NAKAMA GROUP PLC

(formerly Highams Systems Services Group plc)

a digital, media and business technology recruitment consultancy working across UK, Europe, Asia and Australasia.

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

VERSION 3

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Group at a glance

Our Markets
Nakama Group includes Nakama; a global recruitment consultancy for the digital technology and interactive media industry, with offices in London, Hong Kong, Sydney and Melbourne. Nakama provides permanent and contract recruitment services. Included within the Group is Highams Recruitment Limited which provides technology, business and professional services professionals to the financial sector specialising in insurance and investment management on a contract, interim and permanent basis. The Group's main client base ranges from the niche SME sector to larger corporate organisations.

Our Consultants, Contractors and Applicants
Our speciality is finding excellent career opportunities and assignments for senior IT, business and professional services talent. We are constantly developing our relationships and networks to ensure we obtain the best available positions for such talent, whilst ensuring that their skills and personalities are compatible with the needs of our clients.

Our People
At Nakama, we work hard to develop and maintain long-term relationships with our clients, contractors and applicants. To do this, we focus on the development and retention of our experienced staff to ensure they are among the most knowledgeable in the industry, both in terms of recruitment best practice and the niche markets in which Nakama operates.

Contents

	Page
Operating and financial highlights	1
Chairman's statement	2
Chief Executive's statement	3
Directors	4-5
Directors and advisers	6
Report of the Directors	7-9
Statement of Directors' responsibilities	10
Corporate governance	11
Directors' remuneration report	12
Independent auditor's report	13-14
Consolidated income statement	15
Consolidated statement of comprehensive income	16
Consolidated balance sheet	17
Consolidated statement of changes in equity	18
Consolidated statement of cash flows	19
Notes to the financial statements	20-36
Company balance sheet	37
Notes to the company financial statements	38-41
Notice of meeting	42
Financial calendar	44

Operating and financial highlights

	2012 £'000	2011 £'000
Revenue	**13,298**	9,020
Gross profit	**2,743**	1,630
Operating profit before exceptional cost, depreciation and amortisation	**232**	321
Operating (loss)/profit for the financial year	**(85)**	313
(Loss)/profit for the financial year before tax	**(180)**	303
Net current assets	**332**	495
Equity	**1,969**	801
(Loss)/profit per share	**(0.20)p**	0.73p

Operational

- Group revenue increased by 47 per cent. To £13.3m (2011: £9m) primarily reflecting additional revenue from the acquisition of Nakama in October 2011
- Net fee income (NFI) improved by 68 per cent. To £2.74m (2011: £1.63m)
- Profit margins increased again to 20 per cent. (2011: 18 per cent.)
- Acquisition of Nakama and name change, integration in good progress
- Locations in Asia and Australia added through acquisition
- New specialisation in online and digital markets added through acquisition
- Contractors on site and permanent placements increasing overall
- Increase in new clients in specialist areas
- Integration of both companies' back office functions completed and will show cost savings in the current year

Chairman's Statement

I am pleased to report our full year results to 31 March 2012, which have seen encouraging revenue progress since the acquisition of Nakama and its integration with Highams to create Nakama Group plc (AIM: NAK).

Nakama provides a full range of specialist recruitment services to its clients, providing staff for the Web, Interactive, IT and Digital Media sectors through the placement of contract and permanent staff across the UK, Europe, Asia and Australia and post year end Singapore.

The company's network of proven managers populating the Group's offices in the UK, Hong Kong, Singapore, Sydney and Melbourne, provides the Group with the potential for leveraging off its unique platform to rapidly accelerate its drive into fast developing specialist markets over the coming years. The digital media industry in particular is expanding globally at a very fast rate and the Board of Nakama believe that the Group is now well positioned to take full advantage of this growth.

As part of the acquisition we are very pleased to have Stefan Ciecierski as our CEO, who provides expertise and experience in building a global business. Stefan joined the Board from the date of acquisition in October 2011.

Strategy
Our strategy is to build from a strong base in the UK and expand both in our specialist areas internationally and into targeted developing markets. London is a global leader in many of our chosen market sectors and provides a strong hub from which to develop an international client base. Digital media recruitment both into agencies and into corporate marketing departments continues to show no signs of slowing down and Highams' traditional business providing technology, business and professional services to the insurance and financial services sector remains strong and is increasingly digital.

Selective recruitment of new staff into the company, particularly at graduate level, has enhanced the levels of activity required to meet the needs of our clients and delivery of our specialist services. We believe that the Nakama Group offering and quality of our service is based upon our staffs' deep understanding and knowledge of our clients' requirements and their markets.

We have achieved our strategy of growing strategically by acquisition and continue to look at other opportunities globally.

Financial Results
Group revenue increased by 47 per cent. to £13.3m (2011: £9m), primarily reflecting the additional revenue from the acquisition of Nakama Ltd in October 2011. Net fee income (NFI) improved by 68 per cent. to £2.74m (2011: £1.63m), with profit margins increased again to 20 per cent (2011: 18 per cent).

The operating profit before exceptional items (the acquisition of Nakama Ltd) was £232,000 (2011: profit of £321,000), which was disappointing. The integration of both companies' back office functions has been completed and will show cost savings in the current year, but the consolidation and re-organisation of accounting and debt financing took longer than expected. The Directors are not recommending the payment of a final dividend for the year to 31 March 2012 (2011: 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 the new Nakama Group. 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 Nakama.

Outlook
I am pleased by the merger of Highams and Nakama and the substantial progress seen during the year in terms of integration and increased sales to create the Nakama Group and the subsequent appointment of Stefan Ciecierski as Group Chief Executive. The next year will see a full year contribution from Nakama Ltd and a contribution from recently opened businesses such as Singapore and Nakama Search, as well as many new staff, recently recruited. We look forward to continuing progress over the coming financial year which should be reflected in an improved financial performance.

Ken Ford
6 August 2012

Chief Executive's Statement

Operational Review

Introduction

There are many technology recruitment companies around the world, most of which work in the IT operations markets, but very few of any size work in the Digital Media sector. Nakama was developed with a specific aim to service the growing online world.

The growth of all online technologies globally is too fast and too broad to accurately map; however, companies, consumers and governments are increasingly communicating, trading and entertaining online. They are doing this via desktop computers, or laptops, or smartphones or tablets, and the online world connects instantaneously across vast geographies.

Access to the Internet and all it offers is the world of digital design, usability and technology and it is in this area that Nakama is a unique service provider working across the UK, Europe, Asia and Australasia.

Digital Media require IT. In the past Nakama was unable to service clients needs in IT, but that has now changed with the acquisition and being able to utilise the skills across the new Group. Our brands can now expand and work with all its clients from the Group's overseas locations. The price comparison industry in insurance is a good example of where digital media and insurance come together in a very sophisticated way in the UK, but this combination is only just starting to develop in Asia and Australia.

In between the Web and IT operations is the rapidly expanding world of software into which Nakama Group will seek to expand, particularly with regard to e-commerce and internet security.

Staffing Strategy

To grow the Group organically and in the most cost effective way, Nakama has been mainly hiring graduates with little or no work experience and training them into consultants. This has been a successful and predictable way to grow staff numbers. The UK current market conditions are favourable in that many high calibre graduates who may have found work in previous years in management consulting or financial institutions are looking for careers in recruitment.

The UK is the largest part of Nakama Group plc and I expect it will continue to be so for many years, as it is the centre for much of what we do and it is a good location from which to support operations in Asia and Australasia, as well as trading into mainland Europe. However, we are exploring significant growth opportunities in Asia where we have experienced fast growth and where our clients are developing rapidly with the need to hire many specialist people.

Expansion during the current financial year

The Group opened an office in Singapore in April to service the fast growing digital sector in South East Asia and it also expects to open an office in Munich in the second quarter to address the IT needs of the growing German financial services sector.

Nakama Search also opened in May this year through the acquisition of Libby Fisher Associates and this division will target the senior level hiring needs of the UK digital and online markets. The board is also assessing the viability of opening an office in Mainland China.

Nakama has a unique vision of its place in technology recruitment at a time when that sector is experiencing rapid expansion. We will be opportunistic in terms of attracting individuals and teams of people into the Group, many of whom I believe are seeing what we are achieving and wish to bring their skills into the Group.

