PRIME ACTIVE CAPITAL plc
INTERIM FINANCIAL INFORMATION
(UNAUDITED)

30 JUNE 2011

FINANCIAL AND OPERATING HIGHLIGHTS

- Revenue growth of 8.4% year on year, reduced to 2% by currency movements
- The trading company, PAC Telemedia, made an operating profit in H1 of €68,000 compared to a loss of €424,000 for the same period last year
- The H1 operating loss is down 56% at €381,000 compared with an operating loss of €875,000 in 2010, as the US operations continue to improve
- EPS loss reduced by 49% from 3.81 cent to 1.95 cent
- Store investment programme underway

	H1 2011	H1 2010
Continuing operations	**€'000**	€'000
Revenue		
PAC Telemedia	**17,471**	17,100
Group loss for the period		
PAC Telemedia operating profit/(loss)	**68**	(424)
Centre costs	**(449)**	(451)
Operating loss	**(381)**	(875)
Interest, tax and other charges(1)	**(57)**	6
Loss after tax	**(438)**	(869)
	€ cent	€ cent
Basic loss per share		
Loss per share (cent)	**(1.95)**	(3.81)
	(1.95)	(3.81)

(1) includes net interest paid of €0.021 million and income tax charge of €0.036 million in 2011 and net interest received of €0.004 million, net interest paid of €0.013 million and income tax credit of €0.015 million in 2010

CHAIRMAN'S STATEMENT

Overview

The revenue of the business for the half year to June 2011 was €17.5 million ($24.6 million) compared to €17.1 million ($22.7 million) for the same period last year. The revenue of the business grew by over 8% on a constant currency basis, but this was reduced to 2% as a result of the exchange rate movement between the euro and the dollar.

Prior to central costs, the underlying business improved in H1 2011 to an operating profit of €68,000 compared to an operating loss of €424,000 for the first half of 2010 which was an improvement of €492,000 on relatively low revenue growth. After applying central costs the operating loss of the Group was reduced by 56%, to €381,000 compared with an operating loss of €875,000 for the first half of the previous year.

The year started slowly and the trading was uneven through the half year. While the business performed as expected there is little that is predictable about the state of the US retail market and volumes and margins are volatile dependent on consumer sentiment, need and the cycle of the handsets. We have also seen greater rejection of handset contracts compared to previous years as consumers cut back their household expenditure and overall the impression of our market is that cash and credit for consumers is tighter than it has been in the last several years.

PAC Telemedia

We have incurred considerable expenditure in customer support, sales support and in the local management team while improving profitability from the previous year. We have also invested in IT, changing out and installing new systems adopting professional store management software to improve reporting. This has improved the ability of the team to manage the businesses and provides timely information on inventory and product margins, as well as on individual and district store performance.

This information informs our evolving business model as the agent model changes. Where once the model was for stores to be almost a licensed geographic franchisee for a network, the agent model is now going through a consolidation phase as small agents are being squeezed out of the market, and the stores become destinations. In addition we see some of the smaller network-owned stores being closed out or sold out to the better agents in the territories.

With our company policy of migrating from kiosks to in-line stores in the malls, and moving to larger standalone stores outside the malls we believe we are now close to the corporate store model and therefore qualify to be considered when territories become available. This will require on-going investment where this is seen to be commercially attractive.

On the handset front there are a few different currents flowing. The iPhone was brought in by Verizon in the first half and has delivered some volume of traffic into the stores, and this, with other market leading handsets has helped to drive smartphone sales. Smartphone unit sales have doubled since last year, and they are expensive, complex handsets. Many consumers are owners of their first data handset and while these may be acquired cheaply enough due to the large subsidies that support the sales it is a step change for consumers on the utility and cost of such a device.

It is going to be a difficult environment to trade in US retail for the foreseeable future but we have good products, good partners and an improving group.

Media Square plc

We continue to hold 28.5% of the ordinary share capital of this quoted company. The trading has improved significantly under the new CEO, and the company has been able to meet its banking commitments. The company has still a disproportionate amount of debt for its size, but it reflects credit on the senior operating management team that they have stayed upbeat and successful under the very serious sectoral pressure of the last four years.

It would be fair to say that we would be more optimistic about this company at present than we have been for years. Having said that the team still faces great challenges in their markets and with their level of debt.

