

Nexus Management Plc
(Formerly PC Medics Group Plc)

Financial Statements
31 March 2005





NEXUS MANAGEMENT PLC





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NEXUS MANAGEMENT PLC

COMPANY INFORMATION

THE BOARD OF DIRECTORS	B. Adlam (Non-executive Chairman) R. A. Richardson (CEO) P. J. Weller (Finance Director) P. O. R. Paterson G. C. Stoddart-Stones M. S. J. Rappolt (Non-executive) J. Tryzelaar (Non-executive)	
COMPANY SECRETARY	P. J. Weller	
REGISTERED OFFICE	Bridge House, Bridge Street Staines, Middlesex TW18 4TW	
REGISTERED NUMBER	3895363	
AUDITORS	Menzies Chartered Accountants & Registered Auditors Bridge House, Bridge Street Staines, Middlesex TW18 4TW	
BANKERS	Barclays Bank PLC PO Box 166 Heathrow Airport Hounslow, Middlesex TW6 2RA	
SOLICITORS	Fladgate Fielder 25 North Row, London W1K 6DJ	
NOMINATED ADVISERS	Beaumont Cornish Limited Georgian House 63 Coleman Street, London EC2R 5BB	
BROKERS	Hoodless Brennan 40 Marsh Wall, Docklands, London E14 9TP	
FINANCIAL PR	ICIS 3rd Floor Aldermay House, 10-15 Queen Street London EC4N 1TX	



NEXUS MANAGEMENT PLC

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

INTRODUCTION

I am pleased to report that 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.

NEXUS MANAGEMENT PLC

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

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.

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.

NEXUS MANAGEMENT PLC

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

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.



Boris Adlam
Chairman
Nexus Management Plc

17 June 2005

NEXUS MANAGEMENT PLC

BOARD OF DIRECTORS

Boris Adlam (Age 39) Non - Executive Chairman

Boris is an investment banker and venture capitalist by background, with over 15 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 financing advice to governments, larger European companies and institutions, a role that he continued at Nomura International Plc in London. In 2000 Boris co-founded Arcanum Partners Limited, a corporate finance advisory firm specialising in emerging technology companies and in 2002 he co-founded KNZ Partners LLP, a venture capitalist partnership focusing on early stage companies.

Peter Weller (Age 35) 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.

Mike Rappolt (Age 60) Non-executive Director

Mike has 35 years of international experience as a management consultant and manager in the IT, Energy and management consulting industries. He has undertaken a wide variety of strategic and technical consulting assignments involving all aspects of information technology and performance improvement at board level from major public companies to start up ventures. He has consulted widely in the public and private sectors largely in service and utility organisations both in the UK and overseas. He has served as an executive and non-executive director in large and small organisations. These include an IT start up venture in software engineering, a "not for profit" trust, PA Consulting Group, where he was a main board director for 12 years. While with PA he served as a member, and then chairman, of the Audit Committee and was a member of the Systems Steering Committee. Mike retired from PA at the end of May 2002 after 29 years with the firm.

Joan Tryzelaar (Age 61) Non-executive Director

Joan has been a doctor for over 20 years specialising in Cardiovascular and Thoracic Surgery. During this period he has worked in the US (Virginia and Portland, Maine) and Bosnia. Joan has been a non-executive of Nexus Management Limited, an IT service provider, since 1989. He joined the board of Nexus Management Plc on 5 November 2003.

NEXUS MANAGEMENT PLC

BOARD OF DIRECTORS

Graham Stoddart-Stones (Age 56) 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.

Roger Richardson (Age 44) 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 Paterson (Age 61) UK CEO Director

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 to 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, which he determined would be the next major growth area in the IT sector.

NEXUS MANAGEMENT PLC

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2005

The directors present their report and the financial statements of the group for the year ended 31 March 2005.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

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.

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.

