
For release at 0700 on 5th July 2011

Highams Systems Services Group plc (AIM: HSS)
("Highams" or "the Group")

The AIM quoted recruitment consultancy and leading niche provider of technology, business and professional services to the insurance and financial services sectors.

Preliminary Results
for the year ended 31 March 2011

Highlights

- Increase in revenue, gross margin and profit
- Group revenue at £9m (2010: £7.5m)
- Group profit before taxation £303,000 (2010: £131,000)
- Profit margins improved to 18 per cent. (2010: 16.8 per cent.)
- Earnings per share 0.73p (2010: 0.34p)
- Market activity continues to improve
- Increase number of contractors on site and permanent placements
- Stronger Highams team, both in size and delivery capability
- Increase in new clients in specialist areas

Ken Ford, Chairman of Highams, commented:

"I am pleased to report our full year results to 31 March 2011, which have seen an encouraging and sustained increase in revenue, gross margin and profit and the continued turnaround and growth of our business.

The Group's financial performance, along with an improved balance sheet and cash position, now provide Highams with the opportunity to build on its existing strong client base and to move into new specialist areas within the financial services arena."

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Chairman's Statement

Introduction

I am pleased to report our full year results to 31 March 2011, which have seen an encouraging and sustained increase in revenue, gross margin and profit and the continued turnaround and growth of our business.

The Group's financial performance, along with an improved balance sheet and cash position, now provide Highams with the opportunity to build on its existing strong client base and to move into new specialist areas within the financial services arena.

Contractor numbers have increased steadily over the period and permanent revenue has continued to be strong.

Our strategy is to build in our specialist areas ensuring delivery to our niche market within the insurance and financial services sector. Selective recruitment of new staff into the company has continued from the prior period, enhancing the levels of activity required to meet the needs of our clients and delivery of our specialist services. We believe that the Highams offering and quality of our service is based upon our staff's deep understanding and knowledge of our clients' requirements and their markets.

We are also focussed on re-opening a London presence to be able to offer increased visibility to our City clients and applicants and Highams continues to explore the possibility of growing strategically by acquisition along with assistance from our Nominated Adviser, Seymour Pierce.

Financial Results

Group revenue increased by 20 per cent. to £9m (2010: £7.5m), primarily reflecting an increase in the number of contractors working on client sites during the year.

Gross profit improved by 29 per cent. to £1.63m (2010: £1.26m), with profit margins increased again to 18 per cent (2010: 16.8 per cent).

Group profit before taxation increased substantially by 131 per cent. to £303,000 (2010: £131,000). The Directors are not recommending the payment of a final dividend for the year to 31 March 2011 (2010: nil), but a resumption in future dividend payments will be kept under review.

Executives and Staff

We remain a strong team of very knowledgeable long serving staff and we look forward to continuing to build Highams. I would like to acknowledge the loyalty and commitment of all the staff to the group and am extremely grateful for their efforts. Again I extend a very warm welcome to all new members of the team and I look forward to their development and the future success of Highams.

Outlook

I am pleased by the substantial progress seen during the year and the considerable achievement by all at Highams. We look forward to continuing this progress over the coming financial year.

Ken Ford
4 July 2011

Consolidated income statement

For the year ended 31 March 2011

	2011 £'000	2010 £'000
Revenue	9,020	7,546
Cost of sales	(7,390)	(6,280)
Gross profit	1,630	1,266
Administrative costs	(1,317)	(1,125)
Operating profit	313	141
Finance income	-	-
Finance costs	(10)	(10)
Profit before tax	303	131
Tax credit	200	101
Profit for the period attributable to equity shareholders	503	232
Profit per share		
Basic profit per share	0.73p	0.34p
Diluted profit per share	0.71p	0.33p

All of the above relate to continuing operations.