The company's bank has played a positive part in the performance of the business by staying close and being supportive and as shareholders we appreciate that.

Relationships have normalised with the change in management and improvement in performance.

Other matters

We sold our operation in Scotland to the management team at the end of 2009 to realise £3.85 million of which £1.6 million was deferred. To date and on schedule we have received £250,000 of the deferred element and are to receive the outstanding £1.35 million in tranches out to October 2012. The business continues to trade in line with expectations and there are no current indications of risk to the deferred element.

Closing comments

We believe the business to be robust but we have seen indications of a slowdown in US retail since the half year. While the "back-to-school" trading period of late July and August in the USA has been usually very positive, volumes this year have not materialised to the extent budgeted. We are trading at or about the same unit levels as last year and margins are under pressure. This is disappointing after the trade of the first half, and while we believe this is environmental weakness due to consumer uncertainty flowing from the budget issues of the US Government, it is providing a difficult backdrop for general retailers.

However the backdrop fits with our decisions to consolidate our costs in the second half of the year and prepare for 2012 while continuing to invest in improving our stores, our training and our management. We have a number of planned capital investments in new and relocated stores for the second half of the year and we intend to proceed with them as part of an ongoing plan to improve our store units. We will continue to develop our trading model through the rest of the year.

Peter E. Lynch
Executive Chairman
25 August 2011

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

		Unaudited 6 months ended 30 June 2011			Unaudited 6 months ended 30 June 2010		
		Pre-exceptionals	**Exceptionals**	**Total**	Pre-exceptionals	Exceptionals	Total
	Notes	**€'000**	**€'000**	**€'000**	€'000	€'000	€'000
Continuing operations							
Revenue	5	**17,471**	**-**	**17,471**	17,100	-	17,100
Cost of sales		**(10,554)**	**-**	**(10,554)**	(10,427)	-	(10,427)
Gross profit		**6,917**	**-**	**6,917**	6,673	-	6,673
Selling and distribution costs		**(5,246)**	**-**	**(5,246)**	(5,580)	-	(5,580)
Administration expenses		**(2,052)**	**-**	**(2,052)**	(1,968)	-	(1,968)
Operating loss	5	**(381)**	**-**	**(381)**	(875)	-	(875)
Finance costs		**(21)**	**-**	**(21)**	(13)	-	(13)
Finance income		**-**	**-**	**-**	4	-	4
Loss before tax		**(402)**	**-**	**(402)**	(884)	-	(884)
Income tax charge		**(36)**	**-**	**(36)**	15	-	15
Loss for the period		**(438)**	**-**	**(438)**	(869)	-	(869)
Attributable to:							
Equity shareholders				**(443)**			(864)
Minority interest				**5**			(5)
				(438)			(869)
Loss per ordinary share (€ cent)							
Basic and diluted				**(1.95c)**			(3.81c)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Unaudited 6 months ended 30 June 2011 €'000	Unaudited 6 months ended 30 June 2010 €'000
Loss for the period	**(438)**	(869)
Other comprehensive income/(expense):		
Available-for-sale financial assets	**(185)**	(545)
Exchange movement	**(869)**	518
Total comprehensive expense for the period	**(1,492)**	(896)
Attributable to:		
Equity holders of the Company	**(1,487)**	(891)
Minority interest	**(5)**	(5)
	(1,492)	(896)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	Unaudited 6 months ended 30 June 2011 €'000	Unaudited 6 months ended 30 June 2010 €'000	Audited year ended 31 Dec. 2010 €'000
Assets			
Current assets			
Inventories	**1,834**	1,843	2,483
Trade and other receivables	**2,736**	2,861	3,347
Cash and cash equivalents	**642**	1,698	2,187
Other loans and receivables	**1,000**	-	-
	6,212	6,402	8,017
Non-current assets			
Property, plant and equipment	**1,453**	1,204	1,195
Intangible assets	**8,052**	8,306	8,710
Available-for-sale financial assets	**442**	1,259	658
Other loans and receivables	**334**	1,404	1,406
	10,281	12,173	11,969
Total assets	**16,493**	18,575	19,986
Liabilities			
Current liabilities			
Trade and other payables	**4,831**	5,148	6,493
Current income tax liabilities	**100**	100	192
Borrowings	**587**	26	29
Provisions for other liabilities and charges	**626**	766	848
	6,144	6,040	7,562
Non-current liabilities			
Borrowings	**49**	674	632
Retirement benefit obligations	**251**	156	251
	300	830	883
Total liabilities	**6,444**	6,870	8,445
Net assets	**10,049**	11,705	11,541
Equity			
Ordinary shares	**11,341**	11,341	11,341
Share premium	**16,444**	16,444	16,444
Other reserves	**413**	882	1,457
Retained earnings	**(18,276)**	(17,089)	(17,833)
Minority interest in equity	**127**	127	132
Total equity	**10,049**	11,705	11,541

