

14th November 2005



NEXUS MANAGEMENT PLC
("Nexus Management" or "the Company")
INTERIM RESULTS FOR THE HALF YEAR ENDED 30TH SEPTEMBER 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

- Turnover increased 115% to £1.2m for the half year ended 30th September 2005, from £572k for the same period last year, following the successful merger with Nexus Management Inc and strong organic growth
- Focus on cost control and higher margin business resulted in reduced administration costs from 52% of revenue in the first half of 2004, to 40% for the same period this year
- Profit on ordinary activities increased 539% to £68k for the half year ended 30th September 2005, from £10k for the same period last year
- Profit for the financial period increased to £48k for the half year, against a loss of £4k for the same period last year
- Number of clients increased to 46 from 30 this time last year, with an average win of 2-3 new contracts a month
- Demand for newly launched NexMail service continues to be strong with 3 new customers signed in the period
- Continued search for acquisition opportunities in the UK to accelerate growth

As described in **Note 1** of the financial statements attached, the Company's accounts have been restated for previous years under the rules of merger accounting. The above highlights are compared to the Company's results last year.

Commenting on the results, Chairman Boris Adlam said: "Nexus Management is now a stable, profitable business operating in a growth market. Our state of the art Data Centre, highly skilled engineers, 24/7 service offering and broad product range mean we are well positioned to grow both organically in the US, and through acquisitions in the UK. We are pleased with the progress experienced during the first six months of the year, and are confident of a successful outcome to the year."

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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

CHIEF EXECUTIVE'S STATEMENT

INTRODUCTION

I am pleased to report that the first half of this year has continued in the same positive vein as the previous half year, with the Company experiencing steady progress and an increase in customers, profits and gross margins. The benefits of the merger with Nexus Management Ltd. continue to be felt in terms of cost efficiencies, broader geographic reach and augmented technical skills. Our customer numbers have grown satisfactorily and we have also experienced success in selling additional services into our existing customer base. The investment we made in our state of the art data centre has paid dividends this period as the market for our products continues to improve, with demand for data storage and hosting being particularly strong.

Once built, our solutions are highly scalable and we are now in a position to seek accelerated growth. To that end, we are continuing with the search for an appropriate acquisition in the UK, where we believe there is potential to leverage our capabilities and enhance efficiencies.

FINANCIAL RESULTS

Sales for the half year ended 30 September 2005 were £1,233,412 versus £572,447 for the half year ended 30 September 2004. Operating profit amounted to £67,949 compared to £10,637 for the half year ended 30 September 2004. The Company's net profit margin increased substantially due to increased cost-efficiencies and an increase in higher margin business. Administrative expenses as a percentage of revenue fell from 52% in 2004 to 40% in 2005.

REVIEW OF BUSINESS

The management team have continued the review of the business, following the merger with Nexus Management Ltd, leveraging the synergies between the two in terms of finding further cost-efficiencies and creating a solid base for the Company's future growth.

New Business

This half year has seen our win rate remain steady at 2-3 new contracts a month. We have placed particular focus on selling additional services to our existing customers which accounts for approximately two thirds of new business. We now have 46 customers compared with 30 this time last year. We maintain a sales pipeline in excess of £600,000 in total contract value across the UK and US companies and this pipeline and associated forecast is reviewed every week.

R&D

We have continued to invest in R&D to develop new services to augment and complement our current offerings. In particular, we have developed a file management system which will go live in the next half year. This will allow users to access files remotely – enabling smaller firms to allow their employees the freedom and flexibility to work from multiple locations. This new service will also offer the user a valuable data store for backup and security purposes.

We are also currently carrying out further tests in the area of Voice Over IP, where we see significant opportunities to leverage our position with both existing and new customers.

Our most recently launched product, NexMail, a managed email service, has been very well received by our target market. Since its launch in March 2005 we have signed contracts with 7 customers and have a strong sales pipeline.

The Data Centre utilisation rate has risen from 25% in June to 30% at the end of October, leaving us plenty of room to continue to grow without additional investment. We have added a new Apple rack to support a newly won contract with a local school in the Massachusetts area providing centralised services for the children.

