2013
ANNUAL REPORT AND ACCOUNTS

Prime Active Capital plc

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	2013 €'000	2012 €'000
Revenue		
PAC Telemedia - continuing operations	**40,570**	41,199
Group (loss) for the year		
PAC Telemedia operating loss - continuing operations[1]	**(172)**	(2,071)
Centre costs - continuing operations	**(582)**	(620)
	(754)	(2,691)
Other losses	**(6)**	(101)
Operating loss	**(760)**	(2,792)
Exceptional items, interest and tax[2]	**(2,558)**	(70)
Loss after tax and exceptional items - continuing operations	**(3,318)**	(2,862)
Profit after tax and exceptional items - discontinued operations	**-**	94
Group loss for the year	**(3,318)**	(2,768)
Basic loss per share	**€ cent**	€ cent
Loss per share (cent) - continuing operations	**(14.48)**	(12.43)
Earnings per share (cent) - discontinued operations	**-**	0.42
	(14.48)	(12.01)
Adjusted loss per share	**€ cent**	€ cent
Adjusted loss per share (cent) - continuing operations[3]	**(3.87)**	(12.43)
Adjusted earnings per share (cent) - discontinued operations	**-**	0.42
	(3.87)	(12.01)
Equity	**3,271**	6,562

(1) before exceptional items of €2.407 million in 2013 and of €nil in 2012
(2) includes exceptional items per note (1), net interest paid of €0.149 million and income tax charge of €0.002 million in 2013 and net interest received of €0.002million, net interest paid of €0.062 million and income tax charge of €0.010 million in 2012
(3) adjusted loss per share excludes exceptional costs in 2013

After an encouraging start to 2013 the overall performance of the Group was hampered significantly by a change in our main customer Verizon's approach to its upgrade policy in the latter part of the year. Verizon's decision to align itself with their competitors and strictly adhere to a 24-month upgrade resulted in over 4000 unit sales being taken out of our channel in the period September to December 2013. All agents were affected and as a result the customary strong close to the financial year did not materialise.

The full year impact of this on the company saw annual revenue decrease by 1.5% however on a constant currency basis revenues were up 1.8%. Gross profit for the period was up by 12% to €12.942 million. This was through a combination of improved gross profit per unit sold and the introduction of new business lines. At an operating level the US companies delivered a loss of €0.172 million for the year compared to a loss of €2.071 million in 2012.

In May 2013 the company took out a loan from Mosaic Print Management Limited ("Mosaic") and two Mosaic Directors, Mr. Tony Gill and Mr. Steve Smith joined the board. The loan provided the working capital necessary to increase inventory which subsequently led to increased sales. Since then the company has generated enough cash to meet all of the interest payments related to this loan and also continue to pay down other interest and non-interest bearing loan notes.

It has been previously noted that the repayment of the Mosaic Loan Facility would be dependent on the trading performance of the Group, the availability of other facilities or the support of shareholders. Whilst trading conditions improved in the aftermath of the availability of the facility, this improvement was not sustained throughout the period due in the main to the change in Verizon's upgrade policy detailed above. On the 12 June 2014 the company announced it has reached agreement with Mosaic on an extension of the facility until 31 August 2014 allowing the company time to consider its options in relation to the repayment of the loan.

The company has been engaged with a number of parties with respect to a disposal of part or all of its stores, with the intention of applying the proceeds of any such disposal to the repayment in full of the Mosaic Loan Facility as well as a further potential distribution to shareholders. A letter of intent has recently been executed with one party providing for a period of exclusivity. There can be no guarantee that this will lead to a sale of the US stores. The company will continue to consider other remedial actions with respect to the Mosaic Loan Facility, including but not limited to a further extension on terms, a restructuring of the facility and/or an issue of equity.

Closing comments

Whilst the US operating companies have stabilised somewhat after a number of difficult years they remain subscale and so find themselves overly susceptible to micro and macro-economic downturns beyond their control. We have a number of excellent locations which dominate the markets in which they operate however, as a small regional agent in the retail channel we remain too vulnerable to Verizon's strategic decisions. This is the position many smaller premium retailers find themselves and consequently the industry continues to go through significant consolidation. Based on this the company has made the decision to write down the carrying value of our investments in the US businesses and that can be seen in the impairment review. Verizon, like its competitors, has recently implemented the "Edge" programme, providing a finance option to customers to upgrade to a new device each year, effectively selling an operating lease on the device/devices. The customer can choose to upgrade each year or own the device outright after 20 monthly payments. This has seen uplift in device sales in 2014 and a renewed optimism among the six national agents who between them have an average of over 300 stores each. Verizon is openly encouraging the consolidation of the premium retailer channel into the hands of the six national agents as they themselves retreat from their own strategy of operating corporate stores.

The board will continue to consider all options open to it to achieve best value for shareholders.

Dermot Martin
Executive Chairman

Date: 27 June 2014

Overview of results

Summary financial information

	2013 €'000	2012 €'000
Continuing and discontinued operations		
Revenue	**40,570**	41,199
Operating expenses (excluding exceptional costs, depreciation, amortisation and other gains)	**(40,745)**	(43,353)
Earnings before interest, tax, depreciation and amortisation expense (EBITDA), exceptional costs, other income and other gains	**(175)**	(2,154)
Depreciation and amortisation	**(579)**	(537)
Adjusted earnings before interest, tax (EBIT) and exceptional costs	**(754)**	(2,691)
Other income	**-**	94
Other losses	**(6)**	(101)
Exceptional costs	**(2,407)**	-
Net finance costs	**(149)**	(60)
Loss before tax	**(3,316)**	(2,758)
Income tax charge	**(2)**	(10)
Loss for the year	**(3,318)**	(2,768)
Loss attributable to non-controlling interest	**33**	44
Loss for the year attributable to members	**(3,285)**	(2,724)
	€ cent	€ cent
Basic and diluted loss per share	**(14.48)**	(12.01)

Total Group Revenue

The Group's operations consist of its PAC Telemedia division operating in the USA. Group revenue in 2013 amounted to €40.570 million, a 1.5% decrease from the previous year. On a constant currency basis revenue increased 1.8%.

The results of the PAC Telemedia division for the past three years are summarised as follows:

	2013 €'000	2012 €'000	2011 €'000
PAC Telemedia			
Revenue	**40,570**	41,199	37,004
Operating expense[(1)]	**(40,170)**	(42,743)	(36,258)
EBITDA	**400**	(1,544)	746
Depreciation, amortisation and other grants[(1)]	**(572)**	(527)	(423)
EBIT	**(172)**	(2,071)	323

(1) excludes unallocated corporate costs of the Group and exceptional costs

Operating profit before interest, taxation and exceptional costs
One of the Group's key performance measures for its overall business is adjusted EBIT defined as operating profit before interest, taxation and exceptional costs. Adjusted EBIT amounted to a loss of €0.754 million in 2013, compared to a loss of €2.691 million in the previous year.

Exceptional costs
The Group recognised an impairment charge of €2.407 million (2012:€nil), against the carrying amount of goodwill allocated to the Cellular Center Holdings CGU following an impairment review undertaken in accordance with IAS36.

Other income
The Group recognised a gain of €0.094 million in 2012 as a result of an effective interest adjustment to its other loans and receivables balance. Other loans and receivables consisted of the Group's remaining investment in redeemable shares in Bell & Bain Limited, following the receipt of the first and interim redemption repayments in 2011. The shares were issued in settlement of a loan due to another subsidiary in the Group and were redeemable in instalments up to the third anniversary of the sale, which took place on 25 November 2009. These shares were redeemed in full in 2012.

Other losses
Other losses of €0.006 million (2012: €0.101 million loss) consist of foreign exchange losses that have arisen on the retranslation of inter-company loan balances held with foreign subsidiaries and a loan note and loan finance held in sterling by the parent company.

Net financial expense
The net financial expense for the year was €0.149 million compared to €0.060 million in 2012. The charge arose mainly in respect of interest costs on a loan note issued by the Group in February 2010 and loan finance received by the Group in May 2013. The charge also includes exchange differences on finance costs.

Non-controlling interest
The non-controlling interest share of loss after tax for 2012 amounted to a loss of €0.033 million (2012: (€0.044 million)). The non-controlling interest relates to shareholdings held in Cellular Center Holdings.

Earnings per share
The adjusted fully diluted loss per share for 2013 is 3.87 cent as compared with adjusted loss per share of 12.01 cent in 2012. Adjusted loss per share excludes exceptional costs and the results from discontinued operations in 2012. Fully diluted loss per share, before such adjustments, amounted to 14.48 cent in 2013 compared to a loss of 12.42 cent in 2012.

Cash flow

At 31 December 2013 the Group had cash and cash equivalents of €0.640 million compared to cash and cash equivalents of €0.524 million at 31 December 2012.

Outflows in the year included payments totalling €0.333 million (2012: €0.752 million) in respect of capital expenditure of which €0.332 million (2012: €0.752 million) was for PAC Telemedia and the remainder was for the Ireland centre. Funding for capital expenditure in PAC Telemedia was partly provided by asset finance agreements, €0.052 million (2012: €nil). All other capital expenditure was funded from existing resources. In 2012 €0.413 million of capital expenditure in PAC Telemedia was funded by term loan.

The expected final retention monies of €1.172 million relating to the 2009 disposal of the remaining operating company within the PAC Digimedia division were received in 2012.

Cash flow (continued)

Inflows in the year included a further €0.025 million unsecured loan to the Group by Mr. Peter E. Lynch on an interest free basis taking his total loan amount to the Group to €0.125 million. This loan was repaid in equal monthly instalments, with the final repayment being made in May 2014.

Loan finance

On 8 May 2013 the company entered into a £1.000 million sterling (€1.181 million) loan facility from Mosaic Print Management Limited ("Mosaic"), a UK company owned by Mr. Anthony Gill and Mr. Stephen Smith. The purpose of this loan facility was to provide a short term working capital loan to facilitate the business trading. The loan from Mosaic carries a 15% coupon with monthly interest payments. The loan is secured on certain USA based subsidiaries of the Group. As part of the terms of this loan facility, Mr. Anthony Gill and Mr. Stephen Smith joined the board as non-executive directors in May 2013.

Subsequent to the year end, Mosaic Print Management Limited has agreed a three month extension of the £1.000 million (€1.243 million), one year secured loan facility which matured in May 2014. The facility is now extended until 31 August 2014. This loan facility has incurred a late payment fee of £0.065 million (€0.081 million), which has been added to the outstanding principal. The Group will continue to pay interest at the agreed previous rate of 15% on the sum of £1.065 million (€1.324 million).

Financial risk management

Financial risk management is governed by policies and guidelines approved by the Board of Directors. The principal objective of these policies and guidelines is the minimisation of financial risk at reasonable cost. It is Group policy to manage currency and interest rate risk on a non-speculative basis.

The Group’s reporting currency is the euro. Exposures, primarily to sterling and the US dollar, arise in the course of ordinary trading. The Group’s policy is to reduce statement of financial position exposure by matching common currency assets with common currency borrowings in so far as this is practicable and to hedge significant foreign currency transaction exposures arising from trading or capital investment where appropriate. The Group did not apply hedge accounting for translation exposure in 2013.

The Group may use interest rate swaps, options and collars from time to time to reduce interest rate risks, but did not do so in 2013.

Further details in respect of the Group’s financial risk management are set out in note 3 on pages 33 and 34 of the consolidated financial statements.

BOARD OF DIRECTORS

Dermot Martin
Executive Chairman
Dermot Martin was appointed Executive Chairman on 23 May 2014, having held the position of Chairman of Prime Active Capital plc since November 2013. Prior to this, Dermot had held a non-executive Director position on the board since October 2012. Dermot Martin is a former employee of the company and is now a business consultant. An MBA graduate from University College Dublin, he previously worked with the national telephone company in Ireland, Eircom plc and Adare Printing Group plc.

Anthony Gill
Non-executive Director
Anthony Gill is the principal and co-founder of Mosaic Print Management Ltd, a UK based print management company. Prior to this he founded and managed a number of companies in the printing industry. He joined the board in May 2013.

Stephen Smith
Non-executive Director
Stephen Smith is the current Managing Director and co-founder of the Mosaic Print Management Ltd, a UK based print management company. He had previously held positions as Head of Purchasing for a number of companies in the financial sector. He joined the board in May 2013.

BOARD COMMITTEES

Audit Committee
Anthony Gill (Chairman)
Stephen Smith

Nominations Committee
Dermot Martin (Chairman)
Anthony Gill

Remuneration Committee
Anthony Gill (Chairman)
Stephen Smith

The Directors present their annual report and audited financial statements for the year ended 31 December 2013 of Prime Active Capital plc ("the Company"), a company registered in the Republic of Ireland and its subsidiaries (collectively "the Group").

