

28 January 2010

Nexus Management plc
(“Nexus”, the “Group” or the “Company”)

Final results for the year ended 30 September 2009

The Board of Nexus Management Plc, the AIM quoted provider of specialist IT Managed Services, is pleased to announce its final results for the year ended 30 September 2009.

Highlights:

- Turnover increased 43 per cent to £5.48 million (2008: £3.82 million)
- Nerd Force & Resilience contributed approximately 80 per cent of increase in turnover
- Revenue from ongoing operations grew 19 per cent to £4.50 million (2008: £3.80 million)
- £3.7 million impairment of value of shareholding and loans in PD Financial adversely effects year end results
- Operating profit from existing operations increased 71 per cent to £0.43 million (2008: £0.25 million)*

**Excluding Resilience and before exceptional items*

Roger Richardson, Chief Executive, commented:

“In spite of the turbulent economic environment Nexus’ core business performed well. Turnover for the year ended 30 September 2009 increased to £5.5 million and revenue from ongoing operations grew by 19 per cent, reflecting a healthy appetite for the Company’s managed services.

“We have taken a prudent and pragmatic view of every issue facing the Company and some tough decisions were made but I am confident the Company is now in a position to look towards 2010 with cautious optimism. The write-downs associated with PD Financial have had a negative impact on last year’s figures, but we start the new financial year with a clean slate. Conditions remain challenging but I am confident we will see growth in 2010 and this will lead to a significantly improved financial performance.”

This announcement has been extracted from the accounts. The full Report and accounts can be found on the Nexus website at www.nexusmgmt.com

Board Changes

The Company also announces that Richard Jaques, non-executive director, has notified the Board of his intention not to stand for re-election at the forthcoming AGM in order that he can concentrate on his other business interests.

Pete Paterson, Chairman, commented:

“I would like to thank Richard for his support and advice during his time as a director of the Company and I wish him well in the pursuit of his other business interests”

FURTHER ENQUIRIES

Nexus Management Plc
Roger Richardson, Chief Executive

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Merchant John East Securities Limited (Nominated Adviser)

Simon Clements/David Worlidge

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CHAIRMAN'S STATEMENT

I am pleased to be able to report that, despite a desperate economic collapse in world markets and confidence, your Group has emerged from these straitened times and following a retrenchment is, I believe, in a position from which it can move forward with confidence. Some very hard decisions have had to be taken to make this possible and the effect of some of these is reflected in the results for the year under review. The Board has taken a prudent and pragmatic view of any and every issue faced by the Group in the last year and we believe that this has established a basis from which the Group can now move forward.

Despite the difficult economic background, Nexus's core business in the USA has performed well in the year to 30 September 2009. Its business model of having a large number of smaller clients paying monthly for their services has fared better in these tough economic times compared with certain of its competitors whose revenues are derived from a small number of large clients.

When it became clear the turmoil in the financial markets would impact our businesses management took steps at an early stage to identify cost cutting opportunities. This resulted in significant savings being made in the level of overheads, particularly those related to being a public company.

The Nerd Force Franchise Company performance for the year under review was very disappointing. This was largely due to the initial focus being on building the number of franchisees as fast as possible rather than concentrating on their quality. This has resulted in bad debt write downs relating to the non payment of franchise fees and slower than expected growth of "managed services" sales. The focus has now been shifted to identify higher quality franchisee candidates and the Board's expectation is that this will yield more stable and fruitful growth. In addition, Nerd Force Franchise Company has now launched in the UK and business has started to trickle in. It is expected that this will grow at a faster rate as we progress through the current financial year.

We acquired the Resilience Technology Corporation business during the year and despite our high expectations for this business its trading performance has been disappointing. However, it was in this business that some of our major cost savings were made and the business is now under the direct control of our own senior management. These steps were taken at the earliest opportunity to mitigate the financial impact on the group. Since the year end, cash collection from customers has improved significantly which in turn has enabled Resilience Technology Corporation to pay down a significant amount of the debt that was restricting its trading activities. However, sales in the current year have been slower than we had hoped for but we remain confident that our management team will be able to rectify this, albeit that we do not expect these higher level of sales to be delivered until the second half of the current financial year. Nonetheless, other factors in the market give us hope that things will improve for Resilience Technology Corporation in particular, Checkpoint based firewalls and our Websense appliances.

