

PUBLIC CO MANAGEMENT CORP  
Form 10QSB/A  
December 11, 2006

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-QSB/A  
(Amendment No. 1)**

(Mark One)

- Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended March 31, 2006
- Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number 000-50098

**PUBLIC COMPANY MANAGEMENT CORPORATION**  
(Exact name of small business issuer as specified in its charter)

**NEVADA**  
(State or other jurisdiction of incorporation or  
organization)

**88-0493734**  
(IRS Employer Identification No.)

**5770 El Camino Road, Las Vegas, NV 89118**  
(Address of principal executive offices)

**(702) 222-9076**  
(Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days

Yes  No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

As of November 27, 2006, there were 23,860,966 outstanding shares of the registrant's common stock, \$.001 par value per share.

Transitional Small Business Disclosure Format (Check one): Yes  No

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### **EXPLANATORY NOTE**

Public Company Management Corporation ("PCMC" or the "Company") is amending its Quarterly Report on Form 10-QSB for the quarterly period ended March 31, 2006 (the "Quarterly Report") which was originally filed with the Securities and Exchange Commission (the "Commission") on May 22, 2006, to incorporate certain revisions that have been made to PCMC's disclosures and the presentation of PCMC's financial statements, in response to comments PCMC received from the Commission.

Accordingly, changes have been made to the following sections of the Quarterly Report:

- Item 1. Financial Statements.
- Item 2. Management Discussion and Analysis or Plan of Operation.
- Item 3. Controls and Procedures.

Although this Form 10-QSB/A contains all of the items required to be included in a Quarterly Report on Form 10-QSB, no other information in the original filing is amended hereby. The foregoing items have not been updated to reflect other events occurring after the original filing or to modify or update those disclosures affected by subsequent events. In addition, pursuant to the rules of the SEC, Item 6 of Part II of the original filing has been amended to contain currently dated certifications from PCMC's Chief Executive Officer and Chief Financial Officer, as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002. Updated certifications of the Company's Chief Executive Officer and Chief Financial Officer are attached to this Form 10-QSB/A as Exhibits 31.1, 31.2, 32.1 and 32.2.

Except for the foregoing amended information, this Form 10-QSB/A continues to speak as of the date of the original filing, and PCMC has not updated the disclosures contained herein to reflect events that occurred at a later date unless otherwise noted.

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**PUBLIC COMPANY MANAGEMENT CORPORATION**

**QUARTERLY REPORT ON FORM 10-QSB/A  
FOR THE QUARTER ENDED MARCH 31, 2006**

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**PART I**  
**FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

PUBLIC COMPANY MANAGEMENT CORPORATION  
CONSOLIDATED BALANCE SHEETS  
March 31, 2006 and September 30, 2005  
(Unaudited)

| ASSETS  | March 31,<br>2006   | September 30,<br>2005 |
|---|---------------------|-----------------------|
| <b>Current Assets</b>   |                     |                       |
| Cash  | \$ 9,956            | \$ 40,061             |
| Accounts receivable, net  | 28,028              | 11,981                |
| Notes receivable  | 28,625              | 56,500                |
| Marketable securities   | 455,900             | 719,233               |
| Other assets  | 6,428               | 6,421                 |
| <b>Total Current Assets</b>   | <b>528,937</b>      | <b>834,196</b>        |
| Stock receivable, net   | 136,975             | 394,975               |
| Non-marketable securities   | 2,871,708           | 1,623,552             |
| Furniture and equipment, net  | 61,179              | 69,797                |
| Website, net  | 21,165              | 37,187                |
| <b>TOTAL ASSETS</b>   | <b>\$ 3,619,964</b> | <b>\$ 2,959,707</b>   |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                     |                       |
| <b>Current Liabilities</b>  |                     |                       |
| Accounts payable and accrued expenses   | \$ 313,691          | \$ 213,198            |
| Current portion of installment notes payable  | 16,015              | 16,015                |
| Bank lines of credit  | 76,005              | 80,476                |
| Notes payable   | 88,410              | 84,200                |
| Deferred revenues   | 2,205,400           | 1,480,200             |
| <b>Total Current Liabilities</b>  | <b>2,699,520</b>    | <b>1,874,089</b>      |
| Long-term portions of installment note payable  | 22,098              | 32,029                |
| <b>TOTAL LIABILITIES</b>  | <b>2,721,618</b>    | <b>1,906,118</b>      |
| <b>Stockholders' Equity</b>   |                     |                       |
| Common stock, \$.001 par value, 50,000,000 shares authorized, 23,171,171 and 22,553,171 shares issued and outstanding, respectively | 23,171              | 22,553                |
| Paid in capital   | 2,223,986           | 1,954,003             |
| Accumulated deficit   | (1,348,811)         | (922,967)             |
| <b>TOTAL STOCKHOLDERS' EQUITY</b>   | <b>898,346</b>      | <b>1,053,589</b>      |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>   | <b>\$ 3,619,964</b> | <b>\$ 2,959,707</b>   |

