

PRIME PEOPLE Plc

6 June 2008

Prime People Plc Preliminary Results for the year ended 31 March 2008

Prime People Plc (“Prime People” or the “Group”), the built environment sector recruitment specialist, today announces its preliminary results for the year ended 31 March 2008.

Highlights:

	Year ended 31 March 2008	Year ended 31 March 2007	Growth %
Gross fee income	£24.28m	£20.18m	+20.3%
Net fee income	£14.04m	£10.84m	+29.6%
Profit before tax	£2.43m	£2.01m	+21.1%
Fully diluted earnings per share	12.72p	10.93p	+16.4%
Final dividend*	2.4p	2.25p	+6.7%
Total dividend for the year	3.75p	3.5p	+7.1%

**The final dividend will be paid on 16 July 2008 to shareholders on the register on 20 June 2008*

Peter Moore Managing Director of Prime People, commented:

“I am 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 and development projects and, in commercial property internationally, by the demand for increasingly sophisticated expertise in property management and investment.”

“We are mindful of the current macroeconomic environment and will manage our operations as future circumstances may require. I have confidence that our market leading position in the UK and commitment to develop internationally will provide ongoing growth opportunities.”

-Ends-

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Chairman's statement

Introduction

I am pleased to report on the results for Prime People Plc for the year ended 31 March 2008, which show continued progress with profit before tax increasing by 21.1 per cent. to £2.43m compared to £2.01m in 2007.

Prime People's net fee income ("NFI") for the year ended 31 March 2008 grew by 29.6 per cent. to £14.04m (2007: £10.84m). The year was one of continued growth and expansion in our main trading subsidiary, Macdonald & Company Group Limited ("Macdonald").

In the UK, we continue to see demand for professionals operating in the built environment sector on the back of long-term investment, development and infrastructure projects and a general current skill shortage. In line with the slowing in the commercial property market, we have noticed a weakening of requirement for transactional and investment professionals. However, the performance of our market leading team is expected to continue to be a material contributor to UK revenue.

In line with our stated plans to broaden the Macdonald business overseas, during the year being reported, head count in Hong Kong, Australia, the Republic of South Africa and the UAE increased by 86 per cent. overall, with 27 per cent. of our fee earners located abroad at the year end. During the year, the four overseas offices contributed 24 per cent. of the Group's NFI (2007: 10 per cent.).

Statutory Results

The Statutory results are set out in full in the financial statements and commented upon in the financial review.

The table below provides the highlights of the Company's performance for the year ended 31 March 2008.

	Year ended 31 March 2008	Year ended 31 March 2007	% change
	£'000	£'000	
	Actual	Actual	
Gross fee income	24,279	20,179	+20.3%
Direct Costs	(10,241)	(9,344)	
Net fee income	14,038	10,835	+29.6%
Admin Expenses	(11,525)	(8,748)	
Operating profit	2,513	2,087	+20.4%
Net interest	(79)	(78)	
Profit before tax	2,434	2,009	+21.1%
Taxation at 33% (2007: 33%)	(803)	(665)	
Profit after tax	1,631	1,344	+21.4%
Fully diluted EPS	12.72p	10.93p	+16.4%

Prime People includes the trading businesses of Macdonald and Harper Craven Associates.

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Chairman's statement *(continued)*

Dividend

The strong underlying performance of Macdonald over the past year has led the Board to propose a final dividend of 2.4 pence per ordinary share. This will be paid on 16 July 2008 to shareholders on the register on 20 June 2008 and brings the total dividend paid to shareholders for the year to 3.75 pence per ordinary share.

Future Activity

In pursuing our overall growth strategy we continue to plan organic expansion, which will be predominantly abroad during 2009. At the same time we will continue to consider acquisition targets of an appropriate size and operational fit subject to their meeting stringent acquisition criteria.

Finally I should like to thank our staff for their commitment and contribution to the business during the year and for helping to make it possible for Macdonald to be ranked fifteenth in "The Sunday Times Best Small Companies to Work For 2008".

