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If you sell or have sold or otherwise transferred all of your Ordinary Shares you should forward this document and the accompanying Form of Proxy as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected. If you have sold or otherwise transferred only part of your holding of Ordinary Shares, please contact immediately your stockbroker, bank or other agent through whom the sale or transfer was effected.

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## **Prime Active Capital plc**

*(Incorporated in Ireland with limited liability  
under the Companies Acts 1963-2006 with registered number 295879)*



### **Proposed Disposal of The Plastic Card Company Limited and PCC Services Limited**

**and**

### **Notice of Annual General Meeting**

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**Your attention is drawn to the letter from the Chairman of PAC set out on pages 6 to 12 of this document, which explains the purpose of the Resolutions to be proposed at the Annual General Meeting and includes the recommendation from the Board to vote in favour of the Resolutions. The Notice of the Annual General Meeting of PAC to be held at 9.00am at the offices of A&L Goodbody, IFSC, North Wall Quay, Dublin 1 on 28 August 2008 is set out at the end of this document.**

A Form of Proxy for use at the Annual General Meeting is enclosed. You are requested to complete, sign and return the Form of Proxy as soon as possible whether or not you propose to attend the meeting in person. To be valid, the Form of Proxy should be completed and returned by hand or by post to PAC's registrars, Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland to arrive by no later than 9.00am on 26 August 2008. The completion and return of a Form of Proxy will not preclude you from attending and voting at the Annual General Meeting should you so wish.

This Document has not been approved by the Financial Regulator of Ireland, the UK Listing Authority or any other regulator. The distribution of this document in certain jurisdictions may be restricted by law and therefore persons receiving this document should inform themselves about and observe any such restrictions. This document does not constitute, nor is it intended to constitute, investment research or investment advice under the European Communities (Markets in Financial Instruments) Regulations 2007 of Ireland (as amended) by PAC or any other person. This document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research (whether pursuant to the European Communities (Markets in Financial Instruments) Regulations 2007 of Ireland or otherwise).

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## INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

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This document contains a number of forward-looking statements relating to PAC with respect to, amongst others, the following: financial conditions; result of operations; economic conditions in which PAC and the PCC Companies operate; the business of PAC and the PCC Companies; future benefits of the Disposal; and management plans and objectives. PAC considers any statements that are not historical facts as “forward-looking statements”. They relate to events and trends that are subject to risk and uncertainties that could cause the actual result and financial position of PAC and/or the PCC Companies to differ materially from the information presented in the relevant forward-looking statement. When used in this document the words “estimate”, “project”, “intend”, “aim”, “anticipate”, “believe”, “expect”, “should” and similar expressions, as they relate to PAC and/or the PCC Companies or the management of any of them, are intended to identify such forward-looking statements which speak only as at the date of this document. PAC does not undertake any obligation publicly to update or revise any of the forward looking statements, whether as a result of new information, future events or otherwise, save in respect of any requirements under applicable laws, the AIM Rules, the IEX Rules and other applicable regulations.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

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Latest time and date for receipt of Forms of Proxy for the Annual General Meeting	9.00am, 26 August 2008
Annual General Meeting	9.00am, 28 August 2008
Expected date of Completion of the Disposal	29 August 2008

**All references in this document are to Dublin times unless otherwise stated.**

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## DIRECTORS, COMPANY SECRETARY AND ADVISERS

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<b>Directors</b>	Peter E. Lynch – <i>Executive Chairman</i> John Doris – <i>Non-Executive Director</i> Anne Keogh – <i>Non-Executive Director</i>
<b>Company Secretary</b>	Goodbody Secretarial Limited IFSC North Wall Quay Dublin 1 Ireland
<b>Registered Office</b>	2A Sandymount Green Sandymount Dublin 4 Ireland
<b>Financial Advisor in respect of the Disposal</b>	Cavendish Corporate Finance LLP 40 Portland Place London W1B 1NB United Kingdom
<b>Stockbrokers</b>	Goodbody Stockbrokers Ballsbridge Park Ballsbridge Dublin 4 Ireland
<b>AIM Nominated Advisor</b>	Goodbody Corporate Finance Ballsbridge Park Ballsbridge Dublin 4 Ireland
<b>IEX Advisor</b>	Goodbody Corporate Finance Ballsbridge Park Ballsbridge Dublin 4 Ireland
<b>Auditors</b>	PricewaterhouseCoopers One Spencer Dock North Wall Quay Dublin 1
<b>Solicitors</b>	Arthur Cox Earlsfort Terrace Dublin 2 Ireland
<b>Registrar</b>	Computershare Investor Services (Ireland) Limited Heron House Corrig Road Sandyford Industrial Estate Dublin 18 Ireland

