PRIME ACTIVE CAPITAL plc
INTERIM FINANCIAL INFORMATION
(UNAUDITED)

30 June 2008

CHAIRMAN'S STATEMENT

Introduction

The accounts for the Group for the first six months of 2008 are attached. They reflect the profits of the PAC Digimedia business, the trading losses of the start-up operation in the mobile store chain in the USA held through PAC Telemedia, and the non-cash charge through the accounts of the warrants issued in May 2007 and a mark to market of the investment in Media Square plc.

Operating Commentary

In the six months to 30 June, 2008 revenues are €18.7 million, compared with €15.1 million for the interim period last year.

The operational EBITDA was impacted by the start up losses of Cellular Center LLC of €1.9 million for the six months. Cellular Center is our 80% subsidiary in the US which is developing a mobile phone store chain. These start up costs were in line with budget and are likely to continue through this year. As of this date the chain has 45 stores. The Cellular Center group will be stabilized at this level to provide a platform for growth by acquisition as outlined below. In the current environment it is considered cheaper to acquire trading businesses than to build them.

Post balance sheet events

Since the accounts date there have been material changes to the business of the PAC Group. Chief among those is the disposal of the Plastic Cards business for a net €11.4 million subject to final adjustment. This disposal was approved at the recent AGM.

The company will book a profit of some €7 million on this disposal before reversing non-cash prior year foreign exchange entries (among other charges) to leave a book profit before tax of some €5 million. The charges above have no cash effect.

The Board decided to sell PCC for strategic reasons and the funds realized will be used to invest in businesses that offer greater opportunities for growth as outlined previously in the corporate strategy.

PAC Telemedia

The Group is pleased to announce today that it has entered into an Asset Purchase Agreement (APA) in respect of the business and assets of In2Wireless, a division of Railroad Bazaar LLC to acquire their 27 stores in Alabama for a consideration of $4 million in cash plus the assumption of some small liabilities not expected to total more than $300,000. It is expected that this transaction will complete at the end of October 2008 subject to some final due diligence and landlords consent in respect of some premises.

The In2Wireless business is the sale of mobile phones, accessories and the payment of phone bills and is an excellent fit for the 27 stores that the Cellular Center subsidiary already operates in Georgia/Alabama. The assets being acquired are substantially stock, fixtures and fittings with an estimated valuation of €1 million, and the business has delivered some €750,000 in EBITDA after all charges in 2007 and, due diligence indicates, is running at that level in 2008 as well. There are some benefits that should accrue to the In2 Wireless business from joining the Group and as Cellular Center becomes the largest Verizon agent in the Georgia/Alabama region.

Cellular Center expects to take substantially all the staff of In2Wireless, and the current Vice President will stay with the acquisition for six months to minimize disruption during the very busy Christmas trading period.

PAC Telemedia is continuing to pre-qualify other acquisition opportunities and is at an advanced stage of negotiation with a further chain of stores, having signed a letter of intent. It is too early to say whether this transaction will complete. The Group is in a position to fund this transaction from existing cash resources.

PAC Digimedia

PAC acquired a further 21,000,000 shares (later consolidated 10 for 1) in Media Square plc at 6.25 pence sterling to bring the shareholding in that company to 21.53%. Media Square plc is in a turnaround under its current management and has recently released an interim trading statement that it expected "to achieve like-for-like operating profits significantly ahead of the same period last year" while counselling about general softness and maintaining a cautious outlook. PAC continues to follow this Group with an interest that is significant and for the long term.

We have expressed an interest in supporting the development of that Group through acquisitions it may make in the same manner as we have through the PAC Telemedia subsidiary.

Concluding remarks

These are the most challenging markets for building a group, and it will take a focus on costs and cash to survive and grow in this environment. The main work for PAC over the next six months is to bring the US mobile store chain to a stable, profitable position in its markets and to complete and assimilate the acquisitions.

Peter E. Lynch
Executive Chairman
30 September 2008

FINANCIAL AND OPERATING HIGHLIGHTS

- Revenue up by 20% on a like for like basis before the effect of currency translation
- Revenue growth of 24% after currency translation and including revenue contribution from Cellular Center, the Group's 80% owned US based mobile phone retailer
- Operating loss pre exceptionals of €2.133 million compared with an operating loss of €0.094 million in 2007, driven by the start up nature of Cellular Center which opened 14 retail stores in the period
- Exceptional costs of €2.514 million include a non-cash charge in respect of warrants issued in May 2007 and a non-cash mark-to-market charge in respect of the Group's 15% shareholding in Media Square plc
- Cash on hand of €3.458 million down from €13.191 million at 31 December 2007 mainly as a result of the acquisition of a 15% shareholding in Media Square plc for €5.141 million and capital expenditure of €3.419 million to support expansion of the Group's operations
- After the balance sheet date:
  - An additional 21 million ordinary shares in Media Square were acquired on 10 July for €1.7 million, resulting in the Group holding 21.5% of the ordinary shares in that company
  - Following shareholder approval, the sale of the PCC companies completed on 29 August when the Group received €11.426 million subject to final adjustment in mid October 2008; the full effect of this transaction will be reflected in the year end financial statements
  - Cellular Center is continuing to expand with a total of 45 retail stores in operation as at 30 September up from 23 as at 31 December 2007