Robert Macdonald
Executive Chairman
6 June 2008

Prime People Plc

Operating Review

Macdonald

Our core business is the provision of executive and professional recruitment services to the built environment sector in the UK and internationally, a sector managing commercial property assets in the UK alone valued at £762bn. We have seen a further increase in revenue and profit over the past year as the business has maintained its record of consistent growth. Net fee income (“NFI”) increased by 30.3 per cent. from £10.5m in 2007 to £13.7m in 2008, reflecting an increase in fee earners of 20 per cent. bringing our total number of consultants to 97 at the year end. Details of the split between temporary and permanent net fee income is shown below:

	Year ended 31 March 2008	Year ended 31 March 2007	% change
	£’000	£’000	
Net fee income – contract & temporary	2,502	2,190	+14.2%
Net fee income – permanent	11,176	8,308	+34.5%
Total net fee income	13,678	10,498	+30.3%

UK Offices

In the UK, Macdonald has offices in London and Manchester providing services to the built environment sector in ten separate revenue areas including Freelance (temporary workers). The range of specialist areas served by the UK offices gives a broad range of opportunities to source revenue as demand in the sector fluctuates. The Freelance service, which accounted for 24 per cent. of UK NFI in the year, provides a degree of counter cyclical support to our overall offering.

Overseas Offices

Having established our first overseas office in January 2006, as at 31 March 2008 we had 26 fee earners operating from our four overseas offices in the UAE, Hong Kong, the Republic of South Africa and Australia. In 2009, the number of overseas based fee earners is anticipated to grow substantially, with growth mainly being in the UAE and Hong Kong, and at the date hereof the total number of overseas fee earners has risen to 33 in line with our plans. During the year, the Australian office performance was below expectations and is receiving detailed management attention.

In total, our overseas offices contributed 24 per cent. of NFI in 2008 and we expect NFI derived from our overseas offices to continue to increase significantly as a proportion of total NFI in 2009.

Harper Craven

Harper Craven, which has been in the group for a number of years, provides bespoke sales, marketing and management training and coaching programmes to a broad range of corporate clients. It has made a contribution of £57k to group profits before tax compared to £55k in 2007.

Outlook

Whilst we are cautious about UK growth for the year to 31 March 2009, and revenue visibility is limited, prospects for Macdonald appear solid with demand for its services continuing at a level from which good profitability can be obtained. The UK ‘pipe line’ of infrastructure and development projects still has far to run and the £762bn of UK commercial property stock requires increasingly sophisticated expertise,

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Operating Review (*continued*)

in investment and management, from the people Macdonald places into new employment.

Overseas we continue to be heartened by the positive reception we receive from locally based employers, many of which are also international businesses with whom we have long established relationships. The areas of high GDP growth accessed by our Middle and Far East operations provide resilience to our business model and bolster our expectations for 2009.

Our people

Finally, I should once again like to thank our staff for their hard work and commitment over the last twelve months and remind shareholders that these results are a testament to their efforts.

Peter Moore
Managing Director
6 June 2008

Prime People Plc**Consolidated income statement for the year ended 31 March 2008**

		Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
	Notes		
Gross fee income	3	24,279	20,179
Direct costs		<u>(10,241)</u>	<u>(9,344)</u>
Net fee income		14,038	10,835
Administrative expenses		<u>(11,525)</u>	<u>(8,748)</u>
Operating profit		2,513	2,087
Interest receivable and similar income		12	18
Interest payable and similar charges		<u>(91)</u>	<u>(96)</u>
Profit before taxation		2,434	2,009
Tax expense	4	<u>(803)</u>	<u>(665)</u>
Profit after tax attributable to equity shareholders		<u>1,631</u>	<u>1,344</u>
Earnings per share	2		
- Basic		13.56p	11.38p
- Diluted		12.72p	10.93p
- Continuing basic		13.56p	11.38p
- Continuing diluted		12.72p	10.93p

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Consolidated statement of changes in shareholders' equity at 31 March 2008

	Called up share capital £'000	Shares to be issued £'000	Share premium account £'000	Share option reserve £'000	Other reserve £'000	Foreign currency translation £'000	Retained earnings £'000	Total £'000
At 1 April 2006	1,084	1,000	6,214	-	173	-	1,816	10,287
Consideration shares to be issued	119	(1,000)	881	-	-	-	-	
Equity dividends	-	-	-	-	-	-	(271)	(271)
Share option charge	-	-	-	78	-	-	-	78
Profit for the year	-	-	-	-	-	-	1,344	1,344
At 31 March 2007	1,203	-	7,095	78	173	-	2,889	11,438
Equity dividends	-	-	-	-	-	-	(433)	(433)
Share option charge	-	-	-	58	-	-	-	58
Currency translation differences	-	-	-	-	-	(15)	-	(15)
Profit for the year	-	-	-	-	-	-	1,631	1,631
At 31 March 2008	1,203	-	7,095	136	173	(15)	4,087	12,679

