

Interim results for the period ended 30 September 2006

## CHAIRMAN'S STATEMENT

The unaudited results for the period ended 30 September 2006 show that your company generated a loss of £427,000 on a turnover of £907,000 (2005: Profit of £229,000). The directors do not recommend the payment of a dividend.

As stated in the announcement of 23 May 2006 Vanguard Plc going into administration has created a liability for leases and your board has in total provisioned £125,000 and has paid £49,000 to date. Your board is currently considering action against the advisors who originally handled the KJC Mobiles Limited administration.

### Future Development

As stated on our final results published on 30 September 2006, we are still awaiting repayment of VAT and it is our intention to recommence trade when we receive repayment.

Your board are looking at a number of other businesses in the mobile field and will keep shareholders informed of any developments.

## L E V KNIFTON

### Chairman

PNC Telecom PLC  
Profit & Loss Account  
for the six months ended 30 September 2006

Unaudited	Unaudited	Audited
6 months	6 months	year
ended	ended	ended
30 September	30 September	31 March

### 2006 2005 2006

Note £'000 £'000 £'000

Turnover 907 6,453 25,840

Cost of sales (858) (6,088) (24,871)

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Gross profit 49 365 969

Administration Expenses (364) (203) (533)

Other operating income - 54 -  
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Operating profit/(loss) (315) 216 436

Other interest receivable and similar  
income 10 13 8

Interest payable (122) - (297)  
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Profit/(Loss) on ordinary activities  
before taxation (427) 229 147

Tax credit on loss on ordinary  
activities - - -  
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Profit/(Loss) on ordinary activities  
after taxation (427) 229 147

Dividends - - -  
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Retained profit/(loss) for the period £(427) £229 £147

Earnings per ordinary share - basic 2 (0.26)p 0.29p 0.14p

Earnings per ordinary share - diluted (0.26)p 0.06p 0.02p

There were no recognised gains or losses other than those recognised in the profit and loss account above.

## **PNC TELECOM PLC**

Balance Sheet  
as at 30 September 2006

Unaudited Unaudited Audited  
As at As at As at  
30 September 30 September 31 March

## 2006 2005 2006

Note £'000 £'000 £'000

### FIXED ASSETS

Tangible Assets 12 363 150

Investments 100 - 100

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**112 363 250**

### CURRENT ASSETS

Stock 14 24 14

Debtors 1,161 1,523 1,806

Cash at bank and in hand 151 1,960 1,721

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1,326 3,507 3,541

Creditors: amounts falling due within  
one year (935) (2,677) (2,784)

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Net current assets 391 830 757

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Total assets less current liabilities 503 1,193 1,007

Creditors: amounts falling due after more than one year

Hire purchase contracts - (186) (77)

Convertible Loan Notes (505) (525) (520)

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NET ASSETS £(2) £482 £410

### CAPITAL AND RESERVES

Called up share capital 3 2,524 2,499 2,509

Share premium account 48,033 48,033 48,033

Profit and loss account (50,559) (50,050) (50,132)

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Equity Shareholders' (Deficit)/ Funds £(2) £482 £410

## **PNC TELECOM PLC**

Cash Flow Statement  
for the six months ended 30 September 2006  
Unaudited Unaudited Audited  
6 months 6 months Year  
ended ended ended

**30 30 31**

September September March

**2005  
2006 2006**

Note £'000 £'000 £'000

Cash inflow/(outflow) from  
operating activities 4 (1,471) 1,152 1,300

Returns on investments and  
servicing of finance (112) 13 (286)

Taxation - - -

Capital expenditure 90 (1) (154)

### **Financing:**

Hire purchase (77) (83) (23)

Issue of convertible Loan Notes - 620 620

Issue of shares - - 5

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Cash increase/(decrease) in the period (£1,570) £1,701 1,462

Reconciliation of net cash flow to movement in net funds

Unaudited Unaudited Audited  
6 months 6 months ended Year ended  
ended  
30 September 30 September 31 March

**2006 2005 2006**

Note £'000 £'000 £'000

Increase/(decrease) in cash in  
the period (1,570) 1,701 1,462

Increase in lease finance (279) -

Increase in convertible loan 15 (525) (520)

**notes**

Net funds at start of the period 1,201 259 259

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Net (debt)/funds at end of (£354) £1,156 £1,201

**period Consisting of :-**

Cash at bank 151 1,960 1,721

Hire purchase creditors - (279) -

Convertible loan notes (505) (525) (520)

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Net (debt)/funds (£354) £1,156 £1,201

**PNC TELECOM PLC**

Reconciliation of movement in Shareholders' Funds  
for the six months ended 30 September 2006

Unaudited Unaudited Audited  
6 months 6 months ended Year  
ended ended  
30 September  
30 September 2005 31 March

**2006 2006**

Note £'000 £'000 £'000

Retained profit/(loss) for the (427) 229 147

period

Increase in equity 15 95 105

Opening shareholders' funds 410 158 158

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Closing shareholders' (deficit)/ £(2) £482 £410

funds

**PNC TELECOM PLC  
NOTES TO THE INTERIM REPORT**

1. Accounting Policies

Basis of preparation

The interim report has been prepared using accounting policies consistent with those set out in the Company's Annual Report and Accounts for the year ended 31 March 2006.

The financial statements and the Annual Report and Accounts for the year ended 31 March 2006 were prepared on a going concern basis.

The interim report for the six months to 30 September 2006 was approved by the Board on 18 December 2006.

2. Earnings/Loss per Share

6 months 6 months Year

ended ended ended  
30 September 30 September 2005 31 March

**2006 2006**

Pence Pence Pence

Earnings per ordinary share - basic (0.26) 0.29 0.14p  
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Earnings per ordinary share - diluted (0.26) 0.06 0.02p  
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Loss per ordinary share is based on the loss for the financial period of £ 427,000 (March 2006 - Profit £147,000 and September 2005 - Profit £229,000).

The weighted average number of shares used in the calculation is - basic 164,149,805 and diluted 164,149,805 (March 2006 - basic 105,865,000 and diluted 593,262,000 and September 2005 - basic 78,767,001 and diluted 370,819,672)

L.E. V Knifton and J.W. Case have been issued warrants over 5,000,000 ordinary shares each at an exercise price of 0.1p

3. Called up Share Capital

The issued share capital as at 30 September 2006 was 168,084,000 ordinary shares of 0.1p and 48,084,000 deferred shares of 4.9p each. The deferred shares have limited rights.

**PNC TELECOM PLC  
NOTES TO THE INTERIM REPORT**

continued

4. Reconciliation of operating loss to net cash outflow from operating activities

Unaudited Unaudited Unaudited  
6 months ended 6 months ended Year ended  
30 September 30 September 2005 31 March

**2006 2006**

£'000 £'000 £'000

Operating profit (315) 216 436

Stock - (24) (14)

Debtors 645 (1,478) (1,761)

Creditors (1,849) 2,438 2,590

Loss on disposal 30 - -

Depreciation 18 - 49

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Net cash inflow/(outflow) from  
operating activities (£1,471) £1,152 £1,300

5. The information for the year ended 31 March 2006 has been extracted from the audited accounts for that period which have been delivered to the Registrar of Companies. The unaudited results for the six months have been prepared on a basis consistent with the accounting policies disclosed in the Company's 2006 accounts and do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.

6. Copies of this interim statement are available from the Company at its registered office at Finsgate, 5-7 Cranwood Street, London, EC1V 9EE.