Principal Activities

The Group principally derives its income from a small portfolio of companies operating within the telecommunications industry. The primary goal of the Company is to achieve value for shareholders by improving the financial performance of investee companies by growing them through the provision of operational expertise either organically or through continued bolt on acquisition.

Review of Business

A review of the business, future developments and key performance indicators of the Group is set out in the Chairman's Statement on page 3 and the Financial Review on pages 4 to 6.

Risks and Uncertainties

The principal risks and uncertainties faced by the Group's businesses relate to increasingly competitive markets, affecting margin and profitability, and the macroeconomic environment in the USA where the Group's trading activities take place. The Group is sensitive to economic conditions in these markets including economic growth, interest rates, inflation, unemployment and demographic trends. The current economic environment for markets in which the Group currently operates represents a significant risk to the Group.

The Group pursues a growth strategy based on acquisitions. The Group may not be able to continue to achieve acquisition led growth if it is unable to identify suitable acquisition targets or raise funds to complete such acquisitions.

There is an ongoing process for identifying, evaluating, and managing any significant risk faced by the Group.

Financial Risk Management

Details of the Group's financial risk management policies and risks are addressed in the Financial Review on page 6 and in note 3 on pages 33 and 34 of the consolidated financial statements.

Results and Dividend

The results of the Group for the year are set out in the Consolidated Income Statement on page 19. The Group's loss for the financial year was €3.318 million, of which a loss of €0.033 million is attributable to non-controlling interest holders and a loss of €3.285 million is attributable to members of the Company.

The Directors do not recommend the payment of a dividend.

Subsidiaries

The Company's principal subsidiary undertakings are set out in note 36 on pages 56 and 57 of the consolidated financial statements.

Research and Development

The Group is committed to ongoing research and development aimed at improving the quality and competitiveness of products and services provided by the Group. Expenditure on research and development is generally not material and is normally written off when it is incurred.

Political Contributions

There were no political contributions which require disclosure under the Electoral Act, 1997.

Taxation Status

The Company is not a close company within the meaning of the Corporation Tax Acts.

Accounting Records

The Directors, through the use of appropriate procedures and systems, and the employment of competent persons, have ensured that measures are in place to keep proper books and accounting records in compliance with Section 202 of the Companies Act 1990. The books of accounting records of the Company are maintained at the registered office of the Company.

Directors

The current Directors of the Company and their biographical details are set out on page 7.

In accordance with the Articles of Association of the Company one third of the Directors are subject to retirement by rotation or, if their number is not three or a multiple of three, the nearest to one-third shall retire from office. The Directors to retire by rotation shall be those who have been longest in office since their last appointment. For that reason, Mr. Dermot Martin, if he remains as Director at the time of the next Annual General Meeting, will retire from the Board by rotation and, being eligible, will offer himself for re-appointment.

None of the current Directors have a service contract with a notice period of one year or more. The Board confirms that the Director offering himself for re-appointment continues to perform effectively and to demonstrate commitment to the role. The Board recommends the re-appointment of this Director.

Directors' and Company Secretary's Share Interests

The beneficial interests of the Directors and Company Secretary, including their respective families' interests, in the share capital of the Company were as follows:

Ordinary shares	**At 31 December 2013**	At 31 December 2012
Directors		
A Gill[(1)]	**4,781,300**	-
P E Lynch[(2)]	**2,820,825**	2,820,825
D Martin[(2)]	**128,800**	128,800
S Smith[(3)]	**-**	-
Secretary		
Bradwell Limited[(4)]	**-**	-
Goodbody Secretarial Limited[(4)]	**-**	-

(1) Mr. A Gill was appointed as Non-executive Director on 14 May 2013 and his holding on this date was 4,781,300
(2) Mr. P E Lynch resigned as Director and Chief Executive on 23 May 2014, Mr. D Martin was appointed as Executive Chairman on this date
(3) Mr. S Smith was appointed as Non-executive Director on 14 May 2013 and his holding on this date was nil
(4) Goodbody Secretarial Limited resigned as Company Secretary on 1 February 2013 and Bradwell Limited was appointed as Company Secretary on this date

There were no changes in the Directors' or Company Secretary's interests between 31 December 2013 and 27 June 2014.

Directors' and Secretary's Share Options

None of the Executive or Non-executive Directors nor the Company Secretary at the year end held share options.

Substantial Shareholdings

At 27 June 2014 the Company had been notified, in addition to Directors' interests, of the following interests in the share capital:

	No. of shares	**%**
Mr. Martin Delaney	**3,360,280**	**14.82**
Allied Irish Banks plc and its subsidiaries	**1,106,865**	**4.88**

Share Capital

The Company's total authorised share capital comprises 100,000,000 ordinary shares of €0.50 each. At 31 December 2013 the Company's total issued share capital comprised 22,681,198 ordinary shares of €0.50 each.

All ordinary shares rank pari passu, and the rights attaching to the ordinary shares (including as to voting and transfer) are as set out in the Company's articles of association.

At the Company's Annual General Meeting on 25 September 2013, shareholders granted authority:

- for the Company to purchase up to 10% of its own shares;
- to the Directors to allot and issue up to an aggregate amount of €3,742,397.50 in nominal value of new shares, representing one third of the nominal value of the issued ordinary share capital of the Company; and
- to the Directors to disapply the statutory pre-emption provisions relating to the issue of shares for cash, provided that the disapplication is limited to the allotment of shares in connection with a rights issue or open offer or any other issue up to an aggregate nominal value of €1,134,059.50 being equal to 10% of the nominal value of the issued ordinary share capital of the Company.

The authority granted at the Annual General Meeting in September 2013, has not been exercised and will expire at the earlier of the date of the Annual General Meeting in 2014 and fifteen months after the date of the Annual General Meeting in September 2013.

Corporate Governance

The Company is committed to the principles of good corporate governance. Under the rules of ESM and AIM the Company is not required to comply with the UK Corporate Governance Code or the Irish Corporate Governance Annex. The Company has taken steps to comply with the provisions of the Code in so far as is practical, given the size of the Company and the nature of its operations. Details of the corporate governance procedures in place are set out in this report.

The Board

The Board is made up of one Executive and two Non-executive Directors. Biographies of each of the Directors are set out on page 7.

The Board is responsible for the strategy and direction of the Group. A formal schedule of matters reserved for Board approval has been adopted and this includes the approval of the annual financial statements, strategy and budgets, significant capital expenditure and acquisitions and disposals, board appointments and review of the Group's system of internal control. The Board has delegated responsibility for the management of the Group, through the Executive Chairman, to executive management. The Executive Chairman is accountable to the Board for all authority delegated to executive management. The strategies, operating parameters and controls on the business are implemented by the Executive Chairman through a series of formal and informal meetings and reviews involving senior management colleagues and operational management of the Group.

The Directors are empowered to take independent professional advice if necessary at the Company's expense and all Directors have access to the advice and services of the Company Secretary.

All Directors bring an independent judgement to bear on issues of strategy, performance, resources and standard of conduct.

The Board has established a number of committees to assist in carrying out its responsibilities and meeting its obligations. The committees and their members are listed on page 7. All of the committees have written terms of reference which are available from the Company's registered office. Meetings of the Board and its committees are held on a regular basis.

Executive Chairman and Senior Director

The Board has delegated managerial responsibility for the running of the Group to the Executive Chairman Mr. Dermot Martin. He is responsible for the strategic direction and overall performance of the Group.

Mr. Anthony Gill is the Senior Director. He is available for contact by shareholders if they have concerns which cannot be addressed through the normal channels of the Executive Committee.

Board Balance and Independence

A majority of the Board comprises Non-executive Directors. The Combined Code requires boards of directors to identify in the annual report each Non-executive Director whom it considers to be independent and to determine whether a director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement.

The Code identifies a number of relationships and circumstances which may be relevant to determining independence, including if the director has been an employee of the Company or Group within the last five years; has a material business relationship with the Company; holds cross-directorships or has significant links with other directors through involvement in other companies or bodies; represents a significant shareholder; or has served on the board for more than nine years from the date of the first election. In addition, the Code also requires the Chairman to be independent on appointment but that the test of independence is not appropriate thereafter.

In the opinion of the Board the non-executive directors are not independent.

Supply of Information and Professional Development

The Board receives monthly Group financial information and detailed Board papers are sent to each Director in a timely manner in advance of meetings.

Directors are kept up to date on the latest corporate governance developments and ongoing developments in best practice.

Appointment to the Board

A Nominations Committee has been established to make recommendations to the Board on all new Board appointments. The members of the Committee are identified on page 7.

All Directors are subject to election by shareholders at the first opportunity after their appointment and to re-election at intervals of not more than three years. Non-executive Directors are appointed for specified terms subject to re-election at the next Annual General Meeting.

The terms of appointment of Non-executive Directors are available for inspection at the Company's registered office.

Company Secretary

The appointment and removal of the Company Secretary is a matter for the Board.

Remuneration

The Remuneration Committee consists solely of Non-executive Directors. Membership of the Committee is set out on page 7. The Committee is responsible for determining the remuneration of the Executive Chairman and senior management.

The Company's policy is to ensure that the remuneration of the Executive Chairman and senior management is appropriate to the nature and size of the Group's business and properly rewards and motivates them to perform in the best interests of shareholders. In framing the remuneration policy, the Remuneration Committee has given full consideration to Section B of the Best Practice Provisions annexed to the Irish Stock Exchange Listing Particulars. The main elements of the remuneration package for the Executive Chairman are basic salary and annual performance related bonus.

The Committee is responsible for making recommendations to the Board regarding remuneration for Non-executive Directors. The remuneration of Non-executive Directors is determined by the Board within the limits set by the Articles of Association.

Details of Directors' remuneration are set out in note 16 on page 42 of the consolidated financial statements. The interests of Directors in shares and share options are set out on page 10.

Accountability and Audit

An Audit Committee has been established with written terms of reference setting out its role and responsibilities. The membership of this Committee is set out on page 7. The Committee discharges its responsibilities through meetings and receipt and review of reports from the external Auditors and management and review of preliminary announcements and annual reports.

The Committee reviews the accounting policies and practices used in the preparation of the financial statements and is responsible for reviewing the scope and effectiveness of the annual external audit. It reviews and monitors the external Auditors' independence and objectivity and the supply of non-audit services taking account of the relevant regulatory requirements and ethical guidance. Details of fees paid to the Auditors for audit and other services are set out in note 12 on page 40 of the consolidated financial statements. Non-audit services are mainly related to the provision of tax related services. It is more practical and efficient for these services to be provided by the Auditors. The nature of the non-audit services and the value of them are reviewed by the Committee so that it can be satisfied that auditor objectivity and independence is safeguarded. The Committee meets the Auditors in the absence of the Executive Chairman and management at least once each year.

The Committee has reviewed the arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, and is satisfied that these arrangements are adequate.

The Board is satisfied that at all times at least one member of the Audit Committee has sufficient recent and relevant financial experience.

The Directors have overall responsibility for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Group operates through an organisation structure with clearly defined levels of responsibility and authority and appropriate procedures.

Annual budgets are prepared for all business units and these identify key risks and opportunities. The Board approves the Group budget. Performance is measured against budget and prior years and Group performance is reported to the Directors on a monthly basis.

The operating companies maintain controls and procedures which are appropriate to their size and the environment in which they operate. There are regular visits to the operating companies by the Executive Chairman and senior management at which a detailed review of operating and financial matters, including business risk and internal control issues, takes place. The Board receives regular updates on the key risks at Group level and in the individual business units and the steps taken to manage such risks.

The Group does not have an internal audit function as it is not considered necessary because of the nature and size of the Group's activities and the ongoing operating and financial reviews carried out by Group management. The need for an internal audit function is reviewed on an annual basis.

The Directors have, through the Audit Committee, reviewed the effectiveness of the Group's system of internal control.

Corporate Responsibility

The Group has a Code of Business Conduct aimed at ensuring high standards of conduct are maintained within the Group and activities are carried out in a responsible and ethical manner.

A whistle-blowing policy is in place whereby staff may, in confidence, raise concerns about possible improprieties in financial reporting or other matters.

Group companies have prepared safety statements as appropriate. The policies set out in these statements are kept under review.

Employees

The Group is committed to the principle of equality and complies with all relevant and anti-discrimination legislation.

The average number employed by the Group during 2013 was 302 (2012: 296).

Relations with Shareholders

It is the Company's policy to enter into dialogue with shareholders in so far as is permissible having regard to the rules of the Stock Exchange, the Companies Acts and other legal and regulatory requirements. All Directors are encouraged to participate in this process. The Board is kept advised of any material matters arising.

The Company's Annual General Meeting affords individual shareholders the opportunity to question the Board. In addition, the Company responds throughout the year to communications from shareholders.

