



PRIME ACTIVE CAPITAL plc
INTERIM FINANCIAL INFORMATION
(UNAUDITED)

30 JUNE 2014

CHAIRMAN'S STATEMENT

Year to date 2014 has been a period of transition for the Group and the interim consolidated financial results for the six months ended 30 June 2014 once again reflect that as a small regional agent in the retail channel we remain too vulnerable to Verizon's strategic decisions.

In our full year report and accounts for 2013 published on 27 June 2014 we indicated that a letter of intent had recently been executed with one party providing for a period of exclusivity in relation to the sale of substantially all of the US mobile phone stores.

Following a period of due diligence and negotiation this led to the announcement on 1 August 2014 that the Group had conditionally agreed to enter into an asset purchase agreement to sell the assets of 50 of the 56 Verizon Wireless authorised retailer stores co-owned and operated by its subsidiaries Express Business Service LLC and Cellular Center GA-AL LLC for an aggregate consideration of \$10 million (€7.46million) to ABC Phones of North Carolina, Inc., trading as A Wireless.

On 22 August 2014 shareholders approved this transaction which successfully closed on 3 September 2014.

Prior to the closing on 29 August 2014 the Group announced that it had discharged the loan due to Mosaic Print Management, entered into in May 2013.

Under Rule 15 of the AIM Rules and the ESM Rules the Group is now an investing company with no material trading activities. The Board believes it is in shareholders' interest to examine possible investment opportunities, whilst the process of satisfying residual liabilities continues and the warranty claim period arising from the asset purchase agreement elapses.

The Group's investing policy is to invest in and/or acquire companies active in the technology, media or entertainment sector. The directors intend to focus primarily in the UK and Ireland where the directors believe that there are suitable opportunities, although other countries may also be considered to the extent that the Board considers that value opportunities exist and attractive returns can be achieved.

The Group's primary objective is that of achieving for shareholders, over time, both capital growth and income through increasing profitability coupled with dividend payments on a sustainable basis. The directors believe that the collective business experience in the areas of acquisitions and corporate and financial management of both the directors and of the group's advisors and shareholders will assist the Group in the identification and evaluation of suitable opportunities.

Dermot Martin
Executive Chairman
18 September 2014.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Unaudited 6 months ended 30 June 2014			Unaudited 6 months ended 30 June 2013			
	Note	Pre- exceptionals €'000	Exceptionals (note 7) €'000	Total €'000	Pre- exceptionals €'000	Exceptionals (note 7) €'000	Total €'000
Continuing operations							
Revenue		19,383	-	19,383	19,754	-	19,754
Cost of sales		(13,660)	-	(13,660)	(13,298)	-	(13,298)
Gross profit		5,723	-	5,723	6,456	-	6,456
Selling and distribution costs		(4,912)	-	(4,912)	(5,495)	-	(5,495)
Administration expenses		(1,436)	(936)	(2,372)	(1,430)	-	(1,430)
Other (losses)/gains	6	(175)	-	(175)	251	-	251
Operating loss		(800)	(936)	(1,736)	(218)	-	(218)
Finance costs		(223)	-	(223)	(79)	-	(79)
Loss before tax		(1,023)	(936)	(1,959)	(297)	-	(297)
Income tax charge		(2)	-	(2)	(1)	-	(1)
Loss for the period		(1,025)	(936)	(1,961)	(298)	-	(298)
Attributable to:							
Equity shareholders				(1,967)			(302)
Minority interest				6			4
				(1,961)			(298)
Loss per ordinary share (€ cent)							
Basic and diluted				(8.67c)			(1.33c)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Unaudited 6 months ended 30 June 2014 €'000	Unaudited 6 months ended 30 June 2013 €'000
Loss for the period	(1,961)	(298)
Other comprehensive income/(expense):		
Items that may subsequently be reclassified to profit or loss		
Exchange movement	212	(163)
Total comprehensive expense for the year	(1,749)	(461)
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Attributable to:		
Equity holders of the Company	(1,753)	(465)
Non-controlling interest	4	4
	(1,749)	(461)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	Unaudited 6 months ended 30 June 2014 €'000	Unaudited 6 months ended 30 June 2013 €'000	Audited year ended 31 Dec. 2013 €'000
Assets			
Current assets			
Inventories	1,667	1,363	2,022
Trade and other receivables	2,040	3,431	2,168
Cash and cash equivalents	360	745	640
	4,067	5,539	4,830
Non-current assets			
Property, plant and equipment	1,597	1,941	1,724
Intangible assets	3,907	7,503	4,798
	5,504	9,444	6,522
Total assets	9,571	14,983	11,352
Liabilities			
Current liabilities			
Trade and other payables	6,202	6,678	6,288
Current income tax liabilities	2	3	1
Borrowings	1,390	1,603	1,370
Provisions for other liabilities and charges	455	593	378
	8,049	8,877	8,037
Non-current liabilities			
Borrowings	-	5	44
	-	5	44
Total liabilities	8,049	8,882	8,081
Net assets	1,522	6,101	3,271
Equity			
Ordinary shares	11,341	11,341	11,341
Share premium	16,444	16,444	16,444
Other reserves	2,762	2,359	2,548
Retained earnings	(29,029)	(24,078)	(27,062)
Non-controlling interest	4	35	-
Total equity	1,522	6,101	3,271