	H1 2008	H1 2007
	€000	€000
Revenue		
PAC Digimedia	**15,856**	15,147
PAC Telemedia	**2,874**	-
	18,730	15,147
EBITDA of the operations		
PAC Digimedia	**1,539**	1,768
PAC Telemedia	**(1,933)**	-
	(394)	1,768
Operating (loss)/profit from continuing activities(1)		
PAC Digimedia	**537**	645
PAC Telemedia	**(1,960)**	-
	(1,423)	645
Centre costs (1)	**(710)**	(739)
	(2,133)	(94)
Group loss after tax and exceptional items	**(4,840)**	(3,494)
	€ cent	€ cent
Loss per share(2)	**(19.80)**	(29.07)
Adjusted loss per share(2)(3)(4)	**(8.72)**	(1.82)

(1) before exceptional items
(2) H1 2007 loss per share and adjusted loss per share as disclosed in the 2007 interim report, have been adjusted to take account of the one for five share consolidation approved by the shareholders at the extraordinary general meeting on 25 July 2007
(3) H1 2008 adjusted loss per share excludes exceptional costs of €2.514 million related to a non-cash charge in respect of warrants, a non-cash mark-to-market charge in respect of the acquisition of the Group's shares in Media Square plc and a cash loss on derivatives held by the Group at 31 December 2007
(4) H1 2007 adjusted loss per share excludes costs of €3.281 million relating to a corporate restructure

BUSINESS REVIEW

PAC Digimedia

	H1 2008	H1 2007[1]
	€000	€000
Revenue	**15,856**	15,147
EBITDA[2]	**1,539**	1,768
Operating profit	**537**	645
Capital expenditure	**(2,646)**	(747)

(1) performance for the previous year is based on combining the results of the managed services and books & journals divisions
(2) earnings before interest, tax, depreciation and amortisation

Overall, the UK operation performed extremely well during the six month period ending 30 June 2008. This was against a backdrop of a weakening economy and a significant decline in sterling's exchange rate against the euro.

The main driver for the improved revenue line was an exceptionally strong performance by the PCC companies driven by a substantial uplift in volumes of gift cards with 31 million cards shipped during the first six months as compared with 10 million in 2007. Bell and Bain has also grown its revenue in the period but this was on the back of decreasing margins and an increasingly competitive market place particularly from overseas producers. Top Copy, as a small homogeneous business in a challenging market, suffered a slight decline in revenues and operating profits. Costs in Top Copy have been cut to improve its competitiveness but given its scale it is unlikely to contribute significant revenues or profits to the Group.

Capital expenditure of €2.646 million was invested in the division to improve productivity and competiveness in a market place that has attracted huge interest from offshore suppliers who can avail of significantly better labour rates. Bell and Bain is now fully equipped with the best machinery in the marketplace and this platform will ensure its ability to compete at a highly efficient level for the next 3 to 5 years.

During the period PAC Digimedia also invested €5.141 million in acquiring 15% of the ordinary shares of Media Square plc. Media Square is a marketing communications group based predominantly in the UK and encompasses design, production and PR activities.

PAC Telemedia

	H1 2008	H1 2007[1]
	€000	€000
Revenue	**2,874**	-
EBITDA[2]	**(1,933)**	-
Operating loss	**(1,960)**	-
Capital expenditure	**(769)**	-

(1) there is no prior year comparative data as the division was only established in October 2007
(2) earnings before interest, tax, depreciation and amortisation

The results above represent the performance of Cellular Center, the division's only investment to date. Cellular Center commenced operations in May 2007 and had acquired or opened 37 retail stores across Georgia, Alabama, Texas and Florida by 30 June 2008. Cellular Center's strategy is to expand its operations rapidly and the results for the period are in line with expectations allowing for the start up nature of the business and the strategy adopted.

During the period, Cellular Center incurred capital expenditure of €0.769 million virtually all of which was related to the opening of new retail stores. Cellular Center is continuing to develop opportunities to grow the business either organically or by acquisition with the objective of becoming the leading independent cellular phone retailer in each market it serves.