Stefan Ciecierski
6 August 2012

Directors

Eric Kenelm (Ken) Ford

Non-Executive Chairman

Ken Ford has over 37 years of experience in the City. From 1993 he worked at Teather & Greenwood stockbrokers serving as Head of Corporate Finance, Managing Director, Chief Executive Officer and latterly as Deputy Chairman until retirement in 2007. Prior to this he worked as a director at Aberdeen Asset Management and served for seven years as a director at Morgan Grenfell, as Head of Research and Head of Corporate Finance at Morgan Grenfell Securities. Ken is a Fellow of the Chartered Securities Institute and on the executive committee of the Quoted Companies Alliance. He is also Chairman of Brainjuicer Group plc and other companies.

Stefan Oliver Ciecierski

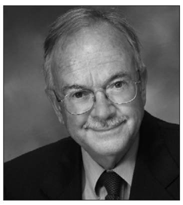
Chief Executive Officer

Stefan Ciecierski joined the Group as CEO in October 2011 along with the acquisition of Nakama Ltd having previously been the CEO of Nakama. Stefan has been in recruitment almost 30 years most of which has been focused on new technology markets around the world. He was previously MD at the PSD Group, CEO at Accord Group and CEO at Aquent before being part of the founding partnership of Nakama. He has started and built recruitment businesses in the UK, Europe, Asia and the US covering all recruitment disciplines from contract to search.

Kerri Anne Sayers

Chief Operating Officer

Kerri Sayers has been employed by Nakama (previously Highams) since 1994 when she initially managed the finance department. She has since managed both the operation of the finance and HR team through various Group acquisitions and disposals. She has been a director of the company since 30 September 2008.



John Edward Higham

Non-Executive Director and Deputy Chairman

John founded Highams (now Nakama) in 1983 after many years gaining experience of the insurance market from an IT and business perspective, both within insurance company and software house environments. John was Chief Executive of the Group until April 2000 when he took up his current role. He has been a director of the company since 1 February 1983.

Mark de Lacy

Managing Director of Highams

Mark de Lacy has been employed by Nakama (previously Highams) since 1990. Originally brought in for his sales experience, Mark rapidly progressed to a senior role, responsible for the development of the Group's major accounts within the Life and Pensions and Insurance sectors. He moved into recruiting and developing successful sales teams before being appointed in 2007 to Sales Director, and Managing Director in September 2008. Mark continues to actively develop new strategic accounts within specialist vertical markets.

Robert James Sheffield

Managing Director of Asia and Australasia

Rob Sheffield joined the Group as MD international along with the acquisition of Nakama having been a founding member of that company. Rob worked alongside Stefan and Paul in Aquent for many years pioneering Digital recruitment as a specialism and managing a team before leaving in 2009 and starting Nakama. Rob now resides in Australia where he is building the Nakama Group presence in APAC.

Paul Jonathan Goodship

Managing Director of Nakama London

Paul Goodship joined the Group as MD Nakama London along with the acquisition of Nakama having also been a founding member of that company. Paul worked alongside Stefan and Rob for many years in Aquent where he built their Digital marketing recruitment team through both organic growth and acquisition. Paul manages the London operation which is Nakama's largest Digital recruitment team.

Directors and advisers

Company Registration Number:	1700310
Registered Office:	Quadrant House 33/45 Croydon Road Caterham Surrey CR3 6PB
Directors:	EK Ford *(Chairman)* SO Ciecierski (Chief Executive Officer) KA Sayers (Chief Operating Officer) JE Higham *(Non-executive and Deputy Chairman)* M de Lacy (Managing Director Highams) RJ Sheffield (Director Nakama Asia and Australasia)* PJ Goodship (Director Nakama London)*
Secretary:	KA Sayers
Bankers:	Lloyds TSB Commercial 1st Floor 39 Threadneedle Street London EC2R 8AU
Nominated Adviser and Brokers:	Seymour Pierce Limited 20 Old Bailey London EC4M 7EN
Registrars:	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Solicitors:	Eversheds LLP One Wood Street London EC2V 7WS
Auditors:	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA

* Executive Directors of Nakama Limited.

Report of the Directors

The directors present their report and the audited financial statements for the Company and the Group for the year ended 31 March 2012.

Principal Activity
The Group's principle activity is Recruitment Services, but the Group's focus has changed since the acquisition of Nakama in October 2011. The new Group target market remains the same, but its geographical spread is expanding as the business takes advantage of the Nakama offices overseas. It is also in a position now to move into the newer sectors of Financial Services that increasingly use the web to trade. Nakama is one of a very few number of recruiters addressing the global opportunity for Digital and Online recruitment that is hiring for those markets using traditional methods as they expand faster each year.

Results and Dividends
The Group recorded a loss before taxation of £180,000. (2011: profit before taxation £303,000) on a revenue of £13.3m. (2011: £9m).

The directors do not recommend a final dividend (2011: nil). No interim dividend was paid during the year (2011: nil).

Review of Business
The Board has reviewed the detail of the business during the year, and in line with our strategy we continue to keep our costs firmly under control, while funding our organic expansion out of operating profit. Since the acquisition in Nakama in October 2011 we have increased our office locations with Singapore and expects to open an office in Munich to add to London, Hong Kong, Sydney and Melbourne.

The results show an increase in revenue and gross margin. The revenue increased by 47.1 per cent. with minimal increase in the overhead costs, resulting in a pre tax loss of £180,000 which includes the acquisition cost.

We have a very skilled base of staff with longevity of service. Coupled with the new recruits we expect to continue to build our service offering, along with increasing the international brand awareness of the business which Nakama possesses.

The business continues to be well positioned to increase its sales activity with little further increase in infrastructure costs. With the increase in business requirements being received from our clients, we believe that we will see the benefits of this activity in the coming financial year.

Our focus is clearly set on continuing to increase our contractor base, to support this we have recruited additional staff into the resource and sales teams. We provide in-house training and mentoring which is measured against regularly set objectives with all staff. We have achieved new agreements with a number of very good quality clients which relies upon the skills of our business development team and the client support services staff.
We are actively looking to service our clients over the range of vertical niches covered by the new Nakama Group.

The increased confidence in our sector contributes to the Board's belief that we are in an excellent position for the future growth of our company. The Group's management team and office infrastructure contain capacity to increase the size of the business several times.

Key Financial Risks of the Group
Details of the Group's financial instruments are given in note 20 to the financial statements.

Key Business Risks of the Group
Staff
Nakama has an excellent record of staff retention in the recruitment market. In a service company such as Nakama, it is essential that high quality staff are recruited and then retained (through appropriate incentives, focused training and a challenging but supportive environment) if client relationships are to be maintained and new customers won.

Report of the Directors continued

Office Locations

Nakama has offices in the UK (2), Hong Kong and Australia (2), and it is essential we consider each location and the operations management of these offices. We have a long standing relationship with the directors/managers of these offices and are confident that we can trust in the ability of our team to be aligned with the Group's ambition.

Clients

Clients may choose not to continue to use Nakama's services if our service fails to meet the required standards. We are committed to ensuring that the delivery of high standards and to retain our excellent relationships with them. We may lose a client's business if that client is acquired by a competitor. Importantly, longevity of service of many Nakama's staff helps provide clients with continuity of service with someone who has a detailed knowledge of their needs; a big factor in helping retain clients. Since the acquisition we believe that we can also supply our specialist services to our clients based internationally using our specialist market knowledge.

Competition

There are many competing recruitment organisations and RPO's (recruitment process outsourcing) companies. It is very important that Nakama maintains and enhances its niche market approach in order to continue to differentiate itself from most other such organisations.

Given that the permanent and contract applicants have many recruitment organisations from which to choose, the risk is that they may choose not to register with Nakama. Nakama's staff work hard to be knowledgeable about their niche business and technical areas. By developing a network of clients, contractors and applicants relevant to that niche, Nakama's staff are better positioned to attract and help talented contractors and applicants than more generalist agencies might be. Nakama's database of such applicants and contractors continues to be an excellent source for the business and processes are continually updated to ensure continuity. We also believe that the acquisition gives Nakama the opportunity to increase its breadth of niche markets across the recruitment sector.