The events surrounding PD Financial over the last few years have been very disappointing, especially after the positive impact this business had on the Group's financial performance following initial investment. Consequently, in the accounts for the year ended 30 September 2009 we have deemed it prudent to write down this investment in full.

In summary, this has been a challenging year. Despite management's efforts, larger forces than we could control impacted us all. Confidence can be a fickle bedfellow but for my part, I am hopeful of a better result in the current financial year, albeit conditions remain very challenging.

Pete Paterson
Chairman

CHIEF EXECUTIVE OFFICER'S STATEMENT

Financials

Turnover for the year ended 30 September 2009 increased to £5.5 million from £3.8 million with Nerd Force Franchise Company and Resilience Technology Corporation responsible for approximately 80 per cent of this increase. Revenue from existing core operations grew 19 per cent year on year to £4.49m (2008: £3.79m), demonstrating a healthy appetite for the Company's managed services despite difficult economic trading conditions.

Operating profit from existing operations (excluding Resilience Technology Corporation) and before exceptional items increased from £0.25 million to £0.43 million, which was a very creditable performance in a difficult marketplace which highlights the underlying strength of the core Nexus businesses.

The loss from acquired operations was £1.03 million due to the poor trading performance of Resilience Technology Corporation. As we have previously announced, significant management changes have been made and we have now stabilised this business unit and believe it can contribute to the Group's trading performance in the current financial year.

Nerd Force Franchise Company finished the year to 30 September 2009 with a small loss mainly due to write downs relating to defaults on payments for new sales franchises. The franchises that have been the subject of the defaults have reverted to the Company and are available for future sales. However the loss of momentum when franchisees default affects a small company like Nerd Force Franchise Company disproportionately compared to a much larger franchise operation.

Following the loss of PD Financial's banking arrangement and being largely unable to trade the Board decided to write off £3.7 million relating to the Company's equity investment and loans in PD in the results for the year ended 30 September 2009.

The loss before taxation after exceptional items, comprising impairment of available for sale assets, provision for bad debts and impairment of goodwill, amounting to £3.71 million was £4.56 million compared to a profit before taxation of £0.2 million in the previous financial year. Net Assets as at 30 September 2009 were £0.52 million including cash and cash equivalents of £0.16 million.

Review of activities

The Group continues to offer managed services, from helpdesk to hosted email, to SME clients. The Group continues to offer managed services to SME clients ranging from help desk to hosted email. Following the addition of Nerd Force Franchise Company we can now reach smaller companies and private individuals from a minimal cost base.

The acquisition of Resilience Technology Corporation gives the Company a product set aimed at the largest companies in the world. These products can also be re-built to provide a lower cost solution to

smaller companies, which form part of the core operations. An example of this is our 9000 series device that is built for the Websense application delivering a product aimed at the 150 to 500 user company.

The management team will, where possible, continue to seek increased levels of cross selling between the various businesses within the Group. In particular, the Company will be seeking to identify high calibre franchisees for its Nerd Force business that are capable of generating significant levels of managed service revenue for the Group from their client base.

Outlook

After such a difficult financial year resulting in a number of exceptional write downs the Board is confident that it has stabilised the business and is now seeking to turnaround the loss-making divisions as soon as possible. Cost savings have been made in all the operating businesses and the Board is hopeful that it can now generate increased sales and build up its recurring revenue base, particularly in Resilience Technology Corporation, in order to return the Group to profitability in the current financial year.

In the quarter ended 31 December 2009, the Group saw some clients reducing their spend and delays in orders consistent with the economic climate. Resilience Technology Corporation performed much better than in previous quarters, recording a modest loss, but was unable to ship some significant orders. PD Financial is still in discussions with financial partners, but our stance remains very cautious regarding its future.

