Registered No 5141256

THE CLOUD NETWORKS LIMITED

Annual report

For the year ended 31 December 2009

Annual report

for the year ended 31 December 2009

Directors and advisors

Directors

Krishna Visvanathan
Åsa Sundberg
Bjorn Erik Reisenth
Steve Nicholson
Jonathan Apps
Martin Gibson
Niall Murphy

Registered office

4 Victoria Square
Victoria Street
St Albans
Hertfordshire
AL1 3TF

Solicitors

Taylor Wessing LLP
5 New Street Square
London
EC4A 3TW

Bankers

Lloyds TSB Bank PLC
25 Gresham Street
London
EC2V 7HN

Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Company Secretary

Taylor Wessing LLP
5 New Street Square
London
EC4A 3TW

Directors' report for the year ended 31 December 2009

The Directors present their report and the audited financial statements of the Group and Company for the year ended 31 December 2009

Principal activity

The Group operates a public wireless broadband network in the UK and Europe, supporting data, internet and voice services

Review of business and future developments

The Directors are satisfied with the growth and performance of the Group in the year and look forward to continuing to develop the business in the foreseeable future

The business is starting to become more firmly established and, although making losses, is achieving better operating margins and has a realistic expectation of achieving a sustainable cash flow in 2010 In 2009, the Group raised £2 29m (€2 57m) by way of debt finance to fund expansion No further capital has been required in the financial year and as at 31 December 2009, the Group reported £5 4m of cash on the balance sheet (€6 1m) Throughout 2009 and into 2010, the business has traded with positive operational cash flow but has yet to achieve a positive free cash flow position due to the repayment of the scheduled debt The Directors consider that, subject to the wider economic conditions, the business is fully funded and can reach a positive free cash flow position with its existing cash balances Should further funding be required, the Directors consider that such funding would be available

The Key Performance Indicators (KPIs) of the Group are considered to be the following

a) Revenue

The Group continues to grow its revenue streams from service providers, location owners, device manufacturers, consumers and other sources Revenue metrics include minute usage, data usage, number of unique users using either the Group's products or service provider products, number of live sites and access points through which internet services can be offered

b) Operating costs

The Group manages its costs in line with its business plan, making adjustments as required in line with achievement of targets

c) EBITDA

Earnings before interest, tax, depreciation and amortisation for the year were £2 8m (€3 2m) compared to 2008 of £1 7m (€2 1m) and the EBITDA margin has improved from 11 9% to 17 4% resulting from improved operating efficiencies and profitability of revenue streams

d) Network Performance

The performance of the network is constantly monitored The Group maintains key performance indicators focused on sessions, minutes and the scale of it's network reach and asset base

Directors' report for the year ended 31 December 2009 (continued)

e) Cash flow

The Group has managed its business in line with available resources and revenue streams such that it believes it has a fully funded business through 2010 Should wider economic conditions become unfavourable, the Directors believe the Group is well placed to attract further funding

Research and Development

The Group's research and development activities are linked to the launch of new products, services and markets with the aim of helping to grow the business All costs are written off in the year that they are incurred

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks and uncertainties, the key risk being that of funding The Directors consider that, subject to the wider economic conditions, the business is fully funded and can reach a positive free cash flow position with its existing cash balances Should further funding be required, the Directors consider that such funding would be available

Results and dividends

The results for the year are set out in the consolidated profit and loss account on page 8 The Group's loss for the year, after taxation, amounted to £3,396,000 (2008 loss £4,722,000) The directors do not propose the payment of a dividend (2008 £nil)

Financial risk management

The Group is exposed to a variety of financial risks that include customer risk, credit risk, liquidity risk, foreign exchange risk and funding risk The responsibility for monitoring financial risk is in the hands of the Board The Board seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs

a) Customer risk

The Group has a large proportion of its revenues secured on multi-year contracts with customers, some of which are up for renewal in 2010 The Directors are regularly updated on the status of each major contract Separately the Group is actively expanding both its revenue streams and types of customers to address this risk

b) Credit risk

The Board regularly reviews the level of, and authorises, any increases to the level of indebtedness on the balance sheet Separately, to mitigate the credit risk of institutions where deposits are held, the Group adopted a treasury policy on 26 February 2008, whereby cash on hand would be held in a number of credit worthy institutions as determined by external rating agencies rather than with just one institution

Directors' report for the year ended 31 December 2009 (continued)

c) Liquidity risk

The Group receives a number of large receipts, both from funding sources and significant service provider customers The Directors are kept appraised regularly of the cash flow outlook of the business

d) Funding risk

The Directors are currently of the view that the Group is fully funded, but should the Group require additional funding during its investment phase to enable it to move to a cash flow positive position, then this is likely to be available The Directors regularly review the funding requirements of the business against the business plan and forecasts

e) Interest rate risk

The majority of the borrowings of the Group are at fixed interest rates and hence there is little exposure to short term interest rate fluctuations

f) Exchange rate risk

The Group's revenues and costs are denominated in a number of currencies, principally Sterling, Euros and Swedish Krona Deposits of cash are held in approximate proportion to the ratio that costs are not covered by revenues in those currencies This ratio is reviewed regularly and as a result, the directors do not consider it necessary to enter into derivative financial instruments to manage exchange rate risk

Post balance sheet events

There have been no significant events outside the normal course of business since the end of the year which would require disclosure

Directors

The directors who held office during the period and up to the date of signing were

Niall Murphy
Steve Nicholson
Åsa Sundberg
Jonathan Apps
Bjorn-Erik Reisenth
Ian Lobley (resigned 26 January 2009)
Krishna Visvanathan (appointed 28 January 2008)
Kaj-Erik Relander (resigned 3 July 2009)
Simon Levene (appointed 6 July 2009, resigned 18 December 2009)
Martin Gibson (appointed 18 December 2009)