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share Capital €'000	**Share premium reserve €'000**	**Other Reserves €'000**	**Retained Earnings €'000**	**Total attributable to shareholders €'000**	**Minority Interest €'000**	**Total Equity €'000**
At 1 January 2011	**11,341**	**16,444**	**1,457**	**(17,833)**	**11,409**	**132**	**11,541**
Comprehensive income:							
Loss for period	**-**	**-**	**-**	**(443)**	**(443)**	**5**	**(438)**
Other comprehensive income:							
Available-for-sale financial assets							
- current year loss	**-**	**-**	**(185)**	**-**	**(185)**	**-**	**(185)**
Exchange movement	**-**	**-**	**(859)**	**-**	**(859)**	**(10)**	**(869)**
Total comprehensive income	**11,341**	**16,444**	**413**	**(18,276)**	**9,922**	**127**	**10,049**
Transactions with owners	-	-	-	-	-	-	-
At 30 June 2011	**11,341**	**16,444**	**413**	**(18,276)**	**9,922**	**127**	**10,049**

	Share Capital €'000	Share premium reserve €'000	Other Reserves €'000	Retained Earnings €'000	Total attributable to shareholders €'000	Minority Interest €'000	Total Equity €'000
At 1 January 2010	11,341	16,444	931	(16,225)	12,491	113	12,604
Comprehensive income:							
Loss for period	-	-	-	(864)	(864)	(5)	(869)
Other comprehensive income:							
Available-for-sale financial assets	-	-	(545)	-	(545)	-	(545)
Exchange movement	-	-	496	-	496	19	515
Total comprehensive income	11,341	16,444	882	(17,089)	11,578	127	11,705
Transactions with owners	-	-	-	-	-	-	-
At 30 June 2010	11,341	16,444	882	(17,089)	11,578	127	11,705

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

	Notes	**Unaudited 6 months ended 30 June 2011 €'000**	Unaudited 6 months ended 30 June 2010 €'000
Operating activities			
Cash outflows from operations	6(a)	**(693)**	(780)
Tax (paid)/received		**(165)**	15
Net cash (outflow) from operating activities		**(858)**	(765)
Investing activities			
Purchase of property, plant and equipment		**(528)**	(166)
Interest received		**-**	4
Purchase of available-for-sale financial assets		**-**	(584)
Net cash (outflow) from investing activities		**(528)**	(746)
Financing activities			
Proceeds from asset finance obligations		**-**	81
Proceeds from borrowings		**-**	615
Capital element of finance lease rental payments		**(11)**	(3)
Interest paid		**(19)**	(13)
Finance lease interest		**(2)**	-
Net cash (outflow)/inflow from financing activities		**(32)**	680
Net decrease in cash and cash equivalents		**(1,418)**	(831)
Cash and cash equivalents at beginning of period		**2,187**	2,286
Effect of exchange rate changes		**(127)**	243
Cash and cash equivalents at end of period		**642**	1,698

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. General information

The Company is a public limited company listed on the Enterprise Securities Market (ESM) in Dublin and on the Alternative Investment Market (AIM) in London.

The consolidated interim financial statements, presented for the six month period ended 30 June 2011, comprise the Company and its subsidiaries (together the "Group"). The Group is primarily involved in the retail of mobile phones and the provision of telecommunication subscription services in the USA.

2. Basis of preparation and accounting policies

2.1 Basis of preparation

The interim results for the period ending 30 June 2011 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 2011. 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 2010. The principal accounting policies as set out in the Group's consolidated financial statements for the year ending 31 December 2010 were consistent with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union (EU) and with those parts of the Companies Acts, 1963 to 2009 applicable to companies reporting under IFRS.

