



12 August 2016

Nakama Group PLC (AIM: NAK)
("Nakama" or "the Group")

"The AIM quoted recruitment consultancy working across the UK, Europe, Asia, USA and Australia providing staff for the Web, Interactive, Digital Media sectors, IT and Business Change"

Preliminary Results

For the year ended 31 March 2016

Highlights

Financial

- Group revenue decreased by 3 per cent. to £21.0 (2015: £21.7)
- Net fee income improved by 8 per cent. to £5.73m (2015: £5.32)
- Net fee income percentage increased to 27.3 per cent. (2015: 24.5 per cent.)
- Revenue across the APAC region increased by 11% per cent. to £6.92m (2015: £6.25m)
- Revenue across the UK region decreased by 8% per cent. to £14.1m (2015: £15.4m)
- Launch of a New York office

Operational

- CEO appointed in August 2015
- CFO appointed in November 2015
- Global internal learning and development training program underway running from 2015 - 2017
- Infrastructure and operational changes for website and external marketing
- Structural changes to the UK and Highams businesses as of January 2016

Rob Sheffield, CEO of Nakama, commented:

"During the last year we have changed the organisational structure of the group, spent more on training staff, invested in high calibre sales consultants to increase revenue going forward and opened an office in New York. 2016 has been a year of transition for the Group, ensuring that the foundations have been laid for a successful future for Nakama Group plc. We continue to enhance our brand and benefit from our international footprint."

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NOTES TO EDITORS

About Nakama Group plc

Nakama Group plc is the AIM quoted recruitment consultancy and leading niche provider of technology, business and professional services to the insurance and financial services sectors and recruitment for the digital technology and interactive media industry.

Following the acquisition of Nakama Limited by Nakama Group plc (formerly Highams Systems Services plc) in October 2011, the Group now has an international platform, operating from offices in London, Melbourne, Sydney, Hong Kong and most recently, in Singapore, with a specialism in recruitment for the digital technology and interactive media industry.

The company places emphasis on providing excellent levels of service and industry knowledge to deliver single or multiple solutions for its clients. The directors of Nakama believe that whilst companies may continually try to reduce their supplier base, they demand wider fulfilment and services from their recruitment partners.

In response to this, Nakama supplies staff through the whole chain of technology lifecycle, where other IT or technology recruiters might supply only one part of the chain. Nakama was formed to take advantage of an opportunity to provide services across the spectrum of the digital technology and interactive media industry on an international level.

Chairman's Statement

Introduction

The year has seen much change with the appointment of a new CEO and CFO. With this, a programme of training and change was accelerated to ensure that the right infrastructure is in place as a platform for future growth.

Financial results

Group revenue for the year ended 31 March 2016 decreased by 3 per cent. to £21.0m (2015: £21.7m) whereas Net Fee Income ("NFI") improved on the prior year by 8 per cent to £5.7m (2015: £5.32m). The results over the past year have seen lower than expected performance at a Group level. In October we started a review of all business units across the Group covering operations, structure and delivery of services. This covered service lines, staff headcount, regional and global growth and the IT and infrastructure across the business. The streamlining of service support staff, increase of sales staff in key areas and improved IT support and systems should enable the business to grow. The launch of a New York business was seen as a strategic step in the Group's growth globally but had a direct impact in the Group's net profit.

Whilst organic growth in the short to medium term will serve the business well for the business to meet our long-term objectives, the Board also has a focus on identifying suitable businesses to join the Group, the criteria focusing on added profit, the potential consolidation of shared services, complementary services that enable the business to grow and add service lines in current and new geographies.

Board changes

As announced in August 2015, Rob Sheffield was appointed CEO of the Group. Rob is an experienced senior executive with a track record in leading, sustaining and growing significant businesses, from both start up to more established enterprises.

Kerri Sayers resigned as COO at the end of February 2016 after 21 years of service. We would like to thank her for her contribution and welcome Angus Watson who was appointed CFO of the Group on 30th November 2015.

Strategy

Nakama Group's strategy has continued to concentrate on providing staffing solutions with two highly specialised businesses: Nakama within the digital, creative, media, marketing and technology sectors and the Highams business within the Financial Services sector. The approach focuses on delivering a local, regional and global solution. The business continues to maintain this as fundamental but will look to broaden the service offerings across the Group with an emphasis on providing digital solutions to clients across recruitment, outsourcing, on site and consultancy. It is the strategy of the Board and management team to be a leading international specialist within staffing, delivering a quality service to our customers and candidates whilst creating a sustainable business for the long-term benefit of all stakeholders.

