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FIRST COMMUNICATIONS, INC.

Preliminary Results for the year ended 31 December 2007

First Communications, Inc. (AIM: FCOM) ("First Communications" or the "Company"), is pleased to announce its preliminary results for the twelve months ended December 31, 2007.

Recent financial and operating highlights on an aggregated basis for First Communications, Inc. include the following: full year, proforma financials for the Company's operating subsidiaries First Communications, LLC and Xtension Services, Inc. ("Xtension"): aggregated audited results for the year ended December 31, 2006 and aggregated unaudited results for the year ended December 31, 2007. The financial year ended December 31, 2007 results include a full year contribution of First Communications LLC's acquisition of the Acceris Communications business, including the Acceris II assets acquired in February 2007. In addition, the Company's audited results for the six months ended December 31, 2007 are also shown.

Highlights

- Revenue growth of 34% to \$143.3 million (2006: \$107.1 million)
- Strong EBITDA growth of 79% to \$18.4 million (2006: \$10.2 million)
- Net Income growth of 33% to \$9.6 million (2006: \$7.2 million)
- Improved gross margins from 30% in 2006 to 35% in 2007
- Recovery in the last quarter in the Xtension business following a successful integration plan

Summary Financial Information

The following selected financial information has been derived from the Company's accounts and the comparative results of its historical financial information for First Communications, LLC and Xtension, acquired on July 2 2007.

FIRST COMMUNICATIONS, INC. SELECTED FINANCIAL INFORMATION

(US\$ 000's)	<u>Six Months Ended December 31,</u>			<u>Twelve Months Ended December 31,</u>		
	2007 (a)	2006 (b)	Variance	2007 (c)	2006 (b)	Variance
Revenues, net	\$ 68,640	\$ 57,022	\$ 11,618	\$ 143,303	\$ 107,076	\$ 36,227
EBITDA	\$ 9,627 14.0%	\$ 5,777 10.1%	\$ 3,850	\$ 18,396 12.8%	\$ 10,226 9.6%	\$ 8,170
Income from Operations Income from Operations margin	\$ 5,861 8.5%	\$ 4,160 7.3%	\$ 1,701	\$ 12,584 8.8%	\$ 7,386 6.9%	\$ 5,198
Net Income Net Income margin	\$ 3,599 5.2%	\$ 4,189 7.3%	\$ (590)	\$ 9,642 6.7%	\$ 7,206 6.7%	\$ 2,436

(a) First Communications, Inc. audited Financial Statements

(b) Unaudited Proforma First Communications LLC and Xtension

(c) Unaudited Proforma 12 month results for First Communications LLC, Xtension and Acceris

Notes:

Prior to the Company's IPO and as reflected in the proforma 2006 results shown above, First Communications LLC, had historically elected to be taxed as a partnership and had not been a taxpaying entity for federal or state income tax purposes. Consequently, no federal or state income taxes were payable or provided for. Xtension was an electing S Corporation. Accordingly, the liability for income taxes had historically been the obligation of the individual stockholders. Proforma figures represent the aggregated financials of First Communications, LLC ((including twelve months (January and February Proforma) financials of Acceris)) and Xtension, and do not represent accounting consolidated figures.

Post- period end acquisition of FirstEnergy Telecom Services Inc. (“FE Telecom”) and \$90 million Debt Fundraising

Acquisition

- On March 10, 2008 the Company announced the closing of the acquisition of substantially all of the assets of FE Telecom for a total cash consideration of \$45 million together with the assumption of certain liabilities relating to the assets acquired. The assets were acquired from First Energy Corp. a related party of the Company for the purposes of the AIM Rules;
- The FE Telecom assets being acquired provide fiber and wireless infrastructure services to blue chip US clients including MCI, AT&T, T-Mobile and Sprint; and
- On an unaudited basis the FE Telecom assets being acquired produced full year to December 2007 revenues of \$19.1 million and EBITDA of \$8.1 million.

Following the acquisition, First Communication is expected to benefit from:

- An expanded network footprint with 64 collocation sites and enlarged On-Net offering;
- An enhanced ability to deliver higher margin products and services, in particular to the fast growing wireless and data market; and
- Additional experienced fiber and wireless engineering staff.