The accompanying notes are an integral part of these statements.

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PUBLIC COMPANY MANAGEMENT CORPORATION  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

|   | Three Months Ended March 31, |              | Six Months Ended March 31, |              |
|---|------------------------------|--------------|----------------------------|--------------|
|   | 2006                         | 2005         | 2006                       | 2005         |
| Revenue   | \$ 274,721                   | \$ 714,111   | \$ 792,160                 | \$ 1,120,103 |
| General and administrative                            | 399,602                      | 573,858      | 867,551                    | 1,161,459    |
| Bad debt expense                                      | -                            | -            | 70,500                     | -            |
| Depreciation and amortization                         | 12,288                       | 12,732       | 24,640                     | 25,174       |
| Total operating expenses                              | 411,890                      | 586,590      | 962,691                    | 1,186,633    |
| Net (loss) income from operations                     | (137,169)                    | 127,520      | (170,531)                  | (66,530)     |
| Other income and (expense)                            |                              |              |                            |              |
| Interest expense                                      | (3,250)                      | (2,570)      | (31,801)                   | (13,691)     |
| Interest income                                       | 2                            | 11,393       | 12                         | 17,858       |
| Realized gain (loss) on sale of assets                | -                            | 108,287      | -                          | 108,287      |
| Realized gain (loss) on sale of marketable securities | 23,576                       | (13,171)     | 23,951                     | 88,153       |
| Unrealized gain (loss) on marketable securities       | (111,380)                    | (655,860)    | (247,171)                  | (26,067)     |
| Total other income (expense)                          | (91,052)                     | (551,920)    | (255,009)                  | 174,540      |
| (Loss) income before income taxes                     | (228,221)                    | (424,400)    | (425,540)                  | 108,010      |
| Deferred income tax (benefit)                         | -                            | (99,273)     | -                          | 81,746       |
| NET (LOSS) INCOME                                     | \$ (228,221)                 | \$ (325,127) | \$ (425,540)               | \$ 26,264    |
| Weighted average shares outstanding                   | 22,897,821                   | 21,065,730   | 22,769,426                 | 21,158,098   |
| Basic and diluted gain (loss) per share               | \$ (0.01)                    | \$ (0.02)    | \$ (0.02)                  | \$ 0.00      |

The accompanying notes are an integral part of these statements.

PUBLIC COMPANY MANAGEMENT CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Six Months Ended March 31, 2006 and 2005  
(Unaudited)

|  | 2006<br>(Restated) | 2005<br>(Restated) |
|--|--------------------|--------------------|
| <b>Cash Flows Used in Operating Activities</b>                                       |                    |                    |
| Net (loss) income  | \$ (425,540)       | \$ 26,264          |
| Adjustments to reconcile net (loss) income to net cash used in operating activities: |                    |                    |
| Depreciation and amortization  | 24,640             | 25,173             |
| Bad debt expense   | 70,500             | -                  |
| Gain on sale of investments  |                    | (108,287)          |
| Stock and assets issued for services   | 270,601            | 258,968            |
| Marketable securities issued for services  | -                  | 9,972              |
| Deferred income tax  | -                  | 81,746             |
| Changes in:  |                    |                    |
| Marketable and non marketable securities   | (833,742)          | 202,357            |
| Accounts and stock receivable  | 20,374             | (511,704)          |
| Notes receivable   | 27,868             | -                  |
| Other current assets   | -                  | (118,647)          |
| Accounts payable and accrued expenses  | 100,187            | 90,240             |
| Deferred revenue   | 725,200            | (181,815)          |
| <b>Net Cash Used in Operating Activities</b>   | <b>(19,912)</b>    | <b>(225,733)</b>   |
| <b>Cash Flows Provided by Investing Activities</b>                                   |                    |                    |
| Proceeds from sale of investment   | -                  | 285,287            |
| Purchase of furniture and equipment  | -                  | (4,700)            |
| Purchase of marketable securities  | -                  | (11,530)           |
| <b>Net Cash Provided by Investing Activities</b>                                     | <b>0</b>           | <b>269,057</b>     |
| <b>Cash Flows Used in Financing Activities</b>                                       |                    |                    |
| Net proceeds from (payments on) bank line of credit                                  | (4,471)            | (7,774)            |
| Payments on installment notes payable  | (9,932)            | (158,832)          |
| Shareholder advances   | 4,210              | -                  |
| Sale of common stock   | -                  | 6,763              |
| <b>Net Cash Used in Financing Activities</b>   | <b>(10,193)</b>    | <b>(159,843)</b>   |
| <b>Net increase (decrease) in cash</b>   | <b>(30,105)</b>    | <b>(116,519)</b>   |
| Cash at beginning of period  | 40,061             | 153,509            |
| Cash at end of period  | \$ 9,956           | \$ 36,990          |
| Cash paid during the year for:   |                    |                    |