FINANCIAL REVIEW

Turnover

On a constant currency basis and excluding the revenues arising from Cellular Center, Group turnover grew by 20%, however after currency impact is taken into account like-for-like turnover grew by 5%. Revenues contributed by Cellular Center resulted in total Group turnover increasing by 24%.

Operating loss

The Group incurred an operating loss before exceptional items of €2.133 million as compared with a loss of €0.094 million in the same period last year. The primary reason for the significantly higher loss is the loss incurred in Cellular Center which is in line with expectations based on the start up nature of this business.

Exceptional costs

The Group seeks to highlight significant or one off items within its results. During the period ending 30 June 2008, the Group incurred a total charge of €2.514 million comprising a non-cash charge of €0.407 million in respect of warrants issued in May 2007, a non-cash charge of €2.053 million in respect of the mark-to-market loss arising on the acquisition of the Group's 15% interest in Media Square plc, part of which was acquired through the use of derivatives in place at 31 December 2007, and a cash loss on the derivatives in place at 31 December of €0.054 million. The Group has closed out all of the derivative contracts and holds the Media Square plc shares directly in Prime Active Capital plc.

Cashflow

The Group consumed cash of €9.733 million in the first half of 2008 having spent €3.419 million on fixed assets, €5.141 million on acquiring a 15% shareholding in media Square plc and €0.425 million on working capital much of which was related to the ramp up of Cellular Center.

Net debt at the end of the period amounted to €2.120 million as compared with €3.725 million at the end of the first half of 2007. Net finance costs were €0.110 million compared to €0.234 million in the same period in 2007, reflecting the additional cash in the Group following the rights issue last July.

Acquisitions and disposals

In May 2008, the Group announced the acquisition of 15% of the ordinary shares in Media Square plc for a total consideration of €5.141 million. The Group announced the acquisition of a further 6.5% of the issued share capital in Media Square plc on 10 July 2008. The Group now owns 21.5% of the shares in that company, however the Group currently does not have significant influence over this company and accordingly doesn't expect to account for the investment as an associate unless this position changes.

The Group announced on 5 August 2008 that it had reached agreement, which was subject to shareholder approval, to dispose of its interests in two businesses in the UK, PCC Services Limited and the Plastic Card Company Limited (the PCC companies). The transaction completed on 29 August 2008 when €11.426 million was received. The consideration received is subject to final adjustment in October 2008. As this transaction completed after the 30 June 2008, the full effect on the income statement will be reflected in the financial statements for the year ended 31 December 2008.

On 30 September, the Group entered into an Asset Purchase Agreement with Railroad Bazaar LLC to acquire In2Wireless, its mobile phone retail store chain, for $4 million plus the assumption of certain liabilities not expected to exceed $300,000. The transaction is expected to be completed at the end of October subject to certain conditions including completion of satisfactory due diligence and obtaining certain consents.

CONSOLIDATED INCOME STATEMENT

	Notes	**Unaudited 6 months ended 30 June 2008**			Unaudited 6 months ended 30 June 2007			Audited year ended 31 December 2007		
		Pre-exceptionals	**Exceptionals (note 5)**	**Total**	Pre-exceptionals	Exceptionals (note 5)	Total	Pre-exceptionals	Exceptionals (note 5)	Total
		€000	**€000**	**€000**	€000	€000	€000	€000	€000	€000
Revenue	4	**18,730**	**-**	**18,730**	15,147	-	15,147	34,632	-	34,632
Cost of sales		**(14,497)**	**-**	**(14,497)**	(12,055)	-	(12,055)	(27,359)	-	(27,359)
Gross profit		**4,233**	**-**	**4,233**	3,092	-	3,092	7,273	-	7,273
Selling and distribution costs		**(1,008)**	**-**	**(1,008)**	(989)	-	(989)	(1,944)	-	(1,944)
Administration expenses		**(5,247)**	**(407)**	**(5,654)**	(2,197)	(2,147)	(4,344)	(4,190)	(2,289)	(6,479)
Other operating expenses		**-**	**-**	**-**	-	(1,134)	(1,134)	-	(1,134)	(1,134)
Other (losses)/gains		**(111)**	**(2,107)**	**(2,218)**	-	-	-	216	-	216
Operating (loss)/profit	4	**(2,133)**	**(2,514)**	**(4,647)**	(94)	(3,281)	(3,375)	1,355	(3,423)	(2,068)
Share of loss of joint venture		**-**	**-**	**-**	-	-	-	(308)	-	(308)
Finance costs	6	**(226)**	**-**	**(226)**	(405)	-	(405)	(727)	-	(727)
Finance income	6	**116**	**-**	**116**	171	-	171	449	-	449
(Loss)/profit before tax		**(2,243)**	**(2,514)**	**(4,757)**	(328)	(3,281)	(3,609)	769	(3,423)	(2,654)
Income tax (charge)/credit (estimated at interim)	7			**(83)**			115			453
Loss for the period				**(4,840)**			(3,494)			(2,201)
Attributable to:										
Equity shareholders				**(4,492)**			(3,494)			(2,170)
Minority interest				**(348)**			-			(31)
				(4,840)			(3,494)			(2,201)
				€cent			€ cent			€ cent
Loss per share										
Basic and diluted	8			**(19.80)**			(29.07)			(12.89)