Directors' report for the year ended 31 December 2009 (continued)

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 group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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

Provision of information to Auditors

So far as each Director is aware, there is no relevant audit information of which the company's auditors are unaware, and 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

Independent Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution to reappoint them as auditors will be proposed at the next annual general meeting

By order of the board

Steve Nicholson

Director

12th April 2010

Independent auditors' report to the members of The Cloud Networks Limited

We have audited the group and parent company financial statements (the "financial statements") of The Cloud Networks Limited for the year ended 31 December 2009 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, 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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2009 and of the group's loss and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report to the members of The Cloud Networks Limited (continued)

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

David Newstead (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

13 April 2010

Consolidated profit and loss account
for the year ended 31 December 2009

	Notes	2009	2008 (restated*)
		£'000	£'000
Turnover	2	**17,575**	15,872
Cost of sales		**(5,044)**	(3,603)
Gross profit		**12,531**	12,269
Distribution and selling costs		**(5,930)**	(3,115)
Administrative expenses		**(8,267)**	(12,910)
Other operating income		**295**	837
Operating loss before share based payments		**(1,371)**	(2,919)
Share-based payments charge	1,20	**(1,292)**	(507)
Operating loss	6	**(2,663)**	(3,426)
Net interest payable	7	**(668)**	(1,198)
Loss on ordinary activities before taxation		**(3,331)**	(4,624)
Tax on loss on ordinary activities	8	**(65)**	(98)
Loss for the financial year	21, 22	**(3,396)**	(4,722)

The results disclosed above relate to continuing operations

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

* - The 2008 consolidated profit and loss account has been restated to separately analyse the share-based payments charge

Consolidated statement of total recognised gains and losses
for the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Loss for the financial year		**(3,396)**	(4,722)
Exchange adjustments offset in reserves (translation of overseas sales and foreign investments)	25	**102**	(614)
Total recognised losses since last annual report		**(3,294)**	(5,336)

Consolidated balance sheet as at 31 December 2009

No: 5141256

	Notes	2009	2008
		£'000	£'000
Fixed assets			
Intangible assets	9	**3,583**	4,129
Tangible assets	10	**4,851**	6,373
		8,434	10,502
Current assets			
Stocks	12	**212**	333
Debtors	13	**3,055**	5,383
Short term investments		**-**	3,670
Cash at bank and in hand		**5,412**	1,551
		8,679	10,937
Creditors: amounts falling due within one year	15	**(9,983)**	(10,444)
Net current (liabilities)/assets		**(1,304)**	493
Total assets less current liabilities		**7,130**	10,995
Creditors: amounts falling due after more than one year	16	**(1,673)**	(3,509)
Net assets		**5,457**	7,486
Capital and reserves			
Called up share capital	18	**7**	7
Share premium account	21	**33,769**	33,173
Shares to be issued	21	**-**	610
Warrant reserve	21	**303**	191
Share based payment reserve	21	**2,517**	1,225
Foreign exchange reserve	21	**(634)**	(736)
Profit and loss account (deficit)	21	**(30,505)**	(26,984)
Total shareholders' funds	22	**5,457**	7,486

The financial statements on pages 8 to 33 were approved by the board of directors on 12th April 2010 and were signed ~~on its behalf~~ by

Steve Nicholson

Director

Company balance sheet as at 31 December 2009

No: 5141256

	Notes	2009	2008
		£'000	£'000
Fixed assets			
Intangible assets	9	-	-
Tangible assets	10	**1,485**	1,975
Investments	11	**9,414**	7,953
		10,899	9,928
Current assets			
Stocks	12	**212**	333
Debtors	13	**4,805**	5,898
Short term investments		-	3,670
Cash at bank and in hand		**5,049**	349
		10,066	10,250
Creditors: amounts falling due within one year	15	**(3,587)**	(3,604)
Net current assets		**6,479**	6,646
Total assets less current liabilities		**17,378**	16,574
Creditors. amounts falling due after more than one year	16	**(1,673)**	(994)
Net assets		**15,705**	15,580
Capital and reserves			
Called up share capital	18	**7**	7
Share premium account	21	**33,769**	33,173
Shares to be issued	21	-	610
Warrant reserve	21	**303**	191
Share based payment reserve	21	**2,517**	1,225
Profit and loss account (deficit)	21	**(20,891)**	(19,626)
Total shareholders' funds	22	**15,705**	15,580

The financial statements on pages 8 to 33 were approved by the board of directors on 12th April and were signed on its behalf by

Steve Nicholson

Director

Consolidated cash flow statement for the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Net cash inflow/(outflow) from operating activities	23	**3,293**	(1,970)
Returns on investments and servicing of finance			
Interest received		**14**	98
Interest paid		**(488)**	(778)
Interest element of finance lease payments		**(102)**	(345)
Net cash outflow from returns on investments and servicing of finance		**(576)**	(1,025)
Taxation		**(155)**	-
Capital expenditure			
Purchase of tangible fixed assets		**(1,970)**	(2,242)
Net cash outflow for capital expenditure		**(1,970)**	(2,242)
Acquisitions			
Purchase of subsidiary undertakings		**-**	(1,957)
Cash balance acquired with subsidiary undertaking		**-**	4
Net cash (outflow) for acquisitions		**-**	(1,953)
Net cash inflow/(outflow) before management of liquid resources and financing		**592**	(7,190)
Management of liquid resources			
Decrease/(increase) in short term deposits with banks	24	**3,670**	(3,670)
Financing			
Issue of shares – share capital		**-**	2
Issue of shares – share premium		**-**	10,033
Issue of shares – costs		**(14)**	(601)
Increase in other loans	24	**376**	1,973
Capital element of finance lease payments	24	**(763)**	(834)
Net cash (outflow)/inflow from financing		**(401)**	10,573
Increase/(decrease) in cash	24	**3,861**	(287)

