

BEACON EQUITY RESEARCH

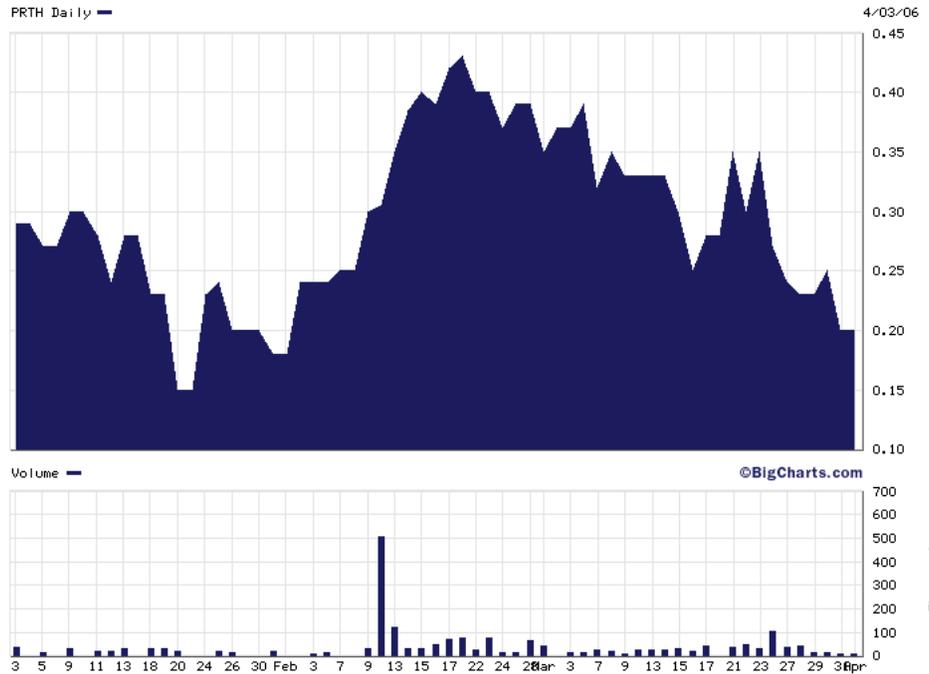


April 4, 2006
Analyst: Michael Schmidt, CFA



Financial Summary

SYMBOL EXCHANGE	PRTH OTC
CURRENT PRICE	\$.20
SHARES OUTSTANDING	55.0 MILLION (est.)
COVERAGE INITIATED	April 4, 2006
RATING	Speculative Buy
12 MONTH PRICE TARGET	\$1.17
MARKET CAP	\$11 MILLION
52-WEEK RANGE	\$.14 - \$.57
AVERAGE 30-DAY VOLUME	42,600



Company Background

Prime Time Group, Inc. was formed primarily with the motive of acquiring, operating and growing convenience stores in the United States. The Company, through its affiliate Puerto Rico 7, Inc., holds the exclusive license for operating 7-Eleven stores in the Puerto Rico area. Recently in February 2006, Puerto Rico 7, Inc. acquired all of the outstanding shares of the exclusive 7-Eleven licensee for Puerto Rico. This led to the Company assuming the operation of the existing fourteen 7-Eleven stores in Puerto Rico. 7-Eleven is the largest independent convenience store chain in the world commanding one of the most recognizable brands in the industry.

Prime Time Group, Inc. believes that 7-Eleven is largely under-represented in the island of Puerto Rico, which stretches over 100 miles long and 30 miles wide. With a population of 4 million residents, of which nearly 1.7 million are based in the greater San Juan area, the future potential for 7-Eleven stores in Puerto Rico appears tremendous. Management believes that it can open up 300 more stores in this area.





Investment Highlights

Exclusive License

Prime Time Group, Inc. holds the exclusive license for 7-Eleven stores in Puerto Rico. As Puerto Rico has very few 7-Eleven stores (currently 14), there exists great potential to open many more of these stores in this area.

Popularity of 7-Eleven Stores

7-Eleven holds a worldwide leadership position in convenience retailing. Its strong brand image drives customers into the stores. This may save Prime Time Group, Inc. from extensive participation in active promotions or marketing campaigns for its new stores.

Listing on American Stock Exchange

Prime Time Group, Inc. plans to take steps towards becoming a fully reporting company and to file for listing on the American Stock Exchange (Amex). The Company has recently announced that its affiliate company--Puerto Rice-7, Inc.--is expected to complete its audit by April 2005. This has been identified as the first move, which would help the Company's stock move from pink sheet status to the American Stock Exchange. Thus, a significant increase in the stock price can reasonably be expected when the stock moves from the pink sheet to Amex.

Strong Financial Backing

Though the company has a short operating history, Prime Time Group, Inc. is already posting impressive revenues. The Company's fourteen stores in Puerto Rico are expected to have generated more than \$18 million.