The Annual Report and Notice of Meeting are posted to shareholders at least twenty one working days before the Annual General Meeting. The level of proxy votes cast on each resolution, and the numbers for and against, are announced at the general meetings. Details of the resolutions passed at the Annual General Meeting are included on the Company's website.

Directors' Responsibilities

The Directors' responsibilities are contained within the Statement of Directors' Responsibilities on page 16.

Annual General Meeting

The notice of the meeting will give details of any matters which are special business to be considered at the meeting.

Going Concern

Whilst the US operating companies have stabilised somewhat after a number of difficult years they remain subscale and so find themselves overly susceptible to micro and macro-economic downturns beyond their control. The company has some excellent locations which dominate the markets in which they operate, however as a small regional agent in the retail channel they remain too vulnerable to Verizon's strategic decisions. As further detailed in Note 34 on page 55 of the consolidated financial statements, subsequent to the year end, the Group agreed a three month extension to the £1.000 million (€1.243 million) one year secured Mosaic Loan Facility which matured in May, 2014. This facility now becomes repayable on 31 August 2014. The extension of the facility allows the Group further time to consider its options in relation to the repayment of the Mosaic Loan Facility including a sale of all or part of the Group's USA based stores or other forms of refinancing.

The directors have concluded that the combination of these circumstances represent a material uncertainty that casts significant doubt upon the Group's and the Company's ability to continue as a going concern. As referred to in the Chairman's Statement on page 3 the Group is in ongoing discussions with respect to a disposal of part or all of the USA based stores and has recently executed a letter of intent with one party providing for a period of exclusivity. Nevertheless after making enquiries, and having regard, inter alia, to the extension of the Mosaic Loan Facility and to the ongoing discussions with respect to a disposal of part or all of the Group's USA stores, and considering the uncertainties described above, 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 financial statements.

Future Developments

Details of the future developments of the Group are set out in the Chairman's Statement on page 3.

Events after the Reporting Period

On 23 May 2014, the Group announced that it had entered into discussions with Mosaic Print Management Limited in respect of the Mosaic loan facility. Both parties were considering a number of options including but not limited to an extension of the facility, a restructuring of the facility and or/ an issue of equity. In parallel the Group stated that it had been engaged in discussions with a number of parties with respect to a disposal of part or all of its USA based stores, with the intention of applying any such disposal proceeds to the repayment in full of the loan facility, as well as a further potential distribution to shareholders. On this date the Group also announced that Mr. Peter E. Lynch had resigned as Director and Chief Executive of the Group. Following his resignation, Mr. Dermot Martin assumed the role of Executive Chairman.

The Group announced on 12 June 2014 that it had agreed a three month extension of the £1.000 million (€1.243 million) loan facility from Mosaic Print Management Limited, which matured in May, 2014. This loan facility has been subject to a late payment fee of £0.065 million (€0.081 million), which has been added to the principal outstanding, making the total amount due on 31 August 2014 of £1.065 million (€1.324 million). The Group will continue to pay interest on the increased amount at the agreed previous rate of 15%.

Auditors

The Auditors, Grant Thornton will continue in office in accordance with the provisions of Section 160(2) of the Companies Act, 1963.

On behalf of the Board:

D Martin — Executive Chairman
A Gill — Director

Date: 27 June 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the parent company financial statements are prepared in accordance with generally accepted accounting practice in Ireland. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with applicable IFRSs as adopted by the European Union for the Group consolidated financial statements and applicable accounting standards for the Company financial statements, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2013. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the web site. Legislation in the Republic of Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We have audited the group and parent company financial statements of Prime Active Capital plc for the year ended 31 December 2013 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, and the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, the Company balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, Irish law as applied in accordance with the provisions of the Companies Acts 1963 to 2013 and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 16 the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of; whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 December 2013 and of its loss for the year then ended;

- the parent company statement of financial position gives a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland as applied in accordance with the provisions of the Companies Acts 1963 to 2013, of the state of the parent company's affairs as at 31 December 2013; and

- the financial statements have been properly prepared in accordance with the requirements of the Companies Acts 1963 to 2013.

Matters on which we are required to report by the Companies Acts 1963 to 2013

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper books of account have been kept by the parent company.
- The parent company balance sheet is in agreement with the books of account.

Opinion

In our opinion:

- the information given in the directors’ report is consistent with the financial statements and the description in the Corporate Governance Statement of the main features of the internal control and risk management systems in relation to the process for preparing the group financial statements is consistent with the group financial statements.
- the net assets of the parent company as shown in the company balance sheet are less than half the amount of its called up share capital, and in our opinion, on that basis there did exist at 31 December 2013 a financial situation which under Section 40(1) of the Companies (Amendment) Act, 1983 may require the convening of an extraordinary general meeting of the company.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2.2 on page 25 of the consolidated financial statements concerning the company’s ability to continue as a going concern. The company incurred a net loss of €3.318 million during the year ended 31 December 2013 and, at that date, the company’s current liabilities exceeded its current assets by €3.207 million and it had net current liabilities of €8.037 million. These conditions, along with the other matters explained in the note referred to above, indicate the existence of a material uncertainty which may cast significant doubt about the company’s ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Acts 1963 to 2013 which require us to report to you if, in our opinion, the disclosures of directors’ remuneration and transactions specified by law are not made.

AIDAN CONNAUGHTON
For and on behalf of
Grant Thornton
Chartered Accountants and Registered Auditors
24-26 City Quay
Dublin 2

Date: 27 June 2014

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	**Pre-exceptionals 2013 €'000**	**Exceptionals (note 7) 2013 €'000**	**Total 2013 €'000**	Pre-exceptionals 2012 €'000	Exceptionals (note 7) 2012 €'000	Total 2012 €'000
Continuing operations							
Revenue	5	**40,570**	**-**	**40,570**	41,199	-	41,199
Cost of sales		**(27,628)**	**-**	**(27,628)**	(29,622)	-	(29,622)
Gross profit		**12,942**	**-**	**12,942**	11,577	-	11,577
Selling and distribution costs		**(10,338)**	**-**	**(10,338)**	(11,091)	-	(11,091)
Administration expenses		**(3,358)**	**(2,407)**	**(5,765)**	(3,177)	-	(3,177)
Other losses	8	**(6)**	**-**	**(6)**	(101)	-	(101)
Operating loss		**(760)**	**(2,407)**	**(3,167)**	(2,792)	-	(2,792)
Finance costs	9	**(149)**	**-**	**(149)**	(62)	-	(62)
Finance income	9	**-**	**-**	**-**	2	-	2
Loss before tax		**(909)**	**(2,407)**	**(3,316)**	(2,852)	-	(2,852)
Income tax charge	15	**(2)**	**-**	**(2)**	(10)	-	(10)
Loss for the year from continuing operations		**(911)**	**(2,407)**	**(3,318)**	(2,862)	-	(2,862)
Discontinued operations							
Profit for the year from discontinued operations after tax	6			**-**			94
Loss for the year				**(3,318)**			(2,768)
Attributable to:							
Equity shareholders	31			**(3,285)**			(2,724)
Non-controlling interest	31			**(33)**			(44)
				(3,318)			(2,768)

	Note	**2013 € cent**	2012 € cent
Loss per share From continuing operations - Basic and diluted	17	**(14.48)**	(12.42)
Earnings per share From discontinued operations - Basic and diluted	17	**-**	0.41
Loss per share From continuing and discontinued operations - Basic and diluted	17	**(14.48)**	(12.01)

The notes on pages 24 to 57 are an integral part of these consolidated financial statements.

D Martin Executive Chairman
A Gill Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	2012
	€'000	€'000
Loss for the year	**(3,318)**	(2,768)
Other comprehensive income/(expense):		
Items that may subsequently be reclassified to profit or loss		
Fair value adjustment on other reserves	**302**	-
Exchange movement	**(275)**	(8)
Total comprehensive expense for the year	**(3,291)**	(2,776)

Attributable to:		
Equity holders of the Company	**(3,260)**	(2,732)
Non-controlling interest	**(31)**	(44)
	(3,291)	(2,776)

Items in the statement above are disclosed net of tax. The income tax charge for the year is disclosed in note 15 on page 41 of the consolidated financial statements.

The notes on pages 24 to 57 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2013

	Notes	**2013 €'000**	2012 €'000
Assets			
Current assets			
Inventories	18	**2,022**	1,096
Trade and other receivables	19	**2,168**	3,797
Cash and cash equivalents	20	**640**	524
		4,830	5,417
Non-current assets			
Property, plant and equipment	22	**1,724**	2,054
Intangible assets	23	**4,798**	7,438
		6,522	9,492
Total assets		**11,352**	14,909
Liabilities			
Current liabilities			
Trade and other payables	24	**6,288**	7,017
Current income tax liabilities		**1**	1
Borrowings	25	**1,370**	638
Provisions for other liabilities and charges	26	**378**	624
		8,037	8,280
Non-current liabilities			
Borrowings	25	**44**	67
		44	67
Total liabilities		**8,081**	8,347
Net assets		**3,271**	6,562
Equity			
Ordinary shares	29	**11,341**	11,341
Share premium	29	**16,444**	16,444
Other reserves	30	**2,548**	2,523
Retained earnings	31	**(27,062)**	(23,777)
Non-controlling interest	31	**-**	31
Total equity		**3,271**	6,562

The notes on pages 24 to 57 are an integral part of these consolidated financial statements.

D Martin Executive Chairman
A Gill Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

	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**
Balance at 1 January 2013	**11,341**	**16,444**	**2,523**	**(23,777)**	**6,531**	**31**	**6,562**
Comprehensive income:							
Loss for year	**-**	**-**	**-**	**(3,285)**	**(3,285)**	**(33)**	**(3,318)**
Other comprehensive income:							
Fair value adjustment on other reserves	**-**	**-**	**302**	**-**	**302**	**-**	**302**
Exchange movement	**-**	**-**	**(277)**	**-**	**(277)**	**2**	**(275)**
Total comprehensive income	**-**	**-**	**25**	**(3,285)**	**(3,260)**	**(31)**	**(3,291)**
Transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 December 2013	**11,341**	**16,444**	**2,548**	**(27,062)**	**3,271**	**-**	**3,271**

	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
Balance at 1 January 2012	11,341	16,444	2,532	(21,054)	9,263	75	9,338
Comprehensive income:							
Loss for year	-	-	-	(2,724)	(2,724)	(44)	(2,768)
Other comprehensive income:							
Exchange movement	-	-	(9)	1	(8)	-	(8)
Total comprehensive income	-	-	(9)	(2,723)	(2,732)	(44)	(2,776)
Transactions with owners	-	-	-	-	-	-	-
Balance at 31 December 2012	11,341	16,444	2,523	(23,777)	6,531	31	6,562

The notes on pages 24 to 57 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	**2013 €'000**	2012 €'000
Operating activities			
Cash absorbed by operations	32(a)	**(24)**	(560)
Tax paid		**(6)**	(8)
Net cash outflow from operating activities		**(30)**	(568)
Investing activities			
Purchase of property, plant and equipment		**(333)**	(752)
Disposal of subsidiary, net of cash disposed of		**-**	1,172
Net cash (outflow)/inflow from investing activities		**(333)**	420
Financing activities			
Proceeds from borrowings		**1,270**	570
Repayment of borrowings		**(538)**	(527)
Capital element of asset finance payments		**(28)**	(25)
Net interest paid		**(148)**	(57)
Finance lease interest		**(1)**	(3)
Net cash inflow/(outflow) from financing activities		**555**	(42)
Net increase/(decrease) in cash and cash equivalents		**192**	(190)
Cash and cash equivalents at 1 January		**524**	723
Effect of exchange rate changes		**(76)**	(9)
Cash and cash equivalents at 31 December	20	**640**	524

The notes on pages 24 to 57 are an integral part of these consolidated financial statements.

1. General Information

The Company is a public limited company listed on the Enterprise Securities Market (ESM) in Dublin and listed on the Alternative Investment Market (AIM) in London. The address of its registered office is 14, The Hyde Building, The Park, Carrickmines, Dublin 18, Ireland. The principal activities of the Company and its subsidiaries are described in the Directors' report on page 8.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Statement of compliance

The consolidated and company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations approved by the International Accounting Standards Board (IASB) as adopted by the European Union (EU) and those parts of the Companies Acts, 1963 to 2013 applicable to companies reporting under IFRS.

The Company has availed of the exemption in Section 148(8) of the Companies Act 1963 not to present its individual Income Statement and related notes that form part of the approved Company financial statements. The Company has also availed of the exemption from filing its individual Income statement with the Registrar of Companies as permitted by Section 7(1A) of the Companies (Amendment) Act 1986. The IFRSs adopted by the EU as applied by the Group in the preparation of these financial statements are those that were effective at 31 December 2013. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the group. At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

The following standards and interpretations became effective for the 2013 financial statements but these were either not relevant to or did not have a material impact on the Group's financial statements:

- IFRS 1 (amendment) – First-time Adoption of International Financial Reporting Standards; on government loans;
- IFRS 7 (amendment) – Financial Instruments; disclosures, financial asset and financial liability offsetting;
- IAS 12 (amendment) – Deferred Tax: Recovery of Underlying Assets.

