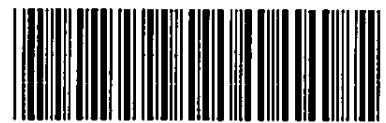


Registered no: 04187081

Software Cellular Network Limited
Annual report
for the year ended 31 March 2009

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Software Cellular Network Limited

Annual report

for the year ended 31 March 2009

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Software Cellular Network Limited

Company information

Directors and Advisors

Directors

I G Fallon
M Farmer
C S Gorman
J P McMonigall
E W Plattfaut
G E S Robinson
J Sigmund
A Straub
J P Tagg
G M Wilson
C Van Breda
N C Morland

Company secretary

Taylor Wessing Secretaries Limited

Registered office

5 New Street Square
London
EC4A 3TW

Registered Number

04187081

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
9 Greyfriars Road
Reading
Berkshire
RG1 1JG

Software Cellular Network Limited

Directors' report for the year ended 31 March 2009

The directors present their report and the audited financial statements of the company for the year ended 31 March 2009

Principal activity

The principal activity of the company in the year under review was that of cellular and telecommunication services

Directors

The directors during the year under review and up to the date of the signing of the financial statements, unless otherwise stated, were

A J Campbell	(resigned 19 Dec 2008)
I G Fallon	
M Farmer	
C S Gorman	(appointed 1 Aug 2008)
J P McMonigall	
E W Plattfaut	(appointed 24 Oct 2008)
G E S Robinson	(appointed 2 Apr 2008)
J Sigmund	
A Straub	
J P Tagg	
J Ueberla	(resigned 23 Oct 2008)
G M Wilson	(appointed 13 Oct 2008)
C Van Breda	(appointed 29 Sep 2009)
N C Morland	(appointed 1 July 2009)

Results and dividends

The company's loss for the financial year was £10,185K (2008 £9,638K) The directors do not recommend payment of a dividend (2008 Nil)

Post balance sheet event

The Company acquired the entire share capital of Startel Communications Co Pty Ltd, incorporated in Queensland Australia, and its subsidiary Startel Communications Asia Corp, incorporated in Mandaluyong Philippines, on 15 December 2009 for a total consideration of AUD 2 million payable in cash. The Company paid a further AUD 0.8 million for commercial property known as 1/81 Secam Street, Mansfield, Queensland 4122, Australia

On 24 September 2009, Software Cellular Network (North America) Ltd, a Delaware limited liability company and a wholly owned subsidiary of Software Cellular Network Ltd entered into a Purchase Agreement to acquire the entire share capital of Smart Call LLC for a consideration of USD \$2,449,910 made up of cash plus D-class share in Software Cellular Network Ltd. This acquisition was completed on 8 March 2010

Since 1 April 2009, the Company received additional funding in the amount of £15.5 million in the form of convertible loan notes under the scope of the Loan Note Instrument (see note 15 for terms)

Research and development

The company is currently undertaking research and development into cellular and telecommunication services

Software Cellular Network Limited

Going concern

For the year ended 31 March 2009, Software Cellular Network Limited made a net loss of £10,185K (2008 loss of £9,638K) The directors believe that preparing the accounts on the going concern basis is appropriate due to the following

- In the 12 month period ended 31 March 2010 the Company successfully raised an additional £15.5m of cash in the form of convertible loan notes,
- The Company has produced updated projections for the period ended 31 March 2015 showing operational breakeven within the financial year ended 31 March 2011,
- Ongoing discussions with existing investors and substantial interest from new potential investors

The directors expect to successfully raise a further round of funding by the end of June 2010 sufficient to continue as a going concern for at least 1 year after the financial statements are approved due to the following

- The Company has successfully launched its ground breaking Global mobile service and is starting to see strong demand for its service giving it confidence in meeting its business targets,
- Strong interest from its operator partners around the globe potentially allowing the Company to accelerate its plans

The directors believe that they will achieve their forecast and they will secure the additional funding required. On this basis the directors believe it appropriate to prepare the financial statements on the going concern basis. However there can be no certainty that additional funds will be made available to the Company in June 2010 or that the Company will achieve its projected results. Should the Company not obtain the additional funding or achieve its projected results it may not have sufficient funds to remain in operational existence. These circumstances indicate the existence of a material uncertainty that may cast significant doubt over the Company's ability to continue as a going concern. The financial statements do not include any adjustment to the value of balance sheet assets or provision for further liabilities, which would result should the going concern concept not be valid.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

