

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

Unaudited interim results for the six months ended 31 March 2008

Nexus Management plc, the AIM listed IT Managed Services business, announces its interim results for the six months ended 31 March 2008.

Highlights:

- **Core revenue up 24 per cent to £1.9 million (six months to 31 March 2007: £1.5 million)**
- **Gross profit up 50 per cent to £979,000 (six months to March 2007: £652,000)**
- **Operating profit of £56,000 (six months to 31 March 2007: loss of £576,000)**
- **Net profit of £951,000 including share of profits and disposal of shares in associate**
- **Total assets increased from £3.4 million to £5.2 million**
- **Basic EPS increased to 0.113p (six months to 31 March 2007: loss of 0.061p)**

Chief Executive’s Statement:

The first six months of the fiscal year has shown steady growth and I am pleased with the Group’s progress.

During the six months to 31 March 2008 we have continued to run our core businesses effectively, achieved growth in the number of services offered to customers and attracted new clients to the businesses. On 1 February 2008, the Company sold back 72 per cent of its holding in PD Financial Corp (“PD Financial”) at a profit of £1,155,000 and entered into a perpetual marketing agreement with PD Financial. The cash generated from the sale will be utilised to expand the sales and marketing in both the UK and the US and to buy complementary businesses if suitable acquisitions can be identified.

During this financial period Nexus Management has embarked on producing its financial statements under IFRS.

As set out above, during the period the Company disposed of 72 per cent of the shares held in PD Financial. The disposal of these shares generated a profit over book cost on disposal of £1,155,000. However, under the IFRS consolidation rules this resulted in an adjusted profit attributable to the period of £561,000 (Note 6). The “profit on disposal” figure is calculated as the difference between “disposal proceeds” and the “cost of the investment”. Within the consolidated accounts the “cost of the investment” included a share of PD Financial’s net assets, which increased each time PD Financial made and retained profits and which were shown as “profits from associates” within the consolidated accounts over the last eighteen months. In addition, we have benefited from favourable tax treatment relating to substantial shareholders and were able to exempt our share disposal from capital gains tax. This represents a significant gain to net income. Nexus continues to hold 450,000 series A preferred shares within PD Financial Corp as an investment, which is equivalent to 8.3 per cent of its revised issued share capital, following the sale back.

Over the past three months we have increased our marketing efforts to identify more companies that are the best fit for our services. These companies are typically small multi-nationals or small multi office organisations where their staff travel extensively and their IT needs are more complex. Although it is too early to measure I am broadly pleased with our progress.

Post balance sheet events

On 3 June 2008 we were also very pleased to announce that PD Financial has now signed a 10 year agreement with a new credit provider. We are working closely with PD Financial to ensure our products and services are ready for when marketing re-starts in the near future. The line of credit from the new bank is \$300 million, a significant increase from the credit line provided by the previous credit provider.

In May this year we recruited a new UK Managing Director, Andy Duncan, who brings with him a wealth of sales and marketing experience and we look forward to strong growth in our UK business under Andy’s leadership.

Roger Richardson
Chief Executive

Consolidated Income Statement
For the six months ended 31 March 2008

	Six months ended 31 March 2008 (unaudited) £'000	Six months ended 31 March 2007 (unaudited) £'000	Year ended 30 September 2007 (audited) £'000
Revenue			
- Continuing	1,894	1,521	3,356
- Discontinued	7,208	5,891	17,909
- Less Share of Associates	(7,208)	(5,891)	(17,909)
	1,894	1,521	3,356
Cost of sales	(915)	(869)	(1,724)
Gross profit	979	652	1,632
Operating expenses	(913)	(773)	(1,779)
Share-based payment expense	(10)	(455)	(33)
Operating profit/(loss)	56	(576)	(180)
Finance costs	(5)	(8)	(29)
Profit/(Loss) before taxation	51	(584)	(209)
Taxation	-	-	-
Profit/(Loss) for the period from continuing/acquired operations	51	(584)	(209)
Discontinued operations			
Profit for the period from discontinued operations	900	108	546
Profit/(Loss) for the period	951	(476)	337
Earnings/(Loss) per share (pence)			
Basic	0.113p	(0.061p)	0.042p
Diluted	0.087p	(0.061p)	0.032p

