

## **PRIME ACTIVE CAPITAL PLC**

### **DISPOSAL OF BELL & BAIN LIMITED**

Prime Active Capital plc (“PAC”, the “Group” or the “Company”) announces that it has signed a Share Purchase Agreement for the proposed sale of its subsidiary, Bell & Bain to NewCo, a bid vehicle established by Bell & Bain’s management led by managing director Mr. Ian Walker, for an aggregate consideration of £2.5 million (€2.74 million). Bell & Bain comprises the Scottish book and technical journal printing business unit of PAC Digimedia. The net consideration received by PAC after transaction debt and costs will be c. £2.47 million (€2.70 million).

The Disposal constitutes a “substantial transaction” under Rule 12 of the AIM Rules and the IEX Rules as well as a “related party transaction” under Rule 13 of the AIM Rules and the IEX Rules as Ian Walker and David Stewart, principals of NewCo, serve as directors of Bell & Bain. Additionally, the Disposal amounts to a disposal resulting in a fundamental change of business under Rule 15 of the AIM Rules and the IEX Rules. Accordingly, completion of the Disposal is conditional, inter alia, on approval by Shareholders at an extraordinary general meeting of the Company.

An Extraordinary General Meeting of the Company is to be held at 9 am on 16 November 2009 at the offices of Arthur Cox, Earlsfort Centre, Earlsfort Terrace, Dublin 2, Ireland, for the purpose of approving the Disposal. A circular to Shareholders (the “Circular”) containing the notice of the EGM and form of proxy and setting out the background to the Disposal, the reasons why the Directors believe the terms of the Disposal to be fair and reasonable as far as the Shareholders are concerned and, why they are recommending Shareholders to approve the Disposal at the EGM, has been posted to Shareholders and is available on the Company’s website at [www.pacplc.com](http://www.pacplc.com)

Defined terms used in this Announcement are as used in the Circular and set out below following the excerpts from the Circular.

For further information please contact

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Davy, which is regulated in Ireland by the Financial Regulator, is IEX adviser and nominated adviser (pursuant to the IEX Rules and AIM Rules respectively) to the Company. Davy is acting exclusively for the Company in connection with arrangements described in this document and is not acting for any other person and will not be responsible to any person for providing the protections afforded to customers of Davy or for advising any other person in connection with the arrangements described in this document.

## **Proposed disposal of Bell & Bain Limited**

On 28<sup>th</sup> October 2009, the Company announced that it had signed a Share Purchase Agreement for the proposed sale of its subsidiary, Bell & Bain to NewCo, a bid vehicle established by Bell & Bain's management led by managing director Mr. Ian Walker, for an aggregate consideration of £2.5 million (€2.74 million). Bell & Bain comprises the Scottish book and technical journal printing business unit of PAC Digimedia. The net consideration received by PAC after transaction costs will be c. £2.47 million (€2.70 million).

The Disposal constitutes a “substantial transaction” under Rule 12 of the AIM Rules and the IEX Rules as well as a “related party transaction” under Rule 13 of the AIM Rules and the IEX Rules as Ian Walker and David Stewart, principals of NewCo, serve as directors of Bell & Bain. Additionally, the Disposal amounts to a disposal resulting in a fundamental change of business under Rule 15 of the AIM Rules and the IEX Rules. Accordingly, completion of the Disposal is conditional, *inter alia*, on approval by Shareholders at an extraordinary general meeting of the Company.

## **Background to and Reasons for the Disposal**

Since 2007, the strategic focus of PAC has been to work actively with its existing portfolio of investee companies in order to maximise value and identify new investment opportunities in the financial services, telecommunications, and creative and digital media sectors. Part of that strategy is to divest non-core businesses where that opportunity can be created, in order to recycle funds into higher growth areas.

Bell & Bain comprises the Scottish book and technical journal printing business unit of PAC Digimedia. It operates in an intensely competitive market, dominated by international players, with continuing pressure on margins and profitability as a result of price competition, increased input price costs and shorter print runs. While Bell & Bain has been successful in recent years, the Directors believe that this company operates in an increasingly competitive environment that will require the deployment of substantial resources to develop new products and services in the medium term. In light of this, the Board decided to dispose of Bell & Bain thereby allowing the Company to focus on core businesses.