CONSOLIDATED BALANCE SHEET

	Notes	**Unaudited 6 months ended 30 June 2008 €000**	Unaudited 6 months ended 30 June 2007 €000	Audited year ended 31 Dec. 2007 €000
Non-current assets				
Property, plant and equipment	9	**12,070**	11,318	10,578
Intangible assets		**2,941**	-	3,149
		15,011	11,318	13,727
Current assets				
Inventories		**2,810**	1,691	2,349
Trade and other receivables		**7,570**	6,820	8,586
Financial assets at fair value through profit or loss		**-**	-	261
Available-for-sale financial assets	10	**3,843**	-	-
Cash and cash equivalents	11	**3,458**	5,266	13,191
		17,681	13,777	24,387
Total assets		**32,692**	25,095	38,114
Liabilities				
Current liabilities				
Trade and other payables		**7,405**	5,942	8,158
Current income tax liabilities		**382**	741	275
Borrowings		**2,526**	4,533	2,581
Provisions for other liabilities and charges		**579**	-	69
		10,892	11,216	11,083
Non-current liabilities				
Borrowings		**3,052**	4,458	2,805
Deferred income tax liabilities		**558**	589	601
Retirement benefit obligations		**-**	122	-
Put liability		**1,051**	-	1,051
		4,661	5,169	4,457
Total liabilities		**15,553**	16,385	15,540
Net assets		**17,139**	8,710	22,574
Equity				
Ordinary shares	12	**11,341**	7,055	11,341
Share premium	12	**16,444**	6,596	16,444
Other reserves	12	**(1,077)**	2,204	342
Retained earnings	12	**(9,825)**	(7,145)	(5,828)
Minority interest in equity		**256**	-	275
Total equity		**17,139**	8,710	22,574

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Unaudited 6 months ended 30 June 2008 €000	Unaudited 6 months ended 30 June 2007 €000	Audited year ended 31 Dec. 2007 €000
Actuarial gain/(loss) on defined benefit pension plan	**-**	4	(3)
Exchange movement	**(1,826)**	(13)	(1,307)
Net loss recognised directly within equity	**(1,826)**	(9)	(1,310)
Loss for the period/year	**(4,840)**	(3,494)	(2,201)
Net change in available-for-sale financial assets	**495**	-	-
Total recognised expense relating to the period	**(6,171)**	(3,503)	(3,511)
Attributable to:			
Equity holders of the Company	**(5,823)**	(3,503)	(3,480)
Minority interest	**(348)**	-	(31)
	(6,171)	(3,503)	(3,511)

CONSOLIDATED CASH FLOW STATEMENT

	Notes	**Unaudited 6 months ended 30 June 2008 €000**	Unaudited 6 months ended 30 June 2007 €000	Audited year ended 31 Dec. 2007 €000
Operating activities				
Cash generated from operations	13(a)	**(1,575)**	(967)	753
Taxation recovered/(paid)		**-**	14	(11)
Net cash (outflow)/inflow from operating activities		**(1,575)**	(953)	742
Investing activities				
Purchase of property, plant and equipment		**(3,419)**	(757)	(1,537)
Proceeds from sale of property, plant and equipment		**-**	-	154
Interest received		**116**	136	381
Acquisition of subsidiary, net of cash acquired		**-**	-	(3,423)
Purchase of available-for-sale financial assets		**(5,141)**	-	-
Net cash outflow from investing activities		**(8,444)**	(621)	(4,425)
Financing activities				
Proceeds from issue of shares		**-**	2,056	16,190
New asset finance obligations		**1,934**	-	-
Proceeds from borrowings		**-**	812	-
Repayments of borrowings		**(732)**	(634)	(2,220)
Capital element of finance lease rental payments		**(598)**	(667)	(1,345)
Interest paid		**(133)**	(217)	(395)
Finance lease interest		**(93)**	(160)	(280)
Other grants		**662**	-	-
Net cash inflow from financing activities		**1,040**	1,190	11,950
Net (decrease)/increase in cash and cash equivalents		**(8,979)**	(384)	8,267
Cash and cash equivalents at beginning of period/year		**13,191**	5,661	5,661
Effect of exchange rate changes		**(754)**	(11)	(737)
Cash and cash equivalents at end of period/year	11	**3,458**	5,266	13,191

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. General information

Prime Active Capital plc (PAC) is a Public Limited Company and it is quoted on the London AIM market and the Dublin IEX market.

