

NEXUS MANAGEMENT PLC (formerly PC Medics plc)
 (“Nexus Management” or “the Company”)
PRELIMINARY AUDITED RESULTS FOR THE YEAR ENDED 31ST MARCH 2005

Nexus Management plc (LSE: NXS) is a provider of Enterprise class IT Managed Services to the SME market, specialising in Wide Area Network Management, Disaster Recovery, Data Storage and Remote Server Management.

Highlights

- **Merger successfully completed and name change effective as of 31st March 2005**
- **Restructuring of the sales teams and partner programme**
- **Launch of NexMail and continued focus on product development**
- **Increasing strength in the sales pipeline, 8 new customers signed since January 2005**
- **Continuing business revenue increased** to £1,157,597 for the year, from £926,363 in the previous year. (Total revenue, including discontinued business revenue for FY2004: £1,160,363)
- **Administrative expenses** decreased to £654,452 for the year from £869,525 in 2004
- **Operating loss** decreased to a loss of £89,775 for the year, from a loss of £294,895 in the previous year and the **Cost of sales** was steady at £592,920 for the year (FY2004: £591,427)
- **Net liabilities** decreased to £105,593 at 31st March 2005. (£258,535 at 31st March 2004), whilst **Net assets** increased to £24,003 at 31st March 2005. (Net liability of £114,252 at 31st March 2004)

Commenting on the results, Chairman Boris Adlam said: “This has been a year of cost-cutting and consolidation for the Company, as we continue with our strategy to become a leading specialist provider of enterprise class IT Managed services to the SME market in the US and UK. We successfully completed the merger with Nexus Management and have changed the name of the Group company to reflect the brand strength and market position of the US company. The management team have created a firm financial footing for the Group, leaving us well positioned for organic growth in both geographies and acquisitive growth in the UK.

“With signs of an increase in spending in our target market, our greatly improved sales team, the technical superiority of our Data Centre, and our proven ability to leverage the specialist IT skills of our engineers, we look to the coming year with confidence.”

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About Nexus Management plc

Nexus Management is a growing specialist IT Managed Services Provider focusing on the SME market. Following the recent merger with Nexus Management Ltd and its US subsidiary, Nexus Management Inc, the Company re-branded from PC Medics and now has two key markets: the UK and the US, to whom it can offer 24 hour manned support. Nexus specialises in Remote Server Management, Disaster Recovery, Data Storage and Wide Area Network Management and monitoring - providing Enterprise calibre technical support to SMEs. Through its world class data centre in Maine, Nexus’ customers have access to highly secure and robust IT infrastructure, monitoring and support.

Nexus Management plc is listed on AIM, a market of the London Stock Exchange. For further information on the company, please visit www.nexusmgmt.com

NEXUS MANAGEMENT PLC (FORMERLY PC MEDICS PLC)

CHIEF EXECUTIVE STATEMENT

INTRODUCTION

I am pleased to report that this we have made solid progress in the year and are in much better shape today than a year ago. You may remember that we had some significant challenges ahead of us that needed to be overcome to put Nexus onto an even keel and poised for growth. It is often a bumpy road as a company transitions from losses to profits, which is the point at which we find ourselves today. This is reflected in our results for the year. Importantly, however, the results also show an improvement in margin which is evidence of a healthier more efficient business.

We are now a provider of a comprehensive range of on-line managed services offering Enterprise class service at SME prices.

FINANCIAL RESULTS

Sales for the full year were £1,157,597 versus £926,363 in the prior year. (Total revenue for the previous year, including discontinued business was £1,160,363.) Operating loss amounted to a loss of £89,775 compared to a loss of £300,589 in the previous year which is a marked improvement. Performance throughout the year was fairly consistent; however, the second half included unforeseen expenditure which had a negative impact on performance in the period. This arose from an enforced upgrade of the air conditioning at our data centre which clearly requires an extremely sophisticated temperature control system. This has now been rectified and we do not anticipate further disruption or added cost in the coming years.

A further reflection of operational improvement was cash flow, with net cash outflow from operating activities reducing from £226,556 to £109,033. Accordingly, we were able to increase our cash position by £97,900 compared with a loss in the previous year of £142,995.

