

**Prime People Plc**

**Interim Report**

**for the nine months ended 30 September 2005**

## Chairman's Statement

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At the time of the interims released in August, the Board announced that it had significantly increased the intensity of its effort to achieve its stated short to medium term strategic aim of identifying acquisitions, which will provide platforms to generate profitable growth and shareholder value. I am pleased that as a result we have today announced the proposed reverse take-over of Minerva. As a result of the transaction the year end of Prime People Plc will change to 31 March to align with that of Minerva. Accordingly, we are today publishing second interim financial statements for the 9 months to 30 September 2005.

Prime People Plc reports a loss on ordinary activities before taxation of £115,400 for the nine-month period ended 30 September 2005 compared to a profit of £713,696 in the nine months to 30 September 2004. The profit before tax for the corresponding period in 2004 included an operating profit contribution of £165,767 from Portfolio International Limited, and a profit of £609,844 on the disposal of Portfolio, which took place on 5 August 2004.

Harper Craven continues to trade in line with expectations and generated a profit before tax of £27,897 (2004: £27,769). Our associate, Cameron Kennedy, is investing in its business in the year to date with the recruitment of new consultants, the payment of higher bonuses and the cost of moving to new premises being incurred. Our share of losses was £20,825 compared to a profit of £49,549 in the corresponding period in 2004. Of the administrative expenses charged to the period under review some £237,112 related to the head office and public company costs of Prime People.

A dividend of 0.125p per Ordinary Share will be paid on 21 December 2005 to ordinary Shareholders on the register on 1 December 2005.

Peter Hearn  
Non-executive Chairman

8 December 2005

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

for the nine months ended 30 September 2005

	Notes	Nine months Ended 30 September 2005 Unaudited £	Nine months Ended 30 September 2004 Unaudited £	Year Ended 31 December 2004 Audited £
<b>Turnover</b>				
- Continuing operations		490,049	544,039	708,653
- Discontinued operations		-	1,585,895	1,585,895
		<b>490,049</b>	<b>2,129,934</b>	<b>2,294,548</b>
<b>Cost of Sales</b>				
- Continuing operations		(141,304)	(139,041)	(179,571)
- Discontinued operations		-	(7,240)	(7,240)
		<b>(141,304)</b>	<b>(146,281)</b>	<b>(186,811)</b>
<b>Gross Profit</b>		<b>348,745</b>	<b>1,983,653</b>	<b>2,107,737</b>
Administrative expenses		(533,982)	(1,964,926)	(2,197,259)
<b>Group operating loss</b>				
- Continuing operations		(185,237)	(174,994)	(283,243)
- Discontinued operations		-	193,721	193,721
		<b>(185,237)</b>	<b>18,727</b>	<b>(89,522)</b>
Share of operating (loss)/profit in associate		(20,825)	49,549	87,133
Amortisation of goodwill		(9,000)	(9,000)	(12,000)
<b>(Loss) / profit on ordinary activities before interest</b>		<b>(215,062)</b>	<b>59,726</b>	<b>(14,389)</b>
Profit on disposal of subsidiary		-	609,844	609,844
Interest receivable and similar income		100,760	44,576	79,530
Interest payable and similar charges		(1,098)	-	(487)
<b>(Loss) / profit on ordinary activities before taxation</b>		<b>(115,400)</b>	<b>713,696</b>	<b>674,498</b>
Tax on (loss) / profit on ordinary activities	2	-	(2,112)	(2,112)
<b>(Loss) / profit on ordinary activities after taxation transferred to reserves</b>	5	<b>(115,400)</b>	<b>711,584</b>	<b>672,386</b>
<b>(Loss) / earnings per ordinary share</b>				
- Basic	4	(0.31)p	1.93p	1.82p
- Diluted		(0.31)p	1.93p	1.82p

**CONSOLIDATED BALANCE SHEET**

at 30 September 2005

	Notes	30 September 2005 Unaudited £	30 September 2004 Unaudited £	31 December 2004 Audited £
<b>Fixed assets</b>				
Tangible assets		35,717	38,564	44,028
Investment in associate		381,851	377,092	411,676
		<b>417,568</b>	415,656	455,704
<b>Current assets</b>				
Debtors		290,183	135,176	262,052
Cash at bank and in hand		2,722,309	2,968,156	2,835,981
		<b>3,012,492</b>	3,103,332	3,098,033
<b>Creditors:</b> Amounts falling due within one year		<b>(198,249)</b>	(125,081)	(200,903)
<b>Net current assets</b>		<b>2,814,243</b>	2,978,251	2,897,130
<b>Creditors:</b> Amount falling due after one year		<b>(6,874)</b>	(14,372)	(12,497)
<b>Net assets</b>		<b>3,224,937</b>	3,379,535	3,340,337
<b>Capital and reserves</b>				
Called up share capital		368,467	368,467	368,467
Share premium account	5	909,925	909,925	909,925
Merger reserve	5	173,077	173,077	173,077
Profit and loss account	5	1,773,468	1,928,066	1,888,868
<b>Shareholders' funds</b>	6	<b>3,224,937</b>	3,379,535	3,340,337