Directors

The biographies of the current directors of the Group are set out on pages 4-5. The directors that served during the year were:

E K Ford	Non Executive Chairman
S O Ciecierski	Chief Executive Officer
JE Higham	Non Executive Director and Deputy Chairman
KA Sayers	Chief Operating Officer
M de Lacy	Managing Director Highams
RJ Sheffield	Managing Director Nakama Asia and Australasia
PJ Goodship	Managing Director Nakama London

Substantial shareholders

As at 30 March 2012, the following substantial shareholdings have been notified to the Company:

	Number of shares	% of issued share capital
EK Ford	13,802,857	11.32
S O Ciecierski	13,006,137	11.04
RJ Sheffield	13,006,137	11.04
PJ Goodship	13,006,137	11.04
MJ Gray	10,304,286	8.75
D &G Hart	9,787,719	8.31
JE Higham	9,269,078	7.60

Share option schemes

Information regarding the Company's share option schemes is given in note 22 to the financial statements.

Supplier payment policy
The Group's policy is to pay its contractors by direct credit within seven days of receipt of correct invoices.
The Group's policy with regard to other suppliers is to settle amounts due in accordance with the terms of payment agreed when agreeing the terms of each transaction. The trade and other payables days figure at 31 March 2012 was 42 (2011: 35).

Liability insurance for Company Officers
The Company has maintained insurance cover for the directors against liability arising from negligence, default, breach of duty and breach of trust in relation to the Company.

Auditors
So far as the directors who were in office at the time that this Directors' report was approved are aware, there is no relevant audit information of which the auditors are unaware. Each such director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

A resolution to reappoint BDO LLP as auditors will be proposed at the Annual General Meeting.

This report was approved by the Board of Directors on 6 August 2012.

KA Sayers
Company Secretary

Statement of Directors’ responsibilities

Directors' responsibilities for the financial statements

Directors’ responsibilities
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and company and of the profit or loss of the Group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company’s transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication
The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Groups’ website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Corporate governance

The Board is committed to high standards of corporate governance so that the Company's management procedures are transparent and clearly understood by those who work within the Company, and by those who invest in it.

The Board
The aim of the Board is to function at the head of the Company's management structures, leading and controlling its activities and setting a strategy for enhancing shareholder value. Regular strategy meetings are held to review the Group's forward planning - vital in a rapidly changing market and technology environment.

The Board currently consists of three executive directors and two non-executive directors. The Company does not have a Nomination Committee as such; the Board collectively undertakes the functions of such a committee.

The Chairman and the Chief Executive Officer
These tasks are carried out by different individuals. They have a clear understanding as to the split of responsibilities between them, and they meet regularly on a one-to-one basis so that each is aware of the ideas and actions of the other.

Internal control
The Board has overall responsibility for ensuring that the Group maintains systems and internal financial controls that provide them with reasonable assurance regarding the financial information both for use within the business and for external publication, and that the assets are safeguarded.

An ongoing process has been established for identifying, evaluating and managing the principal risks faced by the Group. The process has been in place for the full year under review and up to the date of approval of the annual report and financial statements. The Board regularly reviews the process.

Audit committee
The Board collectively undertakes the functions of the Audit Committee which is chaired by John Higham.

The terms of reference for the Audit Committee are to assist the Board in the discharge of its responsibilities for corporate governance, financial reporting and internal control. Its duties include maintaining an appropriate relationship with the Company's auditors, keeping under review the scope and results of the audit and its effectiveness.

The Audit Committee has sole responsibility for assessing the independence of the external auditors, BDO LLP. The committee has had due regard to the document published in May 2003 by the Institute of Chartered Accountants in England and Wales (ICAEW) "Reviewing Auditors Independence: guidance for audit committee". Each year the committee undertakes to seek reassurance that the external auditors are independent.

Remuneration committee
This committee (Remcom), which meets at least twice a year, is chaired by Ken Ford; the Board collectively undertakes the function of Remcom. The Board has adopted a set of operational rules for Remcom which will be available for inspection at the AGM.

The Directors' Remuneration Report is on page 12.

Going concern
After making appropriate enquiries, the directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Directors’ remuneration report

This report sets out the remuneration policies for the Group's executive directors. It should be read in conjunction with details of directors' remuneration in note 7 which forms part of the audited financial statements. The members of the remuneration committee are identified on page 11.

The members of the remuneration committee are independent of conflicts of interest arising from day to day running of the business. The remuneration committee makes recommendations to the Board.

Remuneration policies
The remuneration committee recommends to the Board a framework for executive remuneration. The remuneration committee determines specific packages for each executive director including pension rights and compensation payments.

The general philosophy underlying the Group's remuneration policy for executive directors is the same as that applied to all senior employees in order to encourage excellence. The basic components of remuneration are: salary and benefits, cash bonuses, share schemes and pensions.

Salary and benefits
The remuneration committee studies independent reports and market trends in considering the level of salary and benefits. It also takes into account experience, responsibility and performance.

Bonuses
Bonuses may be awarded at the remuneration committee's discretion depending on Group performance and profits within the relevant business area.

Share schemes
Details of all Company share schemes appear in note 22 to the financial statements.

Mark de Lacy and Kerri Sayers were granted options on 2,070,530 each shares exercisable at 1.25p per share pursuant to the Highams EMI Share Option Scheme. The vesting of 50% (2,070,550) of these options was contingent on the following condition; the gross profit of the Group for the year ended 31 March 2011 exceeds the gross profit for the year ended 31 March 2009 by 10% The balance of the options are exercisable following the approval of the audited consolidated accounts of the Company for the financial year ending 31 March 2011. 50% of these options have now lapsed as the condition of increased gross profit was not met for the year. The options were granted by Remcom on 21 November 2008; the share price was 1.25p.

Mark de Lacy and Kerri Sayers were granted options on 690,184 each shares exercisable at 2.75p per share pursuant to the Highams EMI Share Option Scheme. These options are exercisable following the approval of the audited consolidated accounts for the financial year ending 31 March 2012 and were granted by the remuneration committee on 7 September 2010; the share price was 2.75p.

Mark de Lacy and Kerri Sayers were also granted options on 345,100 each shares exercisable at 3.00p per share pursuant to the Highams EMI Share Option Scheme. These options are exercisable following the approval of the audited consolidated accounts for the financial year ending 31 March 2013 and were granted by the remuneration committee on 7 July 2011; the share price was 3.00p.

Pensions
The Group operates a defined contribution pension scheme, the contributions to which are set out in note 8 to the financial statements.

Service contract of the executive directors
Stefan Ciecierski, Mark de Lacy and Kerri Sayers have service agreements terminable by the Company or by the executives of not less than six months notice.

Non-executive directors
Non-executive directors receive an annual fee in respect of their duties. The fees are reviewed annually and are set by the Board. Their contracts are immediately terminable.

KA Sayers
Company Secretary

Independent auditor's report

To the members of Nakama Group plc

We have audited the financial statements of Nakama Group plc for the year ended 31 March 2012 which comprise the Consolidated Income Statement, the Consolidated Statement of Recognised Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flow and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2012 and of the group's loss for the period 31 March 2012 then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditor’s report continued

To the members of Nakama Group plc

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors’ remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

James Roberts (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick
United Kingdom
6 August 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated income statement

For the year ended 31 March 2012

	Note	2012 £'000	2011 £'000
Revenue	4	**13,298**	9,020
Cost of sales		**(10,555)**	(7,390)
Gross profit		**2,743**	1,630
Administrative expenses			
Administrative costs excluding exceptional items		**(2,591)**	(1,317)
Exceptional items	12	**(237)**	-
Total administrative expenses		**(2,828)**	(1,317)
Operating (loss)/profit	8	**(85)**	313
Finance costs	5	**(95)**	(10)
(Loss)/profit before tax		**(180)**	303
Tax credit	9	**-**	200
(Loss)/profit for the period attributable to equity shareholders		**(180)**	503
(Loss)/profit per share			
Basic (loss)/profit per share from continuing operations	10	**(0.20p)**	0.73p
Diluted (loss)/profit per share from continuing operations	10	**(0.20p)**	0.71p

All of the above relate to continuing operations.

