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Interim Report  
for the six months ended  
31 March 2007

**Glen Group plc** is a value added, solutions-based provider of IT and communications products and services. In the SME market it provides a wide range of integrated services including IT consultancy and support, mobile solutions, both voice and data, CRM, telecommunications and hosted broadband voice services. In the corporate, enterprise and public sector, the Group is a niche provider of business intelligence and other IT solutions. With offices in Glasgow, Edinburgh, Rotherham and London, the Group is well placed to service its growing customer base.

## Contents

01	Highlights
02	Chairman's Statement
04	Chief Executive's Review
08	Consolidated Interim Income Statement – Unaudited
09	Consolidated Interim Balance Sheet – Unaudited
10	Consolidated Interim Cash Flow Statement – Unaudited
12	Consolidated Interim Statement of Changes in Equity – Unaudited
13	Notes to the Financial Statements
16	Independent Review Report to Glen Group plc
IBC	Directors, Secretary and Advisers

## HIGHLIGHTS

- Turnover for the half-year of £2,924,819 compares to £976,937 in the equivalent period last year – an increase of approximately 200%.
- Eclectic contributes £2,508,898 (2006 first half: £588,856) and Glen Communications and Explore IT contribute £415,921 (2006 first half: £388,081).
- Restructuring and development costs of £312,615 include £236,878 related to head-count reduction, contractual termination costs and benefits paid to senior managers in Glen Communications/Explore IT, and £75,737 of Microsoft and Oracle development costs in Eclectic.
- Before the restructuring and development costs, operating losses reduce to £252,735 from £323,756.
- Post the restructuring and development costs, the operating loss increases to £565,350.
- Eclectic becomes an Oracle Certified Advantage Partner, taking it into the elite group of Oracle partners.
- Successful acquisition of Pinnacle Group since the end of the half-year.
- Proposed Group name change to 'ICT Acquisitions PLC' to reflect the nature of the Group's business of acquiring and developing companies in the information, communications and technology sectors.

## CHAIRMAN'S STATEMENT

The first half-year has been one of significant change.

Our strategy is based on:

- acquiring suitable IT and communications services businesses
- integrating them fully and swiftly
- developing them organically, supplemented by further acquisitions which are capable of adding long-term value.

This process itself involves change. During much of 2006 our strategy was frustrated when our share price fell below the nominal value of our shares, preventing us from issuing shares as purchase consideration or to raise expansion capital. This problem was resolved in February 2007 when we reorganised our share capital and since then we have been actively seeking acquisition opportunities. We recently announced the purchase of Pinnacle Group Limited, a provider of telecommunications services to the SME market, and we continue to have an active acquisition deal flow in prospect. In order to better position Glen Group plc in the eyes of customers, shareholders and the public generally, we intend changing its name, subject to shareholder approval which we will seek later this year, to 'ICT Acquisitions PLC'. This will emphasise that our business is firmly rooted in the Information, Communications and Technology space and our strategy is acquisition led. I can also announce today that we have applied to the PLUS market to have our shares traded on this platform, as well as retaining our listing on AIM, which we hope will provide additional liquidity in the shares.

A key objective of the business is to trade profitably. Following the acquisition of Explore IT Limited ('Explore') by Glen Communications Ltd ('Glen Communications') last September, we have fundamentally restructured the SME side of our business. Historically, Glen Communications has relied on project rather than recurring business, particularly using a direct sales force for the sale of mobile solutions to customers. Building the business required us to continue to increase the size of the direct sales team, which involved material costs in management time, training and recruitment. Following a review of this strategy after the Explore acquisition, and a recognition that we needed to develop more recurring income streams, we decided to modify this approach and limit the size of the direct sales team. We also decided that the majority of this team should be IT centric rather than mobile centric. This restructuring also involved a rationalisation of the middle management team, office moves in both Edinburgh and Rotherham, and the introduction of new IT support systems, all of which have been completed in the first half.

Following the acquisition of Pinnacle and the appointment of Alan Bonner as Managing Director of the SME focused group of companies, I can also announce that we are in the process of changing the name of Glen Communications to 'Pinnacle ICT Limited'. We have also acquired the 50% shareholding in Pinnacle Mobile Limited and the 20% minority interests in Sports Club Telecom Limited which we did not own, in exchange for a total of 4,863,636 shares in Glen Group plc issued at 0.55 pence per share. Application has been made for the admission of these shares to trading on AIM, which is expected to occur on 29 June 2007.

