

**NEXUS MANAGEMENT PLC**  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 September 2008

Company Registration No. 3895363

# NEXUS MANAGEMENT PLC

## CONTENTS

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<b>Page</b>	
1	Officers and Professional Advisers
2 to 4	Chairman's and Chief Executive's Statements
5 to 6	Board of Directors
7 to 9	Directors' Report
10 to 13	Corporate Governance Report
14 to 15	Report of the Auditors
16	Consolidated Income Statement
17	Group and Company Statement of Changes in Equity Attributable to Equity Shareholders of the Parent
18	Group Balance Sheet
19	Company Balance Sheet
20	Group Cash Flow Statement
21	Company Cash Flow Statement
22 to 56	Notes to the Financial Statements

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# **NEXUS MANAGEMENT PLC**

## **OFFICERS AND PROFESSIONAL ADVISERS**

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<b>Directors</b>	P O R Paterson (Non-executive Chairman) R A Richardson (CEO) P J Weller (Finance Director) B Adlam G C Stoddart-Stones Dr J F Tryzelaar (Non-executive - resigned 13 November 2007) R C Jaques (Non-executive) J P Lister (Non-executive - appointed 13 November 2007)
<b>Secretary</b>	P J Weller
<b>Company number</b>	3895363
<b>Registered office</b>	The Diary House Roxby Place Rickett Street London SW6 1RS
<b>Auditors</b>	Menzies LLP Heathrow Business Centre 65 High Street Egham Surrey TW20 9EY
<b>Bankers</b>	Barclays Bank PLC PO Box 166 Heathrow Airport Hounslow Middlesex TW6 2RA
<b>Solicitors</b>	Fladgate Fielder 25 North Row London W1K 6DJ
<b>Nominated advisers</b>	John East & Partners Ltd 10 Finsbury Square London EC2A 1AD
<b>Brokers</b>	Hybridan LLP 60 Lombard Street London EC3V 9EA
<b>Financial PR</b>	Bishopsgate Communications 2nd Floor, Henry Thomas House 5-11 Worship Street London EC2A 2BH

# NEXUS MANAGEMENT PLC

## CHAIRMAN'S STATEMENT

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Dear Shareholder

I am pleased to report the results for the year ended 30 September 2008.

During the year the Company acquired Nerd Force in the US. Nerd Force is a franchised "local" IT service operation selling Nexus services to SMEs across the US and now rolling out across Europe. This acquisition complements the Venue (previously called "Peach") operation, which sells a large range of electronic items requiring installation, including computers and digital televisions.

Operations in the US performed well in the period under review and progress has continued since the year end. There is now a steady pipeline of new business coming into the Brunswick Data Centre. However, the business climate in the US is difficult and the Company is keeping a very close watch on how things develop.

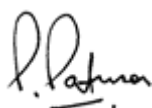
In February 2008 we sold a 16.3 per cent stake in PD Financial, the owner of the Venue operation. Since then PD Financial has restarted its operation with a credit line three times larger than the one it had from the previous provider. Sales are steadily rebuilding. The terms of the PD Financial debt were renegotiated in December 2008 to assist its likely success of securing new funding in order to grow its operations.

In the UK, sales in the period were disappointing. Sales growth has been slow to develop and this is likely to continue for a while. However, the Company continues to seek earnings enhancing acquisitions and has been actively doing so through the year. This is a key part of our growth strategy for the UK.

On the corporate front, we have kept the same team of advisors. Our Nominated Adviser, John East & Partners Limited, has shown us how a good NOMAD should be. All of our advisors have been thoughtful, considerate and helpful. Once again, I cannot overstate the benefit this change has given to the Company's sense of purpose.

Nexus is a company operating within a niche area of the IT market. The Directors are committed to its ongoing growth and development and continue to hold a significant aggregate shareholding in the Company such that our interests are clearly aligned with all our shareholders.

On behalf of the Board and all shareholders I thank all our employees for their great efforts, efficient performance and the resultant contribution to the achievement of your Company's targets. I look forward to your continued support throughout the coming year, which I expect to be an exciting one for Nexus. Your Board has worked tirelessly to review the overall operations of the Company and continues to explore ways to further unlock shareholder value.



Peter Paterson  
Chairman  
Nexus Management Plc

# **NEXUS MANAGEMENT PLC**

## **CHIEF EXECUTIVE'S STATEMENT**

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I am pleased to report the Company has made significant progress in the year ended 30 September 2008.

### **Financial Highlights**

Overall Group profit for the year was £1.10 million. This was derived from a good performance in our core business and profits from the activities and disposals relating to our interests in PD Financial.

Core Group revenues for the year were £3.82 million. This is a significant increase from the £3.35 million in the previous year, which demonstrates that the marketplace has a healthy demand for our services. The continuing operations achieved a profit before taxation (before goodwill impairment and including foreign exchange gains) of £0.25 million (2007: loss £0.27 million), an improvement of £0.52 million. The turnaround from a significant loss on the core business in 2006-7 to profit in 2007-8 is equally pleasing and shows that the strategy of investment in scalable managed services is working.

The profit from our associate PD Financial and the profit on disposal of a 16.3 per cent interest in PD Financial accounted for the remainder of the overall profit. We believe that the profit level of nearly £1.10 million is a very creditable performance for a company of our size

At 30 September 2008, the Group's net assets had increased by £1.63 million to £4.44 million, with cash balances of over £0.37 million.

### **Review of activities**

Nexus is a growing specialist IT Managed Services Provider. The Company has two key markets: the UK and the US, where it can offer its customers 24 hour support. Nexus specialises in Remote Server Management, Disaster Recovery, Data Storage, Help-Desk, Desktop Support and Wide Area Network Management and Monitoring - providing enterprise calibre technical support.

The acquisition of the Nerd Force franchise operation in July 2008 gives Nexus the ability to service small businesses and private individuals through the Nerd Force franchisees. These clients will also benefit from the background support of the Nexus personnel when their local person is busy or unavailable. The Directors believe this combination of a local technician with global backup is unique in the industry and is already proving very popular. Also with the addition of the existing Nexus managed services now being available from the Nerd Force team, clients of Nerd Force are able to access Nexus products.

### **Post balance sheet events**

In December 2008 the Company entered into an agreement with Ilir Sela the vendor of Nerd Force to satisfy the outstanding Nerd Force consideration by the issue of 14,202,341 shares in Nexus.

Also in December 2008 the Company announced that it had renegotiated the terms of the debt with PD Financial and had re-acquired 8 per cent of the company for \$2 million and had acquired 10 per cent of its fledgling B2B business for a further \$100,000. Nexus still holds a \$2.3 million debt with PD Financial which attracts interest of approximately \$15,000 per month payable monthly and is to be repaid by December 2009. The terms of this deal were completed on 30 January 2009.

### **Focus and customer growth**

Nexus has a portfolio of services that we now have the ability to sell through a number of strong independent channels. For example our backup products are sold through direct sales, web marketing, Nerd Force franchisees and through PD Financial. This product has different aspects that appeal to private individuals, desktop PCs resident in small businesses, laptops of senior executives who are always on the move and mission critical servers.

# NEXUS MANAGEMENT PLC

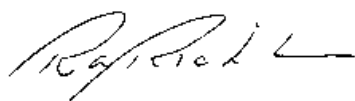
## CHIEF EXECUTIVE'S STATEMENT

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Our strategy of having multiple sales and marketing channels gives us resilience in a downturn and the opportunity for exponential growth when the economy improves.

### Outlook

The global economy remains weak and over the past four months we have seen a general tightening of budgets for new projects as well as a few unfortunate companies we service being unable to continue trading. A small number of our clients are reducing their spending level with us, but we have been proactive in reducing our internal costs and have been successful in attracting new clients. The Board believe that the internal targets set at the beginning of the period for the current financial year will be met. Nexus offers many ways for clients to reduce the costs of IT so we believe we are well placed to increase revenues in the coming year.



Roger Richardson  
Group CEO  
Nexus Management Plc

# NEXUS MANAGEMENT PLC

## BOARD PROFILES

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### **Peter Paterson (Age 65) Non-executive Chairman**

Peter started his computing career in 1965 in systems development. In 1968 he moved to Cummins Engine Company where he was involved with Arthur Andersen in the development of a fully integrated manufacturing industry system, one of the first in the UK. By 1976 he had moved to London and started work in software and hardware sales. In 1979 he first became acquainted with recruitment agency selling and in 1986 he started his own agency business supplying contract systems development staff. By 1991 he had bought another agency and this business was sold in 1996, after which he acquired a stake in Nexus Management Limited, an outsourced IT services company focussed on using the internet, which he determined would be the next major growth area in the IT sector.

### **Roger Richardson (Age 48) Group CEO**

Roger has led the International Operations of a number of US software firms over the past 10 years including Visionael Corporation, Serena Software, Legent BV and NV and Legent UK. Roger has held positions from Vice-President of International Operations to Sales Director and brings to Nexus Management Plc a range of senior level experience in sales and marketing. Roger joined Nexus Management Plc in 2002 as sales director and became group CEO in September 2003.

### **Peter Weller FCCA (Age 39) Finance Director**

Peter initially worked for Harvard International, now part of Alba Plc. He joined Coral Racing, part of Bass Plc, in 1987 where he remained for ten years, becoming assistant financial controller to both Coral Racing and Coral Stadia. Immediately prior to joining the Group, Peter was financial controller at Barkers Interiors, having qualified as a Certified Chartered Accountant in 1999. He joined Nexus Management Plc in October 2000 and was appointed finance director in January 2001.

### **Boris Adlam (Age 42) Director**

Boris is an investment banker and venture capitalist by background with over 20 years of experience in international corporate finance. He left Oxford University in 1989 to join Lehman Brothers first in New York and later in London where he specialised in equity and debt origination and mergers and acquisitions. Subsequently, at Paribas Capital Markets he concentrated on giving financial advice to governments, larger European companies and institutions, a role that he continued at Nomura International Plc in London. Boris has been on the board of the Company since 2000, first as non-executive chairman and since 2007 as executive chairman of Nexus Management Inc. He is a director of PD Financial Corp and is the President of Nerd Force Franchise Company.

### **Graham Stoddart-Stones (Age 59) Director**

Graham first started computer programming in 1968 and has over 35 years experience in the IT sector. After a career in the Royal Navy he returned to the UK in 1986 for the Channel Tunnel project, after which he established Nexus Management Limited and joined the Board of Nexus Management Plc on 23 August 2002. He is responsible for our large client relationships and developing new business.

# **NEXUS MANAGEMENT PLC**

## **BOARD PROFILES**

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### **Richard Jaques FCA (Age 45) Non-executive Director**

Richard is the Chief Financial Officer of Promotion Space Group Limited, the UK's largest venue media specialist and Private equity backed group of companies. Prior to that he launched and managed a number of internet recruitment businesses and was the Finance Director of a leading Branding and corporate identity business, The Partners, part of WPP group plc.