In summary, 2009 was a very challenging financial year but the Board believes it has now taken the difficult steps to stabilise the business and remains cautiously optimistic about the 2010 financial year.

Roger Richardson
Chief Executive Officer

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2009

	Notes	Year ended		Year ended	
		30 September 2009		30 September 2008	
		£	£	£	£
Continuing Operations					
Revenue					
Existing operations		4,498,786		3,790,907	
Acquired operations		977,520		26,942	
Discontinued operations		-		7,208,000	
Less share of associates		-		(7,208,000)	
Continuing operations		<u>5,476,306</u>		<u>3,817,849</u>	
Cost of sales		<u>(2,539,662)</u>		<u>(1,858,796)</u>	
Gross profit		2,936,644		1,959,053	
Operating expenses		(3,952,002)		(1,699,207)	
Amortisation of intangible assets		(63,729)		-	
Foreign exchange adjustment		556,972		-	
Share based payment expense		<u>(77,640)</u>		<u>(10,351)</u>	
Administrative expenses		(3,536,399)		(1,709,558)	

Operating profit/(loss)			
Existing operations		432,244	252,721
Acquired operations		<u>(1,031,999)</u>	<u>(3,226)</u>
Continuing operations		(599,755)	249,495
Exceptional items			
Impairment of available for sale assets		(2,285,478)	-
Provision for bad debts		(1,419,837)	-
Impairment of goodwill		<u>(2,925)</u>	<u>(53,973)</u>
(Loss)/profit after exceptional items		(4,307,995)	195,522
Finance income	3	34,429	18,865
Finance costs	3	<u>(283,415)</u>	<u>(16,266)</u>
(Loss)/profit before tax		(4,556,981)	198,121
Tax	4	-	-
Retained (loss)/profit for the year from continuing operations		(4,556,981)	198,121
Discontinued operations			
Profit for the period from share of associate		-	331,194
Profit on disposal of associate		-	568,414
			899,608
Attributable to equity holders of the parent		(4,556,981)	1,097,729
(Loss)/earnings per share			
Basic	5	(0.504)p	0.129p
Diluted	5	(0.504)p	0.127p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE PARENT FOR THE YEAR ENDED 30 SEPTEMBER 2009

Group	Share capital £	Share premium account £	Retained earnings £	Foreign exchange reserve £	Available for sale investment reserve £	Share options reserve £	Total £
As at 1 October 2007	2,126,804	3,956,145	(4,078,785)	3,098	-	802,155	2,809,417
Profit for the year	-	-	1,097,729	-	-	-	1,097,729
Movement in the year	-	-	-	(62,465)	416,709	-	354,244
Shares issued	40,971	126,092	-	-	-	-	167,063
Share based payment charge	-	-	-	-	-	10,351	10,351
As at 30 September 2008	2,167,775	4,082,237	(2,981,056)	(59,367)	416,709	812,506	4,438,804
As at 1 October 2008	2,167,775	4,082,237	(2,981,056)	(59,367)	416,709	812,506	4,438,804
Loss for the year	-	-	(4,556,981)	-	-	-	(4,556,981)
Movement in the year	-	-	-	(27,856)	(416,709)	-	(444,565)

Shares issued	282,488	774,234	-	-	-	-	1,056,722
Share issue costs	-	(54,000)	-	-	-	-	(54,000)
Share based payment charge	-	-	-	-	-	77,640	77,640
As at 30 September 2009	2,450,263	4,802,471	(7,538,037)	(87,223)	-	890,146	517,620

