

PRIME PEOPLE Plc

21 November 2008

Prime People Plc

Interim Results for the six months ended 30 September 2008

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 half year ended 30 September 2008.

Highlights:

	Six months ended 30 September 2008	Six months ended 30 September 2007	Growth %
Gross fee income	£12.09m	£11.97m	+ 1.0%
Net fee income	£6.68m	£7.11m	- 6.0%
Pre-tax profit	£0.99m	£1.02m	- 2.9%
Fully diluted earnings per share	5.36p	5.63p	- 4.8%

Peter Moore Managing Director of Prime People, commented:

“The influence of our international offices has enabled us to deliver a solid performance for the first half of the year. The prevailing economic climate shows little sign of improving and we will continue to take the timely action necessary to ensure that the business is best placed to deal with conditions as they evolve. We are, however, particularly focussed on being in position to properly exploit opportunities as they arise”.

-Ends-

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Prime People plc
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Chairman's Statement

Introduction

I am able to report the results set out below for Prime People Plc for the half-year ended 30 September 2008.

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.

As has been widely reported and as was referred to in our Close Period Trading Update, global market conditions for our activity have become more difficult. Reflecting the challenging operating conditions that emerged during the latter part of H1, gross fee income increased marginally as a result of an increase in temporary placements by 1 per cent to £12.09 million (2007: £11.97 million). This translated to net fee income ("NFI") for the half year of £6.7 million, a 6 per cent decrease on the previous year (2007: £7.1 million). Pre tax profit for the half year was £0.99 million, which is a 2.9 per cent decrease on the pre tax profit for the previous half year of £1.02 million. Fully diluted earnings per share for the period was 5.36p (2007: 5.63p).

In the UK demand for property professionals for the majority of the period being reported has been falling. As is to be expected, given present economic conditions, current instructions to recruit continue to fall in revenue areas based on transactional activity and the construction and building sectors.

The Group's overseas offices continued to grow in the first half and as anticipated they had a substantial impact on our half year outcome. In the period being reported, the overseas offices contributed 33 per cent of Group NFI (2007: 21 per cent) and we continue to expect NFI derived from these offices to increase as a proportion of total NFI in the second half and the years ahead. However, economic activity is falling in all geographies we serve and will impact on the results for the second half of the year.

Dividend

During the first half, the Company's focus on cash management resulted in a significant increase in the Group's cash position. As at 30 September 2008, the Group had net cash of £1.07 million, compared to net debt of £0.16 million as at 31 March 2008. In our Close Period Trading Update we stated that the Board planned to maintain an interim dividend of 1.35p. However the Board, having taken account of the prevailing economic conditions, have decided that it is both prudent and appropriate not to declare an interim dividend for the six months ended 30 September 2008.

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Chairman's Statement *(continued)*

Results summary

The net fee income split is:

	Six months ended 30 September 2008 £'000	Six months ended 30 September 2007 £'000	NFI growth
Permanent			
- UK	3,106	4,358	-28.7%
- International	2,207	1,519	45.3%
	5,313	5,877	-9.6%
Temporary (UK only)	1,137	1,063	7.0%
Other	230	172	33.7%
Total	6,680	7,112	-6.1%

Outlook

Significant action has been taken to address the cost base of the business and the benefits of this are already being seen. We expect world economic conditions will continue to impact activity levels in the second half of the year. However, we will take such further actions as are necessary to ensure the business is positioned to operate efficiently in the conditions that prevail, whilst maintaining the capacity to exploit opportunities and improved operating circumstances as they arise.

R J G Macdonald
Executive Chairman

21 November 2008

Consolidated income statement

for the six months ended 30 September 2008 (unaudited)

	Notes	Six months ended 30 September 2008 £000	Six months ended 30 September 2007 £000	Year ended 31 March 2008 £000
Continuing operations				
Gross Fee Income		12,089	11,966	24,279
Direct costs		<u>(5,409)</u>	<u>(4,854)</u>	<u>(10,241)</u>
Net fee income		6,680	7,112	14,038
Administrative expenses		<u>(5,667)</u>	<u>(6,044)</u>	<u>(11,525)</u>
Operating profit		1,013	1,068	2,513
Interest receivable and similar income		6	1	12
Interest payable and similar charges	2	<u>(25)</u>	<u>(49)</u>	<u>(91)</u>
Profit before taxation		994	1,020	2,434
Taxation		<u>(301)</u>	<u>(306)</u>	<u>(803)</u>
Profit for the period		693	714	1,631
Profit attributable to equity shareholders		693	714	1,631
Earnings per share	5			
Basic		5.76p	5.94p	13.56p
Diluted		5.36p	5.63p	12.72p

Consolidated statement of changes in shareholders equity

for the six months ended 30 September 2008 (unaudited)

	Called up share capital £'000	Share premium account £'000	Other reserve £'000	Share option reserve £'000	Foreign currency translation £'000	Retained earnings £'000	Total £'000
At 1 April 2007	1,203	7,095	173	78	-	2,889	11,438
Profit for the period	-	-	-	-	-	714	714
Share option charge	-	-	-	26	-	-	26
Equity dividends	-	-	-	-	-	(271)	(271)
At 30 September 2007	1,203	7,095	173	104	-	3,332	11,907
Currency translation differences	-	-	-	-	(15)	-	(15)
Profit for the period	-	-	-	-	-	917	917
Share option charge	-	-	-	32	-	-	32
Equity dividends	-	-	-	-	-	(162)	(162)
At 31 March 2008	1,203	7,095	173	136	(15)	4,087	12,679
Currency translation differences	-	-	-	-	130	-	130
Profit for the period	-	-	-	-	-	693	693
Share option charge	-	-	-	29	-	-	29
Equity dividends	-	-	-	-	-	(289)	(289)
At 30 September 2008	1,203	7,095	173	165	115	4,491	13,242

