

# PRIME PEOPLE Plc

4 June 2010

## Prime People Plc Preliminary Results for the year ended 31 March 2010

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 2010.

### Highlights:

	Year ended 31 March 2010	Year ended 31 March 2009
Gross fee income	£14.18m	£20.67m
Net fee income	£6.67m	£10.41m
Profit before tax	£0.46m	£0.73m
Fully diluted earnings per share	2.71p	4.18p
Total dividend for the year	3.5p	0.00p

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

“These results show a significant half year on half year improvement. They are a testament to the hard work of our staff in testing times and I am pleased that the robustness of our business has allowed us to pay both an interim and final dividend.

The current year has shown a solid start and the new businesses in which we have invested and those that we are incubating are showing promise. Subject to the economies in which we operate not changing radically, the Company is well placed to have a successful year.”

**-Ends-**

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## Prime People Plc

### Chairman's statement

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#### Introduction

I am pleased to report the results for Prime People Plc for the year ended 31 March 2010, which show profit before tax of £0.46m compared to £0.73m in 2009.

As was reported at the time of the publication of the Group's Interim Results, we had taken action to rationalise our management and organisation to reflect the level of business we expected to do in the remainder of the financial year and in order to position the Group to be profitable in the second half of the year. Shareholders will recall that the first half showed an operating loss of £46k before deduction of non-recurring items of £116k and that this contrasted favourably with the immediately preceding half year when the group recorded operating losses of £263k. As can be seen from these results, further positive progress has been made in the second half where profit before tax of £624k was recorded, confirming our stated expectation of a profitable second half.

#### 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 main elements of the Group's performance for the year ended 31 March 2010.

	<b>31 March 2010</b>	<b>Year ended 31 March 2009</b>
	<b>£'000</b>	<b>£'000</b>
	<b>Actual</b>	<b>Actual</b>
<b>Gross fee income</b>	<b>14,180</b>	20,668
Direct Costs	<u>(7,507)</u>	<u>(10,255)</u>
<b>Net fee income</b>	<b>6,673</b>	10,413
Admin Expenses	<u>(6,212)</u>	<u>(9,663)</u>
<b>Operating profit</b>	<b>461</b>	750
Net interest	<u>1</u>	<u>(23)</u>
<b>Profit before tax</b>	<b>462</b>	727
Taxation at 28% (2009:28%)	<u>(129)</u>	<u>(190)</u>
<b>Profit after tax</b>	<b>333</b>	537
<b>Fully diluted EPS</b>	<u><b>2.71p</b></u>	<u>4.18p</u>
<b>Basic EPS</b>	<u><b>2.79p</b></u>	<u>4.47p</u>

Prime People includes the trading businesses of Macdonald & Company, Prime Insight and Harper Craven Associates

## Prime People Plc

### Chairman's statement (continued)

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#### Macdonald & Company

Macdonald remains our largest business providing executive and professional recruitment services to the built environment sector in the UK and internationally. In line with others in our sector we have seen a decrease in revenue and profit over the past year. Net fee income ("NFI") decreased by 38 per cent from £9.9m in 2009 to £6.1m in 2010. Details of the split between temporary and permanent net fee income is shown below:

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
Net fee income – contract & temporary	1,467	2,570
Net fee income - permanent		
- UK	2,606	4,138
- other	2,017	3,192
	<hr/>	<hr/>
Total net fee income	<b>6,090</b>	9,900
	<hr/> <hr/>	<hr/> <hr/>

#### Prime Insight

Prime Insight which started trading in August 2008 provides recruitment consultancy that deals exclusively with recruitment of Customer Insight, Market Research and Data Analysis professionals and in its first full year of trading made a profit before tax of £48k.

#### 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 small loss of £1k before tax compared to a profit of £53k in 2009.

#### Dividend

The Group's focus on cash management resulted in a significant increase in the Group's cash position in the second half. As at 31 March 2010, the Group had net cash of £2.3 million compared to £1.79 million as at 31 March 2009 and the Board, having taken account of the prevailing economic conditions and the forecast need for working capital, decided that it was appropriate to declare an interim dividend of 2 pence per ordinary share. The working capital required to accomplish the planned future activity of the Group, as explained below, is adequately provided for and this has allowed the Board to propose a final dividend of 1.5 pence per ordinary share. This will be paid on 9 July 2010 to shareholders on the register on 25 June 2010 and brings the total dividend paid to shareholders for this year to 3.5 pence per ordinary share.

## **Prime People Plc**

### **Chairman's statement** *(continued)*

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#### **Future Activity**

In the immediate future the Company will continue to concentrate on managing its established businesses to be profitable and ready to exploit cyclical opportunities that present themselves.