REVIEW OF BUSINESS

The overriding ambition of the management team over the last year has been to move the Company away from the past and build a solid platform from which to grow. In this regard, we had to make some tough decisions last September in order to move us forward towards attaining this goal. I am pleased to say we were able to action these decisions without negatively affecting day to day operations and any major disruption to customer services.

The resulting actions reduced overall overheads and we started to see the benefits of these measures really flow through in January of this year. We anticipate that a continued focus on cost control will mean we can leverage the leaner cost base to further improve margins and generate revenue growth.

We continue to review all parts of the business and its performance with a focus on further cost controls and efficiency.

New Business

Following changes to the sales team in September 2004, I am pleased to report we have seen a marked improvement in new business performance. A greater level of focus on the optimum type of customer for Nexus and a more structured and energised team has resulted in a win rate of 2-3 new contracts a month. This, combined with our proven ability to sell additional services to existing customers, is set to make a significant improvement to our monthly billing which is key to the long term growth of the Company.

Sales and Marketing

As well as restructuring our own sales operation we have spent time focusing on our business partners. We now have a group of business partners where sales of Nexus products are integrated into the partners' everyday operations. This means that the cost of sale for Nexus is greatly reduced and this valuable channel to market can be fully exploited. Following the name change, we are soon to distribute new Nexus branded collaterals and materials to our resellers. This initiative will run in conjunction with the launch of a new website which again will assist our resellers.

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Merger completion

The completion of the merger of PC Medics and Nexus Management Ltd, and their trading subsidiary Nexus Management Inc. is the culmination of a huge amount of work and productive long term relationship between the two companies. We are very pleased to have reached a point where the operations are now fully integrated and we are well positioned to benefit from the increased international presence and resources in order to generate future growth.

R&D

During the year we have made several improvements to our service offering. In particular, we built and launched our spam and virus cleaning service for email which has been warmly welcomed by existing and new customers. We have signed up 10 new clients for this service since March 2004. At the end of the period, we launched NexMail, a managed email service for our customers which went live in March 2005. This has been equally well received with 4 new customers being signed up since its launch. We now have 41 customers compared with 23 this time last year including Hammond Lumber, Maine Coast Heritage Trust, Royds Solicitors and White Light.

Another development, although somewhat forced upon us, was the replacement of the entire data centre air conditioning system. The new system is now much more robust and we believe will be able to support the growth of the data centre for some years to come. Whilst not planned in the period, we see the installation of a new air conditioning system as a valuable investment that would have been required in due course in order to support increased business levels. This is particularly so, given the potential for the data centre to support increased levels of business with current utilisation rates running at 25%.

The Market

We have seen an encouraging upturn in IT spend amongst our target market, namely companies of between 100 and 500 employees, based in multiple locations. The research house, IDC, also recently issued a report on IT spend in q3 of 2004, which showed companies with up to 500 staff led the upturn, increasing their IT spend at an annual rate of 8.1%. The rate for larger firms was 6.9% a year.

Due to a restriction in IT spend in recent years, the IT systems of many SMEs are severely in need of an upgrade. Companies are now turning to specialist managed service providers to assist them in gaining the highest possible return on investment of their IT budget. Key growth areas are Data storage and Network monitoring and maintenance.

Issues such as the increase in regulation and security threats – both virtual and physical are also expected to drive growth in this area.

Future Developments

We are pleased with the change affected within the Company during the year. It has been a challenge but we believe we have now come out the other side. This is evidenced by the sales trend since the beginning of the calendar year which has shown a positive trend with 14 new contracts so far of which 8 were new clients. We are therefore cautiously optimistic for a successful outcome for the year and our continued long term growth.