Consolidated balance sheet

at 30 September 2008 (unaudited)

	As at 30 September 2008 £'000	As at 30 September 2007 £'000	As at 31 March 2008 £'000
Assets			
Non-current assets			
Intangible assets	9,769	9,769	9,769
Property, plant and equipment	376	341	314
Deferred tax asset	66	141	66
	<u>10,211</u>	<u>10,251</u>	<u>10,149</u>
Current assets			
Trade and other receivables	4,673	5,907	5,751
Cash and cash equivalents	1,780	260	688
	<u>6,453</u>	<u>6,167</u>	<u>6,439</u>
Total assets	<u>16,664</u>	<u>16,418</u>	<u>16,588</u>
Liabilities			
Current Liabilities			
Financial liabilities – borrowings	290	916	292
Trade and other payables	2,179	2,353	2,577
Current tax liabilities	533	542	480
	<u>3,002</u>	<u>3,811</u>	<u>3,349</u>
Non current liabilities			
Financial liabilities – borrowings	420	700	560
Total liabilities	<u>3,422</u>	<u>4,511</u>	<u>3,909</u>
Net assets	<u>13,242</u>	<u>11,907</u>	<u>12,679</u>
Capital and reserves			
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	165	104	136
Currency translation differences	115	-	(15)
Retained earnings	4,491	3,332	4,087
Equity shareholders funds	<u>13,242</u>	<u>11,907</u>	<u>12,679</u>

Consolidated Cash Flow Statement

for the six months ended 30 September 2008(unaudited)

	Notes	Six months ended 30 September 2008 £'000	Six months ended 30 September 2007 £'000	Year ended 31 March 2008 £'000
Cash flows from operating activities				
Cash generated by operations	6	1,953	177	2,096
Corporation tax paid		(248)	(275)	(758)
Net cash from/(used) in operating activities		1,705	(98)	1,338
Cash flows from investing activities				
Interest received		6	1	12
Interest paid		(25)	(49)	(91)
Net purchase of property, plant and equipment		(163)	(95)	(146)
Net Cash used in investing activities		(182)	(143)	(225)
Cash flows from financing activities				
Repayment of borrowings		(140)	(140)	(280)
Capital element of hire purchase obligations		-	(3)	(3)
Dividends paid to shareholders		(289)	(271)	(433)
Net cash used in financing activities		(429)	(414)	(716)
Net increase /(decrease) in cash and cash equivalents		1,094	(655)	397
Cash and cash equivalents at start of period		676	279	279
Net cash /(debt) and cash equivalents at end of period		1,770	(376)	676

Notes to the Interim Financial Statements

for the six months ended 30 September 2008(unaudited)

1. Accounting Policies

The consolidated interim financial statements are for the six months ended 30 September 2008. 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 2008.

2. Interest

	Six months ended 30 September 2008 £'000	Six months ended 30 September 2007 £'000	Year ended 31 March 2008 £'000
Interest expense:			
Interest payable on bank borrowings	25	49	90
Interest payable on finance leases	-	-	1
	<u>25</u>	<u>49</u>	<u>91</u>

3. Taxation on profit on ordinary activities

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

4. Dividends

	Six months ended 30 September 2008 £'000	Six months ended 30 September 2007 £'000	Year ended 31 March 2008 £000
Final dividend for 2007 of 2.25 pence per share	-	271	271
Interim dividend for 2008 of 1.35 pence per share	-	-	162
Final dividend for 2008 of 2.25 pence per share	289	-	-
	<u>289</u>	<u>271</u>	<u>433</u>

Notes to the Interim Financial Statements (continued)

for the six months ended 30 September 2008 (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 show below:

	Six months ended 30 September 2008 £'000	Six months ended 30 September 2007 £'000	Year ended 31 March 2008 £'000
Retained profit for basic earnings per share	693	714	1,631
	Number '000	Number '000	Number '000
Weighted average number of shares used for basic and continuing earnings per share	12,029	12,029	12,029
Dilutive effect of share options and shares to be issued	903	653	793
Diluted weighted average number of shares used for diluted earnings per share	12,932	12,682	12,822
	Pence	Pence	Pence
Basic earnings per share	5.76p	5.94p	13.56p
Diluted earnings per share	5.36p	5.63p	12.72p

Notes to the Interim Financial Statements (continued)

for the six months ended 30 September 2008 (unaudited)

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

	Six months ended 30 September 2008 £'000	Six months ended 30 September 2007 £'000	Year ended 31 March 2008 £000
Operating profit	1,013	1,068	2,513
Depreciation	100	69	147
Share option reserve movement	29	26	59
Effects of exchange rate changes	130	-	(15)
(Increase)/ decrease in debtors	1,078	(1,306)	(1,150)
(Decrease)/ increase in creditors	<u>(397)</u>	<u>320</u>	<u>542</u>
Net cash inflow from operating activities	1,953	177	2,096

7. Nature of the financial information

The interim financial information for the six months ended 30 September 2008, was approved by the board on 21 November 2008.

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 2008 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