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|              |    |        |    |       |
|--------------|----|--------|----|-------|
| Interest     | \$ | 28,551 | \$ | 8,394 |
| Income taxes | \$ | -      | \$ | -     |

The accompanying notes are an integral part of these statements.

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PUBLIC COMPANY MANAGEMENT CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited interim financial statements of Public Company Management Corporation (“PCMC”) have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission, and should be read in conjunction with the audited financial statements and notes thereto filed with the SEC on Form 10-KSB/A filed with the SEC on October 31, 2006. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosure contained in the audited financial statements for fiscal year 2005, as reported in the Form 10-KSB/A have been omitted.

*Restatements.* PCMC restated the Consolidated Statements of Cash Flows for the six months ended March 31, 2006 and the six months ended March 31, 2005 to classify Proceeds from Sale of Marketable Securities from cash flows from investing activities to cash flows from operating activities. The effect of the restatement is as follows:

|   | Six Months Ended March 31,<br>2006<br>(unaudited) | 2005<br>(unaudited) |
|---|---|---------------------|
| <b>As originally reported:</b>            |   |                     |
| Net Cash Used in Operating Activities     | (134,807)   | (433,355)           |
| Net Cash Provided by Investing Activities | 114,895   | 476,679             |
| <b>Restated:</b>                          |   |                     |
| Net Cash Used in Operating Activities     | (19,912)  | (225,733)           |
| Net Cash Provided by Investing Activities | 0   | 269,057             |

## NOTE 2 - COMMON STOCK

During the six months ended March 31, 2006, 538,000 shares were issued for services rendered and valued at their fair market value ranging from \$.33 to \$.90 per share, totaling \$270,601. An additional 80,000 shares were issued to satisfy previous obligations of the prior company that PCMC merged into in October 2004. These shares were accounted for as an adjustment to the original recapitalization accounting with no assigned valuation.

## NOTE 3 - EMPLOYMENT AND CONSULTING AGREEMENTS

PCMC hired two employees with written contracts in the current period. The agreements provide for a minimum annual salary (adjustable upwards in some cases based on the executive’s performance) to be paid in cash and registered shares of PCMC’s common stock. At March 31, 2006, the minimum total future commitment due was \$103,500 and 158,824 shares valued at \$54,000 (or \$.34 per share). The executives are also entitled to receive restricted and registered shares of PCMC’s common stock based on certain milestones as provided in the agreements.

## NOTE 4 - SUBSEQUENT EVENTS

213,741 shares with an aggregate fair market value of \$61,835 were issued after March 31, 2006 for services performed.



## Item 2. Management's Discussion and Analysis or Plan of Operations.

The following discussion contains "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which can be identified by the use of forward-looking terminology such as, "may," "believe," "expect," "intend," "anticipate," "estimate" or "continue" or the negative thereof or other variations thereon or comparable terminology. Although we believe that our expectations reflected in such forward-looking statements are reasonable, we cannot give any assurance that such expectations will prove to be correct. Important factors with respect to any such forward-looking statements include, but are not limited to, our limited history of operations, availability of additional capital necessary to execute our plan of operations, the volatility of the over-the-counter Bulletin Board (the "OTCBB") market and the effect of such volatility on the value of the marketable securities we receive for our services, changes in the state and federal regulation of securities, as well as the availability of necessary personnel and general economic conditions within the United States and other risks including those set forth in our most recently filed amended annual report on Form 10-KSB/A under the heading "Risk Factors."