While in the half-year we have incurred restructuring one-off costs of £236,878 implementing the changes outlined above, we anticipate that these changes, all now fully implemented, will drive annualised cost savings of over £400,000. With the addition of the Pinnacle group of companies, which trade profitably on a base of largely recurring income, we can now look forward to building this part of the business from a much stronger platform while continuing to seek profitable acquisitions in this space.

The greater part of our business is business intelligence ('BI') consultancy and training, which we market under the Eclectic brand. Since we acquired the Eclectic business in February 2006, it has performed ahead of even our highest estimates and the half-year is no exception. The BI market continues to grow at a significant pace and Eclectic is gaining clients in the enterprise, corporate and public sector markets with its niche focus. Historically, Eclectic has provided consultancy, implementation and training on Business Objects software platforms. In the half-year, it was decided to expand the software platforms.

## CHAIRMAN'S STATEMENT (CONTINUED)

Eclectic has self-started Microsoft and Oracle practices, as both these vendors are increasingly targeting the BI space. In the half-year we have incurred development costs of £75,737 (which have been expensed) in establishing these new business units. Since the half-year end, we have been delighted to be awarded our first Oracle BI consultancy work and I can announce today that we have achieved the very prestigious status of Oracle Certified Advantage Partner, which takes us into the elite group of Oracle partners. On the acquisition front, we continue to look at opportunities which can enhance and expand our BI offering to clients, particularly those that can give us presence in the London area, and we remain active in seeking suitable acquisitions.

One of the key performance indicators that your Board monitors is EBITDA. For the Group as a whole, EBITDA remains negative and in the half-year, after restructuring and development costs, it was negative £503,768 (2006 half-year: £355,942 negative). Before restructuring and development costs it was negative £191,153 (2006 half-year: £306,075 negative). EBITDA generated by the operating companies, excluding the costs of running the holding company has, historically, been negative since we listed in December 2004. Although a modest figure, I am pleased to note that the EBITDA generated by these companies, excluding the restructuring and development costs both outlined above, was positive at £34,050 in the half-year (2006 half-year: £141,662 negative), which represents a significant turnaround.

Full details of the financial performance for the half-year are contained in the Chief Executive's Review.

As I have already indicated, the half-year has been one of significant change. I believe that these changes, our renewed focus on profitable acquisitions, and a determination to build a business of size and quality, are all positive developments and your Board looks forward to implementing its plans.

Eric M Hagman CBE  
CHAIRMAN  
26 June 2007

The half-year can be characterised by one of change, not just in the re-organisation of people in the business, but also in the changing mix of services sold to customers.

### 1) Turnover

Turnover for the half-year was £2,924,819 compared to £976,937 in the equivalent period last year, a rise of nearly 200%, due largely to the acquisition of Eclectic Group Limited in February 2006. The half-year turnover also compares favourably with turnover in the second half of last year, a more comparable period, which was £2,721,308, representing a growth of 7.5% over the six-month period ended 31 March 2007.

In this half-year, Eclectic contributed £2,508,898 (2006 first half: £588,856) and Glen Communications, along with its wholly owned subsidiary Explore IT, contributed £415,921 (2006 first half: £388,081). Eclectic group turnover for the first half also compares well against the second half turnover last year, a more comparable period, when it reached £2,144,288, an increase of 17% over the half-year period. Despite the disruption which is inevitably caused by any restructuring, it is pleasing to see that the SME business unit, comprising Glen Communications and Explore IT, has lifted its turnover in what is, historically, a less robust period compared to the second half.

The restructuring of the SME business unit has been successfully refocused on IT services. In the year ended 30 September 2006, approximately 30% of turnover from this unit came from the provision of IT services. In the half-year to 31 March 2007, IT services represented about 65% of the unit's turnover. As well as undertaking project work, the SME business unit also delivers recurring revenues from IT support contracts and from the provision of voice-over broadband services (more commonly known as VoIP). Although turnover from VoIP is embryonic, it has been interesting to note that the level of interest in our hosted VoIP service has lifted materially this year compared to last, as awareness of the technology has been increased by the amount of press coverage.

