



Prime People Plc
Interim Report

for the six months ended 30 September 2016

2016

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9th November 2016

Prime People Plc

Unaudited Condensed Consolidated Interim Report for the six months ended 30 September 2016

CHAIRMAN'S STATEMENT

Overview

I am pleased to be able to report the results for Prime People Plc for the half-year ended 30 September 2016.

The first half shows an operating profit of £0.76m (2015: £1.06m), consistent with the expectation in our recent trading statement of not less than £0.70m.

In line with the Outlook statement in the Company's 2016 Annual Report and Accounts, market conditions in the period became softer for our UK business. Offsetting this, our businesses in Asia performed strongly. The outcome for the period reflects the Company's commitment to grow internationally and to support new business lines, which increased our fixed cost base in the period being reported.

Financial Results

Group revenue increased by 12.55% for the period to £11.48m (2015: £10.20m).

Net Fee Income ("NFI") in the period for the Group was £6.33m which is a 1.87% increase on last year (2015: £6.21m). The first half of the financial year showed strong NFI performances in our Hong Kong and Singapore business units. In Asia NFI increased by 36.84% from £1.90m to £2.60m and in the UK NFI decreased by 12.82% from £3.90m to £3.40m.

Administrative costs for the group increased from £5.15m in 2015 to £5.57m in the first half of the financial year driven by talent investment and higher commission costs in Asia, in line with the fee income growth in the region.

Profit before taxation for the period has decreased to £0.76m (2015: £1.06m).

The charge for taxation of £0.15m is based on the expected annual effective tax rate of 20% (2015: 20%).

Basic earnings per share for the period decreased to 4.92p (2015: 6.97p).

CHAIRMAN'S STATEMENT (cont)

Cash Flow

The Group continues to maintain a strong net cash position. At the end of the period the Group had net cash of £1.34m (2015: £1.04m).

Dividend

The Board will be declaring an interim dividend of 1.75p (2015: 1.75p).

Outlook

We have reasonable expectations that the UK businesses will perform in the second half year at levels comparable to the first half. Sentiment in the UK property sector has improved but there is uncertainty for the sector in the medium term. In Asia we expect similar performance from our businesses in the second half and increased opportunities for growth in the medium and long term.

The present focus for the Group is to maximize the returns from recent investment in businesses and people and to increase the productivity of the business. We continue to recruit new heads into those markets where there is potential for NFI and profit growth.

Robert Macdonald

Executive Chairman

9th November 2016

For further information please contact:

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PRIME PEOPLE PLC
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2016

		Six months ended		Year ended
		30 September	30 September	31 March
	Note	2016	2015	2016
		£'000	£'000	£'000
Revenue	3	11,477	10,197	20,755
Cost of sales		(5,151)	(3,987)	(8,475)
Net fee income		6,326	6,210	12,280
Administrative expenses		(5,566)	(5,147)	(10,131)
Operating profit		760	1,063	2,149
Profit before taxation		760	1,063	2,149
Income tax expense	4	(155)	(215)	(459)
Profit for the period/year		605	848	1,690
Other comprehensive income/ (loss):				
Exchange gain/ (loss) on translating foreign operations		206	(57)	21
Other Comprehensive income for the period/ year, net of tax		206	(57)	21
Total comprehensive income for the period/year		811	791	1,711
Attributable to:				
Equity shareholders of the parent		811	791	1,711
Earnings per share	6			
Basic earnings per share		4.92p	6.97p	13.84p
Diluted earnings per share		4.79p	6.82p	13.52p

The above results relate to continuing operations.

The notes on pages 7 to 12 form an integral part of this unaudited condensed consolidated interim report.