Debt Fundraising

On March 10, 2008 the Company also announced the closing of a \$90 million credit facility which was oversubscribed:

- The \$90 million financing facility includes a \$70 million term loan and a \$20 million undrawn revolver; and
- The facility also includes the ability to extend the facility by an additional \$25 million under an accordion feature to be utilized by First Communications for the continued execution of its growth plans.

Ray Hexamer, CEO of First Communications commented:

“Judging by our year over year results – significant increases in revenue, gross margin, EBITDA and net income – we are clearly performing at a high level and executing on our strategy. Furthermore, we have also dramatically changed the profile of the Company over the past year with the acquisitions of Acceris II, Xtension and more recently FE Telecom, and in doing so we have enhanced our growth prospects. The recent acquisition of FE Telecom has provided First Communications with additional strategic assets to its existing network and product set. 2007 has been a dynamic period and the actions undertaken in the year position us well to compete and grow for the next several years.

We continue to monitor the macroeconomic environment in our markets closely, but to date have not experienced any indicators of a negative impact on the business and look to 2008 with continued confidence.”

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About First Communications

The Company is a leading facilities-based competitive communications provider offering voice and data solutions to small and medium-sized business and residential customers throughout the Midwest US, including metropolitan areas such as Cleveland, Pittsburgh, Columbus, Detroit and Chicago.

The Company offers integrated voice and data products, focused on small to medium sized businesses and residential customers in the Midwest markets.

First Communications, Inc. is the U.S.-based telecommunications holding company for First Communications, LLC and Xtension Services, Inc. and now First Telecom Services, LLC, the holding vehicle for the FE Telecom Assets LLC., following the acquisition announced on March 10, 2008.

Management's discussion and Analysis of Financial Condition and Results of Operations

Revenues

First Communications Inc. reported Group proforma revenues of \$143.3 million for the year ended December 31, 2007, an increase of 34% from 2006. The growth in revenue came from the increase in revenue from the Acceris II customer base acquired in February of 2007 and ongoing sales efforts from within First Communications, LLC, leading to sales of \$117 million for this division (2006: \$72.7 million). In addition Xtension, which was acquired in July 2007, contributed revenues of \$26.3 million for the 12 month period ended December 31, 2007(2006: \$34.4 million). This increase in revenue for the First Communications, LLC business was offset by a decline in Xtension revenues experienced in the second quarter of 2007 which continued through the third quarter of 2007, due to a fall-off in demand in the provision of voice services by certain customers. As a result of the successful implementation of management's integration plan based on leveraging the enlarged Group's resources to lower costs and add additional products, the Xtension business was stabilized, with revenues increasing in the fourth quarter as new customers were added and a number of customers lost in the second and third quarter returned.

Cost of Facilities and Gross Profit

Group proforma gross margins increased from 30% in 2006 to 35% in 2007. First Communications, LLC margins increased from 30% to 37% due to the continued migration of customers to First Communications' higher margin On-Net services and the continued expansion of higher T1 customers. This 21% increase in gross margins from First Communications, LLC was offset by the decrease of Xtension's gross margins from 30% in 2006 to 23% in 2007. This fall in Xtension's gross margins can be attributed primarily to the decrease in revenue, which partially recovered in the fourth quarter due to the renegotiations of rates with underlying carriers and customer wins.

The overall proforma improvement in Group proforma gross margins met management expectations for the period as the Company continues to focus on higher margin products, while reducing cost of goods sold for existing customers.

In the second half of 2007, the Company launched a significant sales expansion in the Midwest market, focusing on small to medium sized business customers, offering an integrated T1 service, bundled with additional value added services. Management are pleased with the response to date and plan to continue to invest additional resources into the ongoing expansion of this sales initiative. In the second half of 2007, the Company averaged over \$400 ARPU on new T1 customers, with margins in this fast growing segment of the business higher than the current embedded customer base.

The fourth-quarter saw a turnaround in the Xtension business as the enlarged customer base and better costs savings have helped win back lost revenue. Management plans to continue to look to leverage the enlarged Group to grow the Xtension Services division and increase its profitability in 2008.