### 2) Gross Margins

The overall gross margin for the half-year was £1,047,474 (2006 first half: £412,720 and 2006 full year: £1,332,349). Our gross margins remain very stable. For the half-year we returned a gross margin across the three operating businesses of 35.81%. This compares against the full year last year (a more comparable period) of 36.03%. Eclectic's margin for the half-year was 34.94% (2006 full year: 33.58%) while the SME business unit returned 41.08% (2006 full year: 42.96%).

### 3) Restructuring and Development Costs

The operating result for the half-year has been very materially affected by restructuring and development costs totalling £312,615.

As outlined in the Chairman's Statement, major changes have been made to the Glen Communications business. This has resulted in one-off costs of £236,878, the majority of which relate to the costs of a planned headcount reduction, including contractual termination costs and benefits paid to senior managers and others who have left the business.

The development costs of £75,737 relate to the establishment of Microsoft and Oracle practices in Eclectic, and mainly relate to the salary costs of key individuals hired to develop consultancy services based on software implementation provided by these vendors.

### 4) Operating Loss

In the half-year we have incurred an operating loss before restructuring and development costs of £252,735 (2006 first half: £323,756). Much of the improvement over 2006 is due to the performance of Eclectic which contributed profits before development costs of £267,309 in the half-year. After the restructuring and development costs, the Group operating loss increases to £565,350 (2006 half-year: £373,623).

As acquisitions are concluded, certain duplicative costs can be removed from the business, albeit usually at an initial cost to the business as these costs tend to be people-based. The Board is mindful of the need to keep costs to a minimum and not allow costs to build significantly ahead of revenue. However, any organic growth requires investment and our acquisition plans seek to limit this investment by concentrating on being able to cross-sell our services into newly acquired customers. We will therefore continue to seek businesses with robust customer bases as the cost of sale can be materially lower when a captive customer is sold more, or different, services.

It is interesting to note that, taken together, the operating companies (that is excluding Glen Group plc itself) have together produced a very modest loss of just £9,111 over the half-year period. Before depreciation (the EBITDA figure) this becomes a profit of £34,050. Although not yet producing sufficient EBITDA to cover the costs of Glen Group, which amounted to £243,624 in the half-year (2006 half-year: £159,413), it is nevertheless a step forward. The unaudited result for the half-year can be further analysed as in the table on page 6.

## CHIEF EXECUTIVE'S REVIEW (CONTINUED)

### Consolidated Interim Income Statement – Unaudited

	6 months 31 March 2007	6 months 31 March 2006	12 months 30 September 2006
<b>Turnover</b>			
Eclectic	2,508,898	588,856	2,733,144
Glen Communications/Explore IT	415,921	388,081	965,101
<b>Totals</b>	<b>2,924,819</b>	<b>976,937</b>	<b>3,698,245</b>
<b>Cost of Sales</b>			
Eclectic	1,632,268	349,238	1,815,364
Glen Communications/Explore IT	245,077	214,979	550,532
<b>Totals</b>	<b>1,877,345</b>	<b>564,217</b>	<b>2,365,896</b>
<b>Gross Profit</b>			
Eclectic	876,630	239,618	917,780
Glen Communications/Explore IT	170,844	173,102	414,569
<b>Totals</b>	<b>1,047,474</b>	<b>412,720</b>	<b>1,332,349</b>
<b>Overhead</b>			
Eclectic	609,321	164,541	769,839
Glen Communications/Explore IT	447,264	412,522	730,596
Glen Group	243,624	159,413	371,269
<b>Totals</b>	<b>1,300,209</b>	<b>736,476</b>	<b>1,871,704</b>
<b>Operating Profit before other costs</b>			
Eclectic	267,309	75,077	147,941
Glen Communications/Explore IT	(276,420)	(239,420)	(316,027)
Glen Group	(243,624)	(159,413)	(371,269)
<b>Totals</b>	<b>(252,735)</b>	<b>(323,756)</b>	<b>(539,355)</b>
<b>Restructuring &amp; Development costs</b>			
Eclectic	(75,737)	–	–
Glen Communications/Explore IT	(236,878)	(49,867)	(49,867)
<b>Totals</b>	<b>(312,615)</b>	<b>(49,867)</b>	<b>(49,867)</b>
<b>Operating Profit</b>			
Eclectic	191,572	75,077	147,941
Glen Communications/Explore IT	(513,298)	(289,287)	(365,894)
Glen Group	(243,624)	(159,413)	(371,269)
<b>Totals</b>	<b>(565,350)</b>	<b>(373,623)</b>	<b>(589,222)</b>

Notes: Eclectic has been consolidated from 15 February 2006, the date of acquisition.  
Explore IT has been consolidated from 4 September 2006, the date of acquisition.