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2009

		30 September 2009 £	30 September 2008 £
ASSETS	Notes		
Non-current assets			
Property, plant and equipment	6	387,879	316,175
Intangible assets	8	1,027,028	21,549
Goodwill	7	1,081,589	463,456
Available-for-sale investments		-	1,363,501
		<u>2,496,496</u>	<u>2,164,681</u>
Current assets			
Inventories	9	491,087	536
Trade and other receivables	10	511,989	2,683,444
Cash and cash equivalents	11	163,994	374,916
		<u>1,167,070</u>	<u>3,058,896</u>
Total assets		<u>3,663,566</u>	<u>5,223,577</u>
LIABILITIES			
Current liabilities			
Trade and other payables	12	(1,851,955)	(512,170)
Loans and other borrowings		(318,166)	(2,888)
Obligations under finance leases		(79,432)	(48,589)
		<u>(2,249,553)</u>	<u>(563,647)</u>
Non-current liabilities			
Trade and other payables	12	(60,904)	-
Loans and other borrowings		(581,551)	-
Obligations under finance leases		(80,547)	(42,537)
Deferred tax		-	(178,589)
		<u>(723,002)</u>	<u>(221,126)</u>
Provisions for liabilities and charges	13	(173,391)	-
Total liabilities		<u>(3,145,946)</u>	<u>(784,773)</u>
Total assets less liabilities		<u>517,620</u>	<u>4,438,804</u>
EQUITY			
Shareholders' equity			
Called up share capital		2,450,263	2,167,775
Share premium		4,802,471	4,082,237
Other reserves		802,923	1,169,848
Retained earnings		(7,538,037)	(2,981,056)

Total equity attributable to the equity holders of the parent

517,620

4,438,804

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2009

	30 September 2009 £	30 September 2008 £
CONTINUING OPERATIONS		
Cash flows from operating activities		
(Loss)/profit before tax	(4,556,981)	198,121
Adjustments for:		
Interest paid	167,845	16,266
Interest received	(34,429)	(18,865)
Impairment of goodwill	2,925	53,973
Amortisation of customer list	63,729	-
Impairment of available for sale assets	2,285,453	-
Provision for bad debts	1,419,837	-
Depreciation	135,952	86,165
Currency exchange adjustment	(737,579)	(48,018)
Operating cash flows before movements in working capital	(1,253,248)	287,642
Share option costs	77,640	10,351
(Increase)/Decrease in inventories	(490,525)	201
(Increase) in trade and other receivables	(74,879)	(186,719)
Increase in provisions for liabilities and charges	173,391	-
Increase/(Decrease) in trade and other payables	1,555,957	(218,995)
Cash (used in) operations	(11,664)	(107,520)
Interest paid	(167,845)	(16,266)
Net cash (used in) operating activities	(179,509)	(123,786)
Investing activities		
Interest received	34,429	18,865
Acquisition of intangible	(1,064,638)	(21,549)
Acquisition of goodwill	(593,000)	(103,984)
Purchase of shares in associate	-	(76,046)
Purchases of property, plant and equipment	(67,692)	(109,647)
Net cash (used in) investing activities	(1,690,901)	(292,361)
Financing activities		
Proceeds from issue of share capital	229,052	-
Premium on issue	646,152	-
Share issue costs	(54,000)	-
Increase in/(Repayment of) borrowings	909,288	(3,838)
(Repayment of) obligations under finance lease	(71,004)	(1,131)
Net cash generated from/(used in) financing activities	1,659,488	(4,969)

Net cash (used in) continuing operations		(210,922)	(421,116)
DISCONTINUED OPERATIONS			
Net cash from investing activities		-	311,543
Net cash from discontinuing operations		-	311,543
Net decrease in cash and cash equivalents		(210,922)	(109,573)
Cash and cash equivalents at beginning of year		374,916	484,489
Cash and cash equivalents at end of year	11	163,994	374,916

NOTES TO THE PRELIMINARY RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

1. GOING CONCERN

As described in the Income Statement shown above, the Group recorded a loss of £4,556,981 including an operating loss of £599,755. The directors have taken steps aimed at returning the Group to profitability. However, the losses recorded in the year ended 30 September 2009 have substantially reduced the liquid resources of the Group.

Recognising the liquidity challenges facing the business the following actions have taken place:

- The directors have carried out a strategic review of the Group's businesses and reduced the overhead base where appropriate to assist the Group with returning to profitability.
- Agreements have been reached with certain creditors to repay the liabilities owed to them over agreed extended payment plans.
- On 20 January 2010 certain directors formally agreed to defer the payment period of loan and interest payments due to them totalling £68,406 to 12 December 2010.

