



**Nakama Group plc (AIM: NAK)**

*("Nakama" or "the Group")*

*"The AIM quoted recruitment consultancy working across UK, Europe, Asia and Australia providing staff for the Web, Interactive, Digital media, IT and Business Change sectors announces its interim results for the six months ended 30 September 2016"*

**INTERIM RESULTS**

**Highlights**

- Loss before tax £63,000 (2015: profit £169,000).
- Net fee income (NFI) of £2.9 million (2015: £3.0 million).
- Contractor revenue increased by 4.3 per cent to £9.3 million (2015: £8.9 million).
- Revenue across the APAC region increased by 14.7 per cent.

**Rob Sheffield, CEO of Nakama, commented:**

*"The results are in line with our expectations for the first six months after a period of change and development."*

*"We see a stronger second half of the year from the Group as a whole this year compared to a softer second half last year. The outcome for the period reflects the Group's commitment to strengthen existing business lines whilst supporting new ones."*

*"We continue to recruit new heads into those markets where there is potential for NFI and profit growth. The Group strategy for growth in all regions is a key focus aligning all offices and enabling the business to grow globally."*

Enquiries:

**Nakama Group plc**

[www.nakamaglobal.com](http://www.nakamaglobal.com)

Rob Sheffield, CEO

Tel: 0061 498 127 326

Angus Watson, CFO

Tel: 01883 341 144

**WH Ireland Limited**

Paul Shackleton (NOMAD)

Tel: 0207 220 1666

David Kilbourn (Broking)

**Peckwater PR**

Tel: 07879 458 364

Tarquin Edwards

[tarquin.edwards@peckwaterpr.co.uk](mailto:tarquin.edwards@peckwaterpr.co.uk)

**NOTES TO EDITORS**

About Nakama Group plc

Nakama Group plc is a recruitment group of two branded solutions placing people into specialist and management positions;

- Nakama operates in the digital, creative, media, marketing and technology sectors all over the world from offices in the UK, Asia and Australia and North America.
- The Highams brand specialises in the Financial Services sector, specifically Business Change and IT in Insurance and Wealth Management currently in the UK and Europe.

Nakama Group plc was created in October 2011 through the acquisition of Nakama Ltd UK and its subsidiaries in Hong Kong, Sydney and Melbourne by AIM listed Highams Systems Services Group plc.

Since forming in 2011, the Group has opened offices in Singapore and New York for Digital, Creative, Media and Marketing.

Our aim is to offer all our services from both our brands in all our locations.

## **CHIEF EXECUTIVE OFFICER'S STATEMENT**

I present the unaudited results of Nakama Group plc for the first six months of the financial year. The first half year showed a small increase in revenue across the Group, but a loss before tax of £63,000 (2015: profit £169,000), reflecting the investments made both in the UK, the USA and to Group infrastructure in the latter part of the last financial year.

### **Financial results**

The Group revenue of £10.9 million (2015: £10.6 million) shows a small increase of 2 per cent for the period.

Segmental analysis shows that we have increased our revenue in the APAC region by £552,000 (14.7 per cent). UK revenues decreased slightly due to softer trading conditions.

Net Fee Income ("NFI") in the period for the Group was £2.9m (2015: £3.0m), which was a decrease of 4 per cent on last year. The first half of the financial year showed strong NFI performances in our Hong Kong and Sydney business units.

Administrative costs for the Group increased from £2.8m last year to £2.9m in the first half of this financial year driven by investment in infrastructure and systems.

### **Our markets**

Market conditions in the period became softer for our UK businesses, which has since been addressed by a refocusing on service lines within both UK entities and a strengthening of the management teams in both businesses. Elsewhere, our businesses in Hong Kong and Australia performed strongly. We have seen a softer market in Singapore and South East Asia within our core markets and the business has moved to address this.

We are in line with our internal budgets for the first six months after a period of change and development. We have reasonable expectations that the UK businesses will perform better in the second half of the year after a strengthening of the management teams. In APAC, we expect a similar performance to the first six months from our businesses in Hong Kong and Sydney and an improved performance from our Singapore business in the second half, with increased opportunities for growth in the medium and long term.

The current focus for the Group is to maximize the returns from our investment in all our businesses following on from the strategic review last September and to increase the productivity of the business.

We see a stronger second half of the year from the Group as a whole compared to a softer second half last year. The outcome for the period reflects the Group's commitment to extend its international footprint and to strengthen existing business lines whilst supporting new ones.

**Outlook**

We continue to recruit new heads into those markets where there is potential for NFI and profit growth. The Group strategy for growth in all regions is a key focus aligning all offices and enabling the business to grow globally.

