

PRIME PEOPLE Plc

8 June 2009

Prime People Plc Preliminary Results for the year ended 31 March 2009

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 2009.

Highlights:

	Year ended 31 March 2009	Year ended 31 March 2008	Change %
Gross fee income	£20.67m	£24.28m	-14.9%
Net fee income	£10.41m	£14.04m	-25.8%
Profit before tax	£0.73m	£2.43m	-70.1%
Fully diluted earnings per share	4.18	12.72p	-67.1%
Total dividend for the year	0.00p	3.75p	

Peter Moore Managing Director of Prime People, commented:

“Our lower profitability this year reflects continuing demanding trading conditions in our sector but our early recognition of the challenges ahead finds us with our market leading teams well focused and the Company ready to exploit cyclical opportunities as they arise. Our strong cash position and experienced management team can be expected to provide the opportunity of an overall increase in future market share.

We continue to concentrate on managing the costs of the business in relation to fee income and having consideration for the long term good of the Company.”

-Ends-

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Prime People Plc

Chairman's statement

Introduction

The results for Prime People Plc for the year ended 31 March 2009 show profit before tax of £0.73m compared to £2.43m in 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 Interim report for the six months ended 30 September 2008, global market conditions for Macdonald's activity have become increasingly difficult. These results reflect the challenging operating conditions we face and the impact of costs associated with ensuring that the Company is the correct size for the business it expects to do in 2009/10. However, they also reflect the early defensive steps taken by the Company to position itself to be sustainable, to be able to exploit cyclical opportunities that present themselves, and to be prepared for the upturn in its markets when they come. The results show a strong cash position and reduced but still significant Net fee Income ("NFI") for the year ended 31 March 2009 of £10.41m (2008: £14.04m).

In all our markets we experienced a marked decline in demand for permanent placements and a weakening demand in our UK freelance business. We expect that the worldwide global recession will continue to have a significant impact on our business. However, the dedication and performance of our market leading teams can be expected to provide the opportunity of an overall increase in future market share. During the year being reported, UK Permanent business represented 44.7 per cent (2008: 58.0 per cent) and Freelance recruitment activity, which is wholly UK based, represented 24.7 per cent (2008: 17.8 per cent) of total NFI in the year. Our overseas offices contributed 30.7 per cent. of the Group's NFI (2008: 24.2 per cent.).

In the second half of the year an opportunity was identified to enter a new revenue area addressing recruitment in the Insights Industry, focussing on quantitative market researchers. This has been incubated over some six months and enters the new financial year with four fee earners, branded as Prime Insight.

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Chairman's statement (continued)

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 2009.

	Year ended 31 March 2009 £'000 Actual	Year ended 31 March 2008 £'000 Actual	% Change
Gross fee income	20,668	24,279	-14.9%
Direct Costs	<u>(10,255)</u>	<u>(10,241)</u>	
Net fee income	10,413	14,038	-25.8%
Admin Expenses	<u>(9,663)</u>	<u>(11,525)</u>	
Operating profit	750	2,513	-70.2%
Net interest	<u>(23)</u>	<u>(79)</u>	
Profit before tax	727	2,434	-70.1%
Taxation at 28% (2008:30%)	<u>(190)</u>	<u>(803)</u>	
Profit after tax	537	1,631	-66.3%
Fully diluted EPS	4.18p	12.72p	

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

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 in 2007 at £762bn. We have seen a decrease in revenue and profit over the past year. Net fee income ("NFI") decreased by 27.0 per cent from £13.7 in 2008 to £10.0m in 2009. Details of the split between temporary and permanent net fee income is shown below:

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000	% change
Net fee income – contract & temporary	2,570	2,502	2.7%
Net fee income - permanent	7,413	11,176	(33.6)%
Total net fee income	9,983	13,678	(27)%

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Chairman's statement *(continued)*

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 £53k to group profits before tax compared to £57k in 2008.