Business Strategy

Stores

Currently Prime Time Group, Inc. operates fourteen 7-Eleven convenience stores in Puerto Rico. In addition to pop beer, drugs, cigarette and other staple items, the Company's 7-Eleven convenience stores have recently started selling fresh food including hot dogs, dry pastries and cold sandwiches.

In general, one 7-Eleven store opens every four and a half hours around the world. Currently, there are more than 28,000 stores operating around the world, serving more than 25 million customers regularly. 7-Eleven stores conduct approximately 10 billion transactions in a year. In addition to the U.S., 7-Eleven stores are highly popular in Japan, Taiwan and Thailand. The Dallas-based 7-Eleven is a recognized leader in the highly profitable convenience store industry with per store revenues of 30% more than the industry average. The Company has more than 23,600 licensee owned and operated stores in the U.S., its territories and 15 foreign countries. During 2004, 7-Eleven stores around the world jointly produced tremendous revenues totaling approximately \$41 billion.

Prime Time Group, Inc. is primarily following a business strategy of merging its operating model of acquiring, owning and operating convenience stores with the successful brand image of 7-Eleven stores. Management plans to open 300 7-Eleven stores in Puerto Rico. This figure is based on the model that Puerto Rico is similar in size and population density to the city of Dallas, where there are more than 300 7-Eleven stores operating successfully.

The key facets to the Company's business strategy include holding an exclusive license in Puerto Rico, its plans for store expansion and 7-Eleven's brand image.

Exclusive License in Puerto Rico

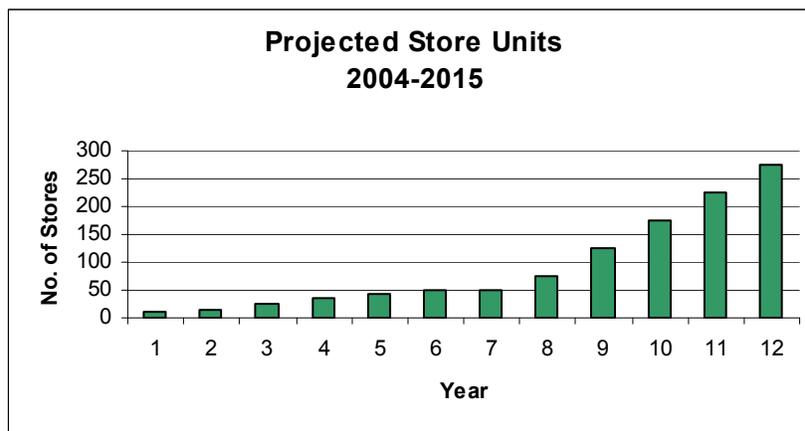
With the acquisition of all of the outstanding shares of the exclusive 7-Eleven area licensee for Puerto Rico, Prime Time Group, Inc. has become the sole operator of 7-Eleven stores in the island of Puerto Rico. Given that the island of Puerto Rico is a densely populated area but has very few convenience stores, the future potential of opening new convenience stores in this area is immense. Additionally, the Puerto Rico economy is currently vibrant, with all sectors (despite having witnessed explosive growth over the last few years) showing no signs of slowing. This is the reason why the management of Prime Times Group, Inc. decided to combine the potential of the Puerto Rico economy with the low number of 7-Eleven stores operating in this island.



Rapid Store Expansion

Prime Time Group, Inc. is fast expanding its stores network. The Company is targeting a growth strategy of opening more than 300 stores in the Puerto Rico area. In line with this, management recently announced that it is negotiating five new locations in the greater San Juan, Puerto Rico area. Three new stores are expected to open up in the current year itself. New stores should add to the Company's top line and bottom line significantly.

Management has provided the following estimate of the number of stores it plans to operate for the period 2004-2015:



Management plans to open the first 100 stores from funds raised through an equity issue. Thereafter, cash generated from operations from the stores is expected to be sufficient to meet additional store openings. Prime Time Group, Inc. will work closely with 7-Eleven to use their license support resource in attaining its own aggressive store expansion plan. Management also plans to indulge in an image-enhancement program for its existing stores and develop marketing strategies to increase the brand awareness of 7-Eleven stores in Puerto Rico.

7-Eleven Store Brand Image

7-Eleven convenience stores command a strong brand image and are an extremely popular convenience store around the world. 7-Eleven stores outside North America are known to have a proven track record of success. One example of the store's success can be gauged from the Charoen Pokphand Group of Thailand, which started as a licensee of 7-Eleven stores. It currently controls over 2,765 stores with annual sales of \$985 million, serving approximately 2 million customers. The Charoen Pokphand Group had acquired the license to operate 7-Eleven stores in Thailand in 1989 and has come a long way since then.



