

Company Registration No 5824921

**Telrock plc**  
**FINANCIAL STATEMENTS**  
**for the 7 month period ended**  
**31 December 2007**

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COMPANIES HOUSE

# Telrock plc

## DIRECTORS AND PROFESSIONAL ADVISERS

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### DIRECTORS

R S J Robinson  
T J D Crowley  
J C Robertson  
G R Rivers  
G D P Breeze (Appointed 19 September 2007, Resigned 18 March 2008)

### SECRETARY

MoFo Secretaries Limited

### REGISTERED OFFICE

Citypoint  
One Ropemaker Street  
London  
EC2Y 9AW

### AUDITORS

Baker Tilly UK Audit LLP  
2 Whitehall Quay  
Leeds  
LS1 4HG

# Telrock plc

## DIRECTORS' REPORT

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The directors submit their report and the financial statements of Telrock plc for the 7 month period ended 31 December 2007

### INCORPORATION

The company was incorporated on 22 May 2006. The 53 week period ending 31 May 2007 is referred to as the year ended 31 May 2007 throughout these financial statements.

### PRINCIPAL ACTIVITIES

The principal activity of the company since incorporation was that of a holding company.

### REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Telrock group has developed a suite of mobile commerce enabling technologies, specialising in the design, development and integration of solutions using mobile technology for payment, money transfers and other mobile-based transaction services such as meter readings. The products and services target the 'mass bill' m-payments market (i.e. using mobile phones to authorise payments of monthly electricity bills) rather than the 'micro m-payments' market (i.e. using mobile phones to purchase soft drinks). The group's products and services are gaining traction in several sectors including financial services, telecoms, utilities and local government, predominantly in the UK. Telrock has partnered with TSYS, a leader in the provision of payment processing services for the banking industry, to sell Telrock's applications to TSYS's clients in EMEA and North America. Telrock's products and services are all compatible with the world's dominant mobile standard, GSM. The company is in negotiations to roll out its services with banks across Europe and North America.

During the period the company raised additional funding of £1.450m, with a further £0.575m raised since the period end. The consolidated loss in the period amounted to £0.737m and continuing sales and marketing efforts as the group continues to increase its market penetration means that losses are expected to continue during 2008. However, customer traction in the credit card payment and utility markets in Europe and North America means that the company forecasts cash flow break even in 2009. The company has access to further capital, should it be required, to enable it to fund its working capital requirements until such break even is achieved.

The directors have given its wholly-owned subsidiary, Telrock Communications Limited, a full undertaking that its working capital requirements until break-even is achieved will be financed by Telrock plc.

### DIRECTORS

The following directors have held office during the period:

R S J Robinson  
T J D Crowley  
J C Robertson  
G R Rivers  
G D P Breeze

G D P Breeze was appointed as a director on 19 September 2007 and resigned on 18 March 2008.

# Telrock plc

## DIRECTORS' REPORT

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### FINANCIAL INSTRUMENTS – RISK MANAGEMENT

#### *Currency Risk*

The group currently only trades within the UK and, as such, it is not exposed to any currency risk

#### *Fair value interest rate risk*

The group does not hedge its interest rate risk

#### *Price risk*

The group has short term contracts with suppliers and customers and its exposure to variations in market prices is not therefore significant

#### *Credit risk*

The group trades mainly with large blue chip companies. The nature of these relationships assists management in controlling its credit risk in addition to the normal credit management processes

#### *Liquidity*

Management control and monitor the group's cash flow on a regular basis

### AUDITORS

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditors will be put to the members at the annual general meeting

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

By order of the board

*MoFo Secretaries Ltd*

Secretary

21 May 2008

For and on behalf of  
MoFo Secretaries Limited

# Telrock plc

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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 the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent, and
- c 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TELROCK PLC

We have audited the financial statements on pages 6 to 20

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### 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).

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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### 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 judgements 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 and group's affairs at 31 December 2007 and of the group's loss for the period then ended and 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.

