

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 2012

Highlights

Financial

- Group revenue increased by 47per cent. to £13.3m (2011: £9m) primarily reflecting additional revenue following the acquisition of Nakama in Oct 2011
- Operating profit before exceptional items, amortisation and depreciation was £232,000 (2011: £321,000)
- Group loss before taxation £180,000 (2011: Profit £303,000)
- Net fee income (NFI) improved by 68 per cent. to £2.74m (2011: £1.63m)
- Profit margins increased again to 20 per cent. (2011: 18 per cent.)
- No dividend recommended, but a resumption in future dividend payments will be kept under review

Operational

- Acquisition of Nakama and name change - integration progressing well
- Locations in Asia and Australia added through acquisition
- New specialisation in online and digital markets added through acquisition
- Contractors on site and permanent placements increasing overall
- Increase in new clients in specialist areas.
- Integration of both companies' back office functions completed and will show cost savings in the current year

Ken Ford, Chairman of Nakama, commented:

"I am pleased by the merger of Highams and Nakama and the substantial progress seen during the year in terms of integration and increased sales to create the Nakama Group plc and the subsequent appointment of Stefan Ciecierski as Group Chief Executive. The next year will see a full year contribution from Nakama and a contribution from recently opened businesses such as Singapore and Nakama Search, as well as many new staff, recently recruited. We look forward to continuing progress over the coming financial year, which should be reflected in an improved financial performance."

Current Trading

The Board would also like to comment on current trading. As at the end of July 2012, Nakama has seen strong progress across a number of fronts during this new financial year and the Board is pleased to report that operating profit before exceptional items, amortisation and depreciation during the first 4 months of the current period is predicted to be close to that achieved during the whole of the last financial year (operating profit before exceptional items, amortisation and depreciation 2012: £232,000).

With our new office opening in Singapore in April this year and with the Group seeing much of its growth coming from successful hiring early in the period, the Board believes that the company's infrastructure can support many more consultants than it currently does at present, but without a corresponding and marked increase in its cost base. The current year has started positively and in spite of the poor general economic outlook, the Group looks to the future with growing confidence.

The increase in the demand for social media site development and content as well as the growth of social media on mobile is driving recruitment volumes in all Nakama locations and will help drive the Group's strategy over the next few years.

- Ends -

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Notes to Editors:

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 by Nakama Group plc (formerly Highams Systems Services Group plc) in October 2011, the Group now has an international platform, operating from offices in London, Melbourne, Sydney, Hong Kong and most recently, now 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 internationally 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 the founders saw to provide services across the spectrum of the digital technology and interactive media industry on an international level.

Chairman's Statement

Introduction

I am pleased to report our full year results to 31 March 2012, which have seen encouraging revenue progress since the acquisition of Nakama and its integration with Highams to create Nakama Group plc (AIM: NAK).

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 and post year end Singapore.

The company's network of proven managers populating the Group's offices in the UK, Hong Kong, Singapore, Sydney and Melbourne, provides the Group with the potential for leveraging off its unique platform to rapidly accelerate its drive into fast developing specialist markets over the coming years. The digital media industry in particular is expanding globally at a very fast rate and the Board of Nakama believe that the Group is now well positioned to take full advantage of this growth.

As part of the acquisition we are very pleased to have Stefan Ciecierski as our CEO, who provides expertise and experience in building a global business. Stefan joined the Board from the date of acquisition in October 2011.

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 show no signs of slowing down and Highams' traditional business providing technology, business and professional services to the insurance and financial services sector remains strong and is increasingly digital.

Selective recruitment of new staff into the company, particularly at graduate level, has enhanced the levels of activity required 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 have achieved our strategy of growing strategically by acquisition and continue to look at other opportunities globally.

Financial Results

Group revenue increased by 47 per cent. to £13.3m (2011: £9m), primarily reflecting the additional revenue following the acquisition of Nakama Ltd in October 2011. Net fee income (NFI) improved by 68 per cent. to £2.74m (2011: £1.63m), with profit margins increased again to 20 per cent (2011: 18 per cent).