The Group has not applied the following standards and interpretations which have been issued and become effective for accounting periods beginning after the commencement of the Group's next financial year but either have no impact or are not expected to have a material impact on the Group's financial statements:

- IFRS 8 (amendment) Operating Segments;
- IFRS 9 – Financial Instruments;
- IFRS 10 (amendment) – Consolidated Financial Statements;
- IFRS 12 (amendment) - Disclosure of Interests in Other Entities;
- Amendment to IFRS 10 and IFRS 12 Investment Entities;
- IAS 19 (amendment) – Defined benefit plans: Employee Contributions;
- IAS 27 (amendment) – Separate Financial Statements;
- IAS 32 (amendment) – Financial instruments; Presentation;
- IFRIC 21 – Levies.

The standards and interpretations addressed above will be applied for the purposes of the Group financial statements with effect from the date they become effective.

2.2 Basis of preparation

These consolidated financial statements, which are presented in euro thousands, have been prepared under the historical cost convention as modified by the measurement at fair value of certain financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss and available-for-sale financial assets.

The Directors have taken time to consider the general volatility of the market place within which the businesses operate and the companies scale and general susceptibility to micro and macro-economic downturns beyond the companies control. As a small regional agent the company is vulnerable to Verizon's strategic decisions however it continues to maintain strong positions in many of the markets it operates in. As further detailed in Note 34 on page 55 of the consolidated financial statements, subsequent to the year end, the Group agreed a three month extension to the £1.000 million one year secured Mosaic Loan Facility which matured in May, 2014. This facility now becomes repayable on 31 August 2014. The extension of the facility allows the Group further time to consider its options in relation to the repayment of the Mosaic Loan Facility including a sale of all or part of the Group's USA based stores or other forms of refinancing. The Group is in ongoing discussions with respect to a disposal of part or all of the USA based stores and has recently executed a letter of intent with one party providing for a period of exclusivity.

After taking account of the factors described above, and considering possible changes in trading performance, forecasts show that the Group, should it not have to repay the Mosaic Loan Facility, would be able to continue to operate its existing businesses for a period of 12 months from the date of this annual report without the need for additional finance. For that reason, the consolidated financial statements have been prepared on the going concern basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4 on pages 35 and 36 of the consolidated financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2.3 Basis of consolidation

Subsidiaries are those entities over which the Group has the power to control the financial and operating policies so as to obtain economic benefit from their activities. The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries) all of which prepare financial statements up to 31 December. Accounting policies of subsidiaries are consistent with the accounting policies adopted by the Group. All intra-group transactions, balances, income and expenses are eliminated in preparing the consolidated financial statements.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

2.4 Business combinations

Acquisitions on or after 1 January 2010
From 1 January 2010 the Group has applied IFRS 3 (revised) - Business Combinations in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount is recognised in profit or loss immediately.

Prior to 1 January 2010 business combinations have been accounted for under IFRS 3 Business Combinations (2004).

2.5 Non-controlling interest

Non-controlling interest represent the proportion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Group.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting information provided to the chief operating decision maker. The Chief Operating Decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been defined by the Group as the Executive Chairman. The Group has one operating segment, PAC Telemedia. The results and financial information of this operating segment are presented and regularly reviewed by the Group's Chief Operating Decision maker. EBITDA is one of the key measures utilised in assessing the performance of this operating segment. IFRS does not define EBITDA which for the purpose of clarity is defined as earnings before interest, tax, depreciation and amortisation.

2.7 Revenue

Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts, sales taxes, rebates and returns.

Revenue from the sale of goods and services is recognised when a Group entity has delivered products to the customer and the significant risks and rewards of ownership have been transferred to the buyer. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. Other revenue generated from the sale of membership plans is recognised in the period to which it relates, net of provision for future claims.

Commission revenue is receivable on sales of third party wireless subscription services and is contractually committed by the provider of the wireless subscription services and for which there are ongoing performance criteria. Commission is repayable in the event that a subscriber cancels a subscription service within a defined period of time. Accumulated experience is used to estimate and provide for commission repayments. Commission revenue is recognised net of provision for cancellations when the sales related to the commission are made.

Cooperative revenue is receivable from Verizon Wireless on sales of new contract activations, at varying amounts depending on the rate plan sold with the phone. These funds are to be used exclusively for the promotion of Verizon Wireless services and are repayable under certain circumstances. This cooperative income is deemed to be receivable on the date of the sale of the qualifying new activation, and these funds are recognised in revenue immediately.

2.8 Share-based payments

Warrants

In accordance with IFRS 2- Share-based Payment, the fair value of the warrants at grant date excluding the impact of non-market conditions is recognised as an expense in the income statement over the vesting period. A corresponding amount is recognised in shareholders' equity as the warrant scheme is designated as an equity-settled share based payment transaction. The fair value of each warrant granted is determined using an option pricing model with assumptions appropriate to each award at the time of grant.

Share options

Employees (including Directors) of the Group may be entitled to remuneration in the form of share – based payment transactions, whereby employees render service in exchange for shares or rights over shares. Details of the Group's share option scheme are set out in note 35 on page 55 of the consolidated financial statements.

In line with the transitional provisions applicable to a first-time adopter of IFRS, as contained in IFRS 2 – Share-based Payment, the recognition and measurement principles of this standard have been applied only in respect of share options granted after 7 November 2002 that had not vested at the date of transition to IFRS. In accordance with the standard, the disclosure requirements of IFRS 2 – Share-based Payment – are applied to all outstanding share-based payments regardless of their grant date.

For any share options granted after 7 November 2002, the fair value of the option is recognised as an expense in the income statement with a corresponding increase in equity. The fair value is measured at grant date excluding the impact of non-market conditions and spread over the period during which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest where vesting conditions are non-market conditions. When the options are exercised, the proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

2.9 Retirement benefit obligations

The Group operates a defined contribution plan, which is a pension plan under which fixed contributions are paid into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution plans are recognised in the income statement as they fall due and any contributions outstanding at the year end are included as an accrual in the statement of financial position.

2.10 Finance income and finance costs

Finance income consists of income from interest earning deposits and deposit interest income is accrued on a time basis by reference to the principal balance and the applicable effective interest rate.

Finance costs consist of interest payable on borrowings and is accrued on a time basis by reference to the outstanding principal and the effective interest rate of the borrowing.

2.11 Exceptional items

The Group has adopted an income statement format, which seeks to highlight significant items within the Group results for the year. Such items may include restructuring costs, reorganisation costs, impairment of assets, profit or loss on disposal or termination of operations, litigation settlements, profit or loss on disposal of investments or other significant expenses. Judgement is used by the Group in assessing the particular items, which by virtue of their scale and nature, should be disclosed in the income statement and notes as exceptional items.

2.12 Taxation

Taxation on the profit or loss for the period comprises current and deferred tax. Taxation is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the related tax is recognised in other comprehensive income or directly in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates and laws that have been enacted or substantially enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on the basis of the liability method on temporary differences at the statement of financial position date. Temporary differences are defined as the difference between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for, if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, or where, in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, the timing and reversal of the temporary differences is subject to control by the Group and it is probable that reversal will not occur in the foreseeable future. Deferred tax assets and liabilities are not subject to discounting and are measured at the tax rates that are anticipated to apply in the period in which the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. The carrying amounts of deferred tax assets are subject to review at each statement of financial position date and are reduced to the extent that future taxable profits are considered to be inadequate to allow all or part of any deferred tax asset to be utilised.

2.13 Currency translation

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in euro, which is the presentation currency of the Group.

Due to the fact that the US is the primary environment in which the Group operates, the functional currency of the Company is US dollar. Presenting the financial statements in euro is considered to be more meaningful for shareholders because the Group's parent company is incorporated in Ireland, its shares are quoted on the Enterprise Securities Market (ESM), the Irish Stock Exchange market which is designed for small to mid-sized companies, and the majority of its shareholders are Irish.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at the rate of exchange ruling at the statement of financial position date are recognised in profit or loss.

Group companies
Results and cash flows of subsidiaries are translated into euro at average exchange rates for the period, where average exchange rates approximate the exchange rates applying at the dates of the underlying transactions, and the related statements of financial position are translated at the exchange rates applying at the financial year end. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rates applying at the financial year end. Exchange differences arising on translation of the results of foreign currency subsidiaries and on restatement of the opening net assets at closing rates, on both the translation to the functional currency of the parent and to the reporting currency, are dealt with in a separate currency translation reserve within equity, net of any differences on related currency borrowings. On disposal of a foreign operation, accumulated currency translation differences are recognised in the income statement as part of the overall gain or loss on disposal. Cumulative currency translation differences arising prior to 1 January 2004 (the transition date to IFRS) have been set to zero.

2.14 Property, plant and equipment

Property, plant and equipment are recorded at original cost less accumulated depreciation (for those assets which are depreciated) and any impairment loss. Cost includes the purchase price plus costs directly incurred in bringing the asset into use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

2.15 Depreciation and impairment of property, plant and equipment

Depreciation is charged, on a straight-line basis, so as to write down the cost of property, plant and equipment to residual value, including those assets held under finance lease. Land is not depreciated. Depreciation charges are commenced from the dates the assets are available for their intended use and are spread over the following estimated useful economic lives (or the lease term, if shorter):

- leasehold improvements 5 to 7 years;
- fixtures and fittings 2 to 7 years;
- vehicles 4 to 5 years.

Residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

In accordance with IAS 36 – Impairment of Assets – the carrying values of items of property, plant and equipment are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable. If the recoverable amount of an asset is less than its carrying amount, an impairment loss is recognised.

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is assessed by discounting the estimated future cash flows that the asset is expected to generate. For this purpose assets are grouped into cash generating units representing the lowest levels for which there are separately identifiable cash flows. Impairment is then determined by assessing the recoverable amount of the cash-generating unit to which the assets relates. Reversals of impairment losses are recognised in income when they arise.

2.16 Intangible assets – goodwill

Goodwill is recognised as an asset and represents the excess of the cost of an acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of the acquisition. As at the acquisition date, goodwill is allocated to cash-generating units for the purpose of impairment testing. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is reviewed for impairment annually and whenever there is a possible indicator of impairment. Impairment is determined by assessing the recoverable amount, being the higher of fair value less costs to sell and value in use, of the cash-generating unit to which the goodwill relates. If the recoverable amount of goodwill is less than its carrying amount, an impairment loss is recognised. Impairment losses for goodwill are not reversed in subsequent periods.

Where a subsidiary is sold, any goodwill arising on acquisition, net of any impairment, is included in determining the profit or loss arising on disposal.

2.17 Other loans and receivables

Other loans and receivables are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. They are included at amortised cost in non-current assets unless the investment is due to mature within 12 months of the financial year end. After initial recognition, gains or losses arising from changes in the amortised cost are included in other gains/(losses) in the income statement in the period in which they arise.

2.18 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

Inventory is measured by taking account of cost and the expected revenues arising from the sale of packages comprising a mobile phone and a wireless subscription service for which the Company receives a commission. Where necessary, write downs in the carrying value of inventories are made for obsolete, damaged, deteriorated and unusable items on the basis of a review of individual items included in inventory.

2.19 Trade and other receivables

Trade and other receivables are recognised initially at fair value. Given the short-dated nature of these assets the original invoice value equates to initial fair value. Trade receivables are subsequently measured at amortised cost using the effective interest method, less an impairment provision when there is objective evidence that it will not be possible to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original rate of interest. The amount of the provision is recognised in the income statement in selling and distribution costs.

2.20 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, including bank deposits of less than three months maturity. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

2.21 Share capital

Ordinary shares are classified as equity. Equity capital issued by the Group is recorded at the value of the proceeds received, net of direct issue costs.

2.22 Trade payables

Trade payables are initially stated at cost which, given the short-dated nature of these liabilities equates to initial fair value and are subsequently measured at amortised cost, using the effective interest rate method, when the age or payment terms of the liability indicates that initial cost no longer equates to fair value.

2.23 Provisions

A provision is recognised in the statement of financial position when the Group has a present obligation (either legal or constructive) as a result of a past event; it is probable that a transfer of economic benefits would be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the time value of money and, where appropriate, the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.24 Borrowings

Borrowings are initially recorded at the fair value of the consideration received net of attributable transaction costs. Borrowings are subsequently stated at amortised cost. Any difference between the consideration received (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the financial year end.

2.25 Leases

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings.

