

29 February 2012

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

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

Pre-close Trading Statement

Following the acquisition of Nakama Limited by Nakama plc (formerly Highams Systems Services plc) in October of last year, the Board expect the Group to start the new financial year well placed for fast and profitable growth in its niche markets in Europe, Asia and Australia. The back office integration of the existing businesses will be completed shortly and the Group intends to expand its network of offices, and also develop its existing operations. Nakama will expand its coverage of the Asian markets immediately with a new office and will use the Group's existing infrastructure to grow Highams/Nakama.

As part of this expansion strategy, the Group is:

- Opening an office in Singapore to address the Digital/New Media sector in South East Asia
- Opening an Executive Search operation targeted at senior management appointments in the Digital/New Media sector in the UK and Europe
- Currently increasing headcount with a graduate scheme in London and Caterham

The Board took the decision to absorb the costs of the deal instead of raising further funds at the time of the Nakama acquisition and also to take immediate action to invest in the growth of the business. In addition, whilst the numbers of permanent vacancies where the Group is instructed has shown a significant increase recently, candidates are showing greater caution in moving to new employers in the current environment. The costs of the recent investment in the business, combined with lower volumes than previously anticipated in permanent placements at the end of 2011 and the beginning of 2012, means that the outcome for the current financial year, whilst likely to show a substantial profit, is likely to fall significantly short of market expectations.

Demand for staff in both the digital media sector and the IT for insurance sector have strengthened significantly since the beginning of February and contractor/temp numbers are rising steadily. Further locations are being considered in the Middle East and Asia. Consequently the Board believes that the prospects for the Group for the next financial year are encouraging.

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