RESULTS AND DIVIDENDS

The trading results for the year and the group's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

NEXUS MANAGEMENT PLC

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2005

THE DIRECTORS AND THEIR INTERESTS

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £0.0025 each At 31 March 2005	Ordinary Shares of £0.0025 each At 1 April 2004
B. Adlam (Non-executive Chairman)	6,464,047	3,387,124
R. A. Richardson (CEO)	41,666,667	41,666,667
P. J. Weller (Finance Director)	730,000	730,000
P. O. R. Paterson (Operations Director)	53,333,333	53,333,333
G. C. Stoddart-Stones	25,000,000	25,000,000
M. S. J. Rappolt (Non-executive)	1,000,000	1,000,000
J. Tryzelaar (Non-executive)	-	-

B. Adlam, G. Stoddart-Stones, and J. Tryzelaar 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 20 to the financial statements.

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 percent of the share capital of the Company as at 31 March 2005:

	Ordinary Shares of £0.0025 each	Ordinary Shares of £0.0025 each
R.D.G. Parker	15,240,444	(5.1%)

NEXUS MANAGEMENT PLC

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2005

FINANCIAL INSTRUMENTS

The Group's financial instruments comprise cash and other items, including trade debtors and trade creditors, which 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 very small transactional currency exposures.

POLICY ON THE PAYMENT OF CREDITORS

The Group applies a policy of agreeing payment terms with each of their main suppliers and the group aims to abide by these terms, subject to satisfactory performance by suppliers.

Creditor days at 31 March 2005 were 25 days (2004:50 days).

AUDITORS

Menzies, having been appointed to fill a casual vacancy, have expressed their willingness to continue in office as auditors and in accordance with Section 385(2) of the Companies Act 1985, a resolution proposing their appointment will be submitted at the forthcoming Annual General meeting.

Registered office:
Bridge House
Bridge Street
Staines
Middlesex
TW18 4TW

Signed by order of the directors



P. J. Weller
Company Secretary

Approved by the directors on 17 June 2005

NEXUS MANAGEMENT PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2005

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the group at the end of the year and of the group's profit, or loss for the year then ended. In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on pages 20 to 21, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

NEXUS MANAGEMENT PLC

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 MARCH 2005

In the Report and Accounts to 31st 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 year. It also undertook to review its practice against the new best practice standards as set out in New Combined Code issued by the FRC on 23 July 2003. During the last year the Audit Committee and Executive Directors of the Company have undertaken this review. The Company complies with this new Code except as noted below, where either cogent reasons are given as to why the Company has chosen not to comply or a commitment is made to put new governance practices into place over the forthcoming year. 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. All non-executive directors are considered to be independent within the meaning of the New Combined Code. All have small shareholdings and benefit from options but this aligns them with shareholders.

The board meets regularly throughout the year to monitor the monthly 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.

Since March 2004, the board met 8 times. All directors attended each meeting.

The Audit Committee

- **Membership**
The Audit Committee is composed of two Non-executive Directors - Mr Adlam, Chairman, and Mr Rappolt. The Finance Director attends 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.

NEXUS MANAGEMENT PLC

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 MARCH 2005

- **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 required in order to provide independent confirmation that these legal responsibilities are being met, is conducted in a thorough, efficient and effective manner.

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 2003/2004, reviewed financial timetables, reviewed internal policies and tendered the audit.

NEXUS MANAGEMENT PLC

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 MARCH 2005

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 consists of two non-executive directors - Mr Adlam, Chairman, and Mr Rappolt - with the Chief Executive in attendance where appropriate.

The Remuneration Committee met twice during the year and reviewed bonus plans, salary levels and overdraft guarantee rewards.

As a result:

- 25% of the deferred and unpaid salaries were paid to the Executive Directors during the year, a total of £20,000.
- Executive bonus scheme was reviewed. The new scheme offers, modest cash payments and options at a 15% premium to mid price if profit targets are met.
- Options were granted to the Executive Directors for the guarantee of the banking facility. 27,573,531 were issued in total at a 15% premium to the mid market price.
- Options were granted to the Non Executive Directors for the guarantee of the banking facility. 14,705,883 were issued in total at a 15% premium to the mid market price.
- Options were granted to the Non Executive Directors in exchange for 6 months fee. 458,716 shares were issued to each director, a total of 1,376,148 at a 15% premium to the mid market price.