Sales, General and Administrative Expenses

As a percentage of revenues, Group proforma selling, general and administrative expenses stayed flat at 21.9%. The savings realized from ongoing cost reductions were offset by the continued investment in sales and marketing which increased from \$4.3 million in the 2006 to \$6.7 million in 2007. Sales and marketing increases related to the expansion of the direct sales force of First Communications, including adding 30 new voice and data sales representatives in the Ohio markets of Cleveland, Columbus, Akron and Canton.

Depreciation and Amortization

Group proforma depreciation and amortization charges increased from \$2.4 million to \$5.4 million based on First Communications, LLC's acquisition and subsequent depreciation of the Acceris assets and increased amortization associated with new appraisals of customer lists following the completion of the Company's IPO.

EBITDA, Income from Operations and Cash Flow from Operations

First Communications Inc.'s Group proforma EBITDA increased 79% from \$10.2 million for the financial year ended December 31, 2006 to \$18.4 million for the 2007 financial year, representing an EBITDA margin increase from 10% to 13%. Group proforma Income from operations increased by 70% from \$7.4 million in 2006 to \$12.6 million in 2007. As a percentage of revenue, Group proforma income from operations increased from 7% in 2006 to 9% in 2007, primarily a result of higher gross margins with no offsetting increase in operating expenses as a percentage of revenue. Group proforma Cash flow from operations increased from \$6.1 million, in 2006 to \$8.1 million at the end of 2007. Both EBITDA and cash flow from Operations were negatively impacted by the decrease in Xtension's revenue over the second and third quarter of 2007.

Net Income

First Communications, Inc. reported \$9.6 million of Group proforma net income for the year ended 2007 compared to \$7.2 million for the previous year. The increase relates to the increase in EBITDA, which was partially offset by increasing amortization associated with new appraisals of customer lists following the completion of the Company's IPO, and increased taxes based on the Company being taxed as a corporation instead of a partnership. Net income for the financial year ended December 31, 2006 does not reflect an equivalent tax charge, given the two business acquired by the Company, First Communications, LLC, and Xtension, were structured as non-tax paying partnerships, prior to their acquisition

Cash

Cash balances amounted to \$11 million at the end of 2007 compared to \$2.8 million at the end of 2006. The increase in the Company's cash position came from the working capital raised in the IPO offset by the payment of financing costs associated with the recent debt offering and acquisition of FE Telecom Services Inc. which closed in March of 2008.

Capital Expenditures

Capital expenditures for the year ending December, 2007 were \$2.9 million.

Post- Period End Acquisition of substantially all of the assets of FirstEnergy Telecom Services Inc. from FirstEnergy Corp. and \$90 million Debt Fundraising

The acquisition of FirstEnergy Telecom assets announced on March 10, 2008 and the financial results of this division of the business will be consolidated by the Company from March 10, 2008. This acquisition is a very good strategic fit to the Company's existing business and is consistent with the Company's expansion plan in the Midwest and Northeast United States. The acquisition strengthens the Group's existing network infrastructure by expanding its operating footprint whilst enhancing the Group's ability to deliver higher margin products and services while expanding its customer base. Furthermore, it provides the Group with a fiber rich network and provides wireless tower and other vertical infrastructures to take advantage of the high growth cellular and wireless market.

The Company already has a successful acquisition track record and the assets and customer base that come with this transaction position First Communications to continue its focus on acquiring new business customers in core geographic markets in which it operates.

On March, 10 2008, First Communications also announced the closing of a \$90 million credit facility, syndicated by JP Morgan Securities Inc. as Sole Lead Arranger and Sole Bookrunner and JP Morgan Chase Bank, NA as Administrative Agent, which was oversubscribed. The financing facility includes a \$70 million term loan and a \$20 million undrawn revolver. The proceeds of the debt raise will be used to pay for the acquisition of substantially all of the assets of FE Telecom, the pro rata redemption of \$25 million of the Company's existing preferred equity, pursuant to the Company's' redemption option over its preferred equity as set out in the Company's admission document, and for general working capital purposes. Interest on the term loan will accrue effective March 7, 2008 with quarterly payments amortized at 10% a year. The facility also includes the ability to extend the facility by an additional \$25 million under an accordion feature to be utilized by First Communications for the continued execution of its growth plans.

Outlook

The Company continues to focus its efforts on increasing higher margin on-Net sales and expanding its product offering. The expansion of its sales force for these higher margin products is expected to continue in 2008 with expansions into additional markets. This will require continued investment in sales and marketing expense and other upfront costs associated with such an expansion.

