

# PRIME PEOPLE Plc

23 November 2007

## Prime People Plc Interim Results for the six months ended 30 September 2007

Prime People Plc (“Prime People” or the “Group”), the international real estate, infrastructure and commercial property recruitment specialist, today announces its interim results for the year half ended 30 September 2007.

### Highlights:

	Six months ended 30 September 2007	Six months ended 30 September 2006	Growth %
Gross fee income	£11.97m	£9.29m	+ 29%
Net fee income	£7.11m	£4.91m	+ 45%
Pre-tax profit	£1.02m	£0.78m	+ 31%
Fully diluted earnings per share	5.63p	4.40p	+ 28%
Interim dividend*	1.35p	1.25p	+ 8%

*\*The interim dividend will be paid on 21 December 2007 to shareholders on the register on 7 December 2007*

### Peter Moore Managing Director of Prime People, commented:

“I am very pleased with this set of results, which reflect continued growth in the UK and excellent progress on our international expansion strategy. Demand for our services remained solid through the period, driven by the ongoing pipeline of major UK infrastructure projects and, in commercial property internationally, by the demand for increasingly sophisticated expertise in property management and investment. We anticipate that there will continue to be opportunities for good organic growth both in the UK and internationally.

“Looking forward, our order books are at record levels, but we are mindful of the current macroeconomic environment and will manage our operations as future circumstances may require. However, I have confidence that our continued commitment to the globalisation of our business and our market leading position will provide access to further opportunities for good growth.”

**-Ends-**

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**Prime People plc**  
**Interim Results for the six months ended 30 September 2007**

**Chairman's Statement**

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**Introduction**

I am pleased to report the results for Prime People for the half year ended 30 September 2007, with continuing good progress made in our core UK market as well as on our international expansion strategy. Our principal business activity is the provision of recruitment services to the UK and international real estate, infrastructure and commercial property sectors. This activity is operated through our main trading subsidiary, Macdonald & Company.

Reflecting the positive conditions in the half year within the markets the Group serves, gross fee income increased 29 per cent to £11.97 million (2006: £9.29 million). This translated to net fee income ("NFI") for the half year of £7.11 million, a 45 per cent increase on the previous year (2006: £4.91 million).

Pre tax profit for the half year was £1.02 million, which is a 31 per cent increase on the pre tax profit for the previous half year of £0.78 million. Fully diluted earnings per share for the period have increased by 28 per cent to 5.63p from 4.40p in 2006.

In the UK, demand for property professionals remained strong in the period being reported. The people we place are involved in the investment, development and management of all types of property asset. Our main revenues are generated from placing permanent and contract staff who are specialists in disciplines such as fund management, investment, development and financing, project management, quantity surveying and building surveying, facilities management, town and country planning, architecture and social housing. With a steady pipeline of development, infrastructure and regeneration projects already committed to in the UK and in the Middle and Far East, we currently continue to see strong demand for candidates. Our recently established architecture and social housing businesses have strengthened our offering and provide good opportunities for future revenue growth.

The fulfilment of our plans to broaden the Group's business overseas in the Middle and Far East, Australasia and Africa have made a substantial contribution to our half year outcome and our overseas offices, accessing areas of continuing high economic growth, are expected to provide strong support to performance in the second half. In the period being reported, the four overseas offices contributed 21 per cent of Group NFI (2006: 6 per cent). We expect NFI derived from these offices to continue to increase as a proportion of total NFI in the years ahead.

**Dividend**

The Board declares an interim dividend of 1.35p per ordinary share (2006:1.25p). This will be paid on 21 December 2007 to shareholders on the register on 7 December 2007.

**Results summary**

The net fee income split is:

	Six months ended 30 September 2007 £000	Six months ended 30 September 2006 £000	NFI growth %
<b>Permanent</b>			
-UK	4,358	3,352	+30%
-International	1,519	310	+390%
	5,877	3,662	+60%
<b>Temporary (UK only)</b>	1,063	1,065	-
<b>Other</b>	172	182	-5%
<b>Total</b>	<b>7,112</b>	<b>4,909</b>	<b>+45%</b>

**Longer-term growth opportunities**

In pursuing our overall growth strategy, we continue to focus on organic expansion – adding new consultants in existing and complementary areas in the UK and internationally. The opening of further offices in new overseas locations is being investigated.

**Outlook**

The performance of the Group in the year to date has been encouraging and in line with our expectations, with both our international and UK operations continuing to perform well.

Whilst our order books and business are at record levels, we are mindful of the current macroeconomic environment and will manage operations as future circumstances may require. However, we have confidence that our continued commitment to the globalisation of our business and our market leading position will provide access to further opportunities for good growth.