The financial information for the six months ending 30 June 2011 and the comparative figures for the six months ending 30 June 2010 as set out in the interim statement are un-audited. The summary financial information for the year ending 31 December 2010 represents 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

The accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2010.

3. Financial Risk Management

The Group's activities exposes it to a variety of financial risks including interest rate risk, currency risk, price risk, credit risk and liquidity risk.

The interim consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2010.

There have been no changes in the Group's financial risk management policies since the year end.

4. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2010.

5. Segment information

The Group has one business segment PAC Telemedia. This segment aligns with the Group's internal financial reporting system and the way in which the Chief Operating Decision Maker assesses performance. PAC Telemedia is the telecommunications division and comprises operating subsidiaries that are premium retailers of mobile phones and accessories and are authorised agents for Verizon Wireless offering its pre and post paid mobile telecommunications subscription services and wireless data products.

Continuing operations	**Unaudited 6 months ended 30 June 2011 €'000**	Unaudited 6 months ended 30 June 2010 €'000
Revenue(1)		
PAC Telemedia	**17,471**	17,100
EBITDA(2)		
PAC Telemedia	**253**	(285)
Unallocated(3)	**(443)**	(447)
	(190)	(732)
Depreciation, amortisation and other grants		
PAC Telemedia	**(185)**	(139)
Unallocated(3)	**(6)**	(4)
	(191)	(143)
Group operating profit/(loss)		
PAC Telemedia	**68**	(424)
Unallocated(3)	**(449)**	(451)
	(381)	(875)
Reconciliation of group operating loss to loss before income tax		
Group operating loss	**(381)**	(875)
Net finance costs	**(21)**	(9)
Loss before income tax	**(402)**	(884)

(1) Group revenue is entirely from external customers
(2) the Executive Chairman assesses segment performance based on earnings before interest, tax, depreciation and amortisation (EBITDA)
(3) unallocated costs represent corporate costs of the Group

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

Segment assets and liabilities at 30 June 2011 are as follows:

Continuing operations	**PAC Telemedia €'000**	**Unallocated €'000**	**Group €'000**
Non-current assets	**9,473**	**808**	**10,281**
Current assets	**5,167**	**1,045**	**6,212**
Total assets	**14,640**	**1,853**	**16,493**
Total liabilities	**(5,210)**	**(1,234)**	**(6,444)**

Segment assets and liabilities at 30 June 2010 are as follows:

	PAC Telemedia €'000	Unallocated €'000	Group €'000
Non-current assets	9,469	2,704	12,173
Current assets	6,129	273	6,402
Total assets	15,598	2,977	18,575
Total liabilities	(5,633)	(1,237)	(6,870)

6. Notes to the consolidated cash flow statement

(a) Cash flows from operations

	Unaudited 6 months ended 30 June 2011 €'000	Unaudited 6 months ended 30 June 2010 €'000
Continuing operations		
Loss before taxation	**(402)**	(884)
Adjustments for:		
Net finance costs	**21**	9
Depreciation	**191**	143
Decrease/(increase) in inventories	**474**	870
Decrease in trade and other receivables	**374**	1,446
Decrease in trade and other payables	**(1,351)**	(2,364)
Cash (outflow) from continuing operations	**(693)**	(780)

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

	Unaudited 6 months ended 30 June 2011 €'000	Unaudited 6 months ended 30 June 2010 €'000
Continuing operations		
Decrease in cash and cash equivalents	**(1,418)**	(831)
Financing		
Asset finance repayments	**11**	3
	(1,407)	(828)
New asset finance obligations	**(18)**	(81)
Proceeds from borrowings	**-**	(615)
Effect of foreign exchange rate changes	**(95)**	236
Movement in net (debt) in the period	**(1,520)**	(1,288)
Net cash at beginning of period	**1,526**	2,286
Net cash at end of period	**6**	998

(c) Analysis of net cash/(debt)

	Unaudited 6 months ended 30 June 2011 €'000	Unaudited 6 months ended 30 June 2010 €'000
Continuing operations		
Cash and cash equivalents	**642**	1,698
Term debt and other loans	**(565)**	(615)
Asset finance obligations	**(71)**	(85)
	6	998

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

7. Events after the balance sheet date

There have been no significant events affecting the Group since the balance sheet date.

8. Interim report

This interim report was approved by the Board of Directors on 25 August 2011 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 18 The Hyde Building, The Park, Carrickmines, Dublin 18.