Software Cellular Network Limited
Directors' report
for the year ended 31 March 2009 (continued)

Statement of directors' responsibilities (continued)

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

Auditors and disclosure of information


The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Each of the persons who are a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (2) each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

By order of the Board


G Wilson
Director

27/4/10 (Date)

Software Cellular Network Limited

Independent auditors' report to the members of Software Cellular Network Limited

We have audited the financial statements of Software Cellular Network Limited for the year ended 31 March 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

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

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

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Software Cellular Network Limited

Independent auditors' report to the members of Software Cellular Network Limited (continued)

Emphasis of Matter – Going Concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Company's ability to continue as a going concern. The Company incurred a net loss of £10,185k during the year ended 31 March 2009 and requires additional funds to be raised and projected results to be achieved in order to continue its operations. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Reading

28 April 2010

Software Cellular Network Limited

Profit and loss account for the year ended 31 March 2009

	Note	2009 £000	2008 £000
Turnover: Continuing Operations		420	80
Turnover: Acquisitions		2,184	-
Total Turnover	2	2,604	80
Cost of sales	20	(2,038)	(98)
Gross profit/(loss)		566	(18)
Total administration expenses	20	(11,637)	(10,313)
Operating loss: Continuing Operations		(9,187)	(10,331)
Operating loss: Acquisitions		(1,884)	-
Operating loss	3	(11,071)	(10,331)
Interest receivable and similar income	4	188	269
Interest payable and similar charges	5	(148)	(9)
Loss on ordinary activities before taxation		(11,031)	(10,071)
Tax on loss on ordinary activities	8	846	433
Loss for the financial year	18	(10,185)	(9,638)

The company's results are derived entirely from continuing operations and acquisitions

The company has no recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the loss on ordinary activities before taxation and the loss for the years stated above and their historical cost equivalents

Software Cellular Network Limited

Balance sheet as at 31 March 2009

	Note	2009 £000	2008 £000
Fixed assets			
Intangible assets	9	2,473	-
Tangible assets	10	376	165
Investments	11	56	-
		2,905	165
Current assets			
Stock	12	48	-
Debtors amounts falling due within one year	13	885	732
Cash at bank and in hand		2,720	1,332
		3,653	2,064
Creditors amounts falling due within one year	14	(2,339)	(1,460)
Net current assets		1,314	604
Total assets less current liabilities		4,219	769
 Creditors: amounts falling due after more than one year	15	 12,093	 463
 Capital and reserves			
Called up share capital	16	-	-
Share premium account	18	15,905	14,585
Other reserves	18	1,453	846
Profit and loss reserve (deficit)	18	(25,232)	(15,125)
Total capital and reserves	19	(7,874)	306
		4,219	769

The financial statements on pages 7 to 24 were approved by the board of directors on and were signed on its behalf by

27 APR 2010



G. Wilson
Director

Software Cellular Network Limited

Notes to the financial statements for the year ended 31 March 2009

1 Accounting policies

These financial statements are prepared, on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies are set out below.

Consolidation

These financial statements contain information about Software Cellular Network Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 248 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as the group it heads qualifies as a small group.

Going concern

For the year ended 31 March 2009, Software Cellular Network Limited made a net loss of £10,185K (2008 loss of £9,638K). The directors believe that preparing the accounts on the going concern basis is appropriate due to the following:

- In the 12 month period ended 31 March 2010 the Company successfully raised an additional £15.5m of cash in the form of convertible loan notes,
- The Company has produced updated projections for the period ended 31 March 2015 showing operational breakeven within the financial year ended 31 March 2011,
- Ongoing discussions with existing investors and substantial interest from new potential investors.

The directors expect to successfully raise a further round of funding by the end of June 2010 sufficient to continue as a going concern for at least 1 year after the financial statements are approved due to the following:

- The Company has successfully launched its ground breaking Global mobile service and is starting to see strong demand for its service giving it confidence in meeting its business targets,
- Strong interest from its operator partners around the globe potentially allowing the Company to accelerate its plans.