Notes to the consolidated financial statements for the year ended 31 December 2009

1 Principal accounting policies

Accounting convention

These financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 2006 A summary of the principal accounting policies, which have been reviewed by the Board of Directors in accordance with Financial Reporting Standard ("FRS") 18, "Accounting Policies" and have been consistently applied, is set out below

Basis of preparation – consolidation

The Group financial statements consolidate the results of The Cloud Networks Limited and its subsidiaries drawn up to 31 December 2009 The results of all subsidiaries have been consolidated using the principles of acquisition accounting Inter-group transactions, profits and balances are eliminated in full on consolidation

The Company has not presented its own profit and loss account as permitted by section 408 of the Companies Act 2006 For the year ended 31 December 2009, the Company recorded a loss of £1,265,000 (2008 loss £3,563,000)

Turnover

Turnover represents sales of wireless broadband services to retail customers, site owners and other service providers, including wholesale telecoms operators, net of value added tax Retail products include sale of vouchers enabling access to the internet with payment via credit cards, SMS and indirectly through site owners Site revenues include provision of internet access services using wireless technology together with vouchers sold on a wholesale basis Service Provider customers pay for access to the Company's wireless broadband infrastructure in order to provide service to their own customers, on a per minute, per month or per year basis Turnover from vouchers is recognised at the time of sale whilst any contracts for revenue over a period of time are spread evenly over that contract period

Goodwill and intangible assets

Goodwill arising on the acquisition of a business represents the excess of the fair value of the consideration given, including direct costs of the acquisition, over the fair value of the identifiable net assets acquired Goodwill is eliminated through the profit and loss account on a straight line basis over its estimated useful economic life, which the directors consider to be between two and three years for historic acquisitions, with each contract being assessed on its own merits

Goodwill on GANAG is being written off over 10 years as the directors believe that this is the useful life

Upfront payments for exclusive rights to use certain wireless assets at venues not otherwise served by the Group, via which revenues are generated, are classified as intangible fixed assets The costs associated with these payments are to be written off over the anticipated beneficial period which is in line with the depreciation policy of equivalent assets used in the Group's network

1 Principal accounting policies (continued)

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition

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 range of depreciation periods used in the Group are

Leasehold improvements	5 years
Office equipment	3 to 8 years
Fixtures and fittings	3 to 8 years
Network assets	2 to 5 years
Software licences	3 years

Investments

Fixed asset investments are stated at cost less any provision for impairment

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated at the rate of exchange ruling at the balance sheet date Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of transaction All exchange differences arising from the above are included in the profit and loss account

On consolidation, assets and liabilities of subsidiaries in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year and the results of foreign subsidiaries are translated at the average rate of exchange for the year Differences on exchange arising from the retranslation of the opening net investment in subsidiaries, and from the translation of the results of those undertakings at the average rate, are taken to reserves and are reported in the consolidated statement of total recognised gains and losses All other foreign exchange differences are taken to the profit and loss account in the year in which they arise and are included in operating loss

Research and development

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred

Taxation

The charge for taxation is based on the profit/loss for the year as adjusted for disallowable items and timing differences

Deferred taxation is recognised in respect of transactions or events that have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future An asset is recognised to the extent that the transfer of economic benefit in the future is more likely than not Deferred tax assets and liabilities are not discounted

Stock

Stock is valued at the lower of cost and net realisable value

1 Principal accounting policies (continued)

Leased assets

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

Assets acquired under finance leases are included in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease period or their useful lives The capital elements of future lease payments are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the lease to give a constant charge on the balance of the capital repayments outstanding Costs of the transaction are held against the outstanding loan balance and written off to the profit and loss account over the period of the loan

Pensions

The Group makes contributions to individual personal pension plans The contributions are charged to the profit and loss account as they are incurred

Financial Instruments

The Group's policy in relation to financial instruments is set out in Note 26

Short term investments

Short term investments comprise bank deposits which are not repayable on demand Movements in such investments are included under "management of liquid resources" in the Group's cash flow statement

Share based payments

The Company operates share option schemes which allow certain employees to acquire shares in the Company The fair value of share options granted is recognised within staff costs with a corresponding increase in equity The fair value is measured at grant date and spread over the period up to the date when the recipient becomes unconditionally entitled to acquire the shares

The fair value of share options is measured using the Black-Scholes formula, taking into account the terms and conditions upon which the grants were made The amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest

FRS 20, "Share Based Payment", has been applied to all options granted after 7 November 2002 which have not vested on or before 1 January 2006 A deferred tax adjustment is also made relating to the intrinsic value of the share options at the balance sheet date, where appropriate

Where warrants have been issued as recompense for services supplied, these are considered equity settled share based payments The fair value of warrants, calculated using the Black-Scholes model, is charged to the profit and loss account and a corresponding credit is made to the warrant reserve

During the year, the employees of the Company voluntarily surrendered all vested and non vested options over the shares of the Company In accordance with FRS 20, the Company is obliged to treat this as an accelerated vesting and therefore take a charge in the profit and loss account that represents the full value of all future period charges, which amounted to £1,292,000 See note 20 for further details on share options

2 Turnover

An analysis by destination of the Group's turnover, all of which is derived from its principal activity, is set out below

	2009	2008
	£'000	£'000
United Kingdom	7,783	6,673
Germany	8,303	7,648
Nordic Region	1,489	1,551
	17,575	15,872

3 Employees

The average weekly number of persons (including executive directors) employed by the Group during the year was