The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Asset finance agreements are legal agreements entered into with a provider of finance to enable Group entities to finance the purchase of plant and equipment. The substance of these agreements is equivalent to that of a finance lease and accordingly these transactions are accounted for as finance leases. The term asset finance agreement is used in the financial statements to describe both finance lease agreements and any other agreements which are equivalent to finance leases in substance.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease. Benefits received as an incentive to enter into an operating lease are spread on a straight line basis over the period of the lease.

2.26 Government and other grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and that the Group will comply with all attached conditions.

Within the PAC Telemedia segment, grants related to certain expenditures incurred in respect of the opening of new mobile phone shops are receivable subject to various conditions. When there is reasonable assurance that the grant will be received and all conditions will be complied with, the grant is recognised as a reduction of the associated expense at its fair value in the period in which the related expense is incurred.

Government and other grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government and other grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred grants and are credited to the income statement on a straight line basis over the expected lives of the related assets.

2.27 Discontinued operations

A discontinued operation is a component of the Group's business which represents a separate major line item of business and has been disposed of. When an operation is classified as discontinued, the comparative income statement is restated as if the operation had been discontinued from the start of the earliest period presented.

3. Financial Risk Management

The main financial instruments used by the Group throughout its businesses are interest-bearing loans from directors and borrowings, cash and cash equivalents, trade receivables and payables and finance leases. The main risks attaching to the Group's financial instruments are interest rate, currency, credit, and liquidity risk.

Interest rate risk
Group borrowings consist of a sterling loan note, sterling loan finance and a euro loan note within the Irish operations and US dollar asset finance facilities within the USA based operations. At 31 December 2013, these borrowings were subject to fixed rates of interest. Interest rate exposures are reviewed regularly and financial instruments considered. At present it is not considered necessary to cover interest rate exposures by the use of financial instruments.

Currency risk
The Group's trading activities are conducted in US dollar, the functional currency of the Group's main subsidiaries. The Group's USA based operating companies do not incur transactional currency exposures arising from sales and purchases in currencies other than the US dollar.

The translation of the Group's net investment in its subsidiaries to the Group presentation currency (euro) gives rise to an exchange movement which is recognised in the consolidated statement of comprehensive income.

Credit risk
Credit risk arises in the context of the Group's trading with customers. Credit risk is managed by maintaining and applying appropriate credit control policies with both new and continuing customer relationships. There were no significant concentrations of credit risk at the year end.

The Group was also exposed to credit risk relating to cash and cash equivalents. The Group places cash/deals with highly rated financial institutions and, where appropriate, seeks to diversify funds between a number of such institutions to minimise the amount of credit exposure to any financial institution.

Liquidity risk
The Group is exposed to liquidity risk which arises primarily from the requirement to pay short term financial liabilities. The Group's policy is to ensure that sufficient resources are available either from cash balances or cash flows to ensure all obligations can be met as they fall due. To achieve this objective, the Group:

- continuously monitors and controls forecast and actual cash flows;
- maintains cash balances and liquid investments with highly-rated counterparties; and
- limits the maturity of cash balances.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the earliest date on which the Group can be required to pay (including interest payments where applicable). The amounts disclosed in the table are the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date, except for short term payables where discounting is not applied.

At 31 December 2013	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**
	€'000	**€'000**	**€'000**
Borrowings	**1,370**	**25**	**19**
Trade and other payables	**6,288**	**-**	**-**
	7,658	**25**	**19**

At 31 December 2012	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
	€'000	€'000	€'000
Borrowings	638	62	5
Trade and other payables	7,017	-	-
	7,655	62	5

Capital risk
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may pay dividends to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Capital for the financial year ends under review is summarised as follows:

	2013	2012
	€'000	€'000
Total equity	**3,271**	6,562
Cash and cash equivalents	**(640)**	(524)
Capital	**2,631**	6,038

	2013	2012
	€'000	€'000
Total equity	**3,271**	6,562
Borrowings	**1,414**	705
Overall financing	**4,685**	7,267
Capital-to-overall financing ratio	**0.56**	0.83

The decrease in the capital-to-overall financing ratio during 2013 resulted primarily from increases in borrowings of €1.206 million by way of short term working capital loans to facilitate trading. Further details are outlined in note 25 on pages 48, 49 and 50 of the consolidated financial statements.

4. Critical Accounting Estimates and Judgements

The Group makes estimates and assumptions concerning the future in preparing the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. By definition, estimates cannot be expected to predict future results with certainty. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Going concern

As further discussed in note 2.2 on page 25 of the consolidated financial statements, the financial statements have been prepared on a going concern basis which assumes that the Group will continue in operational existence for a period not less than 12 months from the date of this annual report. This assumption has been based on cash flow budgets and forecasts prepared by the Group and approved by the board of directors.

These detailed, bottom-up financial forecasts have been prepared for each profit centre and the extent of the review reflects the still uncertain economic outlook and the weaknesses in revenues experienced in 2013 and the early part of 2014. The Group's forecasts and projections reflect key assumptions based on information available at the time of the review and include:

- detailed monthly forecasting by individual profit centre for the current financial year 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 financial year based on regional management's assessment of trends across individual regions and operating units.

While the Group's forecasts and projections reflect key assumptions based on information available at the time of the review, by their nature they include significant judgements and estimates as they are assessing future performance of the Group.

4.2 Goodwill

Goodwill is required to be tested for impairment at least annually or more frequently if changes in circumstances or the occurrence of events indicating potential impairment exist. In accordance with accounting policy note 2.16 on page 30 of the consolidated financial statements, the Group assesses the recoverable amount of the cash generating unit to which goodwill relates to determine if goodwill has been impaired. In calculating the recoverable amount, management judgment is required to determine either the fair value less costs to sell of the cash generating unit or to determine the discounted present value of the cash flows expected to arise from the continuing use of the cash generating unit and its disposal at the end of its useful life.

4.3 Income taxes

Significant judgement is required in determining the provision for income taxes as the taxation rules are constantly evolving and are subject to changes in legal and practical interpretation from time to time. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4.4 Business combinations

The Group uses the acquisition method of accounting for acquired businesses which requires that the assets and liabilities assumed are recorded at their respective fair values at the date of acquisition. The application of the acquisition method requires certain estimates and assumptions particularly concerning the determination of the fair values of the acquired assets and liabilities assumed at the date of acquisition.

4.5 Exceptional items

In accordance with accounting policy note 2.11 on page 28 of the consolidated financial statements, the Group has adopted an income statement format which highlights as exceptional any significant and one off items within the Group's results for the year. Judgement is used by the Group in assessing the particular items, which by virtue of their materiality and/or nature, are presented in the income statement and related notes as exceptional items.

4.6 Deferred tax assets

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, significant judgement is used when assessing the extent to which deferred tax assets should be recognised, with consideration given to the timing and level of future taxable income in the relevant tax jurisdiction.

4.7 Commissions repayable

Commission revenue is receivable within the PAC Telemedia division on sales of third party wireless subscription services and is contractually committed by the provider of the wireless subscription services and for which there are ongoing performance criteria. Commission is repayable in the event that a subscriber cancels a subscription service within a defined period of time. Accumulated experience is used to estimate and provide for such commission repayments.

4.8 Provisions

Provisions have been made within PAC Telemedia for future claims on membership plans. These provisions are based on the estimated costs of paying all claims on device cover together with the expected value of future claims attributable to the unexpired periods of service plans in place with customers. These provisions are approximations and the actual costs and timing of future cash flows are dependent on future events. Any difference between expectations and the actual future liability is accounted for in the period when such determination is made.

5. Segment Information

In accordance with IFRS 8 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 telecommunication subscription services and wireless data products.

(5a) Operating segment disclosures – Consolidated Income Statement

	Continuing			**Discontinued**	
Year ended 31 December 2013	**PAC Telemedia €'000**	**Unallocated[1] €'000**	**Total €'000**	**PAC Digimedia €'000**	**Group €'000**
Revenue from external customers	**40,570**	**-**	**40,570**	**-**	**40,570**
EBITDA[2]	**400**	**(575)**	**(175)**	**-**	**(175)**
Depreciation	**(572)**	**(7)**	**(579)**	**-**	**(579)**
Operating loss before exceptional items	**(172)**	**(582)**	**(754)**	**-**	**(754)**
Other losses	**-**	**(6)**	**(6)**	**-**	**(6)**
Exceptional items	**(2,407)**	**-**	**(2,407)**	**-**	**(2,407)**
Finance costs	**(8)**	**(141)**	**(149)**	**-**	**(149)**
Finance income	**-**	**-**	**-**	**-**	**-**
Loss before tax	**(2,587)**	**(729)**	**(3,316)**	**-**	**(3,316)**
Income tax charge	**-**	**(2)**	**(2)**	**-**	**(2)**
Loss for the year	**(3,318)**	**(731)**	**(3,318)**	**-**	**(3,318)**

	Continuing			Discontinued	
Year ended 31 December 2012	PAC Telemedia €'000	Unallocated €'000	Total €'000	PAC Digimedia €'000	Group €'000
Revenue from external customers	41,199	-	41,199	-	41,199
EBITDA[2]	(1,544)	(611)	(2,155)	-	(2,155)
Depreciation	(527)	(10)	(537)	-	(537)
Operating loss before exceptional items	(2,071)	(621)	(2,692)	-	(2,692)
Other income	-	-	-	94	94
Other losses	-	(101)	(101)	-	(101)
Finance costs	(13)	(49)	(62)	-	(62)
Finance income	2	-	2	-	2
(Loss)/profit before tax	(2,082)	(771)	(2,853)	94	(2,759)
Income tax charge	(4)	(5)	(9)	-	(9)
(Loss)/profit for the year	(2,086)	(776)	(2,862)	94	(2,768)

(1) unallocated costs represent corporate costs of the Group

(2) the Executive Chairman assesses segment performance based on earnings before interest, tax, depreciation, amortisation, other income, other gains and exceptional items (EBITDA)

(5b) Operating segments disclosures – Statement of Financial Position

The Group's business segments and its assets are located in the USA. Unallocated assets represent assets held by PAC Group and not allocated to an operating subsidiary.

	Continuing operations – year ended 31 December					
	PAC Telemedia	**Unallocated**	**Total Group**	PAC Telemedia	Unallocated	Total Group
	€'000	**€'000**	**€'000**	€'000	€'000	€'000
	2013	**2013**	**2013**	2012	2012	2012
Non-current assets						
USA	**6,515**	**-**	**6,515**	9,474	-	9,474
Unallocated	**-**	**7**	**7**	-	18	18
	6,515	**7**	**6,522**	9,474	18	9,492
Current assets						
USA	**4,786**	**-**	**4,786**	5,310	-	5,310
Unallocated	**-**	**44**	**44**	-	107	107
	4,786	**44**	**4,830**	5,310	107	5,417
Total assets	**11,301**	**51**	**11,352**	14,784	125	14,909
Total liabilities						
USA	**(6,383)**	**-**	**(6,383)**	(7,803)	-	(7,803)
Unallocated	**-**	**(1,698)**	**(1,698)**	-	(544)	(544)
	(6,383)	**(1,698)**	**(8,081)**	(7,803)	(544)	(8,347)

(5c) Entity-wide disclosures

The Group derives its revenue from a single collection of related products and services being the supply of mobile phones and accessories and the provision of mobile telecommunication subscription services. Group revenue is entirely from external customers. The table below shows revenue attributable to the country of operation.

	Continuing operations – year ended 31 December					
	USA	**Unallocated**	**Total**	USA	Unallocated	Total
	€'000	**€'000**	**€'000**	€'000	€'000	€'000
	2013	**2013**	**2013**	2012	2012	2012
Sale of goods	**10,330**	**-**	**10,330**	13,557	-	13,557
Supply of services	**30,240**	**-**	**30,240**	27,642	-	27,642
	40,570	**-**	**40,570**	41,199	-	41,199

During the year €28.500 million or 70% of the Group's revenue's depended on a single customer in the PAC Telemedia segment (2012: €27.422 million or 67%).

6. Discontinued Operations

There were no discontinued operations within the Group in 2013. Expected deferred consideration of €1.172 million relating to previous years' disposals was received in 2012.