Consolidated statement of comprehensive income

For the year ended 31 March 2011

	2011 £'000	2010 £'000
Profit for the period	503	232
Foreign currency translation difference	-	1
Total comprehensive income for the period attributable to equity shareholders	503	233

Consolidated balance sheet

At 31 March 2011

Company number 1700310

	2011 £'000	2010 £'000
Assets		
Non-current assets		
Intangible assets	-	-
Property, plant and equipment	5	7
Deferred tax asset	301	101
Total	306	108
Current assets		
Trade and other receivables	1,592	1,291
Cash and cash equivalents	176	4
Total	1,768	1,295
Total assets	2,074	1,403
Current Liabilities		
Trade and other payables	(1,273)	(876)
Borrowings	-	(231)
Total	(1,273)	(1,107)
Net Assets	801	296
Equity		
Share capital	1,597	1,597
Share premium account	1,239	1,239
Merger reserve	90	90
Employee share benefit trust reserve	(61)	(61)
Currency reserve	4	4
Retained earnings	(2,068)	(2,573)
Total Equity	801	296

Consolidated statement of changes in equity

As at 31 March 2011

	Share capital £'000	Share premium £'000	Merger reserve £'000	Employee share benefit reserve £'000	Currency reserve £'000	Retained earnings £'000	Total equity £'000
At 1 April 2009	1,597	1,239	90	(61)	3	(2,805)	63
Currency adjustments	-	-	-	-	1	-	1
Profit for the year	-	-	-	-	-	232	232
At 1 April 2010	1,597	1,239	90	(61)	4	(2,573)	296
Currency adjustments	-	-	-	-	-	-	-
Share based payment credit	-	-	-	-	-	2	2
Profit for the year	-	-	-	-	-	503	503
At 31 March 2011	1,597	1,239	90	(61)	4	(2,068)	801

Consolidated statement of cash flows

For the year ended 31 March 2011

	2011 £'000	2010 £'000
Operating activities		
Profit for the year before tax	303	131
Depreciation of property, plant and equipment	8	5
Amortisation of intangible assets	-	3
Net finance costs	10	10
Changes in trade and other receivables	(301)	52
Change in trade and other payables	399	(162)
Net cash generated by operating activities	419	39
Cash flows from investing activities		
Purchase of property, plant and equipment	(6)	-
Purchase of intangible assets	-	-
Proceeds of property plant and equipment	-	-
Interest received	-	-
Net cash generated by investing activities	(6)	-
Financing activities		
(Decrease)/increase in borrowings	(231)	94
Proceeds from issue of share capital	-	-
Associated cost of share issue	-	-
Interest paid	(10)	(10)
Net cash from financing activities	(241)	84
Net changes in cash and cash equivalents	172	123
Cash and cash equivalents, beginning of year	4	(119)
Cash and cash equivalents, end of year	176	4

1. Profit per share

	2011			2010		
	Profit £'000	Weighted average number of shares '000	Profit per share p	Profit £'000	Weighted average number of shares '000	Profit per share p
Basic profit per share	503	68,834	0.73	232	68,834	0.34
Diluted profit per share	503	69,867	0.71	232	69,867	0.33

The weighted average number of shares excludes 183,953 (2010: 183,953) shares held by the Employee Share Benefit Trust.

2.

The financial information in this preliminary announcement does not constitute the Group's statutory accounts for the years ended 31 March 2011 or 2010 as defined in section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2010 have been delivered to the Registrar of Companies and those for the year ended 31 March 2011 will be delivered following the Group's annual general meeting. The auditors have reported on those accounts, their reports were unqualified and did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports. Their report for the year ended 31 March 2011 or 2010 did not contain statements under s498 (2) or (3) of the Companies Act 2006.

3.

Copies of the statutory accounts for the year ended 31 March 2011 will be posted to all shareholders. Additional copies will be available from the Company Secretary, Highams Systems Services Group plc, Quadrant House, 33/45 Croydon Road, Caterham, Surrey, CR3 6PB and will be available to download from the investor relations section on the Company's website www.highams.com