PRIME ACTIVE CAPITAL plc
INTERIM FINANCIAL INFORMATION
(UNAUDITED)

30 JUNE 2013

FINANCIAL SUMMARY

Continuing operations	H1 2013 €'000	H1 2012 ú'000
Revenue		
PAC Telemedia	**19,754**	19,158
Group loss for the period		
PAC Telemedia operating loss	**(189)**	(1,013)
Centre costs	**(29)**	(476)
Operating loss	**(218)**	(1,489)
Interest, tax and other charges[1]	**(80)**	(24)
Loss after tax	**(298)**	(1,513)
	€ cent	ú cent
Basic loss per share		
Loss per share (cent)	**(1.33)**	(6.61)
	(1.33)	(6.61)

(1) includes net interest paid of ú0.079 million (2012: ú0.018 million) and income tax charge of ú0.001 million (2012: ú0.006 million) and net interest received of ú0.000 Million (2012: ú0.004 million).

CHAIRMAN'S STATEMENT

The Interim Statements are attached and they show a continuing improvement in the trading performance of the group. Turnover increased by 3%, but this was on units sales down 5% as we closed loss making stores and customers continued to move to higher value handsets.

We are now selling units at a higher revenue and higher gross profit per unit, and in recent months we are catching up on the unit sales of last year with fewer stores.
Gross profit increased to ú6.5 million in the first six months of the year from ú5.6 million for the interim period last year and while overheads were relatively flat overall there was a material shift away from support costs and into sales wages and sales commission to incentivise the front line staff. This was one of the elements in driving the gross profit from 29% in the first half of last year to 33% this year and that improvement was delivered to the bottom line.

This improvement in the gross profit has been delivered mainly by the new activities and businesses the company has added rather than the core handset sales. These handset margins and terms remain firmly in the hands of the manufacturers and networks and consequently, to a large extent, so does the profitability of our business. This is unlikely to change in the trading year ahead of us.
There are new handsets to be released, but experience tells us that these devices will not do much for margin, though they will cause excitement and perhaps additional volume if they are available to the distribution channels as required. The handsets provide opportunities for on-selling of ancillary products and services.

In May the business took a loan from Mosaic Limited and two Mosaic Directors, Mr. Tony Gill and Mr. Steve Smith, joined the Board. One of the new Directors, Mr. Tony Gill, is the largest shareholder in the company. This loan, and other Directors support, provided the working capital necessary to provide inventory for the sales when the underlying model had been fixed. This has proved to be the case and the renewed inventory levels freed the sales constraint and this delivered the consequent improvement in profits and cash flow to good effect.

We have rebuilt trust and credit with all our suppliers and confidence and morale has improved inside and outside the firm. The company owes a vote of thanks to the Directors for supporting the company in the way that they did as it allowed the recovery of the business to accelerate.
The overall business returned to profitability in May and the unaudited management accounts indicate the business has been profitable every month since, including August, the last accounts before these Interims have been released. The company is now ahead of budget overall. We are moving into the seasonally better second half, which typically consists of a relatively flat third quarter and a fairly frenetic final quarter in the holiday trading season.

While the business has stabilised after the last couple of very difficult trading years, the Board will consider the options available to the company over the next months. Since the business cannot stand still it should aim to grow from the base it has, continue to development organically and through acquisition, funding as may be necessary, or alternatively merge or be acquired by another business.
From time to time we get ongoing enquiries from other, larger, agents as to whether the chain would be for sale, and the industry continues to go through significant consolidation. These ongoing discussions give us the understanding that underwrites our view of the value inherent in the business, and we also welcome the opportunity to exchange information about best practice that may improve our performance.

At present the internal ambition is to continue to develop the business, and we have customers, turnover, market knowledge, staff, cash flow and opportunity available to us. We are aiming to open a new store in October at the support office to develop trade, training, and test new ideas and services and have a letter of intent out to another agent at present for a further acquisition so the business continues to move forward.
The Board will consider the trading and financing options ahead of the company in the next few months and into the New Year to see how shareholder value can be optimised.

Closing comments

The team in the USA deserves a lot of credit for having the strength to work through what was a very difficult year, and for the execution of new ideas and businesses in what was at times a tough environment.