	2013	2012
	€'000	€'000
Results of discontinued operations		
Other income[1]	**-**	94
Profit before tax from discontinued operations	**-**	94
Income tax	**-**	-
Profit after tax from discontinued operations	**-**	94
Basic and diluted earnings per share (cent)	**-**	0.42
Cash flows from discontinued operations		
Net cash from investing activities	**-**	1,172
Net cash from discontinued operations	**-**	1,172

Effect of disposal on the financial position of the Group	**2013**	2012
	€'000	€'000
Consideration received, satisfied in cash (net of attributable expenses)	**-**	1,172
Net cash inflow	**-**	1,172
Deferred consideration	**-**	(1,172)
	-	-

(1) other income comprises a gain on re-measuring other loans and receivables as disclosed in note 21 on page 45 of the consolidated financial statements

7. Exceptional Items

	2013	2012
Continuing operations	**€'000**	€'000
Goodwill impairment[1]	**2,407**	**-**

(1) the Group recognised an impairment charge of €2.407 million as a result of an impairment review undertaken in accordance with IAS 36 against the goodwill allocated to the Cellular Center Holdings CGU

8. Other losses

	2013	2012
Continuing operations	**€'000**	€'000
Net foreign exchange losses	**(6)**	(101)
	(6)	(101)

9. Finance Costs and Finance Income

Continuing operations	**2013 €'000**	2012 €'000
Finance costs:		
Other borrowings	**(138)**	(37)
Asset finance	**(1)**	(3)
Net foreign exchange losses on financing activities	**(10)**	(22)
	(149)	(62)
Finance income:		
Bank deposit interest	**-**	2
	-	2
Finance costs (net)	**(149)**	(60)

10. Expenses

Continuing operations	**2013 €'000**	2012 €'000
Employee benefit expense (note 13)	**8,281**	8,475
Material cost of inventories consumed (included within cost of sales)	**27,628**	29,622
Depreciation of property, plant and equipment		
- Included in administration expenses	**579**	537
Services provided by the Group's Auditors (note 12)	**77**	78
Operating lease rentals - property	**1,916**	2,418
Inventory provision	**12**	161
Goodwill impairment (note7)	**2,407**	-
Other selling and distribution and administrative expenses	**2,831**	2,599
Other losses	**6**	101
	43,737	43,991

11. Net Foreign Exchange Losses

Continuing operations	**2013 €'000**	2012 €'000
The exchange differences charged to the income statement are included as follows:		
Other losses (note 8)	**(6)**	(101)
Net finance costs (note 9)	**(10)**	(22)
	(16)	(123)

12. Services Provided by the Group's Auditors

During the year the Group (including its USA subsidiaries) obtained the following services from the Group's Auditors at costs as detailed below:

Continuing operations	**2013 €'000**	2012 €'000
Audit of Group accounts	**60**	60
Other assurance services	**8**	8
Tax advisory services	**9**	10
	77	78

13. Employment Information

Continuing operations	2013 €'000	2012 €'000
Employment costs:		
Wages and salaries	**7,604**	7,769
Social welfare costs	**677**	694
Other pension costs net	**-**	12
Employee benefit expense	**8,281**	8,475

Average number of employees	2013	2012
Selling and distribution	**255**	250
Administration	**47**	46
Average number of employees for the year	**302**	296

14. Foreign Currency

The income statement and cash flows of the Group's operations are translated into euro based on the average exchange rate for the year. The statements of financial position are translated using the year end exchange rate.

	2013	2012
Average rate		
Sterling	**0.8493**	0.8109
US dollar	**1.3281**	1.2848
Year end rate		
Sterling	**0.8337**	0.8161
US dollar	**1.3791**	1.3194

15. Income Tax Charge

	2013 €'000	2012 €'000
Current tax charge	**(2)**	(10)
Taxation	**(2)**	(10)

Relationship between tax expense and accounting profit	2013 €'000	2012 €'000
Loss on ordinary activities before tax	**(3,316)**	(2,852)
Loss on ordinary activities multiplied by standard rate of corporation tax in Ireland of 12.5% (2012:12.5%)	**415**	357
Effects of:		
Differences in effective tax rates on overseas earnings and interest income	**-**	(2)
Other items (mainly expenses not deductible for tax purposes and non taxable income)	**(359)**	(22)
Loss carried forward for which no deferred tax asset is recognised	**(58)**	(343)
Current tax charge for the year	**(2)**	(10)

16. Directors' Remuneration

Year ended 31 December 2013	**Salary**	**Fees**	**Other benefits**	**Total**
	€'000	**€'000**	**€'000**	**€'000**
Executive Directors[1]				
P E Lynch[2]	**154**	**-**	**14**	**168**
	154	**-**	**14**	**168**
Non-executive Directors[1]				
D Martin[3]	**-**	**16**	**-**	**16**
A Gill[4]	**-**	**-**	**-**	**-**
S Smith[4]	**-**	**-**	**-**	**-**
	-	**16**	**-**	**16**
	154	**16**	**14**	**184**

Year ended 31 December 2012	Salary	Fees	Other benefits	Total
	€'000	€'000	€'000	€'000
Executive Directors[1]				
P E Lynch	160	-	14	174
	160	-	14	174
Non-executive Directors[1]				
J Doris[5]	-	11	-	11
A Keogh[6]	-	12	-	12
D Martin	-	4	-	4
	-	27	-	27
	160	27	14	201

(1) the directors' remuneration disclosed above relates entirely to short-term employee benefits
(2) of the amount disclosed above, €0.154 million (2012: €nil) is accruing to Mr. P E Lynch at 31 December 2013
(3) refer also to note 37 on page 57 of the consolidated financial statements
(4) Mr. A Gill and Mr. S Smith were appointed as non-executive directors on 14 May 2013
(5) Mr. J Doris resigned as non-executive Director on 31 August 2012
(6) Ms. A Keogh resigned as non-executive Director on 1 October 2012

Details of Directors' interests in shares and share options are set out on page 10.

17. (Loss)/Earnings per Share from Continuing and Discontinued Operations

Basic earnings per share is calculated by dividing the (loss)/earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of shares in issue to assume conversion of all potential dilutive ordinary shares. The Group had one category of potential dilutive ordinary shares: warrants, however these warrants expired on 15 May 2012, and therefore no longer impact the calculation of diluted earnings per share, as a result the basic (loss)/earnings per share and the diluted (loss)/earnings per share are the same.

Reconciliations of the earnings and the weighted average number of shares used in the calculations are set out below.

(Loss)/earnings	**2013**	2012
	€'000	€'000
Loss for the year	**(3,285)**	(2,724)
Less: Profit for the year from discontinued operations	**-**	94
Loss for the year from continuing operations	**(3,285)**	(2,818)
Exceptional costs – continuing operations	**2,407**	-
Adjusted loss for the year	**(878)**	(2,818)

Basic and diluted loss per share – continuing operations	**2013**	2012
	€ cent	€ cent
Loss per share for the year	**(14.48)**	(12.42)
Exceptional costs	**10.61**	-
Adjusted loss per share for the year	**(3.87)**	(12.42)

Basic and diluted earnings per share – discontinued operations	**2013**	2012
	€ cent	€ cent
Earnings per share for the year	**-**	0.41
	-	0.41

Basic and diluted earnings per share – continuing and discontinued operations	**2013**	2012
	€ cent	€ cent
Loss per share for the year	**(14.48)**	(12.01)
Exceptional costs	**10.61**	-
Adjusted loss per share for the year	**(3.87)**	(12.01)

Weighted average number of shares ('000)	**22,681**	22,681

18. Inventories

	2013	2012
	€'000	€'000
Goods for resale	**2,022**	1,096

The Group consumed €27.628 million (2012: €29.622 million) of inventories during this year. This expense has been recognised in the income statement within cost of sales. The Group recognised €0.012 million (2012: €0.161 million) of inventory write down expense.

19. Trade and Other Receivables - Current

	2013	2012
	€'000	€'000
Trade receivables	**1,637**	3,205
Less: provision for impairment of trade receivables	**-**	-
	1,637	3,205
Prepayments and accrued income	**468**	530
Value added tax	**63**	62
	2,168	3,797

The fair value of trade and other receivables approximates book value.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2013	2012
Currency:	**€'000**	€'000
US dollar	**2,151**	3,781
Other currencies	**17**	16
	2,168	3,797

At 31 December 2013, trade receivables of €nil (2012: €nil) were past due but not impaired.

Individually impaired receivables are assessed to be so, based on age profile, and in some cases, on a dispute as to the customer's contractual obligation to pay. There are no impaired receivables within trade and other receivables at the year end (2012: €nil).

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any security as collateral.

20. Cash and Cash Equivalents

	2013	2012
	€'000	€'000
Cash at bank and in hand	**639**	522
Short-term deposits	**1**	2
	640	524

Short-term deposits represent funds held on deposit with banks, with a maturity of less than one month. The average maturity of these deposits was 0 days (2012: 0 days). The effective interest rate on the deposits was 0.0% (2012: 0.0%).

21. Other Loans and Receivables

	2013	2012
	€'000	€'000
At 1 January	**-**	1,043
Shares redeemed	**-**	(1,153)
Effective interest adjustment	**-**	94
Exchange movement	**-**	16
At 31 December	**-**	-

Other loans and receivables consisted of the Group's investment in the remaining redeemable shares in Bell & Bain Limited, following the receipt of the first and interim redemption repayments in 2011. Bell & Bain Limited is a former subsidiary undertaking disposed of on 25 November 2009. The shares were issued in settlement of a loan due to another subsidiary in the Group and were redeemable in instalments up to the third anniversary of the sale in consideration of a total payment of €1.043 million. The shares were redeemed in full in 2012.

Other loans and receivables are classified in Level 3 of the fair value hierarchy, as defined in IFRS 7 – Financial Instruments: Disclosure. This hierarchy groups financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities. Level 3 uses valuation techniques based on significant inputs that are not based on observable market data. Changing inputs to the Level 3 valuations, to reasonably possible alternative assumptions, would not have significantly changed amounts recognised in profit or loss, total assets, total liabilities or total equity. There have been no transfers into or out of Level 3 in the reporting period.

22. Property, Plant and Equipment

Year ended 31 December 2013	**Leasehold improvements €'000**	**Fixtures and fittings €'000**	**Vehicles €'000**	**Total €'000**
Cost				
At 1 January 2013	**1,077**	**2,325**	**203**	**3,605**
Additions at cost[1]	**126**	**150**	**57**	**333**
Disposals	**-**	**(22)**	**(13)**	**(35)**
Currency adjustments	**(51)**	**(106)**	**(6)**	**(163)**
At 31 December 2013	**1,152**	**2,347**	**241**	**3,740**
Accumulated depreciation				
At 1 January 2013	**285**	**1,123**	**143**	**1,551**
Charge for the year	**165**	**377**	**37**	**579**
Disposals	**-**	**(16)**	**(13)**	**(29)**
Currency adjustments	**(17)**	**(62)**	**(6)**	**(85)**
At 31 December 2013	**433**	**1,422**	**161**	**2,016**
Net book amount at 31 December 2013	**719**	**925**	**80**	**1,724**

Year ended 31 December 2012	Leasehold improvements €'000	Fixtures and fittings €'000	Vehicles €'000	Total €'000
Cost				
At 1 January 2012	571	2,178	205	2,954
Additions at cost	532	220	-	752
Disposals	(1)	(25)	-	(26)
Currency adjustments	(25)	(48)	(2)	(75)
At 31 December 2012	1,077	2,325	203	3,605
Accumulated depreciation				
At 1 January 2012	171	796	103	1,070
Charge for the year	121	374	42	537
Disposals	-	(22)	-	(22)
Currency adjustments	(7)	(25)	(2)	(34)
At 31 December 2012	285	1,123	143	1,551
Net book amount at 31 December 2012	792	1,202	60	2,054

(1) property, plant and equipment additions were funded using €0.281 million from existing resources and €0.052 million by asset finance agreements

The net book amount and the depreciation charge during the year in respect of assets purchased under asset finance agreements, are as follows:

	2013 €'000	2012 €'000
Cost	**183**	131
Accumulated depreciation	**(111)**	(82)
Net book value	**72**	49
Depreciation charge for the year	**34**	34

23. Intangible Assets

Goodwill	2013 €'000	2012 €'000
At 1 January	**7,438**	7,585
Impairment charge	**(2,318)**	-
Exchange movement	**(322)**	(147)
At 31 December	**4,798**	7,438

Goodwill acquired in business combinations is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination. The CGUs represent the lowest level within the Group at which the associated goodwill is monitored for management purposes and are not larger than the primary and secondary segments determined in accordance with IFRS 8 – Operating Segments.

The CGUs to which significant amounts of goodwill have been allocated and the corresponding carrying amounts of such goodwill are as follows:

Cash generating unit	2013 €'000	2012 €'000
PAC Telemedia		
- Cellular Center Holdings	**3,078**	5,641
- Express Business Services	**1,720**	1,797
At 31 December	**4,798**	7,438

Impairment testing of goodwill

The recoverability of goodwill has been assessed by reference to fair value less costs to sell, based on current market valuations. Following Management's review of recent asset sale based transactions in the industry and the receipt of letters of intent from two of the six national premium retailers in the USA, the recoverable amount was determined to be less than the carrying value and an impairment charge arose.

There are no reasonably possible changes in the key assumptions used in determining fair value less costs to sell, that would cause the impairment charge to be increased or decreased by a significant amount.