The directors of the Group have prepared detailed projections and cash flow forecasts through to 30 September 2011. In considering these cash flow forecasts, the directors have carefully considered the assumptions and sensitivities and have concluded that the Group can remain within the level of available finance. However, in arriving at this view, the directors are cognisant of the fact that given the nature of the Group's business and in the current economic climate there are inherent risks surrounding the achievability of the Group's forecast sales and margins and the timing of cash flows, including, inter alia, the continuation and extension of credit terms in line with those assumed within the cash flow forecasts.

The projections prepared identify the Company's newest subsidiary undertakings, Resilience Technology Corporation and Nerd Force Franchise Company will require continuing financial support from its fellow Group entities for the foreseeable future. However, the projections show that both Resilience Technology Corporation and Nerd Force Franchise Company will return to operational profitability (excluding plc management charges) during the year ended 30 September 2010 and be able to repay their debt due to the holding company at 30 September 2009 of £995,417 and £408,192 respectively, in the longer term. The projections also support the carrying value of the intangible assets held on the Group balance sheet of £1,853,389.

The directors of the Group have concluded that the combination of these circumstances represent a material uncertainty. However, having considered these uncertainties, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence in the foreseeable future and as such has prepared the accounts on the going concern basis.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by European Union ("adopted IFRSs"), and are in accordance with IFRS as issued by the IASB.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 30 September 2008 and 2009, but is derived from those accounts. Statutory accounts for 2008 have been delivered to the Registrar of Companies and those for 2009 will be delivered following the Company's Annual General Meeting. The Auditors have reported on those accounts; their reports were unqualified and did not contain statements under the Companies Act 1985, sections 237(2) or (3).

3. NET FINANCE COSTS

	2009	2008
	£	£
Finance Expense		
Interest on finance lease	32,463	4,476
Interest on factoring	23,658	-
Interest on other borrowings	111,724	11,790
Other interest	115,570	-
	<u>283,415</u>	<u>16,266</u>
Finance Income		
Interest on held for available-for-sale investments	34,033	17,342
Interest on cash and cash equivalents	396	1,523
	<u>34,429</u>	<u>18,865</u>

4. TAXATION

	2009	2008
	£	£
i) Current tax charge		
The tax charge comprises:		
UK taxation		
Corporation tax at 23.30% (2008: 28%)	-	-
Non-UK taxation		
Current	-	-
Deferred taxation		
Origination and reversal of temporary differences	-	-
	<u>-</u>	<u>-</u>

ii) Tax reconciliation

The taxation expense/(credit) on the profit for the year differs from the amount computed by applying the corporation tax rate to the profit before tax for the following reasons:

	2009	2008
	£	£
(Loss)/Profit on ordinary activities before tax	<u>(4,556,981)</u>	<u>1,097,729</u>
Theoretical tax charge at 23.30% (2008: 28%)	(1,061,726)	307,364
Effects of:		
Expenses (including goodwill) not deductible for tax purposes	923,447	(29,849)

Capital allowances in excess of depreciation	(12,371)	6,079
Income not taxable	(95,237)	-
Other tax adjustments	-	(81,903)
Effect of associate's results	-	(91,831)
Adjustments in respect of prior periods	-	(159,156)
Utilisation of losses b/f	(41,410)	-
Unrelieved losses c/f	306,563	49,296
Under provision of tax	(19,266)	-
	-	-
Total tax charge for the year	-	-

iii) Deferred tax recognised directly in equity

The following taxation has been recognised directly in equity within the statement of changes in equity attributable to equity shareholders of the parent:

	2009	2008
	£	£
Available for sale investments	-	178,589

Factors that may affect future tax charges

At 30 September 2009 the Group has tax losses of approximately £1,021,877 (2008: £474,059) to set against future profits of the same trade.

A deferred tax asset of £286,126 (2008: £132,737) arising from the tax losses in place has not been recognised. Although the directors ultimately expect sufficient taxable profits to arise, there is currently insufficient evidence to support the recognition of a deferred tax asset in these financial statements.