The team are a pleasure to work with, and this is true also of the wider support staff and our key sales managers and salespeople. The key staff are more innovative than ever and more determined to succeed, and have also created an excellent working environment.

We rank our opportunities by their perceived probability of good execution and success, and by their cash requirement in working capital and capital investment. There are undeveloped services, products and activities that the company can see that provide further opportunity to develop, which may add value over the next year, and which would be directed at increasing the gross margin further. This is where the company will get the most return for the investment of management time and the resources of the business.

However, this is a tough retail world where inattention or lack of response is punished severely, and the business will have to continue to develop, innovate and invest to remain relevant to the market in which it operates. The Board will continue to actively develop the options for the company in the best interests of shareholder value.

Peter E. Lynch
Executive Chairman
16 September 2013

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

		Unaudited 6 months ended 30 June 2013			Unaudited 6 months ended 30 June 2012		
	Notes	**Pre-exceptionals €'000**	**Exceptionals €'000**	**Total €'000**	Pre-exceptionals ú'000	Exceptionals ú'000	Total ú'000
Continuing operations							
Revenue		**19,754**	**-**	**19,754**	19,158	-	19,158
Cost of sales	5	**(13,298)**	**-**	**(13,298)**	(13,534)	-	(13,534)
Gross profit		**6,456**	**-**	**6,456**	5,624	-	5,624
Selling and distribution costs		**(5,495)**	**-**	**(5,495)**	(5,129)	-	(5,129)
Administration expenses		**(1,430)**	**-**	**(1,430)**	(1,840)	-	(1,840)
Other gains/(losses)	6	**251**	**-**	**251**	(144)	-	(144)
Operating loss	5	**(218)**	**-**	**(218)**	(1,489)	-	(1,489)
Finance costs		**(79)**	**-**	**(79)**	(18)	-	(18)
Loss before tax		**(297)**	**-**	**(297)**	(1,507)	-	(1,507)
Income tax charge		**(1)**	**-**	**(1)**	(6)	-	(6)
Loss for the period		**(298)**	**-**	**(298)**	(1,513)	-	(1,513)
Attributable to:							
Equity shareholders				**(302)**			(1,500)
Minority interest				**4**			(13)
				(298)			(1,513)
Loss per ordinary share (€ cent)							
Basic and diluted				**(1.33c)**			(6.61c)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Unaudited 6 months ended 30 June 2013 €'000	Unaudited 6 months ended 30 June 2012 ú’000
Loss for the period	**(298)**	(1,513)
Exchange movement	**(163)**	360
Total comprehensive expense for the period	**(461)**	(1,153)
Attributable to:		
Equity holders of the Company	**(465)**	(1,145)
Minority interest	**4**	(8)
	(461)	(1,153)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	Unaudited 6 months ended 30 June 2013 €'000	Unaudited 6 months ended 30 June 2012 ú000	Audited year ended 31 Dec. 2012 ú000
Assets			
Current assets			
Inventories	**1,363**	2,051	1,096
Trade and other receivables	**3,431**	3,208	3,797
Cash and cash equivalents	**745**	149	524
Other loans and receivables	**-**	340	-
	5,539	5,748	5,417
Non-current assets			
Property, plant and equipment	**1,941**	2,069	2,054
Intangible assets	**7,503**	7,795	7,438
	9,444	9,864	9,492
Total assets	**14,983**	15,612	14,909
Liabilities			
Current liabilities			
Trade and other payables	**6,678**	6,308	7,017
Current income tax liabilities	**3**	-	1
Borrowings	**1,603**	462	638
Provisions for other liabilities and charges	**593**	627	624
	8,877	7,397	8,280
Non-current liabilities			
Borrowings	**5**	30	67
	5	30	67
Total liabilities	**8,882**	7,427	8,347
Net assets	**6,101**	8,185	6,562
Equity			
Ordinary shares	**11,341**	11,341	11,341
Share premium	**16,444**	16,444	16,444
Other reserves	**2,359**	2,890	2,523
Retained earnings	**(24,078)**	(22,554)	(23,777)
Minority interest in equity	**35**	64	31
Total equity	**6,101**	8,185	6,562