Market and Competition

Although the convenience store industry in the U.S. is highly competitive, Prime Time Group, Inc. is in a unique position entering a tremendous growth market such as Puerto Rico with very little competition.

Below is an example of the recent successes of other convenience store operators. The success of other chains such as Pantry, Inc. (Nasdaq: PTRY) and Casey's General Stores (Nasdaq: CASY) provide a historical reference of the type of upside this industry has been experiencing.



The Pantry. An incredible story in this segment has been Pantry, Inc. which has risen over 1,500% over the last 3 years from below \$4.00 in April of 2003 to over \$63.00 today.

The Pantry, Inc. currently operates 1,400 convenience stores in growing markets, coastal/resort area and along major interstates and highways. The Pantry, Inc. is a leading independently operated convenience store chain in the southeastern United States and the third largest independently operated convenience store chain in the country (based on the store count). The company's stock trades on the Nasdaq under the symbol PTRY. The company's stores operate under different banners including Kangaroo Express, Golden Gallon and Cowboys. These stores, in addition to offering a wide variety of different merchandise, also sell gasoline and other ancillary products and services.

The Pantry, Inc. also operates quick service restaurants at 179 different locations. The products sold at these restaurants range from Subway, Quiznos, Hardee's, Krystal, Church's, Dairy Queen and Bojangles. A variety of proprietary food service programs are also offered in 84 of these quick service restaurants featuring breakfast biscuits, fried chicken, deli items and other hot food offerings.

The Pantry, Inc.'s stores are strategically located in the southeastern United States. Around 40% of them operate in the coastal/resort areas of Jacksonville, Orlando/Disney World, Myrtle Beach, Charleston, St. Augustine, Hilton Head and Gulfport/Biloxi. Additionally, 18% of the stores are situated along major interstates and highways, drawing huge crowds from people seeking convenient fueling locations. Further, all of the company's stores are freestanding structures with an average space of 2,600 square feet. This in turn insures that all the company's customers get enough parking spaces.



Financial Analysis

Market Opportunity

Puerto Rico is a largely untapped market as far as convenience stores are concerned. Nowadays, people increasingly prefer to shop for their daily needs at these convenience stores, which are located in their neighborhood, rather than to drive to one of the larger supermarkets for a few daily needs. In the U.S., the number of these independent convenience stores are rising significantly, with over two-thirds of them being run by independent operators. Convenience stores have become a way of life in the North American society, selling everything from food to toiletries.

However, even though convenience stores have gained widespread coverage all over the U.S., the island of Puerto Rico still remains largely untapped. With a population of over four million people, the future growth potential of convenience stores is huge in this area. With more than 1,000 people per square mile, Puerto Rico is ten times more densely populated than the U.S. Revenues are thus expected to increase from the current \$18 million to over \$300 million, once the Company has been successful in carrying out its store expansion program.

Prime Time Group, Inc. is banking on the dual power of the vibrant economy of Puerto Rico along with the strong brand image of 7-Eleven stores to gain a strong foothold in this industry. While 7-Eleven is highly underrepresented in Puerto Rico, it is experiencing increased brand recognition and customer satisfaction around the world. Prime Time Group, Inc. appears strategically poised to take advantage of these factors.





Recent Results

Prime Time Group, Inc. is an early stage company, currently trading on the Pink Sheet. Although financial data has been limited to this point, preliminary results were recently released on February 28, 2006. (Fully audited financial data is slated to be released by mid-April.) The table below show income for the period ended December 2005 as compared to its performance in the previous year:

Selected Income Statement Items (US Dollars)

	12 months ended December, 2004	12 months ended December, 2005
Net Profit Before Depreciation	\$16,953,755	\$18,031,471
Year over Year % growth		+6.3 %

The audit is being conducted by the company's Public Company Accounting Oversight Board approved accountants — Russell, Bedford, Stefanou, Mirchandani. According to the details provided by Johnny Ray Arnold, the company's CEO and Chairman, the total sales figure for 2005 stands at \$18,031,471 compared to the sales of \$16,953,755 in 2004. This would mark an increase of 6.35% in the company's top line. Since Puerto Rico-7, Inc. operates fourteen 7-Eleven stores in the Puerto-Rico region, sales of \$18,031,471 in turn signifies an annual average sales figure of \$1.288 million per store.