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## DEFINITIONS

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*In this document the following expressions have the following meanings unless the context otherwise requires or unless otherwise provided:*

“AGM” or “Annual General Meeting”	the annual general meeting of PAC, to be held at the offices of A&L Goodbody, IFSC, North Wall Quay, Dublin 1 at 9.00am on 28 August 2008 or any adjournment thereof, notice of which is set out at the end of this document;
“AIM” or “AIM Market”	the market of that name operated by the London Stock Exchange;
“AIM Rules”	the rules governing the admission to and operation of AIM as published by the London Stock Exchange from time to time;
“Articles of Association” or “Articles”	the Articles of Association of PAC;
“the Board” or “Directors”	the board of directors of PAC ;
“CPI Card Group”	CPI Card Group UK Holdings Limited and CPI Acquisition, Inc.;
“Circular”	this document;
“Disposal”	the proposed disposal of the PCC Companies by Droyhurst under the terms and conditions of the Share Purchase Agreement;
“Droyhurst”	Droyhurst Holdings Limited, a subsidiary of PAC Digimedia and PAC;
“Disposal Resolution”	the resolution to approve of the Disposal as set out in the Notice (as Resolution 8) to be proposed in the manner specified in the Notice at the Annual General Meeting;
“€”	euro, the legal currency of the participating Member States of the European Union as defined in Recital (2) of Council Regulation 974/98/EC on the introduction of the euro;
“Financial Regulator”	the Irish Financial Services Regulatory Authority, a constituent part of the Central Bank and Financial Services Authority of Ireland;
“Form of Proxy”	the form of proxy for use at the Annual General Meeting enclosed with this document;
“IEX” or “IEX Market”	the market of that name operated by the Irish Stock Exchange;
“IEX Rules”	the rules governing the admission to and operation of IEX as published by the Irish Stock Exchange from time to time;

“Irish Stock Exchange”	The Irish Stock Exchange Limited;
“London Stock Exchange”	The London Stock Exchange plc;
“£”	Great Britain pounds, the legal currency of the United Kingdom;
“Notice”	the notice of Annual General Meeting set out at the end of this document;
“Ordinary Shares”	ordinary shares of €0.50 each in PAC;
“PAC” or “the Company”	Prime Active Capital plc;
“PAC Group”	PAC and its subsidiaries;
“PAC Digimedia”	PAC Digimedia Limited, a subsidiary of PAC;
“PCC Companies”, “PCC Group” or “PCC”	together The Plastic Card Company Limited and PCC Services Limited, subsidiaries of Droyhurst;
“Registrar”	PAC’s registrar, being Computershare Investor Services (Ireland) Limited;
“Resolutions”	the resolutions as set out in the Notice to be proposed in the manner specified in the Notice at the Annual General Meeting, including the Disposal Resolution;
“Shareholder(s)”	holder(s) of Ordinary Shares;
“Share Purchase Agreement”	the share purchase agreement signed 5 August 2008 between (1) Droyhurst; (2) CPI Card Group and (3) PAC in respect of the Disposal;
“UK Listing Authority”	the Financial Services Authority, acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 of the United Kingdom.

Unless otherwise stated all € amounts referred to in this document have been translated from £ to € at a rate of £1:€1.2593, being the closing mid-point exchange rate as quoted in the London edition of *The Financial Times* newspaper on Tuesday 5 August 2008, the last practicable date prior to the publication of this document. The share capital of PAC is denominated in € as such the conversion rates do not apply in respect of references to PAC’s share capital. The € figures in the table in page 8 are as stated in the accounts of PAC for the relevant years and are not converted from £, save in respect of underlying accounts of PAC group companies reporting in £ (including the PCC Companies), in which case the rate of conversion from £ to € is the prevailing rate at the date of transactions or, in the case of monetary assets and liabilities, the rate of exchange ruling at the relevant balance sheet date.