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	Non-controlling Interest €'000	Total Equity €'000
At 1 January 2013	11,341	16,444	2,523	(23,777)	6,531	31	6,562
Comprehensive income:							
(Loss)/profit for period	**-**	**-**	**-**	**(302)**	**(302)**	**4**	**(298)**
Other comprehensive income:							
Exchange movement	**-**	**-**	**(164)**	**1**	**(163)**	**-**	**(163)**
Total comprehensive income	**-**	**-**	**(164)**	**(301)**	**(465)**	**4**	**(461)**
Transactions with owners	-	-	-	-	-	-	-
At 30 June 2013	**11,341**	**16,444**	**2,359**	**(24,078)**	**(6,066)**	**35**	**6,101**

	Share Capital €'000	Share premium reserve €'000	Other Reserves €'000	Retained Earnings €'000	Total attributable to shareholders €'000	Non-controlling Interest €'000	Total Equity €'000
At 1 January 2012	11,341	16,444	2,532	(21,054)	9,263	75	9,338
Comprehensive income:							
Loss for period	-	-	-	(1,500)	(1,500)	(13)	(1,513)
Other comprehensive income:							
Exchange movement	-	-	358	-	358	2	360
Total comprehensive income	-	-	358	(1,500)	(1,142)	(11)	(1,153)
Transactions with owners	-	-	-	-	-	-	-
At 30 June 2012	11,341	16,444	2,890	(22,554)	8,121	64	8,185

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

	Notes	**Unaudited 6 months ended 30 June 2013 €'000**	Unaudited 6 months ended 30 June 2012 ú000
Operating activities			
Cash outflows from operations	7(a)	**(463)**	(678)
Tax paid		**-**	(4)
Net cash outflow from operating activities		**(463)**	(682)
Investing activities			
Purchase of property, plant and equipment		**(166)**	(385)
Disposal of subsidiary, net of cash disposed of		**-**	729
Net cash (outflow)/inflow from investing activities		**(166)**	344
Financing activities			
Proceeds from borrowings		**1,206**	-
Capital element of asset finance payments		**(11)**	(13)
Repayment of borrowings		**(264)**	(192)
Interest paid		**(77)**	(17)
Finance lease interest		**(2)**	(1)
Net cash inflow/(outflow) from financing activities		**852**	(223)
Net increase/(decrease) in cash and cash equivalents		**223**	(561)
Cash and cash equivalents at beginning of period		**524**	723
Effect of exchange rate changes		**(2)**	(13)
Cash and cash equivalents at end of period		**745**	149

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 2013, 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 consolidated financial statements for the six months ended 30 June 2013 have been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board.

The interim results 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 2013. 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 2012. The principal accounting policies as set out in the Group's consolidated financial statements for the year ending 31 December 2012 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 2012 applicable to companies reporting under IFRS.

The financial information for the six months ending 30 June 2013 and the comparative figures for the six months ending 30 June 2012 as set out in the interim statement are un-audited. The summary financial information for the year ending 31 December 2012 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 Going concern

The Directors have reviewed budgets and cash flow projections and associated risks for a period not less than 12 months from the date of this interim report. The Directors have also considered the general volatility of the business over the past 12 months in addition to the current economic conditions in the markets that the Group operates in and in particular the uncertainty that these conditions create over the level of demand for the Group's products. The Group's forecasts and projections reflect key assumptions based on information available to the Directors at the time of publishing this interim report and include:

- detailed monthly forecasting by individual profit centre for the next 12 months reflecting trends experienced up to the date of the preparation of the forecasts and known price and other changes that are likely to arise in the coming months; and
- future revenues for the next 12 months based on regional management's assessment of trends across individual regions and operating units.

The Directors note that a loan taken out with Mosaic Print Management Ltd on 8 May 2013 for Stg£1m falls due within 12 months from the date of this report. Repayment of this loan and other loans to the company is dependent on the trading performance of the Group, the availability of other facilities or the support of the shareholders.

After taking account of possible changes in trading performance, forecasts show that the Group will be able to continue to operate its existing businesses for a period of 12 months from the date of this interim report without the need for additional finance.

On this basis, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For that reason, they continue to adopt the going concern basis in preparing the interim report.

2.3 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 2012.

3. Financial risk management

The Groupꞌs 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 Groupꞌs annual financial statements as at 31 December 2012.

There have been no changes in the Groupꞌs 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 Groupꞌs accounting policies were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2012, except in regards to the matter referred to in the following paragraph.