These changes will save the Company significant cash resources at a time when the Company is running an overdraft and will tie all Directors more closely to the fortunes of the Company's share price.

Compliance with the New Combined Code

On 1st April 2005, PC Medics Group Plc acquired the share capital of Nexus Management Limited. We have been working with Nexus for the last two years and confirm the new combined entity complies with all aspects of the New Combined Code except as stated below:

Combined Code Reference	Description	Action/Reason
The Board		
A.1.3	Independent directors to meet once a year without executive directors present and once without Chairman present	It is considered appropriate for a company our size for the CEO to meet the non-execs on a regular basis

NEXUS MANAGEMENT PLC

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 MARCH 2005

Combined Code Reference	Description	Action/Reason
Board balance and independence		
A.3.3	Appointment of senior independent director	Considered inappropriate for company of our size
Appointments to Board		
A4 (covers all parts of A.4)	Formal, rigorous and transparent procedure for the appointment of new directors to the board	To be introduced within next year
Information and Professional Development		
A.5.1	New Directors to receive a full, formal and tailored introduction process	To be introduced within next year
Performance Evaluation		
A.6 (covers all parts of A.6)	The Board should undertake formal and rigorous annual evaluation of its own performance and that of its committees and individual directors	A formal appraisal of the executive directors has been implemented. Other appraisals to be implemented within the next year.
Re-election		
A.7	The Board should ensure planned and progressive refreshing of the Board	Not appropriate for a company of size and youth
A.7.2	Any term beyond six years subject to particular rigorous review	Not appropriate for a company of our size
Remuneration		
B.1.3	Remuneration for Directors should not include share options and, if exceptionally issued, should not be exercisable until one year after leaving Board	In order to save the Company cash, non-executive directors agreed to forgo their salaries in exchange for share options. This was considered to be in the interest of the company and its shareholders.

NEXUS MANAGEMENT PLC

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 MARCH 2005

Combined Code Reference	Description	Action/Reason
Remuneration continued		
B.1.3		The options are exercisable after 6 months owing to the salary sacrifice and will be reviewed when we are again able to pay non-execs salaries.
Procedure		
B2.4	Shareholders to approve long term incentive schemes	No such schemes introduced
Accountability and Auditing		
C.3.4	Whistleblower Policy	To be introduced within next year
C.3.5	Internal Audit function	Not considered appropriate for a company of our size
Relations with Shareholders		
D.1	Dialogue with shareholders	Our new web site, to be introduced this coming year, will offer the ability for shareholders to dialogue with the Company
D.1.1	Chair to discuss governance and strategy with major shareholders	Not currently appropriate for a company of our size To be introduced within next year
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 FOR THE YEAR ENDED 31 MARCH 2005

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 will be introduced over the coming 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.

NEXUS MANAGEMENT PLC

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 MARCH 2005

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.

On behalf of the Board



M S J Rappolt
Director

NEXUS MANAGEMENT PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NEXUS MANAGEMENT PLC FOR THE YEAR ENDED 31 MARCH 2005

We have audited the financial statements on pages 22 to 26 which have been prepared under the historical cost convention and the accounting policies set out on pages 27 to 28.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders 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 United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities on page 12.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company and other members of the group is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the provisions of the 2003 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 risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's statement. 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.

NEXUS MANAGEMENT PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NEXUS MANAGEMENT PLC FOR THE YEAR ENDED 31 MARCH 2005

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards 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 circumstances, consistently applied and adequately disclosed.