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## LETTER FROM THE CHAIRMAN OF PRIME ACTIVE CAPITAL PLC

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### Prime Active Capital plc

*(Incorporated in Ireland with limited liability  
under the Companies Acts 1963-2006 with registered number 295879)*

*Directors:*

Peter E. Lynch – *Executive Chairman*  
John Doris – *Non-Executive Director*  
Anne Keogh – *Non-Executive Director*

*Registered Office:*

2A Sandymount Green  
Sandymount  
Dublin 4  
Ireland

5 August 2008

*To the Shareholders of Prime Active Capital plc*

Dear Shareholder,

The Company continues to develop the strategy outlined to shareholders last year and invest in companies or acquire underperforming assets, in sectors where the Company and management have significant experience and that offer strong growth opportunities. Part of that strategy is to divest non-core businesses where that opportunity can be created, in order to recycle funds into the higher growth areas.

#### **Introduction**

An opportunity has been developed where the PCC Companies, a sub-group of our Company, can be placed with what we believe is the best partner that can be found for it, the CPI Card Group. This is a very successful business in its own right with higher technical expertise, a wider and more sophisticated product range and a geographic and customer strategy that identified PCC as an outstanding strategic fit. We are confident that the PCC Companies are being acquired by a company that can develop them further, faster, and with increased success. The PCC management has been supportive of, consulted on and engaged in the transaction.

PCC is enjoying its best year in recent history, delivering excellent returns and this reflects the hugely successful integration of the PAC management approach and the talents and ambitions of the PCC team. However, PAC would have considerable difficulty driving growth in this sub-sector in the next few years without broadening the product range to include credit cards and higher security items, the investment and development costs of which would be very substantial. It is not considered likely that, looking at the investment path, the shareholders of PAC would accrue any cash or dividends for some years, or that the increasing profits, if they could be sustained, would deliver anything meaningful by way of growth in share price.

Accordingly, Prime Active Capital plc has today announced the proposed sale of two of its subsidiaries, The Plastic Card Company Limited and PCC Services Limited, to CPI Card Group for an aggregate consideration of c. £11 million (€13.9 million), less the debt in the PCC Companies and other adjustments at completion. The net consideration received by PAC after debt and costs will be c.

£9 million (€1.3 million). The PCC Companies together comprise the plastic cards design, production and distribution business unit of PAC Digimedia.

Under the AIM rules and the IEX rules, the Disposal is classified as a disposal resulting in a fundamental change of business and is therefore conditional upon the approval of Shareholders in a general meeting. The approval of the Disposal will be considered in conjunction with the holding of the Annual General Meeting of PAC. At the end of this document is the notice convening the Annual General Meeting, which sets out the proposed Disposal Resolution, together with the other AGM resolutions, to be voted on.

### **Background and Reasons for the Disposal**

Since 2007, the strategic focus of PAC has been to develop its business as a company that would work actively with its existing portfolio of investee companies in order to maximise value and identify new investment opportunities in the financial services, telecommunications, creative and digital media sectors.

While the PCC Companies have been successful in recent years, the Directors believe that these companies operate in an increasingly competitive environment that will require the deployment of substantial resources to develop new products and services in the medium term. In CPI Card Group, PAC has found a buyer which can bring that investment to PCC and is willing to recognise value in the PCC Companies that may be greater than that which can be realised by the PCC Companies remaining within the PAC Group. The Directors also consider that the proceeds of the Disposal will allow PAC to fund new investment opportunities both in its current portfolio and with new acquisitions.

Against this backdrop, the Directors believe that shareholder value in PAC can be maximised through the Disposal and that the net consideration (after advisers' fees, taxes and transaction costs) of c. £9 million (€1.3 million) from an aggregate consideration of c. £11 million (€3.9 million) excluding debt, costs and other adjustments, reflects a successful exit at a fair price for PAC in respect of its investment in the PCC Companies.

PAC will continue to invest in developing its businesses and support the management teams in its investee companies where it can add value.

### **The Business of the PCC Companies**

The PCC Companies are providers of plastic card services, including the design, production, personalisation and distribution of cards for all applications including gifting, loyalty, stored value, membership and mobile phone e-top up. In addition, a range of card products and personalisation services for non-secure card applications encompassing plastic card-to-carrier matching, embossing, magnetic stripe encoding, secure labelling, automated insertion and direct/personalised mailings is provided by the PCC Companies.

### **Financial Information on the PCC Companies and PAC**

The following information on the PCC Companies and the remaining operations of PAC, assuming the disposal of the PCC Companies, has been extracted without material adjustment from the audited accounts of PAC for the twelve months ending 31 December 2005, the audited accounts for the twelve months ending 31 December 2006 and the audited accounts for the twelve months ending 31 December 2007.