### 5) Financing

During the half-year, the earn-out provisions associated with the acquisition of Eclectic in February 2006 crystallised. Eclectic delivered the maximum level of profits under the terms of the earn-out conditions and, accordingly, the Company issued 73,825,818 shares at 1.0667p per share to satisfy the deferred consideration payable to the vendors, all in accordance with the earn-out formula contained in the sale and purchase agreement.

On 26 February 2007, following shareholder approval, the Company's share capital was reorganised. Holders of ordinary shares of nominal one penny each received one ordinary share of nominal one-tenth of a penny and one deferred share of nominal nine-tenths of a penny. The conditions attaching to the deferred shares rendered them worthless and the practical effect was to lower the nominal value of the ordinary shares to one-tenth of a penny without changing the number of ordinary shares in issue. This allows the Company to issue shares in the future. This had not been possible throughout most of 2006 as the market price of the shares had fallen below the original nominal value of one penny per share, and the issue of shares at a discount to the nominal value is prohibited under the Companies Act 1985.

At the same time as the reorganisation became effective, the Company raised a further £500,000 (before expenses) in new equity, applied to expanding working capital, by the issue of 100,000,000 new ordinary shares at 0.50 pence per share. Since the half-year end, the Company has raised a further £350,000 (before expenses) by the issue of a further 100,000,000 new ordinary shares at 0.35 pence per share, in order to assist acquisitions and provide further working capital in an expanding business. On 6 June 2007, the Company announced the acquisition of Pinnacle Group Limited for a consideration of £700,000, satisfied by the issue of 122,727,273 shares at 0.55 pence per share and £25,000 in cash. Since then, we have also completed the acquisition of the 50% shareholding in Pinnacle Mobile Limited which we did not own, in exchange for 1,000,000 shares in Glen Group plc and the 20% minority interests in Sports Club Telecom Limited (part of the Pinnacle Group) which we did not own, in exchange for a total of 3,863,636 shares in Glen Group plc, all of which have been issued at 0.55 pence per share.

We have made significant changes to the business in the first-half and we will now build on the momentum that we have created. We fully expect to be able to complete further acquisitions in the second half in accordance with our buy and build strategy.

**Graham J Duncan MA CA**

CHIEF EXECUTIVE

26 June 2007

## CONSOLIDATED INTERIM INCOME STATEMENT – UNAUDITED

for the six months ended 31 March 2007

	Note	6 months to 31 March 2007 £	6 months to 31 March 2006 £	12 months to 30 September 2006 £
<b>Revenue</b>				
Continuing operations		2,924,819	388,081	942,582
Discontinued operations		–	–	22,519
Acquisitions		–	588,856	2,733,144
Cost of sales	2	2,924,819 (1,877,345)	976,937 (564,217)	3,698,245 (2,365,896)
<b>Gross profit</b>		1,047,474	412,720	1,332,349
Other operating charges		(1,612,824)	(786,343)	(1,921,571)
<b>Operating loss</b>	3	(565,350)	(373,623)	(589,222)
Interest payable		(32,893)	(9,319)	(23,620)
Interest receivable		500	2,551	3,054
Finance costs		(32,393)	(6,768)	(20,566)
<b>Loss before taxation</b>		(597,743)	(380,391)	(609,788)
Taxation		–	–	(3,803)
<b>Loss for the period</b>		(597,743)	(380,391)	(613,591)
<b>Loss per share</b>	4			
– basic and fully diluted		(1.64)	(0.34)	(0.28)