	2009	2008
By activity:	Number	Number
Development and marketing	45	46
Administration	14	24
	59	70

	2009	2008
Staff costs (for the above persons):	£'000	£'000
Wages and salaries	4,302	4,703
Social security costs	591	656
Share-based payments (see note 20)	1,292	507
Other pension costs (see note 5)	131	115
	6,316	5,981

The average weekly number of persons (including executive directors) employed by the Company during the year was

	2009	2008
By activity·	Number	Number
Development and marketing	36	37
Administration	10	19
	46	56

3 Employees (continued)

	2009	2008
	£'000	£'000
Staff costs (for the above persons):		
Wages and salaries	**3,109**	3,592
Social security costs	**380**	435
Share-based payments (see note 20)	**1,292**	507
Other pension costs (see note 5)	**86**	72
	4,867	4,606

4 Directors' emoluments

	2009	2008
	£'000	£'000
Aggregate emoluments (including benefits in kind)	**542**	751
Pension contributions	**14**	16
	556	767

The total amount payable to the highest paid director was

	2009	2008
	£'000	£'000
Aggregate emoluments (including benefits in kind)	**234**	302
Pension contributions	**6**	6
	240	308

Since March 2008, the company has paid 3% of executive directors' basic salary into a pension scheme of their choice and provided an insurance package including health, dental and life cover of £14,000 (2008 £16,000)

Three Directors (2008 3 Directors) have retirement benefits accruing under defined contribution pension schemes

5 Pension contributions

The Group makes contributions to individual defined contribution personal pension plans The total charge for the year was £131,000 (2008 £115,000) There are unpaid contributions outstanding at the year end of £nil (2008 £nil)

The Company makes contributions to individual defined contribution personal pension plans The total charge for the year was £86,000 (2008 £72,000) There are unpaid contributions outstanding at the year end of £nil (2008 £nil)

6 Operating loss

	2009	2008
Operating loss is stated after charging / (crediting)	**£'000**	£'000
Depreciation of owned tangible fixed assets	**3,160**	2,406
Depreciation of assets held under finance leases	**427**	1,136
(Profit)/loss on disposal of tangible fixed assets	**(43)**	186
Amortisation of goodwill	**219**	617
Amortisation of other intangible fixed assets	**-**	300
Impairment of exclusive rights	**-**	438
During the year, the Group (including its overseas subsidiaries) obtained the following services from the Group's auditors at costs as detailed below		
- Fees payable to the Group's auditor for the audit of the Company and consolidated financial statements	**38**	46
- Audit of the Group's subsidiaries pursuant to legislation	**65**	51
- Other services relating to taxation	**25**	25
- Other services	**15**	26
Operating leases – land and buildings	**567**	288
Foreign exchange (gains)	**(724)**	(456)

In 2008, the Company's auditor received fees of £47,000 in connection with the fundraising completed in September 2008 These costs were written off to the share premium account

7 Net interest payable

	2009	2008
	£'000	£'000
Interest receivable		
Bank interest receivable	**14**	98
Interest payable		
Finance lease interest	**(102)**	(345)
Interest payable on other loans	**(488)**	(778)
Amortisation of costs	**(3)**	-
Fair value of warrants issued	**(112)**	(112)
Exchange difference on foreign loans	**23**	(61)
	(682)	(1,296)
Net interest payable	**(668)**	(1,198)

8 Tax on loss on ordinary activities

	2009	2008
	£'000	£'000
Current tax		
UK corporation tax	4	-
Foreign corporation tax	26	98
Adjustment in respect of prior periods - foreign corporation tax	35	-
Current tax charge for the year	65	98

Factors affecting tax charge for the year

The tax charge for the year is different to the standard rate of corporation tax in the UK (28%) (2008 28 5%)

	2009	2008
	£'000	£'000
Loss on ordinary activities before taxation	(3,331)	(4,624)
Loss on ordinary activities multiplied by the UK corporation tax rate of 28% (2008 28 5%)	(933)	(1,318)
Effect of		
Expenses not deductible for tax purposes	23	57
Difference between capital allowances and depreciation	88	88
Losses carried forward (no deferred tax recognised)	773	1,264
Adjustment in respect of foreign tax rates	79	7
Adjustment in respect of prior periods - foreign corporation tax	35	-
Current tax charge for the year	65	98

No provision has been made for deferred tax in the accounts (see note 14) This is due to the uncertainty that the asset will be able to be utilised in the foreseeable future

9 Intangible fixed assets

Group	Exclusive Rights £'000	Goodwill £'000	Total £'000
Cost			
At 1 January 2009	905	8,748	9,653
Disposals	-	(4,173)	(4,173)
Foreign exchange	-	(361)	(361)
At 31 December 2009	**905**	**4,214**	**5,119**
Amortisation			
At 1 January 2009	905	4,619	5,524
Charge for the year	-	219	219
Disposals	-	(4,173)	(4,173)
Foreign exchange	-	(34)	(34)
At 31 December 2009	**905**	**631**	**1,536**
Net book value			
At 31 December 2009	-	**3,583**	**3,583**
At 31 December 2008	-	4,129	4,129

Company	Exclusive Rights £'000	Goodwill £'000	Total £'000
Cost			
At 1 January 2009	905	4,173	5,078
Disposals	-	(4,173)	(4,173)
At 31 December 2009	**905**	-	**905**
Amortisation			
At 1 January 2009	905	4,173	5,078
Disposals	-	(4,173)	(4,173)
At 31 December 2009	**905**	-	**905**
Net book value			
At 31 December 2009	-	-	-
At 31 December 2008	-	-	-

