

# PRIME PEOPLE Plc

19 November 2009

## Prime People Plc

### Interim Results for the six months ended 30 September 2009

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 2009.

#### Highlights:

	Six months ended 30 September 2009	Six months ended 30 September 2008
Gross fee income	£7.07m	£12.09m
Net fee income	£3.05m	£6.68m
Operating (loss)/profit before non-recurring costs		
Pre-tax (loss)/profit	£(0.05)m	£1.01m
	£(0.16)m	£0.99m
Diluted (loss)/earnings per share	(1.10)p	5.36p

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

“On the basis that the worst outcome of the global financial crisis has been averted Prime People with its strong UK position and established overseas offices is ready and able to capitalise on the opportunities that the coming months may offer”.

**-Ends-**

For further information please contact:

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**Prime People plc**  
**Interim Results for the six months ended 30 September 2009**

**Chairman's Statement**

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**Results**

I am able to report the results for Prime People Plc for the half-year ended 30 September 2009.

The first half shows an operating loss of £46,000 before deduction of non-recurring items of £116,000. Whilst this contrasts unfavourably with the operating profit of £1.013 million produced in the comparable period last year, it contrasts well with the immediately preceding half year when the group recorded operating losses of £263,000.

During the period being reported the Group has continued to rationalise its management and organisation to reflect the level of business it expects to do in the remainder of the current financial year and is now positioned to be profitable in the second half of the year on the basis of the budgeted level of net fee income. The results reflect the challenging global market conditions in all our markets during the period being reported and the impact of redundancy costs of £116,000 associated with ensuring that the Group is the right size for the immediate future.

The net fee income split is:

	<b>Six months ended 30 September 2009 £'000</b>	<b>Six months ended 30 September 2008 £'000</b>
<b>Permanent</b>		
- UK	1,337	3,336
- International	953	2,207
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	2,290	5,543
<b>Temporary (UK only)</b>	760	1,137
	<hr/>	<hr/>
<b>Total</b>	<b>3,050</b>	<b>6,680</b>
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**Net cash**

The Group retains a strong net cash position of £1.81million (2008: £1.07million) and is positioned to be able to exploit both cyclical opportunities that may present themselves and the upturn in its markets when they come.

**Dividend**

The Board has decided not to declare an interim dividend for the six months ended 30 September 2009 but will give consideration to recommending a final dividend once the outcome for the full year is known.

**Prime People plc**  
**Interim Results for the six months ended 30 September 2009**

**Chairman's Statement (continued)**

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**Outlook**

In recent months trading in all offices has reached a level at which revenues appear to be stabilising and from which good progress can be made.

The Group's overseas offices continued to contribute significantly to Group NFI providing 31 per cent of Group NFI (2008: 33 per cent).

Freelance (temporary placement) activity also continues to provide a material part of the Company's revenue mix contributing 25 per cent of Group NFI (2008: 17 per cent) in the period.

Prime Insight, the Company's business which specialises in the placement of insight professionals and which we started in October last year, continues to make steady progress. This start-up and incubation provides a business model from which to grow new recruitment businesses and we are actively looking for similar opportunities.

With signs of a general, if modest, economic recovery in global activity and an increased interest in property as a yielding asset class noticeable in the UK and Far East I hope to report an improved performance in the second half of the year.

**R J G Macdonald**  
Executive Chairman

19 November 2009

## Consolidated income statement

for the six months ended 30 September 2009 (unaudited)