PAC manages a portfolio of companies from diversified industries with a view to growing them organically and through continued bolt on acquisition. At 30 June 2008, PAC was organised into two divisions: PAC Digimedia, which manages the Group's digital media assets, and PAC Telemedia, which has an 80% interest in Cellular Center, a US based chain of retail stores engaged in the sale of mobile phones and related products and services.

2. Basis of preparation and accounting policies

2.1 Basis of preparation

The interim results for the period ending 30 June 2008 have been prepared in accordance with the AIM Rules and in accordance with the accounting policies that the Group expects to adopt for the year ending 31 December 2008. Except as otherwise described, these accounting policies are consistent with the principal accounting policies which were set out in the Group's consolidated financial statements for the year ending 31 December 2007. The principal accounting policies as set out in the Group's consolidated financial statements for the year ending 31 December 2007 were consistent with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union and with those parts of the Companies Acts, 1963 to 2006 applicable to companies reporting under IFRS.

The financial information for the six months ending 30 June 2008 and the comparative figures for the six months ending 30 June 2007 as set out in the interim statement are un-audited. The summary financial information for the year ending 31 December 2007 represent an abbreviated version of the Group's full accounts for that year, on which the Group's Auditors issued an unqualified audit opinion which has been filed with the Registrar of Companies. The interim results should be read in conjunction with the annual financial statements so filed.

2.2 Accounting policies

Except as otherwise described, the accounting policies applied are consistent with those as set out in the Group's consolidated financial statements for the year ended 31 December 2007.

The following standards and interpretations which are mandatory for the first time for the financial year beginning 1 January 2008 have been reviewed and deemed to be non applicable:

- IFRIC 11 – IFRS 2 – Group and Treasury Share Transactions
- IFRIC 12 – Service Concession Arrangements
- IFRIC 14 – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2008 and have not been early adopted:

- Amendment to IFRS 2 – Share-based Payment: Vesting Conditions and cancellations (effective for annual periods beginning on or after 1 January 2009)
  This amendment clarifies the accounting treatment of cancellations and vesting conditions. It is not expected that this amendment will have any impact on the Group's financial statements.
- Amendment to IFRS 3 – Business Combinations (effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009)
  This standard establishes principles for how an acquirer recognises, measures and discloses in its financial statements the goodwill acquired in the business combination and the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The impact on the Group's financial statements will be dependent on future acquisitions.

- IFRS 8 – Operating Segments (effective for annual periods beginning on or after 1 January 2009)
  IFRS 8 replaces IAS 14 – Segment Reporting, and requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. Management do not anticipate any substantive changes to the segment reporting of the Group arising from the application of this standard.
- Amendment to IAS 1 – Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009)
  This amendment sets overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. Management do not expect the amendment to IAS 1 to have a significant impact on the presentation of the Group's financial statements.
- Amendment to IAS 23 - Borrowing Costs (effective for annual periods beginning on or after 1 January 2009)
  This amendment requires an entity to capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing such borrowing costs will be removed. This is currently not applicable to the Group as there are no qualifying assets.
- Amendment to IAS 32 – Financial Instruments: Presentation and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation (effective for annual periods beginning on or after 1 January 2009)
  This amendment will have no impact on the Group's financial statements. This amendment clarifies the accounting treatment of cancellations and vesting conditions. It is not expected that this amendment will have any impact on the Group's financial statements.
- IFRIC Interpretation 13 – Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2008)
  This interpretation clarifies that where goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. This IFRIC will have no impact on the Group's financial statements as the Group companies do not operate any loyalty programmes.

2.3 Available-for-sale financial assets

The Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than foreign currency differences, are recognised directly in equity. The fair value of investments classified as available-for-sale is their quoted market price at the balance sheet date. When such an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

3. Exchange rates

The income statements and cash flows of subsidiaries are translated into euro based on the average exchange rate for the period/year. The balance sheets are translated using the period/year-end exchange rates.