### Overview

Public Company Management Corporation is primarily engaged in education and consulting and compliance services to assist small, privately held, businesses create long-term value for their shareholders and partners by obtaining and maintaining access to the public capital markets. We provide educational materials that help private companies determine whether they should become public and the appropriate methods available to them, consulting services and advice as these private companies go through the process of becoming fully reporting, publicly traded companies, and compliance services aimed at maintaining their public status. In addition, we created the PCMC Bulletin Board 30 Index™, a comprehensive tracking index of OTCBB stocks to increase awareness of the OTCBB as a public equity market and micro-cap issuers.

Our clients consist primarily of growing, small-to-middle market private companies that:

- Have a business plan showing a potential for profitable operation and above normal growth within three to five years;
- Operate in either established markets, high growth potential niche markets and/or market segments that are differentiated, driven by pricing power or mass scale standardized product/service delivery;
  - Support favorable financial expectations regarding return on investment; and
  - Have an experienced management team that owns a significant portion of current equity.

## **How We Generate Revenue**

We derive revenue from the following activities:

*Educational White Papers, Open Lines and Consultations.* We have a database of over 140 educational white papers that serve growth-stage business owners and financial executives. We sell these white papers at retail prices ranging from \$9.95 to \$194.95 per paper. We also conduct open lines communications and consultations with potential clients regarding their prospects of becoming public companies. We expect that a certain number of these sales, open lines and consultations will translate into clients seeking to become fully reporting, publicly traded companies, and that we can enter into contracts with them to provide our management consulting and compliance services.

*Management Consulting Services.* We currently generate most of our revenue from management consulting services that we provide to our clients in their process to become fully reporting, publicly traded companies. Our billing rate for these services would ordinarily be \$350 per hour; however, we offer these services for a flat-fee consisting of cash and restricted shares of the client's common stock. We value the restricted shares at the price per share of contemporaneous sales of common stock by our clients to unrelated third parties. When there is no public trading market and there have been no recent private sales of the common stock, we record the value as deferred revenues. We recognize the revenue related to our consulting contracts at the completion of each of the following four milestones:

- (i) initial due diligence of client's business and operations and private round of initial financing (20%);
- (ii) clients' preparation of a second round of financing in the form of a private placement memorandum or registration statement for filing with the SEC (20%);
- (iii) effectiveness of clients' registration statement (25%); and
- (iv) clients' qualification for quotation on the OTCBB or listing on a securities market or exchange (35%).

As soon as practicable after we accept a client, we receive shares of common stock. As soon as practicable after that the client sells shares to third parties unrelated to us; thus, our first milestone is met and we use that price per share to value our shares and recognize 20% of that value as revenue along with 20% of the cash portion of the contract.

*Compliance Services.* We plan to generate revenue from compliance services under twelve-month contracts once our clients are required to file with the SEC periodic and other reports under Section 13 or Section 15(d) of the Exchange Act. These services will also include corporate governance matters under Sarbanes-Oxley. Our billing rate for these services would ordinarily be \$350 per hour; however, we have contracted for these services for a flat-fee consisting of cash and restricted shares of the client's common stock. We did not generate revenue from compliance services under twelve-month contracts during the period covered by this report.

## **Trends Affecting Our Revenue**

We have reduced the amount of advertising dollars that we spend to promote white papers, open lines and consultations to focus more of our attention on existing clients. As a result, we only signed two new clients during this period. Although we signed fewer new clients, we expect existing clients to move further through the process of becoming fully reporting public companies. We believe that focusing on existing rather than new clients will have a positive effect on our revenue and results of operations and allow us to improve our own business model and processes. We plan to increase our activities directed at client acquisition soon after our fiscal year ending in September 2006.

We have experienced delays in recognizing revenue from our contracts for management consulting services. Whether or not we meet the milestones for recognizing such revenue is dependent on the time it takes for our clients to make it through the process of becoming fully reporting, publicly traded companies. Our clients face obstacles in undertaking this process. The primary obstacles which they face relate to their ability to provide suitable non-financial statement information and financial statement information. In addition, some of our clients have experienced delays in reorganizing or restructuring their organizations to suit that of a public company and others have run out of financial resources due to unexpected events including the delays themselves. For example, at least one of our clients experienced delays and a run up of costs in reorganizing and providing suitable financial statement information for purposes of a private placement of their common stock, which the client never commenced, and, as a result, the client's financial statements became unusable for their intended purpose and the client may not have the financial resources to continue the process. We expect that our clients will continue to face obstacles including those discussed above and we will continue to experience delays in recognizing revenue.