PRIME PEOPLE PLC
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

		30 September 2016 £'000	30 September 2015 £'000	31 March 2016 £'000
	Note			
Assets				
Non-current assets				
Goodwill		9,769	9,769	9,769
Property, plant and equipment		167	269	229
		9,936	10,038	9,998
Current assets				
Trade and other receivables	9	5,473	5,026	4,939
Cash and cash equivalents		1,336	1,037	953
		6,809	6,063	5,892
Total assets		16,745	16,101	15,890
Liabilities				
Current Liabilities				
Trade and other payables	10	2,363	2,412	2,216
Current tax liabilities		165	206	249
		2,528	2,618	2,465
Non-current liabilities				
Deferred tax liabilities		6	12	9
		6	12	9
Total liabilities		2,534	2,630	2,474
Net assets		14,211	13,471	13,416
Capital and reserves attributable to the Company's equity holders				
Called up share capital		1,229	1,219	1,229
Capital redemption reserve		9	9	9
Treasury shares		(13)	(21)	(21)
Share premium account		5,371	5,370	5,371
Merger reserve		173	173	173
Share option reserve		359	266	300
Currency translation differences		669	385	463
Retained earnings		6,414	6,070	5,892
Equity shareholders funds		14,211	13,471	13,416

The notes on pages 7 to 12 form an integral part of this unaudited condensed consolidated interim report.

PRIME PEOPLE PLC
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 September 2016

	Called up share capital £'000	Capital redem- ption reserve £'000	Treasury shares £'000	Share premium account £'000	Merger reserve £'000	Share option reserve £'000	Translation Reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2015	1,219	9	(21)	5,370	173	212	442	6,070	13,474
Profit for the period	-	-	-	-	-	-	(57)	848	791
Other comprehensive income	-	-	-	-	-	-	-	-	-
Adjustment in respect of share options	-	-	-	-	-	54	-	15	69
Issue of ordinary shares	7	-	-	-	-	-	-	-	7
Discounted share capital	(7)	-	-	-	-	-	-	-	(7)
Dividends	-	-	-	-	-	-	-	(863)	(863)
At 30 September 2015	1,219	9	(21)	5,370	173	266	385	6,070	13,471
Profit for the period	-	-	-	-	-	-	-	842	842
Other comprehensive income	-	-	-	-	-	-	78	-	78
Issue of ordinary shares	10	-	-	1	-	-	-	-	11
Adjustment in respect of share options	-	-	-	-	-	34	-	63	97
Shares purchased for treasury	-	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	(1,083)	(1,083)
At 31 March 2016	1,229	9	(21)	5,371	173	300	463	5,892	13,416
Profit for the period	-	-	-	-	-	-	-	605	605
Other comprehensive income	-	-	-	-	-	-	206	-	206
Shares purchased for treasury	-	-	(86)	-	-	-	-	-	(86)
Shares issued from treasury	-	-	11	-	-	-	-	-	11
Transfer on issue of shares from treasury	-	-	83	-	-	-	-	(83)	-
Adjustment in respect of share options	-	-	-	-	-	59	-	-	59
At 30 September 2016	1,229	9	(13)	5,371	173	359	669	6,414	14,211

PRIME PEOPLE PLC
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW
For the six months ended 30 September 2016

		Six months ended		Year ended
		30 September 2016	30 September 2015	31 March 2016
	Note	£'000	£'000	£'000
Cash generated from underlying operations				
	7	517	1,196	2,369
Income tax paid		(240)	(197)	(411)
Net cash from operating activities		277	999	1,958
Cash flows from investing activities				
Net purchase of property, plant and equipment		(25)	(51)	(97)
Net cash used in investing activities		(25)	(51)	(97)
Cash flows from financing activities				
Issue of ordinary share capital		-	-	11
Shares issued from treasury		11	-	-
Shares purchased for treasury		(86)	-	-
Dividend paid to shareholders		-	(863)	(1,946)
Net cash used in financing activities		(75)	(863)	(1,935)
Net increase/ (decrease) in cash and cash equivalents		177	85	(74)
Cash and cash equivalents at beginning of period/year		953	1,009	1,009
Effect of foreign exchange rate changes		206	(57)	18
Cash and cash equivalents at end of period/year		1,336	1,037	953

The notes on pages 7 to 12 form an integral part of this unaudited condensed consolidated interim report.