## CONSOLIDATED INTERIM BALANCE SHEET – UNAUDITED

as at 31 March 2007

Note	31 March 2007 £	31 March 2006 £	30 September 2006 £
<b>Assets</b>			
Non-current assets			
Goodwill	3,564,504	3,925,682	3,562,740
Intangible assets	90,000	–	100,000
Property, plant and equipment	139,072	103,408	112,667
<b>Total non-current assets</b>	<b>3,793,576</b>	<b>4,029,090</b>	<b>3,775,407</b>
Current assets			
Inventories	46,475	16,603	26,752
Trade and other receivables	1,703,122	1,407,107	1,571,471
Cash and cash equivalents	111,022	311,966	1,075
<b>Total current assets</b>	<b>1,860,619</b>	<b>1,735,676</b>	<b>1,599,298</b>
<b>Total assets</b>	<b>5,654,195</b>	<b>5,764,676</b>	<b>5,374,705</b>
<b>Liabilities</b>			
Current liabilities			
Short-term borrowings	658,925	103,680	578,731
Trade and other payables	543,912	939,632	939,817
Accruals and deferred income	948,064	465,258	238,247
Other creditors	187,606	143,097	164,139
<b>Total current liabilities</b>	<b>2,338,507</b>	<b>1,651,667</b>	<b>1,920,934</b>
Non-current liabilities			
Long-term borrowings	85,235	93,828	87,557
<b>Total non-current liabilities</b>	<b>85,235</b>	<b>93,828</b>	<b>87,557</b>
<b>Total liabilities</b>	<b>2,423,742</b>	<b>1,745,495</b>	<b>2,008,491</b>
<b>Net assets</b>	<b>3,230,453</b>	<b>4,019,181</b>	<b>3,366,214</b>
<b>Equity</b>			
Share capital	4,115,089	3,276,831	3,276,831
Share premium account	1,262,434	879,473	860,817
Shares to be issued	–	787,500	787,500
Other reserve	29,635	8,500	20,028
Fair Value Adjustment	(417,221)	–	(417,221)
Profit and loss reserve	5 (1,759,484)	(933,123)	(1,161,741)
<b>Total equity</b>	<b>3,230,453</b>	<b>4,019,181</b>	<b>3,366,214</b>

## CONSOLIDATED INTERIM CASH FLOW STATEMENT – UNAUDITED

for the six months ended 31 March 2007

	6 months to 31 March 2007 £	6 months to 31 March 2006 £	12 months to 30 September 2006 £
Operating loss before restructuring and development costs	(252,735)	(323,756)	(539,355)
Restructuring costs	(236,878)	(49,867)	(49,867)
Development costs	(75,737)	–	–
<b>Cash flows from operating activities</b>	<b>(565,350)</b>	<b>(373,623)</b>	<b>(589,222)</b>
<b>Adjustments for</b>			
Depreciation and amortisation	54,744	14,274	49,596
Other non-cash items	9,607	5,000	19,213
Increase in inventories	(19,723)	(6,490)	(16,639)
Increase in trade and other receivables	(131,651)	(1,198,391)	(1,362,845)
Increase in trade payables, accruals and other creditors	324,942	1,309,347	1,099,760
Net cash outflow from operating activities	(327,431)	(249,883)	(800,137)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(71,149)	(67,365)	(56,573)
Sale of property, plant and equipment	–	–	414
Acquisition of subsidiary, net of cash acquired	(1,763)	(2,204,764)	(2,412,933)
Net cash used in investing activities	(72,911)	(2,272,129)	(2,469,092)
<b>Cash flows from financing activities</b>			
Interest paid (net)	(32,393)	(6,768)	(20,566)
Issue of shares	500,000	3,012,500	3,012,500
Receipt of bank finance	15,000	50,000	84,215
Repayment of borrowing	(22,019)	(9,688)	(32,612)
Repayment of shareholders loans	–	(40,000)	(40,000)
Receipt from/(repayment of) former director's loan	(25,000)	25,000	50,000
Receipt from finance leases less repayment	13,223	–	9,547
Expenses paid in connection with share issue	(47,625)	(413,737)	(432,393)
Net cash used in financing activities	401,186	2,617,307	2,630,691
<b>Net increase/(decrease) in cash</b>	<b>844</b>	<b>95,295</b>	<b>(638,538)</b>
Cash and bank overdrafts at beginning of period	(475,547)	162,991	162,991
<b>Cash and bank overdrafts at end of period</b>	<b>(474,703)</b>	<b>258,286</b>	<b>(475,547)</b>
<b>Cash and bank overdrafts comprise</b>			
Cash and cash equivalents	111,022	311,966	1,075
Bank overdrafts	(585,725)	(53,680)	(476,622)
	(474,703)	258,286	(475,547)