*Baker Tilly UK Audit LLP*

BAKER TILLY UK AUDIT LLP

Registered Auditor

Chartered Accountants

Leeds

21 May 2008

**Telrock plc**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**7 month period ended 31 December 2007**

	<i>Notes</i>	7 month period ended 31 December 2007 £	Year ended 31 May 2007 £
TURNOVER	1	168,091	183,882
Cost of sales		(116,473)	(118,974)
Gross profit		51,618	64,908
Administrative expenses		(781,407)	(974,712)
OPERATING LOSS	2	(729,789)	(909,804)
Interest receivable and similar income		3,329	6,164
Interest payable and similar charges	3	(10,151)	(1,225)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(736,611)	(904,865)
Taxation	5	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(736,611)	(904,865)

The operating loss for the period arises from the group's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account

**Telrock plc**  
**CONSOLIDATED BALANCE SHEET**  
**31 December 2007**

	<i>Notes</i>	<b>31 December 2007 £</b>	<b>31 May 2007 <i>As restated</i> £</b>
<b>FIXED ASSETS</b>			
Tangible assets	6	81,023	98,995
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Debtors: Amounts falling due within one year	8	163,950	71,937
Debtors: Amounts falling due in more than one year	8	52,344	-
Cash at bank and in hand		375,123	31,359
		<hr/>	<hr/>
		591,417	103,296
<b>CREDITORS: Amounts falling due within one year</b>	9	(107,193)	(349,614)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		484,224	(246,318)
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		565,247	(147,323)
<b>CREDITORS: Amounts falling due in more than one year</b>	10	(5,337)	(5,787)
		<hr/>	<hr/>
<b>NET ASSETS/(LIABILITIES)</b>		559,910	(153,110)
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	83,638	77,597
Share premium	12	2,163,717	720,127
Merger reserve		(45,969)	(45,969)
Profit and loss account	13	(1,641,476)	(904,865)
		<hr/>	<hr/>
<b>SHAREHOLDERS' FUNDS</b>	14	559,910	(153,110)
		<hr/>	<hr/>

The financial statements on pages 6 to 20 were approved by the board of directors and authorised for issue on 21 May 2008 and are signed on its behalf by

Director



**Telrock plc**  
**BALANCE SHEET**  
**31 December 2007**

	<i>Notes</i>	31 December 2007 £	31 May 2007 £
<b>FIXED ASSETS</b>			
Investments	7	74,220	74,220
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Debtors	8	2,082,235	710,336
Cash at bank and in hand		52,086	657
		<hr/>	<hr/>
		2,134,321	710,993
<b>CREDITORS</b> Amounts falling due within one year	9	(4,000)	(1,458)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		2,130,321	709,535
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,204,541	783,755
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	83,638	77,597
Share premium	12	2,163,717	720,127
Profit and loss account	13	(42,814)	(13,969)
		<hr/>	<hr/>
<b>SHAREHOLDERS' FUNDS</b>	14	2,204,541	783,755
		<hr/>	<hr/>

The financial statements on pages 6 to 20 were approved by the board of directors and authorised for issue on 21 May 2008 and are signed on its behalf by

Director



**Telrock plc**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**7 month period ended 31 December 2007**

	<i>Notes</i>	7 month period ended 31 December 2007 £	Year ended 31 May 2007 £
Cashflow from operating activities	15A	(1,080,512)	(620,117)
Returns on investments and servicing of debt	15B	(6,822)	4,939
Capital expenditure and financial investment	15B	(15,178)	(165,913)
<b>NET CASH FLOW BEFORE FINANCING</b>		<b>(1,102,512)</b>	<b>(781,091)</b>
Financing	15B	1,446,276	812,450
<b>INCREASE IN CASH</b>		<b>343,764</b>	<b>31,359</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

		7 month period ended 31 December 2007 £	Year ended 31 May 2007 £
Increase in cash in the period		343,764	31,359
Change in net funds resulting from cashflows		343,764	31,359
<b>NET FUNDS AT START OF THE PERIOD</b>		<b>31,359</b>	<b>-</b>
<b>NET FUNDS AT END OF THE PERIOD</b>	15C	<b>375,123</b>	<b>31,359</b>

# Telrock plc

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention

### BASIS OF PREPARATION

The directors have recently prepared an updated business plan for the group. The financial forecasts indicate that the group has sufficient financial resources including a call option on additional equity, available to ensure that it can meet its debts as they fall due for the next twelve months.