### **Jeremy Lister (Age 55) Non-executive Director**

Jeremy joined Nexus in November 2007. He has extensive experience in IT and in Project, Programme and Change Management. He has also worked in Financial Analysis and Strategic Planning. A graduate in Maths & Psychology from Sussex University with a Masters in Operational Research, most of his career was spent in various divisions of RMC Group plc after working in the steel industry and international banking. In recent years he has had Interim Management roles including Managing Director of a software development company. He is a Director of RSS Web Limited and Storyboard Assets plc. Some of his time is spent working for the community as a Magistrate and School Governor.

# NEXUS MANAGEMENT PLC

## DIRECTORS' REPORT

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The Directors present their report together with the audited financial statements of the group for the year ended 30 September 2008.

### Principal Activities

The principal activity of the group was that of provision of IT solutions to small-medium sized businesses.

### Future Developments

The Directors are always looking for as many new ways as possible to reach more potential clients and exploring additional services that they can offer as well as refining the existing services is a key part of their work. Through their network of subsidiaries and business partnerships the Directors are able to listen to the needs of their clients and respond accordingly.

### Business Review

A business review of the group is included in the Chairman's statement on page 2.

### Results and Proposed Dividend

The Directors have not recommended a dividend.

### Directors and their interests

The Directors who were in office at the year end had the following interests in the ordinary shares of the Company as at 1 October 2007 and 30 September 2008:

	Ordinary shares of £0.0025 each	
	2008	2007
P O R Paterson (Non-executive Chairman)	80,003,763	80,003,763
R A Richardson (CEO)	41,666,667	41,666,667
P J Weller (Finance Director)	730,000	730,000
B Adlam	37,543,317	37,543,317
G C Stoddart-Stones	79,764,327	78,340,861
J P Lister	1,250,000	-
R Jaques	-	-

P Paterson, G Stoddart-Stones and B Adlam retire by rotation in accordance with the Articles of Association and, being eligible, offer themselves for re-election.

Details of the share options held by the directors at the year-end are included in note 18 to the financial statements.

# NEXUS MANAGEMENT PLC

## DIRECTORS' REPORT

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### Substantial Shareholdings

Apart from the interests of the Directors referred to above, the Company has received the following notification of holdings of more than 3% of the share capital of the Company as at 30 January 2009:

	Ordinary shares of £0.0025 each	Ordinary shares of £0.0025 each
Barclayshare Nominees Limited	67,976,518	7.71%
LR Nominees Limited	47,827,567	5.43%
TD Waterhouse Nominees (Europe) Limited	43,820,666	4.97%
Pershing Nominees Limited	34,147,842	3.87%
HSDL Nominees Limited	31,478,755	3.57%
The Bank of New York	30,850,000	3.50%

### Financial Instruments

The Group's financial instruments comprise cash and other items, including trade debtors and trade creditors that arise directly from its operations. The Group seeks to reduce or eliminate financial risk and to invest cash assets safely and profitably. It operates within policies and procedures approved by the Board, which include strict controls on the use of financial instruments in managing the Group's risk. The Group has immaterial transactional currency exposures.

### Directors' responsibilities for the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

UK Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law the Directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and have elected to prepare the company financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

The group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the group; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The Company financial statements are required by law to give a true and fair view of the state of affairs of the Company.

In preparing each of the group and company financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether they have been prepared in accordance with IFRSs adopted by the EU;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

# NEXUS MANAGEMENT PLC

## DIRECTORS' REPORT

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The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom concerning the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

The Group's public website, [www.nexusmgmt.com](http://www.nexusmgmt.com), provides current and historical financial information, news releases and investor information.

### Donations

During the year the Group made no charitable donations (2007: £nil).

### Key performance indicators

#### *Financial*

	2008	2007
Revenue per technician	£73,419	£69,804
Clients per technician	2.23	2.13
Staff cost as % of revenue	65.9%	73.7%

#### *Non financial*

The Directors do not consider any non financial key performance indicators at this time.

### Creditor Payment Policy

The Group does not comply with any formal code or standard payment practice. The policy of the Group is to agree payment terms with individual suppliers. The average credit taken from suppliers based upon year end creditors was 34 days (2007: 34 days).

### Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the Company's auditors are unaware, and each of the directors have taken all steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditors

On 1 July 2008, Menzies, the Company's auditors, transferred its business to Menzies LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The company's consent has been given to treat the appointment of Menzies as extending to Menzies LLP with effect from 1 July 2008 under the provision of section 36(5) of the Companies Act 1989.

Accordingly, a resolution approving the reappointment of Menzies LLP as auditors will be put to the members at the forthcoming Annual General Meeting.

The Diary House  
Roxby Place  
Rickett Street  
London SW6 1RS

**ON BEHALF OF THE BOARD**



P J Weller  
Company Secretary

# **NEXUS MANAGEMENT PLC**

## **CORPORATE GOVERNANCE REPORT**

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### **Corporate Governance Report** **For the year ended 30 September 2008**

Although the Combined Code on Corporate Governance applied only to companies with a full listing on the London Stock Exchange, it is considered appropriate by the Directors that the Group comply with its principles where possible.

In the Report and Accounts to 31 March 2004 the Board set out its commitment to best practice corporate governance appropriate to a company of its size. This has continued throughout the current financial year. The Company complies with this new Code except as noted below. Processes complying either with the previous Code or the current one have been followed throughout the year. They provide reasonable, although not absolute, assurance against material misstatement or loss.

#### **The Board**

The Board currently consists of seven directors, three of whom are non-executive and four of whom are executive. The Chairman is non-executive but is not considered independent, having been an executive and by the virtue of his significant shareholding. The other non-executive directors are considered to be independent within the meaning of the New Combined Code.

The Board meets regularly throughout the year to monitor the management accounts and performance of the Group and all major decisions are taken by the full Board. The Board in turn delegates the implementation of board policy and the day-to-day operational management of the Group to the Chief Executive and his team. All directors have access to the Company Secretary and any director needing independent advice in the furtherance of his duties may obtain this advice at the expense of the company.

The Board met 19 times during the year. On three occasions, one member was absent otherwise all members attended.

#### **The Audit Committee Membership**

The Audit Committee during the year was composed of three Non-executive Directors – Mr Jaques (Chairman), Mr Paterson and Mr Lister. The Finance Director and the Chief Executive attend as necessary.

#### **Timetable**

The Audit Committee meets at least twice a year to review the published financial information, the effectiveness of external audit and internal controls.

#### **Terms of reference**

The terms of reference of the Audit Committee are to assist the Directors in discharging their individual and collective legal responsibilities for ensuring that:

- the Group's financial and accounting systems provide accurate and up to date information on its current financial position;
- the Group's published financial statements represent a true and fair reflection of this position and;
- the external audit which the law requires in order to provide independent confirmation that these legal responsibilities are being met, is conducted in a thorough, efficient and effective manner.

# NEXUS MANAGEMENT PLC

## CORPORATE GOVERNANCE REPORT

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In order to meet these terms of reference the Audit Committee will:

- a) Consider the appointment of external auditors, the audit fee and any questions of resignation or dismissal of the auditors.
- b) Discuss with the auditors the nature and scope of the audit before it commences.
- c) Review half and full year financial statements and accounts, focusing particularly on:
  - any changes in accounting policies and practices;
  - major judgmental areas;
  - significant adjustments arising from the audit;
  - the going concern assumptions;
  - compliance with accounting and legal standards and requirements.
- d) Discuss any problems and reservations arising from the half year and full year audits and any other matters the auditors may wish to discuss.
- e) Keep under review the effectiveness of internal control systems and risk management systems and to review the auditor's management letter and management's response to it.
- f) Consider any other matter at the request of the Board.

The Committee will provide a formal report to the Board at least once a year.

The Audit Committee met formally four times during the last financial year where it approved the final accounts for 2006/2007, reviewed financial timetables, reviewed internal policies and reviewed due diligence procedures. All members attended every meeting.

### **The Remuneration and Appointments Committee**

The Remuneration and Appointments Committee ensures that all remuneration and other rewards, and their structure, for executive directors and other senior managers, fully satisfy performance and other criteria and approves them. It also approves all senior management and director level appointments, if necessary meeting the candidates.

The committee consisted of three Non-executive Directors - Mr Paterson (Chairman), Mr Jaques and Mr Lister - with the Chief Executive and Finance Director in attendance where appropriate.

The Remuneration Committee met five times during the year and reviewed Executive Pay, Bonus Schemes and Performance Appraisals.

# NEXUS MANAGEMENT PLC

## CORPORATE GOVERNANCE REPORT

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### Compliance with the New Combined Code

Nexus complies with all aspects of the New Combined Code except as stated below:

Combined Code Reference	Description	Action/Reason
<b>Remuneration</b>		
B.1.3	Remuneration for directors should not include share options and, if exceptionally issued, should not be exercisable until one year after leaving the Board.	Executive directors may be rewarded with options as part of their package subject to audit and remuneration committee approval.
<b>Procedure</b>		
B.2.4	Shareholders to approve long term incentive schemes.	No such schemes introduced.
<b>Accountability and auditing</b>		
C.3.5	Internal audit function	Considered inappropriate for a company of our size.
<b>Relations with Shareholders</b>		
D.1.1	Chair to discuss governance and strategy with major shareholders.	Not currently appropriate for a company of our size.
D.1.2	State how members of the Board, in particular non-executive directors, develop understanding of views of major shareholders.	The Chair and Chief Executive will feed back shareholders' views to the Board. More than this not considered appropriate for a company of our size.

# **NEXUS MANAGEMENT PLC**

## **CORPORATE GOVERNANCE REPORT**

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### **Internal Control**

The Directors acknowledge their responsibility for the Group's system of internal control which is designed to ensure adherence to the Group's policies whilst safeguarding the assets of the Group, in addition to ensuring the completeness and accuracy of the accounting records. On the basis that such a system can only provide reasonable but not absolute assurance against material misstatement or loss and that it relates only to the needs of the business at the time, the system as a whole was found by the Directors at the time of approving these financial statements to be generally appropriate to the size of the business.

The key features of internal control that operated throughout the year covered by these financial statements are described under the following headings:-

### **Control Environment**

There is a clear organisational structure within which individual responsibilities are identified and can be monitored.

### **Identification and Evaluation of Business Risks and Control Objectives**

The Board has the primary responsibility for identifying major business risks facing the Group and developing appropriate policies to manage these risks. The risk management approach used is to identify the Group's most significant areas of risk and determine key control objectives. A more formal procedure of risk analysis, assessment and mitigation has been introduced this year.

### **Performance Review**

The Directors monitor the Group's performance through the preparation of monthly management accounts which are compared with budgets and other performance targets on a regular basis. Significant variances from targets are analysed and reviewed. There are also monthly reviews of sales and cash projections by the CEO and FD and if variances are significant they are brought to the Board's attention. Sales and cash projections are reviewed at each Board meeting.

### **General Procedures and Monitoring**

Operating controls are detailed in Board minutes and compliance with these procedures is covered by the Group's external auditors only to the extent necessary to form their opinion of the truth and fairness of the financial statements. The Audit Committee will review the operation and effectiveness of this framework.

### **Going Concern**

The Directors, after having made appropriate enquiries, have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

# INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NEXUS MANAGEMENT PLC

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We have audited the financial statements of Nexus Management PLC for the year ended 30 September 2008 which comprise Group Income Statement, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Recognised Income and Expense, and the related notes.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective Responsibilities of Directors and Auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union ("EU") are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's and Chief Executive's Statement that is cross referenced from the Directors' Report.