While stabilized and growing again, management plans to continue to look to leverage the enlarged Group to grow the Xtension Services division and increase its profitability in 2008.

The Company considers that the recent acquisition of FE Telecom has provided additional strategic assets to its existing network and product set. Management will look towards leveraging the capabilities within the combined companies and in particular the sales and marketing departments of First Communications, LLC to continue to drive growth.

We continue to monitor the macroeconomic environment in our markets closely, but to date have not experienced any indicators of impact on the business and look to 2008 with continued confidence.

FIRST COMMUNICATONS INC
AGGREGATED STATEMENTS OF INCOME
For the Six and Twelve Months Ended December 31, 2007 and 2006

(US\$ 000's)	Six Months Ended December 31,			Twelve Months Ended December 31,		
	2007 (a)	2006 (b)	Variance	2007 (c)	2006 (b)	Variance
Revenues, net	\$ 68,640	\$ 57,022	\$ 11,618	\$ 143,303	\$ 107,076	\$ 36,227
Cost of facilities, (exclusive of depreciations and amortization shown below)	43,683	39,987	3,696	93,843	74,799	19,044
Depreciation and amortization	3,712	1,284	2,428	5,433	2,408	3,025
Selling, general and administrative expenses	15,384	11,591	3,793	31,443	22,483	8,960
Income from operations	5,861	4,160	1,701	12,584	7,386	5,198
Income from operations margin	8.5%	7.3%		8.8%	6.9%	
Other income / expense	(7)	29	(36)	(687)	(180)	(507)
Income before taxes	5,854	4,189	1,665	11,897	7,206	4,691
Income before taxes margin	8.5%	7.3%	14.3%	8.3%	6.7%	12.9%
Income Taxes (d)	2,255	-	2,255	2,255	-	2,255
Net Income	\$ 3,599	\$ 4,189	\$ (590)	\$ 9,642	\$ 7,206	\$ 2,436
Net Income margin	5.2%	7.3%	-5.1%	6.7%	6.7%	6.7%

(a) First Communications, Inc. audited consolidated Financial Statements

(b) Unaudited Proforma First Communications LLC and Xtension

(c) Unaudited Proforma First Communications LLC, Xtension and Acceris

(d) Prior to the Company's IPO and as reflected in the proforma 2006 results shown above, First Communications LLC, had historically elected to be taxed as a partnership and had not been a taxpaying entity for federal or state income tax purposes. Consequently, no federal or state income taxes were payable or provided for. Xtension was an electing S Corporation. Accordingly, the liability for income taxes had historically been the obligation of the individual stockholders.

The proforma full year figures above represent the aggregated financials of First Communications, LLC ((including twelve months (January and February Proforma) financials of Acceris)) and Xtension, and do not represent accounting consolidated figures

FIRST COMMUNICATIONS INC
AGGREGATED BALANCE SHEETS
December 31, 2007 and 2006

(US\$ 000's)	2007 (a)	2006 (b)
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Equivalents	\$ 11,163	\$ 2,787
Accounts Receivable, net	14,969	12,572
Inventory	136	240
Prepaid assets	1,256	1,049
Deferred tax asset	216	-
TOTAL CURRENT ASSETS	<u>27,740</u>	<u>16,648</u>
PROPERTY AND EQUIPMENT, NET	7,222	4,933
OTHER ASSETS	<u>171,397</u>	<u>14,026</u>
TOTAL ASSETS	<u>\$ 206,359</u>	<u>\$ 35,607</u>
<u>LIABILITIES AND EQUITY</u>		
CURRENT LIABILITIES		
Line of credit	\$ 625	\$ 3,922
Current maturities of long-term debt		6,168
Liability for outstanding checks	3,459	-
Accounts Payable	11,344	6,747
Federal Income Tax Payable	1,466	-
Deferred Revenue	1,625	1,616
Other Current Liabilities	2,455	3,201
TOTAL CURRENT LIABILITIES	<u>20,974</u>	<u>21,654</u>
NON-CURRENT LIABILITIES		
Long-term debt, net of current maturities		4,035
Deferred tax liability - long term	13,735	-
Deferred revenue - long term	170	196
	<u>13,905</u>	<u>4,231</u>
TOTAL LIABILITIES	<u>34,879</u>	<u>25,885</u>
EQUITY		
Common Stock	28	8,883
Preferred Stock	1	-
Warrants	40,104	-
Additional Paid in Capital	127,748	-
Retained Earnings	3,599	839
TOTAL EQUITY	<u>171,480</u>	<u>9,722</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 206,359</u>	<u>\$ 35,607</u>

