For release ***1st August 2013***

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, IT and Digital media sectors"

Preliminary Results

For the year ended 31 March 2013

Highlights

Financial

- Group revenue increased by 25 per cent. to £16.7m (2012: £13.3m) for our first full year since the acquisition of Nakama in October 2011
- PBTAE* £9,000 (2012: £128,000)
- Group loss before taxation £219,000 (2012: Loss £180,000)
- Gross profit improved by 45 per cent. to £3.98m (2012: £2.74m)
- Profit margins increased again to 24 per cent. (2012: 20 per cent.)
- Net Assets £1,784m (2012: £1,969m)
- Net Borrowing £0.764m (2012: £1,058m)
- Finance costs have been halved to £45k (2012: £95k)
- No dividend recommended, but a resumption in dividend payments will be kept under review

** PBTAE – Profit before tax, amortisation and exceptional items*

Operational

- New offices opened in Singapore and Munich in the period
- Restructuring in the Hong Kong and Sydney offices
- Cost savings in back office integration

- Contractors on clients' sites and permanent placements remain stable
- Global networks increasing blue chip client base
- New Board structure with Paul Goodship and Rob Sheffield appointed on 10 June 2013

Ken Ford, Chairman of Nakama, commented:

"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 grow and Highams' traditional business providing technology, business and professional services to the insurance and financial services sector remains firm and increasingly digital".

"The recent additions to the Board of Rob Sheffield and Paul Goodship, two founders of Nakama Limited bring continuity of drive and knowledge to the building of the Nakama brand, The Board looks to the 2013/2014 year as one in which it will work to increase turnover and results from the strengthened infrastructure and new offices now in place".

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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 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.

The results for the full year results to 31 March 2013 were disappointing although revenue increased by 25 per cent., with a full year of figures included since the acquisition of Nakama in October 2011.

The company has strengthened its infrastructure during the year under review opening offices in Singapore and Munich. The company's network of proven managers provides the Group with the potential to grow in future years.

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 grow and Highams' traditional business providing technology, business and professional services to the insurance and financial services sector remains firm and increasingly digital.

We are always looking to recruit further excellent, driven individuals to enhance the current team globally 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 staff's deep understanding and knowledge of our clients' requirements and their markets.

We are focussed on growing each office organically to ensure we are making full use of the infrastructure we have now built. We will continue to look at other opportunities to grow by acquisition of teams or companies.

Financial Results

Group revenue increased by 25 per cent. to £16.7m (2012: £13.3m), for our first full year since the acquisition of Nakama Ltd in October 2011. Gross profit improved by 45 per cent. to £3.98m (2012: £2.74m), with gross margin increased again to 24 per cent (2012: 20 per cent).

The operating profit before amortisation, tax and exceptional items was £9,000 (2012: profit of £128,000), The disappointing result mainly reflects the Hong Kong office issues reported in our half year results in November 2012, whereby the Board was alerted that a significant misappropriation of company funds and misreporting to cover poor trading had arisen. We also restructured our Australia offices, strengthening the teams there and incurred costs in relation to opening new offices. The Directors are not recommending the payment of a final dividend for the year to 31 March 2013 (2012: nil), but a resumption in 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 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. Since the year end Stefan Ciecierski has left the Board and we wish him well. The recent additions to the Board of Rob Sheffield and Paul Goodship, two founders of Nakama Limited bring continuity of drive and knowledge to the building of the Nakama brand.

Outlook

Trading in the first quarter since the year end has been in line with our expectations; we continue to focus on ensuring continuity of performance in each office location with the UK continuing to deliver consistently and APAC benefiting from increased staff levels and improving performance on revenues and results. The Board looks to the 2013/2014 year as one in which it will work to increase turnover and results from the strengthened infrastructure and new offices now in place.

Ken Ford
31 July 2013

Operating review

The Board has reviewed the detail of the business during the past year and we have provided an overview of the offices split between the UK and APAC regions as these are considered to be the strategic business units that although supplying the same product offerings, operate in distinct markets and as such are managed on a day to day basis by separate directors as listed on pages 3 and 4 of the Annual report. We also provide an outlook for the next financial year. There has been growth in turnover but profits have been depressed by events in the Hong Kong office in particular and the opening of new offices and restructuring.