**Consolidated Balance sheet
As at 31 March 2008**

Assets	Six months ended 31 March 2008 (unaudited) £'000	Six months ended 31 March 2007 (unaudited) £'000	Year ended 30 September 2007 (audited) £'000
Non-current assets			
Tangible fixed assets	268	226	223
Goodwill	550	869	550
Investment in associates	-	1,786	2,269
Available for sale investments	1,364	-	-
	<hr/> 2,182	<hr/> 2,881	<hr/> 3,042
Current assets			
Trade and other receivables	2,674	361	296
Cash and cash equivalents	377	196	484
	<hr/> 3,051	<hr/> 557	<hr/> 780
Total Assets	<hr/> 5,233	<hr/> 3,438	<hr/> 3,822
Equity and liabilities			
Equity			
Share capital	2,140	2,155	2,127
Share premium	4,008	4,162	3,956
Other reserves	1,204	1,215	805
Retained earnings	(2,890)	(4,654)	(3,841)
	<hr/> 4,462	<hr/> 2,878	<hr/> 3,047
Non-current liabilities			
Deferred tax	178	-	-
Obligations under finance leases - due after one year	-	-	19
	<hr/> 178	<hr/> -	<hr/> 19
Current liabilities			
Trade and other payables	504	560	731
Bank overdrafts and loans	4	-	7
Obligations under finance leases - due within one year	85	-	18
	<hr/> 593	<hr/> 560	<hr/> 756
Total equity and liabilities	<hr/> 5,233	<hr/> 3,438	<hr/> 3,822

Consolidated Cash Flow Statement
For the six months ended 31 March 2008

	Six months to 31 March 2008 (unaudited) £'000	Six months to 31 March 2007 (unaudited) £'000	Year to 30 September 2007 (audited) £'000
Cash inflow/(outflow) from operating activities			
Profit/(Loss) from operations	56	(576)	(180)
Adjustments for:			
Depreciation	40	37	71
Impairment	-	56	65
	<hr/> 96	<hr/> (483)	<hr/> (44)
Share option costs	10	455	33
(Increase)/Decrease in receivables	(16)	(120)	734
(Decrease)/Increase in liabilities	<hr/> (227)	<hr/> 285	<hr/> 496
Cash (outflow)/inflow from operations	(137)	137	1,219
Interest paid	(5)	(12)	(29)
Interest received	<hr/> -	<hr/> 4	<hr/> -
Net cash (outflow)/inflow from operating activities	<hr/> (142)	<hr/> 129	<hr/> 1,190
Cash flows from investing activities			
Acquisition of subsidiaries (net of cash acquired)	(76)	(888)	(1,645)
Proceeds of disposal of associate	150	-	-
Purchase of plant and equipment	<hr/> (85)	<hr/> (29)	<hr/> (71)
Net cash used in investing activities	<hr/> (11)	<hr/> (917)	<hr/> (1,716)
Cash flows from financing activities			
Issue of ordinary share capital for cash	16	433	399
Finance lease principle payments	<hr/> 48	<hr/> (53)	<hr/> (54)
Net cash generated from financing activities	<hr/> 64	<hr/> 380	<hr/> 345
Net decrease in cash and cash equivalents	(89)	(408)	(181)
Effect of foreign exchange rate changes	(15)	(8)	46
Cash and cash equivalents at beginning of period	<hr/> 477	<hr/> 612	<hr/> 612
Cash and cash equivalents at end of period	<hr/> <hr/> 373	<hr/> <hr/> 196	<hr/> <hr/> 477

**Consolidated Statement of changes in equity
For the six months ended 31 March 2008**

	Share capital £'000	Share premium £'000	Revaluation reserves £'000	Foreign exchange reserve £'000	Share options reserve £'000	Retained earnings £'000	Total £'000
Six months ended 31 March 2007							
As at 1 October 2006	2,032	3,852	-	-	769	(4,178)	2,475
Loss for the period	-	-	-	-	-	(476)	(476)
Shares issued	123	310	-	-	-	-	433
Share-based payment charge	-	-	-	-	455	-	455
Exchange differences arising on translation of foreign operations	-	-	-	(9)	-	-	(9)
As at 31 March 2007	2,155	4,162	-	(9)	1,224	(4,654)	2,878
Year ended 30 September 2007							
As at 1 October 2006	2,032	3,852	-	-	769	(4,178)	2,475
Profit for the period	-	-	-	-	-	337	337
Shares issued	95	104	-	-	-	-	199
Share-based payment charge	-	-	-	-	33	-	33
Exchange differences arising on translation of foreign operations	-	-	-	3	-	-	3
As at 30 September 2007	2,127	3,956	-	3	802	(3,841)	3,047
Six months ended 31 March 2008							
As at 1 October 2007	2,127	3,956	-	3	802	(3,841)	3,047
Profit for the period	-	-	-	-	-	951	951
Shares issued	13	52	-	-	-	-	65
Share-based payment charge	-	-	-	-	10	-	10
Available for sale investments valuation gains taken to equity	-	-	593	-	-	-	593
Deferred tax on items taken directly to equity	-	-	(178)	-	-	-	(178)
Exchange differences arising on translation of foreign operations	-	-	-	(26)	-	-	(26)
As at 31 March 2008	2,140	4,008	415	(23)	812	(2,890)	4,462

Notes to the Interim Results

1. Basis of preparation

The Interim Results for the six months ended 31 March 2008 are unaudited and do not constitute statutory accounts in accordance with section 240 of the Companies Act 1985.

Full accounts for the year ended 30 September 2007, on which the auditors gave an unqualified report and contained no statement under Section 237 (2) or (3) of the Companies Act 1985, have been delivered to the Registrar of Companies.