Consolidated statement of comprehensive income

For the year ended 31 March 2012

	2012 £'000	2012 £'000
(Loss)/profit for the period	**(180)**	503
Total comprehensive income for the period attributable to equity shareholders	**(180)**	503

Consolidated balance sheet

At 31 March 2012
Company number 1700310

	Note	2012 £'000	2010 £'000
Assets			
Non-current assets			
Intangible assets	11	**1,297**	–
Property, plant and equipment	13	**39**	5
Deferred tax asset	18	**301**	301
Total		**1,637**	306
Current assets			
Trade and other receivables	14	**3,146**	1,592
Cash and cash equivalents		**279**	176
Total		**3,425**	1,768
Total assets		**5,062**	2,074
Current Liabilities			
Trade and other payables	15	**(2,035)**	(1,273)
Borrowings	16	**(1,058)**	-
Total		**(3,093)**	(1,273)
Net Assets		**1,969**	801
Equity			
Share capital	21	**1,602**	1,597
Share premium account		**2,580**	1,239
Merger reserve		**90**	90
Employee share benefit trust reserve		**(61)**	(61)
Currency reserve		**4**	4
Retained earnings		**(2,246)**	(2,068)
Total Equity		**1,969**	801

The financial statements were approved and authorised for issue by the Board of directors on 6 August 2012.

K A Sayers, Director

J E Higham, Director

Consolidated statement of changes in equity

As at 31 March 2012

	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 2010	1,597	1,239	90	(61)	4	(2,573)	296
Share based payment credit	–	–	–	–	–	2	2
Profit for the year	–	–	–	–	–	503	503
At 1 April 2011	1,597	1,239	90	(61)	4	(2,068)	801
Issue of New Shares	5	1,341	–	–	–	–	1,346
Share based payment credit	–	–	–	–	–	2	2
Loss for the year	–	–	–	–	–	(180)	(180)
At 31 March 2012	**1,602**	**2,580**	**90**	**(61)**	**4**	**(2,246)**	**1,969**

Consolidated statement of cash flows

For the year ended 31 March 2012

	Note	2012 £'000	200 £'000
Operating activities			
(Loss)/profit for the year before tax		**(180)**	303
Depreciation of property, plant and equipment	13	**9**	8
Amortisation of intangible assets	11	**71**	-
Net finance costs		**95**	10
Changes in trade and other receivables		**(893)**	(301)
Change in trade and other payables		**(16)**	(399)
Net cash generated by operating activities		**(914)**	419
Cash flows from investing activities			
Acquisition of subsidiary cash	11a	**52**	–
Purchase of property, plant and equipment		**–**	(6)
Net cash generated by investing activities		**(52)**	(6)
Financing activities			
Increase/(decrease) in borrowings		**1,058**	(231)
Finance cost paid		**(95)**	(10)
Net cash from financing activities		**963**	(241)
Net changes in cash and cash equivalents		**101**	172
Cash and cash equivalents, beginning of year		**176**	4
Exchange losses, cash and cash equivalent		**2**	–
Cash and cash equivalents, end of year		**279**	176

Notes to the financial statements

For the year ended 31 March 2012

1. Nature of operations and general information

Nakama Group includes Nakama; a global recruitment consultancy for the digital technology and interactive media industry and also Highams; a technology and business information recruitment consultancy for the insurance and investment management industry.

Nakama Group plc, a limited liability company, is the Group's ultimate parent company. It is registered in England and Wales. The address of Nakama Group plc's registered office, which is also its principal place of business, is Quadrant House, 33/45 Croydon Road, Caterham, Surrey CR3 6PB. The details of subsidiary undertakings are listed in Note 6 to the Company Financial Statements.

Nakama Group plc's shares are listed on the London Stock Exchange's Alternative Investment Market (AIM). Nakama Group plc's consolidated full year financial statements are presented in British pounds (£), which is also the functional currency of the ultimate parent company.

2. Accounting policies

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The financial statements have been prepared under the historical cost convention. The principal accounting policies of the group are set out below.

The accounting policies that have been applied in the opening balance sheet have also been applied throughout all periods presented in these financial statements.

The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

Going concern

The financial statements have been prepared on a going concern basis. As at 31 March 2012 the group had net assets of £1,969,000. It incurred a loss for the year of £180,000.

In considering the appropriateness of the going concern assumption the directors have taken into consideration:

1. Monthly operating and cash flow forecasts; and

2. Facilities available to the Group;

The Group has funding arrangements with its principal bankers, linked to receivables, which expired in March 2011. The directors have been able to renew these facilities on a revolving basis and on similar terms. The Group has also secured similar funding arrangements for Nakama Limited again with its principle bankers. The Group has secured funding separately for Australia.

The directors are therefore confident that the Group will be able to continue as a going concern. No adjustments have been made to the carrying values of both assets and liabilities that would be required were the going concern assumption inappropriate.

Basis of consolidation

The Group financial statements consolidate those of the company and all of its subsidiary undertakings drawn up to 31 March 2012. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Business combinations
Business combinations of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

The Group has elected not to apply IFRS 3 Business Combinations retrospectively to business combinations prior to 1 April 2006.

Accordingly the classification of the combination (acquisition, reverse acquisition or merger) remains unchanged from that used under UK GAAP. The carrying amount of capitalised goodwill at 31 March 2006 that arose on business combinations accounted for using the acquisition method under UK GAAP was frozen at this amount.

Revenue
Revenue represents amounts receivable for services provided during the accounting period net of trade discounts and value added tax. Revenue in respect of contract placements is recognised in the period in which the contractor undertakes the work. Revenue in respect of permanent placements is recognised in the period in which a placement commences work.

Goodwill
Goodwill represents any excess of the cost of a business combination over the fair value of the identifiable assets and liabilities acquired for acquisitions after 31 March 2006, together with goodwill recognised on transition to IFRS on 1 April 2006.

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses.

Other intangible assets
Computer software included at cost is amortised on a straight line basis over its useful economic life of two years. Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see note 3 related to critical estimates and judgements below). Identified intangible assets comprise of customer relationships and candidate database, which are amortised over a six and five-year period, respectively.

Property, plant and equipment
Property, plant and equipment are stated at cost net of accumulated depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of property, plant and equipment over their estimated useful lives at the following rates:

Leasehold improvements	- over remaining period of lease on a straight-line basis
Computer equipment	- 50% per annum on a straight-line basis
Furniture, fittings and office equipment	- 25% per annum on a straight-line basis
Motor vehicles	- 25% per annum on a reducing balance basis

Impairment testing of goodwill, other intangible assets and property, plant and equipment
Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually on 31 March. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount the asset is written down immediately to its recoverable amount.

Notes to the financial statements continued

For the year ended 31 March 2012

2. Accounting policies continued

Leased assets

Rentals under operating leases are charged to the income statement on a straight-line basis over the lease term. All of the Group's current leases are operating leases.

Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs to its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries and jointly controlled entities where the group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax assets are recognised in the balance sheet only where it is probable that taxable profit will be available against which the difference can be utilised.

Deferred taxation is measured at the tax rates that are expected to apply in the periods in which the asset is realised or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rate of exchange at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the income statement.

On consolidation the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at rates of exchange ruling on the balance sheet date. Exchange differences arising from this policy are recognised directly in the currency reserve.

The Group has taken advantage of the exemption in IFRS 1 and has deemed cumulative translation differences for all foreign operations to be nil at the date of transition to IFRS. The gain or loss on disposal of these operations excludes translation differences that arose before the date of transition to IFRS and includes later translation differences.

Pension costs

The Group operates a defined contribution pension scheme. The pension cost expensed to the income statement represents contributions payable by the Group to the pension scheme in the period.

Financial assets

All of the Group's financial assets are categorised as loans and receivables.

The Group's financial assets comprise trade receivables, other receivables, cash and cash equivalents. Trade and other receivables are measured initially at fair value and subsequently at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired.

Financial liabilities
Financial liabilities are obligations to pay cash or other financial assets and are recognised when the group becomes a party to the contractual provisions of the instrument. The Group's financial liabilities comprise trade payables, other payables, and an interest bearing confidential invoice discounting facility. All financial liabilities are measured initially at fair value and subsequently at amortised cost.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand. Bank overdrafts are included within current liabilities.