## **Second Quarter Events**

During the three months ended March 31, 2006, we signed contracts with two clients to provide them with consulting and advisory services in connection with various corporate and securities matters.

Effective January 2006, we entered into an employment agreement with Kipley J. Lytel, CFA. Pursuant to the agreement, Mr. Lytel serves as our Chief Operating Officer, Secretary and as a director. Mr. Lytel will focus on generating new clients and streamlining the process of consulting as project manager with many current clients. Mr. Lytel will also perform other functions including investor relations, marketing and strategic development.

Effective January 2, 2006, we entered into a consulting agreement with Trae O'Neil High. Pursuant to the agreement, Mr. High serves as our Chief Legal Officer. Mr. High will focus on managing our corporate legal function including advising us in the areas of federal and state securities laws, tax laws, corporate governance and the Sarbanes-Oxley Act of 2002. Mr. High will also manage our workflow as our clients go through the process of becoming publicly traded small businesses, including the provision of pre-filing review and comment on the client's filings with the SEC.

The employment and consulting agreements provide for a minimum annual salary to be paid in cash and registered shares of our common stock. Mr. Lytel's minimum annual salary may be adjusted upwards based on Mr. Lytel's performance. At March 31, 2006, the aggregate minimum total future commitment due under the employment and consulting agreements was \$103,500 and approximately 158,824 shares valued at \$54,000. Mr. Lytel and Mr. High are also entitled to receive restricted and registered shares of our common stock based on certain milestones as provided in their agreements.

During our second quarter, we began efforts directed at highlighting our business model, operational milestones and company objectives and outlook to investors, prospective clients, potential business allies and funding groups. We have participated, and plan to continue to participate, in investor/funding conferences during the remainder of 2006.

**Results of Operations for the Six Months Ended March 31, 2006 Compared to the Six Months Ended March 31, 2005.**

Revenue declined \$327,943, or 29%, to \$792,160 for the six months ended March 31, 2006, as compared to revenue of \$1,120,103 for the six months ended March 31, 2005. This decline was primarily due to a modification that resulted in an additional \$602,135 in revenue recorded in the six month period ended March 31, 2005. We did not have such a modification during the six month period ended March 31, 2006.

General and administrative expense decreased \$293,905, or 25%, to \$867,551 for the six months ended March 31, 2006, as compared to general and administrative expense of \$1,161,459 for the six months ended March 31, 2005. The decrease in general and administrative expense was primarily the result of a decrease in officer compensation of \$288,491, a decrease in consulting fees of \$147,759 and a decrease in marketing and advertising expenses of \$39,082 which were primarily offset by an increase in legal fees of \$145,095, and increase in accounting fees of \$36,215.

Bad debt expense was \$70,500 for the six months ended March 31, 2006, as compared to bad debt expense of \$-0- for the six months ended March 31, 2005. During the six months ended March 31, 2006, we recorded bad debt allowances for potential un-collectable consulting fees due from two client companies. We did not record such allowances during the three months ended March 31, 2005.

Depreciation and amortization decreased \$534, or 2%, to \$24,640 for the six months ended March 31, 2006, as compared to \$25,174 for the six months ended March 31, 2005. The decrease in depreciation and amortization expense was primarily a result of capitalized equipment which had become fully depreciated.

Total operating expenses decreased \$223,939, or 19%, to \$962,691 for the six months ended March 31, 2006, as compared to \$1,186,633 for the six months ended March 31, 2005. The decrease in total operating expenses was primarily attributable to the decrease in general and administrative expense.

Interest expense increased \$18,111, or 132%, to \$31,801 for the six months ended March 31, 2006, as compared to interest expense of \$13,691 for the six months ended March 31, 2005. The increase in interest expense was due to an increase in short-term notes payable.

Interest income decreased to \$12 for the six months ended March 31, 2006, as compared to interest income of \$17,858 for the six months ended March 31, 2005. The decrease in interest income was due to a reduction in notes receivable.