	Notes	Six months ended 30 September 2009 £'000	Six months ended 30 September 2008 £'000	Year ended 31 March 2009 £'000
<b>Continuing operations</b>				
<b>Gross Fee Income</b>		<b>7,071</b>	12,089	20,668
Direct costs		<b>(4,021)</b>	(5,409)	(10,255)
<b>Net fee income</b>		<b>3,050</b>	6,680	10,413
Administrative expenses		<b>(3,212)</b>	(5,667)	(9,663)
<b>Operating (loss)/profit</b>		<b>(162)</b>	1,013	750
Finance income		<b>5</b>	6	14
Finance expense	2	<b>(5)</b>	(25)	(37)
<b>(Loss)/profit before taxation</b>		<b>(162)</b>	994	727
Taxation		<b>31</b>	(301)	(190)
<b>(Loss)/profit after tax attributable to equity shareholders</b>		<b>(131)</b>	693	537
<b>Earnings per share</b>	5			
Basic		<b>(1.10)p</b>	5.76p	4.47p
Diluted		<b>(1.10)p</b>	5.36p	4.18p

**Consolidated statement of changes in shareholders equity at 31 March 2009**

**for the six months ended 30 September 2009 (unaudited)**

	Called up share capital	Capital redemption reserve	Share premium account	Other reserve	Share option reserve	Foreign currency translation	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 April 2008</b>	<b>1,203</b>	<b>-</b>	<b>7,095</b>	<b>173</b>	<b>136</b>	<b>(15)</b>	<b>4,087</b>	<b>12,679</b>
Currency translation difference	-	-	-	-	-	130	-	130
Profit for the period	-	-	-	-	-	-	693	693
Adjustment in respect of share schemes	-	-	-	-	29	-	-	29
Equity dividends	-	-	-	-	-	-	(289)	(289)
<b>At 30 September 2008</b>	<b>1,203</b>	<b>-</b>	<b>7,095</b>	<b>173</b>	<b>165</b>	<b>115</b>	<b>4,491</b>	<b>13,242</b>
Currency translation differences	-	-	-	-	-	371	-	371
Loss for the period	-	-	-	-	-	-	(156)	(156)
Adjustment in respect of share schemes	-	-	-	-	11	-	-	11
<b>At 31 March 2009</b>	<b>1,203</b>	<b>-</b>	<b>7,095</b>	<b>173</b>	<b>176</b>	<b>486</b>	<b>4,335</b>	<b>13,468</b>
Currency translation differences	-	-	-	-	-	(82)	-	(82)
Loss for the period	-	-	-	-	-	-	(131)	(131)
Adjustment in respect of share schemes	-	-	-	-	(107)	-	113	6
Shares purchased for cancellation	(9)	9	(18)	-	-	-	-	(18)
<b>At 30 September 2009</b>	<b>1,194</b>	<b>9</b>	<b>7,077</b>	<b>173</b>	<b>69</b>	<b>404</b>	<b>4,317</b>	<b>13,243</b>

**Consolidated balance sheet**  
**at 30 September 2009 (unaudited)**

	As at 30 September 2009 £'000	As at 30 September 2008 £'000	As at 31 March 2009 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	9,769	9,769	9,769
Property, plant and equipment	298	376	379
Deferred tax asset	79	66	49
	<b>10,146</b>	10,211	10,197
<b>Current assets</b>			
Trade and other receivables	2,863	4,673	3,351
Cash and cash equivalents	2,237	1,780	2,499
	<b>5,100</b>	6,453	5,850
<b>Total assets</b>	<b>15,246</b>	16,664	16,047
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Financial liabilities – borrowings	288	290	429
Trade and other payables	1,575	2,179	1,848
Current tax liabilities	-	533	22
	<b>1,863</b>	3,002	2,299
<b>Non current liabilities</b>			
Financial liabilities – borrowings	140	420	280
<b>Total liabilities</b>	<b>2,003</b>	3,422	2,579
<b>Net assets</b>	<b>13,243</b>	13,242	13,468
<b>Capital and reserves</b>			
Called up share capital	1,194	1,203	1,203
Capital redemption reserve	9	-	-
Share premium account	7,077	7,095	7,095
Other reserve	173	173	173
Share option reserve	69	165	176
Currency translation differences	404	115	486
Retained earnings	4,317	4,491	4,335
<b>Equity shareholders funds</b>	<b>13,243</b>	13,242	13,468