Employee share benefit trust
The cost of the company's shares held by the employee share benefit trust is deducted from equity in the consolidated balance sheet. Any gain or loss received by the employee share benefit trust on disposal of the shares it holds is also recognised directly in equity. Other assets and liabilities of the employee share benefit trust, (including borrowings) are recognised as assets and liabilities of the group. Any shares held by the employee share benefit trust are treated as cancelled for the purposes of calculating earnings per share.

Share-based payments
Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

Equity
Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares.
- "Merger reserve" represents the difference between the value of shares and the nominal value in accordance with the requirements of Merger Relief under the Companies Act.
- "Employee share benefit trust reserve" represents the cost of the company's shares held by the employee share benefit trust.
- "Currency reserve" represents the differences arising from translation of investments in overseas subsidiaries.
- "Retained earnings" represents retained profits less accumulated losses.

New standards, interpretations and amendments effective from April 2011
The new standards, interpretations and amendments, effective from 1 April 2011 have not had a material effect to the financial statements.

Standards and interpretations to Existing Standards that are not yet effective and have not yet been adopted by the Group.
The amendments and interpretation to published standards that have an effective date after 1 April 2011 or later periods have not been adopted early by the Group and are not expected to materially affect the Group when they do come into effect.

Notes to the financial statements continued

For the year ended 31 March 2012

3. Critical accounting judgements and estimates

In preparing the financial statements it is necessary for the directors to make estimates and judgements about the future. The key assumption made by the directors in the preparation of the financial statements this year concerns the consideration of an additional deferred tax asset. The Group has again made profits before exceptional items, depreciation and amortisation and is able to relieve some of its losses in determining its current tax payable for the year, which is why it is anticipated there will be no current tax liability. Furthermore, because the directors are confident of continued profitability it is still considered appropriate to recognise a deferred tax asset for the future relief of the Group's remaining losses, with the amount recognised based on formalised budgets. However, the actual amount of losses that will be relieved in future will be driven by the Group's actual profitability (including periods beyond those for which formal budgets are prepared) and therefore the amount of the deferred tax asset recognised this year may be greater or smaller than the actual benefit accruing to the Group. Details of the Group's provided and un-provided deferred tax position are shown in note 9 and 18.

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary.

The fair values of customer relationships is determined by the net present value of the future cash flows contracted as at the date of acquisition and estimated by management to be generated by the group’s key clients taking into account the historic customer churn rate. In arriving at the future cash flows the relevant operating and working capital costs associated with the revenue stream are taken into account. The fair value of the database acquired as part of a business combination has been determined by management’s reasonable estimation of the value in use to the business.

4. Operating Segments

Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

There is only one operating segment being the provision of contract and permanent recruitment services.

The Group also makes sales to Europe, Asia and Australasia. An analysis of sales revenue by geographical market is given below:

	Revenue by destination	
	2012 £’000	2011 £’000
United Kingdom	**9,473**	6,394
Europe	**2,171**	2,626
Asia and Australasia	**1,654**	-
	13,298	9,020

Transactions with the Group’s largest customer equates to 16 per cent of the Group’s revenue, (2011: 29 per cent).

5. Finance costs

Finance costs

	2012 £’000	2011 £’000
Invoice discounting facility	**95**	10
Other	**1**	–
	96	10

6. Employees' remuneration

(a) Staff costs

Staff costs, including executive directors, during the year were as follows:

	2012 £'000	2011 £'000
Wages and salaries	**1,472**	673
Social security costs	**131**	73
Other pension costs	**17**	15
Share based payment expense	**4**	2
	1,624	763

(b) Staff numbers

The average number of persons employed during the year were as follows:

	2012 Number	2011 Number
Sales	**24**	14
Finance and administration	**4**	3
Management	**7**	4
	35	21

7. Directors' remuneration

Aggregate remuneration

The total amounts for Executive Directors' remuneration of the Group and other benefits were as follows:

	2012 £'000	2011 £'000
Emoluments	**277**	183
Money purchase pension contributions	**16**	14
	293	197

Notes to the financial statements continued

For the year ended 31 March 2012

7. Directors' remuneration continued

(a) Directors' Remuneration

	Fees/basic salary 2012 £'000	Taxable benefits 2012 £'000	Total emoluments 2012 £'000	Money purchase pension contributions 2012 £'000	Total 2012 £'000
S Ciecierski from 14 October 2011	**47**	**2**	**49**	**–**	**49**
M de Lacy	**106**	**7**	**113**	**8**	**121**
K Sayers	**80**	**8**	**88**	**8**	**96**
Non-executive					
J Higham	**12**	**–**	**12**	**–**	**12**
K Ford	**15**	**–**	**15**	**–**	**15**
Aggregate emoluments	**260**	**17**	**277**	**16**	**293**

	Fees/basic salary 2011 £'000	Taxable benefits 2011 £'000	Total emoluments 2011 £'000	Money purchase pension contributions 2011 £'000	Total 2011 £'000
M de Lacy	86	3	89	8	97
K Sayers	64	6	70	6	76
Non-executive					
J Higham	12	–	12	–	12
K Ford	12	–	12	–	12
Aggregate emoluments	**174**	**9**	**183**	**14**	**197**

Total emoluments for key management personnel, including directors of the company listed on page 6, was £389,000 (2011: £197,000).

The highest paid director was Mark de Lacy (2011: Mark de Lacy).

All executive directors are employed under a service agreement which can be terminated at any time by either the director or the company giving six months' prior notice. The services of K Ford and JE Higham are secured by letters of appointment, and these appointments can be terminated by the Company in general meeting at any time.

(b) Directors' pension entitlements

During the year, two directors were members of money purchase pension schemes (2011:two). Contributions paid by the Company in respect of such directors are shown in part (a) of this note.

(c) Directors' Share options and interests

Details of directors' share options and interests are shown in the directors' report on pages (7 to 9).

8. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging:

	2012 £'000	2011 £'000
The analysis of auditor's remuneration is as follows:		
Audit fees payable to the Company's auditor for the audit of:		
Company annual accounts	**6**	6
Group annual accounts	**9**	11
	15	17
Other fees payable to the Company's auditors:		
Subsidiary companies	**24**	8
Tax compliance	**9**	3
Services relating to corporate finance transactions	**42**	–
	90	28
Amortisation of intangibles	**71**	–
Depreciation of property, plant and machinery	**9**	8
Foreign exchange loss	**5**	22
Operating lease rentals:		
Property	**26**	26
Plant and equipment	**16**	8

9. Income tax expense

	2012 £'000	2011 £'000
Comprising:		
Current tax charge/(credit) for period	**–**	–
Deferred tax asset	**–**	(200)
	–	(200)

The relationship between the expected tax expense based on the effective tax rate of the Group at 28% (2011: 28%) and the tax expense actually recognised in the income statement can be reconciled as follows:

	2012 £'000	2011 £'000
Result for the year before taxation	**(180)**	303
Expected tax expense	**(47)**	85
Expenses not deductible for tax purposes	19	2
Differences between capital allowances and depreciation	**–**	1
Income not subject to UK tax	**15**	–
Utilisation of tax losses	**(137)**	–
Losses carried forward	**(150)**	11
Recognition of deferred tax asset not previously recognised	**–**	(299)
Total income tax credit	**–**	(200)

Please refer to note 18 for information on the entity's deferred tax assets and liabilities.

Notes to the financial statements continued

For the year ended 31 March 2012

10. (Loss)/profit per share

	2012			2011		
	Loss £'000	**Weighted average number of shares '000**	**Loss per share p**	Profit £'000	Weighted average number of shares '000	Profit per share p
Basic (loss)/profit per share	**(180)**	**91,350**	**(0.20)**	503	68,834	0.73
Diluted loss per share	**(180)**	**91,350**	**(0.20)**	503	69,867	0.71

The weighted average number of shares excludes 4,325,071 (2011: 3,634,781) shares held by the Employee Share Benefit Trust and share options granted.

11. Intangible assets

The amounts recognised in the balance sheet relate to the following:

	Software £'000	Goodwill £'000	Customer Relationships £'000	Database £'000	Total £'000
Software					
At 1 April 2011	80	–	–	–	80
Additions	–		–	–	–
Additions acquired through business combinations	7	487	647	227	1,368
At 31 March 2011	87	487	647	227	1,448
Amortisation/impairment:					
At 1 April 2011	80	–	–	–	80
Charge for the year at 31 March 2011	1	–	50	20	71
	81	–	50	20	151
Net book value 31 March 2012	**6**	**487**	**597**	**207**	**1,297**

11(a) Acquisition of Nakama

On 14th October 2011 the Group acquired Nakama Limited for a consideration of £1.35 million. Nakama contributed £4,042,548 to revenue and £40,506 to profit before tax for the period between the date of acquisition and the year end.