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**PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2005**

| | Note | 2005 £ | 2004 £ |
|--|------|------------------|------------------|
| GROUP TURNOVER | | 1,157,597 | 1,160,363 |
| Cost of sales | | 592,920 | 591,427 |
| GROSS PROFIT | | <u>564,677</u> | <u>568,936</u> |
| Administrative expenses | | 654,452 | 863,781 |
| OPERATING LOSS | | <u>(89,775)</u> | <u>(294,845)</u> |
| Profit on disposal of discontinued operations | | – | 166,050 |
| | | <u>(89,775)</u> | <u>(128,795)</u> |
| Interest receivable | | 22 | – |
| Interest payable and similar charges | | (16,504) | (6,196) |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | <u>(106,257)</u> | <u>(134,991)</u> |
| Tax on loss on ordinary activities | | – | – |
| LOSS FOR THE FINANCIAL YEAR | | <u>(106,257)</u> | <u>(134,991)</u> |
| Earnings per share (pence) | 1 | <u>(0.038)</u> | <u>(0.05)</u> |
| Earnings per share – fully diluted (pence) | 1 | <u>(0.035)</u> | <u>(0.04)</u> |

**GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 MARCH 2005**

| | 2005 £ | 2004 £ |
|--|-----------------|------------------|
| Loss for the financial year attributable to the shareholders of the parent company | (106,257) | (134,991) |
| Currency exchange adjustment | 7,015 | 21,658 |
| Total gains and losses recognised since the last annual report | <u>(99,242)</u> | <u>(113,333)</u> |

**GROUP BALANCE SHEET
31 MARCH 2005**

| | Note | 2005 | | 2004 | |
|---|------|----------------|----------------|------------------|----------------|
| | | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Intangible assets | | | – | | – |
| Tangible assets | | | <u>129,596</u> | | <u>144,283</u> |
| | | | 129,596 | | 144,283 |
| CURRENT ASSETS | | | | | |
| Debtors | | 126,050 | | 130,63 | |
| Cash at bank | | <u>20,013</u> | | <u>43,72</u> | |
| | | 146,063 | | 174,36 | |
| CREDITORS: Amounts falling due within one year | | | | | |
| | | <u>251,656</u> | | <u>432,89</u> | |
| NET CURRENT LIABILITIES | | | (105,593) | (258,535) | |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>24,003</u> | <u>(114,252)</u> | |
| CAPITAL AND RESERVES | | | | | |
| Called-up equity share capital | | | 747,281 | | 661,439 |
| Share premium account | | | 2,276,134 | | 2,124,580 |
| Profit and loss account | | | (2,999,412) | | (2,900,271) |
| SHAREHOLDERS' FUNDS/(DEFICIENCY) | | | <u>24,003</u> | <u>(114,252)</u> | |

**GROUP CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2005**

| | Note | 2005 | 2004 |
|--|------|-----------------|-----------------|
| NET CASH OUTFLOW FROM OPERATING ACTIVITIES | | | |
| | | (109,03) | (226,55) |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | | |
| | | (16,48) | (6,19) |
| CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT | | | |
| | | (13,98) | 18,56 |
| CASH OUTFLOW BEFORE FINANCING | | <u>(139,49)</u> | <u>(214,19)</u> |
| FINANCING | | 237,39 | 71,23 |
| INCREASE/(DECREASE) IN CASH | | <u>97,90</u> | <u>(142,95)</u> |

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005**

EARNINGS PER SHARE

1. The calculation of the basic loss per share is based on the loss for the period after tax of £106,257 (2004 - £134,991) and on 277,145,177 (2004 - 264,201,561 ordinary shares), being the weighted average number of ordinary shares in issue during the period. The calculation of the diluted loss per share is based on the loss for the period of £91,126 (2004 - £134,991) and on 297,264,649 ordinary shares (2004 - 283,813,541 ordinary shares) being the weighted average number of ordinary shares including dilutive share options.

BASIS OF PREPARATION

2. The financial information set out above does not constitute the Company's statutory financial statements for the years ended 31 March 2005 or 2004, but is derived from those financial statements. Statutory financial statements for 2004 have been delivered to the Registrar of Companies and those for 2005 will be delivered prior to the Company's annual general meeting on the 24th August 2005. The auditors have reported on those financial statements; their reports were unqualified. Upon publication of the Report and Accounts, copies will be available, free of charge, for one month, from the offices of ICIS Ltd, Aldermay House, 10-15 Queen Street, London, EC4N 1TX, and from the Company website www.nexusmgmt.com