5. (LOSS)/EARNINGS PER SHARE

Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Diluted

The weighted average number of the Group's ordinary shares used in the calculation of diluted earnings per share has been adjusted for the effect of potentially dilutive share options granted under the Group's share option schemes. (Potentially dilutive share options are options with an exercise price less than the middle market price at 30 September 2009)

	2009			2008		
	(Loss) attributable to equity holders of the parent £	Weighted average Number of shares	Loss per share £	Profit attributable to equity holders of the parent £	Weighted average Number of shares	Earnings per share £
Basic EPS calculation	(4,556,981)	904,469,792	(0.00504)	1,097,729	851,468,137	0.00129
Effect of dilutive options		<u>251,945,859</u>			<u>16,056,741</u>	

Diluted EPS calculation (4,556,981) 1,156,415,651 (0.00504) 1,097,729 867,524,878 0.00127

In the current year the Group has made a loss and the potential share options are therefore anti-dilutive.

6. PROPERTY, PLANT AND EQUIPMENT

Group	Motor vehicles £	Short leasehold improvements £	Fixtures and fittings £	Office and computer equipment £	Total £
Cost					
At 1 October 2007	-	226,023	27,876	500,309	754,208
Additions	-	3,540	22,239	134,618	160,397
Currency exchange adjustment	-	28,062	-	59,710	87,772
At 1 October 2008	-	257,625	50,115	694,637	1,002,377
Additions	-	93,996	13,951	78,303	186,250
Disposals	-	-	-	(25,033)	(25,033)
Transfers	12,432	-	(12,432)	-	-
Currency exchange adjustment	1,699	35,238	(831)	75,568	111,674
At 30 September 2009	14,131	386,859	50,803	823,475	1,275,268
Accumulated depreciation					
At 1 October 2007	-	81,320	26,754	422,939	531,013
Provided in the year	-	14,827	750	70,588	86,165
Currency exchange adjustment	-	22,325	-	46,699	69,024
At 1 October 2008	-	118,472	27,504	540,226	686,202
Provided in the year	4,834	21,466	2,797	106,855	135,952
Disposals	-	-	-	(25,033)	(25,033)
Currency exchange adjustment	(124)	3,291	6,888	80,213	90,268
At 30 September 2009	4,710	143,229	37,189	702,261	887,389
Net Book Value					
At 30 September 2009	9,421	243,630	13,614	121,214	387,879
At 30 September 2008	-	139,153	22,611	154,411	316,175
At 30 September 2007	-	144,703	1,122	77,370	223,195

Included in the total net book value of £387,879 is £152,646 (2008: £78,337) in respect of assets held under hire purchase agreements. The categories of these assets are short leasehold improvements £61,995, computer and office equipment £82,408 and motor vehicles £8,243.

The depreciation charged to the Income Statement in the year in respect of such assets is £65,375 (short leasehold improvements £697, computer and office equipment £59,968 and motor vehicles £4,710). (2008: £41,639).

The Company had no property, plant and equipment.

7. GOODWILL

	Goodwill on consolidation £	Purchased goodwill £	Total £
Cost			
At 1 October 2007	641,137	5,000	646,137
Additions	-	205,303	205,303
At 1 October 2008	641,137	210,303	851,440
Currency exchange adjustment	-	28,059	28,059
Additions	-	592,999	592,999
At 30 September 2009	641,137	831,361	1,472,498
Impairment			
At 1 October 2007	329,011	5,000	334,011
Impairment charge	53,973	-	53,973
At 1 October 2008	382,984	5,000	387,984
Currency exchange adjustment	-	-	-
Impairment charge	2,925	-	2,925
At 30 September 2009	385,909	5,000	390,909
Net book value			
At 30 September 2009	255,228	826,361	1,081,589
At 30 September 2008	258,153	205,303	463,456
At 30 September 2007	312,126	-	312,126

	2009	2008
FixIT Worldwide Limited	255,228	258,153
Nerd Force Franchise Company	265,855	205,303
Resilience Technology Corporation	560,506	-
	1,081,589	463,456

The recoverable amount has been determined on the basis of value in use to the business. Goodwill is valued using a 5 year discounted cash flow model, based on Directors' forecasts, using an estimated growth rate of 2% and a cost of capital rate of 7%. Past experience has shown growth to be in excess of 2%, and the Directors believe the cost of capital rate to be conservative.