APAC

APAC is represented by two Nakama offices in Australia, one in Hong Kong and a newly opened office in Singapore. We serve digital media markets across a broad spectrum of clients ranging from corporates to digital marketing agencies.

Early during the year, Rob Sheffield relocated from the UK to direct operations in the APAC region. Rob is now based in Sydney and he has been successful in appointing sales directors in the Hong Kong and Singapore offices. We have also made good progress in resolving the difficulties reported during the year with the Hong Kong office.

The opportunities to cross-sell to international clients located across the region are more prevalent than elsewhere. Overall the market has been competitive, and finding good quality candidates can be difficult. However our global connections have been very beneficial. Several staff have also been relocated from the UK office to boost sales resources in APAC.

Whilst the trend and signs across the APAC business are encouraging, and we are working with clients in multiple geographies there is also pressure from local environments to ensure businesses are hiring local personnel rather than bringing in expatriate talent as the first option which is slowing growth.

The future emphasis is on continuing to recruit good quality sales staff to increase revenue and drive profit.

UK

The UK is represented by two UK offices: the Nakama brand operating from London and the Highams brand operating from Caterham. We work closely together to explore opportunities to cross-sell services into the respective client bases. Whilst the UK has seen an increase in client requirements for both contact and permanent staff, here too it has been challenging to find good quality candidates. This is because in an uncertain climate employees have been content to stay put. The market has been very competitive with candidates often having a choice of offers from which to choose, which can lead to last minute fall-out.

We have been recruiting sales staff in the UK to maintain and improve our service levels to clients and candidates alike and as in previous years, our staff turnover is particularly low for the sector.

The UK has made some good quality client wins and we constantly review our services to adapt to changing market conditions.

In common with some of our competitors this has been a difficult year but we are beginning to see an upturn and the emphasis is on recruiting quality sales staff with the objective of increasing revenue, which with continuing cost control should result in better results.

Consolidated income statement

For the year ended 31 March 2013

	2013 £'000	2012 £'000
Revenue	**16,668**	13,298
Cost of sales	**(12,679)**	(10,555)
Gross profit	**3,989**	2,743
Administrative expenses		
Administrative costs excluding exceptional items	**(4,095)**	(2,591)
Exceptional items	**(68)**	(237)
Total administrative expenses	**(4,163)**	(2,828)
Operating loss	**(174)**	(85)
Finance costs	**(45)**	(95)
Loss before tax	**(219)**	(180)
Tax expenses	**(7)**	-
Loss for the period attributable to equity shareholders	**(226)**	(180)
Loss per share		
Basic loss per share from continuing operations	**(0.19)**	(0.20p)
Diluted loss per share from continuing operations	**(0.19)**	(0.20p)

All of the above relate to continuing operations.

Consolidated statement of comprehensive income

For the year ended 31 March 2013

	2013 **£'000**	2012 £'000
Loss for the period	**(226)**	(180)
Foreign currency translation difference	**25**	-
Total comprehensive income for the period attributable to equity shareholders	**(201)**	(180)

Consolidated balance sheet

At 31 March 2013
Company number 1700310

	2013	2012
	£'000	£'000
Assets		
Non-current assets		
Intangible assets	**1,147**	1,297
Property, plant and equipment	**46**	39
Deferred tax asset	**301**	301
Total	**1,494**	1,637
Current assets		
Trade and other receivables	**2,843**	3,146
Cash and cash equivalents	**7**	279
Total	**2,850**	3,425
Total assets	**4,344**	5,062
Current Liabilities		
Trade and other payables	**(1,796)**	(2,035)
Borrowings	**(764)**	(1,058)
Total	**(2,560)**	(3,093)
Net Assets	**1,784**	1,969
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	**29**	4
Retained earnings	**(2,456)**	(2,246)
Total Equity	**1,784**	1,969

