



Prime People Plc Interim Report

for the six months ended 30 September 2020

2020

PRIME PEOPLE PLC
UNAUDITED CONDENSED CONSOLIDATED INTERIM REPORT
For the six months ended 30 September 2020

Contents	Page
Chairman's statement	1
Unaudited condensed consolidated interim statement of comprehensive income	3
Unaudited condensed consolidated interim statement of financial position	4
Unaudited condensed consolidated interim statement of changes in equity	5
Unaudited condensed consolidated interim statement of cash flow	7
Notes to the unaudited condensed consolidated report	8



29 January 2021

Prime People Plc

Interim Results

Prime People Plc ("Prime People" or the "Group"), the global specialist recruitment business for professional and technical staff working in the Real Estate & Built Environment, Energy & Environmental and Technology, Digital & Data Analytics sectors, announces its unaudited interim results for the six months ended 30 September 2020.

CHAIRMAN'S STATEMENT

Overview

Covid-19 has had a very considerable impact on many businesses through reductions in external staffing spend and hiring freezes. As previously reported, the Group's trading was severely impacted in the first six months of the financial year by Covid-19. As a result, the Group's Net Fee Income fell by 43.24% in the period compared to the six months to 30 September 2019. However, the Group remained profitable through a combination of timely and decisive cost savings realised across the Group to reflect expected levels of business and aided by our diversity, both by sector and geography, as well as taking advantage of governmental support where possible.

The Group recorded an operating profit for the period of £0.13m (H1 2020: £1.73m) on revenue of £8.66m (H1 2020: £13.17m).

Financial Results

Group revenue of £8.66m was 34.24% lower than the same period last year (H1 2020: £13.17m).

Group Net Fee Income ("NFI") was £4.99m (H1 2020: £8.80m). NFI for the UK business was £2.15m (H1 2020: £3.71m). Our overseas performance was Asia NFI of £2.67m (H1 2020: £4.83m); Rest of World NFI £0.17m (H1 2020: £0.26m); Command Recruitment Group (HK) Ltd ("CMD"), our Hong Kong subsidiary, recorded NFI of £0.94m (H1 2020: £2.28m). Contract NFI represented 7.14% of Group NFI (H 2020: 5.71%) during the period.

Administrative costs for the Group in the period were £4.86m (H1 2020: £7.07m). As reported in April and November 2020, the Group has utilised any available Government Employment Protection Schemes in the regions where they were relevant. While significant cost reductions were put in place, we have protected key investments in core technologies, as these are critical for the Group in maximising recovery post the pandemic and our ability to successfully deliver on our strategic objectives.

In the UK, profit before tax was £0.12m against £0.48m in H1 2020. Our Asia business, which covers the Group activities in Hong Kong and Singapore, generated a profit before tax before adjustment for minority interest of £0.21m for the period (H1 2020: £1.24m).

In September 2020, we were pleased to open of our first office in the United States in Houston, Texas. The newly established business has started well and is performing ahead of management expectations, and it is disclosed within the Rest of the World.

CHAIRMAN'S STATEMENT (cont)

The charge for Group taxation of £0.01m (H1 2020: £0.31m) is based on the expected annual effective tax rate of 19% in the UK (H1 2020: 19%), 16.5% in Hong Kong (H1 2020: 16.50%), and 17% in Singapore (H1 2020: 17%).

Basic earnings per share for the period were 0.95p (H1 2020: 9.33p).

Cash Flow

As previously announced, in June 2020, the Group secured a Coronavirus Business Interruption Loan ("CBILS") of £2m which remains un-utilised at the time of this announcement.

At the start of the current financial year, the Group had cash of £2.1m. At the period end the Group had available cash of £4.15m, and net cash after the CBILS of £2.15m (H1 2020: £3.04).

Dividend

The Board will not be declaring an interim dividend this year (H1 2020: 1.80p).

