



27 July 2015

Nakama Group PLC (AIM: NAK)

("Nakama" or "the Group")

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

Preliminary Results

For the year ended 31 March 2015

Highlights

Financial

- Group revenue increased by 24 per cent. to £21.7 million (2014: £17.5 million)
- Profit before tax increased substantially to £297,000 (2014: loss £121,000)
- Net fee income ("NFI") improved by 22 per cent. to £5.3 million (2014: £4.4 million)
- NFI percentage remained stable at 25 per cent. (2014: 25 per cent.)
- Revenue across the APAC region increased by 18 per cent. to £6.3 million (2014: £5.3 million) driven by the continuing shortage of skilled talent within specialised markets - on a constant currency* basis, the increase would have been 28 per cent.
- Revenue across the UK region increased by 27 per cent. to £15.5 million (2014: £12.2 million) due to an increase in contractors on site.
- **EBITDA increased to £548,000 (2014: £226,000).

**Constant currency at financial year 2014 average exchange rates.*

***EBITDA (Earnings before interest, tax, depreciation and amortisation)*

Operational

- New London office with increased space for growth
- Regional director appointed to Singapore office; Regional manager appointed to Sydney office
- Sales consultants increased to 67 at year end
- Infrastructure and operational changes for website and external marketing
- Appointment of Group head of people and culture alongside the initiation of a global internal learning and development training programme, to better streamline and unify Nakama working procedures and HR requirements across the breadth of our offices and to the benefit our multi-cultural workforce

Ken Ford, Chairman of Nakama, commented:

“During the year we have strengthened our management team throughout the Group with strategic hires and internal promotions to ensure all offices are being managed by people who lead by example and are driven by aligning themselves to providing the quality of service that we offer and believe in. We continue to look to further recruit strong and driven individuals to meet our client and candidate needs.”

“We are currently upgrading our website and on-line marketing and technology infrastructure so as to improve the Group’s internal and external communications capabilities and to further grow new business traffic to all our offices.”

“We have identified other geographies where we believe there is strong client demand for Nakama’s services and we are currently in the process of opening new offices, which we will update on in the coming months.”

“The Group has delivered another encouraging trading performance, in line with expectations and is now generating encouraging momentum. I look forward to continued progress as we further establish and build our international footprint and brand.”

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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

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 investment management currently in the UK.

The results for the year are pleasing and we are making progress with increasing our headcount along with revenue and profit. We have made particularly good progress in a buoyant digital market and are pleased with the overall results, especially in APAC.

Financial results

Group revenue for the year ended 31 March 2015 increased by 24 per cent. to £21.7 million (2014: £17.5 million) along with Net Fee Income ("NFI") which improved on the prior year by 22 per cent. to £5.3 million (2014: £4.4 million). Our NFI percentage has remained stable at 25 per cent. (2014: 25 per cent). We saw UK revenue increase by 27 per cent. in the period to £15.5 million (2014: £12.2 million) due to an increase in contractors on site. APAC revenue increased by 18 per cent. to £6.3 million (2014: £5.3 million) driven by the continuing shortage of skilled talent within our specialised markets.

EBITDA grew to £548,000 (2014: of £226,000) with profit before tax increasing substantially to £297,000 (2014: loss of £121,000).

The Directors are not recommending the payment of a final dividend for the year, but a resumption in dividend payments will be kept under review.

Board changes

As announced in March, Rob Sheffield was appointed APAC CEO and made significant changes in all the Nakama APAC offices, which resulted in a much-improved performance.

Strategy

During the year we have strengthened our management team throughout the Group with strategic hires and internal promotions to ensure all offices are being managed by people who lead by example and are driven by aligning themselves to providing the quality of service that we offer and believe in. We continue to look to further recruit strong and driven individuals to meet our client and candidate needs.

We are currently upgrading our website and on-line marketing and technology infrastructure so as to improve the Groups' internal and external communications capabilities and to further grow new business traffic to all our offices.

We have identified other geographies where we believe there is strong client demand for Nakama's services and we are currently in the process of opening new offices, which we will update on in the coming months.

The Group has delivered another encouraging trading performance, in line with expectations, and is now generating encouraging momentum. I look forward to continued progress as we further establish and build our international footprint and brand.

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. I would like to acknowledge the loyalty and commitment of all the staff to the Group and I 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

Trading in the first quarter is in line with our expectations although not without the normal recruitment challenges we face in terms of candidates, given the current candidate driven market. The Board looks to 2016 as a year in which the Group will continue to benefit from new staff members delivering an excellent service alongside increasing client demand.

K. Ford

Chairman

24 July 2015

Consolidated income statement

For the year ended 31 March 2015

	2015	2014
	£'000	£'000
Revenue	21,715	17,502
Cost of sales	(16,394)	(13,149)
Net fee income	5,321	4,353
Administrative expenses	(4,985)	(4,429)
Operating profit/(loss)	336	(76)
Finance costs	(39)	(45)
Profit/(loss) before tax	297	(121)
Tax expenses	(53)	(81)
Profit/(loss) for the period attributable to equity shareholders	244	(202)
Profit/(loss) per share		
Basic profit/(loss) per share from continuing operations	0.21p	(0.17)p
Diluted profit/(loss) per share from continuing operations	0.19p	(0.17)p

All of the above relate to continuing operations.