Realized gain on sale of assets decreased to \$-0- for the six months ended March 31, 2006, as compared to realized gain on sale of assets of \$108,287 for the six months ended March 31, 2005. The decrease in realized gain on sale of assets was due to the sale of an investment in real estate during the six months ended March 31, 2005. We no longer hold investments in real estate and did not have any such sales during the six month period ended March 31, 2006.

Realized gain on sale of marketable securities decreased \$64,202, or 73%, to \$23,951 for the six months ended March 31, 2006, as compared to \$88,153 for the six months ended March 31, 2005. The decrease in realized gain on sale of marketable securities was due to changes in the market value of marketable securities.

We had unrealized loss on marketable securities of \$247,171 for the six months ended March 31, 2006, as compared to unrealized loss on marketable securities of \$26,067 for the six months ended March 31, 2005. The increase in unrealized loss on marketable securities was primarily due to changes in the market value of marketable securities.

We recorded a full valuation allowance against deferred tax assets during the six months ended March 31, 2006, because management believes it is more likely than not that deferred tax assets will not be realized. We had deferred income tax of \$81,746 for the six months ended March 31, 2005, and no valuation allowance was recorded.

We had net loss of \$425,540 (and basic and diluted loss per share of \$0.02) for the six months ended March 31, 2006, as compared to net income of \$26,264 (and basic and diluted income per share of \$0.00) for the six months ended March 31, 2005. The change from net income to net loss was primarily attributable to the increase in unrealized loss on marketable securities, the decrease in realized gain on sale of marketable securities, the decrease in realized gain on sale of assets and the decrease in revenue.

We had an accumulated deficit of \$1,348,811 and total stockholders' equity of \$898,346 as of March 31, 2006.

### **Liquidity and Capital Resources**

We had total current assets of \$528,937 as of March 31, 2006, which consisted of cash of \$9,956, net accounts receivable of \$28,028, notes receivable of \$28,625, marketable securities of \$455,900 and other assets of \$6,428.

We had total current liabilities of \$2,699,520 as of March 31, 2006, which consisted of deferred revenues of \$2,205,400, accounts payable and accrued expenses of \$313,691, notes payable of \$88,410, bank lines of credit of \$76,005 and current portion of installment notes payable of \$16,015.

We had negative working capital of \$2,170,583. The ratio of total current assets to total current liabilities was approximately 20% as of March 31, 2006.

The underlying driver which impacts our working capital is having clients that have made it through the process of becoming fully reporting, publicly traded companies. Until this time, there is no market for the shares of our clients' common stock which we receive in lieu of cash payments for our services. Our billing rate for these services is \$350 per hour; however, we offer these services for a flat-fee consisting of 19% to 22% cash which we use for our out-of-pocket expenses and to assist us with our overhead and the remainder in restricted shares of the clients' common stock. Until such time as our clients' common stock becomes publicly traded, we classify our shares as non-marketable securities, a long-term asset; however, we classify deferred revenue associated with our contracts as a current liability. As our clients become fully reporting, publicly traded companies, non-marketable securities, which was \$2,871,708 as of March 31, 2006, would become marketable securities and deferred revenues, which was \$2,205,400 as of March 31, 2006, would decrease. Both of these results would have a significant positive impact on our working capital; however, new client contracts would create additional non-marketable securities and deferred revenues which would offset such positive effect. Accounts payable and accrued expenses increased approximately \$100,187 and notes payable consisting of shareholder advances increased \$4,210 during the six months ended March 31, 2006, which had an adverse effect on our working capital. We believe that we could decrease the relative amount of payables as our clients' common stock becomes publicly traded and we are able to sell shares that we own for cash and use that cash to pay expenses.

Having clients that have made it through the process of becoming fully reporting, publicly traded, companies also drives our ability to generate cash flows from operations. However, even if markets do develop for the shares of common stock which we hold, those markets will most likely be illiquid and highly volatile. We would continue to face difficulty in generating positive cash flows from operations from sales of the marketable securities.



During the six months ended March 31, 2006, net cash decreased \$30,105 consisting of \$19,912 used in operations and \$10,193 used by financing activities.

Net cash used in operating activities during the six month period ended March 31, 2006, consisted of net loss of \$425,540 and an increase in marketable and non marketable securities of \$833,742, which were offset by an increase in deferred revenue of \$725,200, an increase in accounts payable of \$100,187, a decrease in notes receivable of \$27,868, a decrease in accounts and stock receivable of \$20,374 and adjustments for stock and assets issued for services of \$270,601, bad debt expense of \$70,500 and depreciation and amortization of \$24,640.