The directors believe that they will achieve their forecast and they will secure the additional funding required. On this basis the directors believe it appropriate to prepare the financial statements on the going concern basis. However there can be no certainty that additional funds will be made available to the Company in June 2010 or that the Company will achieve its projected results. Should the Company not obtain the additional funding or achieve its projected results it may not have sufficient funds to remain in operational existence. These circumstances indicate the existence of a material uncertainty that may cast significant doubt over the Company's ability to continue as a going concern. The financial statements do not include any adjustment to the value of balance sheet assets or provision for further liabilities, which would result should the going concern concept not be valid.

Turnover

Turnover comprises amounts generated from mobile telecommunication services including voice and SMS transactions, excluding value added tax. Payments made by customers are classified as deferred income and are only recognised as turnover on usage of the service. Deferred income represents the total market value of airtime issued discounts awarded, determined on an average issuance basis consistent with historical trends.

Software Cellular Network Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

1 Accounting policies (continued)

Share-based payment

The company operates equity-settled, share-based compensation plans. Certain employees of the company are awarded options over the shares in the company. The fair value of the employee services received in exchange for these grants of options is recognised as an expense, with a corresponding increase in Other reserves.

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 sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to Other Reserves.

In accordance with FRS 20, fair value calculations have only been made in respect of share options awarded after 7 November 2002 that remained unvested at 1 April 2006.

Employer's National Insurance on share options

Under unapproved share option schemes, the company is required to pay National Insurance on the difference between the exercise price and market value at the exercise date of the shares issued. The company becomes unconditionally liable to pay the National Insurance upon exercise of the options. The company therefore calculates the provision by applying the latest enacted National Insurance rate to the difference between the market value of the underlying options at the balance sheet date and the option exercise prices. A full provision is made upon grant of the option as there is no underlying performance period. The amount of the National Insurance actually payable will depend on the number of employees who remain with the company and exercise their options, the market price of the shares at the time of exercise and the prevailing National Insurance rates at the time.

Research and development

Research and development expenditure costs are written off as incurred.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Intangible fixed assets

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Under the accounting standard FRS10 (Goodwill and Intangible Assets), goodwill arising on acquisitions has been capitalised and is being amortised over a three year period, being the period expected to benefit. The company evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount if events exist to indicate a potential impairment. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

Software Cellular Network Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

1 Accounting policies (continued)

Tangible fixed assets

The cost of tangible fixed assets comprises the purchase price and any incidental expenses of acquisition. Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Computer equipment	3 years
--------------------	---------

Investments

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Cash Flow

The company has taken advantage of the exemption in FRS 1 "Cash flow statements (revised 1996)" from the requirement to present a cash flow statement on the grounds that it is a small company.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Pension costs

Pension contributions in respect of defined contribution pension schemes are charged to the profit and loss account as incurred. The assets of the pension plans are held separately from the company in independently administered funds.

Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at mid-market rates of exchange at the balance sheet date or, if appropriate, at a related forward contract rate. Revenue and expenditure items denominated in foreign currencies are translated to sterling at the average rate of exchange ruling in the month in which the transaction took place. All exchange differences are included in the profit and loss account in the period to which they relate.

Software Cellular Network Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

1 Accounting policies (continued)

Loans and borrowing

Bank and other borrowings are initially stated as the 'net proceeds', being the principal loan element, net of issue and finance costs. Issue costs together with finance costs are allocated to the profit and loss account over the term of the facility at the effective rate of interest. Accrued finance charges and issue costs are included in the carrying value of those borrowings.

2 Turnover

The turnover of the company has been wholly derived from its principal activity for which a geographical analysis by destination is given below:

	2009 £000	2008 £000
UK	1,869	20
US	171	9
Rest of world	564	51
	2,604	80

3 Operating loss

The operating loss is stated after charging/(crediting):

	2009 £000	2008 £000
Amortisation – owned assets (note 9)	1,237	-
Depreciation – owned assets (note 10)	190	76
Operating lease charges – other	441	385
Auditors' remuneration – audit services	44	22
Auditors' remuneration – non-audit services (tax compliance)	10	3
(Gain)/Loss on translation of foreign currency	(9)	30

4 Interest receivable and similar income

	2009 £000	2008 £000
Interest receivable on bank account	188	269

5 Interest payable and similar charges

	2009 £000	2008 £000
Interest payable on loan notes	21	-
Bank charges	127	9
	148	9