The success of the Prime Insight start-up and incubation provides a model for the use of the Group's solid platform from which to grow new recruitment businesses. Since the year-end, the Group has established a new business in Sustainability Recruitment, serving professionals in the energy, environmental, and corporate responsibility sectors. Recruitment consultants experienced in the sectors have been recruited to operate this new business from our London and UAE offices from the beginning of Q2 and our Hong Kong office from Q4 of our current financial year.

We continue actively to look for new opportunities, similar to Prime Insight and Sustainability Recruitment, which are culturally aligned with group companies and where the Group's core operational strength and office network will provide rapid market penetration.

#### **Outlook**

As referred to above, at Future Activity, the Group has embarked on expansion into new revenue areas by utilising its strong operational platform and overseas offices. Such activity is planned to be profit neutral as a minimum in the year.

The level of visibility on the upside for the Group is still generally difficult to assess, although our Asia operations are showing increasing promise and have performed well ahead of budget in the year to date. Since the year-end the Group has continued to trade profitably and, subject to there being no further significant economic shocks in the UK or the other regions in which the group operates, we expect to have a successful full year.

#### **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 in testing times.

Robert Macdonald  
**Executive Chairman**

**3 June 2010**

**Prime People Plc****Consolidated income statement for the year ended 31 March 2010**

	Note	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
<b>Gross fee income</b>		<b>14,180</b>	20,668
Direct costs		(7,507)	(10,255)
<b>Net fee income</b>		<b>6,673</b>	10,413
Administrative expenses		(6,212)	(9,663)
<b>Operating profit</b>		<b>461</b>	750
Finance income		12	14
Finance expense		(11)	(37)
<b>Profit before taxation</b>		<b>462</b>	727
<b>Tax expense</b>	3	<b>(129)</b>	(190)
Other comprehensive income		333	537
		-	-
<b>Total comprehensive income for the year</b>		<b>333</b>	537
<b>Attributable to:</b>			
Equity holders of the parent		333	537
<b>Retained profit</b>		<b>333</b>	537
<b>Earnings per share</b>	2		
-Basic		2.79p	4.47p
-Diluted		2.71p	4.18p
-Continuing basic		2.79p	4.47p
-Continuing diluted		2.71p	4.18p

# Prime People Plc

## Consolidated statement of changes in shareholders' equity at 31 March 2010

	Called up share capital £'000	Capital redemption reserve £'000	Treasury shares £'000	Share premium account £'000	Merger reserve £'000	Share option reserve £'000	Foreign currency translation £'000	Retained earnings £'000	Total £'000
<b>At 1 April 2008</b>	<b>1,203</b>	-	-	<b>7,095</b>	<b>173</b>	<b>136</b>	<b>(15)</b>	<b>4,087</b>	<b>12,679</b>
Equity dividends	-	-	-	-	-	-	-	(289)	(289)
Adjustment in respect of share schemes	-	-	-	-	-	40	-	-	40
Currency translation differences	-	-	-	-	-	-	501	-	501
Profit for the year	-	-	-	-	-	-	-	537	537
<b>At 31 March 2009</b>	<b>1,203</b>	-	-	<b>7,095</b>	<b>173</b>	<b>176</b>	<b>486</b>	<b>4,335</b>	<b>13,468</b>
Equity dividends	-	-	-	-	-	-	-	(238)	(238)
Shares purchased for Treasury	-	-	(9)	-	-	-	-	-	(9)
Adjustment in respect of share schemes	-	-	-	-	-	(99)	-	113	14
Shares purchased for cancellation	(9)	9	-	(18)	-	-	-	-	(18)
Currency translation differences	-	-	-	-	-	-	(18)	-	(18)
Profit for the year	-	-	-	-	-	-	-	333	333
<b>At 31 March 2010</b>	<b>1,194</b>	<b>9</b>	<b>(9)</b>	<b>7,077</b>	<b>173</b>	<b>77</b>	<b>468</b>	<b>4,543</b>	<b>13,532</b>