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 financial statements give a true and fair view of the state of the company's affairs and of the group as at 31 March 2005 and of the loss of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Bridge House
Bridge Street
Staines
Middlesex
TW18 4TW

MENZIES
Chartered Accountants
& Registered Auditors

NEXUS MANAGEMENT PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

		2005	2004
	Note	£	£
GROUP TURNOVER	2	1,157,597	1,160,363
Cost of sales		<u>592,920</u>	<u>591,427</u>
GROSS PROFIT		564,677	568,936
Administrative expenses		<u>654,452</u>	<u>863,781</u>
OPERATING LOSS	3	(89,775)	(294,845)
Profit on disposal of discontinued operations	6	-	166,050
		<u>(89,775)</u>	<u>(128,795)</u>
Interest receivable		22	-
Interest payable and similar charges	7	<u>(16,504)</u>	<u>(6,196)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(106,257)</u>	<u>(134,991)</u>
Tax on loss on ordinary activities	8	-	-
LOSS FOR THE FINANCIAL YEAR	9	<u>(106,257)</u>	<u>(134,991)</u>
Earnings per share (pence)	10	<u>(0.038)</u>	<u>(0.05)</u>
Earnings per share - fully diluted (pence)	10	<u>(0.035)</u>	<u>(0.04)</u>

All of the activities of the group are classed as continuing.

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account.

The notes on pages 27 to 41 form part of these financial statements.

NEXUS MANAGEMENT PLC

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE 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	<u>7,015</u>	<u>21,658</u>
Total gains and losses recognised since the last annual report	<u>(99,242)</u>	<u>(113,333)</u>

NEXUS MANAGEMENT PLC

GROUP BALANCE SHEET 31 MARCH 2005

	Note	2005		2004	
		£	£	£	£
FIXED ASSETS					
Intangible assets	11		-		-
Tangible assets	12		129,596		144,283
			<u>129,596</u>		<u>144,283</u>
CURRENT ASSETS					
Debtors	14	126,050		130,639	
Cash at bank		<u>20,013</u>		<u>43,722</u>	
		146,063		174,361	
CREDITORS: Amounts falling due within one year					
	15	<u>251,656</u>		<u>432,896</u>	
NET CURRENT LIABILITIES			<u>(105,593)</u>	<u>(258,535)</u>	
TOTAL ASSETS					
LESS CURRENT LIABILITIES			<u>24,003</u>	<u>(114,252)</u>	
CAPITAL AND RESERVES					
Called-up equity share capital	20		747,281		661,439
Share premium account	21		2,276,134		2,124,580
Profit and loss account	21		<u>(2,999,412)</u>		<u>(2,900,271)</u>
SHAREHOLDERS' FUNDS/(DEFICIENCY)					
	22		<u>24,003</u>		<u>(114,252)</u>

These financial statements were approved by the directors on the

17 June 2005 and are signed on their behalf by:



P.J. Weller
Director



R. Richardson
Director

The notes on pages 27 to 41 form part of these financial statements.

NEXUS MANAGEMENT PLC

BALANCE SHEET 31 MARCH 2005

	Note	2005		2004	
		£	£	£	£
FIXED ASSETS					
Investments	13		1		1
CURRENT ASSETS					
Debtors	14	564,860		497,580	
Cash at bank		-		6,653	
		<u>564,860</u>		<u>504,233</u>	
CREDITORS:					Amounts
falling due within one year	15	<u>182,235</u>		<u>359,004</u>	
NET CURRENT ASSETS			382,625		145,229
TOTAL ASSETS			<u>382,626</u>		<u>145,230</u>
LESS CURRENT LIABILITIES			<u>382,626</u>		<u>145,230</u>
CAPITAL AND RESERVES					
Called-up equity share capital	20		747,281		661,439
Share premium account	21		2,276,134		2,124,580
Profit and loss account	21		<u>(2,640,789)</u>		<u>(2,640,789)</u>
SHAREHOLDERS' FUNDS			<u>382,626</u>		<u>145,230</u>

These financial statements were approved by the directors on the

17 June 2005 and are signed on their behalf by:



P.J. Weller
Director



R. Richardson
Director

The notes on pages 27 to 41 form part of these financial statements.