The operating profit before exceptional items (the acquisition of Nakama Ltd) was £232,000 (2011: profit of £321,000), which was disappointing. The integration of both companies' back office functions has been completed and will show cost savings in the current year, but the consolidation and re-organisation of accounting and debt financing took longer than expected. The Directors are not recommending the payment of a final dividend for the year to 31 March 2012 (2011: nil), but a resumption in future 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 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

I am pleased by the merger of Highams and Nakama and the substantial progress seen during the year in terms of integration and increased sales to create the Nakama Group and the subsequent appointment of Stefan Ciecierski as Group Chief Executive. The next year will see a full year contribution from Nakama Ltd and a contribution from recently opened businesses such as Singapore and Nakama Search, as well as many new staff, recently recruited. We look forward to continuing progress over the coming financial year, which should be reflected in an improved financial performance.

Ken Ford
6 August 2012

Chief Executive's Statement

Operational Review

Introduction

There are many technology recruitment companies around the world, most of which work in the IT operations markets, but very few of any size work in the Digital Media sector. Nakama was developed with a specific aim to service the growing online world.

The growth of all online technologies globally is too fast and too broad to accurately map; however, companies, consumers and governments are increasingly communicating, trading and entertaining online. They are doing this via desktop computers, or laptops, or smartphones or tablets, and the online world connects instantaneously across vast geographies.

Access to the Internet and all it offers is the world of digital design, usability and technology and it is in this area that Nakama is a unique service provider working across UK, Europe, Asia and Australasia.

Digital Media require IT. In the past Nakama was unable to service clients' needs in IT, but that has now changed with the acquisition and being able to utilise the skills across the new Group. Our brands can now expand and work with all its clients from the Group's overseas locations. The price comparison industry in insurance is a good example of where digital media and insurance come together in a very sophisticated way in the UK, but this combination is only just starting to develop in Asia and Australia.

In between the Web and IT operations is the rapidly expanding world of software into which Nakama Group will seek to expand, particularly with regard to e-commerce and Internet security.

Staffing Strategy

To grow the Group organically and in the most cost effective way, Nakama has been mainly hiring graduates with little or no work experience and training them into consultants. This has been a successful and predictable way to grow staff numbers. UK current market conditions are favourable in that many high calibre graduates who may have found work in previous years in management consulting or financial institutions are looking for careers in recruitment.

The UK is the largest part of Nakama Group plc and I expect it will continue to be so for many years, as it is the centre for much of what we do and it is a good location from which to support operations in Asia and Australasia, as well as trading into mainland Europe. However, we are exploring significant growth opportunities in Asia where we have experienced fast growth and where our clients are developing rapidly with the need to hire many specialist people.

Expansion during the current financial year

The Group opened an office in Singapore in April to service the fast growing digital sector in South East Asia and it also expects to open an office in Munich in the second quarter to address the IT needs of the growing German financial services sector.

Nakama Search also opened in May this year through the acquisition of Libby Fisher Associates and this division will target the senior level hiring needs of the UK digital and online markets. The board is also assessing the viability of opening an office in Mainland China.

Nakama has a unique vision of its place in technology recruitment at a time when that sector is experiencing rapid expansion. We will be opportunistic in terms of attracting individuals and teams of people into the Group, many of whom I believe are seeing what we are achieving and wish to bring their skills into the Group.

Stefan Ciecierski
6 August 2012

Consolidated income statement

For the year ended 31 March 2012

		2012		2011
	Note	£'000		£'000
Revenue		13,298		9,020
Cost of sales		(10,555)		(7,390)
Gross profit		2,743		1,630
Administrative expenses				
Administrative costs excluding exceptional items		(2,591)		(1,317)
Exceptional Items		(237)		-
Total administrative expenses		(2,828)		(1,317)
Operating (loss)/profit		(85)		313
Finance cost		(95)		(10)
(Loss) /profit before tax		(180)		303
Tax credit		-		200
(Loss)/profit for the period attributable to equity shareholders		(180)		503
(Loss)/profit per share				
Basic (loss)/profit per share from continuing operations	1	(0.20)	p	0.73 p
Diluted (loss)/profit per share from continuing operations	1	(0.20)	p	0.71 p

All of the above relate to continuing operations.