## Consolidated Cash Flow Statement

for the six months ended 30 September 2009 (unaudited)

	Notes	Six months ended 30 September 2009 £'000	Six months ended 30 September 2008 £'000	Year ended 31 March 2009 £'000
<b>Cash inflow from operating activities</b>				
Cash generated by operations	6	14	1,953	3,187
Corporation tax received /(paid)		34	(248)	(631)
Net cash from/(used) in operating activities		48	1,705	2,556
<b>Cash flows from investing activities</b>				
Interest received		5	6	14
Interest paid		(5)	(25)	(37)
Net purchase of property, plant and equipment		(12)	(163)	(290)
Net Cash used in investing activities		(12)	(182)	(313)
<b>Cash flows from financing activities</b>				
Repayment of borrowings		(140)	(140)	(280)
Dividends paid to shareholders		-	(289)	(289)
Shares purchased for cancellation		(18)	-	-
Net cash used in financing activities		(158)	(429)	(569)
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(122)</b>	<b>1,094</b>	<b>1,674</b>
Cash and cash equivalents at 1 April 2009		2,350	676	676
<b>Cash and cash equivalents at 30 September 2009</b>		<b>2,228</b>	<b>1,770</b>	<b>2,350</b>

## Notes to the Interim Financial Statements

### For the six months ended 30 September 2009 (unaudited)

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#### 1. Accounting Policies

The consolidated interim financial statements are for the six months ended 30 September 2009. 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 2009.

#### 2. Finance Expense

	Six months ended 30 September 2009 £'000	Six months ended 30 September 2008 £'000	Year ended 31 March 2009 £'000
Bank interest:	5	25	37
	<hr/>	<hr/>	<hr/>
	5	25	37
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

#### 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 2009 £'000	Six months ended 30 September 2008 £'000	Year ended 31 March 2009 £'000
Final dividend for 2008 of 2.40 pence per share	-	289	289
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	-	289	289
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## Notes to the Interim Financial Statements (continued)

for the six months ended 30 September 2009 (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 2009 £'000	Six months ended 30 September 2008 £'000	Year ended 31 March 2009 £'000
Retained (loss)/profit for basic earnings per share	(131)	693	537
	<u>Number</u>	<u>Number</u>	<u>Number</u>
Weighted average number of shares used for basic and continuing earnings per share	11,941,500	12,028,899	12,028,899
Dilutive effect of share options and shares to be issued	<u>841,510</u>	<u>902,621</u>	<u>835,156</u>
Diluted weighted average number of shares used for diluted earnings per share	<u>12,783,010</u>	<u>12,931,520</u>	<u>12,864,055</u>

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has only one category of dilutive potential ordinary shares: share options. The basic and diluted loss per share is the same, as the exercise of share options would reduce the loss per share and is, therefore, anti-dilutive.

	Pence	Pence	Pence
Basic (loss)/earnings per share	(1.10)p	5.76p	4.47p
Diluted (loss)/earnings per share	<u>(1.10)p</u>	<u>5.36p</u>	<u>4.18p</u>

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

**for the six months ended 30 September 2009 (unaudited)**

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

	<b>Six months ended 30 September 2009 £'000</b>	<b>Six months ended 30 September 2008 £'000</b>	<b>Year ended 31 March 2009 £'000</b>
Group operating (loss)/profit	(162)	1,013	750
Depreciation	93	100	224
Share option reserve movement	6	29	40
Effects of exchange rate changes	(82)	130	501
Decrease in debtors	487	1,078	2,400
(Decrease)/increase in creditors	<u>(328)</u>	<u>(397)</u>	<u>(728)</u>
<b>Net cash inflow from operating activities</b>	<b>14</b>	<b>1,953</b>	<b>3,187</b>

**7. Nature of the financial information**

The interim financial information for the six months ended 30 September 2009, was approved by the board on 19 November 2009.

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 2009 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)