2. Adoption of International Financial Reporting Standards (“IFRS”)

For all periods up to 30 September 2007 Nexus Management has prepared its financial statements in accordance with UK Generally Accepted Accounting Principles (“UK GAAP”). The AIM Rules for Companies require that the annual consolidated financial statements of Nexus Management plc for the year ending 30 September 2008 be prepared in accordance with IFRS.

Accordingly, these interim financial statements, which are for the six months ended 31 March 2008, have been prepared for the first time in accordance with International Financial Reporting Standards and are covered by IFRS1, First-time Adoption of IFRS.

The information presented within these interim financial statements is in compliance with IAS 34 ‘Interim Financial Reporting’.

In preparing these interim 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 for the relevant periods are given in note 3 below. Unless noted the same accounting policies and methods of computation have been followed in the interim financial statements as compared to the most recent annual financial statements.

3. Transition from UK GAAP to IFRS

As required under IFRS 1, the equity reconciliations at 1 October 2006 (the transition date for IFRS) and at 30 September 2007 (date of last UK GAAP financial statements) are set out below. For comparative purposes, the equity reconciliation at 31 March 2007 is also included to enable a comparison of the 2007 published interim figures.

The amortisation charged under UK GAAP for the year ended 30 September 2007 was charged in accordance with UK GAAP policies and was also considered necessary to bring the goodwill to an accurate carrying value. Under IFRS goodwill cannot be amortised but an impairment is instead required for the year ended 30 September 2007. The resulting loss for the year ended 30 September 2007 is therefore the same under IFRS as reported in the audited accounts prepared under UK GAAP.

4. Reconciliation of UK GAAP equity to IFRS equity

	30 September 2007	31 March 2007	1 October 2006
Capital and reserves according to UK GAAP	3,047	2,878	2,475
Effect of adopting IFRS	-	-	-
Equity according to IFRS	<u>3,047</u>	<u>2,878</u>	<u>2,475</u>

Under IFRS goodwill previously accounted for on the acquisition of investments has been restated as “Other intangible assets” in accordance with IFRS 3 – Business combinations. This reclassification does not affect the figures previously stated. In addition the total assets, equity and liabilities reported under UK GAAP are the same as that reported under IFRS.

5. Segmental information

The services the Group provides are in regard to one activity. Accordingly the primary segmental disclosure is based on geographical location and excludes revenue in regard to the Group’s associate.

	UK £'000	US £'000	Total £'000
Six months ended 31 March 2008			
Segmental revenue - continuing	677	1,217	1,894
Segmental (loss)/profit	(71)	122	51
Six months ended 31 March 2007			
Segmental revenue - continuing	582	939	1,521
Segmental loss	(528)	(56)	(584)
Year ended 30 September 2007			
Segmental revenue - continuing	1,315	2,041	3,356
Segmental (loss)/profit	(231)	22	(209)

6. Discontinued operations

On 1 February 2008, the Group entered into a sale back agreement to dispose of 72 per cent of the investment in PD Financial. PD Financial is a privately-held direct marketer of brand-name products. PD Financial uses highly sophisticated targeting to identify which consumers are most likely to make purchases and then offers a combination of both brand name goods and attractive finance to these potential customers. The disposal was effected in order to generate cash flow for the expansion of the Group's other businesses.

The results of PD Financial operations, for the period from 1 October 2007 to 31 March 2008, which have been included in the consolidated financial statements, were as follows.

	Period ended 31 March 2008 £'000	Period ended 31 March 2007 £'000	Year ended 30 September 2007 £'000
Share of revenue of associate	7,208	5,891	17,909
Share of expenses of associate	6,644	5,668	16,906
Share of profit of associate	564	223	1,003
Taxation on associate's profit	(225)	(115)	(457)
Profit on disposal of associate	561	-	-
Share of profit of associate after tax	900	108	546

Nexus Management continues to hold 450,000 preference shares within PD Financial as an investment, which represents 8.3 per cent of its revised issued share capital, following the sale back.

7. Earnings/(Loss) per share

The basic earnings per share has been calculated by dividing the retained profit for the period of £951,000 (2007: Loss of £476,000) by the weighted average number of ordinary shares of 841,576,236 (2007: 774,358,793) in issue during the period. The weighted average number of ordinary shares used in the calculation of diluted earnings per share for 2008 (1,095,142,705) has been adjusted for the effect of potentially dilutive share options granted under the Group's share option scheme. The diluted loss per share for 2007 is the same as the basic loss per share, in accordance with IAS 33 which prescribes that potential ordinary shares

should only be used as dilutive when, and only when, their conversion to ordinary shares would decrease net profit or increase net loss per share from continuing operations.

8. Dividends

No dividend is proposed for the six months ended 31 March 2008.

9. Copies of Interim Results

Copies of the Interim Results will be available from our website www.nexusmgmt.com or by written request to the Company's registered office.

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