANATION OF TRANSITION TO IFRS

This is the first period for which the parent company has presented its financial statements under IFRS as adopted by the European Union. The date of transition to IFRS was 1 January 2009. To comply with IFRS 1 First-time adoption of IFRS, the Directors have presented a company statement of financial position as at 31 December 2008.

In the opinion of the Directors, the company's Statements of Financial Position as at the 31 December 2009 and 31 December 2008 were not affected by the transition to IFRS. At the date of transition, there was no difference between the company's Statement of Financial Position under UK GAAP and IFRS. As a consequence, the Directors have not presented to the notes supporting the statement of financial position as at 31 December 2008. Furthermore, as there were no differences arising on transition to IFRS, no reconciliation to total comprehensive income is presented.

The transition to IFRS had also had no effect on the cash flows reported in accordance with UK GAAP except that the presentation in the Statement of Cash Flows in accordance with IFRS differs from the presentation in accordance with FRS 1 (Revised) Cash Flow Statements.