Consolidated statement of changes in equity

As at 31 March 2013

	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 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 1 April 2012	1,602	2,580	90	(61)	4	(2,246)	1,969
Comprehensive income for the year							
Loss for the year	-	-	-	-	-	(226)	(226)
Other comprehensive income	-	-	-	-	25	-	25
Total comprehensive loss for the year	-	-	-	-	25	(226)	(201)
Share based payment credit	-	-	-	-	-	16	16
At 31 March 2013	**1,602**	**2,580**	**90**	**(61)**	**29**	**(2,456)**	**1,784**

Consolidated statement of cash flows

For the year ended 31 March 2013

	2013	2012
	£'000	£'000
Operating activities		
Loss for the year before tax	**(219)**	(180)
Depreciation of property, plant and equipment	**40**	9
Amortisation of intangible assets	**160**	71
Net finance costs	**45**	95
Tax paid	**(7)**	-
Changes in trade and other receivables	**303**	(893)
Change in trade and other payables	**(204)**	(16)
Net cash generated by operating activities	**118**	(914)
Cash flows from investing activities		
Acquisition of subsidiary cash	**-**	52
Purchase of property, plant and equipment	**(48)**	-
Purchase of intangible assets	**(9)**	-
Net cash generated by investing activities	**(57)**	52
Financing activities		
Issue of new shares		-
Increase/decrease in borrowings	**(294)**	1,058
Finance cost paid	**(45)**	(95)
Net cash from financing activities	**(339)**	963
Net changes in cash and cash equivalents	**(279)**	101
Cash and cash equivalents, beginning of year	**279**	176
Exchange losses, cash and cash equivalent	**7**	2
Cash and cash equivalents, end of year	**7**	279

1. Basis of Preparation

The financial information in this preliminary announcement does not constitute the Group's statutory accounts for the years ended 31 March 2013 or 2012 as defined in section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2012 have been delivered to the Registrar of Companies and those for the year ended 31 March 2013 will be delivered following the Group's annual general meeting. The auditors have reported on those accounts, their reports were unqualified and did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports. Their report for the year ended 31 March 2013 or 2012 did not contain statements under s498 (2) or (3) of the Companies Act 2006.

Copies of the statutory accounts for the year ended 31 March 2013 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.nakamaglobal.com

2. Loss per share

	2013			2012		
.	**Loss £'000**	**Weighted average number of shares '000**	**Loss per share p**	Loss £'000	Weighted average number of shares '000	Loss per share p
Basic loss per share	**(226)**	**117,791**	**(0.19)p**	(180)	91,350	(0.20)
Diluted loss per share	**(226)**	**117,791**	**(0.19)p**	(180)	91,350	(0.20)

The weighted average number of shares excludes 183,953 (2012: 183,953) shares held by the Employee Share Benefit Trust.

3. Operating Segments

Due to the acquisition in the prior year we have changed the way we report internally and we now report on a geographical basis, we have therefore restated the comparatives on this 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 2013 £'000	**UK 2013 £'000**	**Total 2013 £'000**
Revenue from external customers	**3,794**	**12,866**	**16,660**
Segment profit/loss before income tax	**(262)**	**329**	**67**

The comparisons for 2012 include 5.5 months of Nakama from the date of the acquisition:

	Asia Pacific 2012 £'000	UK 2012 £'000	Total 2012 £'000
Revenue from external customers	1,654	11,644	13,298
Segment profit/loss before income tax	(269)	469	200

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

Profit or loss after income tax expense	**2013 £'000**	2012 £'000
Total profit or loss for reportable segments	**67**	199
Exceptional item	**(68)**	(237)
PLC costs not cross charged	**(46)**	(68)
Amortisation of intangibles	**(156)**	(70)
Share based payments	**(16)**	(4)
Profit before income tax expense	**(219)**	(180)
Corporation taxes	**7**	–
Profit after income tax expense	**(226)**	(180)

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

Revenue by country:

	2013 £'000	2012 £'000
United Kingdom	**11,683**	9,473
Europe	**1,191**	2,171
Hong Kong	**462**	484
Singapore	**228**	-
Australia	**3,104**	1,170
	16,668	13,298

Transactions with the Group's largest customer equates to 7 per cent of the Group's revenue and relates to the UK segment (2012: 16 per cent).