Share Consolidation and Purchase of Own Shares

Prime People has a history as a quoted company going back some twenty years and over this time its share register has developed 'legacy holdings' where the number of shares held is very small and the servicing of which costs the Company, in some cases, more than the value of the holding. In order to save costs the Directors will be seeking consent to a share consolidation and the return of cash to shareholders with fewer than 501 shares. Subsequently, in order to have a nominal share price that reflects the position prior to the proposed consolidation, there is planned to be a division of 500 for 1. The details of the arrangements are set out in the letter sent to all shareholders separately to be put before shareholders at an Extraordinary General Meeting immediately following the AGM which will be held at the offices of Howard Kennedy, 19 Cavendish Square London W1A 2AW on Tuesday 7 July 2009 at 11.00am.

In recognition that current market conditions are challenging and that liquidity for dealing in the Company's shares is constrained, within the limits of the resolution dealing with the purchase of its own shares at the forthcoming meeting (if duly passed by shareholders) and with an aggregate consideration not exceeding £100,000 the Company plans, from time to time, to purchase its shares in the market and to cancel them.

Dividend

The Company's focus on cash management has resulted in a significant increase in the Group's cash position. As at 31 March 2009, the Group had net cash of £1.79 million compared to net debt of £0.16 million as at 31 March 2008. However the Board, having taken account of the prevailing economic conditions, has decided that it is both prudent and appropriate not to declare a final dividend for 2009.

Future Activity & Outlook

Since our year-end, performance across our offices and revenue areas has continued to be challenging. As mentioned above, we took early defensive steps to position the Company to be sustainable and we continue to concentrate on managing the costs of the business in relation to revenue and for the long term good of the Group. With our strong cash position, we expect to be able to retain our high quality employees for when market conditions improve. We also expect to be able to exploit cyclical opportunities that present themselves. The Prime Insight start-up and incubation provides a model for the use of the Company's solid platform from which to grow new recruitment businesses and we are actively looking for similar opportunities.

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 difficult times.

Robert Macdonald
Executive Chairman

5 June 2009

Prime People Plc**Consolidated income statement for the year ended 31 March 2009**

	Note	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Gross fee income		20,668	24,279
Direct costs		(10,255)	(10,241)
		<hr/>	<hr/>
Net fee income		10,413	14,038
Administrative expenses		(9,663)	(11,525)
		<hr/>	<hr/>
Operating profit		750	2,513
Finance income		14	12
Finance expense		(37)	(91)
		<hr/>	<hr/>
Profit before taxation		727	2,434
Tax expense	3	(190)	(803)
		<hr/>	<hr/>
Profit after tax attributable to equity shareholders		537	1,631
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share	2		
-Basic		4.47p	13.56p
-Diluted		4.18p	12.72p
-Continuing basic		4.47p	13.56p
-Continuing diluted		4.18p	12.72p

Prime People Plc**Consolidated statement of changes in shareholders' equity at 31 March 2009**

	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
Equity dividends	-	-	-	-	-	(433)	(433)
Share option charge	-	-	-	58	-	-	58
Currency translation differences	-	-	-	-	(15)	-	(15)
Profit for the year	-	-	-	-	-	1,631	1,631
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2008	1,203	7,095	173	136	(15)	4,087	12,679
Equity dividends	-	-	-	-	-	(289)	(289)
Share option charge	-	-	-	40	-	-	40
Currency translation differences	-	-	-	-	501	-	501
Profit for the year	-	-	-	-	-	537	537
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2009	1,203	7,095	173	176	486	4,335	13,468

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Consolidated balance sheet at 31 March 2009