	6 months ended 30 June 2008	6 months ended 30 June 2007	Year ended 31 Dec. 2007
Average rate for the period/year			
Sterling	**0.7753**	0.6747	0.6846
US Dollar	**1.5309**	-	1.4541 (1)
Period/year-end rate			
£ Sterling	**0.7923**	0.6740	0.7334
US Dollar	**1.5764**	-	1.4721

(1) average rate for the period from the date of acquisition of Cellular Centre on 21 December 2007 to 31 December 2007

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

4. Analysis of revenue and operating results by business segment

The following tables present revenue and operating profit/(loss) information regarding the Group's operating segments for the six months ended 30 June 2008 and 2007, respectively.

Six months ended 30 June 2008	**PAC Digimedia €000**	**PAC Telemedia €000**	**Unallocated [1] €000**	**Group €000**
Revenue	**15,856**	**2,874**	**-**	**18,730**
Operating profit/(loss) before other gains and other operating expenses	**537**	**(1,960)**	**(1,006)**	**(2,429)**
Other losses	**-**	**-**	**(2,218)**	**(2,218)**
Operating profit/(loss)	**537**	**(1,960)**	**(3,224)**	**(4,647)**

Six months ended 30 June 2007	PAC Digimedia [2] €000	PAC Telemedia €000	Unallocated [1] €000	Group €000
Revenue	15,147	-	-	15,147
Operating profit/(loss) before other gains and other operating expenses	645	-	(4,020)	(3,375)
Other losses	-	-	-	-
Operating profit/(loss)	645	-	(4,020)	(3,375)

(1) unallocated costs represent corporate costs of the Group including exceptional costs of €2.514 million (2007: €3.281 million)
(2) prior year comparatives for PAC Digimedia are based on combining the results of the managed services and books & journals divisions

Segment assets and liabilities at 30 June 2008	**PAC Digimedia €000**	**PAC Telemedia €000**	**Unallocated €000**	**Group €000**
Segment assets	**20,183**	**5,638**	**6,870**	**32,691**
Segment liabilities	**(11,991)**	**(2,682)**	**(880)**	**(15,553)**

Segment assets and liabilities at 30 June 2007	PAC Digimedia €000	PAC Telemedia €000	Unallocated €000	Group €000
Segment assets	19,893	-	5,202	25,095
Segment liabilities	(14,656)	-	(1,729)	(16,385)

5. Exceptional items

	Unaudited 6 months ended 30 June 2008 €000	Unaudited 6 months ended 30 June 2007 €000	Audited year ended 31 Dec. 2007 €000
Redundancy payments	**-**	1,134	1,134
Professional and other fees	**-**	372	31
Warrants (1)	**407**	1,775	2,258
Loss on financial instruments (2)	**2,107**	-	-
	2,514	3,281	3,423

(1) the charge of €0.407 million represents the fair value of the warrants as calculated by independent valuers
(2) the loss on financial instruments represents the mark-to-market loss of €2.053 million arising on the acquisition of the Group's 15% interest in Media Square plc, part of which was acquired through the use of derivatives in place at 31 December 2007, and a cash loss on the derivatives in place at 31 December of €0.054 million

6. Finance costs and finance income

	Unaudited 6 months ended 30 June 2008 €000	Unaudited 6 months ended 30 June 2007 €000	Audited year ended 31 Dec. 2007 €000
Finance costs:			
Bank borrowings	**(93)**	(219)	(395)
Asset finance	**(133)**	(158)	(280)
Defined benefit pension plan – interest cost on plan liabilities	**-**	(28)	(52)
	(226)	(405)	(727)
Finance income:			
Bank deposit interest	**116**	136	380
Defined benefit pension plan – expected return on plan assets	**-**	35	69
	116	171	449
Finance costs (net)	**(110)**	(234)	(278)

7. Income tax expense

	Unaudited 6 months ended 30 June 2008 €000	Unaudited 6 months ended 30 June 2007 €000	Audited year ended 31 Dec. 2007 €000
Current tax (estimated at interim)	**(83)**	142	(43)
Adjustments in respect of previous periods	**-**	-	538
	(83)	142	495
Deferred tax			
Temporary differences	**-**	(27)	24
Adjustments in respect of previous periods	**-**	-	(66)
	(83)	115	453

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

8. (Loss)/earnings per share

(Loss)/earnings	**Unaudited 6 months ended 30 June 2008**	Unaudited 6 months ended 30 June 2007 (1)(2)	Audited year ended 31 Dec. 2007
	€000	€000	€000
Loss for the period attributable to equity shareholders	**(4,492)**	(3,494)	(2,170)
Exceptional costs	**2,514**	3,281	3,423
Adjusted (loss)/earnings for the period/year	**(1,978)**	(213)	1,253