Consolidated statement of comprehensive income

For the year ended 31 March 2012

	2012 £'000	2011 £'000
(Loss) profit for the period	(180)	503
Total comprehensive income for the period attributable to equity shareholders	(180)	503

Consolidated balance sheet

At 31 March 2012

Company number 1700310

	2012 £'000	2011 £'000
Assets		
Non-current assets		
Intangible assets	1,297	-
Property, plant and equipment	39	5
Deferred tax asset	301	301
Total	1,637	306
Current assets		
Trade and other receivables	3,146	1,592
Cash and cash equivalents	279	176
Total	3,425	1,768
Total assets	5,062	2,074
Current Liabilities		
Trade and other payables	(2,035)	(1,273)
Borrowings	(1,058)	-
Total	(3,093)	(1,273)
Net Assets	1,969	801
Equity		
Share capital	1,602	1,597
Share premium account	2,580	1,239
Merger reserve	90	90
Employee share benefit trust reserve	(61)	(61)
Currency reserve	4	4
Retained earnings	(2,246)	(2,068)
Total Equity	1,969	801

The financial statements were approved and authorised for issue by the Board of directors on 6 August 2012

K A Sayers, Director

J E Higham, Director

Consolidated statement of changes in equity

As at 31 March 2012

	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 2010	1,597	1,239	90	(61)	4	(2,573)	296
Share based payment credit	-	-	-	-	-	2	2
Profit for the year	-	-	-	-	-	503	503
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 31 March 2012	1,602	2,580	90	(61)	4	(2,246)	1,969

Consolidated statement of cash flow

For the year ended 31 March 2012

	2012	2011
	£'000	£'000
Operating activities		
(Loss)/Profit for the year before tax	(180)	303
Depreciation of property, plant and equipment	9	8
Amortisation of intangible assets	71	-
Net finance costs	95	10
Changes in trade and other receivables	(893)	(301)
Change in trade and other payables	(16)	399
Net cash generated by operating activities	(914)	419
Cash flows from investing activities		
Acquisition of subsidiary cash	52	-
Purchase of property, plant and equipment	-	(6)
Net cash generated by investing activities	52	(6)
Financing activities		
Issue of new shares	-	-
Increase/(decrease) in borrowings	1,058	(231)
Proceeds from issue of share capital	-	-
Finance cost paid	(95)	(10)
Net cash from financing activities	963	(241)
Net changes in cash and cash equivalents	101	172
Cash and cash equivalents, beginning of year	176	4
Exchange losses, cash and cash equivalent	2	-
Cash and cash equivalents, end of year	279	176

1. Profit per share

	2012			2011		
	Loss per share £'000	Weighted average number of shares '000	Profit per share p	Profit £'000	Weighted average number of shares '000	Profit per share p
Basic (loss)/profit per share	(180)	91,350	(0.20)	503	68,834	0.73
Diluted (loss)/profit per share	(180)	91,350	(0.20)	503	69,867	0.71

The weighted average number of shares excludes 4,325,071 (2011: 3,634,781) shares held by the Employee Share Benefit Trust and share options granted.

2.

The financial information in this preliminary announcement does not constitute the Group's statutory accounts for the years ended 31 March 2012 or 2011 as defined in section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2011 have been delivered to the Registrar of Companies and those for the year ended 31 March 2012 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 2012 or 2011 did not contain statements under s498 (2) or (3) of the Companies Act 2006.

3.

Copies of the statutory accounts for the year ended 31 March 2012 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