**CONSOLIDATED CASH FLOW STATEMENT**

for the nine months ended 30 September 2005

	Notes	Nine months ended 30 September 2005 Unaudited £	Nine months ended 30 September 2004 Unaudited £	Year ended 31 December 2004 Audited £
<b>Net cash (outflow) / inflow from operating activities</b>	7	<b>(218,102)</b>	64,164	(93,986)
<b>Return on investment and servicing of finance</b>				
Interest received		100,760	44,576	79,530
Interest paid		(1,098)	-	(487)
		<b>99,662</b>	44,576	79,043
<b>Taxation</b>		-	74,350	74,350
<b>Capital expenditure and financial investment</b>				
Purchase of tangible fixed assets		(3,774)	(28,059)	(37,592)
Sale of tangible fixed assets		900	800	1,800
		<b>(2,874)</b>	(27,259)	(35,792)
<b>Acquisitions and disposals</b>				
Sale of subsidiary undertaking		-	1,905,284	1,905,284
Net cash disposal with subsidiary		-	(53,986)	(53,986)
		-	1,851,298	1,851,298
<b>Net cash (outflow) / inflow before management of liquid resources and financing</b>		<b>(121,314)</b>	2,007,129	1,874,913
<b>Management of liquid resources</b>				
Sale / (purchase) of deposits		154,464	(1,944,000)	(1,647,000)
<b>Financing</b>				
Capital element of finance leases		(5,623)	(625)	(2,501)
<b>Increase in cash</b>	8	<b>27,527</b>	62,504	225,412

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

for the nine months ended 30 September 2005

**1. Accounting Policies**

The interim results have been prepared on the same basis and using the same accounting policies as those used in the preparation of the accounts for the year ended 31 December 2004.

**2. Taxation on profit on ordinary activities**

	<b>Group</b>	
	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
UK corporation tax	-	2,112
Share of associate's tax	-	-
	<u>-</u>	<u>2,112</u>
	<u><u>-</u></u>	<u><u>2,112</u></u>

**3. D Dividends**

The directors recommend that no interim dividend be paid.

**4. Loss per share**

The loss per share is calculated based on a weighted average number of shares of 36,846,692 (2004: 36,846,692) and the loss of £154,400 giving a loss per share of 0.31p (2004: earnings per share of 1.93p). Outstanding share options are not considered to be dilutive in view of the loss in the period.

**5. Reserves**

	<b>Share Premium Account</b>	<b>Merger Reserve</b>	<b>Profit and Loss Account</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2005	909,925	173,077	1,888,868
Transfer from Profit and Loss Account	-	-	(115,400)
	<u>909,925</u>	<u>173,077</u>	<u>1,773,468</u>
<b>At 30 September 2005</b>	<u><u>909,925</u></u>	<u><u>173,077</u></u>	<u><u>1,773,468</u></u>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

continued

**6. Reconciliation of movement in shareholders' funds**

	<b>30 September 2005 Unaudited £</b>	30 September 2004 Unaudited £	31 December 2004 Audited £
<b>(Loss) / profit for the period</b>	<b>(115,400)</b>	711,584	672,386
Goodwill eliminated on disposal of subsidiary	-	641,006	641,006
Opening shareholders' funds	<u><b>3,340,337</b></u>	<u>2,026,945</u>	<u>2,026,945</u>
<b>Closing shareholders' funds</b>	<u><b>3,224,937</b></u>	<u>3,379,535</u>	<u>3,340,337</u>

**7. Reconciliation of operating (loss) / profit to net cash (outflow) / inflow from operating activities**

	<b>Nine months ended 30 September 2005 Unaudited £</b>	Nine months ended 30 September 2004 Unaudited £	Year ended 31 December 2004 Audited £
<b>Group operating (loss) / profit</b>	<b>(185,237)</b>	18,727	(89,522)
Depreciation	<b>11,096</b>	29,715	33,784
Loss / (profit) on sale of tangible fixed assets	<b>90</b>	(800)	(1,800)
Increase / (decrease) in debtors	<b>(28,131)</b>	(28,685)	(155,561)
(Decrease) / increase in creditors	<u><b>(15,920)</b></u>	<u>45,207</u>	<u>119,113</u>
<b>Net cash (outflow) / inflow from operating activities</b>	<u><b>(218,102)</b></u>	<u>64,164</u>	<u>(93,986)</u>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

continued

**8. Reconciliation of net cash outflow to movement in net funds**

	<b>Nine months ended 30 September 2005 Unaudited £</b>	Nine months ended 30 September 2004 Unaudited £	Year ended 31 December 2004 Audited £
Increase in cash in the period	<b>27,527</b>	62,504	225,412
Cash outflow from decrease in debt and lease financing	<b>5,623</b>	625	2,501
Cash inflow / (outflow) from decrease / (increase) in liquid resources	<b>(154,464)</b>	1,944,000	1,647,000
(Decrease) / increase in net funds resulting from cash flows	<b>(121,314)</b>	2,007,129	1,874,913
New finance leases	-	(22,496)	(22,496)
Opening net funds	<b>2,800,187</b>	947,770	947,770
<b>Closing net funds</b>	<b>2,678,873</b>	2,932,403	2,800,187

**9. Analysis of net funds**

	At 1 January 2005 £	Cash flow £	At 30 September 2005 £
Cash at bank and in hand	192,981	40,793	<b>233,774</b>
Bank Overdraft	(15,799)	(13,266)	<b>(29,065)</b>
	177,182	27,527	<b>204,709</b>
Liquid resources	2,643,000	(154,464)	<b>2,488,536</b>
Finance leases	(19,995)	5,623	<b>(14,372)</b>
<b>TOTAL</b>	<b>2,800,187</b>	<b>(121,314)</b>	<b>2,678,873</b>

## **NOTES TO THE INTERIM FINANCIAL STATEMENTS**

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### **10. Nature of the financial information**

The interim financial information for the nine months ended 30 September 2005, was approved by the board on 8 December 2005.

The financial information set out above does not constitute full accounts within the meaning of Section 254 of the Companies Act 1985. The results for the year to 31 December 2004 are extracts from the published accounts for that year which have received an unqualified audit report and have been filed with the Registrar of Companies.