The management team has grown over the past year with promotions of key senior staff in Sydney, Melbourne and Singapore, whilst London, Hong Kong and Caterham have seen their management teams added to with the appointment of external hires. We continue to look to recruit further excellent driven individuals to meet our client and candidate needs.

The website and marketing functions were all upgraded, including the Group's internal and external communications along with our online marketing strategy to generate new and increased traffic to all our offices. The business is now in the final phase of implementing a new database that will enable staff to deliver a quicker and more efficient service to clients and candidates.

There are currently no new offices planned for the next financial year as the Board intends to grow current operations and ensure profitability.

Executives and Staff

The Group retains a strong team of very knowledgeable and long serving staff and we look forward to continuing to build the Nakama Group. The Board would like to acknowledge the loyalty and commitment of all the staff to the Group and we are extremely grateful for their efforts. Again we extend a very warm welcome to all new members of the team.

Outlook

Trading in the first quarter has been in line with expectations and has been representative of the business initiating the final changes of the business review in order to achieve the vision of the Board and expected growth targets. At the time of writing the US election is ongoing and the UK has voted to leave the EU. Both of these factors provide a level of uncertainty in two of Nakama's key trading markets as well as globally. Whilst the market sectors in which Nakama operates are in high demand, the business needs stable local economies in the current trading locations, stability in current staff numbers and the continued hiring of new sales staff to deliver against less specialised but much larger competitors. The Board looks to 2017 as a year in which the Group will seek to grow organically and review other options to grow in terms of net fee income and profit.

Ken Ford**Chairman****Date:** 12 August 2016

Consolidated income statement

For the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Revenue		21,043	21,715
Cost of sales		(15,304)	(16,394)
Net fee income		5,739	5,321
Administrative costs		(5,702)	(4,985)
Operating Profit		37	336
Finance costs		(37)	(39)
(Loss)/profit before tax		-	297
Tax expenses/credit		(70)	(53)
(Loss)/profit for the period attributable to equity shareholders		(70)	244
Profit/(loss) per share			
Basic profit per share from continuing operations	1	(0.13)p	0.21p
Diluted profit per share from continuing operations	1	(0.06)p	0.19p

All of the above relate to continuing operations.

Consolidated statement of comprehensive income

For the year ended 31 March 2016

	2016 £'000	2015 £'000
(Loss)/profit for the year	(70)	244
Items that will or may be reclassified to profit or loss		
Foreign currency translation difference	(9)	(8)
Total comprehensive (loss)/profit for the year attributable to equity shareholders	(79)	236

Consolidated statement of financial position

As at 31 March 2016

Company number 1700310

	2016 £'000	2015 £'000
Assets		
Non-current assets		
Intangible assets	680	849
Property, plant and equipment	106	67
Deferred tax asset	108	178
Total	894	1,094
Current assets		
Trade and other receivables	3,408	3,514
Deferred tax asset	30	–
Cash and cash equivalents	582	316
Total	4,020	3,830
Total assets	4,914	4,924
Current Liabilities		
Trade and other payables	(1,848)	(1,978)
Deferred tax liability	(23)	–
Borrowings	(1,247)	(1,071)
Total	(3,118)	(3,049)
Net Assets	1,796	1,875
Equity		
Share capital	1,602	1,602
Share premium account	2,580	2,580
Merger reserve	90	90
Employee share benefit trust reserve	(61)	(61)
Currency reserve	56	65
Retained earnings	(2,471)	(2,401)
Total equity attributable to the shareholders of the company	1,796	1,875

Consolidated statement of changes in equity

As at 31 March 2016

	Share capital	Share premium	Merger reserve	Employee share benefit reserve	Currency reserve	Retained earnings	Total equity
At 1 April 2014	1,602	2,580	90	(61)	73	(2,652)	1,632
Profit for the year	–	–	–	–	–	244	244
Other comprehensive income	–	–	–	–	(8)	–	(8)
Total comprehensive income for 2015	–	–	–	–	(8)	244	236
Share based payment credit	–	–	–	–	–	7	7
At 1 April 2015	1,602	2,580	90	(61)	65	(2,401)	1,875
Comprehensive income for the year							
(Loss) for the year	–	–	–	–	–	–	–
Other comprehensive income	–	–	–	–	(9)	(70)	(79)
Total comprehensive profit for the year	–	–	–	–	–	–	–
Share based payment credit	–	–	–	–	–	–	–
At 31 March 2016	1,602	2,580	90	(61)	56	(2,471)	1,796

