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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 2015"

INTERIM RESULTS

Highlights

- Profit before tax £169,000 (2014: profit £222,000)
- Net fee income (NFI) rose by 11% to £3.0 million (2014: £2.7 million)
- NFI increased to 28% (2014: 25%)
- Permanent recruitment fees increased by 32.1% to £1.75 million (2014: £1.33 million)
- Revenue across the APAC region increased by 18.4%*

*On constant currency the increase would have been 27%

Rob Sheffield, CEO of Nakama, commented:

"Since September we have conducted a widespread review of all Group operations with a specific emphasis on sales. The Group strategy for growth in all regions is a key focus aligning all offices and enabling the business to grow globally".

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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.**
- **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 merging of Nakama Ltd UK and its subsidiaries in Hong Kong, Sydney and Melbourne and Highams Recruitment Limited (formerly Highams Systems Services Group plc).

Since forming in 2011, the Group has opened an office in Singapore for Digital, Creative, Media and Marketing.

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

CEO'S STATEMENT

Interim results

Introduction

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

The Group revenue of £10.6 million (2014: £11.1 million) shows a small decrease but with an increase in Net Fee Income (NFI) to £3.0 million (2014: £2.7 million). As a percentage of Revenue, NFI increased to 28 per cent. (2014: 25 per cent).

Segmental analysis shows that we have increased our revenue in the APAC region whilst UK revenues have decreased slightly. We have seen NFI increase due to a shift away from low margin contract business to higher permanent placements ("Perm") in our specialist sectors. Staff levels across the Group have risen in all offices which is reflected in an increased staff cost.

We are currently in line with our expectations for the first half of the year and we anticipate no significant changes in trading in the second half. The business continues to focus on quality of service and the professional delivery of our products to our customers. A key focus is to continue to improve contract margins and drive Perm revenues whilst growing our headcount and providing industry specific training. We have seen some impact by Foreign Exchange losses on revaluation of intercompany debt for the first half of the year (£37k).

Summary

Since September we have conducted a widespread review of all Group operations with a specific emphasis on sales. "The Group strategy for growth in all regions is a key focus aligning all offices and enabling the business to grow globally"

Rob Sheffield
CEO
30 October 2015

Consolidated statement of comprehensive income

for the six months ended 30 September 2015

	Note	6 months to 30 Sep 2015 Unaudited £'000	6 months to 30 Sep 2014 Unaudited £'000	12 months to 31 Mar 2015 Audited £'000
Total Revenue	3	10,649	11,089	21,715
Cost of sales		<u>(7,636)</u>	<u>(8,388)</u>	<u>(16,394)</u>
Net Fee Income		3,013	2,711	5,321
Administrative costs		<u>(2,827)</u>	<u>(2,467)</u>	<u>(4,985)</u>
Operating profit	3	186	244	336
Finance costs		<u>(17)</u>	<u>(22)</u>	<u>(39)</u>
Profit on ordinary activities before taxation		169	222	297
Tax expenses		0	2	(53)
Profit for the period attributable to equity shareholders		169	224	244
Basic Profit per share		0.14 p	0.19 p	0.21 p
Diluted Profit per share		0.13 p	0.19 p	0.19 p

Consolidated statement of recognised income and expense

for the 6 months ended 30 September 2015

	6 months to 30 Sep 2015 Unaudited £'000	6 months to 30 Sep 2014 Unaudited £'000	12 months to 31 Mar 2015 Audited £'000
Profit for the period	<u>169</u>	<u>224</u>	<u>244</u>
Exchange gains/(losses) arising on translation of foreign operations	<u>10</u>	<u>(9)</u>	<u>(8)</u>
Total recognised income and expense for the period attributable to equity shareholders	179	215	236

Statement of changes in equity
At 30 September 2015

	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 2014	1,602	2,580	90	(61)	73	(2,652)	1,632
Comprehensive income for the year							
Profit for the Year	-	-	-	-	-	244	244
Other Comprehensive Income	-	-	-	-	(8)	-	(8)
Total Comprehensive profit for the year	-	-	-	-	(8)	244	216
Share based payment credit	-	-	-	-	-	7	7
At 1 April 2015	1,602	2,580	90	(61)	65	(2,401)	1,875
Income for the year	-	-	-	-	-	169	169
Other comprehensive income	-	-	-	-	10	-	10
Total Comprehensive income for the year	1,602	2,580	90	(61)	75	169	179
Share based payment credit	-	-	-	-	-	-	-
At 30 September 2015	1,602	2,580	90	(61)	75	(2,232)	2,054