Prime People Plc**Consolidated balance sheet at 31 March 2008**

	2008	2007
	£'000	£'000
Assets		
Non – current assets		
Goodwill	9,769	9,769
Property, plant and equipment	314	316
Deferred tax asset	66	91
	<u>10,149</u>	<u>10,176</u>
Current assets		
Trade and other receivables	5,751	4,601
Cash and cash equivalents	688	304
	<u>6,439</u>	<u>4,905</u>
Total assets	<u>16,588</u>	<u>15,081</u>
Liabilities		
Current liabilities		
Financial liabilities	292	308
Trade and other payables	2,577	2,034
Current tax liabilities	480	461
	<u>3,349</u>	<u>2,803</u>
Non-current liabilities		
Financial liabilities – borrowings	<u>560</u>	<u>840</u>
Total liabilities	<u>3,909</u>	<u>3,643</u>
Net assets	<u>12,679</u>	<u>11,438</u>
Capital and reserves		
Called up share capital	1,203	1,203
Share premium account	7,095	7,095
Other reserve	173	173
Share option reserve	136	78
Currency translation differences	(15)	-
Retained earnings	4,087	2,889
Equity shareholders' funds	<u>12,679</u>	<u>11,438</u>

Prime People Plc**Group cash flow statement for the year ended 31 March 2008**

		Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
	Notes		
Cash inflow / (outflow) from operating activities			
Cash generated by operations	6	2,096	1,266
Corporation tax paid		(758)	(525)
Net cash from operating activities		1,338	741
Cash flows from investing activities			
Interest received		12	18
Interest paid		(91)	(96)
Disposal of investment held for sale		-	178
Net purchase of property, plant and equipment		(146)	(164)
Net cash (used in)/from investing activities		(225)	(64)
Cash flows from financing activities			
Repayment of borrowings		(280)	(280)
Capital element of hire purchase obligations		(3)	(7)
Dividend paid to shareholders		(433)	(271)
Net cash used in financing activities		(716)	(558)
Net increase in cash and cash equivalents		397	119
Cash and cash equivalents at 1 April 2007		279	160
Cash and cash equivalents at 31 March 2008		676	279

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Notes to the preliminary announcement for the year ended 31 March 2008

1 Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are outlined below.

The consolidated financial statements of Prime People Plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 1985 applicable to Companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention.

2 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 year.

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

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Retained profit for basic earnings per share	<u>1,631</u>	<u>1,344</u>
	Number	Number
Weighted average number of shares used for basic and continuing earnings per share	12,028,899	11,810,511
Dilutive effect of share options and shares to be issued	<u>792,589</u>	<u>482,768</u>
Diluted weighted average number of shares used for diluted earnings per share	<u>12,821,488</u>	<u>12,293,279</u>
	Pence	Pence
Basic earnings per share	13.56p	11.38p
Diluted earnings per share	12.72p	10.93p
Continuing basic earnings per share	13.56p	11.38p
Continuing diluted earnings per share	12.72p	10.93p

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Notes to the preliminary announcement for the year ended 31 March 2008 (continued)

3 Segmental Analysis

	Gross fee income		Segment assets		Capital expenditure	
	31 March 2008 £'000	31 March 2007 £'000	31 March 2008 £'000	31 March 2007 £'000	31 March 2008 £'000	31 March 2007 £'000
Continuing operations:						
UK	20,885	19,073	15,998	15,081	138	164
Other	3,394	1,106	590	-	9	-
Total	<u>24,279</u>	<u>20,179</u>	<u>16,588</u>	<u>15,081</u>	<u>147</u>	<u>164</u>

4 Taxation

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Current tax		
UK Corporation tax	780	674
UK tax (over)/under provided in previous years	<u>(2)</u>	<u>7</u>
Total current tax	778	681
Deferred tax		
Origination and reversal of temporary differences	<u>25</u>	<u>(16)</u>
Total income tax expense in the income statement	<u>803</u>	<u>665</u>

5 Dividends

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Final dividend for 2007	271	121
Interim dividend for 2008: 1.35p per share	<u>162</u>	<u>150</u>
	<u>433</u>	<u>271</u>

The directors propose a final dividend in respect of the year ending 31 March 2008 of 2.4p per share which will be paid on 16 July 2008 to shareholders who are on the register on 20 June 2008.

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Notes to the preliminary announcement for the year ended 31 March 2008 (continued)

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

	Year ended 31 March 2008	Year ended 31 March 2007
	£'000	£'000
Group operating profit	2,513	2,087
Depreciation	147	108
Share option reserve movement	59	78
Effect of exchange rate changes	(15)	-
Increase in debtors	(1,150)	(1,268)
Increase in creditors	542	261
	<u>2,096</u>	<u>1,266</u>

7 Availability of Annual Report

A copy of the company's Annual Report will be available on the Company's website www.prime-people.co.uk.