We did not have net cash flows from investing activities during the six month period ended March 31, 2006.

Net cash used by financing activities during the six month period ended March 31, 2006, consisted of payments on installment notes payable of \$9,932 and net payments on bank line of credit of \$4,471, which were offset by shareholder advances of \$4,210.

We believe that we can meet our cash requirements during the next twelve (12) months from a combination of sales of marketable securities, payments from clients and our ability to raise additional debt or equity capital. As of March 31, 2006, we had lines of credit totaling \$85,000, of which \$76,005 was borrowed. In the past, from time-to-time, Our President, Chief Executive Officer and majority shareholder, Stephen Brock has provided personal capital funding to us. Mr. Brock has expressed his intent to continue to support our operations with additional funds in the event other outside funding sources, cash from operations or sales of marketable securities do not provide sufficient funds during the next twelve (12) months; provided, however, that Mr. Brock is financially able to do so, of which there can be no assurance. In April 2006, we and UgoMedia Interactive Corporation entered a stipulated payment order pursuant to which UgoMedia is obligated to pay us an aggregate of \$315,000 during the period from April 2006 to October 2006. As of the period covered by this report, UgoMedia has paid us \$27,500, in conformity with the payment schedule and \$8,000, which they paid prior to the order, but which the court did not credit against the amount due in the order. We do not have any firm commitments or other identified sources of additional capital from third parties or from our officers including Mr. Brock or from other shareholders.

### **Critical Accounting Policies**

Our discussion and analysis of our financial condition and results of operations is based upon our financial statements, which have been prepared in accordance with accounting principals generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of any contingent assets and liabilities. On an on-going basis, we evaluate our estimates. We base our estimates on various assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our financial statements:

*Revenue Recognition.* Revenue is recognized when the earning process is complete and the risks and rewards of ownership have transferred to the customer, which is generally considered to have occurred upon performance and acceptance of the services provided. The services provided sometimes take several months. Effective with the second quarter ended March 31, 2005, we adopted a revenue recognition policy for management consulting services based on the value received by our customers at measurable milestones in the public reporting process. We concluded that the relative values of our consulting services for each of the milestones are as follows: (i) initial due diligence of client's business and operations and private round of initial financing (20%), (ii) client's preparation of a second round of financing in the form of a private placement memorandum or a registration statement for filing with the SEC (20%), (iii) effectiveness of client's registration statement (25%) and (iv) client's qualification for quotation on the OTCBB or listing on a securities market or exchange (35%). Revenues are not recognized for the value of securities received as payment for services when there is no public trading market and there have been no recent private sales of the security.

If we find that the relative amount of man hours and other expenditures required by us has materially changed for one or more of the milestones and that this change is of such a nature that it would likely also be incurred by our competitors in the marketplace or would change the relative value received by the clients for that milestone, it could warrant changing the percentages prospectively. As of the period covered by this report, most of our contracts had not made it past the second milestone and we had deferred revenues of \$2,205,400, which were subject to changes in the percentage revenue earned for the milestones.

*Valuation of marketable securities.* Marketable securities are classified as trading securities, which are carried at their fair value based upon quoted market prices of those securities at each period-end. Accordingly, net realized and unrealized gains and losses on trading securities are included in net income. The marketable securities that we hold are traded on the OTCBB. The market price for these securities is subject to wide fluctuations from period to period which may cause fluctuations in our net income.

*Valuation of non-marketable securities.* Non-marketable securities are not traded on a public exchange and therefore do not have a readily determinable fair value. Management estimates the value of non-marketable securities based on contemporaneous third party private sales. Non-marketable securities are reflected on our balance sheet at historical costs. As of March 31, 2006, we had non-marketable securities valued at \$2,871,708 as a result of third party private sales by our clients of their common stock at per share prices ranging from \$0.10 to \$1.00. As our clients become fully reporting, publicly traded companies, non-marketable securities would become marketable securities which are carried at their fair value based upon quoted market prices of those securities at each period-end. Due to the uncertainty inherent in valuing securities that are not publicly traded, our determinations of fair value of non-marketable securities may differ significantly from the values that would exist if a ready market for these securities existed; therefore, the value of securities we hold as non-marketable securities could be significantly different than their value as marketable securities.