We review whether the Corporate Governance Statement reflects the company's compliance with the provisions of the 2006 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all the risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, Chairman's and Chief Executive's Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## **Basis of Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

# INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NEXUS MANAGEMENT PLC

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We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 1985, of the state of the group's affairs as at 30 September 2008 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 30 September 2008;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

3rd February 2009

Menzies LLP

MENZIES LLP  
Chartered Accountants  
and Registered Auditors  
Heathrow Business Centre  
65 High Street  
Egham  
Surrey TW20 9EY

# NEXUS MANAGEMENT PLC

## CONSOLIDATED INCOME STATEMENT

### FOR THE YEAR ENDED 30 SEPTEMBER 2008

		Year ended 30 September 2008		Year ended 30 September 2007	
		£	£	£	£
<b>Continuing Operations</b>	<b>Notes</b>				
<b>Revenue</b>	<b>3</b>				
Existing operations		3,790,907		3,350,647	
Acquired operations		26,942		-	
Discontinued operations		7,208,000		17,909,474	
Less share of associates		(7,208,000)		(17,909,474)	
Continuing operations		<u>3,817,849</u>		<u>3,350,647</u>	
Cost of sales	<b>4</b>	<u>(1,858,796)</u>		<u>(1,723,850)</u>	
<b>Gross profit</b>		<b>1,959,053</b>		<b>1,626,797</b>	
Operating expenses		(1,699,207)		(1,860,093)	
Share based payment expense		<u>(10,351)</u>		<u>(33,311)</u>	
<b>Administrative expenses</b>	<b>4</b>	<b>(1,709,558)</b>		<b>(1,893,404)</b>	
<b>Operating profit/(loss)</b>					
Existing operations		252,721		(266,607)	
Acquired operations		<u>(3,226)</u>		<u>-</u>	
Continuing operations		249,495		(266,607)	
<b>Exceptional items</b>					
Impairment of goodwill		<u>(53,973)</u>		<u>(308,111)</u>	
Profit/(loss) after exceptional items		195,522		(574,718)	
Finance income	<b>7</b>	18,865		5,488	
Finance costs	<b>7</b>	<u>(16,266)</u>		<u>(29,383)</u>	
<b>Profit/(Loss) before tax</b>		<b>198,121</b>		<b>(598,613)</b>	
Tax	<b>8</b>	<u>-</u>		<u>-</u>	
<b>Retained profit/(loss) for the year from continuing operations</b>		<b>198,121</b>		<b>(598,613)</b>	
<b>Discontinued operations</b>					
Profit for the period from share of associate		331,194		698,369	
Profit on disposal of associate		<u>568,414</u>		<u>-</u>	
		899,608		698,369	
<b>Attributable to equity holders of the parent</b>	<b>19</b>	<b>1,097,729</b>		<b>99,756</b>	
<b>Earnings per share</b>					
Basic	<b>9</b>	0.129p		0.012p	
Diluted	<b>9</b>	0.127p		0.009p	

The accompanying accounting policies and notes form an integral part of these financial statements.

## NEXUS MANAGEMENT PLC

### STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE PARENT

FOR THE YEAR ENDED 30 SEPTEMBER 2008

Group	Share capital £	Share premium account £	Retained earnings £	Foreign exchange reserve £	Available for sale investment reserve £	Share options reserve £	Total £
As at 1 October 2006	2,031,983	3,852,243	(4,178,541)	-	-	768,844	2,474,529
Profit for the year	-	-	99,756	-	-	-	99,756
Movement in the year	-	-	-	3,098	-	-	3,098
Shares issued	94,821	103,902	-	-	-	-	198,723
Share based payment charge	-	-	-	-	-	33,311	33,311
<b>As at 30 September 2007</b>	<b>2,126,804</b>	<b>3,956,145</b>	<b>(4,078,785)</b>	<b>3,098</b>	<b>-</b>	<b>802,155</b>	<b>2,809,417</b>
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
<b>As at 30 September 2008</b>	<b>2,167,775</b>	<b>4,082,237</b>	<b>(2,981,056)</b>	<b>(59,367)</b>	<b>416,709</b>	<b>812,506</b>	<b>4,438,804</b>

Company	Share capital £	Share premium account £	Retained earnings £	Foreign exchange reserve £	Available for sale investment reserve £	Share options reserve £	Total £
As at 1 October 2006	2,031,982	3,058,294	(3,345,718)	-	-	768,844	2,513,402
Profit for the year	-	-	(209,555)	-	-	-	(209,555)
Shares issued	94,822	750,342	-	-	-	-	845,164
Share based payment charge	-	-	-	-	-	33,311	33,311
<b>As at 30 September 2007</b>	<b>2,126,804</b>	<b>3,808,636</b>	<b>(3,555,273)</b>	<b>-</b>	<b>-</b>	<b>802,155</b>	<b>3,182,322</b>
As at 1 October 2007	2,126,804	3,808,636	(3,555,273)	-	-	802,155	3,182,322
Profit for the year	-	-	1,239,431	-	-	-	1,239,431
Shares issued	40,971	273,601	-	-	-	-	314,572
Share based payment charge	-	-	-	-	-	10,350	10,350
<b>As at 30 September 2008</b>	<b>2,167,775</b>	<b>4,082,237</b>	<b>(2,315,842)</b>	<b>-</b>	<b>-</b>	<b>812,505</b>	<b>4,746,675</b>

# NEXUS MANAGEMENT PLC

## GROUP BALANCE SHEET

AT 30 SEPTEMBER 2008

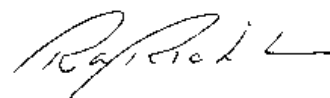
		30 September 2008 £	30 September 2007 £
<b>ASSETS</b>	<b>Notes</b>		
<b>Non-current assets</b>			
Property, plant and equipment	10	316,175	223,195
Intangible assets	11	21,549	-
Goodwill	11	463,456	312,126
Investments in associates	12	-	2,268,665
Available-for-sale investments	12	1,363,501	-
		<u>2,164,681</u>	<u>2,803,986</u>
<b>Current assets</b>			
Inventories		536	737
Trade and other receivables	13	2,683,444	295,124
Cash and cash equivalents	14	374,916	484,489
		<u>3,058,896</u>	<u>780,350</u>
<b>Total assets</b>		<u>5,223,577</u>	<u>3,584,336</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	15	(512,170)	(731,165)
Loans and other borrowings	16	(2,888)	(6,726)
Current tax liabilities		-	-
Obligations under finance leases	17	(48,589)	(17,979)
		<u>(563,647)</u>	<u>(755,870)</u>
<b>Non-current liabilities</b>			
Obligations under finance leases	17	(42,537)	(19,049)
Deferred tax		(178,589)	-
		<u>(221,126)</u>	<u>(19,049)</u>
<b>Total liabilities</b>		<u>(784,773)</u>	<u>(774,919)</u>
<b>Total assets less liabilities</b>		<u>4,438,804</u>	<u>2,809,417</u>
<b>EQUITY</b>			
<b>Shareholders' equity</b>			
Called up share capital	18	2,167,775	2,126,804
Share premium	19	4,082,237	3,956,145
Other reserves	19	1,169,848	805,253
Retained earnings	19	(2,981,056)	(4,078,785)
<b>Total equity attributable to the equity holders of the parent</b>		<u>4,438,804</u>	<u>2,809,417</u>

The accompanying accounting policies and notes form an integral part of these financial statements

The financial statements were approved by the Board and authorised for issue on 3<sup>rd</sup> February 2009 and signed on its behalf by:



P J Weller – Director



R Richardson – Director

**NEXUS MANAGEMENT PLC**  
**COMPANY BALANCE SHEET**  
**AT 30 SEPTEMBER 2008**

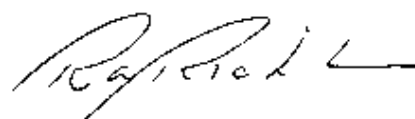
		30 September 2008 £	30 September 2007 £
<b>ASSETS</b>			
	<b>Notes</b>		
<b>Non-current assets</b>			
Investments	12	1,140,843	913,975
Investments in associates	12	-	1,748,571
Available-for-sale investments	12	516,721	-
		<u>1,657,564</u>	<u>2,662,546</u>
<b>Current assets</b>			
Trade and other receivables	13	3,028,592	223,817
Cash and cash equivalents	14	322,346	375,018
		<u>3,350,938</u>	<u>598,835</u>
<b>Total assets</b>		<u><b>5,008,502</b></u>	<u><b>3,261,381</b></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	15	(261,827)	(79,059)
Current tax liabilities		-	-
		<u>(261,827)</u>	<u>(79,059)</u>
<b>Total liabilities</b>		<u><b>(261,827)</b></u>	<u><b>(79,059)</b></u>
<b>Total assets less liabilities</b>		<u><b>4,746,675</b></u>	<u><b>3,182,322</b></u>
<b>EQUITY</b>			
<b>Shareholders' equity</b>			
Called up share capital	18	2,167,775	2,126,804
Share premium	19	4,082,237	3,808,636
Other reserves	19	812,505	802,155
Retained earnings	19	(2,315,842)	(3,555,273)
<b>Total equity attributable to the equity holders of the parent</b>		<u><b>4,746,675</b></u>	<u><b>3,182,322</b></u>

The accompanying accounting policies and notes form an integral part of these financial statements

The financial statements were approved by the Board and authorised for issue on 3<sup>rd</sup> February 2009 and signed on its behalf by:



P J Weller – Director



R Richardson – Director

**NEXUS MANAGEMENT PLC**  
**GROUP CASH FLOW STATEMENT**  
**AT 30 SEPTEMBER 2008**

	30 September 2008 £	30 September 2007 £
<b>CONTINUING OPERATIONS</b>		
	<b>Notes</b>	
<b>Cash flows from operating activities</b>		
Profit/(loss) before tax	198,121	(598,613)
Adjustments for:		
Interest paid	16,266	29,383
Interest received	(18,865)	(5,488)
Impairment of Goodwill	53,973	444,585
Depreciation	86,165	65,835
Currency exchange adjustment	(48,018)	49,800
Operating cash flows before movements in working capital	<u>287,642</u>	<u>(14,498)</u>
Share option costs	10,351	33,311
Decrease in inventories	201	2,905
(Increase)/decrease in trade and other receivables	(186,719)	731,100
(Decrease)/increase in trade and other payables	(218,995)	496,511
Cash (used in)/generated by operations	<u>(107,520)</u>	<u>1,249,329</u>
Interest paid	(16,266)	(29,383)
<b>Net cash (used in)/generated from operating activities</b>	<b><u>(123,786)</u></b>	<b><u>1,219,946</u></b>
<b>Investing activities</b>		
Interest received	18,865	5,488
Acquisition of intangible	(21,549)	-
Acquisition of goodwill	(103,984)	-
Purchase of shares in associate	(76,046)	(1,644,786)
Purchases of property, plant and equipment	(109,647)	(30,583)
<b>Net cash used in investing activities</b>	<b><u>(292,361)</u></b>	<b><u>(1,669,881)</u></b>
<b>Financing activities</b>		
Proceeds from issue of share capital	-	78,726
Premium on issue	-	416,886
Share issue costs	-	(110,000)
Repayment of borrowings	(3,838)	(9,599)
Repayment of obligations under finance lease	(1,131)	(53,606)
<b>Net cash (used in)/generated from financing activities</b>	<b><u>(4,969)</u></b>	<b><u>322,407</u></b>
<b>Net cash used in continuing operations</b>	<b><u>(421,116)</u></b>	<b><u>(127,528)</u></b>
<b>DISCONTINUED OPERATIONS</b>		
Net cash from investing activities	<u>311,543</u>	<u>-</u>
<b>Net cash from discontinuing operations</b>	<b><u>311,543</u></b>	<b><u>-</u></b>
<b>Net decrease in cash and cash equivalents</b>	<b>(109,573)</b>	<b>(127,528)</b>
Cash and cash equivalents at beginning of year	484,489	612,017
<b>Cash and cash equivalents at end of year</b>	<b><u>14</u></b> <b><u>374,916</u></b>	<b><u>484,489</u></b>