The carrying value and the fair value of the net assets at the date of acquisition were as follows:

	Carrying Value £'000	**Recognised on acquisition £'000**
Intangible Assets	5,420	**879,820**
Property, plant & equipment	42,663	**42,663**
Trade and Other Receivables	663,991	**663,991**
Cash and cash equivalents	52,480	**52,480**
Intercompany accounts (net)	(25,072)	**(25,072)**
Trade and other payables	(755,002)	**(755,002)**
Deferred tax liability	**–**	**–**
Net Assets Acquired		**858,880**
Goodwill arising on acquisition		**487,255**

Identified intangible assets comprise of customer relationships and candidate database, which are amortised over a six and five-year period, respectively. Goodwill is attributable to a portion of acquisition synergies and assembled workforce, which does not qualify for separate recognition.

11(b) Goodwill

The Goodwill arose on the acquisition of Nakama in October 2011. The business forms part of the Group with effect from the date of acquisition.

The carrying amount of goodwill is summarised below

	Goodwill on consolidation £'000
As at 31 March 2011	–
Additions at 14 October 2011	487
As at 31 March 2012	**487**

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually on 31 March. The recoverable amount of goodwill has been determined from value in use calculations based on cash flow projections from formally approved 2013 budgets and projections covering the years to 31 March 2014.
The discount rate which was applied was 21 per cent., the estimated weighted average cost of capital. Operating margins have been based on past experience and future expectations in the light of anticipated economic and market conditions and overheads, mainly salaries, are expected to increase in line with inflation.

12. Exceptional Items

Exceptional Items	**2012 £'000**	2011 £'000
Acquisition costs	**237**	–
	237	–

Acquisition costs are in connection with the professional fees for the acquiring of Nakama on the 14th October 2011.

13. Property, plant and equipment

	Improvements to property £'000	Computer equipment £'000	Furniture fittings and office equipment £'000	Motor vehicles £'000	Total £'000
Cost:					
At 1 April 2011	75	96	62	–	233
Additions	–	–	–	–	
Acquisition of Subsidiary	–	40	2	–	42
Disposals	–	–	–	–	–
At 31 March 2012	**75**	**136**	**64**	**–**	**275**
Depreciation:					
At 1 April 2011	75	90	62	–	227
Charge for the year	–	7	2	–	9
Disposals	–	–	–	–	–
At 31 March 2012	**75**	**97**	**64**	**–**	**236**
Net book value 31 March 2012	**–**	**39**	**0**	**–**	**39**

Notes to the financial statements continued

For the year ended 31 March 2012

13. Property, plant and equipment continued

	Improvements to property £'000	Computer equipment £'000	Furniture fittings and office equipment £'000	Motor vehicles £'000	Total £'000
Cost:					
At 1 April 2010	75	89	61	–	225
Additions	–	6	–	–	6
Disposals	–	–	–	–	–
At 31 March 2011	75	95	61	–	231
Depreciation:					
At 1 April 2010	75	82	61	–	218
Charge for the year	–	8	–	–	8
Disposals	–	–	–	–	–
At 31 March 2010	75	90	61	–	226
Net book value 31 March 2011	–	5	–	–	5
Net book value 31 March 2010	**–**	**7**	**–**	**–**	**7**

14. Trade and other receivables

	2012 £'000	2011 £'000
Trade receivables	**2,996**	1,509
Other receivables	**26**	11
Prepayments and accruals income	**124**	72
	3,146	1,592

All amounts are short-term. The carrying value of trade receivables is considered a reasonable approximation of fair value. All of the receivables have been reviewed for indicators of impairment and no provision (2011: £nil) has been considered necessary.

Some of the unimpaired trade receivables are past due as at the reporting date. The age of trade receivables past due but not impaired is as follows:

	2012 £'000	2011 £'000
More than one month but not more than 3 months	**1,277**	499
More than 3 months but not more than 6 months	**324**	8
More than 6 months but not more than 1 year	**18**	–
More than one year	**–**	–
	1,619	507

15. Trade and other payables

	2012 £'000	2011 £'000
Trade payables	**1,249**	781
Other taxes and social security costs	**316**	168
Other payables	**200**	185
Accruals and deferred income	**270**	139
	2,036	1,273

All amounts are short-term. The carrying values are considered to be a reasonable approximation of fair value.

The contractual maturity of trade payables is as follows:

	2012 £'000	2011 £'000
0 to 30 days	**1,064**	738
31 to 60 days	**101**	38
61 to 120 days	**85**	5
	1,250	781

All other financial liabilities including borrowings are repayable on demand.

16. Borrowings

	2012 £'000	2011 £'000
Current liabilities		
Bank overdrafts	**–**	–
Invoice discounting	**1,058**	–
	1,058	–

The Group has confidential invoice discounting facilities of £2,000,000 (2011: £2,000,000). The facility is Group cross guaranteed. The carrying values are to be considered to be a reasonable approximation of fair value.

17. Leases

Operating leases

The Group leases offices and equipment under non-cancellable operating leases. The total minimum lease payments under non-cancellable operating leases are as follows:

	2012		2011	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	**–**		–	–
After one year and less than five years	**165**	**115**	172	179
After five years	**–**	**–**	–	–
	165	**115**	172	179

Notes to the financial statements continued

For the year ended 31 March 2011

17. Leases continued

Lease payments recognised as an expense during the year amount to £41,759 (2011: £33,800). No sublease income is expected as all assets held under lease agreements are used exclusively by the Group.

The rental contract for the office building rented since July 2000 at Caterham has a lease which expired in March 2011. The lease has been renewed for a further 5 years, which includes a rent free period, reduced rent and with a break clause after year three.

Operating lease agreements do not contain any contingent rent clauses. None of the operating lease agreements contain renewal or purchase options or escalation clauses or any restrictions regarding further leasing.

18. Deferred tax

Deferred tax recognised in the financial statements is set out below.

	2012 £'000	2011 £'000
	301	301

In accordance with IAS 12 "Income Taxes", the deferred tax asset has been recognised to the extent that trade losses will be recoverable against profits in the foreseeable future.

The temporary differences for which the deferred tax asset has not been provided in the financial statements is set out below:

	2012 £	2011 £
Losses	**1,032,450**	855,602
Accelerated capital allowances	**162,183**	123,654
	1,194,633	979,256

19. Related party transactions and controlling related party

The Group's related parties comprise its Board of Directors. Details of the directors' remuneration are given in note 7. The Group has an outstanding loan owing to Stefan Ciecierski being brought forward from the acquisition of Nakama Group; the balance owed at 31 March 2012 was £36,035.

20. Financial risk management objectives and policies

Financial instruments

The Group uses various financial instruments; these include cash and cash equivalents, and various items such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The main risks arising from the company's financial instruments are interest rate risk, liquidity risk, credit risk and currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group finances its operations through a mixture of retained profit, bank borrowings and invoice discounting. The Group borrows in pounds sterling and euros through the invoice discounting facility.

Cash deposits are non-interest bearing unless placed on money markets at over night rates. The overdraft balances are offset against cash deposits in accordance with the facility and is managed such that no interest cost is incurred. The invoice discounting facilities are charged at 1.65% above the UK base rate. The Group is therefore exposed to changes in interest rates primarily through its invoice discounting facility. If the UK bank base rate increased by 1% finance cost would increase by £3,370 (2011: £5,712)

20. Financial risk management objectives and policies continued

Liquidity risk

The Group manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands including on a day-to-day and week-to-week basis, as well as on a monthly basis. As at 31 March 2012 all of the Group's financial liabilities are contractually due within 6 months of the balance sheet date. The majority of working capital is provided through the invoice discounting facility, additional draw down of these payments are directly related to the trade receivables. The Group's liquidity needs are assessed periodically.

Capital management policies and procedures

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders

by pricing its offerings commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the balance sheet. Capital for the reporting years under review is summarised as follows:

Although Nakama Group plc is not constrained by any externally imposed capital requirements, its goal is to maximise its capital to overall financing structure ratio.