10 Tangible fixed assets

Group	Leasehold improvements	Office equipment	Fixtures and fittings	Network assets	Software licences	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 January 2009	107	1,162	91	10,926	230	12,516
Additions	190	150	2	2,027	203	2,572
Disposals	(107)	(10)	(53)	(1,210)	(85)	(1,465)
Exchange differences	-	(28)	(3)	(537)	(9)	(577)
At 31 December 2009	**190**	**1,274**	**37**	**11,206**	**339**	**13,046**
Depreciation						
At 1 January 2009	82	874	59	5,113	15	6,143
Charge for year	33	137	41	3,287	89	3,587
Disposals	(64)	(3)	(73)	(1,144)	(7)	(1,291)
Foreign exchange	-	(81)	(3)	(160)	-	(244)
At 31 December 2009	**51**	**927**	**24**	**7,096**	**97**	**8,195**
Net book value						
At 31 December 2009	**139**	**347**	**13**	**4,110**	**242**	**4,851**
At 31 December 2008	25	288	32	5,813	215	6,373

At 31 December 2009, the Group had Network assets under finance leases with a gross book value of £3,407,000 (2008 £3,407,000) and a net book value of £Nil (2008 £107,000)

10 Tangible fixed assets (continued)

Company	Leasehold improvements	Office equipment	Fixtures and fittings	Network assets	Software licences	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 January 2009	107	797	52	3,176	117	4,249
Additions	190	33	1	533	23	780
Disposals	(107)	-	(52)	(1,107)	-	(1,266)
At 31 December 2009	**190**	**830**	**1**	**2,602**	**140**	**3,763**
Depreciation						
At 1 January 2009	82	659	52	1,470	11	2,274
Charge for year	33	99	37	1,049	39	1,257
Disposals	(64)	-	(89)	(1,093)	(7)	(1,253)
At 31 December 2009	**51**	**758**	**-**	**1,426**	**43**	**2,278**
Net book value						
At 31 December 2009	**139**	**72**	**1**	**1,176**	**97**	**1,485**
At 31 December 2008	25	138	-	1,706	106	1,975

At 31 December 2009, the Company had Network assets under finance leases with a gross book value of £1,766,000 (2008 £1,766,000) and a net book value of £Nil (2008 £320,000)

11 Fixed asset investments

Company	£'000
Shares in subsidiary undertakings:	
At 1 January 2009	7,953
Additions in the period	1,461
At 31 December 2009	**9,414**

During the year, additional investment of £1,461,000 (SEK 16m) was made in the Swedish subsidiary by way of capitalising part of the intercompany balance to maintain its net assets position as required under Swedish law

11 Fixed asset investments (continued)

The details of the subsidiaries, all of which are consolidated, are as follows

	Country of incorporation	Date of incorporation or acquisition	Proportion of voting rights and share capital	Nature of business
The Cloud Networks Nordic A B	Sweden	03/11/2004	100%	Wireless Broadband
The Cloud Networks Germany GmbH	Germany	04/02/2005	100%	Wireless Broadband
The Cloud Networks (Ireland) Limited	Ireland	07/01/2009	100%	Wireless Broadband
The Cloud Networks Denmark ApS	Denmark	20/02/2008	100%	Wireless Broadband
The Cloud Networks Finland OY	Finland	15/06/2008	100%	Wireless Broadband
The Cloud Networks Norway AS	Norway	19/05/2008	100%	Wireless Broadband
Roampoint Limited	UK	05/07/2004	100%	Dormant

GlobalAirNet AG was acquired by The Cloud Networks Germany GmbH on 28 December 2007 and was fully merged with The Cloud Networks Germany GmbH in October 2009 The results of GlobalAirNet AG were consolidated up to the date of the merger since when it ceased to exist

12 Stocks

	Group 2009 £'000	Group 2008 £'000	**Company 2009 £'000**	Company 2008 £'000
Work in progress	**212**	333	**212**	333

13 Debtors

	Group 2009 £'000	Group 2008 £'000	**Company 2009 £'000**	Company 2008 £'000
Trade debtors	**1,849**	3,090	**675**	1,396
Other debtors	**153**	886	**121**	651
Prepayments and accrued income	**1,053**	1,407	**602**	497
Amounts owed by group undertakings	**-**	-	**3,407**	3,354
	3,055	5,383	**4,805**	5,898

Amounts owed by group undertakings are unsecured, non-interest bearing and repayable on demand

14 Deferred tax asset

The deferred taxation provided and unprovided is included in the financial statements as follows

Group	Amount recognised 2009 £'000	Amount unrecognised 2009 £'000	Amount recognised 2008 £'000	Amount unrecognised 2008 £'000
Tax effects of timing differences because of				
Accelerated capital allowances	-	352	-	232
Other timing differences	-	639	-	310
Losses	-	6,628	-	6,904
	-	7,619	-	7,446

Company	Amount recognised 2009 £'000	Amount unrecognised 2009 £'000	Amount recognised 2008 £'000	Amount unrecognised 2008 £'000
Tax effects of timing differences because of				
Accelerated capital allowances	-	352	-	232
Other timing differences	-	639	-	310
Losses	-	4,710	-	4,845
	-	5,701	-	5,387

The deferred tax asset may be utilised against future profits earned by the group/company The asset remains unrecognised due to inherent uncertainty attaching to the future profitability of the group/company

The deferred tax on losses in Sweden, Germany and Denmark have been measured at the local rates expected to apply to future profits, which are 26% in Sweden, 36% in Germany and 25% in Denmark

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries as any earnings are continually reinvested by the group Therefore no tax is expected to be payable on them in the foreseeable future