**Prime People Plc**  
**Consolidated statement of financial position at 31 March 2010**

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
<b>Assets</b>		
<b>Non – current assets</b>		
Goodwill	9,769	9,769
Property, plant and equipment	251	379
Deferred tax asset	54	49
	<hr/>	<hr/>
	<b>10,074</b>	10,197
	<hr/>	<hr/>
<b>Current assets</b>		
Trade and other receivables	2,795	3,351
Cash and cash equivalents	2,783	2,499
	<hr/>	<hr/>
	<b>5,578</b>	5,850
	<hr/>	<hr/>
<b>Total assets</b>	<b>15,652</b>	16,047
	<hr/>	<hr/>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Financial liabilities	476	429
Trade and other payables	1,514	1,848
Current tax liabilities	130	22
	<hr/>	<hr/>
	<b>2,120</b>	2,299
	<hr/>	<hr/>
<b>Non-current liabilities</b>		
Financial liabilities – borrowings	-	280
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>2,120</b>	2,579
	<hr/>	<hr/>
<b>Net assets</b>	<b>13,532</b>	13,468
	<hr/> <hr/>	<hr/> <hr/>
<b>Capital and reserves</b>		
Called up share capital	1,194	1,203
Capital redemption reserve fund	9	-
Treasury shares	(9)	-
Share premium account	7,077	7,095
Merger reserve	173	173
Share option reserve	77	176
Currency translation differences	468	486
Retained earnings	4,543	4,335
	<hr/>	<hr/>
<b>Equity shareholders' funds</b>	<b>13,532</b>	13,468
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**Prime People Plc****Consolidated cash flow statement for the year ended 31 March 2010**

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
	Note	
<b>Cash inflow / (outflow) from operating activities</b>		
Cash generated by operations	5	3,187
Corporation tax paid		(631)
Corporation tax received		-
		<hr/>
Net cash from operating activities		2,556
		<hr/>
<b>Cash inflow/(outflow) from investing activities</b>		
Interest received		14
Interest paid		(37)
Net purchase of property, plant and equipment		(290)
		<hr/>
Net cash (used in)/from investing activities		(313)
		<hr/>
<b>Cash flows from financing activities</b>		
Repayment of borrowings		(280)
Purchase of own shares		-
Treasury shares		-
Dividend paid to shareholders		(289)
		<hr/>
Net cash used in financing activities		(569)
		<hr/>
<b>Net increase in cash and cash equivalents</b>		1,674
Cash and cash equivalents at 1 April 2009		676
		<hr/>
<b>Cash and cash equivalents at 31 March 2010</b>		<u>2,350</u>
		<u>2,587</u>

## Prime People Plc

### Notes to the preliminary announcement for the year ended 31 March 2010

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#### 1 Basis of preparation

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 2006 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.

	<b>Year ended 31 March 2010 £'000</b>	<b>Year ended 31 March 2009 £'000</b>
Retained profit for basic earnings per share	<b>333</b>	537
	<b>Number</b>	Number
Weighted average number of shares used for basic and continuing earnings per share	<b>11,956,824</b>	12,028,900
Dilutive effect of share options and shares to be issued	<b>314,761</b>	835,155
Diluted weighted average number of shares used for diluted earnings per share	<b>12,271,585</b>	12,864,055
	<b>Pence</b>	Pence
Basic earnings per share	<b>2.79p</b>	4.47p
Diluted earnings per share	<b>2.71p</b>	4.18p
Continuing basic earnings per share	<b>2.79p</b>	4.47p
Continuing diluted earnings per share	<b>2.71p</b>	4.18p

## Prime People Plc

### Notes to the preliminary announcement for the year ended 31 March 2010 (continued)

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#### 3 Taxation

	<b>Year ended 31 March 2010 £'000</b>	<b>Year ended 31 March 2009 £'000</b>
Current tax		
UK Corporation tax	135	190
UK tax over provided in previous years	(1)	(17)
	<hr/>	<hr/>
Total current tax	134	173
Deferred tax		
Origination and reversal of temporary differences	(5)	17
	<hr/>	<hr/>
Total income tax expense in the income statement	129	190
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#### 4 Dividends

	<b>Year ended 31 March 2010 £'000</b>	<b>Year ended 31 March 2009 £'000</b>
Final dividend for 2009: Nil p per share (2008: 2.40p per share)	-	288
Interim dividend for 2010: 2p per share (2009: Nil p per share)	238	-
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	238	288
	<hr/> <hr/>	<hr/> <hr/>

The directors propose to pay a final dividend in respect of the year ended 31 March 2010 of 1.5 pence per share which will be paid on 9 July 2010 to shareholders who are on the register on 25 June 2010.

**5 Reconciliation of operating profit to net cash inflow from operating activities**

	<b>Year ended 31 March 2010 £'000</b>	<b>Year ended 31 March 2009 £'000</b>
Group operating profit	461	750
Depreciation	189	224
Share option reserve movement	14	40
Effect of exchange rate changes	(28)	501
Decrease in debtors	555	2,400
Decrease in creditors	(332)	(728)
	<hr/>	<hr/>
	<b>859</b>	<b>3,187</b>
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**6 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](http://www.prime-people.co.uk) and will be posted to those shareholders who have requested a copy on or around 6 June 2010.