The group offers products within its US Telemedia business which provides customers an opportunity to insure against future loss or damage to mobile phones. These amounts are paid by customers through a membership scheme and the income is recognised when received. The group estimates provisions against future pay-outs based on historic experience of costs incurred to date.

5. Segment information

The Group has one business segment PAC Telemedia. This segment aligns with the Groupꞌs 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. These subsidiaries are authorised agents for Verizon Wireless who offer pre and post paid mobile telecommunications subscription services and wireless data products.

Continuing operations	**Unaudited 6 months to 30 June 2013 €'000**	Unaudited 6 months to 30 June 2012 ú'000
Revenue[(1)]		
PAC Telemedia	**19,754**	19,158
EBITDA[(2)]		
PAC Telemedia	**102**	(767)
Unallocated[(3)]	**(25)**	(471)
	77	(1,238)
Depreciation		
PAC Telemedia	**(291)**	(246)
Unallocated[(3)]	**(4)**	(5)
	(295)	(251)
Group operating loss		
PAC Telemedia	**(189)**	(1,013)
Unallocated[(3)]	**(29)**	(476)
	(218)	(1,489)

Reconciliation of group operating loss to loss before income tax	**Unaudited 6 months to 30 June 2013**	Unaudited 6 months to 30 June 2012
	€'000	ú'000
Group operating loss	**(218)**	(1,489)
Net finance costs	**(79)**	(18)
Loss before income tax	**(297)**	(1,507)

(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.

Segment assets and liabilities at 30 June 2013 are as follows:

Continuing operations	**PAC Telemedia**	**Unallocated**	**Group**
	€'000	**€'000**	**€'000**
Non-current assets	**5,416**	**123**	**5,539**
Current assets	**9,431**	**13**	**9,444**
Total assets	**14,847**	**136**	**14,983**
Total liabilities	**(7,060)**	**(1,822)**	**(8,882)**

Segment assets and liabilities at 30 June 2012 are as follows:

	PAC Telemedia	Unallocated	Group
	ú'000	ú'000	ú'000
Non-current assets	9,843	21	9,864
Current assets	5,223	525	5,748
Total assets	15,066	546	15,612
Total liabilities	(6,813)	(614)	(7,427)

6. Other gains/(losses)

Continuing operations	**2013**	2012
	€'000	ú'000
Net foreign exchange gains/(losses)	**251**	(144)
	251	(144)

7. Notes to the consolidated cash flow statement

(a) Cash flows from operations

Continuing operations	**Unaudited 6 months ended 30 June 2013 €'000**	Unaudited 6 months ended 30 June 2012 ú000
Loss before taxation	**(297)**	(1,507)
Adjustments for:		
Net finance costs	**79**	18
Depreciation	**295**	251
Loss on disposal of property, plant and equipment	**-**	4
Foreign exchange (gains)/losses on operating activities	**(251)**	144
Changes in working capital:		
Inventories	**(257)**	574
Trade and other receivables	**(234)**	989
Trade and other payables	**202**	(1,151)
Cash outflow from continuing operations	**(463)**	(678)

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

	Unaudited 6 months ended 30 June 2013 €'000	Unaudited 6 months ended 30 June 2012 ú000
Continuing operations		
Increase/(decrease) in cash and cash equivalents	**223**	(561)
Financing:		
Loan note repayments	**264**	192
Asset finance repayments	**11**	13
	498	(356)
New asset finance obligations		-
Proceeds from borrowings	**(1,206)**	-
Effect of foreign exchange rate changes	**25**	(32)
Movement in net debt in the period	**(683)**	(388)
Net debt at beginning of period	**(181)**	45
Net debt at end of period	**(864)**	(343)

(c) Analysis of net (debt)/cash

	Unaudited 6 months ended 30 June 2013 €'000	Unaudited 6 months ended 30 June 2012 ú000
Continuing operations		
Cash and cash equivalents	**745**	149
Term debt and other loans	**(1,578)**	(437)
Asset finance obligations	**(31)**	(55)
	(864)	(343)

8. Events after the reporting period

There have been no significant events affecting the Group since the statement of financial position date.

9. Interim report

This interim report was approved by the Board of Directors on 16 September 2013 and is included on the Company's website, www.pacplc.com.