Consolidated statement of financial position
As at 30 September 2015

	6 months to 30 Sep 2015 Unaudited £'000	6 months to 30 Sep 2014 Unaudited £'000	12 months to 31 Mar 2015 Audited £'000
Assets			
Non-current assets			
Intangible assets	761	940	848
Property, plant and equipment	70	40	67
Deferred tax asset	178	226	178
Total	1,009	1,206	1,094
Current assets			
Trade and other receivables	4,281	3,927	3,514
Cash and cash equivalents	498	194	316
Total	4,779	4,121	3,830
Total assets	5,788	5,327	4,924
Liabilities			
Current liabilities			
Trade and other payables	(2,137)	(2,273)	(1,978)
Borrowings	(1,597)	(1,202)	(1,071)
Total	(3,734)	(3,475)	(3,049)
Net assets/(liabilities)	2,054	1,852	1,875
Equity			
Share capital	1,602	1,602	1,602
Share premium account	2,580	2,580	2,580
Merger reserve	90	90	90
Employee share benefit trust reserve	(61)	(61)	(61)
Currency reserve	75	64	65
Retained earnings	(2,232)	(2,423)	(2,401)
Total equity	2,054	1,852	1,875

**Consolidated Cash Flow Statement
As at 30 September 2015**

	6 months to 30 Sep 2015 Unaudited £'000	6 months to 30 Sep 2014 Unaudited £'000	12 months to 31 Mar 2014 Audited £'000
Operating activities			
Profit /(loss) before taxation	169	222	297
Depreciation of property, plant and equipment	27	17	33
Amortisation of intangible assets	88	96	192
Net finance costs	17	22	39
Tax paid	-	2	(1)
Changes in trade and other receivables	(767)	(721)	(311)
Changes in trade and other payables	37	595	300
Net cash used in operating activities	(428)	233	549
Cash flows from investing activities			
Purchase of property plant and equipment	(30)	(10)	(58)
Purchase of intangible asset	-	-	(4)
Proceeds from sale of assets	-	-	1
Net cash used in investing activities	(30)	(10)	(61)
Financing activities			
Increase/(decrease) in borrowings	526	(117)	(469)
Finance cost paid	(17)	(22)	(39)
Net cash from financing activities	509	(139)	(508)
Net changes in cash and cash equivalents	51	84	(20)
Cash and cash equivalents, beginning of period	95	114	114
Exchange losses, cash and cash equivalent	8	(4)	1
Cash and cash equivalents at end of period	154	194	95
 Cash and cash equivalents for the purposes of the Statement of cash flows comprises:			
Cash and cash equivalent	498	599	316
Bank overdrafts	(344)	(405)	(221)
	154	194	95

Notes to the Interim Report

1. Basis of Preparation

This unaudited consolidated interim financial information has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively EU IFRSs). The principal accounting policies used in preparing the interim results are those that the Group expects to apply in its financial statements for the year ended 31 March 2016 and are unchanged from those disclosed in the Group's Annual Report for the year ended 31 March 2015, except that in the current financial year, the Group had adopted a number of revised standards and interpretations. However, none of these has had a material impact on the Group's reporting.

The financial information for the six months ended 30 September 2015 and 30 September 2014 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 2015 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 Sept 2015 Unaudited			6 months to 30 Sept 2014 Unaudited			12 Months to 31 March 2015 Audited		
	Profit	Weighted average number of shares	Profit per share	Profit	Weighted average number of shares	Profit per share	profit	Weighted average number of shares	Profit per share
	<u>£'000</u>	<u>'000</u>	<u>p</u>	<u>£'000</u>	<u>'000</u>	<u>p</u>	<u>£'000</u>	<u>'000</u>	<u>p</u>
Basic earnings per share	169	117,791	0.14	224	117,791	0.19	244	117,791	0.21
Diluted earnings per share	169	126,469	0.13	224	117,791	0.19	244	126,571	0.19

3. Segmental Analysis

The Group has two 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.

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 15 £'000	UK 30 Sep 15 £'000	Total 30 Sep15 £'000
Revenue from external customers	3,745	6,904	10,649
Segment profit before tax	241	84	325

	Asia Pacific 30 Sept 14 £'000	UK 30 Sept 14 £'000	Total 30 Sept 14 £'000
Revenue from external customers	3,163	7,936	11,099
Segment profit before tax	168	211	379

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

	30 Sept 15 £'000	30 Sept 14 £'000	31 Mar 15 £'000
Profit or loss after income tax expense			
Total profit or loss for reportable segments	325	379	597
PLC costs not cross charged (restated)	(68)	(64)	(101)
Amortisation of intangibles	(88)	(86)	(192)
Share based payments	-	(5)	(7)
Profit before income tax expense	169	222	297
Corporation taxes	-	2	(53)
Profit after income tax expense	169	224	244