Consolidated statement of cash flows

For the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Operating activities			
Profit for the year before tax		-	297
Depreciation of property, plant and equipment		51	33
Amortisation of intangible assets		169	192
Net finance costs		37	39
Tax paid		-	(1)
Changes in trade and other receivables		71	(311)
Changes in trade and other payables		111	300
Net cash generated by operating activities		439	549
Cash flows from investing activities			
Purchase of property, plant and equipment		(91)	(58)
Purchase of intangible assets		-	(4)
Proceeds from the sale of tangible fixed assets		-	1
Net cash generated by investing activities		(91)	(61)
Financing activities			
(Decrease) / increase in borrowings		176	(469)
Finance cost paid		(37)	(39)
Net cash from financing activities		139	(508)
Net changes in cash and cash equivalents		487	(20)
Cash and cash equivalents at the beginning of year		95	114
Exchange losses, cash and cash equivalent		-	1
Cash and cash equivalents, end of year		582	95
Cash and cash equivalents for the purpose of the statement of cash flows comprises:			
Cash and cash equivalents		582	316
Exchange losses, cash and cash equivalent		-	(221)
Cash and cash equivalents, end of year		582	95

Basis of Preparation

The financial information set out above does not constitute the company's statutory accounts for 2016 or 2015. Statutory accounts for the years ended 31 March 2016 and 31 March 2015 have been reported on by the Independent Auditors. The Independent Auditors' Reports on the Annual Report and Financial Statements for the years ended 31 March 2016 and 31 March 2015 were unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Statutory accounts for the year ended 31 March 2015 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 March 2016 will be delivered to the Registrar in due course.

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), IFRIC interpretations and the parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Financial Statements have been prepared under the historical cost convention.

The preparation of Financial Statements in conformity with IFRS require the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial information, including the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Copies of the statutory accounts for the year ended 31 March 2016 will be posted to all shareholders. Additional copies will be available from the Company Secretary, Nakama Group plc, Quadrant House, 33/45 Croydon Road, Caterham, Surrey, CR3 6PB and will be available to download from the investor relations section on the Company's website www.nakamagroupplc.com

1. Profit/(loss) per share

	2016			2015		
	Profit £'000	Weighted average number of shares '000	Loss per share p	Profit £'000	Weighted average number of shares '000	Earnings per share p
Basic profit per share	(70)	117,791	(0.13)	244	117,791	0.21
Diluted profit per share	(70)	126,951	(0.06)	244	126,571	0.19

The weighted average number of shares excludes 183,953 (2015: 183,953) shares held by the Employee Share Benefit Trust.

2. Operating Segments

Operating segments are reported on a geographical basis.

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 start up includes candidates placed in the USA

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 accounts policies of the operating segments are the same as those described in the summary of significant accounting policies.

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	USA	UK	Total
	2016	2016	2016	2016
	£'000	£'000	£'000	£'000
Revenue from external customers	6,924	9	14,110	21,043
Segment profit/loss before income tax	189	(100)	63	152

The comparisons for 2015:

	Asia Pacific	UK	Total
	2015	2015	2015
	£'000	£'000	£'000
Revenue from external customers	6,250	15,465	21,715
Segment profit before income tax	300	297	597

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

	2016	2015
	£'000	£'000
Profit or loss after income tax expense		
Total profit or loss for reportable segments	152	597
PLC costs not cross charged	17	(101)
Amortisation of intangibles	(169)	(192)
Share based payments	–	(7)
Profit before income tax expense	–	297
Corporation taxes	(70)	53
Profit after income tax expense	(70)	244

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

	2016	2015
	£'000	£'000
Revenue by country		
United Kingdom	13,771	14,885
Europe	339	581
Hong Kong	764	690
Singapore	736	542
Australia	5,424	5,017
USA	9	–
	21,043	21,715