	FY2005 <sup>(1)</sup> €000	FY2006 <sup>(2)</sup> €000	FY2007 <sup>(3)</sup> €000
<b>Revenue</b>			
PCC Companies	21,199	23,707	21,401
Remaining PAC operations <sup>(4)</sup>	11,648	12,270	13,231
	<b>32,847</b>	<b>35,977</b>	<b>34,632</b>
<b>Gross Profit</b>			
PCC Companies	4,957	4,858	4,656
Remaining PAC operations <sup>(4)</sup>	2,939	2,858	2,617
	<b>7,896</b>	<b>7,716</b>	<b>7,273</b>
<b>EBITDA<sup>(5)</sup></b>			
PCC Companies	2,593	2,031	2,529
Remaining PAC operations <sup>(4)</sup>	659	1,076	614
	<b>3,252</b>	<b>3,107</b>	<b>3,143</b>
<b>EBIT<sup>(6)</sup></b>			
PCC Companies	1,474	794	1,556
Remaining PAC operations <sup>(4)</sup>	(107)	(27)	(201)
	<b>1,367</b>	<b>767</b>	<b>1,355</b>
<b>PBT<sup>(7)</sup></b>			
PCC Companies	942	253	1,108
Remaining PAC operations <sup>(4)</sup>	(134)	(150)	(339)
	<b>808</b>	<b>103</b>	<b>769</b>
<b>Net Assets<sup>(8)</sup></b>			
PCC Companies	3,915	3,741	3,341
Remaining PAC operations <sup>(4)</sup>	4,018	4,640	19,233
	<b>7,933</b>	<b>8,381</b>	<b>22,574</b>

**Notes:**

- (1) twelve months ending 31 December 2005, based on audited accounts  
(2) twelve months ending 31 December 2006, based on audited accounts  
(3) twelve months ending 31 December 2007, based on audited accounts  
(4) operations of PAC, excluding the PCC Companies  
(5) earnings before interest, tax, depreciation, amortisation and exceptional items and other gains  
(6) earnings before interest, tax and exceptional items  
(7) profit before tax and exceptional items  
(8) total assets minus total liabilities

**Use of the Proceeds of the Disposal and the Position of PAC Following the Disposal**

The aggregate consideration of c. £11 million will be reduced by the debt in the PCC Companies at the date of completion which is expected to be c. £1.8 million, as reduced by other negotiated adjustments of c. £0.5 million. As a result, the proceeds of the Disposal, before transaction costs, will be c. £9.7 million (€12.2 million). The Disposal should qualify for substantial shareholdings exemption in the UK and thus there should be no tax charge. The net proceeds of the Disposal, after advisers' fees, taxes and transaction costs will be approximately £9 million (€11.3 million).

The proceeds of the Disposal will be used to fund new investment opportunities both through further investment in PAC's current portfolio and with new acquisitions.

Following the completion of the Disposal, PAC's principal businesses will comprise:

- the remaining business units of PAC Digimedia, namely the books and journals business unit (encompassing Bell & Bain Limited, a specialist in the printing, binding and distribution of academic books and journals) and the on-demand digital print and finishing business unit (encompassing Top Copy Image Centres Limited, specialising in on-demand low volume print manufacturing, personalisation, enclosing and distribution);



- the business of the PAC Telemedia division, namely the telecommunications division of the PAC Group which currently comprises a majority stake in Cellular Center, LLC (a retail chain of mobile phones and accessories stores based in Georgia, USA). This business was started last year and has now opened or acquired some 40 stores in Georgia, Texas and Florida. PAC intends to continue investing in opening further stores and expanding the chain through acquisitions; and
- an associate holding (21.5%) in Media Square plc, an advertising, public relations, design and marketing, professional services group. The interest of PAC in this Group is significant and intended to be for the long term. Media Square plc has some fine businesses and good operational management.

PAC will have net cash of approximately €12.5 million following the Disposal.

### **Information on CPI Card Group**

CPI Card Group is a global supplier of plastic secure card products, such as credit, debit and ATM cards to major financial institutions and non-secure card products and services, such as retail gift cards, retail credit cards and entry access cards. CPI Card Group is a portfolio company of Tricor Pacific Capital, Inc., a private equity firm based in Lake Forest (Chicago), USA and Vancouver, Canada.