15 Creditors: amounts falling due within one year

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Trade creditors	**2,341**	1,916	**620**	999
Other taxation and social security costs	**37**	469	**18**	183
Accruals and deferred income	**3,214**	3,118	**1,482**	1,051
Corporation tax	**30**	120	**4**	-
Deferred consideration	**-**	922	**-**	-
Other loans	**3,357**	2,649	**459**	121
Obligations under finance leases	**1,004**	1,250	**1,004**	1,250
	9,983	10,444	**3,587**	3,604

16 Creditors: amounts falling due after more than one year

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Other loans	**1,522**	2,515	**1,522**	-
Obligations under finance leases	**142**	994	**142**	994
Deferred Income	**9**	-	**9**	-
	1,673	3,509	**1,673**	994

16 Creditors: amounts falling due after more than one year (continued)

Maturity table

	Group 2009	Group 2008	**Company 2009**	Company 2008
	£'000	£'000	**£'000**	£'000
In one year or less, or on demand	**4,361**	4,821	**1,463**	1,371
In more than one year, but not more than two years	**974**	3,390	**974**	875
In more than two years, but not more than five years	**690**	119	**690**	119
	6,025	8,330	**3,127**	2,365

In addition to the existing vendor financing loan from 2006 in "Other loans", a loan with Noble Venture Finance ("Noble") was drawn down in January 2008 for £4 421m (€6m) The facility was used to fund the acquisition of GANAG in 2007 and to repay a loan with a trading partner in GANAG of £2 952m The loan is repayable in 30 installments and attracts an interest rate of 650 base points per annum over the 3 year € swap rate as quoted in the Financial Times 3 days prior to the Draw Down Date

The Group's obligation under finance leases includes the master sub-lease that was signed in August 2006 and was revised in 2007 The total drawdowns total to €3,901,000 with a repayment profile extending to January 2011 The implied interest rate on the loan transaction is 15 5% Transaction fees of £114,000 were set off against the loan and were amortised over 3 years

In September 2009, €2 57m net was raised by way of a loan from Noble to fund the expansion of the hospitality and retail business The interest rate on the loan is 11 04% and is to be amortised over three years This amount is included in "Other loans" The transaction fees of £51,000 (€57,000) were set off against the loan and are being amortised over 3 years

17 Obligations under finance leases

	Group 2009	Group 2008	**Company 2009**	Company 2008
	£'000	£'000	**£'000**	£'000
In one year or less, or on demand	**1,004**	1,250	**1,004**	1,250
In more than one year, but not more than two years	**142**	875	**142**	875
In more than two years, but not more than five years	**-**	119	**-**	119
	1,146	2,244	**1,146**	2,244

18 Called up share capital

	2009	2008
Authorised	**£**	£
25,000,000 (2008 25,000,000) A Preferred shares of £0 00025 each	**6,250**	6,250
10,000,000 (2008 10,000,000) B Preferred shares of £0 00025 each	**2,500**	2,500
10,000,000 (2008 10,000,000) A Ordinary shares of £0 00025 each	**2,500**	2,500
15,000,000 (2008 15,000,000) Ordinary shares of £0 00025 each	**3,750**	3,750
5,000,000 (2008 5,000,000) B Ordinary shares of £0 00025 each	**1,250**	1,250
10,000,000 (2008 10,000,000) C Ordinary shares of £0 00025 each	**2,500**	2,500
10,000,000 (2008 nil) D Ordinary shares of £0 00025 each	**2,500**	-
	21,250	18,750

	2009	2008
Allotted, called up and fully paid	**£**	£
13,257,616 (2008 12,977,616) A Preferred shares of £0 00025 each	**3,315**	3,245
8,242,765 (2008 8,242,765) B Preferred shares of £0 00025 each	**2,061**	2,061
4,676,327 (2008 4,676,327) A Ordinary shares of £0 00025 each	**1,169**	1,169
360,000 (2008 360,000) Ordinary shares of £0 00025 each	**90**	90
73,805 (2008 73,805) C Ordinary shares of £0 00025 each	**18**	18
	6,653	6,583

During the year, the Company's articles of association have been updated to include the authorisation of 10,000,000 D Ordinary shares of £0 00025 each

Shares to be issued (see note 21) represented deferred consideration in relation to the acquisition of GANAG in the year ended 31 December 2007 The issue of 280,000 A Preferred shares was contingent on the financial performance of GANAG in the year ended 31 December 2008 These shares were issued in July 2009

Rights and obligations attaching to shares

Any holder of A Ordinary shares, A Preferred shares and B Preferred shares may at any time convert the whole or part of their shareholding into Ordinary shares On certain prescribed events conversion is automatic The holders of the A Preferred and B Preferred shares are entitled to a priority distribution of shareholder funds under certain circumstances, with the B Preferred shares ranking ahead of the A Preferred shares, prior to any general equity distribution

The C Ordinary shares participate in a distribution of shareholders' funds alongside the other classes of shares as if there was a single class upon the sale of the company, but, unlike the other classes of share, do not hold voting rights

Any holders of D Ordinary shares have a liquidity preference of €1 8384 They are ranked behind the A and B Preferred shares and convert to Ordinary shares once all the liquidity preference rights are satisfied Further details are set out in the Company's Articles of Association

19 Warrants

Warrant instrument

A third party finance house, which undertook a sale and leaseback transaction in 2006, has warrants with the right to subscribe for 182,834 (2008 182,834) "A" Preferred shares at €3 2883 per share and 28,843 (2008 28,673) "A" Preferred shares at €2 839 per share

A separate third party finance house, that provides debt finance to the Company, has warrants with the right to subscribe for 316,487 (2008 316,487) "A" Preferred shares at €1 8384 and further warrants to subscribe for 431,128 (2008 206,752) "B" Preferred shares at €1 8384 The increase in the number of warrants during the year was as a result of the Company entering into a further loan agreement on 30 September 2009 for €2,570,000 net (€2,750,000 gross)