Software Cellular Network Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

6 Employees

Staff costs were

	2009	2008
	£000	£000
Wages and salaries	3,604	2,525
Social security costs	375	270
Costs associated with share based payments (see note 21)	685	679
Pension contributions (see note 17)	67	61
	4,731	3,535

The average monthly number of employees including executive directors employed by the company during the year was 53 (2008 40)

7 Directors emoluments

	2009	2008
	£000	£000
Aggregate emoluments	700	283

The aggregate value of company contributions into a defined contribution scheme was £10,902 (2008 £7,795) At 31 March 2009 there were two directors to whom retirement benefits under a defined contribution scheme were accruing (2008 two) During the year, there were no (2008 two) directors who exercised options over Ordinary shares of the company

Highest paid director

	2009	2008
	£000	£000
Total emoluments and amounts (Excluding shares) receivable under long term incentive schemes	302	112

The highest paid director has elected not to take the retirement benefits under the money purchase scheme (2008 nil)

Software Cellular Network Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

8 Taxation

	2009 £000	2008 £000
Current tax		
UK corporation tax on profit for the year	-	-
Adjustment in respect of previous periods	(846)	(433)
Total current tax credit	(846)	(433)
Tax credit on loss on ordinary activities	(846)	(433)

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2009 nor for the year ended 31 March 2008. The tax credit assessed for the year is lower (2008 lower) than the standard rate of corporation tax in the UK of 28% (2008 30%). The differences are explained below

	2009 £000	2008 £000
Loss on Ordinary activities before taxation	(11,031)	(9,638)
Loss on Ordinary activities multiplied by the standard rate of tax in the UK 28% (2008 30%)	(3,089)	(2,891)
Effects of		
Expenses not deductible for tax purposes	334	148
Accelerated capital allowances and other timing differences	2,755	2,743
Adjustments to tax charge in respect of previous periods – R&D tax credit	(846)	(433)
Current tax charge for the year	(846)	(433)

Deferred taxation

The directors consider that it is less likely than not that there will be sufficient taxable profits in the immediate future such as to realise the deferred tax asset, and therefore the asset has not been recognised in these financial statements (2008 nil). The deferred tax asset/(liability) unprovided is as follows

	2009 £000	2008 £000
Deferred tax asset comprises		
Accelerated capital allowances	62	(20)
Short term timing differences	407	-
Trading losses	5,264	4,630
Deferred tax asset	5,733	4,610

The unrecognised deferred tax asset above includes within trading losses additional deductions associated with research and development tax credits

Factors affecting future tax charges

Based on current capital investment plans, the company expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year

Software Cellular Network Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

9 Intangible assets

	Goodwill £000
Cost	
At 1 April 2008	-
Acquisitions (note 20)	3,710
31 March 2009	3,710
Aggregate amortisation	
At 1 April 2008	-
Amortisation for the year	1,237
At 31 March 2009	1,237
Net book amount	
31 March 2009	2,473
31 March 2008	-

10 Tangible assets

	Computer equipment £000
Cost	
At 1 April 2008	267
Additions	250
Acquisitions	151
At 31 March 2009	668
Accumulated depreciation	
At 1 April 2008	102
Charge for year	190
At 31 March 2009	292
Net book amount	
At 31 March 2009	376
At 31 March 2008	165

Software Cellular Network Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

11 Fixed asset investments

	Shares in Subsidiary Undertakings £000
Cost	
At 1 April 2008	-
Additions	56
At 31 March 2009	56

The £56K is made up of the following investments 50K EUR in SCNL Truphone S A, 1 USD in Software Cellular Network (North America) Ltd and 50K PLN in Truphone Poland Sp

Subsidiary undertakings and Acquisitions:

Company Name	Country of Incorporation	Principal Activity	Percentage Interest	Class of Share	Year end
Truphone Ltd	UK	Dormant	100%	Ordinary	31 Mar
Software Cellular Network (North America) Ltd	US	Provision of services	100%	Ordinary	31 Dec
Truphone Poland Sp Z o o	Poland	Provision of services	100%	Ordinary	31 Dec
SCNL Truphone S A	Portugal	Provision of services	100%	Ordinary	31 Dec
SIM4TRAVEL LIMITED	UK	Dormant	100%	Ordinary	31 Mar

The financial performance and position of the subsidiary companies are shown below