Basic and diluted (loss)/earnings per share	**Unaudited 6 months ended 30 June 2008**	Unaudited 6 months ended 30 June 2007 (1)(2)	Audited year ended 31 Dec. 2007
	€cent	€ cent	€ cent
Loss per share (3)	**(19.80)**	(29.07)	(12.89)
Exceptional costs	**11.08**	27.25	20.34
Adjusted (loss)/earnings per share	**(8.72)**	(1.82)	7.45
Weighted average number of shares ('000)	**22,681**	12,021	16,381

(1) the loss per share of 5.81 cent and adjusted loss per share of 0.36 cent as disclosed in the 2007 interim report, have been adjusted to take account of the one for five share consolidation approved by the shareholders at the extraordinary general meeting on 25 July 2007
(2) the original weighted average number of shares of 60.103 million at H1 2007 has been adjusted pro rata to 12.021 million for this calculation
(3) the basic loss per share and diluted loss per share are the same, as the effect of outstanding warrants is anti-dilutive

9. Property, plant and equipment

During the six month ended 30 June 2008, the Group acquired assets with a cost of €3.419 million (2007: €0.757 million).

10. Available-for-sale financial assets

	Unaudited 6 months ended 30 June 2008 €000	Unaudited 6 months ended 30 June 2007 €000	Audited year ended 31 Dec. 2007 €000
Quoted equity securities	**3,843**	-	-

At 30 June 2008, quoted equity securities consisted of the Group's investment in 48.404 million ordinary shares in Media Square plc, representing 15% of the issued share capital in that Company. Media Square plc is an AIM listed marketing communications company group.

11. Cash and cash equivalents

	Unaudited 6 months ended 30 June 2008 €000	Unaudited 6 months ended 30 June 2007 €000	Audited year ended 31 Dec. 2007 €000
Cash at bank and in hand	**2,118**	285	2,916
Short-term deposits	**1,340**	4,981	6,844
Restricted cash	**-**	-	3,431
	3,458	5,266	13,191

12. Equity and reserves

	Share capital €000	**Share premium reserve €000**	**Share based payments reserve €000**	**Currency translation reserve €000**	**Other reserves €000**	**Retained earnings €000**	**Total €000**
At 1 January 2008	**11,341**	**16,444**	**2,258**	**(865)**	**(1,051)**	**(5,828)**	**22,299**
Net loss for the period	**-**	**-**	**-**	**-**	**-**	**(4,492)**	**(4,492)**
Exchange movement	**-**	**-**	**-**	**(1,826)**	**-**	**-**	**(1,826)**
Net change in available-for-sale investments	**-**	**-**	**-**	**-**	**-**	**495**	**495**
Fair valuation of warrants	**-**	**-**	**407**	**-**	**-**	**-**	**407**
At 30 June 2008	**11,341**	**16,444**	**2,665**	**(2,691)**	**(1,051)**	**(9,825)**	**16,883**

	Share capital €000	Share premium reserve €000	Share based payments reserve €000	Currency translation reserve €000	Other reserves €000	Retained earnings €000	Total €000
At 1 January 2007	7,055	5,950	-	442	-	(3,655)	9,792
Net loss for the period	-	-	-	-	-	(3,494)	(3,494)
Exchange movement			-	(13)	-	-	(13)
Net change in available-for-sale investments	-	-	-	-	-	-	-
Fair valuation of warrants	-	-	1,775	-	-	-	1,775
Proceeds from share placings		646	-	-	-	-	646
Actuarial gain on defined benefit pension plan	-	-	-	-	-	4	4
At 30 June 2007	7,055	6,596	1,775	429	-	(7,145)	8,710

13. Notes to the consolidated cash flow statement

(a) Cash generated from operations

	Unaudited 6 months ended 30 June 2008 €000	Unaudited 6 months ended 30 June 2007 €000	Audited year ended 31 Dec. 2007 €000
Loss before taxation	**(4,757)**	(3,609)	(2,654)
Adjustments for:			
Net finance costs	**110**	234	278
Depreciation	**1,037**	1,132	2,004
Exceptional costs - warrants	**407**	1,775	2,258
Movement in post employment obligations	**-**	(6)	17
Share of loss from joint venture	**-**	-	308
Loss on disposal of property, plant and equipment	**-**	-	4
Increase in inventories	**(647)**	(488)	(827)
Decrease/(increase) in trade and other receivables	**210**	1,051	(758)
Increase/(decrease) in trade and other payables	**12**	(1,056)	509
Fair value loss on financial instruments	**2,053**	-	(261)
Curtailment gain on defined benefit pension scheme	-	-	(125)
	(1,575)	(967)	753