The fair value of the warrants was measured using the QCA-IRS Option Valuer™ which uses the Black-Scholes formula, taking into account the terms and conditions upon which the grants were made

The warrant charge for the period of £112,000 (2008 £112,000) has been included in interest payable as warrants were granted in connection with either the sale & leaseback transaction or the provision of a debt instrument The credit entry has been taken to a separate warrant reserve (note 21)

	A Pref	A Pref	A Pref	B Pref	B Pref
Date of grant	8 Aug 06	8 Jan 08	15 Sep 08	15 Sep 08	30 Sep 09
Number of warrants	182,465	316,936	28,763	206,752	224,376
Share price at date of grant (pence)	223 00	212 45	211 39	211 39	35 00
Exercise price (pence)	219 22	177 87	274 50	189 55	177 73
Risk Free Rate %	4 73%	4 75%	4 75%	4 75%	5 0%
Assumed time to exercise (years)	8	8	8	8	8
Assumed volatility %	77%	76%	67%	67%	67%
Fair value per option (pence)	173 00	158 48	155 55	0	0

20 Share options

The Company originally set up its share option scheme in November 2004 since when a number of grants have been made to various employees During the year, the Company decided to set up two new schemes over new classes of shares ("the D Ordinary Scheme" and the "C Ordinary Scheme") that would more closely align the incentives of management and employees with those of the shareholders As such, all extant options with existing employees were voluntarily surrendered in October 2009 with the new schemes being implemented in November 2009

Under FRS 20 "Share Based Payment" a voluntary surrender of options by the employees is treated as being equivalent to early vesting and therefore the charge that would ordinarily be booked over the remaining vesting periods of the options is taken as a single charge in the year the surrender takes place In light of the materiality of the charge, and its impact on the results of the year, an amount of £1,292,000 has been separately disclosed on the face of the profit and loss account

20 Share options (continued)

Under the terms of the D Ordinary scheme, the grant price of options during 2009 was the par value of the shares Under the terms of the C Ordinary scheme, the grant price of options during 2009 was £1 08445 (€1 20) Under both schemes, the contractual life of an option is ten years Options granted under the schemes become exercisable subject to vesting conditions over a period of time, or completely in the event of the sale of the Company or an IPO The fair value of share options was measured using the QCA-IRS Option Valuer ™ using the Black-Scholes formula, taking into account the terms and conditions upon which the grants were made The fair value per option granted, and the assumptions used in the calculation, are as follows -

	D Ord Scheme	C Ord Scheme
Date of grant	2 November 2009	2 November 2009
Share price at date of grant (pence)	35 9	35 9
Exercise price (pence)	0 025	108 45
Number of employees	16	18
Shares under option	2,293,250	955,000
Vesting period (years)	4	4
Expected volatility	67%	67%
Option life (years)	10	10
Expected life (years)	2	2
Risk free rate	5%	5%
Expected dividends expressed as a dividend yield	Nil	Nil
Fair Value per option (pence)	Nil	Nil

In addition to the two new schemes set up in the year, there are 429,149 options over Ordinary shares that have vested with employees who are no longer with the Company The options were granted at various times between 19 November 2004 and 6 August 2008 and have a weighted average exercise price of 0 025 pence These options were granted to 49 employees

	Ord Scheme
Date of grant	14 November 2004 to 6 August 2008
Share price at date of grant (pence)	29 2 - 121 8
Exercise price (pence)	0 025 - 27 2
Number of employees	49
Shares under option	429,149
Vesting period (years)	4
Expected volatility	67% - 77%
Option life (years)	10
Expected life (years)	2 - 5
Risk free rate	4 25% - 5 47%
Expected dividends expressed as a dividend yield	Nil
Fair Value per option (pence)	29 23 - 121 82

20 Share options (continued)

The expected volatility is based on historical volatility over the last four years of a company within the same industry of similar size The expected life is two years The risk free rate of return is the yield on zero-coupon UK Government Bonds of a term consistent with the assumed option life A reconciliation of option movements over the year to 31 December 2009 is shown below

	2009		2008	
	Number of shares	Weighted average exercise price (pence)	Number of shares	Weighted average exercise price (pence)
Outstanding at 1 January	3,323,321	1 55	2,201,179	2 38
Granted	3,248,250	28 66	1,185,142	0 025
Forfeited	(461,172)	0 025	(63,000)	0 15
Surrendered	(2,633,000)	0 025	-	-
Exercised	-	-	-	-
Outstanding at 31 December	3,477,399	31 258	3,323,321	1 55
Exercisable at 31 December	1,144,410	0 025	1,234,545	4 11

The weighted average fair value of options granted in the year was £nil (2008 £0 348) The share-based payment charge to the profit and loss account was £1,292,000 (2008 £507,000) and in 2009 relates wholly to surrendered shares in the year

21 Reserves

Group	Share premium account	Shares to be issued	Warrant reserve	Share based payment reserve	Foreign exchange reserve	Profit and loss account (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2009	33,173	610	191	1,225	(736)	(26,984)
Premium on shares issued	610	(610)	-	-	-	-
Issue costs	(14)	-	-	-	-	-
Loss for the financial year	-	-	-	-	-	(3,396)
Credit from warrants	-	-	112	-	-	-
Foreign exchange arising from translation of overseas subsidiaries	-	-	-	-	102	(125)
Credit from share based payment	-	-	-	1,292	-	-
At 31 December 2009	**33,769**	**-**	**303**	**2,517**	**(634)**	**(30,505)**