### **Item 3. Controls and Procedures.**

#### Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and our Chief Financial Officer, after reevaluating the effectiveness of our “disclosure controls and procedures” (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report (the “Evaluation Date”), have concluded that as of the Evaluation Date, our disclosure controls and procedures were not effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act (i) is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure, and (ii) is recorded, processed, summarized and reported within the time periods specified in the Commission’s rules and forms. They based their determination on our need to restate our financial statements as set forth in “Item 1. Financial Statements,” above.

#### Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

In connection with the completion of its audit of, and the issuance of its report on, our financial statements for the year ended September 30, 2005, Malone & Bailey, PC, our principal independent accountant, identified deficiencies that existed in the design or operation of our internal control over financial reporting that it considers to be “material weaknesses.” The Public Company Accounting Oversight Board has defined a material weakness as a “significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected.” The material weaknesses persisted during the period covered by this report.

The deficiencies in our internal controls related to revenue recognition and valuation of non-marketable securities. The adjustment to revenues and non-marketable securities were detected in the review process and have been appropriately recorded and disclosed in this Form 10-QSB/A. We are in the process of improving our internal control over financial reporting in an effort to remediate these deficiencies through improved supervision and training of persons within our organization. Additional effort is needed to fully remedy these deficiencies and we are continuing our efforts to improve internal control over financial reporting.

**PART II**  
**OTHER INFORMATION**

**Item 1. Legal Proceedings.**

In April 2006, we and UgoMedia Interactive Corporation entered into a stipulated payment order, which was filed in the District Court of Clark County, Nevada in a breach of contract case which we had brought against UgoMedia in July 2004. Pursuant to the order, UgoMedia is obligated to pay us an aggregate of \$315,000 during the period from April 2006 to October 2006. UgoMedia has paid us \$27,500 in conformity with the payment schedule as of the filing of this report. In the event that UgoMedia fails to make their scheduled payments or cure such failure according to the terms of the order, we have the right to immediately enter judgment for the balance then due, less payments previously received, together with interest on the then unpaid balance at the rate of 8% per annum until fully paid. The order also provides that one of the individual defendants is subject to a \$40,000 judgment inclusive of the \$315,000 that was owed to us by UgoMedia; however, this judgment is subject to a dollar-for-dollar credit for all sums paid to us by UgoMedia. We may also enter judgment against the individual, subject to the credit and any amounts paid to us by the individual, if UgoMedia fails to make the scheduled payments or cure such failure.

In the ordinary course of our business, we may from time to time become subject to routine litigation which is incidental to our business.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

The following table lists unregistered sales of our securities during the period covered by this report.

| <b>Purchaser</b>           | <b>Shares of<br/>Common<br/>Stock</b> | <b>Consideration</b>                   | <b>Value</b> | <b>Date</b> |
|----------------------------|---------------------------------------|--|--------------|-------------|
| Aventura Holdings,<br>Inc. | 50,000                                | Fee for consolidating notes<br>payable | \$ 26,000    | 01/12/2006  |
| Stephen A. Boyko           | 25,000                                | Advisory Board Services<br>Rendered    | \$ 13,000    | 01/20/2006  |
| William F. Ross            | 25,000                                | Advisory Board Services<br>Rendered    | \$ 13,000    | 01/20/2006  |
| William Bradford<br>Smith  | 25,000                                | Advisory Board Services<br>Rendered    | \$ 13,000    | 01/20/2006  |
| C. Dennis Hensling         | 10,000                                | Consulting Services<br>Rendered        | \$ 3,300     | 03/30/2006  |

We claim an exemption from registration afforded by Section 4(2) of the Securities Act since the foregoing issuances did not involve a public offering, the recipients took the securities for investment and not resale and we took appropriate measures to restrict transfer.

**Item 6. Exhibits**

**Exhibit No. Description of Exhibit**

|       |  |
|-------|--|
| 31.1* | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2* | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32.1* | Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 32.2* | Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |

\* Filed herein.

**SIGNATURES**

In accordance with the requirements of the Exchange Act, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**PUBLIC COMPANY MANAGEMENT CORPORATION**

Date: December 8, 2006

By: /s/ Stephen Brock  
Name: Stephen Brock  
Title: Chief Executive Officer

Date: December 8, 2006

By: /s/ Joshua A. Gottesman  
Name: Joshua A. Gottesman  
Title: Chief Financial Officer