24. Trade and Other Payables

	2013 €'000	2012 €'000
Trade payables	**5,049**	5,721
Payroll tax and social security	**55**	37
Value added tax	**86**	84
Accrued expenses and other payables	**1,098**	1,037
Deferred income	**-**	138
	6,288	7,017

Analysis of trade and other payables:	2013 €'000	2012 €'000
Current	**6,288**	7,017
Non-current	**-**	-
	6,288	7,017

The fair value of trade and other payables approximates book value.

25. Borrowings

	2013	2012
Current	**€'000**	€'000
Loan note – Mr. A Gill	**91**	283
Directors Loan – Mr. P E Lynch	**57**	50
Loan finance – Mosaic Print Management Limited	**1,199**	-
Term debt	**3**	280
Asset finance	**20**	25
	1,370	638
Non-current		
Directors Loan – Mr. P E Lynch	**-**	50
Asset finance	**44**	17
	44	67
Total borrowings	**1,414**	705

Loan note
The loan note is denominated in sterling and was used to finance the acquisition of additional available-for-sale financial assets in 2010. The loan note is payable to Mr. Anthony Gill, who was appointed as non-executive Director in May 2013. The loan note is unsecured and is subject to a fixed rate of interest. An amended repayment schedule was agreed with Mr. Gill in June 2013, under which the loan note was repaid in equal monthly instalments from 1 June 2013, with the final repayment being made in May 2014.

Directors loan
Directors loan relates to a loan by Mr. P E Lynch, who advanced a further €0.025 million unsecured loan to the Group, on an interest free basis, on 21 March 2013, taking his total loan amount to the Group to €0.125 million. This loan was repaid in equal monthly instalments, with the final repayment being made in May 2014.

Loan finance
On 8 May 2013 the company entered into a £1.000 million sterling (€1.181 million) loan facility from Mosaic Print Management Limited ("Mosaic"), a UK company owned by Mr. Anthony Gill and Mr. Stephen Smith. The purpose of this loan facility was to provide a short term working capital loan to facilitate the business trading. The loan from Mosaic carries a 15% coupon with monthly interest payments. The loan is secured on certain USA based subsidiaries of the Group. As part of the terms of this loan facility, Mr. Anthony Gill and Mr. Stephen Smith joined the board as non-executive directors in May 2013. Mr. Stephen Smith will step-down from the board upon repayment of the loan facility.

Subsequent to the year end, Mosaic Print Management Limited has agreed a three month extension of the £1.000 million (€1.243 million), one year secured loan facility which matured in May 2014. The facility is now extended until 31 August 2014. This loan facility has incurred a late payment fee of £0.065 million (€0.081 million), which has been added to the outstanding principal. The Group will continue to pay interest at the agreed previous rate of 15% on the sum of £1.065 million (€1.324 million).

Further details of these transactions are disclosed in note 37 on page 57 of the consolidated financial statements.

Term Debt
Term debt is denominated in dollars and is used to finance the activities of the Groups US based businesses. Term debt is repayable by instalments over the period of the debt and is secured on the property and other assets of the business being financed by the debt. Term debt is subject to a fixed rate of interest.

Asset Finance
Asset finance is denominated in US dollar and consists of bank borrowings used to finance the purchase of items of property, plant and equipment. Asset finance obligations bear a fixed rate of interest and are secured against the value of the asset being acquired.

The maturity of borrowings are as follows:

	No later than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**2013 Total**	No later than 1 year	Between 1 and 2 years	Between 2 and 5 years	2012 Total
	€'000	**€'000**	**€'000**	**€'000**	€'000	€'000	€'000	€'000
Loan note	**91**	**-**	**-**	**91**	283	-	-	283
Directors Loan	**57**	**-**	**-**	**57**	50	50	-	100
Loan finance	**1,199**	**-**	**-**	**1,199**	-	-	-	-
Term Loan	**3**	**-**	**-**	**3**	280	-	-	280
Asset finance	**20**	**25**	**19**	**64**	25	12	5	42
	1,370	**25**	**19**	**1,414**	638	62	5	705

The effective interest rates at the financial year end were as follows:

	2013	2012
Loan note – fixed rate	**6.0%**	6.0%
Directors Loan	**0.0%**	0.0%
Loan finance – fixed rate	**15.0%**	-
Term Loan – fixed rate	**5.3%**	5.3%
Asset finance - fixed rate	**3.2%**	5.7%

The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying amount		**Fair value**	
	2013	2012	**2013**	2012
	€'000	€'000	**€'000**	€'000
Asset finance liabilities	**44**	17	**42**	15
Directors Loan	**-**	50	**-**	50
	44	67	**42**	65

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair value of non-current borrowings are based on their present values at the financial year end, using a rate based on the borrowing rates disclosed above. No fair value changes have been included in profit or loss for the year as financial liabilities are carried at amortised cost in the statement of financial position.

The Group has the following undrawn committed borrowing facilities at the financial year end:

	2013	2012
	€'000	€'000
Floating rate - due for renewal within one year	**-**	379

The facilities expiring within one year are annual facilities subject to review.

Asset finance liabilities - minimum lease payments	**2013**	2012
	€'000	€'000
No later than 1 year	**21**	27
Later than 1 year and no later than 5 years	**46**	18
	67	45
Future finance charges on asset finance obligations	**(3)**	(3)
Present value of asset finance obligations	**64**	42

The present value of asset finance liabilities is as follows:

	2013	2012
	€'000	€'000
No later than 1 year	**20**	25
Later than 1 year and no later than 5 years	**44**	17
	64	42

26. Provisions for Other Liabilities and Charges

	Reorganisation	**Claims**	**Other**	**Put liability**	**Total**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
At 1 January	146	-	133	345	624
Additional provisions charged to the income statement	**-**	**236**	**65**	**-**	**301**
Utilised during the year	**(145)**	**(24)**	**(47)**	**-**	**(216)**
Fair value adjustment	**-**	**-**	**-**	**(302)**	**(302)**
Exchange movement	**(1)**	**(8)**	**(6)**	**(14)**	**(29)**
At 31 December	**-**	**204**	**145**	**29**	**378**

Analysis of total provisions for other liabilities and charges:	**2013**	2012
	€'000	€'000
Current	**378**	624
Non-current	**-**	-
	378	624

Reorganisation
This provision relates to future lease rentals on stores closed in Cellular Center, LLC.

Claims
The claims provision comprises the estimated costs of paying all claims on device cover up to but not paid at the end of the financial year together with the expected value of future claims attributable to the unexpired periods of service plans in place with customers of Cellular Center GA-AL, LLC and Express Business Services, LLC at the year end.

Other provisions
Other provisions consist primarily of probable obligations for Cellular Center GA-AL, LLC and Express Business Services, LLC to repay Verizon Wireless for financial support received in respect of customer mobile phone activations and property leases if certain conditions are not met.

Put Liability
This amount relates to the fair value of the liability arising if the put option on the shares held by the non-controlling interest in Cellular Center Holdings, LLC is exercised after 20 December 2010, in accordance with the requirements of IAS 32 – Financial Instruments: Presentation. The put liability had not been exercised as at 27 June 2014.

27. Deferred Tax

The Group did not recognise deferred tax assets of €5.060 million (2012: €4.621 million) in respect of losses amounting to €19.657 million (2012: €21.321 million) that can be carried forward against future taxable income.

28. Retirement Benefit Obligations

The Group does not operate a pension scheme currently. Previously it operated a defined contribution scheme, which was funded and was independent of the assets.

Defined contribution plans
Pension costs for defined contribution plans are as follows:

	2013	2012
	€'000	€'000
Expense for defined contribution plans	**-**	12

29. Share Capital and Premium

	Number of shares 000's	**Ordinary Shares €'000**	**Share Premium €'000**	**Total €'000**
At 1 January 2013	22,681	11,341	16,444	27,785
At 31 December 2013	**22,681**	**11,341**	**16,444**	**27,785**

The total authorised number of ordinary shares is 100,000,000 (2012:100,000,000) with a par value of €0.50 (2012: €0.50) per share.

30. Other Reserves

	Share based payments reserve €'000	**Currency translation reserve €'000**	**Other reserves €'000**	**Total €'000**
At 1 January 2012	3,375	(491)	(352)	2,532
Exchange movement	-	(16)	7	(9)
At 31 December 2012	3,375	(507)	(345)	2,523
Fair value adjustment	**-**	**-**	**302**	**302**
Exchange movement	**-**	**(291)**	**14**	**(277)**
At 31 December 2013	**3,375**	**(798)**	**(29)**	**2,548**

Share based payments reserve
This reserve comprises amounts credited to reserves in connection with warrants issued, which have now expired.

Foreign currency translation reserve
The translation reserve comprises all foreign exchange differences, arising from the translation of the net assets of the Group's non-euro functional currency operations, including the translation of the results of such operations from the average exchange rate for the year to the exchange rate at the financial year end.

Other reserves
The other reserve is in respect of the fair value of the liability arising if the put option on the shares held by the non-controlling interest in Cellular Center Holdings, LLC was exercised after 20 December 2010, in accordance with the requirements of IAS 32 – Financial Instruments: Presentation. The put option had not been exercised as at 27 June 2014.

31. Retained Earnings and Non-controlling Interest

Retained earnings	**€'000**
At 1 January 2012	(21,053)
Loss for the year	(2,724)
At 31 December 2012	(23,777)
Loss for the year	**(3,285)**
At 31 December 2013	**(27,062)**

Non-controlling interest	**€'000**
At 1 January 2012	75
Loss for the year	(44)
Translation adjustment	-
At 31 December 2012	31
Loss for the year	**(33)**
Translation adjustment	**2**
At 31 December 2013	**-**

32. Notes to the Consolidated Cash Flow Statement.

(a) Cash absorbed by operations

	2013	2012
	€'000	€'000
Continuing operations		
Loss before taxation	**(3,316)**	(2,853)
Adjustments for:		
Net finance costs	**149**	60
Depreciation	**579**	537
Loss on disposal of property, plant and equipment	**5**	4
Foreign exchange gains on operating activities	**6**	101
Goodwill impairment	**2,407**	-
Changes in working capital:		
Inventories	**(1,011)**	1,467
Trade and other receivables	**1,522**	476
Trade and other payables	**(365)**	(352)
Cash outflow from continuing operations	**(24)**	(560)
Discontinued operations		
Profit before taxation	**-**	94
Adjustments for:		
Gains on revaluation of other loans and receivables	**-**	(94)
Cash inflow from discontinued operations	**-**	-
Cash outflow from operations	**(24)**	(560)

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

	2013	2012
	€'000	€'000
Continuing operations		
Increase/(decrease) in cash and cash equivalents	**192**	(190)
Financing:		
Asset finance repayments	**28**	25
Repayment of borrowings	**538**	527
	758	362
New borrowings	**(1,218)**	(570)
New asset finance obligations	**(52)**	-
Effect of foreign exchange rate changes	**(81)**	(18)
Movement in net debt in the year	**(593)**	(226)
Net (debt)/cash at beginning of year	**(181)**	45
Net debt at end of year	**(774)**	(181)

(c) Analysis of net (debt)/cash

	2013	2012
	€'000	€'000
Continuing operations		
Cash and cash equivalents	**640**	524
Term debt and other loans	**(1,350)**	(663)
Asset finance obligations	**(64)**	(42)
	(774)	(181)

(d) Major non-cash transactions

During the year the Group entered into asset finance agreements, in respect of property, plant and equipment, with a total capital value at the inception of the finance agreements of €0.052 million (2012: €nil).

33. Commitments

(a) Capital commitments not provided for

The Group does not have any capital expenditure contracted for but not yet incurred at the year end (2012: €nil).

(b) Operating lease commitments - minimum lease payments

	2013	2012
	Property	Property
	€'000	€'000
No later than one year	**1,459**	1,483
Later than one year and no later than five years	**2,546**	2,702
Later than five years	**208**	633
	4,213	4,818

The Group leases various offices and retail outlets under non-cancellable operating lease agreements. The lease terms are between one and seven years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The lease expenditure charged to the income statement during the year is disclosed in note 10 on page 40 of the consolidated financial statements.

34. Events after the Reporting Period

On 23 May 2014, the Group announced that it had entered into discussions with Mosaic Print Management Limited in respect of the Mosaic loan facility. Both parties were considering a number of options including but not limited to an extension of the facility, a restructuring of the facility and or/ an issue of equity. In parallel the Group stated that it had been engaged in discussions with a number of parties with respect to a disposal of part or all of its USA based stores, with the intention of applying any such disposal proceeds to the repayment in full of the loan facility, as well as a further potential distribution to shareholders. On this date the Group also announced that, Mr. Peter E. Lynch had resigned as Director and Chief Executive of the Group. Following his resignation, Mr. Dermot Martin assumed the role of Executive Chairman.