PRIME PEOPLE PLC
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM REPORT
For the six months ended 30 September 2016

1. General information

Prime People Plc ('the Company') and its subsidiaries (together 'the Group') is an international recruitment services organisation with offices in the United Kingdom, the Middle East and the Asia Pacific region from which it serves an international client base. The Group offers both permanent and contract specialist recruitment consultancy for large and medium sized organisations.

Prime People Plc is the Group's ultimate parent company. The Company is a limited liability company incorporated and domiciled in the United Kingdom. The address of Prime People Group's registered office and its principal place of business is 2 Harewood Place, London, W1S 1BX, England. Prime People Group's shares are quoted on the Alternative Investment Market (AIM) of the London Stock Exchange. The registered number of the company is 1729887.

This unaudited condensed consolidated interim report for the six months ended 30 September 2016 (including comparatives) is presented in GBP'000, and was approved and authorised for issue by the board of directors on 8 November 2016.

Copies of the interim results are available at the Company's registered office and on the Company's website – www.prime-people.co.uk.

This unaudited condensed consolidated interim report does not constitute statutory accounts of the Group within the meaning of section 434 of the Companies Act 2006. The financial information for the year ended 31 March 2016 has been extracted from the statutory accounts for that year, which have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

2. Basis of preparation

The unaudited condensed consolidated interim report for the six months ended 30 September 2016 has been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRSs") and in accordance with 'IAS 34, Interim financial reporting', as adopted by the European Union. The condensed consolidated interim report should be read in conjunction with the annual financial statements for the year ended 31 March 2016 which were prepared in accordance with IFRSs as adopted by the European Union.

The Group was profitable for the period and has considerable financial resources comprising £1.34m of net cash at 30 September 2016. After making enquiries, the Directors have formed a judgement, at the time of approving the six months results, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, a period of not less than 12 months. For this reason the Directors continue to adopt the going concern basis in preparing the condensed set of financial statements.

These financial statements have been prepared under the historical cost convention, using the same accounting policies as those used in the preparation of the financial statements for the year ended 31 March 2016 and which are also expected to apply for the year ended 31 March 2017.

PRIME PEOPLE PLC
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM REPORT
For the six months ended 30 September 2016

2. Basis of preparation (continued)

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of the condensed consolidated interim report.

3. Segment reporting

(a) Revenue and net fee income by geographical region

	Revenue			Net fee income		
	Six months ended		Year ended	Six months ended		Year ended
	30 September 2016 £'000	30 September 2015 £'000	31 March 2016 £'000	30 September 2016 £'000	30 September 2015 £'000	31 March 2016 £'000
UK	8,547	7,889	16,249	3,396	3,902	7,774
Asia	2,601	1,901	3,626	2,601	1,901	3,626
Rest of World	329	407	880	329	407	880
	11,477	10,197	20,755	6,326	6,210	12,280

All revenues disclosed by the group are derived from external customers and are for the provision of recruitment services. The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit before taxation represents the profit earned by each segment after allocations of central administration costs.

(b) Revenue and net fee income by classification

	Revenue			Net fee income		
	Six months ended		Year ended	Six months ended		Year ended
	30 September 2016 £'000	30 September 2015 £'000	31 March 2016 £'000	30 September 2016 £'000	30 September 2015 £'000	31 March 2016 £'000
Permanent						
- UK	2,724	3,420	6,653	2,721	3,416	6,645
- Asia	2,601	1,901	3,626	2,601	1,901	3,626
- Rest of World	329	407	880	329	407	880
Contract (UK)	5,823	4,469	9,596	675	486	1,129
	11,477	10,197	20,755	6,326	6,210	12,280

PRIME PEOPLE PLC
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM REPORT
For the six months ended 30 September 2016

(c) Profit before taxation by geographical region

	Six months ended		Year ended
	30 September	30 September	31 March
	2016	2015	2016
	£'000	£'000	£'000
UK	103	725	1,527
Asia	600	257	460
Rest of World	57	81	162
Operating profit	760	1,063	2,149
Net finance income	-	-	-
Profit before taxation	760	1,063	2,149

The analysis above is of the carrying amount of reportable segment assets, liabilities and non-current assets. Segment assets and liabilities include items directly attributable to a segment and include income tax assets and liabilities. Non-current assets include goodwill, property, plant and equipment and computer software.