Outlook

As stated in our Final Results announcement on 4 November 2020, all our markets have been and continue to be impacted by Covid-19, and, whilst we experienced reasonable progress in the UK following the easing of the lockdown imposed on 26th March 2020, levels of activity did not recover to pre Covid-19 levels. This was also the case in Asia, where the region experienced a very similar contraction in trading to that in the UK. We had anticipated a gradual improvement in trading in H2 to 31st March 2021. However, the significant new lockdown measures imposed or being imposed around the World could see progress slow.

The information communicated in this announcement contains inside information for the purposes of Article 7 of the UK version of the EU Market Abuse Regulation (2014/596) which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time.

Robert Macdonald

Executive Chairman
28 January 2021

For further information please contact:

Prime People

Robert Macdonald, Executive Chairman
Donka Zaneva-Todorinski, Finance Director

020 7318 1785

Cenkos Securities

Katy Birkin
Nicholas Wells

020 7397 8900

PRIME PEOPLE PLC
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2020

		Six months ended		Year ended
		30 September 2020	30 September 2019	31 March 2020 (audited)
	Note	£'000	£'000	£'000
Revenue	3	8,660	13,166	23,992
Cost of Sales		(3,665)	(4,365)	(8,471)
Net Fee Income		4,995	8,801	15,521
Administrative expenses		(4,866)	(7,072)	(13,560)
Goodwill impairment			-	(4,018)
Operating profit/ (loss)		129	1,729	(2,057)
Interest payable		(32)	-	(76)
Profit/(loss) before taxation		97	1,729	(2,133)
Income tax expense	4	(15)	(308)	(175)
Profit/(loss) for the period/year		82	1,421	(2,308)
Other comprehensive income				
Exchange (loss)/ (gain) on translating foreign operations		(81)	115	(105)
Other Comprehensive (loss)/ income for the period/ year, net of tax		(81)	115	(105)
Total comprehensive income/ (loss) for the period/year		1	1,536	(2,413)
Profit/ (loss) attributable to:				
Equity shareholders of the parent		116	1,139	(2,384)
Non-controlling interest		(34)	282	76
Total Comprehensive Income /(loss) attributable to:				
Equity shareholders of the parent		35	1,254	(2,489)
Non-controlling interest		(34)	282	76
Earnings /(loss) per share	6			
Basic earnings/(loss) per share		0.95p	9.33p	(19.36)p
Diluted earnings/(loss) per share		0.95p	9.22p	(19.36)p

The above results relate to continuing operations.

The notes below 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 2020

		30 September 2020	30 September 2019	31 March 2020 (audited)
	Note	£'000	£'000	£'000
Assets				
Non-current assets				
Goodwill		6,509	10,527	6,509
Property, plant and equipment		1,632	1,847	1,890
Deferred tax asset		40	18	40
		8,181	12,392	8,439
Current assets				
Trade and other receivables	9	3,250	5,069	3,868
Cash and cash equivalents		4,149	3,037	2,055
		7,399	8,106	5,923
Total assets		15,580	20,498	14,362
Liabilities				
Current Liabilities				
Trade and other payables	10	2,576	2,681	3,205
Lease liabilities		542	383	497
Current tax liabilities		225	481	166
Deferred tax liability		22	-	22
		3,365	3,545	3,890
Non-current liabilities				
Financial Liabilities - borrowings		2,000	-	-
Lease liabilities		811	1,058	1,027
Total liabilities		6,176	4,603	4,917
Net assets		9,404	15,895	9,445
Capital and reserves attributable to the Company's equity holders				
Called up share capital		1,231	1,229	1,231
Capital redemption reserve		9	9	9
Treasury shares		(42)	(168)	-
Share premium account		3,376	5,371	3,376
Merger reserve		173	173	173
Share option reserve		187	392	187
Currency translation differences		410	711	491
Retained earnings		3,430	7,308	3,314
Equity shareholders' funds		8,774	15,025	8,781
Non-controlling interest		630	870	664
Total Equity		9,404	15,895	9,445