Software Cellular Network (North America) Ltd

	USD \$	GBP £
Net loss for period 14 June to 31 December 2008	(173,258)	(118,515)
Net assets as at 31 December 2008	48,084	32,891

Software Cellular Network (North America) Ltd was incorporated on the 14 June 2008

Software Cellular Network Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

11 Fixed asset investments (continued)

Subsidiary undertakings and Acquisitions. (continued)

Truphone Poland Sp Z o o

	Zloty PLN	GBP £
Net loss for year ended 31 December 2008	(7,620)	(1,763)
Net loss for period ended 31 December 2007	(2,672)	(549)
Net assets as at 31 December 2008	39,708	11,571
Net assets as at 31 December 2007	47,328	10,269

Truphone Poland Sp Z o o was incorporated on 23 August 2007

SCNL Truphone S A

	Portugal Euro €	British Sterling £
Net profit for year ended 31 December 2008	5,592	5,326
Net loss for the period ended 31 December 2007	(4,560)	(3,353)
Net assets as at 31 December 2008	51,031	48,606
Net assets as at 31 December 2007	45,440	33,412

SCNL Truphone S A was incorporated on 21 September 2007

12 Stock

	2009 £000	2008 £000
Sim Cards	48	-

Software Cellular Network Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

13 Debtors: amounts falling due within one year

	2009	2008
	£000	£000
Social security and other taxes	-	208
Corporation tax debtor	846	433
Other debtors	-	25
Prepayments and accrued income	39	66
	885	732

14 Creditors: amounts falling due within one year

	2009	2008
	£000	£000
Trade creditors	896	932
Other creditors	29	4
Social security and other taxes	50	101
Accruals and deferred income	1,364	423
	2,339	1,460

15 Creditors: amounts falling due after more than one year

	2009	2008
	£000	£000
Convertible Loan Note	12,093	463

Each convertible loan note has the following key terms

- It is redeemable on 19 March 2011,
- It converts on the earlier of further investment or on a qualifying IPO or trade sale into category C ordinary shares,
- It is interest bearing at 5% per annum commencing 19 March 2009,
- The loan note is secured by way of a debenture secured over the Company's assets,
- There were unamortised issue costs of £140,000 associated with the loan notes

Software Cellular Network Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

16 Called up share capital

	2009 £000	2008 £000
Authorised		
98,780,382 Ordinary shares of £0 00001 each	1	1
91,033 A Ordinary shares of £0 00001 each	-	-
403,585 Series B shares of £0 00001 each	-	-
725,000 Series C shares of £0 00001 each	-	-
40,000 D Ordinary shares of £0 00001 each	-	-
	1	1
Allotted, called up and fully paid		
168,804 Ordinary shares of £0 00001 each (2008 161,349 Ordinary shares of £0 00001 each)	-	-
91,033 A Ordinary shares of £0 00001 each (2008 91,033 A Ordinary shares of £0 00001 each)	-	-
340,284 Series B shares of £0 00001 each (2008 340,284 Series B shares of £0 00001 each)	-	-
31,004 D Ordinary shares of £0 00001 each (2008 nil)	-	-
	-	-

During the year the company issued 7,455 Ordinary shares in relation to share options exercised (see note 21) and 31,004 D Ordinary shares in relation to an acquisition (see note 20) There were no shares issued in the prior year

In the event of a sale of the entire issued share capital of the Company at an aggregate price which would result in the A Ordinary Shareholders, the Series B Shareholders, the Series C Shareholders and the D Ordinary Shareholders (as if they together constituted one class) each receiving less than the Subscription Price for the Series C Shares, the D Ordinary Shares, the Series B Shares and the A Ordinary Shares the total of all and any cash received in respect of the shares shall be reallocated between the holders of such shares so as to ensure the following order of application of the aggregate sale proceeds save in respect of any Shares not sold in connection with such sale

- firstly, in paying to each of the Series C Shareholders and the D Ordinary Shareholders (in proportion to the number of Series C Shares and D Ordinary Shares held by each of the Series C Shareholders and D Ordinary Shareholders at that time as if they together constituted one class) the Subscription Price for the Series C Shares and/or D Ordinary Shares which he or it holds at that time,
- secondly, in paying to each of the Series B Shareholders the Subscription Price for the Series B Shares which he or it holds at that time,
- thirdly, in paying to each of the A Ordinary Shareholders the Subscription Price for the A Ordinary Shares which he or it holds at that time, and
- fourthly, in paying to each of the Ordinary Shareholders the Subscription Price for the Ordinary Shares which he or it holds at that time, and
- fifthly, in paying to the Shareholders (in proportion to the number of Shares held by each of the Shareholders at that time as if they together constituted one class) the balance of the surplus assets