4. Income tax expense

The charge for taxation on profits for the interim period amounted to £0.15m (2015: £0.22m) an effective rate of 20% (2015: 20%).

5. Dividends

	Six months ended		Year ended
	30 September	30 September	31 March
	2016	2015	2016
	£'000	£'000	£'000
Special second interim dividend for 2015: 4.00p per share	-	487	488
Final dividend for 2015: 3.09p per share (2014: 3.09p per share)	-	376	376
Interim dividend for 2016 1.75p per share (2015: 1.75p per share)	-	-	212
Special dividend for 2016: 4.00p per share	-	-	490
Second Interim dividend for 2016: 3.09p per share	-	-	380
	-	863	1,946

The interim dividend for 2017 of 1.75 pence (2016: 1.75 pence paid on 27 November 2015), was approved by the board on 8 November 2016 and will be paid on 25 November 2016 to those shareholders whose names are on the register on 18 November 2016.

PRIME PEOPLE PLC
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM REPORT
For the six months ended 30 September 2016

6. Earnings per share

Earnings per share (EPS) are calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

Fully diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares by existing share options assuming dilution through conversion of all existing options.

Earnings and weighted average number of shares from continuing operations used in the calculations are shown below:

	Six months ended		Year ended
	30 September 2016 £'000	30 September 2015 £'000	31 March 2016 £'000
Retained profit for basic and diluted earnings per share	605	848	1,690
	Number	Number	Number
Weighted average number of shares used for basic earnings per share	12,274,923	12,176,030	12,211,950
Dilutive effect of share options	334,998	260,697	290,730
Diluted weighted average number of shares used for diluted earnings per share	12,609,921	12,436,726	12,502,680
	Pence	Pence	Pence
Basic earnings per share	4.92p	6.97p	13.84p
Diluted earnings per share	4.79p	6.82p	13.52p

PRIME PEOPLE PLC
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM REPORT
For the six months ended 30 September 2016

7. Reconciliation of profit before tax to cash flow from operating activities

	Six months ended		Year ended
	30 September	30 September	31 March
	2016	2015	2016
	£'000	£'000	£'000
Profit before taxation	760	1,063	2,149
Adjust for:			
Depreciation	88	99	188
Share option reserve movement	59	69	166
Operating cash flow before changes in working capital	907	1,231	2,503
(Increase) in receivables	(536)	(488)	(401)
Increase in payables	146	453	267
Cash generated from underlying operations	517	1,196	2,369

8. Reconciliation of net cash flow to movement in net funds

	Six months ended		Year ended
	30 September	30 September	31 March
	2016	2015	2016
	£'000	£'000	£'000
Increase/(decrease) in cash and cash equivalents in period/year	177	85	(74)
Net funds at the start of the period/year	953	1,009	1,009
Other non-cash changes	206	(57)	18
Net funds at the end of the period/year	1,336	1,037	953

PRIME PEOPLE PLC
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM REPORT
For the six months ended 30 September 2016

9. Trade and other receivables

	30 September 2016 £'000	30 September 2015 £'000	31 March 2016 £'000
Trade receivables	2,866	2,321	2,706
Allowance for doubtful debts	(42)	(190)	(40)
Prepayments and accrued income	2,577	2,827	2,204
Other receivables	72	68	69
	5,473	5,026	4,939

10. Trade and other payables

	30 September 2016 £'000	30 September 2015 £'000	31 March 2016 £'000
Trade payables	182	113	267
Other taxes and social security	590	588	664
Other payables	290	462	185
Accruals and deferred income	1,301	1,249	1,100
	2,363	2,412	2,216



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