The notes below 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 2020

	Called up share capital	Capital Redempti on reserve	Treasury shares	Share premium account	Merger reserve	Share option reserve	Translat ion reserve	Retained Earnings	Total attributabl e to equity holders of the parent £'000	Non- controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2019	1,229	9	(161)	5,371	173	337	596	6,857	14,411	588	14,999
Profit for the period	-	-	-	-	-	-	-	1,254	1,254	282	1,536
IFRS 16 adjustment for leases	-	-	-	-	-	-	-	(396)	(396)	-	(396)
Other comprehensive income	-	-	-	-	-	-	115	-	115	-	115
Equity-settled share-based payments	-	-	-	-	-	55	-	-	55	-	55
Shares purchased for treasury	-	-	(16)	-	-	-	-	-	(16)	-	(16)
Shares issued from treasury	-	-	13	-	-	-	-	-	13	-	13
Adjustment on share disposal	-	-	(4)	-	-	-	-	4	-	-	-
Dividend	-	-	-	-	-	-	-	(411)	(411)	-	(411)
At 30 Sept 2019	1,229	9	(168)	5,371	173	392	711	7,308	15,025	870	15,895

PRIME PEOPLE PLC

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Called up share capital	Capital Redempti on reserve	Treasury shares	Share premium account	Merger reserve	Share option reserve	Translati on reserve	Retained Earnings	Total attributable to equity holders of the parent	Non- control ling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 30 Sept 2019	1,229	9	(168)	5,371	173	392	711	7,308	15,025	870	15,895
Total Comprehensive loss for the period	-	-	-	-	-	-	-	(3,638)	(3,638)	(206)	(3,844)
Other comprehensive income	-	-	-	-	-	-	(220)	-	(220)	-	(220)
IFRS 16 adjustment for leases	-	-	-	-	-	-	-	99	99	-	99
Adjustments in respect of share schemes	-	-	-	-	-	(205)	-	236	31	-	31
Adjustment in respect of treasury shares	-	-	-	-	-	-	-	-	9	-	9
Issue of ordinary shares	2	-	-	-	-	-	-	-	(2)	-	(2)
Capital Repayment	-	-	-	(2,000)	-	-	-	-	(2,000)	-	(2,000)
Shares purchased for treasury	-	-	(7)	-	-	-	-	-	(7)	-	(7)
Shares issued from treasury	-	-	21	-	-	-	-	-	21	-	21
Adjustment on share disposal	-	-	154	-	-	-	-	(154)	-	-	-
Dividend	-	-	-	-	-	-	-	(537)	(537)	-	(537)
At 31 March 2020	1,231	9	-	3,376	173	187	491	3,314	8,781	664	9,445
Profit/ (loss) for the period	-	-	-	-	-	-	-	116	116	(34)	82
Other comprehensive loss	-	-	-	-	-	-	(81)	-	(81)	-	(81)
Shares purchased for treasury	-	-	(42)	-	-	-	-	-	(42)	-	(42)
At 30 Sept 2020	1,231	9	(42)	3,376	173	187	410	3,430	8,774	630	9,404

PRIME PEOPLE PLC
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW
For the six months ended 30 September 2020

	Note	Six months ended		Year ended
		30 September 2020 £'000	30 September 2019 £'000	31 March 2020 £'000
Cash generated from underlying operations	7	572	1,498	3,642
Income tax paid		-	(1)	(160)
Income tax received		-	19	-
Net cash from operating activities		572	1,516	3,482
Cash flows from investing activities				
Net purchase of property, plant and equipment and software		(32)	(94)	(122)
Net cash used in investing activities		(32)	(94)	(122)
Cash flows from financing activities				
Issue of ordinary share capital		-	-	2
Shares issued from treasury		-	13	-
Shares purchased for treasury		(42)	(16)	(21)
Return of capital from share premium		-	-	(2,000)
Dividend paid to shareholders		-	(411)	(948)
Lease payments		(289)	(338)	(566)
Lease interest		(30)	(57)	-
Finance Interest paid		(4)	-	-
Proceeds from CBILS Loan		2,000	-	-
Net cash generated by financing activities		1,635	(809)	(3,533)
Net increase in cash and cash equivalents		2,175	613	(173)
Cash and cash equivalents at beginning of period/year		2,055	2,309	2,309
Effect of foreign exchange rate changes		(81)	115	(81)
Cash and cash equivalents available at end of period/year		4,149	3,037	2,055
Debt borrowing at the beginning of period/year		-	-	-
Increase – CBILS loan		(2,000)	-	-
Debt borrowing at the end of the period/year		(2,000)	-	-
Net cash after CBILS loan at period/year end		2,149	3,037	2,055