The Group announced on 12 June 2014 that it had agreed a three month extension of the £1.000 million (€1.243 million) loan facility from Mosaic Print Management Limited, which matured in May, 2014. This loan facility has been subject to a late payment fee of £0.065 million (€0.081 million), which has been added to the principal outstanding, making the total amount due on 31 August 2014 of £1.065 million (€1.324 million). The Group will continue to pay interest on the increased amount at the agreed previous rate of 15%.

35. Share Option Scheme

The Group's share option scheme provides for the granting of options to full time directors and employees of the Group in order to encourage identification with shareholders' interests. Employees of the Group may be granted options at an option price no less than the middle market price of the Company shares on the day prior to the date an employee is invited to accept an option.

The number of options granted under the scheme cannot be more than 10% of the issued share capital of the Company in any ten-year period. No more than 3% of the share capital may be the subject of options in the first year after adoption of the scheme and no more than 4% of the share capital may be the subject of options in the three-year period after such date. An option may not be exercised unless the earnings per share of the Group have increased in the three-year period prior to the date of exercise of the option by an amount equal to the increase in the consumer price index plus 5% compound per annum

There were no options in issue at 31 December 2013.

36. Subsidiary Undertakings

The principal subsidiary undertakings are:

Name of subsidiary and registered office	% holding	Principal activity
Incorporated and operating in Ireland:		
Prime Active Capital (Services) Limited 14 The Hyde Building The Park Carrickmines Dublin 18	100%	Provision of management services
Incorporated and operating in United Kingdom:		
PAC Digimedia Limited Two Colton Square Leicester LE1 1QH UK	100%	Holding company
Incorporated and operating in the United States of America:		
PAC Telemedia, LLC C/O The Corporation Service Company 2711 Centerville Road Wilmington Delaware 19808 USA	100%	Holding company
Cellular Center Holdings, LLC C/O National Registered Agents, Inc 3675 Crestwood Parkway Duluth Georgia 30096 USA	95%	Holding company
Cellular Center, LLC C/O National Registered Agents, Inc 3675 Crestwood Parkway Duluth Georgia 30096 USA	95%	Retailer of mobile phones and accessories
Cellular Center GA-AL, LLC C/O National Registered Agents, Inc 3675 Crestwood Parkway Duluth Georgia 30096 USA	95%	Retailer of mobile phones and accessories

Express Business Services, LLC C/O CT Corporation System 116 Pine St, Suite 320 Harrisburg Pennsylvania 17101 USA	100%	Retailer of mobile phones and and accessories

Pursuant to Section 16 of the Companies (Amendment) Act, 1986 a full list of subsidiaries will be annexed the Company's Annual Return to be filed in the Companies Registration Office in Ireland.

37. Related Party Transactions

Key management personnel are the Board of Directors. Details of the remuneration of Directors are disclosed in note 16 on page 42 of the consolidated financial statements.

On 12 February 2010, the Group acquired shares in Media Square plc from Mr. Anthony Gill, then a substantial shareholder in the Group. Mr. Gill was appointed as non-executive director in May 2013. The consideration for this transaction was satisfied by an unsecured loan note issued to Mr. Gill. The loan note was subject to interest payable at a rate of 6% per annum. An amended repayment schedule was agreed with Mr. Gill in June 2013, under which the loan note was repaid in monthly instalments from 1 June 2013, with the final repayment being made in May 2014. At 31 December 2013 the balance of the loan note payable to Mr. Gill was €0.091 million (2012: €0.283 million). Interest amounting to €0.013 million (2012: €0.027 million) was paid to Mr. Gill during the year.

On 8 May 2013 the Group entered into a £1.000 million sterling (€1.181 million) loan facility from Mosaic Print Management Limited ("Mosaic"), a UK company, owned by two of the Group's non-executive directors, Mr. Anthony Gill and Mr. Stephen Smith. The purpose of this loan facility was to provide a short term working capital loan to facilitate the business trading. The loan from Mosaic carries a 15% coupon with monthly interest payments. The loan is secured on certain US subsidiaries of the Group. As part of the terms of this loan facility Mr. Anthony Gill and Mr. Stephen Smith were appointed as non-executive directors to the board in May 2013. Mr. Stephen Smith will step-down from the board upon repayment of the loan facility. At 31 December 2013 the balance of the loan note payable to Mosaic was €1.199 million (2012: €nil). Interest amounting to €0.118 million (2012: €nil) was paid to Mosaic by the Group during the year.
On 12 June 2014 the Company announced that Mosaic Print Management Limited had agreed a three month extension of this loan facility, which matured in May 2014. The facility is now extended until 31 August 2014. This loan facility has incurred a late payment fee of £0.065 million (€0.081 million) which has been added to the outstanding principal. The company will continue to pay interest at the agreed previous rate of 15% on the sum of £1.065 million (€1.324 million).

Mr. Peter E Lynch, advanced a further €0.025 million unsecured loan to the Group on an interest free basis, on 21 March 2013, taking his total loan amount to the Group to €0.125 million. At 31 December 2013 the balance of the loan note payable to Mr. Lynch was €0.057 million (2012: €0.100 million). The final repayment on this loan was made on 2 May 2014.

A company named Business Change Management Ltd, of whom Executive Chairman, Mr. Dermot Martin, is a Director, provides consultancy services to the Group. During the year Business Change Management Ltd was paid the sum of €0.066 million (2012: €0.022 million) by the Group.

Transactions between Group companies have been eliminated in the consolidated financial statements.

38. Approval of Financial Statements

These financial statements were approved by the Board of Directors on 27 June 2014.

COMPANY BALANCE SHEET
AT 31 DECEMBER 2013

	Notes	**2013**	2012
		€'000	€'000
Fixed assets			
Financial assets	1	**3,768**	9,107
Creditors: Amounts falling due within one year			
Other loans	2	**(1,290)**	(283)
Net current liabilities		**(1,290)**	(283)
Total assets less current liabilities		**2,478**	8,824
Creditors: Amounts falling due after more than one year			
Trade and other creditors	3	**(1,280)**	(2,111)
		(1,280)	(2,111)
		1,198	6,713
Capital and reserves			
Called-up equity share capital	4	**11,341**	11,341
Share premium	5	**16,444**	16,444
Other reserves	5	**3,867**	3,867
Profit and loss account	5	**(30,454)**	(24,939)
		1,198	6,713

D Martin Executive Chairman
A Gill Director

Basis of Accounting

The financial statements are prepared under the historical cost convention. The Company Balance Sheet together with the accompanying notes has been prepared in accordance with accounting standards generally accepted in Ireland and with Irish Statute comprising the Companies Acts, 1963 to 2013. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

Investments

Investments are initially recognised at the purchase cost of the investment. The carrying value of investments is subsequently adjusted to take account of any impairment which has resulted in the recoverable amount of the investment being lower than the carrying value.

Foreign Currencies

Transactions in foreign currencies during the year are translated to euro at the rate of exchange ruling at the date of the transaction. Assets and liabilities expressed in foreign currencies are translated to euro at the exchange rate ruling at the balance sheet date except where covered by a forward exchange agreement where the financial rate is used. Differences arising on translation are included in the results for the year.

Share Based Payments

Warrants
In accordance with FRS 20, the fair value of the warrants at grant date excluding the impact of non-market conditions is recognised as an expense in the income statement over the vesting period. A corresponding amount is recognised in shareholders' equity as the warrant scheme is designated as an equity-settled share based payment transaction. The fair value of each warrant granted is determined using an option pricing model with assumptions appropriate to each award at the time of grant.

1. Investments in Subsidiary Undertakings

	2013	2012
	€'000	€'000
At 1 January	**9,107**	9,107
Written off in year	**(5,339)**	-
At 31 December	**3,768**	9,107

The principal subsidiary undertakings are set out in note 36 on pages 56 and 57 of the consolidated financial statements.

A write down of the investment held in Cellular Center Holdings, LLC subsidiary was carried out following an impairment review as detailed in note 23 on page 47 of the consolidated financial statements.

2. Other Loans

Due within one year

	2013	2012
	€'000	€'000
Loan note		
At 1 January	**283**	611
Repayments	**(192)**	(328)
At 31 December	**91**	283

The loan note was issued by the company in 2010 as consideration for the acquisition of ordinary shares in Media Square plc, from Mr. Anthony Gill. The loan note was unsecured and was subject to a fixed rate of interest. An amended repayment schedule was agreed with Mr. Gill in June 2013, under which the loan note was repaid in equal monthly instalments from 1 June 2013, with the final repayment being made in May 2014. Mr. Gill was appointed as non-executive director in May 2013. Further details of this transaction are disclosed in note 37 on page 57 of the consolidated financial statements.

	2013	2012
	€'000	€'000
Loan finance		
At 1 January	**-**	-
Advanced during the year	**1,181**	-
Exchange movement	**18**	-
At 31 December	**1,199**	**-**

On 8 May 2013 the company entered into a £1.000 million Sterling (€1.181 million) loan facility from Mosaic Print Management Limited ("Mosaic"), a UK company owned by Mr. Anthony Gill and Mr. Stephen Smith. The purpose of this loan facility was to provide a short term working capital loan to facilitate the business trading. The loan from Mosaic carries a 15% coupon with monthly interest payments. The loan is secured on certain US subsidiaries of the Group. As part of the terms of this loan facility, Mr. Anthony Gill and Mr. Stephen Smith joined the board as non-executive directors in May 2013. Mr. Stephen Smith will step-down from the board upon repayment of the loan facility.

On 12 June 2014 the Company announced that Mosaic Print Management Limited had agreed a three month extension of this loan facility, which matured in May 2014. The facility is now extended until 31 August 2014. This loan facility has incurred a late payment fee of £0.065 million (€0.081 million) which has been added to the outstanding principal. The company will continue to pay interest at the agreed previous rate of 15% on the sum of £1.065 million (€1.324 million).

3. Trade and Other Creditors

	2013	2012
	€'000	€'000
(Amounts falling due after more than one year)		
Amounts owed to subsidiary undertakings	**1,280**	2,111

4. Called-up Share Capital

Details in respect of called-up share capital are presented in note 29 on page 51 of the consolidated financial statements.

5. Movement on Reserves

	Share premium €'000	**Share based payments reserve €'000**	**Currency reserve €'000**	**Profit and loss account €'000**
At 1 January 2012	16,444	3,375	492	(24,805)
Loss for the year	-	-	-	(134)
At 31 December 2012	16,444	3,375	492	(24,939)
Loss for the year	**-**	**-**	**-**	**(5,515)**
At 31 December 2013	**16,444**	**3,375**	**492**	**(30,454)**

In accordance with section 148(8) of the Companies Act, 1963 and section 7(1A) of the Companies (Amendment) Act, 1986, the Company is availing of the exemption from presenting its individual profit and loss account to the Annual General Meeting and from filing it with the Registrar of Companies. The Company's loss for the year determined in accordance with Irish GAAP is €5.515 million (2012: €0.134 million).

6. Approval of Financial Statements

These Company financial statements were approved by the Board of Directors on 27 June 2014.

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	Email:	info@pacplc.com
	Website	www.pacplc.com
Registrar and Transfer Office	Computershare Investor Services (Ireland) Ltd Heron House Corrig Road Sandyford Industrial Estate Dublin 18	
Auditors	Grant Thornton Chartered Accountants & Registered Auditors 24-26 City Quay Dublin 2	
Stockbrokers	Davy Stockbrokers Davy House 49 Dawson Street Dublin 2	
Solicitors	Arthur Cox Earlsfort Centre Earlsfort Terrace Dublin 2	

	IFRS			
	2013	2012	2011	2010
	€'000	€'000	€'000	€'000
Revenue				
PAC Telemedia – continuing operations	**40,570**	41,199	37,004	36,559
Operating (loss)/profit				
PAC Telemedia – continuing operations	**(172)**	(2,071)	(264)	692
Centre costs	**(582)**	(620)	(770)	(839)
	(754)	(2,691)	(1,034)	(147)
Group loss for the year after tax and exceptional items				
Loss after tax - continuing operations	**(3,318)**	(2,862)	(2,704)	(1,417)
Profit after tax - discontinued operations	**-**	94	68	86
	(3,318)	(2,768)	(2,636)	(1,331)
	€ cent	€ cent	€ cent	€ cent
Loss per share				
Basic loss per share	**(14.48)**	(12.01)	(11.34)	(5.92)
Adjusted loss per share	**(3.87)**	(12.01)	(4.70)	(0.42)
Cash flow				
Cash generated from operations	**(24)**	(560)	(879)	101
Tax paid	**(6)**	(8)	(7)	(3)
Net cash flow from operating activities	**(30)**	(568)	(886)	98
Capital expenditure net of grants received (including leased assets)	**(333)**	(752)	(911)	(659)
Net interest paid	**(149)**	(60)	(57)	(30)
Purchase of available-for-sale financial assets	**-**	-	-	(584)
Disposal of subsidiary, net of cash disposed	**-**	1,172	463	288
Net cash flow	**(512)**	(208)	(1,391)	(887)