Store Units		75	125	175	225	300
		Fiscal	Fiscal	Fiscal	Fiscal	Fiscal
		2011	2012	2013	2014	2015
Revenues						
Total Sales		\$103,142,250	\$171,903,750	\$240,665,250	\$309,426,750	\$378,199,250
Cost of Sales		\$87,211,550	\$112,019,250	\$156,826,950	\$201,634,650	\$246,442,350
Gross Profit		\$36,930,700	\$59,884,500	\$63,838,300	\$107,792,100	\$131,745,900
Other Income		\$3,176,800	\$6,299,000	\$7,417,200	\$9,536,400	\$11,655,600
Total Gross Profit		\$39,109,500	\$65,182,500	\$91,255,500	\$117,328,500	\$143,401,500
In-Store Operation Costs		\$32,802,150	\$64,670,250	\$76,538,350	\$96,406,450	\$120,274,550
Net B/F G&A		\$6,307,350	\$10,512,250	\$14,717,150	\$18,922,050	\$23,126,950
G&A		\$1,675,000	\$3,125,000	\$4,375,000	\$5,625,000	\$6,976,000
Non OP INC/EX		\$0	\$0	\$0	\$0	\$0
Net INCOME		\$4,432,360	\$7,387,250	\$10,342,150	\$13,297,050	\$16,251,950
Depreciation cost		\$1,912,500	\$3,187,500	\$4,462,500	\$5,737,500	\$7,012,511
Income before Depreciation		\$6,344,850	\$10,574,750	\$14,804,650	\$19,034,550	\$23,264,461
Assumptions:						
Based on the total number of stores having full year sales						
G&A \$25,000 per store annually						

At the time of this report, Prime Time Group, Inc.'s shares closed at \$0.20 (April 4, 2006), on the lower end of its 52-week high of \$0.57 last September. However, the stock has increased significantly from its low of \$0.14, which it witnessed during Christmas time. It appears that Wall Street may be beginning to recognize the value in this up-and-coming growth company.

Prime Time Group, Inc. has the exclusive license to operate 7-Eleven stores in Puerto Rico, and currently is operating fourteen of them on the island. Given the Company's association with this multi-billion dollar international corporation (7-Eleven, Inc.), investors can be confident that the stock price of Prime Time Group, Inc. is likely to continue to increase.



We have attempted to value the stock of the Company based on a price to sales earnings model (P/S), since Prime Time is currently incurring losses due to the expansion currently underway. The Company currently trades at a P/S ratio of 0.6x. Our analysis shows that an emerging company in this sector that has demonstrated strong growth historically trades at a P/S ratio in the range of 1.5 – 2 times sales. With the Company currently producing over \$18 million in revenue, and applying the P/S ratio above, the stock would be currently valued at around \$0.60 per share.

Investors should also take into account the fact that management is aggressively opening new stores, which should add to the Company's top line in the near future. Prime Time currently is operating 14 stores, which management plans to increase to approximately 28 over the next 18 months. Currently, each store generates an average of \$1.28 million in revenue annually. Hence, we project that 28 stores should be able to generate more than \$35 million in sales annually. Applying a conservative 1.5x P/S ratio to this sales figure, we arrive at a 12-month price target of \$1.17, which would signify a considerable upside from the stock's current price.



Management

Johnny Ray Arnold

President and Chief Executive Officer

Johnny Ray Arnold is the current President and CEO of Prime Time Group, Inc. Given his extensive experience in the convenience store and petroleum industry, he is expected to play the key role in the future development of the Company. He has had the opportunity to work with several industry leaders since 1976. In the past, he has been responsible for developing a convenience store chain called Runner Food Mart. Employed in the role of a general sales manager of operations, he was in charge of meeting the profit and loss responsibility for 121 convenience stores in addition to maintaining a productive environment for 1200 employees. On the acquisition of Road Runner by Total Petroleum, Mr. Arnold was appointed as the General Sales Manager of Retail Operations for the Mid-Continent division. There he oversaw various functions ranging from merchandising, P&L responsibilities, training and development, a branded food program, fuel supply and transportation, vendor agreement, and hiring and maintaining a good and efficient workforce. He was then responsible for overseeing 160 stores located over a six state region and managed around 1700 employees. In 2001, Mr. Arnold joined Devlin Holdings, which was another growing convenience store business.

Andres Romero

Chief Operating Officer and Vice President

Andres Romero currently acts as the Chief Operating Officer of Prime Time Group, Inc. He has been involved with 7-Eleven stores for 19 years. In 1987, he had personally acquired the license to operate the 7-Eleven franchise in the state of Puerto Rico and the Virgin Islands. In the 1980s, Mr. Romero also became the President and CEO of Tenoco Oil, Co., which was an established petroleum distribution company primarily focused on diesel and gasoline.



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Michael Schmidt, CFA - Senior Analyst

Mr. Schmidt is currently a Principal with Coastal Asset Management. He holds the CFA Charter and is a member of the South Florida Financial Analysts Society. He is currently a portfolio manager and a securities analyst covering all sectors of fixed income and equity markets. Prior to that he was employed by the following firms as a senior portfolio manager/analyst or a pension consultant. Mellon Bank, Northern Trust, Indata and Mercer Meidinger Hanson.

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