The notes below 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 2020

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 USA, Germany, 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 AIM Market of the London Stock Exchange ("AIM"). The registered number of the Company is 1729887.

This unaudited condensed consolidated interim report for the six months ended 30 September 2020 (including comparatives) is presented in GBP '000 and was approved and authorised for issue by the Board of Directors on 28 January 2021.

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 2020 has been extracted from the statutory accounts for that year, which have been filed with the Registrar of Companies. The auditor's 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 2020 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 2020 which were prepared in accordance with IFRSs as adopted by the European Union.

The Group was profitable for the period and has financial resources comprising £2.15m of net cash as at 30 September 2020. 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.

IAS 20 — Accounting for Government Grants and Disclosure of Government Assistance sets out the accounting for, and the disclosure of, government grants and the disclosure of other forms of government assistance. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

Note 3 provides further information on how the Group accounts for Government grants.

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	30 September	31 March	30 September	30 September	31 March
	2020	2019	2020	2020	2019	2020
	£'000	£'000	£'000	£'000	£'000	£'000
UK	5,780	8,072	15,677	2,154	3,707	7,262
Asia	2,706	4,832	8,176	2,667	4,832	8,120
Rest of World	174	262	139	174	262	139
	8,660	13,166	23,992	4,995	8,801	15,521

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	30 September	31 March	30 September	30 September	31 March
	2020	2019	2020	2020	2019	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Permanent						
- UK	1,807	3,252	6,344	1,807	3,252	6,344
- Asia	2,658	4,832	8,110	2,658	4,832	8,110
- Rest of World	174	262	139	174	262	139
Contract (UK)	3,973	4,820	9,333	346	455	918
Contract (Asia)	48		66	10	-	10
	8,660	13,166	23,992	4,995	8,801	15,521

PRIME PEOPLE PLC
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM REPORT
For the six months ended 30 September 2020

(c) Profit before taxation by geographical region

		Six months ended		Year ended
		30 September	30 September	31 March
		2020	2019	2020
		£'000	£'000	£'000
UK	Note 1 & 2	121	478	299
Asia		209	1,243	1,672
Rest of World		(201)	8	(10)
Profit before taxation		129	1,729	1,961

Note 1

Operating profit is the measure of profitability regularly viewed by the Board, which collectively acts as the Chief Decision Maker. Consequently, no segmental analysis of interest or tax expenses is provided.

Note 2

UK Operating profit for 31 March 2020 is before Goodwill impairment costs of £4.02m

Note 3

Profit before taxation in the six months to September 2020 is after a total of £0.55m Covid-19 Job Retention Government Support received in the UK, Asia, and Germany.

Government grants utilised in the period were UK Job Retention Scheme, Germany “Kurzarbeit” Scheme, Hong Kong Anti-epidemic Fund Employment Support Scheme (“ESS”) and Singapore Job Support Scheme (JSS).

Government grants of £0.55m (2020 – £Nil) are included in the ‘Administrative expenses’ line item, offset against staff costs. There are no unfulfilled conditions or other contingencies attaching to these grants.

(d) Segment Assets and Liabilities by Geographical Region

	Total assets		Total liabilities	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
UK	10,289	12,211	4,403	2,474
Asia	5,210	7,916	1,740	2,080
Rest of World	81	371	33	49
Total	15,580	20,498	6,176	4,603

The analysis above is of the carrying amount of reportable segment assets and liabilities. Segment assets and liabilities include items directly attributable to a segment and include income tax assets and liabilities.