THE MARKET

We have seen the spending levels amongst SMEs steadily increase over the period, as investment in their outdated and overburdened IT infrastructure starts to become a necessity as opposed to a luxury. Data storage in particular looks to be a very exciting growth area, and one which we are well positioned to capitalise on, due to our state of the art data centre. The demand for hosting services is also strong. In particular, demand is growing for co-location hosting, where our customers' server and other mission critical systems, such as point of sales systems, email systems and databases, are all located in our data centre. This enables our customers to benefit from a higher level of security, an optimised environment. Disaster recovery is also driving demand for IT managed services

FUTURE DEVELOPMENTS

The second half of the year has continued in a positive manner, with the run rate of new contracts remaining steady at 2-3 a month. The technical superiority of our Data Centre, the skills of our engineers and the strength of our diverse product portfolio mean that we are confident of a successful outcome to the year.

NEXUS MANAGEMENT PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2005

	Total Period ended 30 September 2005 £	Total Period ended 30 September 2004 £	Total Year ended 31 March 2005 £
Turnover	1,233,412	1,231,134	2,468,862
Cost of sales	(668,499)	(697,038)	(1,433,751)
Gross profit	<u>564,913</u>	<u>534,096</u>	<u>1,035,111</u>
Administration expenses	(496,964)	(531,849)	(1,193,987)
Profit/(loss) on ordinary activities	<u>67,949</u>	<u>2,247</u>	<u>(158,876)</u>
Interest receivable and similar income	-	22	22
Interest payable and similar charges	(19,762)	(20,412)	(28,091)
Profit/(loss) on ordinary activities before taxation	<u>48,187</u>	<u>(18,143)</u>	<u>(186,945)</u>
Taxation on loss on ordinary activities	2 -	-	-
Profit/(loss) for the financial period	<u>48,187</u>	<u>(18,143)</u>	<u>(186,945)</u>
Basic profit/(loss) per share	3 0.00012p	(0.000068p)	(0.00067p)
Fully diluted profit/(loss) per share	3 0.00012p	(0.000052p)	(0.00063p)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Total Period ended 30 September 2005 £	Total Period ended 30 September 2004 £	Total Year ended 31 March 2005 £
Profit/(loss) for the year	48,187	(18,143)	(186,945)
Currency exchange adjustment	(35,064)	(3,783)	7,015
Total recognised gains/(losses)	<u>13,123</u>	<u>(21,926)</u>	<u>(179,930)</u>

NEXUS MANAGEMENT PLC
CONSOLIDATED BALANCE SHEET
30 SEPTEMBER 2005

	30 September 2005 Unaudited £	30 September 2004 Unaudited £	31 March 2005 Audited £
Fixed assets			
Intangible	44,728	-	-
Tangible	267,805	303,611	257,930
	<u>312,533</u>	<u>303,611</u>	<u>257,930</u>
Current assets			
Debtors	152,531	291,337	211,878
Cash at bank and in hand	58,099	40,975	26,721
	<u>210,630</u>	<u>332,312</u>	<u>238,599</u>
Creditors: Amounts falling due within one year	(666,683)	(884,328)	(663,139)
Net current liabilities	<u>(456,053)</u>	<u>(552,016)</u>	<u>(424,540)</u>
Total assets less current liabilities	<u>(143,520)</u>	<u>(248,405)</u>	<u>(166,610)</u>
Capital and reserves			
Called up share capital	980,647	670,339	747,281
Share premium account	2,241,373	2,165,228	2,276,134
Other reserves	-	188,638	188,638
Profit and loss account	(3,365,540)	(3,272,610)	(3,378,663)
Equity shareholders' funds	<u>(143,520)</u>	<u>(248,405)</u>	<u>(166,610)</u>

NEXUS MANAGEMENT PLC
CONSOLIDATED CASH FLOW
PERIOD ENDED 30 SEPTEMBER 2005

	Note	30 September 2005 Unaudited		30 September 2004 Unaudited		31 March 2005 Audited	
		£	£	£	£	£	£
Net cash outflow from operating activities	6		(48,640)	71,461		(25,712)	
Return on investments and Servicing of finance							
Interest received				22		2	
Interest paid		(19,762)		(20,232)		(27,644)	
Interest element of finance lease payments		-		-		(477)	
Net cash outflow from returns on investment and servicing of Finance			(19,762)	(20,210)		(28,069)	
Capital expenditure and financial investment							
Purchase of tangible fixed assets, net		(49,708)		(67,910)		(75,811)	
Sale of tangible fixed assets		-		-		-	
Net cash (outflow)/inflow for capital expenditure and financial investment			(49,708)	(67,910)		(75,817)	
Cash outflow before use of liquid resources and Financing			(118,110)	(16,659)		(129,598)	
Financing							
Issue of equity share capital		-		8,900		85,841	
Premium on issue of share capital		-		-		151,554	
Expenses adjustment in connection with share issue		-		40,648		-	
Capital element of finance lease rental payments		(1,676)		(31,701)		(10,031)	
Net cash inflow from Financing			(1,676)	17,847		227,363	
Increase/(decrease) in cash	5		(119,786)	1,188		97,765	

