

Penmc Final Results

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PRESS RELEASE

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PenMc plc

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 AUGUST 2006

Chairman's Statement

The Directors' activities have continued to be concentrated on the ongoing pursuit of prior year disposal issues and a number of administrative matters.

Total administrative expenses incurred in the year of £55,000 (2005: £66,000) have now been reduced to the bare minimum necessary to operate a public company. The cash at bank at the year end together with amounts received since the end of the financial year will finance the ongoing administrative expenses of the Group.

The Directors have been successful in the year in recovering amounts owing connected to the disposals of former subsidiaries over 3 years ago. The significant remaining issue, described in note 22 to the financial statements, is nearing conclusion and will represent an important achievement in bringing this matter to fruition over the last 3 years. However, whilst this matter remains outstanding, it remains a transitional period for the Group.

The Investment Strategy of the Company in the context of the current AIM rules, approved at the Annual General Meeting of the Company last year, is as follows:

The Directors will be actively seeking to invest in a company or business that is well positioned in a business sector with above average growth potential. The chosen business sector is likely to be in consumer services. The Directors have extensive experience of acquiring and managing both public and private companies and this experience will be used to carry out due diligence, supplemented by investigating accountants as appropriate, and to evaluate proposed investments.

In view of the unresolved matter referred to above, the Directors have, to date, been unable to implement the Investment Strategy. If the Company does not fulfil this Investment Strategy by 30 March 2007, then the Company's shares will be suspended as of 7.00 am on 2 April 2007. The Company's shares will continue to be suspended for 6 months from this date and in the event that the strategy is still unfulfilled after this time, the Company's listing on AIM will be cancelled.

Laurence A Turnbull
Non-Executive Chairman

**Consolidated profit and loss account
for the year ended 31 August 2006**

	Notes	Year ended 31 August 2006 £'000	Year ended 31 August 2005 £'000
Turnover		25	2
Administrative expenses		(55)	(66)
Operating loss		(30)	(64)
Exceptional item-profit on disposal of discontinued operations	2	56	27
Net interest payable		-	-
Profit/(loss) on ordinary activities before taxation		26	(37)
- Profit/(loss) after exceptional items		26	(37)
Exceptional items			
- profit on disposal of discontinued operations	2	(56)	(27)
Loss on ordinary activities before exceptional items		(30)	(64)
Tax on profit/(loss) on ordinary activities		-	-
Profit retained/(loss sustained) for the year		26	(37)
Earnings/(loss) per share		Pence per share	
Basic earnings/(loss) per share	3	0.03	(0.04)
Loss per share excluding exceptional items	3	(0.03)	(0.06)

There are no recognised gains or losses other than the profit/(loss) for the year.

The accompanying notes are an integral part of this consolidated profit and loss account.

All operations are continuing.

**Consolidated balance sheet
as at 31 August 2006**

	Notes	2006 £'000	2005 £'000
Current assets			
Debtors		42	9
Investment – Loan note deposit		-	120
Cash at bank and in hand		19	43
		61	172
Creditors: amounts falling due within one year			
		(58)	(195)
Net current liabilities			
		(3)	(23)
Net assets/(liabilities)			
		3	(23)
Capital and reserves			
Called-up share capital		981	981
Share premium account		20,113	20,113
Profit and loss account		(21,091)	(21,117)
Equity shareholders' funds/(deficit)			
	4	3	(23)

**Consolidated cash flow statement
for the year ended 31 August 2006**

	Note	2006 £'000	2005 £'000
Net cash outflow from operating activities	5	(43)	(52)
Returns on investment and servicing of finance			
Interest paid		(7)	(7)
Interest received		7	7
Net cash outflow from returns on investments and servicing of finance		-	-
Taxation		-	-
Capital expenditure and financial investment		-	-
Net cash inflow from capital expenditure and financial investment		-	-
Acquisitions and disposals			
Disposal of subsidiary undertakings	2	19	27
Net cash inflow from disposal of subsidiary undertakings		19	27
Decrease in cash in the year		(24)	(25)

Notes

1 Basis of preparation

This preliminary announcement contains information extracted from the audited financial statements of the Company and the Group for the year ended 31 August 2006. Those financial statements have been prepared on the basis of the accounting policies set out in the Group's 2005 statutory accounts.

2 Exceptional items

Exceptional items related to adjustments to consideration in respect of the sale of subsidiary companies in the previous financial years and are shown in the table below:

	2006	2005
	£'000	£'000
Profit relating to disposals in prior year	(56)	(27)
	(56)	(27)

3 Earnings/(loss) per share

The calculations of earnings/(loss) per share based on the following profits/(losses) and numbers of shares:	2006	2005
	£'000	£'000
Profit/(loss) on ordinary activities after taxation	26	(37)
Exceptional items		
- profit on disposal of discontinued operations	(56)	(27)
Loss before exceptional items	(30)	(64)

	Number	Number
Weighted average number of shares	98,147,196	98,147,196
For diluted earnings/(loss) per share	98,147,196	98,147,196

	Pence per share	Pence per Share
Basic	0.03	(0.04)
Loss per share excluding exceptional items	(0.03)	(0.06)
Diluted	0.03	(0.04)

The directors have presented alternative earnings per share figures to give a better indication of the long-term results of the business. FRS22 requires presentation of diluted earnings per share when a company could be called upon to issue shares that would decrease net profit or increase net loss per share. Since it seems inappropriate to assume that option and warrant holders would act irrationally, no adjustment has been made to diluted earnings/(loss) per share for out-of-the-money share options and warrants. As there is no potential dilution, the basic and diluted (loss)/earnings per share figures are the same.

4 Reconciliation of movements in group equity shareholders' funds/(deficit)

	2006	2005
	£'000	£'000
Profit/(loss) for the year	26	(37)
Net increase/(reduction) in equity shareholders' funds	26	(37)
Opening equity shareholders' (deficit)/funds	(23)	14
Closing equity shareholders' funds/(deficit)	3	(23)

5 Reconciliation of operating loss to operating cash flows

	2006	2005
	£'000	£'000
Operating loss	(30)	(64)
Decrease in debtors	4	19
Decrease in creditors	(17)	(7)
Net cash outflow from operating activities	(43)	(52)

6 Analysis and reconciliation of net funds

	At 1 September 2005	Cash flow	At 31 August 2006
	£'000	£'000	£'000
Cash at bank and in hand	43	(24)	19
	43		
Investment – loan note deposit	120	(120)	-
Loan notes due within one year	(120)	120	-
Net funds	43	(24)	19

7 Report and Accounts

The Report and Accounts of the Company and the Group for the year ended 31 August 2006 will be sent to shareholders shortly and will be available from the Company Secretary at the registered office; Barton Hall, Peel Green, Manchester, M30 7NB.