**NEXUS MANAGEMENT PLC**  
**COMPANY CASH FLOW STATEMENT**  
**AT 30 SEPTEMBER 2008**

		<b>30 September 2008 £</b>	<b>30 September 2007 £</b>
<b>CONTINUING OPERATIONS</b>			
	<b>Notes</b>		
<b>Cash flows from operating activities</b>			
Profit/(Loss) before tax		84,030	(209,555)
Adjustments for:			
Interest received		(17,987)	-
Operating cash flows before movements in working capital		<u>66,043</u>	<u>(209,555)</u>
Share option costs		10,350	18,090
(Increase)/decrease in trade and other receivables		(484,483)	2,091,580
Increase in trade and other payables		<u>182,768</u>	<u>13,879</u>
<b>Net cash (used in)/generated from operating activities</b>		<b><u>(225,322)</u></b>	<b><u>1,913,994</u></b>
<b>Investing activities</b>			
Interest received		17,987	-
Acquisition of subsidiary, net of cash acquired		(79,821)	-
Purchase of shares in associate		<u>(77,059)</u>	<u>(1,644,786)</u>
<b>Net cash used in investing activities</b>		<b><u>(138,893)</u></b>	<b><u>(1,644,786)</u></b>
<b>Financing activities</b>			
Proceeds from issue of share capital		-	78,726
Premium on issue		-	416,886
Share issue costs		<u>-</u>	<u>(110,000)</u>
<b>Net cash generated from financing activities</b>		<b><u>-</u></b>	<b><u>385,612</u></b>
<b>Net cash (used in)/generated from continuing operations</b>		<b><u>(364,215)</u></b>	<b><u>654,820</u></b>
<b>DISCONTINUED OPERATIONS</b>			
Net cash from investing activities		<u>311,543</u>	<u>-</u>
<b>Net cash from discontinuing operations</b>		<b><u>311,543</u></b>	<b><u>-</u></b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(52,672)</b>	<b>654,820</b>
Cash and cash equivalents at beginning of year		375,018	(279,802)
<b>Cash and cash equivalents at end of year</b>	<b>14</b>	<b><u>322,346</u></b>	<b><u>375,018</u></b>

# **NEXUS MANAGEMENT PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **AT 30 SEPTEMBER 2008**

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The financial year represents the year ended 30 September 2008 (prior financial year ended 30 September 2007). The consolidated financial statements for the year ended 30 September 2008 comprise the financial statements of the Company and its subsidiaries ('Group'). The Group's principal activities are that of provision of IT solutions to small-medium sized businesses.

#### **1. PRINCIPAL ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

##### **Adoption of International Financial Reporting Standards (IFRS)**

For all years up to 30 September 2007, Nexus Management plc has prepared its financial statements in accordance with UK Generally Accepted Accounting Principles (UK GAAP). AIM Rules require that the annual consolidated financial statements of Nexus Management plc for the year ended 30 September 2008 be prepared in accordance with International Financial Reporting Standards adopted by EU (IFRS).

Accordingly, these financial statements have been prepared for the first time in accordance with IFRS and are covered by IFRS 1, First-time Adoption of IFRS.

In preparing these financial statements the comparative figures previously reported under UK GAAP have been restated for the transition to IFRS. The disclosures required by IFRS 1 regarding the transition are given in note 25 below.

##### **Basis of accounting**

The financial statements have been prepared in accordance with EU Endorsed International Financial Reporting Standards and IFRIC interpretations (IFRS) and the Companies Act 1985 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on a going concern basis.

##### **Judgements and estimates**

The Group makes judgements and assumptions concerning the future that impact the application of policies and reported amounts. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are discussed below.

##### *Goodwill impairment*

The Group is required to assess whether goodwill has suffered any impairment loss, based on the recoverable amount of its cash generating units (CGUs). The recoverable amounts of the CGUs have been determined based on value in use calculations and these calculations require the use of estimates in relation to future cash flows and suitable discount rates. Actual outcomes could vary from these estimates.

# NEXUS MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2008

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### *Impairment of assets*

Financial and non-financial assets including other intangibles are subject to impairment reviews based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on a calculation of expected future cash flows which includes management assumptions and estimates of future performance.

If there is an indication that impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which this asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of the future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior years. A reversal of an impairment loss is recognised as income immediately unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### **New standards adopted early**

At the date of the authorisation of the financial statements, the following standards, and interpretations, which are issued but not yet effective, have been adopted early:

IFRS 8 'Operating Segments' (effective date year beginning 1 January 2009)

### **New standards and interpretations not yet adopted**

At the date of the authorisation of the financial statements, the following standards, and interpretations, which are issued but not yet effective, have not been applied:

Effective for the Group for future financial years:

Revised IAS 1 'Presentation of financial statements' (effective date year beginning 1 January 2009)

Revised IAS 27 'Consolidated and separate financial statements' (effective date year beginning 1 January 2009)

Amendment to IAS 32 'Financial instruments: Presentation' (effective date year beginning 1 January 2009)

Amendment to IFRS 2 'Share-based payment' (effective date year beginning 1 January 2009)

Revised IFRS 3 'Business Combinations' (effective date year beginning 1 July 2009)

Amendment to IAS 23 'Borrowing Costs' (effective from 1 January 2009)

IFRIC 14 'The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' (effective from 1 October 2008)

IAS 39 'Eligible Hedged Items' (effective from 1 July 2009)

# **NEXUS MANAGEMENT PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **AT 30 SEPTEMBER 2008**

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The Group has considered the above new standards, interpretations and amendments to published standards that are not yet effective and concluded that except for the amendments to IAS 1 'Presentation of Financial Statements' and IFRS 2 'Share-based payment', they are either not relevant to the Group or that they would not have a significant impact on the Group's financial statements.

#### **Basis of consolidation**

The Group accounts consolidate the accounts of Nexus Management Plc and all its subsidiary and associate undertakings drawn up to 30 September each year. No profit and loss account is presented for Nexus Management Plc as permitted by section 230(3) of the Companies Act 1985.

The results of any subsidiaries acquired during the year are included in the consolidated income statement from the date on which control is transferred to the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. They are deconsolidated from the date that control ceases.

The acquisition of subsidiaries is accounted for using the purchase method. The cost of an acquisition is measured at the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions under IFRS3 are recognised at their fair value at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

Investments in associates are initially recognised at cost. Subsequent to acquisition, the carrying value of the Group's investment includes the Group's share of post acquisition reserves, less any impairment of the value in individual assets. The income statement reflects the Group's share of the results of operation after tax of the associates.

Where necessary, adjustments are made to the financial statements of subsidiaries and associates to bring accounting policies used in line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

#### **Revenue recognition**

Revenue is taken on fee income in the year to which it relates. Project income is recognised in the year in which the project is worked on. For projects which fall over the financial year end income is recognised to reflect the partial performance of the contractual obligations.

Third party costs and associated income relating to bought in costs directly rechargeable to clients are recognised in the year to which they relate. In previous years third party costs, incurred for clients not yet billed, were included in the balance sheet at the lower of cost and net realisable value.

#### **Goodwill policy**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets and liabilities of the acquired subsidiary at the date of acquisition.

# **NEXUS MANAGEMENT PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

**AT 30 SEPTEMBER 2008**

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### **Goodwill impairment**

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. (Any impairment charge is recognised in the income statement in the year in which it occurs.) Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Goodwill is allocated to cash-generating units that represent each business segment.

### **Impairment of property, plant and equipment**

At each balance sheet date, the Group reviews the carrying amounts of its PP&E and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset, which is the higher of its fair value less costs to sell and its value in use, is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Any impairment charge is recognised in the income statement in the year in which it occurs for assets carried at cost if recoverable amount is less than the carrying value. Where an impairment loss, other than an impairment loss on goodwill, subsequently reverses due to a change in the original estimate, the carrying amount of the asset is increased to the revised estimate of its recoverable amount.

### **Investments**

Investments are stated at cost less any provision for impairment in value.

#### **Available for sale investments**

Available for sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Available for sale investments are initially recognised at fair value plus transaction costs. After initial recognition, available for sale investments are measured at fair value, with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

The fair values of investments are based on current bid prices. If the market for an available for sale investment is not active the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

# NEXUS MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2008

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### Property, plant and equipment

Property, plant and equipment assets are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write down their cost to their estimated residual values by equal annual instalments over the year of their estimated useful economic lives, which are considered to be:

Fixtures & Fittings	3 years
Office & Computer Equipment	3 years
Short Leasehold Improvements	Over the remaining term of the lease

### Pension costs

The Group makes defined contributions to its employees' personal plans. The pension costs charged in the financial statements represents the contributions payable by the Group during the period.

### Leased assets and obligations

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases. For property leases, the land and building elements are treated separately to determine the appropriate lease classification.

#### *Finance leases*

Assets funded through finance leases are capitalised as property, plant and equipment and depreciated over their estimated useful lives or the lease term, whichever is shorter. The amount capitalised is the lower of the fair value of the asset or the present value of the minimum lease payments during the lease term at the inception of the lease. The resulting lease obligations are included in liabilities determined. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs on finance leases are charged directly to the income statement.

#### *Operating leases*

Assets leased under operating leases are not recorded on the balance sheet. Rental payments are charged directly to the income statement on a straight line basis over the lease term.

### Foreign currencies

Transactions in foreign currencies are translated into Sterling using the exchange rates prevailing at the date of the transaction. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the balance sheet date are recognised in the income statement. On consolidation, assets and liabilities of foreign undertakings are translated into Sterling using the year end exchange rates. The results of foreign undertakings are translated into Sterling at average rate of exchange for the year. Foreign exchange differences arising on retranslation are recognised directly in equity.

# **NEXUS MANAGEMENT PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

**AT 30 SEPTEMBER 2008**

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### **Current and deferred taxation**

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits ('temporary differences') and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Where there are taxable temporary differences arising on subsidiaries, deferred tax liabilities are recognised.

Deferred tax assets are generally recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Where there are deductible temporary differences arising on subsidiaries, deferred tax assets are recognised only where it is probable that they will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient tax profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

### **Share based payments**

The Group has applied the requirements of IFRS 2 'Share-Based Payments'. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2005.