Software Cellular Network Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

16 Called up share capital (continued)

In the event of a sale of the entire issued share capital of the Company (in circumstances where the Company is solvent) at an aggregate price which would result in the A Ordinary Shareholders, Series B Shareholders, the Series C Shareholders and the D Ordinary Shareholders (as if they together constituted one class) each receiving the Subscription Price for the Series C Shares, the D Ordinary Shares, the Series B Shares and A Ordinary Shares the total of all and any cash received in respect of the shares shall be allocated pro rata amongst all the Shareholders

All shares carry the same rights in respect to voting with the exception of the D Ordinary shares which carry no voting rights

17 Pension

The company operates a defined contribution pension scheme. The charge for the year represents contributions payable by the company to the fund and amounted to £67k (2008 £61k) paid into defined contribution pension schemes. There is an accrual at the year-end for £8k (2008 £13k)

18 Reserves

	Share premium account £000	Other reserves £000	Profit and loss reserve £000
At 1 April 2008	14,585	846	(15,125)
Loss for the financial year	-	-	(10,185)
Share-based payment services provided (note 21)	-	685	-
Reserve transfers	-	(78)	78
Premium arising on issue of D shares	1,320	-	-
At 31 March 2009	15,905	1,453	(25,232)

19 Reconciliation of movement in shareholders' funds

	2009 £000	2008 £000
Loss for the financial year	(10,185)	(9,638)
Share premium account	1,320	-
Other reserves – credit in respect of share based payments (note 21)	685	679
Net reduction to shareholders' funds	(8,180)	(8,959)
Opening shareholders' funds	306	9,265
Closing shareholders' (deficit)/funds	(7,874)	306

Software Cellular Network Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

20 Acquisition

Software Cellular Network Limited acquired the trade and net assets of SIM4TRAVEL HOLDINGS PLC on 8 April 2008. The net assets acquired are set out below

	Book Value and Fair Value £000
Tangible Fixed Assets	151
Stock	63
Debtors	43
Creditors	(1,404)
Cash at bank	80
Net liabilities	(1,067)
Goodwill	3,710
Consideration	2,643
Consideration satisfied by	
Cash	1,343
Share capital (note 16)	1,300

Before acquisition, the last financial year of the company began on 1 April 2007. The loss after tax of the company for the previous 12 months was £1,735K.

From the date of acquisition to 31 March 2009 the business contributed £2,184K to turnover and contributed an operating loss of £1,884K to the operating loss of £11,071K for Software Cellular Network Limited.

An analysis between continuing operations and acquisitions of each of the items between turnover and operating profit not disclosed on the face of the profit and loss account is presented below.

	2009 £000	2008 £000
Cost of sales Continuing Operations	272	98
Cost of sales Acquisitions	1,766	-
Total cost of sales	2,038	98
Administration expenses Continuing Operations	9,335	10,313
Administration expenses Acquisitions	2,302	-
Total administration expenses	11,637	10,313

Software Cellular Network Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

21 Share-based payments

Share options

At 31 March 2009 the Company's employees were members of stock-based compensation plans operated by company. The original options granted vested immediately at a subscribe price equal to the nominal value. The subsequent options were granted at the fair market value at the date of granting with a vesting period between 15 months and 3 years. All of these arrangements are settled in equity. The contractual life of all options is 10 years.

A reconciliation of option movements over the year to 31 March 2009 is shown below.