4. Income tax expense

The charge for taxation on profits for the interim period amounted to £15k (2020: £308k) an effective rate of 15.00% (2020: 17.81%).

5. Dividends

	Six months ended		Year ended
	30 September 2020 £'000	30 September 2019 £'000	31 March 2020 £'000
Final dividend for 2019: 3.40p per share	-	411	411
Interim dividend for 2019: 1.80p per share	-	-	220
Command Recruitment Group (HK) Limited dividend to non-controlling shareholders	-	-	317
	-	411	948

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 2020 £'000	30 September 2019 £'000	31 March 2020 £'000
Profit/(loss) for basic and diluted earnings per share	116	1,139	(2,384)
	Number	Number	Number
Weighted average number of shares used for basic earnings per share	12,222,273	12,204,023	12,307,273
Dilutive effect of share options	-	136,491	-
Diluted weighted average number of shares used for diluted earnings per share	12,222,273	12,340,514	12,307,273

PRIME PEOPLE PLC
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM REPORT
For the six months ended 30 September 2020

Earnings per share (continued)

	Six months ended		Year ended
	30 September 2020 £'000 Pence	30 September 2019 £'000 Pence	31 March 2020 £'000 Pence
Basic earnings per share	0.95p	9.33p	(19.36)p
Diluted earnings per share	0.95p	9.22p	(19.36)p

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

	Six months ended		Year ended
	30 September 2020 £'000	30 September 2019 £'000	31 March 2020 £'000
Profit/(loss) before taxation	97	1,729	(2,133)
Adjustments for:			
Depreciation of property, plant and equipment and software amortisation	134	323	737
Impairment of Goodwill	-	-	4,018
Share based payment expense	-	90	49
Finance costs	32	49	76
(Profit)/Loss on sale of tangible asset	-	-	1
Operating cash flow before changes in working capital	263	2,191	2,748
Decrease/ (increase) in receivables	618	(423)	778
(Decrease)/ increase in payables	(309)	(270)	116
Cash generated from underlying operations	572	1,498	3,642

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

	Six months ended		Year ended
	30 September 2020 £'000	30 September 2019 £'000	31 March 2020 £'000
Net increase/(decrease) in cash and cash equivalents in period/year	2,180	613	(173)
Net funds at the start of the period/year	2,055	2,309	2,309
Effect of foreign exchange changes	(81)	115	(81)
Net funds at the end of the period/year	4,154	3,037	2,055

PRIME PEOPLE PLC
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM REPORT
For the six months ended 30 September 2020

9. Trade and other receivables

	30 September 2020 £'000	30 September 2019 £'000	31 March 2020 £'000
Trade receivables	2,608	4,765	3,312
Allowance for doubtful debts	(378)	(650)	(340)
Prepayments	755	722	612
Other receivables	265	232	284
	3,250	5,069	3,868

10. Trade and other payables

	30 September 2020 £'000	30 September 2019 £'000	31 March 2020 £'000
Trade payables	504	187	371
Taxation and social security	663	674	685
Other payables	510	212	1,248
Accruals	899	1,608	901
	2,576	2,681	3,205

11. Treasury Shares

At 30 September 2019, the total number of ordinary shares held in Treasury and their values were as follows:

	30 September 2020		30 September 2019	
	Number	£'000	Number	£'000
As at 1 April	-	-	195,676	161
Shares purchased for treasury	85,000	42	19,000	16
Shares issued from treasury	-	-	(128,500)	(13)
Equity reclassification on disposal of treasury shares	-	-	-	4
As at 30 September	85,000	42	86,176	168
Nominal value	9		-	9
Market value	41		-	75



Prime People Plc
2 Harewood Place Hanover Square
London W1S 1BX
T: +44 (0) 20 7318 1785
F: +44 (0) 870 442 1737
E: connect@prime-people.com
W: prime-people.co.uk