The Group issues equity-settled share-based payments to certain employees, including share options with non-market based vesting conditions. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of a Black-Scholes model for the majority of share options in issue. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

### **Financial Instruments**

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become party to the contractual provisions of the instrument.

# **NEXUS MANAGEMENT PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

**AT 30 SEPTEMBER 2008**

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### **Trade and other receivables**

Trade receivables are stated at fair value. A provision for impairment is made where there is objective evidence of impairment (including customers in financial difficulty or seriously in default against agreed payment terms). There is no material variance between carrying and fair values.

### **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

### **Trade and other payables**

Trade payables are recognised at fair value. There is no material variance between book and fair values.

### **Borrowings**

Bank loans and overdrafts are recorded initially at their fair value, net of direct transaction costs and finance charges are recognised in the income statement over the term of the instrument. Note 16 provides details of the applicable interest rates. There is no material variance between book and fair values.

### **Equity instruments**

Equity instruments are recorded at the proceeds received, net of direct issue costs.

## **2. FINANCIAL RISK MANAGEMENT**

### **Overview**

The Group has exposure to the following risks from its use of financial instruments

- Liquidity risk;
- Credit risk; and
- Market risk

This note presents information about the Group's exposure to each of the above risks and the Group's policies and processes for measuring and managing these risks. The risks are managed centrally following Board approved policies. The Group operates a centralised treasury function in accordance with Board approved policies and guidelines covering funding and management of foreign exchange exposure and interest rate risk. Transactions entered into by the treasury function are required to be in support of, or as a consequence of, underlying commercial transactions.

Other than short-term trade receivables and trade payables, as detailed in notes, that arise directly from operations, the Group's financial instruments comprise cash, bank overdraft, bank borrowings and lease payables. The fair values of these instruments are not materially different to their book values. The objective of holding financial instruments is to raise finance for the Group's operations and manage related risks.

# NEXUS MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2008

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### Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group closely monitors its access to bank and other credit facilities in comparison to its outstanding commitments to ensure it has sufficient funds to meet its obligations as they fall due. The Group finance function produces regular forecasts that estimate the cash inflows and outflows for the next 12 months, so that management can ensure that sufficient financing is in place as it is required. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loan and finance leases.

The table below analyses the Group's and Company's financial liabilities on a contractual gross basis based on amount outstanding at the balance sheet date up to maturity date:

	<b>Less than 6 months £</b>	<b>Between 6 months and 1 year £</b>	<b>Between 1 and 5 years £</b>	<b>Over 5 years £</b>	<b>Total £</b>
<b>Group</b>					
Bank loans	2,888	-	-	-	2,888
HP & finance leases	24,542	24,047	42,537	-	91,126
Trade and other payables	512,170	-	-	-	512,170
Deferred tax liability	-	-	-	178,589	178,589
Total liabilities	<u>539,600</u>	<u>24,047</u>	<u>42,537</u>	<u>178,589</u>	<u>784,773</u>
<b>Company</b>					
Trade and other payables	<u>261,827</u>	-	-	-	<u>261,827</u>
Total liabilities	<u>261,827</u>	-	-	-	<u>261,827</u>

The Group would normally expect that sufficient cash is generated in the operating cycle to meet the contractual cash flows as disclosed above through effective cash management.

The Group has no overdraft facility with the Group's bankers (2007: £345,000 facility).

# NEXUS MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2008

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### Credit Risk Exposure

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises predominantly from trade receivables, cash and cash equivalents and deposits with banks.

Credit risk is managed on a Group basis. External credit checks are obtained for larger customers. In addition, the credit quality of each customer is assessed internally before accepting any terms of trade. Internal procedures take into account customers' financial position, their reputation in the industry and past trading experience. As a result the group's exposure to bad debts is not significant.

<i>Financial assets</i>	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade and other receivables	<u>2,683,444</u>	<u>295,124</u>	<u>3,028,592</u>	<u>223,817</u>
Estimated irrecoverable amounts	<u>8,787</u>	<u>30,675</u>	<u>337,783</u>	<u>-</u>

The maximum exposure is the carrying amount as disclosed in note 13. The average credit period taken on the sale of services is 34 days. The allowance for estimated irrecoverable amounts has been made based upon the knowledge of the financial circumstances of individual trade receivables at the balance sheet date. The Group holds no collateral against these receivables at the balance sheet date.

The following table provides an analysis of trade and other receivables that were past their due date at 30 September 2008 and 30 September 2007 but against which no provision has been made. The Group believes that the balances are ultimately recoverable based on a review of past payment history and the current financial status of the customers.

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Up to 3 months	182,552	87,986	112,423	-
3 to 6 months	1,105,583	-	1,105,583	-
Greater than 6 months	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

# NEXUS MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2008

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### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest will affect the Group's income or the value of its holding of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

### Currency risk

The Group is exposed to foreign currency of sales, purchases, borrowings and the translation of earnings in a currency other than the functional currency of the business unit. Exposures are primarily to the US Dollar.

The Board reduces any risk by the operations invoicing in their local currency where possible. The Board tries to keep foreign inter company balances as low as possible to avoid translation adjustments.

To show the impact of the fluctuation of the USD exchange rate on the Group financial statements, the table below shows how the year ended 30 September 2008 results would have been impacted by exchange rates at different dates.

	<b>1.10.07</b>	<b>Actual</b>	<b>2008</b>	<b>1.10.07</b>	<b>Actual</b>	<b>2007</b>
	<b>\$2.04:£1</b>	<b>\$1.81:£1</b>	<b>30.11.08</b>	<b>\$2.04:£1</b>	<b>\$2.03:£1</b>	<b>30.11.08</b>
	£	£	£	£	£	£
Group net assets	4,460,523	4,438,804	4,404,245	2,810,113	2,809,417	2,731,911
Group turnover	3,528,398	3,817,849	4,278,428	3,344,896	3,350,647	3,990,622
Group profit for the year	1,076,508	1,097,729	1,131,497	99,506	99,756	127,540

### Interest rate risk

The Group's objective is to minimise the impact of interest rate volatility on interest cost to protect earnings. This is achieved by reviewing both the amount of floating rate indebtedness over a certain period of time and its sensitivity to interest rate fluctuations.

The Group's interest rate exposure arises mainly from its interest-bearing borrowings. Contractual agreements entered into at floating rates expose the entity to cash flow risk, while fixed-rate borrowings expose the entity to fair value risk.

The Group regularly reviews its funding arrangements to ensure they are competitive with the marketplace.

# NEXUS MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### AT 30 SEPTEMBER 2008

The table below shows the Group's and Company's financial assets and liabilities split by those bearing fixed and floating rates and those that are non-interest bearing:

<b>30 September 2008</b>	<b>Fixed rate</b>	<b>Floating rate</b>	<b>Non-interest bearing</b>	<b>Total asset</b>	<b>Total Liability</b>
<b>Group</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade and other receivables	2,201,601	-	363,157	2,564,758	-
<b>Total assets</b>	<b>2,201,601</b>	<b>-</b>	<b>363,157</b>	<b>2,564,758</b>	<b>-</b>
Overdrafts	-	-	-	-	-
Bank loans	-	2,888	-	-	2,888
HP & finance leases	91,126	-	-	-	91,126
Deferred Tax	-	-	178,589	-	178,589
Trade and other payables	-	-	494,317	-	494,317
<b>Total liabilities</b>	<b>91,126</b>	<b>2,888</b>	<b>672,906</b>	<b>-</b>	<b>766,920</b>
<b>Company</b>					
Subsidiary undertaking loans	-	-	617,807	617,807	-
Trade and other receivables	2,218,608	-	168,634	2,387,242	-
<b>Total Assets</b>	<b>2,218,608</b>	<b>-</b>	<b>786,441</b>	<b>3,005,049</b>	<b>-</b>
Subsidiary undertaking loans	-	-	24,375	-	24,375
Trade and other payables	-	-	237,452	-	237,452
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>261,827</b>	<b>-</b>	<b>261,827</b>

# NEXUS MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2008

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30 September 2007	Fixed rate	Floating rate	Non-interest bearing	Total asset	Total Liability
Group	£	£	£	£	£
Trade and other receivables	-	-	265,755	265,755	-
Total assets	-	-	265,755	265,755	-
Bank loans	-	6,726	-	-	6,726
HP & finance leases	37,028	-	-	-	37,028
Trade and other payables	-	-	305,968	-	305,968
Total liabilities	37,028	6,726	305,968	-	305,968
<b>Company</b>					
Subsidiary undertaking loans	-	-	198,987	198,987	-
Trade and other receivables	-	-	4,389	4,389	-
Total Assets	-	-	203,376	203,376	-
Subsidiary undertaking loans	-	-	25,000	-	25,000
Trade and other payables	-	-	54,059	-	54,059
Total liabilities	-	-	79,059	-	79,059

### Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board monitors the return on trading capital employed for each operating division as well as for the Group.

# NEXUS MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2008

### 3. BUSINESS AND GEOGRAPHICAL SEGMENTS

The segment reporting format is determined to be the geographical segments as the Group's risk and rates of return are affected predominately by the location of its customers. The Group has two main geographical segments, namely the USA and Europe.

The segment results for the year ended 30 September 2008 are as follows:

	Europe	USA	Eliminations & corporate	Continuing operations	Disconti- nued operations	Consoli- dated
Year ended 30 September 2008	£	£	£	£	£	£
<b>Revenue</b>						
Segmental revenue – external	1,472,541	2,345,308	-	3,817,849	-	3,817,849
Segmental revenue – internal	315,492	-	(315,492)	-	-	-
<b>Total segmental revenue</b>	<b>1,788,033</b>	<b>2,345,308</b>	<b>(315,492)</b>	<b>3,817,849</b>	<b>-</b>	<b>3,817,849</b>
<b>Segmental result</b>	<b>46,641</b>	<b>202,854</b>	<b>-</b>	<b>249,495</b>	<b>-</b>	<b>249,495</b>
Impairment of goodwill				(53,973)	-	(53,973)
Finance income				18,865	-	18,865
Finance costs				(16,266)	-	(16,266)
Profit from discontinued operations				-	899,608	899,608
<b>Profit for the year</b>				<b>198,121</b>	<b>899,608</b>	<b>1,097,729</b>
<b>Year ended 30 September 2007</b>						
<b>Revenue</b>						
Segmental revenue – external	1,309,538	2,041,109	-	3,350,647	-	3,350,647
Segmental revenue – internal	316,533	-	(316,533)	-	-	-
<b>Total segmental revenue</b>	<b>1,626,071</b>	<b>2,041,109</b>	<b>(316,533)</b>	<b>3,350,647</b>	<b>-</b>	<b>3,350,647</b>
<b>Segmental result</b>	<b>(326,519)</b>	<b>59,912</b>	<b>-</b>	<b>(266,607)</b>	<b>-</b>	<b>(266,607)</b>
Impairment of goodwill				(308,111)	-	(308,111)
Finance income				5,488	-	5,488
Finance costs				(29,383)	-	(29,383)
Profit from discontinued operations				-	698,369	698,369
<b>(Loss)/profit for the year</b>				<b>(598,613)</b>	<b>698,369</b>	<b>99,756</b>