The Group sets the amount of capital in proportion to its overall financing structure and manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	2012 £'000	2011 £'000
Capital		
Total equity	**1,969**	801
	1,969	801
Overall financing		
Total equity	**1,969**	801
Plus net borrowings	**1,058**	–
	3,027	801
Capital-to-overall financing ratio	**65%**	100%

Credit risk

The Group's principal financial assets are cash deposits and trade receivables. Risks associated with cash deposits are low as they are held at banks with high credit ratings assigned by international credit rating agencies.

The principal credit risk lies with trade receivables. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. The group has historically not suffered from significant bad debt problems. The Group's principal bankers are Lloyds TSB Commercial, the Group's invoice discounting facility is also held with Lloyds TSB Commercial Finance.

Notes to the financial statements continued

For the year ended 31 March 2012

20. Financial risk management objectives and policies continued

Currency risk

The Group trades within international markets. These transactions are generally priced and invoiced in Euros, Hong Kong Dollar and Australian Dollar.

The table below shows the Group's currency exposures. Such exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in its functional currency of the transactions concerned. The exposures which relate only to the sales ledger balance, purchase ledger balance and cash at bank were as follows:

	2012 £'000	2011 £'000
Euro	**179**	250
Hong Kong $	**101**	–
Australia $	**(5)**	–
	275	250

Subsidiaries trading in their own currency are at risk from translation differences on consolidation. The balance sheets are consolidated at the exchange rate at the period end and therefore, net assets of those subsidiaries are exposed to currency risk.

Summary of financial assets and liabilities by category

The carrying amounts of the Group's financial assets and liabilities as recognised at the balance sheet date of the years under review may also be categorised as follows:

	Cash, loans and receivables 2012 £'000	**Non financial assets 2012 £'000**	**Financial liabilities 2012 £'000**	**Non financial liabilities 2012 £'000**	**Total for balance sheet heading 2012 £'000**
Balance sheet headings					
Trade receivables	**2,996**	**–**	**–**	**–**	**2,996**
Cash at bank	**279**	**–**	**–**	**–**	**279**
Other receivables	**–**	**26**	**–**	**–**	**26**
Prepayments	**–**	**124**	**–**	**–**	**124**
Trade payables	**–**	**–**	**(1,249)**	**–**	**(1,249)**
Other taxes and social security costs	**–**	**–**	**–**	**(316)**	**(316)**
Other payables	**–**	**–**	**(200)**	**–**	**(200)**
Accruals	**–**	**–**	**(270)**	**–**	**(270)**
Borrowings	**–**	**–**	**(1,058)**	**–**	**(1,058)**
Total	**3,275**	**150**	**(2,777)**	**(316)**	**332**

	Cash, loans and receivables 2011 £'000	Non financial assets 2011 £'000	Financial liabilities 2011 £'000	Non financial liabilities 2011 £'000	Total for balance sheet heading 2011 £'000
Balance sheet headings					
Trade receivables	1,510	–	–	–	1,510
Cash at bank	176	–	–	–	176
Other receivables	10	–	–	–	10
Prepayments	–	72	–	–	72
Trade payables	–	–	(781)	–	(781)
Other taxes and social security costs	–	–	–	(168)	(168)
Other payables	–	–	(185)	–	(185)
Accruals	–	–	(139)	–	(139)
Borrowings	–	–	–	–	–
Total	1,696	72	(1,105)	(168)	495

The fair values of the financial assets and liabilities at 31 March 2012 and 31 March 2011 are not materially different from their book values.

21. Share capital

	At 31 March 2012 £'000	At 31 March 2011 £'000
Authorised		
42,921,300 Ordinary 5p shares		
5,554,741,568 Ordinary 5p shares subdivided to 0.01p	**555**	555
31,875,868 Deferred shares at 4.99p	**1,591**	1,591
48,773,016 new ordinary 0.01p shares issued	**5**	-
	2,151	2,146

	At 31 March 2012 £'000	At 31 March 2011 £'000
Allotted, called up and fully paid		
Ordinary 5p shares		
69,018,425 Ordinary 5p shares sub divided to 0.01p	**7**	7
31,875,568 Deferred shares at 4.99p	**1,590**	1,590
48,773,016 New shares issued	5	-
	1,602	1,597

	Number	Number
Movement in ordinary shares		
Total number of shares in issue	**117,791,441**	69,018,425
Deferred Shares		
Deferred shares of 4.99p	**31,875,568**	31,875,568

The Deferred Shares do not carry any voting rights and do not entitle the holders to receive any dividend or other distribution.

Notes to the financial statements continued

For the year ended 31 March 2012

22. Employee share schemes

(a) EMI option scheme
The EMI option scheme was amended with effect from 29 March 2007 in order to reflect legislative changes since the scheme's creation in 2000. Options over 4,141,060 ordinary shares were granted on 21 November 2008 at an exercise price of 1.25 pence per share. 50% of these options have since lapsed leaving 2,070,530 under option.

Options over 1,380,368 ordinary shares were granted on 7 September 2010 at an exercise price of 2.75p per share. Options over 690,200 ordinary shares were granted on 7 July 2011 at an exercise price of 3.00p per share.

The share based payment expenses for the period are shown in note 6 and is immaterial and therefore no further IFRS 2 disclosures are given.

(b) Employee Share Benefit Trust
An Employee Share Benefit Trust was established in November 1995 and its Trustees have the power to grant options to eligible employees over shares in the Company at the Trust's expense, and the Company's discretion, upon such terms as they think fit and to purchase such shares to be acquired by the eligible employees.

The Company did not make any contributions to the Trust during the year (2011: £nil). The Trust holds 183,953 shares in the Company, with a market value of £4,369 (2011: 183,953 shares at a market value of £4,369). These shares were purchased at a cost of £61,000.

No shares have been transferred to employees or were under option as at 31 March 2012. The Trust's only other asset at 31 March 2012 was cash at bank of £2,352 (2011: £2,368) which is included in the Group's balance sheet as part of cash and cash equivalents. The Trust had no liabilities.

All other options granted in prior years have lapsed and no other types of options were granted in the year.

Company balance sheet

At 31 March 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Intangible assets			
Tangible assets	5	**–**	–
Investments	6	**1,346**	–
		1,346	–
Current assets			
Debtors: amount due within one year	7	**80**	63
Debtors: amount due greater than one year	7	**1,164**	1,460
Cash at bank and in hand		**2**	11
		1,246	1,534
Creditors: amount falling due within one year	8	**(159)**	(141)
Net current assets		**1,087**	1,393
Total assets less current liabilities being net assets		**2,433**	1,393
Capital and reserves			
Called up share capital	9	**1,602**	1,597
Share premium account	10	**2,580**	1,239
Merger reserve	10	**297**	297
Employee share benefit trust reserve	10	**(61)**	(61)
Profit and loss account	10	**(1,985)**	(1,679)
Shareholders' funds		**2,433**	1,393

The financial statements were approved by the Board of Directors and authorised for issue on 6 August 2012.

KA Sayers, Director

J E Higham, Director

The accompanying notes on pages 38 to 41 are an integral part of these financial statements.

Notes to the company financial statements

For the year ended 31 March 2012

1. Principal accounting policies

Basis of preparation

The parent company financial statements are prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Leasehold improvements	- over period of lease
Computer equipment	- 50% on cost per annum
Furniture, fittings and office equipment	- 25% on cost per annum
Motor vehicles	- 25% on written down value per annum

Investments

Investments are stated at cost less provision for impairment.

Leased assets

Rentals payable under operating leases being leases which do not result in the transfer to the company of substantially all the risks and rewards of ownership of the assets, are charged to the profit and loss account on a straight line basis over the lease term.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except for deferred tax assets which are only recognised to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit and loss account over the remaining vesting period.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

2. Directors' remuneration

Directors' remuneration has been disclosed within the directors report and Note 7 of the group financial statements.

3. Auditors' remuneration

Auditors' remuneration attributable to the company is as follows:

	2012 £'000	2011 £'000
Audit fees – statutory audit	**6**	6

4. Loss for the financial year

The parent Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements and is reporting under UK GAAP. The loss for the financial year was £307,606 (2011: Loss of £53,422).