### **Principal Terms of the Disposal**

If approved, the Disposal will be effected in accordance with the terms of the Share Purchase Agreement between Droyhurst, CPI Card Group and PAC signed on 5 August 2008. Under the terms of this agreement, on completion Droyhurst will transfer the entire issued share capital of the PCC Companies to CPI Card Group in consideration for the payment by CPI Card Group of £11 million (€13.9 million) in cash as reduced by the debt of the PCC Group at the date of completion as reduced by other negotiated adjustments. The consideration will be paid on the assumption that the PCC Companies will have working capital at completion equal to the average working capital of the PCC Companies for the twelve month period prior to completion. A working capital balancing payment will be made after completion by CPI Card Group to Droyhurst if the working capital at completion is in excess of the average, and by Droyhurst to CPI Card Group if the working capital at completion is less than the average. It is expected that the working capital payment will be calculated and paid within three months of completion.

PAC and Droyhurst have granted CPI customary warranties and indemnities under the Share Purchase Agreement in relation to the business of the PCC Companies, including in relation to tax, customer contracts, intellectual property, employees, property title, environmental matters and the accuracy of the accounts and financial reports. The liability of PAC and Droyhurst for any claims is subject to limitations in line with market practice. PAC has guaranteed to CPI Card Group all of Droyhurst's obligations and liabilities under the Share Purchase Agreement.

The Share Purchase Agreement also imposes post-disposal restrictive covenants on the PAC Group. The PAC Group is restricted from entering the plastic card printing and distribution business in the four year period following completion. There is an exception to the restrictive covenant which permits PAC to acquire up to 5%, and in some circumstances up to 30%, of publicly quoted companies which compete with the PCC Companies.

### **Inducement Fee Arrangements**

PAC has agreed to pay a fee of £250,000 in CPI Card Group to reimburse it for its costs and expenses if the Disposal Resolution is not passed by Shareholders or if PAC materially breaches its obligations not to solicit further offers for the PCC Companies. A further payment of £250,000 would become due from PAC to CPI Card Group were PAC to successfully sell the PCC Companies to another third party within nine months of termination of the Share Purchase Agreement.

### **Completion of the Disposal**

The Disposal is conditional upon, amongst other things, the passing of the Disposal Resolution set out in the Notice. The Disposal is expected to complete on or around 29 August 2008. The net consideration for the Disposal of c. £9.7 million (€12.2 million) is payable in cash on completion.

### **Irrevocable Undertakings**

I have undertaken to CPI Card Group to vote in favour of the Resolution in respect of my holding of Ordinary Shares (2,820,825 Ordinary Shares) representing in aggregate approximately 12.4% of the issued share capital of PAC. These undertakings will fall away if the Share Purchase Agreement is terminated or if the Board ceases to recommend, or adversely modifies its recommendation of, the Disposal. John Doris and Anne Keogh, the other Directors of PAC, have confirmed that they intend to vote their shares in PAC in favour of the disposal.

### ***Other Special Business***

In addition to the ordinary business to be transacted at the Annual General Meeting (see Resolutions 1 to 3 in the Notice) and the Disposal Resolution, the Board is proposing a number of other items of special business as set out in Resolutions 4 to 7, which relate to the share capital of PAC and which are now routine for most public companies.

#### **Authority to Allot Relevant Securities (*Resolution 4*)**

Under the first item of special business, Shareholders are being asked to give the Directors authority to allot and issue up to an aggregate amount of €3,742,397.50 in nominal value of new shares, being equal to 33% of the nominal value of the issued ordinary share capital of PAC (including ordinary shares required for issue on the exercise of share options). This is a renewal of a similar authority granted at last year's annual general meeting. The Board reviews the appropriateness of new share issues on an ongoing basis and while the Directors do not have any current intention to exercise this power in full, this authority is being sought as it is common practice for public companies to do so. This authority will expire at the earlier of the close of business on the date of the annual general meeting of the Company in 2009 or the day which is fifteen months from the passing of the resolution.

#### **Disapplication of Statutory Pre-emption Rights (*Resolution 5*)**

The Shareholders are being asked, under the second item of special business, to give the Directors the authority to disapply the strict statutory pre-emption provisions in the event of a rights issue (subject to the limits in the authority referred to above) or in any other issue up to an aggregate nominal amount of €1,134,060, being equal to 10% of the nominal value of PAC's issued ordinary share capital for the time being. This authority will expire at the earlier of the close of business on the date of PAC's annual general meeting in 2009 or the day which is fifteen months from the passing of the resolution.