Against this backdrop, the Directors believe that shareholder value in PAC can be maximised through the Disposal and the recycling of the funds to other investments and that the net consideration (after advisers' fees, taxes and transaction costs) of c. £2.47 million (€2.70 million) reflects a successful exit at a fair price for PAC in respect of its investment in Bell & Bain.

Taking all of the above factors into consideration, the Board believes that this transaction is sufficiently attractive to put before Shareholders at an extraordinary general meeting.

## **Information on Bell & Bain and its financial performance**

Bell & Bain was established in 1831 and is a specialist in the printing, binding and distribution of academic books and journals. Bell & Bain is based outside Glasgow and employs 90 staff.

The following information on Bell & Bain and the remaining operations of PAC, assuming the disposal of Bell & Bain, has been extracted without material adjustment from the audited accounts of PAC for the twelve months ending 31 December 2006, the audited accounts for the twelve months ending 31 December 2007 and the audited accounts for the twelve months ending 31 December 2008.

	<b>FY2006<sup>(1)</sup></b> <b>€'000</b>	<b>FY2007<sup>(2)</sup></b> <b>€'000</b>	<b>FY2008<sup>(3)</sup></b> <b>€'000</b>
<b>Revenue</b>			
Bell & Bain	10,745	11,517	9,996
Remaining PAC operations <sup>(4)</sup>	25,232	23,115	23,789
	<b>35,977</b>	<b>34,632</b>	<b>33,785</b>
<b>Gross Profit</b>			
Bell & Bain	2,529	2,216	1,664
Remaining PAC operations <sup>(4)</sup>	5,187	5,057	6,096
	<b>7,716</b>	<b>7,273</b>	<b>7,760</b>
<b>EBIT<sup>(5)</sup></b>			
Bell & Bain	1,299	1,025	573
Remaining PAC operations <sup>(4)</sup>	(532)	330	(5,918)
	<b>767</b>	<b>1,355</b>	<b>(5,345)</b>
<b>PBT<sup>(6)</sup></b>			
Bell & Bain	989	812	385
Remaining PAC operations <sup>(4)</sup>	(886)	(43)	(5,881)
	<b>103</b>	<b>769</b>	<b>(5,496)</b>
<b>Net Assets<sup>(7)</sup></b>			
Bell & Bain	3,100	3,061	1,888
Remaining PAC operations <sup>(8)</sup>	5,281	19,513	14,284
	<b>8,381</b>	<b>22,574</b>	<b>16,172</b>

**Notes:**

- (1) twelve months ending 31 December 2006, based on audited accounts  
(2) twelve months ending 31 December 2007, based on audited accounts  
(3) twelve months ending 31 December 2008, based on audited accounts  
(4) operations of PAC including discontinued operations and excluding Bell & Bain  
(5) earnings before interest, tax, share of loss of joint venture and exceptional items  
(6) profit before tax and exceptional items  
(7) total assets minus total liabilities  
(8) continuing operations of PAC excluding Bell & Bain

**Information on the Purchasers**

NewCo is a bid vehicle established by Bell & Bain's management led by managing director Ian Walker and David Stewart.

Ian Walker and David Stewart are currently directors of Bell & Bain. Thus, the Disposal is a related party transaction for the purposes of the AIM Rules and the IEX Rules.

**Summary of the Sale and Purchase Agreement**

If approved, the Disposal will be effected in accordance with the terms of the Share Purchase Agreement between PAC Digimedia, Bell & Bain and NewCo signed on 27 October 2009. Under the terms of this

agreement, on completion PAC Digimedia will transfer the entire issued share capital of Bell & Bain to NewCo in consideration for the payment by NewCo of £2.5 million (€2.74 million) as follows:

- £2.25 million (€2.462 million) payable on the completion of the Share Purchase Agreement;
- £0.10 million (€0.109 million) in deferred consideration payable within three months of the completion of the Share Purchase Agreement; and
- £0.15 million (€0.164 million) in deferred consideration payable within ten months of the completion of the Share Purchase Agreement.

All third party debt in Bell & Bain will transfer to Newco. In addition, an existing inter-company loan due to the immediate holding company of PAC Digimedia by Bell & Bain of £1.35 million (€1.48 million) will be converted into redeemable shares in Bell & Bain, which will be redeemed in instalments between the second and third anniversary of the completion of the Share Purchase Agreement in consideration of a total payment of £1.35 million. In the event that Bell & Bain fails to redeem any of these shares, on the due date of redemption the immediate holding company of PAC Digimedia will have the right to convert those redeemable shares into ordinary shares of Bell & Bain. If all redeemable shares were converted they would comprise approximately 82 per cent. of the ordinary share capital of Bell & Bain based on the existing capital structure of Bell & Bain.