As a result, the directors consider it appropriate to prepare the financial statements on the going concern basis.

### CONSOLIDATION

The consolidated financial statements incorporate the results of the company and its trading subsidiary, Telrock Communications Limited. The most appropriate accounting treatment is to use Merger Accounting and therefore in these accounts an adjustment has been made to create a merger reserve.

### TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost less depreciation.

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows -

Software development	- 33% on cost
Fixtures and fittings	- 25% on reducing balance
Computer equipment	- 25% on cost
Motor vehicles	- 25% on reducing balance

### DEFERRED TAXATION

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. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

A deferred tax asset is only recognised where there is sufficient certainty it will be recoverable against future taxable profits.

# Telrock plc

## ACCOUNTING POLICIES

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### TURNOVER

Turnover represents income generated from monthly licence fees and service level charges to customers. This is recognised when the company has the right to consideration, generally in line with the agreed billing point.

### LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements and are charged to the profit and loss account in proportion to the remaining balance outstanding.

# Telrock plc

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 month period ended 31 December 2007

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### 1 TURNOVER

The company's turnover and loss before taxation were all derived from its principal activity

### 2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	7 month period ended 31 December 2007 £	Year ended 31 May 2007 £
Loss on ordinary activities before taxation is stated after charging		
Depreciation - owned assets	18,377	14,221
- leased assets	5,200	4,730
Loss on disposal of tangible fixed assets	9,573	-
Auditors' remuneration		
- audit services	11,500	11,500
- non audit services	3,000	-
	<hr/>	<hr/>

### 3 INTEREST PAYABLE

	7 month period ended 31 December 2007 £	Year ended 31 May 2007 £
Bank interest	10,151	1,225
	<hr/>	<hr/>

# Telrock plc

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 month period ended 31 December 2007

4	EMPLOYEES	7 month period ended 31 December 2007 No	Year ended 31 May 2007 No
	The average monthly number of persons (including directors) employed by the group during the period was	17	17
		7 month period ended 31 December 2007 £	Year ended 31 May 2007 £
	Staff costs for above persons		
	Wages and salaries	471,661	643,133
	Social security costs	53,130	54,840
		524,791	697,973
	DIRECTORS' REMUNERATION	7 month period ended 31 December 2007 £	Year ended 31 May 2007 £
	Total emoluments	106,135	241,007
	HIGHEST PAID DIRECTOR		
	Emoluments	49,583	85,000

# Telrock plc

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 month period ended 31 December 2007

### 5 TAXATION

	7 month period ended 31 December 2007 £	Year ended 31 May 2007 £
Current tax		
UK corporation tax on losses for the year	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	-	-
	<u>-</u>	<u>-</u>

#### Factors affecting the tax charge for the year

The tax charge assessed for the period is higher than the standard rate of corporation tax in the UK (30%) The differences are explained below

	7 month period ended 31 December 2007 £	Year ended 31 May 2007 £
Loss on ordinary activities before tax	(736,611)	( 954,865)
	<u>(736,611)</u>	<u>( 954,865)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	(220,983)	( 271,460)
Effects of		
Expenses not deductible for tax purposes	4,451	30,296
Capital allowances in excess of depreciation	(569)	834
Losses available to carry forward	217,101	240,330
	<u>217,101</u>	<u>240,330</u>
Current tax charge for the year	-	-
	<u>-</u>	<u>-</u>

The group has tax losses of approximately £3.3 million at 31 December 2007.