**Rob Sheffield****Chief Executive Officer**

1 December 2016

**Consolidated statement of comprehensive income  
for the six months to 30 September 2016**

		6 Months to 30 Sep 2016 Unaudited	6 Months to 30 Sep 2015 Unaudited	12 Months to 31/3/2016 Audited
	Note	£'000	£'000	£'000
Total Revenue	3	10,864	10,649	21,043
Cost of sales		(7,968)	(7,636)	(15,304)
Net Fee Income		2,896	3,013	5,739
Administrative costs		(2,930)	(2,827)	(5,702)
Operating profit /(loss)		(34)	186	37
Finance costs		(29)	(17)	(37)
(Loss)/profit on ordinary activities before taxation	3	(63)	169	0
Tax expense/credit		0	(0)	(70)
(Loss)/profit for the period attributable to equity shareholders		(63)	169	(70)
Basic (loss)/profit per share		(0.05)	(0.14)p	(0.13)p
Diluted (loss)/profit per share		(0.05)	(0.13)p	(0.06)p

**Consolidated statement of recognised income and  
expense**

for the 6 months ended 31 September 2016

		6 Months to 30 Sep 2015	6 Months to 30 Sep 2015	12 Months to 30 Mar 2016
		£'000	£'000	£'000
(Loss)/Profit for the period		(63)	169	(70)
Exchange gains/(losses) arising on translation of foreign operations		(87)	10	(9)
<b>Total recognised income and expense for the period attributable to equity shareholders</b>		<b>(151)</b>	<b>179</b>	<b>(79)</b>

**Statement of changes in equity**  
**At 30 September 2016**

	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 2015	1,602	2,580	90	(61)	65	(2,401)	1,875
<b>Comprehensive income for the year</b>							
Income for the Year	-	-	-	-	-	(70)	(70)
Other Comprehensive Income	-	-	-	-	(9)	-	(9)
Total Comprehensive profit for the year	-	-	-	-	56	244	216
Share based payment credit	-	-	-	-	-	7	7
<b>At 1 April 2016</b>	1,602	2,580	90	(61)	56	(2,471)	1,796
Income for the year	-	-	-	-	-	(63)	(63)
Other comprehensive income	-	-	-	-	(87)	-	(97)
Total Comprehensive income for the year	<b>1,602</b>	<b>2,580</b>	<b>90</b>	<b>(61)</b>	(87)	(63)	(160)
Share based payment credit	-	-	-	-	-	-	-
<b>At 30 September 2016</b>	1,602	2,580	90	(61)	(31)	(2,534)	1,646

**Consolidated statement of financial position as at 30 September 2016**

	6 months to 30 Sep 2016 Unaudited	6 months to 30 Sep 2015 Unaudited	12 months to 31 March 2016 Audited
	£'000	£'000	£'000
<b>Assets</b>			
<b>Non-current Assets</b>			
Intangible assets	114	274	193
Property, plant and equipment	100	70	106
Investments	0	0	0
Goodwill	487	487	487
Deferred Tax asset	108	178	108
<b>Total</b>	<b>809</b>	<b>1,009</b>	<b>894</b>
<b>Current assets</b>			
Trade and other receivables	3,917	4,281	3,415
Cash and cash equivalents	383	498	582
<b>Total</b>	<b>4,300</b>	<b>4,779</b>	<b>3,997</b>
<b>Total assets</b>	<b>5,109</b>	<b>5,788</b>	<b>4,891</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	(2,170)	(2,137)	(1,848)
Borrowings	(1,293)	(1,597)	(1,247)
<b>Total</b>	<b>(3,463)</b>	<b>(3,734)</b>	<b>(3,095)</b>
<b>Net assets/(liabilities)</b>	<b>1,646</b>	<b>2,054</b>	<b>1,796</b>
<b>Equity</b>			
Ordinary shares	1,602	1,602	1,602
Share premium	2,580	2,580	2,580
Merger reserve	90	90	90
Employee share benefit trust reserve	(61)	(61)	(61)
Currency reserve	(31)	75	56
Retained earnings	(2,534)	(2,232)	(2,471)
<b>Total equity</b>	<b>1,646</b>	<b>2,054</b>	<b>1,796</b>