# NEXUS MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### AT 30 SEPTEMBER 2008

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	Europe	USA	Elimin- ations & corporate	Continuing operations	Disconti- nued operations	Consoli- dated
Year ended 30 September 2008	£	£	£	£	£	£
Additions to non-current assets	229,816	157,433	-	387,249	456,163	843,412
Depreciation	(4,164)	(82,001)	-	(86,165)	-	(86,165)
Impairment	(53,973)	-	-	(53,973)	-	(53,973)
Non-cash items other than depreciation	-	18,748	-	18,748	(27,498)	(8,750)
Segment assets	4,692,827	665,970	-	5,358,797	-	5,358,797
Segment liabilities	85,015	(869,789)	-	(784,773)	-	(784,773)
<b>Year ended 30 September 2007</b>						
Additions to non-current assets	5,725	65,232	-	70,957	2,432,637	2,503,594
Depreciation	(6,667)	(58,338)	-	(65,005)	-	(65,005)
Impairment	(308,111)	-	-	(308,111)	(136,474)	(444,585)
Non-cash items other than depreciation	-	(60,134)	-	(60,134)	(27,498)	(87,632)
Segment assets	3,449,269	373,249	-	3,822,518	-	3,822,518
Segment liabilities	164,573	610,346	-	774,919	-	774,919

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# NEXUS MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2008

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#### 4. EXPENSES AND AUDITOR'S REMUNERATION

The Group's results include charges/(credits) for the following:

	<b>Continuing</b>	<b>Discontinued</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>	<b>Total</b>	<b>Total</b>
			<b>£</b>	<b>£</b>
Depreciation on tangible fixed assets owned	44,526	-	44,526	41,737
Depreciation on tangible fixed assets held under finance lease	41,639	-	41,639	23,268
Impairment of associate	-	-	-	136,474
Profit on disposal of associate	-	(568,414)	(568,414)	-
Auditors remuneration	102,310	33,333	135,643	84,156
Share based payment	10,351	-	10,351	33,311
Net (profit)/loss on foreign currency translation	(237,455)	-	(237,455)	11,400
Operating lease costs – land and buildings	101,318	-	101,318	94,151
Exceptional items:				
Impairment of goodwill	53,973	-	53,973	308,111

The profit attributable to the parent company profit and loss account for the year was £1,239,431 (2007: loss £209,555).

#### Auditor's remuneration

The fees charged by the auditors can be further analysed under the following headings for services rendered:

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Audit services		
Fees payable to Company auditor for the audit of parent Company and consolidated accounts	54,747	51,224
Non-audit services		
Fees payable to the Company's auditor and its associates for other services:		
The audit of Company's subsidiaries pursuant to legislation	20,833	7,174
Other services pursuant to legislation	54,286	21,263
Tax compliance and advisory services	5,777	4,475
	<b>135,643</b>	<b>84,156</b>

The audit charge for the year includes the costs of £30,457 (2007: £29,918) incurred in the audits of PD Financial Corp., a company which was associated to Nexus Management Plc.

The overseas subsidiary was audited by Macdonald Page and Co. LLC. The fees charged were £8,333 (2007: £7,174).

**NEXUS MANAGEMENT PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AT 30 SEPTEMBER 2008**

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**5. EMPLOYEES**

The average monthly number of employees of the Group (including directors) during the year was:

	<b>2008</b>	<b>2007</b>
	<b>Number</b>	<b>Number</b>
Management and administration	11	11
Technicians	52	48
Sales	4	3
	<u>67</u>	<u>62</u>

Staff costs during the year were as follows:

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,357,846	2,302,328
Social security costs	122,325	122,188
Other pension costs	26,202	12,433
Share based payment expense	10,351	33,311
	<u>2,516,724</u>	<u>2,470,260</u>

# NEXUS MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2008

### 6. DIRECTORS

Total emoluments of Directors included in staff costs were as follows:

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Directors' remuneration (including benefits in kind)	520,575	359,700
Company pension fund contributions to money purchase schemes	18,000	18,000
Share based payment expense	696	16,755
	<u><b>539,271</b></u>	<u><b>394,455</b></u>

Directors' emoluments split by director are shown in the table below:

	<b>Remuneration (inc BIKs)</b>	<b>2008 Pension contributions</b>	<b>Other emoluments</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
P O R Paterson	65,000	6,000	4,163	75,163
R A Richardson	102,690	6,000	1,486	110,176
P J Weller	90,090	6,000	1,137	97,227
B Adlam	131,189	-	-	131,189
G C Stoddart-Stones	88,720	-	2,185	90,905
Dr J F Tryzelaar	5,980	-	-	5,980
R C Jaques	14,400	-	-	14,400
J P Lister	13,535	-	-	13,535
	<u><b>511,604</b></u>	<u><b>18,000</b></u>	<u><b>8,971</b></u>	<u><b>538,575</b></u>

	<b>Remuneration (inc BIKs)</b>	<b>2007 Pension contributions</b>	<b>Other emoluments</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
P O R Paterson	71,800	6,000	2,082	79,882
R A Richardson	89,800	6,000	1,250	97,050
P J Weller	86,800	6,000	1,084	93,884
B Adlam	6,000	-	-	6,000
G C Stoddart-Stones	86,800	-	2,084	88,884
Dr J F Tryzelaar	6,000	-	-	6,000
R C Jaques	6,000	-	-	6,000
J P Lister	-	-	-	-
	<u><b>353,200</b></u>	<u><b>18,000</b></u>	<u><b>6,500</b></u>	<u><b>377,700</b></u>

Details of Directors' share options are disclosed in note 18.

# NEXUS MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2008

### 7. NET FINANCE COSTS

	2008	2007
	£	£
<b>Finance Expense</b>		
Interest on finance lease	4,479	4,397
Interest on other borrowings	11,790	24,986
	<u>16,266</u>	<u>29,383</u>
<b>Finance Income</b>		
Interest on held for available-for-sale investments	17,342	-
Interest on cash and cash equivalents	1,523	5,488
	<u>18,865</u>	<u>5,488</u>

### 8. TAXATION

	2008	2007
	£	£
<b>i) Current tax charge</b>		
The tax charge comprises:		
UK taxation		
Corporation tax at 28% (2007: 30%)	-	-
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:

	2008	2007
	£	£
Profit on ordinary activities before tax	<u>1,097,729</u>	<u>99,756</u>
Theoretical tax charge at 28% (2007: 30%)	307,364	29,927
Effects of:		
Expenses (including goodwill) not deductible for tax purposes	(29,849)	109,039
Depreciation in excess of capital allowances	6,079	5,511
Other tax adjustments	(81,903)	(30,121)
Effect of associate's results	(91,831)	(209,511)
Adjustments in respect of prior periods	(159,156)	-
Re-measurement of deferred tax balances	49,296	95,155
Total tax charge for the year	<u>-</u>	<u>-</u>

# NEXUS MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### AT 30 SEPTEMBER 2008

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#### 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:

	2008	2007
	£	£
Available for sale investments	<u>178,589</u>	<u>-</u>

#### Factors that may affect future tax charges

At 30 September 2008 the Group has tax losses of approximately £474,059 (2007: £592,016) to set against future profits of the same trade.

A deferred tax asset of £132,737 (2007: £177,605) 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.

## 9. EARNINGS PER SHARE

### Basic

Basic earnings per share is calculated by dividing the 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 2008)

	2008			2007		
	Profit attributable to equity holders of the parent £	Weighted average Number of shares	Earnings per share £	Profit attributable to equity holders of the parent £	Weighted average Number of shares	Earnings per share £
Basic EPS calculation	1,097,729	851,468,137	0.00129	99,756	803,311,934	0.00012
Effect of dilutive options		<u>16,056,741</u>			<u>253,530,778</u>	
Diluted EPS calculation	1,097,729	867,524,878	0.00127	99,756	1,056,842,712	0.00009

# NEXUS MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### AT 30 SEPTEMBER 2008

#### 10. PROPERTY, PLANT AND EQUIPMENT

Group	Short leasehold improvements £	Fixtures and fittings £	Office and computer equipment £	Total £
<b>Cost</b>				
At 1 October 2006	246,396	27,876	469,113	743,385
Additions	-	-	70,957	70,957
Currency exchange adjustment	(20,373)	-	(39,761)	(60,134)
At 30 September 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
<b>At 30 September 2008</b>	<b>257,625</b>	<b>50,115</b>	<b>694,637</b>	<b>1,002,377</b>
<b>Accumulated Depreciation</b>				
At 1 October 2006	74,049	24,624	411,293	509,966
Provided in the year	14,228	2,130	48,647	65,005
Currency exchange adjustment	(6,957)	-	(37,001)	(43,958)
At 30 September 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
<b>At 30 September 2008</b>	<b>118,472</b>	<b>27,504</b>	<b>540,226</b>	<b>686,202</b>
<b>Net Book Value</b>				
<b>At 30 September 2008</b>	<b>139,153</b>	<b>22,611</b>	<b>154,411</b>	<b>316,175</b>
At 30 September 2007	144,703	1,122	77,370	223,195
At 1 October 2006	172,347	3,252	57,820	233,419

Included in the total net book value of £316,175 is £78,337 (2007: £69,226) in respect of assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets is £41,639 (2007: £23,268). The Company had no property, plant and equipment.

# NEXUS MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### AT 30 SEPTEMBER 2008

#### 11. GOODWILL AND INTANGIBLE ASSETS

Group	Goodwill on consolidation £	Purchased goodwill £	Total £	Brand and trade names £	Total £
<b>Cost</b>					
At 1 October 2006	945,086	5,000	950,086	-	950,086
Adjustments to prior period estimates	(303,949)		(303,949)	-	(303,949)
At 30 September 2007	641,137	5,000	646,137	-	646,137
Additions	-	205,303	205,303	21,549	226,852
<b>At 30 September 2008</b>	<b>641,137</b>	<b>210,303</b>	<b>851,440</b>	<b>21,549</b>	<b>872,989</b>
<b>Impairment</b>					
At 1 October 2006	20,900	4,170	25,070	-	25,070
Impairment charge	308,111	830	308,941	-	308,941
At 30 September 2007	329,011	5,000	334,011	-	334,011
Impairment charge	53,973	-	53,973	-	53,973
<b>At 30 September 2008</b>	<b>382,984</b>	<b>5,000</b>	<b>387,984</b>	<b>-</b>	<b>387,984</b>
<b>Net book value</b>					
<b>At 30 September 2008</b>	<b>258,153</b>	<b>205,303</b>	<b>463,456</b>	<b>21,549</b>	<b>485,005</b>
At 30 September 2007	312,126	-	312,126	-	312,126
At 1 October 2006	924,186	830	925,016	-	925,016

The adjustment to prior period estimates arose as a result of the share price of Nexus Management Plc and the revenue of FixIT Worldwide Limited both being lower than originally estimated.