# Telrock plc

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 month period ended 31 December 2007

### 6 GROUP TANGIBLE FIXED ASSETS

	<i>Motor Vehicles</i> £	<i>Software development</i> £	<i>Fixtures and fittings</i> £	<i>Computer equipment</i> £	<i>Total</i> £
Cost					
At 1 June 2007	35,656	245,473	33,696	77,894	392,719
Additions	-	-	14,187	991	15,178
Disposals	-	-	(28,713)	-	(28,713)
At 31 December 2007	35,656	245,473	19,170	78,885	379,184
Depreciation					
At 1 June 2007	4,730	245,473	21,847	21,674	293,724
Charged in the period	5,200	-	842	17,535	23,577
Eliminated on disposal	-	-	(19,140)	-	(19,140)
At 31 December 2007	9,930	245,473	3,549	39,209	298,161
Net book value					
At 31 December 2007	25,726	-	15,621	39,676	81,023
At 31 May 2007	30,926	-	11,849	56,220	98,995

The net book value of motor vehicles includes £25,726 (31 May 2007 £30,926) in respect of an asset held under finance leases. The depreciation charge in respect of this asset was £5,200 (31 May 2007 £4,730).

### 7 INVESTMENTS

	Company 2007 £
At 31 May 2007	74,220
Additions	-
Cost and net book value at 31 December 2007	74,220

The shares held relate to a 100% holding in Telrock Communications Limited, a company incorporated in England and Wales. The principal activity of this company is that of development and provision of SMS technology and services.



# Telrock plc

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 month period ended 31 December 2007

8	DEBTORS	Group 31 December 2007 £	Company 31 December 2007 £	Group 31 May 2007 £	Company 31 May 2007 £
	Amounts due within one year				
	Trade debtors	38,849	-	21,984	-
	Due from group companies	-	2,082,235	-	710,336
	Other debtors	10,419	-	13,082	-
	Prepayments	76,591	-	36,871	-
	Directors' loan accounts (note 17)	38,091	-	-	-
		<u>163,950</u>	<u>2,082,235</u>	<u>71,937</u>	<u>710,336</u>
	Amounts due in more than one year				
	Other debtors	52,344	-	-	-
		<u>216,294</u>	<u>2,082,235</u>	<u>71,937</u>	<u>710,336</u>
9	CREDITORS Amounts falling due within one year	Group 31 December 2007 £	Company 31 December 2007 £	Group 31 May 2007 £	Company 31 May 2007 £
	Trade creditors	63,907	-	163,295	-
	Other taxation and social security	10,785	-	96,866	-
	Other creditors	-	-	9,346	-
	Directors' loans (note 17)	-	-	56,934	-
	Finance lease obligations	6,034	-	8,939	-
	Accruals and deferred income	26,467	4,000	14,234	1,458
		<u>107,193</u>	<u>4,000</u>	<u>349,614</u>	<u>1,458</u>
10	CREDITORS Amounts falling due in more than one year	Group 31 December 2007 £	Company 31 December 2007 £	Group 31 May 2007 £	Company 31 May 2007 £
	Finance lease obligations	5,337	-	5,787	-

Finance lease obligations are all repayable within two years and are secured on the related assets

# Telrock plc

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 month period ended 31 December 2007

11	SHARE CAPITAL	31 December 2007 £	31 May 2007 £
	Authorised		
	20,000,000 ordinary shares of 5p each	-	1,000,000
	800,000,000 ordinary shares of 0.125p each	1,000,000	-
		<u>          </u>	<u>          </u>
	Allotted, issued and fully paid		
	1,551,948 ordinary shares of 5p each	-	77,597
	66,910,174 ordinary shares of 0.125p each	83,638	-
		<u>          </u>	<u>          </u>

Between 1 June 2007 and 28 September 2007, 10,838 ordinary 5p shares were issued for a total consideration of £130,009.

On 28 September 2007 the company held an EGM to approve the subdivision of the share capital whereby shareholders received 40 ordinary shares of 0.125p par value for each ordinary share of 5p held.