Consolidated statement of comprehensive income

For the year ended 31 March 2015

	2015 £'000	2014 £'000
Profit /(loss) for the year	244	(202)
Items that will or may be reclassified to profit or loss		
Foreign currency translation difference	(8)	44
Total comprehensive profit/(loss) for the year attributable to equity shareholders	236	(158)

Consolidated statement of financial position

Company number 1700310

	2015	2014
	£'000	£'000
Assets		
Non-current assets		
Intangible assets	849	1,037
Property, plant and equipment	67	46
Deferred tax asset	178	226
Total	1,094	1,309
Current assets		
Trade and other receivables	3,514	3,206
Cash and cash equivalents	316	114
Total	3,830	3,320
Total assets	4,924	4,629
Current liabilities		
Trade and other payables	(1,978)	(1,678)
Borrowings	(1,071)	(1,319)
Total	(3,049)	(2,997)
Net assets	1,875	1,632
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	65	73
Retained earnings	(2,401)	(2,652)
Total equity attributable to the shareholders of the company	1,875	1,632

Consolidated statement of changes in equity

As at 31 March 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 2013	1,602	2,580	90	(61)	29	(2,456)	1,784
Loss for the year	-	-	-	-	-	(202)	(202)
Other comprehensive income	-	-	-	-	44	-	44
Total comprehensive income for 2014	-	-	-	-	44	(202)	(158)
Share based payment credit	-	-	-	-	-	6	6
At 1 April 2014	1,602	2,580	90	(61)	73	(2,652)	1,632
Comprehensive income for the							
Profit for the year	-	-	-	-	-	244	244
Other comprehensive income	-	-	-	-	(8)	-	(8)
Total comprehensive income for the year	-	-	-	-	(8)	244	236
Share based payment credit	-	-	-	-	-	7	7
At 31 March 2015	1,602	2,580	90	(61)	65	(2,401)	1,875

Consolidated statement of cash flows

For the year ended 31 March 2015

	2015	2014
	£'000	£'000
Operating activities		
Profit/(loss) for the year before tax	297	(121)
Depreciation of property, plant and equipment	33	35
Amortisation of intangible assets	192	177
Net finance costs	39	45
Tax paid	(1)	(6)
Changes in trade and other receivables	(311)	(363)
Change in trade and other payables	300	(117)
Net cash generated in operating activities	549	(350)
Cash flows from investing activities		
Purchase of property, plant and equipment	(58)	(35)
Purchase of intangible assets	(4)	(66)
Proceeds from the sale of tangible fixed assets	1	-
Net cash generated in investing activities	(61)	(101)
Financing activities		
(Decrease)/increase in borrowings	(469)	555
Finance cost paid	(39)	(45)
Net cash from financing activities	(508)	510
Net changes in cash and cash equivalents	(20)	59
Cash and cash equivalents at beginning of year	114	7
Exchange losses on, cash and cash equivalents	1	48
Cash and cash equivalents at end of year	95	114
Cash and Cash equivalents for the purposes of the statement of cash flows comprises:		
Cash and cash equivalents	316	114
Bank overdrafts	(221)	-
	95	114

Basis of Preparation

The financial information set out above does not constitute the company's statutory accounts for 2015 or 2014. Statutory accounts for the years ended 31 March 2015 and 31 March 2014 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 2015 and 31 March 2014 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 2014 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 March 2015 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 2015 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

	2015			2014		
	Profit £'000	Weighted average number of shares '000	profit per share p	Loss £'000	Weighted average number of shares '000	Loss per share p
Basic profit/loss per share	244	117,791	0.21	(202)	117,791	(0.17)
Diluted profit /loss per share	244	126,571	0.19	(202)	117,791	(0.17)

The weighted average number of shares excludes 183,953 (2014: 183,953) shares held by the Employee Share Benefit Trust.

2. Operating Segments

Operating segments are reported on a geographical basis.

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

The comparisons for 2014:

	Asia Pacific	UK	Total
	2014	2014	2014
	£'000	£'000	£'000
Revenue from external customers	5,287	12,215	17,502
Segment profit/loss before income tax	21	157	178

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

	2015	2014
	£'000	£'000
Profit or loss after income tax expense		
Total profit or loss for reportable segments	597	178
PLC costs not cross charged	(101)	(116)
Amortisation of intangibles	(192)	(177)
Share based payments	(7)	(6)
Profit/(loss) before income tax expense	297	(121)
Corporation taxes	53	81
Profit/(loss) after income tax expense	244	(202)

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

	2015	2014
	£'000	£'000
Revenue by country		
United Kingdom	14,885	11,489
Europe	581	726
Hong Kong	690	499
Singapore	542	423
Australia	5,017	4,365
	21,715	17,502

Transactions with the group's largest customer equates to 7 per cent of the group's revenue and relates to the UK segment (2014: 4 per cent.).