	Group	
	2008	2007
FixIT Worldwide Limited	258,153	312,126
Nerd Force Inc	226,852	-
	<b>485,005</b>	<b>312,126</b>

# NEXUS MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2008

### 12. NON CURRENT ASSET INVESTMENTS

Group	Net assets of associate £	Goodwill of associate £	Available-for- sale investments £	Total £
At 1 October 2006	-	-	-	-
Assets at acquisition	383,826	-	-	383,826
Goodwill arising on acquisition	-	1,364,744	-	1,364,744
Prior period adjustment	(374,383)	374,383	-	-
Restated	9,443	1,739,127	-	1,748,570
Impairment of goodwill	-	(136,474)	-	(136,474)
Share of associate's post tax profit	684,067	-	-	684,067
Exchange adjustments	(27,498)	-	-	(27,498)
<b>At 30 September 2007</b>	<b>666,012</b>	<b>1,602,653</b>	-	<b>2,268,665</b>
Additions	16,650	108,320	-	124,970
Share of associate's post tax profit	331,193	-	-	331,193
Exchange adjustments	25,226	-	-	25,226
Disposal	(747,255)	(1,234,596)	-	(1,981,851)
Transfer	(291,826)	(476,377)	768,203	-
Revaluation	-	-	595,298	595,298
<b>At 30 September 2008</b>	<b>-</b>	<b>-</b>	<b>1,363,501</b>	<b>1,363,501</b>

Following the audit of the Associate's year end 31 December 2007, the Directors of the Associate made a prior year adjustment to reflect additional costs incurred in the start up of the company. This adjustment has had the impact of increasing the level of goodwill arising on acquisition by £374,383 and reducing the amount of net assets acquired by £374,383, in the accounts of Nexus Management Plc. As a result the only impact of this adjustment is to the disclosure in this note.

Company	Investments in Associates £	Subsidiary Undertakings £	Available-for- sale investments £	Total £
Cost and net book amount				
At 1 October 2006	-	556,262	-	556,262
Additions	1,748,571	357,713	-	2,106,284
<b>At 30 September 2007</b>	<b>1,748,571</b>	<b>913,975</b>	-	<b>2,662,546</b>
Additions	125,893	226,868	-	352,761
Disposals	(1,357,743)	-	-	(1,357,743)
Transfer	(516,721)	-	516,721	-
<b>At 30 September 2008</b>	<b>-</b>	<b>1,140,843</b>	<b>516,721</b>	<b>1,657,564</b>

# NEXUS MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2008

The Company directly owns 100% of the issued share capital of the following subsidiary undertakings:

<b>Subsidiary undertaking</b>	<b>Country of incorporation</b>	<b>Principal activity</b>
Nexus Management (EMEA) Limited	England and Wales	IT Support services
FixIT Worldwide Limited	England and Wales	IT Support services
PC Medics Group Limited	England and Wales	Holding Company
Nexus Management Inc *	USA	IT Support services
Nerdforce Franchise Company	USA	IT Support services

\* Investment held via PC Medics Group Limited

The Company owned 8.3% of the ordinary issued share capital of PD Financial Corp., a company incorporated in the USA, as at 30 September 2008. PD Financial Corp.'s principal activity is direct marketing.

### Business combinations

On 18<sup>th</sup> July 2008 the Group acquired the trade and assets of Nerd Force Inc for a consideration of £245,533, satisfied by cash and shares.

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

	<b>£</b>
Purchase consideration:	
Cash paid	61,333
Direct costs relating to the acquisition	11,591
Fair value of shares issued	101,319
Deferred Cash	82,881
Total purchase consideration	<u>257,124</u>
Fair value of tangible net assets acquired	(30,272)
Fair value of intangible net assets acquired	(21,549)
Goodwill	<u><b>205,319</b></u>

The assets and liabilities as of 18 July 2008 arising from the acquisition are as follows:

	<b>Fair value</b>	<b>Acquiree's carrying amount</b>
	<b>£</b>	<b>£</b>
Brand name	21,549	-
Property, plant and equipment	6,222	6,222
Trade and other receivables	11,618	11,618
Trade and other payables	-	-
Vehicles	12,432	12,432
<b>Net assets acquired</b>	<u><b>51,821</b></u>	<u><b>30,272</b></u>
Purchase consideration settled in cash		61,333
Direct costs		11,591
Total cash consideration		<u>72,924</u>
Cash and cash equivalents of subsidiary acquired		-
<b>Cash outflow on acquisition</b>		<u><b>72,924</b></u>

# NEXUS MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2008

### 13. TRADE AND OTHER RECEIVABLES

	2008	Group 2007	2008	Company 2007
	£	£	£	£
Trade receivables	357,442	243,228	168,634	-
Amounts owed by group undertakings	-	-	617,807	198,987
VAT recoverable	-	-	17,007	4,389
Other receivables	2,207,316	22,527	2,201,601	-
Prepayments and accrued income	118,686	29,369	23,543	20,441
	<b>2,683,444</b>	<b>295,124</b>	<b>3,028,592</b>	<b>223,817</b>

There is no material variance between carrying and fair values.

### 14. CASH AND CASH EQUIVALENTS

	2008	Group 2007	2008	Company 2007
	£	£	£	£
Cash at bank and on hand	374,916	484,489	322,346	375,018
	<b>374,916</b>	<b>484,489</b>	<b>322,346</b>	<b>375,018</b>

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

	2008	Group 2007	2008	Company 2007
	£	£	£	£
Cash and cash equivalents	374,916	484,489	322,346	375,018
	<b>374,916</b>	<b>484,489</b>	<b>322,346</b>	<b>375,018</b>

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 2007	Cash flow	Exchange movement	At 30 September 2008
	£	£	£	£
<b>Group</b>				
Cash in hand and at bank	484,489	(109,573)	-	374,916
	<b>484,489</b>	<b>(109,573)</b>	<b>-</b>	<b>374,916</b>
<b>Company</b>				
Cash in hand and at bank	375,018	(52,672)	-	322,346
	<b>375,018</b>	<b>(52,672)</b>	<b>-</b>	<b>322,346</b>

# NEXUS MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2008

### 15. TRADE AND OTHER PAYABLES

	2008	Group 2007	2008	Company 2007
	£	£	£	£
Trade payables	175,431	97,548	76,371	13,059
Amounts owed by group undertakings	-	-	24,375	25,000
Other payables	182,319	163,916	82,881	-
Accruals and deferred income	154,420	469,701	78,200	41,000
	<b>512,170</b>	<b>731,165</b>	<b>261,827</b>	<b>79,059</b>

There is no material variance between carrying and fair values.

### 16. LOANS AND OTHER BORROWINGS

	2008	Group 2007	2008	Company 2007
	£	£	£	£
Bank loans	2,888	6,726	-	-
	2,888	6,726	-	-
Disclosed within current liabilities	(2,888)	(6,726)	-	-
Disclosed as non-current liabilities	-	-	-	-

The borrowings are repayable as follows:

	2008	Group 2007	2008	Company 2007
	£	£	£	£
On demand or within one year	2,888	6,726	-	-
In the second to fifth years inclusive	-	-	-	-
	2,888	6,726	-	-
Less: Amount due for settlement within 12 months (shown under current liabilities)	(2,888)	(6,726)	-	-
Amount due for settlement after 12 months	-	-	-	-

Bank overdrafts and loans are arranged at floating rates, exposing the Group to cash flow interest rate risk.

# NEXUS MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### AT 30 SEPTEMBER 2008

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The weighted average interest rates paid were as follows:	<b>2008</b>	<b>2007</b>
	%	%
Bank loans	6.88	9.21

Sensitivity analysis on the level of interest rates has not been undertaken as the Directors believe that any increase/decrease in interest rates during the current and previous year would have had no material impact on the level of interest payable.

The other principal features of the Group's borrowings are as follows:

- (i) The Group has one bank loan of £82,873. The loan was taken out on 29 April 2004. Equal monthly repayments commenced on April 29 2004 and will continue until April 2009. The loan is secured by all business assets within Nexus Management Inc. The loan carries an interest rate at 1 per cent above US prime base rate.

#### 17. NET OBLIGATIONS UNDER FINANCE LEASES

Group	Minimum lease payments		Present value of lease payments	
	2008	2007	2008	2007
	£	£	£	£
<b>Amounts payable under finance lease</b>				
Within one year	59,543	21,308	59,543	21,308
In the second to fifth years inclusive	46,832	24,962	46,832	24,962
	106,375	46,270	106,375	46,270
Less: Future finance charges	(15,249)	(9,242)	(15,249)	(9,242)
Present value of lease obligations	91,126	37,028	91,126	37,028
Less: Amount due to settlement within 12 months (shown under current liabilities)	(48,589)	(17,979)	(48,589)	(17,979)
Amount due to be settled after 12 months	<b>42,537</b>	<b>19,049</b>	<b>42,537</b>	<b>19,049</b>

Net obligations under finance leases contracts are secured on the assets concerned.

#### Company

Amounts payable under finance leases in the company are nil.

# NEXUS MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### AT 30 SEPTEMBER 2008

#### 18. SHARE CAPITAL

	2008	Group	2008	Company
	£	2007	£	2007
		£		£
<b>Authorised</b>				
4,000,000,000 (2007: 4,000,000,000) Ordinary shares of £0.0025 each	10,000,000	10,000,000	10,000,000	10,000,000
<b>Allotted, called up and fully paid</b>				
867,109,826 (2007: 836,016,881) Ordinary shares of £0.0025	2,167,775	2,090,042	2,167,775	2,090,042
<b>Shares to be issued</b>				
Nil (2007: 14,704,773) Ordinary shares of £0.0025	-	36,762	-	36,762

	No. of shares	£
<b>Reconciliation – Allotted, called up and fully paid</b>		
At 1 October 2007	836,016,881	2,090,042
Shares issued in the year:		
Consideration for acquisition - 8 October 2007 – 1.202p per share	4,070,190	10,175
Consideration for outstanding loan - 10 October 2007 – 1.214p per share	1,423,466	3,559
Consideration for acquisition - 7 July 2008 – 0.93p per share	10,894,516	27,237
Shares issued in the year and accrued for in previous period:		
Consideration for acquisition - 27 March 2008 - 1.25p per share	14,704,773	36,762
<b>At 30 September 2008</b>	<b>867,109,826</b>	<b>2,167,775</b>

<b>Reconciliation – Shares to be issued</b>		
At 1 October 2007		36,762
Shares issued		36,762
Shares lapsed in the year		-
<b>At 30 September 2008</b>		<b>-</b>

# NEXUS MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2008

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### Share option schemes

On 6 April 2001 the company adopted an Enterprise Management Incentive Scheme. As set out below during the year the company has granted no options. Due to the value of these options or the tax status of the recipients, none of these options will be treated as if they were issued under an unapproved share option scheme. No provision is made for National Insurance on the options, which are exercisable at the balance sheet date due to a joint election in place between the company and the individual under which the individual has agreed to take on the company's National Insurance liability.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	2008		2007	
	Number	WAEP Pence	Number	WAEP Pence
Outstanding at the beginning of the year	253,566,469	0.63	246,991,719	0.63
Granted during the year	-	-	7,368,009	0.68
Exercised during the year	-	-	(793,259)	0.49
<b>Outstanding at the end of the year</b>	<b><u>253,566,469</u></b>	<b>0.63</b>	<b><u>253,566,469</u></b>	<b>0.63</b>
<b>Exercisable at the end of the year</b>	<b><u>251,566,469</u></b>	<b>0.63</b>	<b><u>246,366,469</u></b>	<b>0.63</b>

The weighted average share price at the date of exercise for share options exercised during the year was nil (2007: 1.43p).