	2009 £'000	2008 £'000
Assets		
Non – current assets		
Goodwill	9,769	9,769
Property, plant and equipment	379	314
Deferred tax asset	49	66
	<hr/> 10,197	<hr/> 10,149
Current assets		
Trade and other receivables	3,351	5,751
Cash and cash equivalents	2,499	688
	<hr/> 5,850	<hr/> 6,439
Total assets	<hr/> 16,047	<hr/> 16,588
Liabilities		
Current liabilities		
Financial liabilities	429	292
Trade and other payables	1,848	2,577
Current tax liabilities	22	480
	<hr/> 2,299	<hr/> 3,349
Non-current liabilities		
Financial liabilities – borrowings	280	560
Total liabilities	<hr/> 2,579	<hr/> 3,909
Net assets	<hr/> 13,468	<hr/> 12,679
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	176	136
Currency translation differences	486	(15)
Retained earnings	4,335	4,087
Equity shareholders' funds	<hr/> 13,468	<hr/> 12,679

Prime People Plc**Group cash flow statement for the year ended 31 March 2009**

	Note	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Cash inflow from operating activities			
Cash generated by operations	5	3,187	2,096
Corporation tax paid		(631)	(758)
		<hr/>	<hr/>
Net cash from/(used in) operating activities		2,556	1,338
		<hr/>	<hr/>
Cash flows from investing activities			
Interest received		14	12
Interest paid		(37)	(91)
Net purchase of property, plant and equipment		(290)	(146)
		<hr/>	<hr/>
Net cash (used in)/from investing activities		(313)	(225)
		<hr/>	<hr/>
Cash flows from financing activities			
Repayment of borrowings		(280)	(280)
Capital element of hire purchase obligations		-	(3)
Dividend paid to shareholders		(289)	(433)
		<hr/>	<hr/>
Net cash used in financing activities		(569)	(716)
		<hr/>	<hr/>
Net increase in cash and cash equivalents		1,674	397
Cash and cash equivalents at 1 April 2008		676	279
		<hr/>	<hr/>
Cash and cash equivalents at 31 March 2009		2,350	676
		<hr/> <hr/>	<hr/> <hr/>

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Notes to the preliminary announcement for the year ended 31 March 2009

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 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 2009 £'000	Year ended 31 March 2008 £'000
Retained profit for basic earnings per share	537	1,631
	Number	Number
Weighted average number of shares used for basic and continuing earnings per share	12,028,899	12,028,899
Dilutive effect of share options and shares to be issued	835,156	795,289
Diluted weighted average number of shares used for diluted earnings per share	12,864,055	12,821,488
	Pence	Pence
Basic earnings per share	4.47p	13.56p
Diluted earnings per share	4.18p	12.72p
Continuing basic earnings per share	4.47p	13.56p
Continuing diluted earnings per share	4.18p	12.72p

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Notes to the preliminary announcement for the year ended 31 March 2009 (continued)

3 Taxation

	Year ended 31 March 2009 £'000	Year ended 31 March 2008
Current tax		
UK Corporation tax	190	780
UK tax over provided in previous years	(17)	(2)
	<hr/>	<hr/>
Total current tax	173	778
Deferred tax		
Origination and reversal of temporary differences	17	25
	<hr/>	<hr/>
Total income tax expense in the income statement	190	803
	<hr/> <hr/>	<hr/> <hr/>

4 Dividends

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Final dividend for 2008: 2.40p per share (2007: 2.25p per share)	288	271
Interim dividend for 2009: 0p per share (2008: 1.35p per share)	-	162
	<hr/>	<hr/>
	288	433
	<hr/> <hr/>	<hr/> <hr/>

The directors do not propose to pay a final dividend in respect of the year ended 31 March 2009.

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Notes to the preliminary announcement for the year ended 31 March 2009 (continued)

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

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Group operating profit	750	2,513
Depreciation	224	147
Share option reserve movement	40	59
Effect of exchange rate changes	501	(15)
Decrease / (Increase) in debtors	2,400	(1,150)
(Decrease) / Increase in creditors	(728)	542
	<hr/>	<hr/>
	3,187	2,096
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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 and will be posted to those shareholders who have requested a copy on or around 12 June 2009.