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share Capital	Share premium reserve	Other Reserves	Retained Earnings	Total attributable to shareholders	Non- controlling Interest	Total Equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January 2014	11,341	16,444	2,548	(27,062)	3,271	-	3,271
Comprehensive income:							
(Loss)/profit for period	-	-	-	(1,967)	(1,967)	6	(1,961)
Other comprehensive income:							
Exchange movement	-	-	214	-	214	(2)	212
Total comprehensive income	-	-	214	(1,967)	(1,753)	4	(1,749)
Transactions with owners	-	-	-	-	-	-	-
At 30 June 2014	11,341	16,444	2,762	(29,029)	1,518	4	1,522

	Share Capital	Share premium reserve	Other Reserves	Retained Earnings	Total attributable to shareholders	Non- controlling Interest	Total Equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'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

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

	Note	Unaudited 6 months ended 30 June 2014 €'000	Unaudited 6 months ended 30 June 2013 €'000
Operating activities			
Cash outflows from operations	8(a)	83	(463)
Tax paid		-	-
Net cash inflow/(outflow) from operating activities		83	(463)
Investing activities			
Purchase of property, plant and equipment		(120)	(166)
Net cash outflow from investing activities		(120)	(166)
Financing activities			
Proceeds from borrowings		-	1,206
Capital element of asset finance payments		(3)	(11)
Repayment of borrowings		(152)	(264)
Net interest paid		(141)	(77)
Finance lease interest		(1)	(2)
Net cash (outflow)/inflow from financing activities		(297)	852
Net decrease/(increase) in cash and cash equivalents		(334)	223
Cash and cash equivalents at beginning of period		640	524
Effect of exchange rate changes		54	(2)
Cash and cash equivalents at end of period		360	745

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 2014, comprise the Company and its subsidiaries (together the "Group").

2. Basis of Preparation and Accounting Policies

2.1 Basis of preparation

The interim consolidated financial statements for the six months ended 30 June 2014 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 2014. 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 2013. The principal accounting policies as set out in the Group's consolidated financial statements for the year ending 31 December 2013 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 2013 applicable to companies reporting under IFRS.

The financial information for the six months ending 30 June 2014 and the comparative figures for the six months ending 30 June 2013 as set out in the interim statement are un-audited. The summary financial information for the year ending 31 December 2013 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

As detailed in note 9 on page 12 of the interim report, on 3 September 2014 the Group announced that it had completed the disposal of its trading operations in the US and that it is now an investing company for the purposes of AIM Rule 15 and ESM Rule 15. Part of the net proceeds of the disposal were used to repay the loan facility from Mosaic Print Management Limited. Following the discharge of the Group's other liabilities and remaining store closure costs, it is expected that the Group will hold any remaining cash and have no other assets and no debt.

After taking account of the changes in trading performance, forecasts show that the Group will be able to continue to operate its remaining business 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 2013.

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

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 2013.

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 2013.

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

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. 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 2014 €'000	Unaudited 6 months to 30 June 2013 €'000
Revenue⁽¹⁾		
PAC Telemedia	19,383	19,754
EBITDA⁽²⁾		
PAC Telemedia	(88)	102
Unallocated ⁽³⁾	(450)	(25)
	(538)	77
Depreciation		
PAC Telemedia	(260)	(291)
Unallocated ⁽³⁾	(2)	(4)
	(262)	(295)
Group operating profit/(loss)		
PAC Telemedia	(348)	(189)
Unallocated ⁽³⁾	(452)	(29)
	(800)	(218)
Reconciliation of group operating loss to loss before income tax	Unaudited 6 months to 30 June 2014 €'000	Unaudited 6 months to 30 June 2013 €'000
Group operating loss	(800)	(218)
Exceptional costs (note 7)	(936)	-
Net finance costs	(223)	(79)
Loss before tax	(1,959)	(297)

(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)

5. Segment information continued

Segment assets and liabilities at 30 June 2014 are as follows:

Continuing operations	PAC Telemedia €'000	Unallocated €'000	Group €'000
Non-current assets	5,500	4	5,504
Current assets	3,691	376	4,067
Total assets	9,191	380	9,571
Total liabilities	(6,308)	(1,741)	(8,049)

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

Continuing operations	PAC Telemedia €'000	Unallocated €'000	Group €'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)

6. Finance costs and finance income	Unaudited 6 months to 30 June 2014 €'000	Unaudited 6 months to 30 June 2013 €'000
Continuing operations		
Finance costs:		
Other borrowings	(49)	(77)
Asset finance	(1)	(2)
Net foreign exchange losses on financing activities	(92)	-
Late payment fee on borrowings	(81)	-
	(223)	(79)

7. Exceptional Items

	Unaudited 6 months to 30 June 2014 €'000	Unaudited 6 months to 30 June 2013 €'000
Continuing operations		
Goodwill impairment ⁽¹⁾	936	-

(1) the Group recognised an impairment charge of €0.936 million as a result of an impairment review undertaken in accordance with IAS 36 against the goodwill allocated to the PAC Telemedia segment

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

8. Notes to the consolidated cash flow statement

(a) Cash flows from operations

	Unaudited 6 months ended 30 June 2014 €'000	Unaudited 6 months ended 30 June 2013 €'000
Continuing operations		
Loss before taxation	(1,959)	(297)
Adjustments for:		
Net finance costs	223	79
Depreciation	262	295
Foreign exchange losses on operating activities	175	(251)
Goodwill impairment	936	-
Changes in working capital:		
Inventories	373	(257)
Trade and other receivables	148	(234)
Trade and other payables	(75)	202
Cash inflow/(outflow) from continuing operations	83	(463)

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

	Unaudited 6 months ended 30 June 2014 €'000	Unaudited 6 months ended 30 June 2013 €'000
Continuing operations		
(Decrease)/increase in cash and cash equivalents	(334)	223
Financing:		
Repayment of borrowings	152	264
Asset finance repayments	3	11
	(179)	498
Late payment fee on borrowings	(81)	-
Proceeds from borrowings	-	(1,206)
Effect of foreign exchange rate changes	4	25
Movement in net (debt) in the period	(256)	(683)
Net cash at beginning of period	(774)	(181)
Net cash at end of period	(1,030)	(864)

(c) Analysis of net (debt)/cash

	Unaudited 6 months ended 30 June 2014 €'000	Unaudited 6 months ended 30 June 2013 €'000
Continuing operations		
Cash and cash equivalents	360	745
Term debt and other loans	(1,329)	(1,578)
Asset finance obligations	(61)	(31)
	(1,030)	(864)

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

9. Events after the reporting period

On 1 August 2014, the Group announced that it had conditionally agreed to enter into an asset purchase agreement to sell 50 of the 56 Verizon Wireless authorised stores co-owned and operated by its subsidiaries Express Business Service and Cellular Center, GA-AL. The potential purchaser was ABC Phones of North Carolina, Inc., trading as A Wireless which operates as a retailer of Verizon Wireless products and services with 250 stores. The sale would comprise the business, assets and certain liabilities of 50 stores for an aggregate consideration of \$10 million. Following the completion of the disposal, the remaining six stores would close and the Group would cease trading activity in the US. This disposal would constitute a disposal resulting in a fundamental change in business pursuant to Rule 15 of the AIM and ESM rules and would require the approval of shareholders. Contingent on the approval of the disposal by shareholders, the Group would become an investing Company pursuant to the AIM Rules and the ESM rules. Shareholder approval would also be sought for this proposed change in activity.

The Group held an EGM on 22 August 2014 at which the above disposal was approved together with the approval of the resolution that the Group is now an investing company for the purposes of AIM Rule 15 and ESM Rule 15.

On 29 August 2014, the Group announced that it had received \$2 million of the consideration due on the disposal of the US trading operations, from ABC Phones. The target closing date for the disposal to complete was 3 September 2014 at which point the remainder of the upfront consideration was due to be paid.

The Group announced on 3 September 2014 that the disposal of the US trading companies was completed and the company is now an investing company for the purposes of AIM Rule 15 and ESM Rule 15. In parallel the Group stated that it had repaid the loan facility from Mosaic Print Management Limited. The Group also disclosed that Mr. Steve Smith whose board position was co-terminus with the repayment of this facility, would continue on the board for the foreseeable future to provide continuity and assist in the identification and review of suitable acquisitions going forward.

10. Interim report

This interim report was approved by the Board of Directors on 18 September 2014 and is included on the Company's website, www.pacplc.com.