The fair values were calculated using the Black-Scholes valuation method. The inputs to the model were as follows:

	2008	2007
Weighted average share price	0.89p	1.27p
Expected volatility	79%	79%
Expected life	10	10
Risk free rate (%)	4.60	4.60
Dividend yield (%)	-	-

At 30 September 2008 the following options were granted but not exercised to the directors of the company:

- i) 3,850,000 options at 0.25p per share exercisable between 31/12/03 and 29/7/13 granted to P J Weller.
- ii) 65,048,110 options at 0.6p per share exercisable between 2/8/04 and 1/2/14 granted. The options to directors were as follows:

R A Richardson	16,666,667
P O R Paterson	16,666,667
B Adlam	23,214,776
J Tryzelaar	3,333,333
G C Stoddart-Stones	2,500,000
P J Weller	1,666,667
- iii) 13,114,756 options at 0.61p per share exercisable between 1/7/04 and 1/2/14 granted as follows:

# NEXUS MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2008

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	R A Richardson	3,278,869
	P O R Paterson	3,278,869
	G C Stoddart-Stones	3,278,869
	P J Weller	3,278,869
iv)	2,459,016 options at 0.61p per share exercisable between 1/8/04 and 1/2/14 granted. The options to directors were as follows:	
	B Adlam	819,672
	J Tryzelaar	819,672
v)	42,279,414 options at 0.68p per share exercisable between 9/12/04 and 8/6/14 granted as follows:	
	R A Richardson	12,254,903
	P O R Paterson	12,254,903
	B Adlam	12,254,903
	J Tryzelaar	2,450,980
	G C Stoddart-Stones	1,838,235
	P J Weller	1,225,490
vi)	1,376,148 options at 1.09p per share exercisable between 1/2/05 and 1/8/14 granted. The options to directors were as follows:	
	B Adlam	458,716
	J Tryzelaar	458,716
vii)	40,005,645 options at 0.75p per share exercisable between 1/10/05 and 17/5/15 granted. The options to directors were as follows:	
	J Tryzelaar	4,849,169
viii)	2,380,953 options at 0.63p per share exercisable between 29/9/05 and 27/4/14 granted. The options to directors were as follows:	
	B Adlam	793,651
	J Tryzelaar	793,651
ix)	58,105,263 options at 0.59p per share exercisable between 18/11/05 and 17/5/15 granted as follows:	
	R A Richardson	16,842,105
	P O R Paterson	16,842,105
	B Adlam	16,842,105
	J Tryzelaar	3,368,421
	G C Stoddart-Stones	2,526,316
	P J Weller	1,684,211

# NEXUS MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2008

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x) 12,000,000 options at 0.49p per share exercisable between 31/5/06 and 31/5/15 granted. The options to directors were as follows:

P J Weller	2,400,000
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xi) 1,200,000 options at 0.64p per share exercisable between 8/5/06 and 7/11/15 granted.

xii) 5,172,414 options at 0.58p per share exercisable between 13/10/06 and 12/4/16 granted. The options to directors were as follows:

J Tryzelaar	1,724,138
B Adlam	1,724,138

xiii) 6,600,000 options at 0.63p per share exercisable between 16/4/07 and 15/10/16 granted. The options to directors were as follows:

J Tryzelaar	800,000
B Adlam	800,000

xiv) 402,155 options at 0.75p per share exercisable between 16/4/07 and 15/10/16 granted to G C Stoddart-Stones.

xv) 365,854 options at 1.64p per share exercisable between 1/8/07 and 31/1/17 granted. The options to directors were as follows:

J Tryzelaar	182,927
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# NEXUS MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2008

### 19. SHAREHOLDERS EQUITY

<b>Group</b>	<b>Share premium account £</b>	<b>Profit and loss account £</b>	<b>Foreign currency reserve £</b>	<b>Available for sale investment reserve £</b>	<b>Share options reserve £</b>
Balance at 1 October 2006 as previously reported	3,852,243	(3,409,697)	-	-	-
Prior period adjustment	-	(768,844)	-	-	768,844
Balance at 1 October 2006 as restated	3,852,243	(4,178,541)	-	-	768,844
Currency exchange	-	-	3,098	-	-
Premium in respect of shares issued in the year	213,902	-	-	-	-
Issue costs	(110,000)	-	-	-	-
Merger reserve adjustment	-	-	-	-	-
Share option movement in the year	-	-	-	-	33,311
Retained profit for the year	-	99,756	-	-	-
<b>At 30 September 2007</b>	<b>3,956,145</b>	<b>(4,078,785)</b>	<b>3,098</b>	<b>-</b>	<b>802,155</b>
Balance at 1 October 2007	3,956,145	(4,078,785)	3,098	-	802,155
Currency exchange	-	-	(62,465)	-	-
Revaluation of available for sale investments	-	-	-	416,709	-
Premium in respect of shares issued in the year	126,092	-	-	-	-
Share option movement in the year	-	-	-	-	10,351
Retained profit for the year	-	1,097,729	-	-	-
<b>At 30 September 2008</b>	<b>4,082,237</b>	<b>(2,981,056)</b>	<b>(59,367)</b>	<b>416,709</b>	<b>812,506</b>

**NEXUS MANAGEMENT PLC**

**NOTES TO THE FINANCIAL STATEMENTS**

**AT 30 SEPTEMBER 2008**

	<b>Share premium account £</b>	<b>Profit and loss account £</b>	<b>Share options reserve £</b>
<b>Company</b>			
Balance at 1 October 2006 as previously reported	3,058,294	(2,690,506)	-
Prior period adjustment	-	(655,212)	768,844
Balance at 1 October 2006 as restated	3,058,294	(3,345,718)	768,844
Premium in respect of shares issued in the year	860,342	-	-
Issue costs	(110,000)	-	-
Share option movement in the year	-	-	33,311
Retained profit for the year	-	(209,555)	-
<b>At 30 September 2007</b>	<b>3,808,636</b>	<b>(3,555,273)</b>	<b>802,155</b>
Balance at 1 October 2007	3,808,636	(3,555,273)	802,155
Premium in respect of shares issued in the year	273,601	-	-
Share option movement in the year	-	-	10,350
Retained profit for the year	-	1,239,431	-
<b>At 30 September 2008</b>	<b>4,082,237</b>	<b>(2,315,842)</b>	<b>812,505</b>

**20. COMMITMENTS UNDER OPERATING LEASES**

Future minimum operating lease payments for the Group were as follows:

	<b>2008 £</b>	<b>2007 £</b>
<b>Land and buildings</b>		
In one year or less	108,485	102,994
Between one and five years	64,290	163,073
	<b>172,775</b>	<b>266,067</b>

**21. CAPITAL COMMITMENTS**

As at 30 September 2008, the Group and company had capital commitments amounting to £nil (2007: £nil).

# NEXUS MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2008

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### 22. RELATED PARTY TRANSACTIONS

#### Group

During the year directors guarantees to the group's bankers were released. The cross-guarantees amounted to £345,000.

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:

	2008	2007
	£	£
Remuneration including benefits in kind and pension	649,748	467,527
Share based payments	3,836	21,229
	<b>653,584</b>	<b>488,756</b>

#### Company

At 30 September 2008 the following amounts were due from/(owed to) related companies:

	2008	2007
	£	£
Nexus Management EMEA Limited	337,783	175,707
Nexus Management Inc	329,735	198,987
FixIT Worldwide Limited	(24,375)	(25,000)
PC Medics Group Limited	17,281	-
Nerd Force Franchise Company	270,791	-

At 30 September 2008 a provision of £337,783 (2007: £175,707) has been made against the amount due from Nexus Management EMEA Limited.

### 23. CONTROLLING PARTY

The Directors consider there to be no ultimate controlling party.

### 24. POST BALANCE SHEET EVENTS

In December 2008 the Company entered into an agreement with Ilir Sela the vendor of Nerd Force to satisfy the outstanding Nerd Force consideration by the issue of 14,202,341 shares in Nexus.

Also in December 2008 the Company announced that it had renegotiated the terms of the debt with PD Financial and had re-acquired 8 per cent of the company for \$2 million and had acquired 10 per cent of its fledgling B2B business for a further \$100,000. Nexus still holds a \$2.3 million debt with PD Financial which attracts interest of approximately \$15,000 per month payable monthly and is to be repaid by December 2009. The terms of this deal were completed on 30 January 2009.

**NEXUS MANAGEMENT PLC**

**NOTES TO THE FINANCIAL STATEMENTS**

**AT 30 SEPTEMBER 2008**

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**25. EXPLANATION OF TRANSITION TO IFRS**

This is the first year that the Company has presented its financial statements under IFRS. The following disclosures are required in the year to transition to IFRS. The last financial statements under UK GAAP were for the year ended 30 September 2007 and the date of transition to IFRS was therefore 1 October 2006.

IFRS 1 'First-time Adoption of International Financial Reporting Standards' allow companies adopting IFRS for the first time to take certain exemptions from the full requirements of IFRS in the year of transition (i.e. the year to 30 September 2007).

**Key exemptions**

The Group has elected to take the following key exemption:

*IFRS 3 – Business combinations*

The Group has elected not to apply IFRS 3 'Business Combinations' retrospectively to acquisitions that took place before the date of transition. As a result, the carrying amount of goodwill in the UK GAAP balance sheet at 1 October 2006 is brought forward to the IFRS opening balance sheet without adjustment, having been satisfactorily tested for impairment at that date.

**Key impacts**

The main impacts of IFRS on the report results of the Group and company are listed below:

*Goodwill amortisation*

Acquired goodwill should no longer be amortised under the requirements of IFRS3 'Business Combinations' and instead is subject to an annual impairment review.

**Balance sheet**

Reconciliation of equity at 30 September 2007 (date of last UK GAAP financial statements)

<b>Group</b>	<b>Year ended 30 September 2007 £</b>
Capital and reserves according to UK GAAP	3,047,600
Goodwill amortisation	206,402
Impairment of goodwill	(444,585)
<b>Equity according to IFRS</b>	<b><u>2,809,417</u></b>

**Company**

There are no material differences between the equity reported under IFRS and the equity under UK GAAP.

# NEXUS MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2008

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### Income statement

Reconciliation of net income for the year ended 30 September 2007 (date of last UK GAAP financial statements)

<b>Group</b>	<b>Year ended 30 September 2007 £</b>
Net income under UK GAAP	337,939
Goodwill amortisation	206,402
Impairment of goodwill	<u>(444,585)</u>
<b>Net income under IFRS</b>	<b><u>99,756</u></b>

### Company

There are no material differences between the net income reported under IFRS and the equity under UK GAAP.

### Cashflow statement

Following the implementation of IFRS the cash flow statements have been re-stated. The restatement is purely in respect of disclosure and IFRS implementation does not affect the resulting cash flows for the year ended 30 September 2007.

A cash flow statement is presented for the Company under IFRS, whereas it was not required under UK GAAP.

There are no other material differences between the cash flow statement presented under IFRS and the cash flow statement presented under UK GAAP.