Prime Active Capital plc
Annual Results
Year ended 31 December 2014

CHAIRMAN'S STATEMENT

On the 3 September 2014 the Group completed the disposal of substantially all of its trading operations to ABC Phones of North Carolina, Inc.

Group revenues for 2014 of ú25.202 million reflect 8 months of actual trading prior to the sale of the US assets.

The loss for the year of ú2.441 million is a combination of the business performance as well as the exceptional cost of writing off the remaining goodwill plus a profit on the disposal of ú2.247 million.

The net proceeds of the Disposal were used to repay the Mosaic loan facility, close the remainder of the Group's US stores, and discharge the Group's other liabilities.

Following the discharge of such liabilities, the Board intends to consider its options for maximising shareholder value including the making of further investments or a distribution to shareholders (although any such distribution would only take place following the expiry of the limitation period of the warranties under the asset purchase agreement).

Under Rule 15 of the AIM Rules and the ESM Rules the Group is an Investing Company with no material trading activities.

The Group's investing policy is to invest in and/or acquire companies with clear growth potential. In selecting investment opportunities, the Board will focus on businesses that are available at attractive valuations and hold opportunities to unlock embedded value. The Board will seek to invest in businesses where it may influence the business at a board level. The ability to work alongside a strong management team to maximise returns through revenue growth will be something the Board will focus upon.

The Group's primary objective is that of achieving for shareholders, over time, both capital growth and income through increasing profitability coupled with dividend payments on a sustainable basis. The directors believe that the collective business experience in the areas of acquisitions and corporate and financial management of both the directors and of the Group's advisers and shareholders will assist the Group in the identification and evaluation of suitable opportunities. Over the last number of months the Group has reviewed a number of investment opportunities and is continuing to do so.

The Group will maintain the net proceeds of the disposal (excluding those used for the purposes of discharging the Group's liabilities) during the 12 month time period during which warranty claims under the asset purchase agreement may be made. This 12 month period expires at the end of August 2015.

At the end of the 12 month period if no investments have been made, the Directors would then propose to convene a general meeting of the shareholders to consider whether to continue seeking investment opportunities or to wind up the Group and distribute any surplus cash back to shareholders.

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FINANCIAL REVIEW

Overview of results

Summary financial information

	2014 €'000	2013 ú'000
Continuing and discontinued operations		
Revenue	**25,202**	40,570
Operating expenses (excluding exceptional costs, depreciation, amortisation and other gains)	**(27,825)**	(40,745)
Earnings before interest, tax, depreciation and amortisation expense (EBITDA), exceptional costs, other income and other gains	**(2,623)**	(175)
Depreciation and amortisation	**(368)**	(579)
Adjusted earnings before interest, tax (EBIT) and exceptional costs	**(2,991)**	(754)
Other losses	**(178)**	(6)
Exceptional costs	**(1,355)**	(2,407)
Net finance costs	**(149)**	(149)
Loss before tax	**(4,673)**	(3,316)
Income tax charge	**(3)**	(2)
Loss for the year	**(4,676)**	(3,318)
Profit on disposal of discontinued operations	**2,235**	-
Loss attributable to non-controlling interest	**-**	33
Loss for the year attributable to members	**(2,441)**	(3,285)
	€ cent	ú cent
Basic and diluted loss per share	**(10.76)**	(14.48)

Total Group Revenue

Group revenue in 2014 amounted to ú25.202 million, all of which came from the PAC Telemedia division operating in the USA. The trading operations within this division were discontinued upon the disposal of certain assets and the trade of Express Business Service, LLC and CC, GA-AL, LLC on 3 September 2014.

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

	2014 €'000	2013 ú'000	2012 ú'000
PAC Telemedia			
Revenue	**25,202**	40,570	41,199
Operating expense[(1)]	**(27,272)**	(40,170)	(42,743)
EBITDA	**(2,070)**	400	(1,544)
Depreciation, amortisation and other grants[(1)]	**(364)**	(572)	(527)
EBIT	**(2,434)**	(172)	(2,071)

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

Operating profit before interest, taxation and exceptional costs
One of the Groupô 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 ú2.991 million in 2014, compared to a loss of ú0.754 million in the previous year.

Exceptional costs
During the year, the Group incurred a total charge of ú1.355 million (ú2.407 million) exceptional costs on discontinued operations comprising of:

- an impairment charge of ú0.941 million (2013: ú2.407 million) against the carrying amount of goodwill allocated to the Cellular Center Holdings CGU following an impairment review undertaken in accordance with IAS36.
- a loss on the disposal of property, plant and equipment of ú0.342 million (2013: únil) not transferred as part of the sale of the USA based trading operations on 3 September 2014
- an impairment charge of ú0.072 million (2013: únil) against various remaining assets which were not transferred as part of the asset purchase agreement on the disposal of the USA trading operations

Other losses
Other losses of ú0.178 million (2013: ú0.006 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 ú0.149 million (2013: ú0.149 million). 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. In addition the Group incurred a charge on the late repayment of loan finance in June 2014 of ú0.081 million (2013: únil). This expense also includes exchange differences on finance costs.