#### **Authority to Make Market Purchases of its Own Shares (*Resolution 6*)**

Under the third item of special business, Shareholders are being asked to give PAC, or any of its subsidiaries, the authority to purchase up to 10% of its own shares. The authority will expire at the earlier of the close of business on the date of PAC's annual general meeting in 2009 or the day which is fifteen months from the passing of the resolution. From time to time, the Directors may consider exercising this power to purchase PAC's own shares. Such purchases would be made only at price levels which the Board considered to be in the interests of the Shareholders generally, after taking into account PAC's overall financial position. Furthermore, the authority being sought from Shareholders will provide that the minimum price which may be paid for such shares shall not be less than the nominal value of the shares and the maximum price will be 105% of the average market price of such shares over the preceding five business days. This authority is a renewal of a similar authority granted at last year's annual general meeting.

### **Authority to Re-issue Treasury Shares (*Resolution 7*)**

Shareholders are being asked under the fourth item of special business to pass a resolution fixing the price range at which PAC may reissue any shares purchased by PAC which are not cancelled and have instead been held as treasury shares. The maximum and minimum prices at which such a share may be re-issued are 120% and 95% respectively of the average market price of a share calculated over the five business days immediately preceding the date of such re-issue. The authority will expire at the earlier of the close of business on the date of PAC's annual general meeting in 2009 or the day which is fifteen months from the passing of the resolution. This is a renewal of a similar authority granted at last year's annual general meeting.

### ***Biographies of Directors Standing for Re-election***

John Doris is a business consultant and a non-executive director. He graduated from University College Dublin with a B.Sc. in experimental physics in 1969 and completed his M.B.A. in 1977. He also qualified as an A.C.C.A in 1974. He gained broad experience in both financial and marketing roles in industry moving into rescue banking and corporate finance. He managed the successful Riada Business Expansion Funds when he was a director of ABN Amro Corporate Finance (Ireland) Limited. He is currently principal of Meridian Business Advisors Limited, a Dublin based consultancy firm, and he holds a number of non-executive directorships. He is widely experienced in manufacturing, distribution and corporate finance. John joined the Board in May 2007.

Anne Keogh is a management consultant and former president of the Leinster Association of Chartered Certified Accountants. Until recently she was CEO of the internet business Needahotel.com. This business employed 75 people in Dublin and had an annual turnover in excess of €100 million. Anne joined the Board in January 2008

### ***Action to be Taken and Recommendation***

#### **Action to be Taken**

Notice of the Annual General Meeting of PAC to be held at 9.00am at the offices of A&L Goodbody, IFSC, North Wall Quay, Dublin 1 on 28 August 2008 is set out at the end of this document. The Notice sets out the full text of the Resolutions, including the Disposal Resolution, to be proposed and voted on at the Annual General Meeting.

A Form of Proxy for use at the Annual General Meeting is enclosed.

**You are requested to complete, sign and return the Form of Proxy as soon as possible whether or not you propose to attend the meeting in person. To be valid, the Form of Proxy should be completed and returned by hand or by post to PAC's registrars, Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandymount Industrial Estate, Dublin 18, Ireland to arrive by no later than 9.00am on 26 August 2008.**

The completion and return of a Form of Proxy will not preclude you from attending and voting at the Annual General Meeting should you so wish.

#### **Recommendation**

**The Directors consider the passing of the Resolutions, including the Disposal Resolution, to be in the best interests of PAC and its Shareholders as a whole and, accordingly, unanimously recommend that you vote in favour of the Resolutions, including the Disposal Resolution.**

**I have irrevocably undertaken to CPI Card Group to vote in favour of the Disposal Resolution in respect of my holding of Ordinary Shares, which in aggregate amounts to 2,820,825 Ordinary Shares, representing approximately 12.4% of the Ordinary Shares in issue at the date of this**

**document. My fellow Directors have confirmed that they intend to vote in favour of the Resolutions, including the Disposal Resolution, in respect of their beneficial holdings of Ordinary Shares in the Company.**

Yours sincerely,

Peter E. Lynch  
*Executive Chairman*

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## NOTICE OF ANNUAL GENERAL MEETING