R J G Macdonald  
Executive Chairman

23 November 2007

## Consolidated income statement

for the six months ended 30 September 2007 (unaudited)

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	Notes	Six months ended 30 September 2007 £000	Six months ended 30 September 2006 £000	Year ended 31 March 2007 £000
<b>Continuing operations</b>				
<b>Gross fee income</b>		<b>11,966</b>	9,289	20,179
Direct costs		<u>(4,854)</u>	(4,380)	(9,344)
Net fee income		<b>7,112</b>	4,909	10,835
Administrative expenses		<u>(6,044)</u>	(4,088)	(8,748)
<b>Operating profit</b>		<b>1,068</b>	821	2,087
Interest receivable and similar income		<b>1</b>	5	18
Interest payable and similar charges	2	<u>(49)</u>	(50)	(96)
Profit before taxation		<b>1,020</b>	776	2,009
Taxation	3	<u>(306)</u>	(247)	(665)
<b>Profit for the period</b>		<b>714</b>	529	1,344
<b>Profit attributable to equity shareholders</b>		<u><b>714</b></u>	529	1,344
<b>Earnings per share</b>	5			
- Basic		<b>5.94p</b>	4.56p	11.38p
- Diluted		<b>5.63p</b>	4.40p	10.93p

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**Consolidated statement of changes in shareholders equity**

*for the six months ended 30 September 2007 (unaudited)*

	<b>Called up Share capital £'000</b>	<b>Shares to be issued £'000</b>	<b>Share premium account £'000</b>	<b>Other reserve £'000</b>	<b>Share option reserve £'000</b>	<b>Retained earnings £'000</b>	<b>Total £'000</b>
<b>At 1 April 2006</b>	<b>1,084</b>	<b>1,000</b>	<b>6,214</b>	<b>173</b>	<b>-</b>	<b>1,816</b>	<b>10,287</b>
New shares issued	119	(1,000)	881	-	-	-	-
Profit for the period	-	-	-	-	-	529	529
Share option charge	-	-	-	-	23	-	23
Equity dividends	-	-	-	-	-	(120)	(120)
<b>At 30 September 2006</b>	<b>1,203</b>	<b>-</b>	<b>7,095</b>	<b>173</b>	<b>23</b>	<b>2,225</b>	<b>10,719</b>
Profit for the period	-	-	-	-	-	815	815
Share option charge	-	-	-	-	55	-	55
Equity dividends	-	-	-	-	-	(151)	(151)
<b>At 31 March 2007</b>	<b>1,203</b>	<b>-</b>	<b>7,095</b>	<b>173</b>	<b>78</b>	<b>2,889</b>	<b>11,438</b>
Profit for the period	-	-	-	-	-	714	714
Share option charge	-	-	-	-	26	-	26
Equity dividends	-	-	-	-	-	(271)	(271)
<b>At 30 September 2007</b>	<b>1,203</b>	<b>-</b>	<b>7,095</b>	<b>173</b>	<b>104</b>	<b>3,332</b>	<b>11,907</b>

## Consolidated balance sheet

at 30 September 2007 (unaudited)

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	As at 30 September 2007 £'000	As at 30 September 2006 £'000	As at 31 March 2007 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
- Intangible assets	9,769	9,769	9,769
- Property, plant and equipment	341	281	316
- Deferred tax asset	141	70	91
	<u>10,251</u>	<u>10,120</u>	<u>10,176</u>
<b>Current assets</b>			
Trade and other receivables	5,907	3,838	4,601
Cash and cash equivalents	260	35	304
	<u>6,167</u>	<u>3,873</u>	<u>4,905</u>
<b>Total assets</b>	<u>16,418</u>	<u>13,993</u>	<u>15,081</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Financial liabilities – borrowings	916	394	308
Trade and other payables	2,353	1,654	2,034
Current tax liabilities	542	246	461
	<u>3,811</u>	<u>2,294</u>	<u>2,803</u>
<b>Non current liabilities</b>			
Financial liabilities – borrowings	700	980	840
	<u>700</u>	<u>980</u>	<u>840</u>
<b>Total liabilities</b>	<u>4,511</u>	<u>3,274</u>	<u>3,643</u>
<b>Net assets</b>	<u>11,907</u>	<u>10,719</u>	<u>11,438</u>
<b>Capital and reserves</b>			
Called up share capital	1,203	1,203	1,203
Share premium account	7,095	7,095	7,095
Other reserve	173	173	173
Share option reserve	104	23	78
Retained earnings	3,332	2,225	2,889
<b>Equity shareholders' funds</b>	<u>11,907</u>	<u>10,719</u>	<u>11,438</u>

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## Consolidated Cash Flow Statement

for the six months ended 30 September 2007(unaudited)