5. Tangible fixed assets

	Leasehold improvements £'000	Computer equipment £'000	Furniture, fittings and office equipment £'000	Total £'000
Cost:				
At 1 April 2011	75	70	52	197
Additions	–	–	–	–
Disposals	–	–	–	–
At 31 March 2012	**75**	**70**	**52**	**197**
Depreciation:				
At 1 April 2011	75	70	52	197
Provided in the year	–	–	–	–
Eliminated on disposals	–	–	–	–
At 31 March 2012	**75**	**70**	**52**	**197**
Net book amount:				
At 31 March 2012	–	–	–	–
At 31 March 2011	–	–	–	–

6. Investments

The amounts recognised in the Company's balance sheet relate to the following:

	£'000
Cost:	
At 1 April 2011	–
Acquisition of Subsidiary	1,346
At 31 March 2012	**1,346**

Please refer to note 11(a) On page 28 For the information on the acquisition of Nakama on 14th October 2011.

Notes to the company financial statements

For the year ended 31 March 2011

	Principal activity	Class of shares held
Subsidiaries		
Highams Recruitment Limited*	Recruitment	Ordinary
Highams Recruitment BV*,**	Dormant	Ordinary
RWP Recruitment Services Limited	Dormant	Ordinary
EquationHR Limited	Dormant	Ordinary
Highams Holding BV*	Holding company	Ordinary
Highams Share Scheme Trustee Limited*	Trustee of Employee benefit trust	Ordinary
Highams International Limited*	Dormant	Ordinary
Nakama Limited*	Recruitment	Ordinary
Nakama Hong Kong**	Recruitment	Ordinary
Nakama Sydney pty**	Recruitment	Ordinary
Nakama Melbourne pty**	Recruitment	Ordinary
Highams Recruitment Services (N.E.) Limited*	Dormant	Ordinary

All subsidiaries marked with a * are wholly owned by the Company
All subsidiaries marked with ** are incorporated outside the UK

7. Debtors

	2012 £'000	2011 £'000
Amounts due from subsidiary undertakings	**1,164**	1,460
Other debtors	**15**	11
Prepayments and accrued income	**65**	52
	1,244	1,523

The net balance of amounts due from subsidiary undertakings as shown above is repayable in more than one year.

8. Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Bank overdraft	**–**	–
Trade creditors	**50**	51
Other taxes and social security costs	**14**	6
Accruals and deferred income	**95**	81
Other creditors	**–**	3
	159	141

9. Reconciliation of movements in shareholders' funds

	Share capital £'000	Share premium £'000	Merger reserve £'000	Employee share benefit reserve £'000	Retained earnings £'000	Total equity £'000
At 1 April 2010	1,597	1,239	297	(61)	(1,628)	1,444
Share based payment credit	–	–	–	–	2	2
Loss for the year	–	–	–	–	(53)	(53)
At 1 April 2011	1,597	1,239	297	(61)	(1,679)	1,393
New shares issued	5	1,341	–	–	–	1,346
Share based payment credit	–	–	–	–	2	2
Loss for the year	–	–	–	–	(308)	(308)
At 31 March 2012	**1,602**	**2,580**	**297**	**(61)**	**(1,985)**	**2,433**

10. Financial commitments

	Land and buildings 2012 £'000	**Other 2012 £'000**	Land and buildings 2011 £'000	Other 2011 £'000
Annual Commitments under non-cancellable operating leases expiring:				
Within one year	**–**	**–**	–	–
Between 2 and 5 years	**26**	**60**	25	50
	26	**60**	25	50

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held at the offices of Seymour Pierce Limited, 20 Old Bailey, London, EC4M 7EN on Thursday 6 September 2012 at 11.00am for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the financial statements for the year ended 31 March 2012, together with the Reports of the Directors and of the Auditors thereon.
2. (a) To re-appoint BDO LLP as auditors to the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.

   (b) To authorise the Directors to determine the remuneration of the auditors of the Company.
3. To re-appoint as a Director Stefan Ciecierski, who retires under Article 72 of the Company's Articles of Association, in accordance with the said Article 72.
4. To re-elect as a Director John Higham who retires by rotation, in accordance with Article 76 of the Company's Articles of Association.

To transact any other ordinary business of the Company.

Special Business

As special business, to consider and if thought fit pass the following resolutions which will be proposed as to resolution 5 as an ordinary resolution and as to resolutions 6 and 7 as special resolutions:

5. THAT, subject to and in accordance with Article 6.2 of the Articles of Association of the Company, the board be and it is hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (in substitution for any existing authority to allot shares) to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £3,926 (being approximately one third of the current issued share capital) provided that such authority shall expire on the conclusion of the next annual general meeting of the Company after the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require such shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry, and the board may allot shares and grant rights to subscribe or convert securities into shares in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.
6. THAT, subject to the passing of resolution 5 as set out in the notice of this meeting, and in accordance with Article 6.2 of the Articles of Association of the Company, the board be empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of the said Act) for cash pursuant to the general authority conferred by resolution 5 as set out in the notice of this meeting as if section 561(1) of the said Act did not apply to such allotment, provided that this power shall be limited to allotments of equity securities:

   (i) in connection with or pursuant to an offer by way of rights, open offer or other pre-emptive offer to the holders of shares in the Company and other persons entitled to participate therein in proportion (as nearly as practicable) to their respective holdings, subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the regulations or requirements of any regulatory authority or any stock exchange in any territory;

   (ii) otherwise than pursuant to sub-paragraph (i) above, up to an aggregate nominal amount of £589.0

and such power shall expire on the conclusion of the next annual general meeting of the Company after the passing of this resolution save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry, and the board may allot equity securities in pursuance of such an offer or agreement as if the power conferred by this resolution had not expired.

7. THAT, the Company be generally and unconditionally authorised pursuant to section 701 of the Companies Act 2006, to make market purchases (as defined in section 693(4) of the Companies Act 2006) of up to 5,889,572 ordinary shares of £0.01 each in the capital of the Company (being approximately 5 per cent of the current issued ordinary share capital of the Company) on such terms and in such manner as the Directors of the Company may from time to time determine, provided that:

   (i) the amount paid for each share (exclusive of expenses) shall not be more than the higher of (1) five per cent above the average market value for the five business days before the date on which the contract for the purchase is made, and (2) an amount equal to the higher of the price of the last independent trade and current independent bid as derived from the trading venue where the purchase was carried out or less than £0.01 per share; and

   (ii) the authority herein contained shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2013 or the date falling not more than fifteen calendar months from the date of this resolution, whichever is earlier, provided that the Company may, before such expiry, make a contract to purchase its own shares which would or might be executed wholly or partly after such expiry, and the Company may make a purchase of its own shares in pursuance of such contract as if the authority hereby conferred hereby had not expired.

By Order of the Board
Kerri Sayers
Secretary

Dated: 6 August 2012

Registered Office:
Quadrant House
33/45 Croydon Road
Caterham
Surrey CR3 6PB

Notes:

8. Any member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (who need not be a member of the Company) to attend and to vote instead of the member. Completion and return of a form of proxy will not preclude a member from attending and voting at the meeting in person, should he subsequently decide to do so.

9. In order to be valid, any form of proxy and power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power or authority, must reach the Company's Registrars, Capita Registrars (Proxies), PXS, 34 Beckenham Road, Beckenham, BR3 4TU, not less than 48 hours before the time of the meeting or of any adjournment of the meeting.

10. The right of members to vote at the Annual General Meeting is determined by reference to the register of members. As permitted by Regulation 41 of the Uncertificated Securities Regulations 2001, shareholders (including those who hold shares in uncertificated form) must be entered on the Company's share register at 11:00 a.m. on 4 September 2012 in order to be entitled to attend and vote at the Annual General Meeting. Such shareholders may only cast votes in respect of shares held at such time. Changes to entries on the relevant register after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

11. Copies of the service contracts and letters of appointment of each of the Directors will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays and public holidays excluded) and at the place of the Annual General Meeting from at least 15 minutes prior to and until the conclusion of the Annual General Meeting.

Financial calendar

Last date and time for receipt of proxy for the Annual General Meeting	11.00 a.m. on 4 September 2012
Annual General Meeting	11.00 a.m. on 6 September 2012