Business combinations

On 14 March 2009 the Group acquired trade and assets to form Resilience Technology Corporation for a consideration of £1,130,504, satisfied by cash and shares.

Details of the net assets acquired and goodwill are as follows:

	£
Purchase consideration:	
Cash paid	577,108

Direct costs relating to the acquisition	7,110
Deferred cash/shares	553,396
Total purchase consideration	1,137,614
Fair value of liabilities acquired	487,530
Fair value of intangible net assets acquired	(1,064,638)
Goodwill	560,506

	Fair value	Acquiree's carrying amount
	£	£
Customer list	1,064,638	-
Property, plant and equipment	3,211	3,211
Inventory	521,716	742,573
Cash	15,701	15,701
Trade and other receivables	237,944	237,944
Trade and other payables	(480,879)	(480,879)
Deferred income	(785,223)	(785,223)
Net assets acquired	577,108	(266,673)

Purchase consideration settled in cash	577,108
Direct costs	7,110
Total cash consideration	584,218
Cash and cash equivalents of subsidiary acquired	(15,701)
Cash outflow on acquisition	568,517

The deferred cash/shares value is £553,396. This will be settled in either cash or shares at the option of the seller. The number of shares will be determined by the average bid share price for the 20 days previous to the seller converting its loan.

Since the date of acquisition, the revenue and loss included for Resilience Technology Corporation in the results of the group were:

Revenue	£977,520
Loss	£1,251,975

8. INTANGIBLE ASSETS

Group	Customer List	Brand and trade names	Total
	£	£	£
Cost			
At 1 October 2007	-	-	-
Additions	-	21,549	21,549
At 1 October 2008	-	21,549	21,549
Currency exchange adjustment	-	2,945	2,945
Additions	1,064,638	-	1,064,638
At 30 September 2009	1,064,638	24,494	1,089,132

Amortisation

At 1 October 2007	-	-	-
Provided in the year	-	-	-
At 1 October 2008	-	-	-
Provided in the year	62,104	-	62,104
At 30 September 2009	62,104	-	62,104
Net book value			
At 30 September 2009	1,002,534	24,494	1,027,028
At 30 September 2008	-	21,549	21,549
At 30 September 2007	-	-	-

	2009	2008
Nerd Force Franchise Company	24,494	21,549
Resilience Technology Corporation	1,002,534	-
	1,027,028	21,549

9. INVENTORIES

	2009	2008
	£	£
Raw materials and components	491,087	536

In the year ended 30 September 2009, raw materials recognised as cost of sales amounted to £189,977 (2008 - £Nil). There has been no write down of inventories to net realisable value in 2009 (2008 - £Nil).

The company had no inventories at 30 September 2009.

10. TRADE AND OTHER RECEIVABLES

	2009	2008
	£	£
Trade receivables	414,966	357,442
Amounts owed by group undertakings	-	-
VAT recoverable	-	-
Other receivables	40,755	2,207,316
Prepayments and accrued income	56,268	118,686
	511,989	2,683,444

Within Group trade receivables, a balance of £80,664 (2008: nil) is subject to a charge in respect of an invoice financing facility that the group has with its bankers. At the balance sheet date £64,531 (2008: nil) included in loans and other borrowings was due to the providers of this facility in respect of debtors that they have not yet recovered.

Included in the Company total above is £1,820,818 (2008:nil) relating to debtors due after more than one year.

There is no material variance between carrying and fair values.