PAC Digimedia has granted NewCo warranties under the Share Purchase Agreement in relation to the share capital of Bell & Bain, bank facilities and payment of corporation tax. The liability of PAC Digimedia for any claims is subject to limitations in line with market practice.

The Share Purchase Agreement also imposes post-disposal restrictive covenants on PAC Digimedia. PAC Digimedia is restricted from engaging in a competing business of Bell & Bain within a 30 mile radius of Bell & Bain's centre of operations in Glasgow for a two year period from the completion of the sale. There is an exception to this restrictive covenant which permits PAC to acquire up to 5 per cent. of publicly quoted companies which compete with Bell & Bain and a further exemption for the PAC Group's current operations. There are also restrictive covenants restricting PAC Digimedia from soliciting Bell & Bain's employees and customers, in each case for a two year period from the completion of the sale.

### **Future Strategy and use of the consideration by the Company following the Disposal**

The proceeds of the Disposal, before transaction costs, will be c. £2.5 million (€2.74 million). The net proceeds of the Disposal, after advisers' fees, taxes and transaction costs will be approximately c. £2.47 million (€2.70 million).

The proceeds of the Disposal will be used to fund new investment opportunities both through further investment in PAC's current portfolio and with new acquisitions. PAC will have net cash of approximately €4.25 million following the Disposal and no debt.

Following the completion of the Disposal, PAC's principal businesses will comprise:

- the remaining business unit of PAC Digimedia, namely the on-demand digital print and finishing business unit (encompassing Top Copy Image Centres Limited, specialising in on-demand low volume print manufacturing, personalisation, enclosing and distribution);
- the business of the PAC Telemedia division, namely the telecommunications division of the PAC Group which currently comprises majority stakes in two operating subsidiaries – Cellular Center, LLC and Cellular Center GA-AL, LLC (both operate retail chains of mobile phones and accessories stores based in Alabama, Florida, Georgia and Texas, USA). PAC intends to continue investing in opening further stores and expanding the chain through acquisitions; and

- a holding (21.5 per cent.) in Media Square plc, an advertising, public relations, design and marketing, and professional services group. The interest of PAC in this Group is significant and intended to be for the long term.

## **Recommendation**

The Directors, having consulted with Davy, the Company's nominated adviser and IEX adviser, consider the terms of the Disposal to be fair and reasonable insofar as Shareholders are concerned. In providing such advice, Davy has taken into account the Directors' commercial consideration in respect of the proposed disposal.

The following definitions and terms apply throughout the above announcement unless otherwise stated or the context requires otherwise:

"AIM"	the market of that name operated by the London Stock Exchange Plc;
"AIM Rules"	the rules published by the London Stock Exchange plc governing, inter alia, admission to AIM and the continuing obligations of companies admitted to AIM and their nominated advisers, as amended from time to time;
"Bell & Bain"	Bell & Bain Limited;
"Board" or "Directors"	the board of directors of PAC;
"Disposal"	the proposed disposal of Bell & Bain by PAC Digimedia under the terms and conditions of the Share Purchase Agreement;
"Extraordinary General Meeting"	the extraordinary general meeting of PAC, to be held at the offices of Arthur Cos, Earlsfort Centre, Earlsfort Terrace, Dublin 2, Ireland;
"IEX"	the market of that name operated by the Irish Stock Exchange Limited;
"IEX Rules"	the rules published by the Irish Stock Exchange Limited governing, inter alia, admission to IEX and the continuing obligations of companies admitted to IEX and their IEX advisers, as amended from time to time;
"NewCo" or "Purchasers"	Bell & Bain (2009) Limited;
"PAC" or "the Company"	Prime Active Capital plc;
"PAC Group" or "the Group"	PAC and its subsidiaries;

“PAC Digimedia”	PAC Digimedia Holdings Limited, a subsidiary of PAC;
"Resolution"	the resolution to approve of the Disposal as set out in the Notice to be proposed in the manner specified in the Notice at the Extraordinary General Meeting; and
"Sale and Purchase Agreement"	the share purchase agreement signed on 27 October 2009 between (1) PAC Digimedia; (2) Bell & Bain and (3) NewCo in respect of the Disposal.