NEXUS MANAGEMENT PLC
CASH FLOW
PERIOD ENDED 30 SEPTEMBER 2005

	Note	30 September 2005 £	30 September 2004 £	31 March 2005 £
Reconciliation of net cash flow to				
Movement in net (debt)/funds				
Increase/(decrease) in cash in the period		(119,786)	1,188	97,765
Cash outflow from increase in debt		-	-	-
Movements in funds in the period		(119,786)	1,188	97,765
Opening net debt		(79,668)	(177,433)	(177,433)
Closing net debt	7	(199,454)	(176,245)	(79,668)

NEXUS MANAGEMENT PLC
NOTES TO THE FINANCIAL INFORMATION
30 SEPTEMBER 2005

1. Basis of preparation

The interim financial information has been prepared on the basis of the accounting policies adopted for the audited accounts for the year ended 31 March 2005.

On the 1 April 2005 PC Medics Group plc merged with Nexus. The new group has been included in these accounts on the merger accounting principles and as such comparative figures have been restated to include the new merged group.

The financial information has been drawn up on the going concern basis, which the directors consider appropriate given their continued support and the continued support of the Group's bankers.

2. Taxation

There is no taxation charge for the period.

3. Profit per share

The basic profit per share for the half year is based on the profit after taxation of £48,187 and the weighted average number of ordinary shares of 25p each in issue of 392,258,921 (30/09/04: 265,716,605 and 31/03/05: 277,145,177)

The calculation of the diluted profit per share is based on the profit for the period after tax of £48,187 and on 394,504,754 and the weighted average number of ordinary shares of 25p ordinary number of shares (31/09/04: 352,607,374 and 31/03/05: 297,264,649).

4. Group loan

During the period it was identified that an amount due to a liquidated subsidiary of £61,960 had been incorrectly included within share premium of Nexus Management Inc. This amount has been adjusted by crediting to the profit and loss.

5. Merger Costs

Within the cash flow for the interim period, £43k was used to complete the merger with Nexus Management Ltd.

6. Reconciliation of operating loss to net cash outflow from operating activities	30 September 2005 £	30 September 2004 £	31 March 2005 £
	67,949	2,247	(186,945)
Depreciation of tangible fixed assets	39,833	50,324	106,856
Other non cash adjustments	(34,761)	-	-
Decrease in stock	-	-	-
(Increase)/decrease in debtors	59,353	64,655	144,114
(Decrease)/increase in creditors	(181,014)	(41,950)	(130,640)
Currency exchange adjustment	-	(3,200)	13,449
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Net cash outflow from operating activities	(48,640)	72,076	(53,166)
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NEXUS MANAGEMENT PLC
NOTES TO THE FINANCIAL INFORMATION
30 SEPTEMBER 2005

7. Analysis of net debt

	At 31 March 2005 £	Cash flow £	non-cash movement £	At 30 September 2005 £
Cash at bank and in hand	26,721	31,378	-	58,099
Bank overdraft	<u>(106,389)</u>	<u>(151,164)</u>	<u>-</u>	<u>(257,553)</u>
Total	<u>(79,668)</u>	<u>(119,786)</u>	<u>-</u>	<u>(199,454)</u>

8. There are no recognised gains or losses other than those recorded in the profit and loss account.
9. The interim financial information is unaudited and was approved by the directors on 10th November 2005. The interim financial information does not comprise full financial statements within the meaning of Section 240 of the Companies Act 1985.
10. The restated figures in respect of the year ended 31 March 2005 have been taken from the full accounts of the merged group for the year ended on that date on which the auditors reported without qualification and which contained no statement under Section 237(2) or (3) of the Companies Act 1985 (as amended) and which have been delivered to the Registrar of Companies.
11. The Directors do not recommend the payment of a dividend.
12. A copy of this statement is being posted to all shareholders and will be available from the Company's registered office at Heathrow Business Centre, 65 High Street, Egham, Surrey TW20 9EY for a period of 14 days from today.