11. CASH AND CASH EQUIVALENTS

	2009 £	2008 £
Cash at bank and on hand	163,994	374,916
	<u>163,994</u>	<u>374,916</u>

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	2009 £	2008 £
Cash and cash equivalents	163,994	374,916
	<u>163,994</u>	<u>374,916</u>

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

Reconciliation of net cash flow to movements in net funds and analysis of net funds:

	At 1 October 2008 £	Cash flow £	Exchange movement £	At 30 September 2009 £
Cash in hand and at bank	374,916	(210,922)	-	163,994
	<u>374,916</u>	<u>(210,922)</u>	-	<u>163,994</u>

12. TRADE AND OTHER PAYABLES

	2009 £	2008 £
Trade payables	683,216	175,431
Amounts owed by group undertakings	-	-
Other payables	213,751	182,319
Accruals and deferred income	1,015,892	154,420
	<u>1,912,859</u>	<u>512,170</u>

There is no material variance between carrying and fair values.

Included in the Group total above is £60,904 (2008: £nil) relating to amounts falling due after more than one year.

13. PROVISIONS FOR LIABILITIES AND CHARGES

The Group has provided for additional liabilities of an uncertain nature. These liabilities are deemed present obligations as a result of past events and the likelihood of an economic outflow is deemed probable. However, the timing of when these liabilities will crystallize is uncertain.

2009	2008
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	£	£
Interest and penalties on late payment of US payroll taxes	115,570	-
Employee litigation	45,260	-
Legal fees	12,561	-
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	173,391	-
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One of the Group's subsidiaries, Resilience Technology Corporation, has an outstanding liability for payroll taxes in the USA. It is probable that the IRS will impose penalties on Resilience Technology Corporation in accordance with the IRS tax regime. The Directors have provided an amount of 100% of the payroll tax liability.

A legal claim has been made against Resilience Technology Corporation from a former employee. This claim has not yet been fully settled, but the Directors believe that there is a probable chance of an economic outflow and have provided their best estimate accordingly.

The Directors have made a provision in connection with expected legal fees that will arise, associated with the recovery of funds from an escrow account.

14. CONTINGENT ASSETS AND LIABILITIES

Contingent Liabilities

A legal claim has been made against one of the Group's subsidiaries, Resilience Technology Corporation, from former employees of the Company. This claim is for \$175,000 plus fines and legal costs. However, the Director's having taken legal advice and believe the likelihood of a cash outflow is not probable and as such no provision has been made in these financial statements.

On the acquisition of the trade and assets by Resilience Technology Corporation, there was a contingent consideration of an estimated £653,625 relating to the issue of 78,750,000 shares in Nexus Management Plc. However, the contingent consideration would only become payable if certain EBITDA targets of Resilience Technology Corporation are met. As the likelihood of meeting these criteria is not considered probable, no liability is reflected in these financial statements.

15. RELATED PARTY TRANSACTIONS

The key management personnel of the Group comprise members of the Nexus Management Plc Board of Directors and Managing Directors of subsidiary undertakings.

The key management personnel compensation is as follows:

	2009	2008
	£	£
Remuneration including benefits in kind and pension	757,255	649,748
Share based payments	76,614	3,836
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	833,869	653,584
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Company

At 30 September 2009 the following amounts were due from/(owed to) related companies:

2009	2008
£	£

Nexus Management EMEA Limited	398,184	337,783
Nexus Management Inc	399,928	329,735
FixIT Worldwide Limited	-	(24,375)
PC Medics Group Limited	17,281	17,281
Nerd Force Franchise Company	408,192	270,791
Resilience Technology Corporation	995,417	-

Transaction with Directors

The following loans were received from directors and related parties during the year.

	Loan	Balance at	Interest
	£	Year End	Charged
		£	£
Janet Richardson	49,000	49,000	3,240
Jeremy Lister	8,500	8,500	510
Boris Adlam	10,436	10,436	-
At 30 September 2009	67,936	67,936	3,750

Boris Adlam's interest due at 30 September 2009 was £470.

Guarantees

Nexus Management plc has provided a parent company guarantee to the landlord of the property at 120 Moorgate, London in respect of the lease of the premises.

16. DIVIDEND

The Directors have not recommended a dividend.

17. COPIES OF THE REPORT & ACCOUNTS

Copies of the Report and Accounts will be posted to shareholders shortly, will be available from the Company's registered office 120 Moorgate, London EC2M 6UR and will be available from the Company's website www.nexusmgmt.co.uk.