(b) Reconciliation of net decrease in cash and cash equivalents to movement in net debt

	Unaudited 6 months ended 30 June 2008 €000	Unaudited 6 months ended 30 June 2007 €000	Audited year ended 31 Dec. 2007 €000
(Decrease)/increase in cash and cash equivalents	**(8,979)**	(384)	8,267
Financing			
New borrowings	**-**	(812)	-
Repayment of borrowings	**732**	634	2,220
Lease repayments	**598**	667	1,345
	(7,649)	105	11,832
New asset finance obligations	**(1,934)**	-	-
Effect of foreign exchange rate changes	**(342)**	(4)	(201)
Movement in net (debt)/cash in the period/year	**(9,925)**	101	11,631
Net cash/(debt) at beginning of period/year	**7,805**	(3,826)	(3,826)
Net (debt)/cash at end of period/year	**(2,120)**	(3,725)	7,805

(c) Analysis of net (debt)/cash

	Unaudited 6 months ended 30 June 2008 €000	Unaudited 6 months ended 30 June 2007 €000	Audited year ended 31 Dec. 2007 €000
Cash and cash equivalents	**3,458**	5,266	13,191
Cash flow finance	**-**	(1,782)	-
Term debt and other loans	**(3,997)**	(3,197)	(2,340)
Asset finance obligations	**(1,581)**	(4,012)	(3,046)
	(2,120)	(3,725)	7,805

(d) Major non-cash transactions

The major non-cash transactions within the Group during the period ended 30 June 2008 relate to €0.407 million (2007: €1.775 million) in respect of warrants issued in May 2007 and a non-cash charge of €2.053 million in respect of the mark-to-market loss arising on the acquisition of the Group's ordinary shares in Media Square plc. During the period, the Group also entered into asset finance agreements, in respect of items of plant and equipment, with a total capital value at the inception of the finance agreements of €1.934 million (2007: €nil).

14. Events after the balance sheet date

On 10 July 2008, the Group announced it had acquired a further 21 million ordinary shares in Media Square plc at a price of £0.0625 per share. At this date, the Group's holding in Media Square plc represented 21.5% of that company's issued share capital.

On 5 August 2008, the Group announced the proposed sale of two subsidiaries, The Plastic Card Company Limited and PCC Services Limited (the PCC Companies), for an aggregate consideration of c. €13.9 million (£11 million) less the debt in the PCC Companies and other adjustments at completion. The net consideration to be received after debt, costs and other adjustments was expected to be c. €11.3 million (£9 million). The PCC Companies together comprised the plastic cards, design, production and distribution unit of PAC Digimedia, the digital media division of the Group.

This disposal was approved by Shareholders on 28 August 2008 and the transaction completed the following day when €11.426 million (£9.198 million) was received, which is subject to final adjustment in October 2008.

Financial information relating to the PCC Companies is set out below:

	Unaudited 6 months ended 30 June 2008 €000	Unaudited 6 months ended 30 June 2007 €000	Audited year ended 31 Dec. 2007 €000
Revenue	**10,284**	9,109	21,401
Operating profit	**522**	52	1,556
Net assets	**3,192**	3,238	3,341

On 30 September, the Group entered into an Asset Purchase Agreement in respect of the business and assets of In2Wireless. In2Wireless is a division of Railroad Bazaar LLC and is an exclusive agent for Verizon Wireless selling mobile phones and related accessories in its 27 retail stores in Alabama.

Consideration of c. €2.8 million ($4.0 million) in cash plus the assumption of certain liabilities not expected to total more than c. €0.2 million ($0.3 million) has been agreed with Railroad Bazaar LLC. The assets being acquired include stock, fixtures and fittings with an estimated valuation of €0.7 million ($1.0 million). The business is to be acquired by Cellular Center LLC and Cellular Center expects to take substantially all the staff of In2Wireless.

It is expected that this transaction will complete at the end of October 2008 conditional upon, inter alia, the completion of due diligence and satisfaction with the results thereof, obtaining certain consents and no adverse change to the business of In2Wireless having arisen in the meantime.

In2Wireless is a profitable division of Railroad Bazaar LLC and delivered earnings of c. €0.5 million ($0.75 million) in its last financial year. However, giving the timing of the acquisition being so close to the year end, this investment is not expected to have a material impact on Prime Active Capital's earnings in the current year.

15. Interim report

This interim report was approved by the Board of Directors on 30 September 2008 and is included on the Company's website, www.pacplc.com. Copies of the interim report are available from the Company's registered office at 2A Sandymount Green, Sandymount, Dublin 4.