(a) First Communications, Inc. audited consolidated Financial Statements

(b) Unaudited Proforma aggregated figures for First Communications LLC and Xtension

FIRST COMMUNICATIONS INC
AGGREGATED STATEMENTS OF CASH FLOW
For the Six and Twelve Months Ended December 31, 2007 and 2006

(US\$ 000's)	Six Months Ended December 31,			Twelve Months Ended December 31,		
	2007 (a)	2006 (b)	Variance	2007 (c)	2006 (b)	Variance
CASH FLOW FROM OPERATING ACTIVITIES						
Net Income	\$ 3,599	\$ 4,189	\$ (590)	\$ 9,642	\$ 7,206	\$ 2,436
Add: Depreciation and amortization	3,712	1,284	2,428	5,433	2,408	3,025
Add: Deferred taxes	587	-	587	587	-	587
Gain on sale of property and equipment	-	(221)	221	-	(221)	221
Changes in operating assets and liabilities						
Accounts receivable, net	(156)	2,048	(2,204)	(2,978)	1,402	(4,380)
Inventory	92	(271)	363	104	(187)	291
Prepays	542	(305)	847	278	(83)	361
Deposits and other assets	(635)	-	(635)	(635)	-	(635)
Accounts payable	(102)	(192)	90	1,505	(414)	1,919
Federal taxes payable	1,466	-	1,466	1,466	-	1,466
Accrued expenses	(244)	1,235	(1,479)	(978)	874	(1,852)
Deferred revenue	(711)	(1,675)	964	(839)	(2,087)	1,248
CASH FLOW FROM OPERATING ACTIVITIES	8,150	6,092	2,058	13,585	8,898	4,687
CASH FLOW FROM INVESTING ACTIVITIES						
Payments for property and equipment	(1,931)	(1,648)	(283)	(2,419)	(2,080)	(339)
Deposits on property and equipment	-	26	(26)	(1,278)	(190)	(1,088)
Acquisition of assets and assumption of liabilities, net of cash acquired	(80,776)	(3,910)	(76,866)	(98,651)	(3,910)	(94,741)
Proceeds from sale of assets	-	500	(500)	-	500	(500)
Investment in joint venture	(125)	-	(125)	(125)	-	(125)
Net change in accounts receivable - related parties	45	(106)	151	45	(106)	151
CASH FLOW FROM INVESTING ACTIVITIES	(82,787)	(5,138)	(77,649)	(102,428)	(5,786)	(96,642)
CASH FLOW FROM FINANCING ACTIVITIES						
Net borrowings on credit line	625	2,124	(1,499)	706	3,922	(3,216)
Proceeds from issuance of long-term notes payable	-	2,000	(2,000)	15,000	2,000	13,000
Proceeds received from share offering, net cost incurred	85,525	-	85,525	85,525	-	85,525
Payments on notes payable	-	(279)	279	(9)	(557)	548
Payments of deferred financing	(350)	-	(350)	(350)	-	(350)
Distributions paid	-	(4,167)	4,167	(3,652)	(7,632)	3,980
Net change in accounts payable - related parties	-	(171)	171	-	(171)	171
CASH FLOW FROM FINANCING ACTIVITIES	85,800	(493)	86,293	97,220	(2,438)	99,658
NET INCREASE (DECREASE) IN CASH	\$ 11,163	\$ 461		\$ 8,377	\$ 674	
CASH, BEGINNING OF PERIOD	\$ -	\$ 2,326		\$ 2,786	\$ 2,113	
CASH, END OF PERIOD	\$ 11,163	\$ 2,787		\$ 11,163	\$ 2,787	

(a) First Communications, Inc. audited consolidated Financial Statements

(b) Unaudited Proforma First Communications LLC and Xtension

(c) Unaudited Proforma 12 month results for First Communications LLC, Xtension and Acceris