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### Prime Active Capital plc

*(Incorporated in Ireland with limited liability  
under the Companies Acts 1963-2006 with registered number 295879)*

**NOTICE IS HEREBY GIVEN** that an Annual General Meeting of Prime Active Capital plc (the “Company”) will be held at A&L Goodbody, IFSC, North Wall Quay, Dublin 1 on 28 August 2008 at 9.00am to consider and, if thought fit, pass the following resolutions, of which resolutions 1, 2, 3, 4 and 8 will be proposed as ordinary resolutions and resolutions 5, 6 and 7 will be proposed as special resolutions:

#### RESOLUTIONS

##### *Ordinary Business of the Meeting*

As ordinary resolutions:

1. To receive and consider the financial statements for the year ended 31 December 2007 together with the reports of the directors and auditors thereon. (**Resolution 1**)
2. By separate resolutions, to re-elect the following directors who retire in accordance with the Articles of Association and, being eligible, offer themselves for re-election:

In accordance with Article 78 of the Articles of Association:

(A) John Doris (**Resolution 2A**)

In accordance with Article 81 of the Articles of Association (having previously been appointed as a director pursuant to Article 81.2 of the Articles of Association):

(B) Anne Keogh (**Resolution 2B**)

3. To authorise the directors to fix the remuneration of the auditors for the year ending 31 December 2008. (**Resolution 3**)

##### *Special Business of the Meeting*

4. As an ordinary resolution (**Resolution 4**):

“That the directors be and they are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 20 of the Companies (Amendment) Act 1983) up to an aggregate nominal amount of €3,742,397.50 provided that this authority shall expire at the earlier of the close of business on the date of the Company’s annual general meeting in 2009 or the day which is fifteen months after the date of the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be

allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired.”

5. As a special resolution (**Resolution 5**):

“That pursuant to Article 7 of the Articles of Association and Section 24 of the Companies (Amendment) Act 1983 the directors be and they are hereby empowered to allot equity securities (within the meaning of Section 23 of the Companies (Amendment) Act 1983) for cash pursuant to the authority conferred by the ordinary resolution authorising the directors to issue the unissued capital of the Company passed earlier this day as if sub-section (1) of the said Section 23 did not apply to any such allotment provided that this power shall be limited to:

- (1) the allotment of equity securities (including, without limitation, any shares purchased by the Company pursuant to the provisions of the Companies Act 1990 and held as treasury shares) in connection with any offer of securities, open for a period fixed by the directors, by way of rights, open offer or otherwise in favour of ordinary shareholders and/or any persons having a right to subscribe for or convert securities into ordinary shares (including, without limitation, any person entitled to options under the Company’s share option schemes for the time being) and subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to any legal or practical problems under the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory, and
- (2) (in addition to the authority conferred in paragraph (1)) the allotment of equity securities (including, without limitation any shares purchased by the Company pursuant to the provisions of the Companies Act 1990 and held as treasury shares) up to a maximum aggregate nominal amount of €1,134,060;

and shall expire at close of business on the day of the annual general meeting of the Company to be held in 2009 or the day which is fifteen months after the date of passing of this resolution, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.”

6. As a special resolution (**Resolution 6**):

“That the Company and/or any subsidiary be and they are hereby generally authorised to make market purchases (as defined in Section 212 of the Companies Act 1990) of ordinary shares of the Company on such terms and conditions and in such manner as the directors may from time to time determine but subject to the provisions of the Companies Act 1990 and to the following restrictions and provisions:

- (1) The maximum number of ordinary shares authorised to be acquired pursuant to the terms of this resolution shall not exceed 2,268,120.
- (2) The minimum price which may be paid for any ordinary share shall be an amount equal to the nominal value thereof.
- (3) The maximum price which may be paid for any ordinary share shall be an amount equal to 105% of the higher of:

