

PNC TELECOM PLC

CHAIRMAN'S STATEMENT

Interim accounts for the six months ended 30 September 2007

Results

The Group made an operating loss for the period of £9,000 and loss per share of 0.004p. This includes recoveries, net of legal expenses, from the previous directors against judgements obtained as noted in previous announcements. This amounted to some £232,000. Further recoveries are being pursued.

Our investment in SIM 4 Travel is currently valued at £325,000, at the mid price, as at 17 December 2007.

Outlook

Since the period end the company has generated income of £77,000 from sales in electronic products in the retail field.

We are now waiting a tribunal hearing from HMRC for our VAT reclaim for both VAT repayment and loss of income.

L.E.V. Knifton Executive Chairman 19 December 2007

PNC TELECOM PLC

Income Statement

for the six months ended 30 September 2007

Year ended

Six months to Six months 31 March

30 September to 30

2007 September 2007

2006

Unaudited Unaudited audited

£'000s £'000s £'000s

Continuing operations

Revenue 28 907 959

Cost of Sales - (858) (855)

Gross Profit 28 49 104

Other operating income 232 - -
Administrative expenses (132) (364) (415)

Operating Profit/(Loss) 128 (315) (311)

Investment revenues 1 10 9

Finance costs (138) (122) (362)

Profit/(Loss) before tax (9) (427) (664)

Income tax recovery (charges) - - -

Profit/(Loss) for the period from continuing
operations attributable to shareholders (9) (427) (664)

Profit/(Loss) per share From continuing operations:
Basic and diluted (0.004)p (0.26p) (0.37p)

The company's turnover and operating loss arise from continuing operations.

There were no recognised gains or losses other than those recognised in the income statement above.

PNC TELECOM PLC

Balance Sheet as at 30 September 2007
As at As at As at

30 30 31 March
September September

2007 2006 2007

Unaudited Unaudited Audited
£'000s £'000s £'000s

Assets Non-current assets
Property, plant and equipment 9 12 10
Investments 100 100 100

109 112 110

Current assets
Stock 3 14 3

Trade and other receivables 1,564 1,161 1,289
Cash and cash equivalents 7 151 1

1,574 1,326 1,293

Total assets 1,683 1,438 1,403

Equity and liabilities Capital and reserves

Share capital 2,604 2,524 2,554
Share Premium 48,033 48,033 48,033
Retained earnings (50,805) (50,559) (50,796)

Total equity (168) (2) (209)

Current liabilities

Trade and other payables 1,426 935 1,137

1,426 935 1,137

Non-current liabilities

Long term loans 425 505 475

425 505 475

Total liabilities 1,851 1,440 1,612

Total equity and liabilities 1,683 1,438 1,403

PNC TELECOM PLC

Cash Flow Statement

For the Six months ended 30 September 2007

Six months

to Six months Year

30 to 30 ended 31

September September March

2007 2006 2007

Unaudited Unaudited Audited
Note £'000 £'000 £'000

Operating activities 3 103 (1,471) (1,357)

Investing activities

Interest received 1 (112) (353)

Interest paid (98) - -
Capital expenditure - 90 115

(97) (22) (238)

Financing activities
Hire purchase - (77) (125)
Issue of new shares 50
Loan notes (50) - -

- (77) (125)

Net cash 6 (1,570) (1,720)

inflow/(outflow) Cash and cash
equivalents at the 1 1,201 1,721

beginning of the period
Bank balances and cash 7 (369) 1

at end of period

Statement of changes in equity
As at As at As at
30 September 30 September 31 March

2007 2006 2007

£'000s £'000s £'000s

As at beginning of (209) 410 410

period
(Deficit) for the (9) (427) (664)

period Issue of share capital net of expenses

50 15 45

As at end of period (168) (2) (209)

PNC TELECOM PLC

Notes to the Interim Report

1. Significant Accounting Policies

These interim accounts have been prepared in accordance with International Financial Reporting Standards and on the historical cost basis, using generally recognised accounting principles. The Company adopted International Financial Reporting Standards (IFRS) adopted by the European Union as the basis for preparation of its financial statements from 1 January 2007.

This interim report for the six months to 30 September 2007 was approved by the Board 19 December 2007.

2. Loss per Share

Year ended
Six months to Six months to 31 March
30 September 30 September

2007 2006 2007

Earnings per ordinary shares
Basic and diluted (0.004)p (0.26p) (0.37p)

The Earnings per ordinary share is based on the company's loss for the period of £9,000 (30 September 2006 - loss £427,000; 31 March 2007 - loss £664,000) and a basic and diluted weighted average number of shares in issue of 244,696,254 (30 September 2006 - 164,149,805; 31 March 2007 - 181,016,000).

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

Six months Year ended
to Six months 31 March
30 September 30 September

2007 2006 2007

£'000s £'000s £'000s

Profit/(Loss) for the period 128 (315) (311)

Adjustments for:

Depreciation of property, plant and equipment 1 18 20

Loss on disposal - 30 6

(Increase)/Decrease in stock - - 11

(Increase)/Decrease in receivables (275) 645 517

Increase/(Decrease) in payables 249 (1,849) (1,600)

Net cash from operating activities 103 (1,471) (1,357)

PNC TELECOM PLC

Notes to the Interim Report

4. Called up Share Capital

The issued share capital as at 31 March 2007, per the audited accounts, was 208,084,000 Ordinary Shares of 0.1p each and 48,084,000 Deferred Ordinary Shares of 4.9p each.

On the 29 May 2007 50,000,000 of Ordinary shares of 0.1p were issued on conversion of loan notes.

5. The unaudited results for period ended 30 September 2007 do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The comparative figures for the year ended 31 March 2007 are extracted from the statutory financial statements which have been filed with the Registrar of Companies and which contain an unqualified audit report and did not contain statements under Section 237(2) or (3) 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. The interim statement will also be available on the company website www.telecom-plc.co.uk.