Non-controlling interest
The non-controlling interest share of loss after tax for 2014 amounted to únil (2013: (ú0.033 million)). The non-controlling interest related to shareholdings held in Cellular Center Holdings in previous years.

Earnings per share
The adjusted fully diluted earnings per share for 2014 is 5.06 cent as compared with adjusted loss per share of 3.87 cent in 2013. Adjusted loss per share excludes exceptional costs in both 2014 and 2013 and the profit on disposal of discontinued operations in 2014. Fully diluted loss per share, before such adjustments, amounted to 10.76 cent in 2014 compared to a loss of 14.48 cent in 2013.

Cash flow

At 31 December 2014 the Group had cash and cash equivalents of ú0.236 million compared to cash and cash equivalents of ú0.640 million at 31 December 2013.

Outflows in the year included payments totalling ú0.156 million (2013: ú0.333 million) in respect of capital expenditure, all incurred in PAC Telemedia. All capital expenditure was funded from existing resources. In 2013 ú0.052 million of capital expenditure in PAC Telemedia was funded by asset finance agreements.

The significant inflow in the year arose from the net consideration received on the disposal of certain assets and the trade of Express Business Service, LLC and CC GA-AL, LLC which amounted to ú6.636 million. Of this amount ú3.088 million was received directly by the Group with the remaining amount relating to the settlement of a trade payable amount paid directly by the purchaser.

Loan finance

On 8 May 2013 the company entered into a £1.000 million sterling (ú1.181 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 carried a 15% coupon with monthly interest payments. The loan was 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.

On 12 June 2014, Mosaic Print Management Limited agreed a three month extension of the £1.000 million (ú1.243 million), one year secured loan facility which matured in May 2014. The facility was extended until 31 August 2014. This loan facility incurred a late payment fee of £0.065 million (ú0.081 million), which was added to the outstanding principal. The Group continued to pay interest at the agreed previous rate of 15% on the sum of £1.065 million (ú1.324 million). This loan facility was repaid in full on 29 August 2014.

The loan note and the director's loan were fully repaid in May 2014. The Group had no debt at 31 December 2014 (2013: ú1.414 million).

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	€’000	€’000
Continuing operations		
Revenue	**-**	-
Cost of sales	**-**	-
Gross profit	**-**	-
Selling and distribution costs	**-**	-
Administration expenses	**(557)**	(582)
Other losses	**(178)**	(6)
Operating loss	**(735)**	(588)
Finance costs	**(208)**	(141)
Finance income	**61**	-
Loss before tax	**(882)**	(729)
Income tax charge	**(3)**	(2)
Loss for year from continuing operations	**(885)**	(731)
Discontinued operations		
Loss for the year from discontinued operations after tax	**(1,556)**	(2,587)
Loss for the year	**(2,441)**	(3,318)

	2014	2013
	€’000	€’000
Loss per share from continuing operations		
- Basic and diluted	**(3.90)**	(3.22)
Loss per share from discontinued operations		
- Basic and diluted	**(6.86)**	(11.26)
Loss per share		
From continuing and discontinued operations		
- Basic and diluted	**(10.76)**	(14.48)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	€'000	ú'000
Loss for the year	**(2,441)**	(3,318)
Other comprehensive income/(expense):		
Items that may subsequently be reclassified to profit or loss		
Fair value adjustment on other reserves	**33**	302
Exchange movement	**224**	(275)
Total comprehensive expense for the year	**(2,184)**	(3,291)

Attributable to:		
Equity holders of the Company	**(2,184)**	(3,260)
Non-controlling interest	**-**	(31)
	(2,184)	(3,291)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2014

	2014	2013
	€'000	ú'000
Assets		
Current assets		
Inventories	**-**	2,022
Trade and other receivables	**762**	2,168
Cash and cash equivalents	**236**	640
Other loans and receivables	**1,153**	-
	2,151	4,830
Non-current assets		
Property, plant and equipment	**2**	1,724
Intangible assets	**-**	4,798
	2	6,522
Total assets	**2,153**	11,352
Liabilities		
Current liabilities		
Trade and other payables	**854**	6,288
Current income tax liabilities	**1**	1
Borrowings	**-**	1,370
Provisions for other liabilities and charges	**211**	378
	1,066	8,037
Non-current liabilities		
Borrowings	**-**	44
	-	44
Total liabilities	**1,066**	8,081
Net assets	**1,087**	3,271
Equity		
Ordinary shares	**11,341**	11,341
Share premium	**16,444**	16,444
Other reserves	**2,805**	2,548
Retained earnings	**(29,503)**	(27,062)
Non-controlling interest	**-**	-
Total equity	**1,087**	3,271