Subsequent to this, and before the period end, a further 4,398,734 ordinary 0.125p shares were issued for a total consideration of £1,319,622

12	SHARE PREMIUM	Group 31 December 2007 £	Company 31 December 2007 £	Group 31 May 2007 £	Company 31 May 2007 £
	At 1 June 2007	720,127	720,127	-	-
	Premium on shares issued	1,443,590	1,443,590	720,127	720,127
	At 31 December 2007	<u>2,163,717</u>	<u>2,163,717</u>	<u>720,127</u>	<u>720,127</u>

13	PROFIT AND LOSS ACCOUNT	Group 31 December 2007 £	Company 31 December 2007 £	Group 31 May 2007 £	Company 31 May 2007 £
	At 1 June 2007	(904,865)	(13,969)	-	117
	Loss for the period	(736,611)	(28,845)	(904,865)	(14,086)
	At 31 December 2007	<u>(1,641,476)</u>	<u>(42,814)</u>	<u>(904,865)</u>	<u>(13,969)</u>

# Telrock plc

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 month period ended 31 December 2007

14	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	Group	Company	Group	Company
		31 December 2007 £	31 December 2007 £	31 May 2007 <i>As restated</i> £	31 May 2007 £
	Loss for the period	(736,611)	(28,845)	(904,865)	(14,086)
	Issue of share capital	6,041	6,041	77,597	77,597
	Share premium	1,443,590	1,443,590	720,127	720,127
	Merger reserve	-	-	(45,969)	-
	Net increase/(decrease) in shareholders' funds	713,020	1,420,786	(153,110)	783,638
	Opening shareholders' funds	(153,110)	783,755	-	117
	Closing shareholders' funds/(deficit)	559,910	2,204,541	(153,110)	783,755
15A	RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES			31 December 2007 £	31 May 2007 £
	Operating loss			(729,789)	(909,804)
	Depreciation and amortisation charges			23,577	20,949
	Increase in debtors			(144,357)	(71,937)
	(Decrease)/increase in creditors			(239,516)	340,675
	Loss on sale of tangible fixed assets			9,573	-
				(1,080,512)	(620,117)

# Telrock plc

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 month period ended 31 December 2007

### 15B DETAILED ANALYSIS OF CASH FLOWS FOR TOTALS SHOWING IN THE CASH FLOW STATEMENT

	31 December 2007 £	31 May 2007 £
Returns on investments and servicing of debt		
Interest paid on bank overdrafts and loans	(10,151)	(1,225)
Interest received and similar income	3,329	6,164
Net cash flow from returns on investments and servicing of debt	(6,822)	4,939
Capital expenditure		
Purchase of fixed assets	15,178	94,214
Acquired on purchase of subsidiary	-	23,732
Goodwill on purchase of subsidiary	-	47,967
Net cash flow from capital expenditure	15,178	165,913
Financing		
Issued shares	1,449,631	797,724
Additions under hire purchase	-	14,726
Capital element of hire purchase rental payments	(3,355)	-
Net cash flow from financing	1,446,276	812,450

### 15C ANALYSIS OF CHANGES IN NET DEBT

	At 31 May 2007 £	Cashflow £	At 31 December 2007 £
Cash at bank and in hand	31,359	343,764	375,123

### 16 RESULT OF PARENT COMPANY

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements.

The parent company's loss for the financial period was £28,845.

# Telrock plc

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 month period ended 31 December 2007

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### 17 RELATED PARTY DISCLOSURE

Directors loans are due from Tim Crowley and Russell Robinson, directors of the company, amounting to £12,886 (31 May 2007 creditor of £25,585) and £25,205 (31 May 2007 creditor of £31,349) respectively. These balances do not bear any interest

# Telrock plc

## DETAILED TRADING PROFIT AND LOSS ACCOUNT

7 month period ended 31 December 2007

	31 December 2007 £	31 May 2007 £
ADMINISTRATIVE EXPENSES		
Bank charges	110	-
Directors fees	9,869	6,700
Audit fees	2,042	1,458
Legal fees	11,224	6,041
	<u>(23,245)</u>	<u>(14,199)</u>
Bank interest receivable	2,314	159
Bank interest payable	(7,914)	(46)
	<u>                    </u>	<u>                    </u>
LOSS BEFORE TAXATION	<u>(28,845)</u>	<u>(14,086)</u>

This page does not form part of the statutory financial statements