**CONSOLIDATED INTERIM CASH FLOW STATEMENT – UNAUDITED**

for the six months ended 31 March 2007 (Continued)

## Analysis of changes in net debt

	At 30 September 2006 £	Cash flows £	At 31 March 2007 £
Cash	1,075	109,947	111,022
Bank overdraft	(476,622)	(109,103)	(585,725)
	(475,547)	844	(474,703)
Debt	(189,666)	18,797	(170,869)
Net debt	(665,213)	19,641	(645,572)

## CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY – UNAUDITED

for the six months to 31 March 2007

	Share capital	Share premium	Shares to be issued	Other reserve	Fair value	Retained earnings	Total
<b>At 1 October 2005</b>	<b>600,000</b>	<b>957,541</b>	<b>–</b>	<b>3,500</b>	<b>–</b>	<b>(552,732)</b>	<b>1,008,309</b>
<b>Recognised directly in equity</b>							
Share Issue	2,676,831	–	–	–	–	–	2,676,831
Shares to be issued as part of acquisition	–	–	787,500	–	–	–	787,500
Premium on share issue	–	335,669	–	–	–	–	335,669
Expenses incurred on share issue	–	(413,737)	–	–	–	–	(413,737)
Share-based payments	–	–	–	5,000	–	–	5,000
<b>Net change directly in equity</b>	<b>2,676,831</b>	<b>(78,068)</b>	<b>787,500</b>	<b>5,000</b>	<b>–</b>	<b>–</b>	<b>3,391,263</b>
Loss for the year	–	–	–	–	–	(380,391)	(380,391)
<b>Total movements</b>	<b>2,676,831</b>	<b>(78,068)</b>	<b>787,500</b>	<b>5,000</b>	<b>–</b>	<b>(380,391)</b>	<b>3,010,872</b>
<b>Equity at 31 March 2006</b>	<b>3,276,831</b>	<b>879,473</b>	<b>787,500</b>	<b>8,500</b>	<b>–</b>	<b>(933,123)</b>	<b>4,019,181</b>
<b>At 1 October 2006</b>	<b>3,276,831</b>	<b>860,817</b>	<b>787,500</b>	<b>20,028</b>	<b>(417,221)</b>	<b>(1,161,741)</b>	<b>3,366,214</b>
<b>Recognised directly in equity</b>							
Share Issue	838,258	–	(738,258)	–	–	–	100,000
Shares to be issued as part of acquisition	–	–	–	–	–	–	–
Premium on share issue	–	449,242	(49,242)	–	–	–	400,000
Expenses incurred on share issue	–	(47,625)	–	–	–	–	(47,625)
Share-based payments	–	–	–	9,607	–	–	9,607
<b>Net change directly in equity</b>	<b>838,258</b>	<b>401,617</b>	<b>–</b>	<b>9,607</b>	<b>–</b>	<b>–</b>	<b>461,982</b>
Loss for the year	–	–	–	–	–	(597,743)	(597,743)
<b>Total movements</b>	<b>4,115,089</b>	<b>401,617</b>	<b>(787,500)</b>	<b>9,607</b>	<b>–</b>	<b>(597,743)</b>	<b>(135,761)</b>
<b>Equity at 31 March 2007</b>	<b>4,115,089</b>	<b>1,262,434</b>	<b>–</b>	<b>29,635</b>	<b>(417,221)</b>	<b>(1,759,484)</b>	<b>3,230,453</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Basis of preparation

This interim financial information has been prepared in accordance with the Company's accounting policies as disclosed in the financial statements for the year ended 30 September 2006. The Interim statements were approved by the Board of Directors on 26 June 2007.