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	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 2014	**11,341**	**16,444**	**2,548**	**(27,062)**	**3,271**	**-**	**3,271**
Comprehensive income:							
Loss for year	**-**	**-**	**-**	**(2,441)**	**(2,441)**	**-**	**(2,441)**
Other comprehensive income:							
Fair value adjustment on other reserves	**-**	**-**	**33**	**-**	**33**	**-**	**33**
Exchange movement	**-**	**-**	**224**	**-**	**224**	**-**	**224**
Total comprehensive income	**-**	**-**	**257**	**(2,441)**	**(2,184)**	**-**	**(2,184)**
Transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 December 2014	**11,341**	**16,444**	**2,805**	**(29,503)**	**1,087**	**-**	**1,087**

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

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	€'000	ú'000
Operating activities		
Cash absorbed by operations	**(5,147)**	(24)
Tax paid	**(3)**	(6)
Net cash outflow from operating activities	**(5,150)**	(30)
Investing activities		
Purchase of property, plant and equipment	**(156)**	(333)
Disposal of discontinued operations, net of cash disposed of	**6,636**	-
Net cash inflow/(outflow) from investing activities	**6,480**	(333)
Financing activities		
Proceeds from borrowings	**-**	1,270
Repayment of borrowings	**(1,409)**	(538)
Capital element of asset finance payments	**(64)**	(28)
Net interest paid	**(148)**	(148)
Finance lease interest	**(1)**	(1)
Net cash (outflow)/inflow from financing activities	**(1,622)**	555
Net (decrease)/increase in cash and cash equivalents	**(292)**	192
Cash and cash equivalents at 1 January	**640**	524
Effect of exchange rate changes	**(112)**	(76)
Cash and cash equivalents at 31 December	**236**	640

1. Basis of preparation

The financial information included in this result statement has been extracted from the Groupφs financial statements for the year ended 31 December 2014 and is prepared on the accounting policies set out therein. As permitted by EU Law and in accordance with AIM / ESM rules, the Group financial statements have been prepared in accordance with International Financial Reporting Standards and their interpretations issued by the International Accounting Standards Board as adopted by the EU. The Group Financial Statements were approved by the Directors on 29 April 2015 and will be filed with the Irish Registrar of Companies and circulated to shareholders in due course.

2. Going concern

On 3 September 2014 the Group announced that it had completed the disposal of its trading operations in the US and that it is now an investing company for the purposes of AIM Rule 15 and ESM Rule 15.

The Board believes it is in shareholdersô interest to examine possible investment opportunities, whilst the process of satisfying residual liabilities continues and the warranty claim period arising from the asset purchase agreement elapses.

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

In the event the Group does not find suitable opportunities for investment within the 12 month period provided under AIM Rule 15 and ESM Rule 15, and there is no shareholder approval to extend this period, the group may be wound up.

3. Exceptional Items

	2014	2013
	€'000	ú'000
Discontinued operations		
Goodwill impairment[(1)]	**941**	2,407
Impairment of property, plant and equipment	**342**	-
Impairment of other assets	**72**	-
	1,355	2,407

(1) the Group recognised an impairment charge of ú0.941 million (2013: ú2.407 million) as a result of an impairment review undertaken in accordance with IAS 36 against the goodwill allocated to the Cellular Center Holdings CGU

4. Expenses

	2014	2013
	€'000	ú'000
Continuing operations		
Employee benefit expense	**103**	240
Depreciation of property, plant and equipment		
- Included in administration expenses	**4**	7
Services provided by the Group's Auditors	**25**	37
Other selling and distribution and administrative expenses	**425**	298
Other losses	**178**	6
	735	588
Discontinued operations		
Employee benefit expense	**5,402**	8,041
Material cost of inventories consumed (included within cost of sales)	**18,088**	27,628
Depreciation of property, plant and equipment		
- Included in administration expenses	**364**	572
Services provided by the Group's Auditors	**28**	40
Operating lease rentals - property	**1,364**	1,916
Inventory provision (included within cost of sales)	**927**	12
Goodwill impairment	**941**	2,407
Loss on disposal of property, plant and equipment	**342**	-
Impairment of other assets	**72**	-
Other selling and distribution and administrative expenses	**1,462**	2,533
	28,990	43,149
Total continuing and discontinued operations	**29,725**	43,737

5. Events after the Reporting Period

There have been no significant events affecting the Group since the year end.

Other information

The annual report and accounts of PAC plc will be available for review on pacplc.com.
A copy will be sent by mail to shareholders shortly.