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	Notes	Six months ended 30 September 2007 £'000	Six months ended 30 September 2006 £'000	Year ended 31 March 2007 £'000
<b>Cash flows from operating activities</b>				
Cash generated by operations	6	177	270	1,266
Corporation tax paid		(275)	(300)	(525)
		<hr/>	<hr/>	<hr/>
Net cash (used)/from operating activities		(98)	(30)	741
<b>Cash flows from investing activities</b>				
Interest received		1	4	18
Interest paid		(49)	(50)	(96)
Disposal of investment held for resale		-	178	178
Net purchase of property, plant and equipment		(95)	(70)	(164)
		<hr/>	<hr/>	<hr/>
Net cash (used)/from investing activities		(143)	62	(64)
<b>Cash flows from financing activities</b>				
Repayment of borrowings		(140)	(140)	(280)
Capital element of hire purchase obligations		(3)	(4)	(7)
Dividends paid to shareholders		(271)	(120)	(271)
		<hr/>	<hr/>	<hr/>
Net cash used in financing activities		(414)	(264)	(558)
<b>Net (decrease)/increase in cash and cash equivalents</b>				
		(655)	(232)	119
Cash and cash equivalents at start of period		279	160	160
		<hr/>	<hr/>	<hr/>
(Net debt)/cash and cash equivalents at end of period		(376)	(72)	279

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## Notes to the Interim Financial Statements

for the six months ended 30 September 2007 (unaudited)

### 1. Accounting Policies

The consolidated interim financial statements are for the six months ended 30 September 2007. They have been prepared in accordance with International Financial Reporting Standards (IFRS) using the same accounting policies as those used in the preparation of the accounts for the year ended 31 March 2007.

### 2. Interest

	<b>Six months ended 30 September 2007 £'000</b>	Six months ended 30 September 2006 £'000	Year ended 31 March 2007 £'000
Interest expense:			
Interest payable on bank borrowings	49	49	95
Interest payable on finance leases	-	1	1
	<b>49</b>	<b>50</b>	<b>96</b>

### 3. Taxation on profit on ordinary activities

Taxation has been provided by applying the standard rate of corporation tax in the UK.

### 4. Dividends

	<b>Six months ended 30 September 2007 £'000</b>	Six months ended 30 September 2006 £'000	Year ended 31 March 2007 £'000
Final dividend for 2006 of 1.00 pence per share	-	120	120
Interim dividend for 2007 of 1.25 pence per share	-	-	151
Final dividend for 2007 of 2.25 pence per share	271	-	-
	<b>271</b>	<b>120</b>	<b>271</b>

An interim dividend for 2008 of 1.35 pence per ordinary share will be paid on 21 December 2007 to those shareholders whose names are on the register on 7 December 2007.

**Notes to the Interim Financial Statements (continued)**

*for the six months ended 30 September 2007 (unaudited)*

**5. Earnings per share**

Earnings per share (EPS) has been calculated in accordance with IAS 33 “Earnings per share” and is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

Earnings and weighted average number of shares used in the calculations are shown below:

	<b>Six months ended 30 September 2007 £'000</b>	Six months ended 30 September 2006 £'000	Year ended 31 March 2007 £'000
Retained profit for basic earnings per share	<b>714</b>	529	1,344
	<b>Number '000</b>	Number '000	Number '000
Weighted average number of shares used for basic and continuing earnings per share	<b>12,029</b>	11,593	11,810
Dilutive effect of share options and shares to be issued	<b>653</b>	434	483
Diluted weighted average number of shares used for diluted earnings per share	<b>12,682</b>	12,027	12,293
	<b>Pence</b>	Pence	Pence
Basic diluted earnings per share	<b>5.94p</b>	4.56p	11.38p
Diluted earnings per share	<b>5.63p</b>	4.40p	10.93p

**Notes to the Interim Financial Statements (continued)**

*for the six months ended 30 September 2007 (unaudited)*

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**6. Reconciliation of operating profit to net cash inflow from operating activities**

	<b>Six months ended 30 September 2007 £'000</b>	Six months ended 30 September 2006 £'000	Year ended 31 March 2007 £'000
<b>Operating profit</b>	<b>1,068</b>	821	2,087
Depreciation	<b>69</b>	49	108
Share option reserve movement	<b>26</b>	23	78
Increase in debtors	<b>(1,306)</b>	(505)	(1,268)
Increase/(decrease) in creditors	<b>320</b>	(118)	261
<b>Net cash inflow from operating activities</b>	<b>177</b>	270	1,266

**7. Nature of the financial information**

The interim financial information for the six months ended 30 September 2007, was approved by the board on 23 November 2007.

The financial information set out above does not constitute full accounts within the meaning of Section 240 of the Companies Act 1985. The comparative results for the year ended 31 March 2007 have been extracted from the Group's financial statements for that period which have received an unqualified audit report and have been filed with the Registrar of Companies.

A copy of the interim results will be available on the company's website: [www.prime-people.co.uk](http://www.prime-people.co.uk)