### 2. Analysis of revenue

	6 months to 31 March 2007 £	6 months to 31 March 2006 £	12 months to 30 September 2006 £
<b>By business sector</b>			
Mobile services	149,011	244,372	631,003
Information technology	2,775,808	709,146	3,041,633
Phone cards	–	22,519	22,519
Other communication services	–	900	3,090
<b>Total revenue</b>	<b>2,924,819</b>	<b>976,937</b>	<b>3,698,245</b>
<b>By destination</b>			
United Kingdom	2,924,819	976,937	3,698,245
<b>Total revenue</b>	<b>2,924,819</b>	<b>976,937</b>	<b>3,698,245</b>
<b>By origin</b>			
Glen Communications – continuing operations	149,011	365,562	942,582
Glen Communications – discontinued operations	–	22,519	22,519
Explore IT	266,910	–	–
Eclectic	2,508,898	588,856	2733144
<b>Total revenue</b>	<b>2,924,819</b>	<b>976,937</b>	<b>3,698,245</b>

The interim results for 2006 include the initial contribution from Eclectic acquired on 15 February 2006.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 3. Analysis of operating loss

	6 months to 31 March 2007 £	6 months to 31 March 2006 £	12 months to 30 September 2006 £
<b>By business sector</b>			
Mobile services	(505,104)	(284,095)	(368,510)
Information technology	(60,246)	(62,780)	(199,272)
Phone cards	–	(25,719)	(10,920)
Other communication services	–	(1,029)	(10,520)
Operating loss	(565,350)	(373,623)	(589,222)
<b>By destination</b>			
United Kingdom	(565,350)	(373,623)	(589,222)
Operating loss	(565,350)	(373,623)	(589,222)
<b>By origin</b>			
Glen Group	(243,625)	(159,413)	(371,269)
Glen Communications	(492,692)	(289,287)	(365,894)
Explore IT	(20,606)	–	–
Eclectic	191,573	75,077	147,941
Operating loss	(565,350)	(373,623)	(589,222)

### 4. Loss per share

	6 months to 31 March 2007 £	6 months to 31 March 2006 £	12 months to 30 September 2006 £
Loss per share			
Basic	(0.16)	(0.34)	(0.28)
Fully diluted	(0.15)	(0.33)	(0.28)

Loss for the period attributable to shareholders:

Losses basic and fully diluted	(597,743)	(380,391)	(613,591)
Weighted average number of shares in issue			
Basic	364,595,986	111,280,513	219,481,795
Adjustment for share options	42,891,160	4,833,334	19,065,128
Fully diluted	407,187,146	116,113,847	234,731,795

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 5. Profit and loss reserve

	6 months to 31 March 2007 £	6 months to 31 March 2006 £	12 months to 30 September 2006 £
Opening deficit	(1,161,741)	(552,732)	(548,150)
Loss for the period	(597,743)	(380,391)	(613,591)
Closing deficit	(1,759,484)	(933,123)	(1,161,741)

### 6. Statutory accounts

These financial statements do not constitute statutory accounts. Although the information has been reviewed by the auditors, it is unaudited. The statutory accounts for the year ended 30 September 2006, contained an unqualified audit report and are filed with the Registrar of Companies.

## INDEPENDENT REVIEW REPORT TO GLEN GROUP PLC

### Introduction

We have been instructed by the Company to review the financial information for the six months ended 31 March 2007 which comprises the consolidated interim income statement, consolidated interim balance sheet, consolidated interim cashflow statement, accounting policies and the related notes. We have read the other information contained in the interim report which comprises only the highlights, Chairman's statement and Chief Executive's review, and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with guidance contained in APB Bulletin 1999/4 "Review of Interim Financial Information". Our review work has been undertaken so that we might state to the Company those matters we are required to state to them in a review 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, for our review work, for this report, or for the conclusion we have formed.

### Directors' responsibilities

The interim report including the financial information contained therein is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with The Listing Rules of the Financial Services Authority. They are responsible for preparing the interim report and ensuring that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

### Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 'Review of Interim Financial Information' issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

### Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 March 2007.

**GRANT THORNTON UK LLP**  
**CHARTERED ACCOUNTANTS**  
EDINBURGH  
26 June 2007

The maintenance and integrity of the Glen Group plc website is the responsibility of the Directors: the interim review does not involve consideration of these matters and, accordingly, the Company's reporting accountants accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the interim report differ from legislation in other jurisdictions.

## DIRECTORS, SECRETARY AND ADVISERS

### Directors

Eric M Hagman CBE, Non-Executive Chairman  
Graham J Duncan, Chief Executive Officer  
Peter J Ford, Non-Executive Director

### Company Secretary

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Bank of Scotland

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### Financial PR

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### Registrars

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