	2009 Number	2009 Weighted average exercise price	2008 Number	2008 Weighted average exercise price
Outstanding at start of year	101,491	£4.98	55,966	£1.94
Granted	94,700	£8.64	56,400	£8.69
Forfeited / Cancelled	(31,950)	£7.21	(10,875)	£8.62
Exercised	(7,455)	£2.73	-	-
Outstanding at end of year	156,786	£6.76	101,491	£4.98
Exercisable at end of year	49,476	£1.41	47,798	£1.34

All the 2006 options became exercisable pre 1 April 2006, the date of transition, and therefore fall outside of the scope of FRS 20. All of the options granted during the year fall within the scope of FRS 20 and their weighted average fair value was £40.56. For options outstanding at the end of the year within the scope of FRS 20, the range of exercise prices and weighted average remaining contractual life are as follows:

Weighted average exercise price	2009 Number	2009 Weighted average remaining contractual life	2008 Number	2008 Weighted average remaining contractual life
£4.39	40,336	7.2yrs	45,091	8.2yrs
£8.69	21,850	8.5yrs	56,400	9.5yrs
£8.64	94,600	9.6yrs	-	-

The total charge for the year relating to employee share based payment plans was £685k (2008 £679k), all of which related to equity-settled share based payment transactions. After deferred tax, the total charge was £685k (2008 £679k).

Options were valued using the Black-Scholes option-pricing model. No performance conditions were included in the fair value calculations. The fair value per option granted and the assumptions used in the calculation are as follows:

Software Cellular Network Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

21 Share-based payments (continued)

	2009	2008
Share price at grant date	£41.93	£41.93
Exercise price	£8.64	£8.69
Number of employees	56	49
Shares under option	94,700	56,400
Vesting period (years)	1.3 to 3 yrs	1.3 to 3 yrs
Expected volatility	100%	100%
Option life (years)	10 yrs	10 yrs
Expected life (years)	3 yrs	3 yrs
Risk free rate	3.68%	4.96%
Expected dividend yield	-	-
Fair value per option	£40.56	£40.61

The expected volatility has been difficult to ascribe with certainty since the company is unquoted and lacks historical or meaningful comparisons. A high volatility of 100% has been used reflecting the growth potential of the company. The maximum vesting period was used to determine the expected life of the option. The risk free rate was based on the Bank of England spot yields in effect at the time of grant.

22 Financial commitments

At 31 March 2009 the company had annual commitments under non-cancellable operating leases expiring as follows:

	2009	2008
	Land and buildings	Land and buildings
	£000	£000
Operating leases expiring within one year	16	-
Between one and two years	228	235
	244	235

23 Ultimate controlling party

The directors consider that there is no one party that has control of the company.

24 Post balance sheet event

The Company acquired the entire share capital of Startel Communications Co Pty Ltd, incorporated in Queensland Australia, and its subsidiary Startel Communications Asia Corp, incorporated in Mandaluyong Philippines, on 15 December 2009 for a total consideration of AUD 2 million payable in cash. The Company paid a further AUD 0.8 million for commercial property known as 1/81 Secam Street, Mansfield, Queensland 4122, Australia.

Software Cellular Network Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

24 Post balance sheet event (continued)

On 24 September 2009, Software Cellular Network (North America) Ltd, a Delaware limited liability company and a wholly owned subsidiary of Software Cellular Network Ltd entered into a Purchase Agreement to acquire the entire share capital of Smart Call LLC for a consideration of USD \$2,449,910 made up of cash plus D-class share in Software Cellular Network Ltd. This acquisition was completed on 8 March 2010.

Since 1 April 2009, the Company received additional funding in the amount of £15.5 million in the form of convertible loan notes under the scope of the Loan Note Instrument t (see note 15 for terms).

25 Related party transactions

During the period, the company undertook the following transactions with its subsidiaries, Software Cellular Network (North America) Ltd, Truphone Poland Sp. z o.o. and SCNL Truphone S.A. The net trade balances owing by these subsidiaries at the balance sheet date have been provided for.

Software Cellular Network Limited purchased services relating to software development from Software Cellular Network (North America) Ltd during the period totalling £324,567 (2008: £nil). The net year end balance owed to Software Cellular Network Limited by Software Cellular Network (North America) is £324,567 (2008: £nil) in respect of purchased services.

Software Cellular Network Limited purchased services relating to software development from Truphone Poland Sp. z o.o. during the period totalling £5,147 (2008: £530). The net year end balance owed to Software Cellular Network Limited by Truphone Poland Sp. z o.o. is £5,147 (2008: £530) in respect of purchased services.

Software Cellular Network Limited purchased services relating to software development from SCNL Truphone S.A. during the period totalling £416,268 (2008: £nil). The net year end balance owed to Software Cellular Network Limited by SCNL Truphone S.A. is £416,268 (2008: £nil) in respect of purchased services.