- (a) the average of the Relevant Price for ordinary shares in respect of each of the five business days immediately preceding the day on which the ordinary share is purchased; and
  - (b) (if there shall be any) the average of the middle market prices for ordinary shares, as derived from the Irish Stock Exchange Daily Official List (or any successor publication thereto) for the five business days immediately preceding the day on which the ordinary share is purchased.
- (4) For the purposes of sub-paragraph (3)(a), the expression “Relevant Price” shall mean, in respect of any business day on which there shall be a dealing on the Irish Stock Exchange in respect of ordinary shares, the closing quotation price in respect of such shares for such business day as published in the Irish Stock Exchange Daily Official List (or any successor publication thereto) and, in respect of any business day on which there shall be no such dealing, the price which is equal to (x) the mid-point between the high and low market guide prices in respect of such shares for such business day as published in the Irish Stock Exchange Daily Official List (or any successor publication thereto), or (y) if there shall be only one such market guide price so published, the market guide price so published.
- (5) The authority hereby granted shall expire at the close of business on the date of the Annual General Meeting of the Company in 2009 or the day which is fifteen months from the date of passing of this resolution, whichever is the earlier, unless previously varied, revoked or renewed by special resolution in accordance with the provisions of Section 215 of the Companies Act, 1990. The Company or any such subsidiary may before such expiry enter into a contract for the purchase of ordinary shares which would or might be executed wholly or partly after such expiry and may complete any such contract as if the authority conferred hereby had not expired.”

7. As a special resolution (***Resolution 7***):

“That, subject to the passing of Resolution 6, for the purposes of Section 209 of the Companies Act 1990 the re-issue price range at which any treasury shares (as defined by the said Section 209) for the time being held by the Company may be re-issued offmarket shall be as follows:

- (1) The maximum price at which a treasury share may be re-issued off-market shall be an amount equal to 120% of the Appropriate Price.
- (2) The minimum price at which a treasury share may be re-issued off-market shall be an amount equal to 95% of the Appropriate Price.
- (3) For the purposes of paragraph (1) and (2), the expression “Appropriate Price” shall mean the higher of:
  - (a) the average of the Relevant Price for shares of the class of which such treasury share is to be re-issued in respect of each of the five business days immediately preceding the day on which the treasury share is reissued; and
  - (b) (if there shall be any) the average of the middle market prices for shares of the class of which such treasury share is to be re-issued, as derived from the London Stock Exchange Daily Official List (or any successor publication thereto) for the five business days immediately preceding the day on which such treasury share is re-issued.

- (4) For the purpose of sub-paragraph (3)(a), the expression “Relevant Price” shall mean, in respect of any business day on which there shall be a dealing on the Irish Stock Exchange in respect of shares of the class of which the treasury share is to be re-issued, the closing quotation price in respect of such shares for such business day as published in the Irish Stock Exchange Daily Official List (or any successor publication thereto) and, in respect of any business day on which there shall be no such dealing, the price which is equal to (x) the mid-point between the high and low market guide prices in respect of such shares for such business day as published in the Irish Stock Exchange Daily Official List (or any successor publication thereto), or (y) if there shall be only one such market guide price so published, the market price so published.
- (5) The authority hereby conferred shall expire at the close of business on the day of the next following Annual General Meeting of the Company to be held in 2007 or the day which is fifteen months after the date of passing of this resolution, whichever is earlier, unless previously varied or renewed in accordance with the provisions of section 209 of the Companies Act 1990.”

8. As an ordinary resolution (***Resolution 8***):

“That the disposal of The Plastic Card Company Limited and PCC Services Limited by the Company’s subsidiary, Droyhurst Holdings Limited (the “Disposal”), as more particularly described in the circular sent to shareholders of the Company dated 6 August 2008 (the “Circular”) on the terms and subject to the conditions of the share purchase agreement signed on 5 August 2008 (described in the Circular) be and is hereby approved and that the directors (or any duly constituted committee thereof) of the Company be and are hereby authorised to make any non-material amendment, variation, waiver or extension to the terms or conditions of the Disposal which the directors consider reasonable and in the best interests of shareholders as a whole and to do all such other things as they consider necessary, expedient or desirable in connection with the Disposal.”

**BY ORDER OF THE BOARD**

Peter E. Lynch  
*Executive Chairman*

*Registered Office:*  
2A Sandymount Green  
Sandymount  
Dublin 4

Dated: 5 August 2008

**Notes:**

1. Any member entitled to attend and vote at the meeting is entitled to appoint a proxy (who need not be a member of the Company) to attend, speak and vote in his/her place. Completion of a form of proxy will not affect the right of a member to attend, speak and vote at the meeting in person.
2. To be valid, forms of proxy duly signed together with the power of attorney or such other authority (if any) under which they are signed (or a certified copy of such power or authority) must be lodged with the Company's registrar, Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandymount Industrial Estate, Dublin 18, Ireland to arrive by no later than 9.00am on 26 August 2008.