**Consolidated statement of cash flows  
to 30 September 2016**

	6 months to 31 Sep 2016 Unaudited £'000	6 Months to 30 Sep 2015 Unaudited £'000	12 months to 31 March 2016 Audited £'000
<b>Cash flows from operating activities</b>			
Profit before taxation	(63)	169	0
Depreciation of property, plant and equipment	16	27	51
Amortisation of intangible assets	79	88	169
Net finance costs	29	17	37
Tax paid	--	-	-
Changes in trade and other receivables	(503)	(767)	71
Change in trade and other payables	322	37	111
<b>Net cash generated in operating activities</b>	<b>(120)</b>	<b>(429)</b>	<b>439</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary cash	-	-	-
Purchase of property plant and equipment	(9)	(30)	(91)
Purchase of intangible assets	-	-	-
Proceeds from the sale of assets	-	-	-
<b>Net cash generated in investing activities</b>	<b>(9)</b>	<b>(30)</b>	<b>(91)</b>
<b>Financing activities</b>			
increase/(decrease) in borrowings	46	526	176
Finance cost paid	(29)	(17)	(37)
<b>Net cash from financing activities</b>	<b>17</b>	<b>509</b>	<b>139</b>
Net changes in cash and cash equivalents	(112)	51	487
Cash and cash equivalents, beginning of year	582	95	95
Exchange losses on cash and cash equivalent	(87)	8	-
<b>Cash and cash equivalents at end of period</b>	<b>383</b>	<b>154</b>	<b>582</b>

Cash and cash equivalents for the purposes of the Statement of cash flows comprise:

Cash and cash equivalents	383	498	582
Bank overdrafts	0	(344)	0
	<b>383</b>	<b>154</b>	<b>582</b>



## Notes to the Interim Report

### 1. Basis of Preparation

This unaudited consolidated interim financial information has been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements (“FRS100”) and Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”). The Group adopted IFRS 101 in the financial year to March 2016 having previously applied UK accounting standards. Other than the adoption of reduced disclosures there was no material effect of applying IFRS 101 for the first time. September 2016 is unreviewed and unaudited and does not constitute the Group's statutory financial statements for those periods. The comparative financial information for the full year ended 31 March 2016 has, however, been derived from the audited statutory financial statements for that period. A copy of those statutory financial statements has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2)-498(3) of the Companies Act 2006.

The financial information in the Interim Report is presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

### 2. Earnings per share

	6 months to 30 Sep 2016 Unaudited			6 months to 30 Sep 2015 Unaudited			12 Months to 31 March 2016 Audited		
	Loss <u>£'000</u>	Weighted average number of shares <u>'000</u>	Loss per share <u>p</u>	Profit <u>£'000</u>	Weighted average number of shares <u>'000</u>	Profit per share <u>p</u>	Loss <u>£'000</u>	Weighted average number of shares <u>'000</u>	Loss per share <u>p</u>
Basic earnings per share	(63)	117,791	(0.05)	169	117,791	0.14	(70)	117,791	(0.13)
Diluted earnings per share	(63)	126,469	(0.05)	169	126,469	0.13	(70)	126,571	(0.06)

### 3. Segmental Analysis

The Group has three main reportable segments based on the location revenue is derived from:  
Asia Pacific – This segment includes Australia, Hong Kong and Singapore.  
UK -The UK Segment includes candidates placed in the UK and Europe.  
USA –This consist of the New York operation opened late last year.

These segments are monitored by the board of directors.

#### Factors that management used to identify the Group's reportable segments

The Group's reportable segments are strategic business units that although supplying the same product offerings, operate in distinct markets and are therefore managed on a day to day basis by separate teams.

#### Measurement of operating segment profit or loss, assets and liabilities

The Group evaluates performance on the basis of profit or loss from operations before tax not including overhead costs incurred by the head office such as plc AIM related costs not recharged, exceptional items, amortisation and share based payments.

The Board does not review assets and liabilities by segment.

	Asia Pacific 30 Sep 16 £'000	UK 30 Sep 16 £'000	USA 30 Sep 16 £'000	Total 30 Sep16 £'000
Revenue from external customers	4,297	6,533	34	10,864
Segment profit before tax	139	(12)	(54)	73

	Asia Pacific 30 Sept 15 £'000	UK 30 Sept 15 £'000	USA 30 Sept 15 £'000	Total 30 Sept 15 £'000
Revenue from external customers	3,745	6,904	0	10,649
Segment profit before tax	241	84	0	325

Reconciliation of reportable segment profit to the Group's corresponding amounts:

	30 Sept 16 £'000	30 Sept 15 £'000
<b>Profit or loss after income tax expense</b>		
Total profit or loss for reportable segments	73	325
PLC costs not cross charged (restated)	(30)	(68)
Amortisation of intangibles	(106)	(88)
Share based payments	-	-
<b>Profit before income tax expense</b>	<b>(63)</b>	169
Corporation taxes	-	-
<b>Profit after income tax expense</b>	<b>(63)</b>	169