21 Reserves (continued)

Company	Share premium account	Shares to be issued	Warrant reserve	Share based payment reserve	Profit and loss account (deficit)
	£'000	£'000	£'000	£'000	£'000
At 1 January 2009	33,173	610	191	1,225	(19,626)
Issue costs	(14)	-	-	-	-
Premium on shares issued	610	(610)	-	-	-
Loss for the financial year	-	-	-	-	(1,265)
Credit from warrants	-	-	112	-	-
Credit from share based payment	-	-	-	1,292	-
At 31 December 2009	**33,769**	**-**	**303**	**2,517**	**(20,891)**

22 Reconciliation of movements in shareholders' funds

Group	**2009**	2008
Total shareholders' funds	**£'000**	£'000
Opening shareholders' funds	**7,486**	1,222
Loss for the financial year	**(3,396)**	(4,722)
Net proceeds of issue of share capital	**596**	11,015
Shares to be issued	**(610)**	-
Credit from share based payment	**1,292**	507
Credit from warrants	**112**	112
Foreign exchange movement	**(23)**	(614)
Minority interest acquired	-	(34)
Closing shareholders' funds	**5,457**	7,486

Company	**2009**	2008
Total shareholders' funds	**£'000**	£'000
Opening shareholders' funds	**15,580**	7,509
Loss for the financial year	**(1,265)**	(3,563)
Net proceeds of issue of share capital	**596**	11,015
Shares to be issued	**(610)**	-
Credit from share based payment	**1,292**	507
Credit from warrants	**112**	112
Closing shareholders' funds	**15,705**	15,580

23 Reconciliation of operating loss to net cash inflow / (outflow) from operating activities

	2009	2008
Continuing operating activities	**£'000**	£'000
Operating loss	**(2,663)**	(3,426)
Depreciation of tangible fixed assets	**3,587**	3,542
(Profit)/loss on disposal of tangible fixed assets	**(43)**	186
Share-based payment	**1,292**	507
Amortisation of intangible fixed assets	**219**	917
Impairment of intangible fixed assets	**-**	438
Decrease/(increase) in stocks	**121**	(333)
Decrease/(increase) in debtors	**2,328**	(2,358)
Decrease in creditors	**(824)**	(987)
Gain on foreign exchange	**(724)**	(456)
	3,293	(1,970)

24 Reconciliation of movement in net debt

	At 1 January 2009	Cash Flow	Foreign exchange	**At 31 December 2009**
Group	£'000	£'000	£'000	**£'000**
Cash at bank and in hand	1,551	3,861	-	**5,412**
Other loans	(5,164)	(376)	661	**(4,879)**
Obligations under finance leases	(2,244)	763	335	**(1,146)**
Short term investments	3,670	(3,670)	-	**-**
	(2,187)	578	996	**(613)**

	2009	2008
Group	**£'000**	£'000
Opening balance	**(2,187)**	(5,281)
Increase/(decrease) in cash	**3,861**	(287)
(Decrease)/increase in short term investments	**(3,670)**	3,670
Decrease/(increase) in other loans	**285**	(4,925)
Loan acquired with GANAG	**-**	2,952
Obligations under finance leases	**1,098**	103
Conversion of convertible loan	**-**	1,581
	(613)	(2,187)

25 Reconciliation of exchange differences recognised through the consolidated statement of total recognised gains and losses

	2009	2008
Group	**£'000**	£'000
Opening balance of cumulative exchange differences	**(736)**	(122)
Exchange adjustment on intangible fixed assets	**361**	(1,007)
Exchange adjustments on tangible fixed assets	**577**	(1,384)
Exchange adjustments on amortisation of intangible fixed assets	**(34)**	46
Exchange adjustments on depreciation of tangible fixed assets	**(244)**	603
Exchange adjustments on overseas subsidiaries	**(558)**	1,128
Closing balance of cumulative exchange differences	**(634)**	(736)

26 Financial instruments

The financial risks faced by the Group include customer risk, credit risk, liquidity risk, funding risk, interest rate risk and exchange rate risk The Board reviews and agrees policies for managing each of these risks

The Group's main objective in using financial instruments is the maximisation of returns from funds held on deposit and, when appropriate, the generation of additional cash resources for Group operations through financing arrangements for capital assets and through the issue of shares and other financial instruments The main purpose of these financial instruments is to provide working capital for the Group's operations in the UK and Europe

The Group's policy is to raise cash when it is required and when market conditions are appropriate, using those financial instruments that can be negotiated with the providers of finance at that time These instruments include loans and finance leases

27 Financial Commitments

At 31 December 2009, the group/company had annual commitments under operating leases as follows

Group	**Other**		**Land and Buildings**	
	2009	2008	**2009**	2008
	£'000	£'000	**£'000**	£'000
Expiring within one year	-	-	**36**	123
Expiring within two to five years	**257**	289	**713**	39
	257	289	**749**	162

Company	**Land and Buildings**	
	2009	2008
	£'000	£'000
Expiring within one year	-	80
Expiring after more than five years	**713**	-
	713	80

The Company's operating lease relates to the rental payments on 4 Victoria Square, (the Company's head office), which was occupied in May 2009 with the lease running until May 2014

28 Ultimate controlling party

The directors do not consider there to be an ultimate controlling party

29 Related party disclosures

The Company has taken advantage of the exemption available to parent companies under FRS 8, "Related party disclosures", where transactions and balances between group entities have been eliminated on consolidation, not to disclose details of those transactions

Kubu Ventures Sarl, a company of which Niall Murphy (a Director of The Cloud Networks Limited) is a Director was paid £75,000 in 2009 for consulting services (2008 £nil)

IT Provider Venture Partners AB, an entity which owns 12% of The Cloud Networks Limited, was paid £10,000 (2008 £nil) in respect of office accommodation for the Swedish entity

30 Post balance sheet events

There have been no significant events outside the normal course of business since the end of the year which would require disclosure