NEXUS MANAGEMENT PLC

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

		2005		2004	
	Note	£	£	£	£
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	24		(109,033)		(226,556)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	24		(16,482)		(6,196)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	24		(13,981)		18,562
CASH OUTFLOW BEFORE FINANCING			<u>(139,496)</u>		<u>(214,190)</u>
FINANCING INCREASE/(DECREASE)	24		237,396		71,235
IN CASH	24		<u>97,900</u>		<u>(142,955)</u>

The notes on pages 27 to 41 form part of these financial statements.

NEXUS MANAGEMENT PLC

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

1. **ACCOUNTING POLICIES**

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

In accordance with applicable accounting standards and on a going concern basis, which the directors consider appropriate, given their continued support and the continued support of the group's bankers.

Basis of consolidation

The consolidated financial statements incorporate the results of the company and all its subsidiary undertakings as if they were a single entity.

The accounts have been consolidated using the acquisition method of accounting.

Turnover

Turnover represents the invoiced amount, of goods sold and of services provided, and is stated net of VAT. Income from maintenance contracts and service contracts is spread evenly over the contract term.

Intangible assets - licenses

Licenses are valued at cost less accumulated amortisation.

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Tangible fixed assets

Tangible fixed assets are stated at cost less provision for depreciation.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer equipment	Over 3 years
Office equipment	Over four years
Short leasehold improvements	Over the term of the lease

NEXUS MANAGEMENT PLC

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

Leasing and hire purchase commitments

Assets under hire purchase contracts and finance leases are capitalised in the balance sheet and depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the contract and represents a constant proportion of the balance of capital payments outstanding. Rentals paid under operating leases are charged to the profit and loss account on a straight-line basis over the 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 year.

Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Foreign currencies

Transactions in foreign currencies are translated into sterling at rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated on foreign currencies at the balance sheet date are translated at the rates ruling at that date. The translation differences are dealt with in the profit and loss account.

The results of foreign subsidiaries have been translated using the average rate for the year. Assets and liabilities of foreign subsidiaries are translated at the rate ruling at the balance sheet date. Exchange differences arising are dealt with through reserves.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Website development costs

Website development costs are written off as they are incurred in accordance with UITF 29.

NEXUS MANAGEMENT PLC

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

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the group.

An analysis of turnover, profit before taxation and net assets is given below:

Turnover	2005	2004
	£	£
United Kingdom	837,500	834,677
North America	320,097	325,686
	<u>1,157,597</u>	<u>1,160,363</u>
(Loss)/Profit before taxation	2005	2004
	£	£
United Kingdom	(7,881)	29,050
North America	(98,376)	(164,041)
	<u>(106,257)</u>	<u>(134,991)</u>
Net assets/(liabilities)	2005	2004
	£	£
United Kingdom	370,828	134,197
North America	(346,825)	(248,449)
	<u>24,003</u>	<u>(114,252)</u>

3. OPERATING LOSS

Operating loss is stated after charging:

	2005	2004
	£	£
Depreciation of owned fixed assets	22,335	41,324
Auditors' remuneration		
- as auditors	15,661	27,795
- for other services	21,523	24,243
Operating lease costs:		
Land and buildings	11,964	33,750
Net loss on foreign currency translation	<u>18,143</u>	<u>53,809</u>

Auditors' fees

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

	2005	2004
	£	£
Audit	15,661	27,795
Accountancy	19,673	18,743
Taxation	1,850	1,550
Business consultancy	-	3,950
	<u>37,184</u>	<u>52,038</u>

NEXUS MANAGEMENT PLC

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

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to:

	2005 No	2004 No
Management and administration	7	6
Technicians	15	19
Sales	4	3
	<u>26</u>	<u>28</u>

The aggregate payroll costs of the above were:

	2005 £	2004 £
Wages and salaries	773,773	900,837
Social security costs	76,849	81,152
Other pension costs	31,196	28,082
	<u>881,818</u>	<u>1,010,071</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2005 £	2004 £
Emoluments receivable	254,565	271,562
Value of company pension contributions to money purchase schemes	18,000	14,958
	<u>272,565</u>	<u>286,520</u>

Emoluments of highest paid director:

	2005 £	2004 £
Total emoluments (excluding pension contributions)	67,388	60,219
Value of company pension contributions to money purchase schemes	6,000	4,500
	<u>73,388</u>	<u>64,719</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2005 No	2004 No
Money purchase schemes	<u>3</u>	<u>4</u>

NEXUS MANAGEMENT PLC

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

6. PROFIT ON TERMINATION OF DISCONTINUED OPERATIONS

	2005	2004
	£	£
Termination of discontinued operations:		
Profit on termination of operation	-	166,050

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	£	£
Interest payable on bank borrowing	16,057	5,744
Finance charges	447	452

	16,504	6,196
--	--------	-------

8. TAXATION ON ORDINARY ACTIVITIES

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2004 - 19%).

	2005	2004
	£	£
Loss on ordinary activities before taxation	(106,257)	(134,991)
Profit/(loss) on ordinary activities by rate of tax	(20,189)	(25,648)
Depreciation (less than)/in excess of capital allowances	(170)	7,835
Other tax adjustments	20,140	17,597
Expenses not deductible for tax	219	216
Total current tax	-	-

Factors that may affect future tax charges

At 31 March 2005 the group has tax losses of approximately £127,298 (2004 - £42,477) to set against future profits of the same trade.

A deferred tax asset of £24,187 (2004 - £5,493) arising from the tax losses in place has not been recognised. Although the directors ultimately expect sufficient tax profits to arise, there is currently insufficient evidence to support the recognition of a deferred tax asset in these financial statements.

NEXUS MANAGEMENT PLC

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

9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £Nil (2004 - £(39,715)).

10. EARNINGS PER SHARE

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 £106,257 (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.

11. INTANGIBLE FIXED ASSETS

Group	Goodwill £	Licences £	Total £
COST			
At 1 April 2004	186,761	15,000	201,761
Disposals	(186,761)	(15,000)	(201,761)
At 31 March 2005	-	-	-
AMORTISATION			
At 1 April 2004	186,761	15,000	201,761
Released on disposals	(186,761)	(15,000)	(201,761)
At 31 March 2005	-	-	-
NET BOOK VALUE			
At 31 March 2005	-	-	-
At 31 March 2004	-	-	-

NEXUS MANAGEMENT PLC

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

12. TANGIBLE FIXED ASSETS

Group	Fixtures Short leasehold improvements £	Fittings and office equipment £	Computer equipment £	Total £
COST				
At 1 April 2004	136,681	28,788	85	165,554
Additions	-	9,012	5,184	14,196
Disposals	-	(1,200)	(85)	(1,285)
Currency exchange adjustment	(4,412)	(925)	-	(5,337)
Transfers	19,250	(19,250)	-	-
At 31 March 2005	151,519	16,425	5,184	173,128
DEPRECIATION				
At 1 April 2004	11,319	9,947	5	21,271
Charge for the year	15,791	5,313	1,231	22,335
On disposals	-	(1,065)	(5)	(1,070)
Currency exchange adjustment	(920)	1,916	-	996
Transfers	8,068	(8,068)	-	-
At 31 March 2005	34,258	8,043	1,231	43,532
NET BOOK VALUE				
At 31 March 2005	117,261	8,382	3,953	129,596
At 31 March 2004	125,362	18,841	80	144,283

NEXUS MANAGEMENT PLC

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

13. INVESTMENTS

Company	Group companies £
COST	
At 1 April 2004	112,002
Disposals	(112,001)
At 31 March 2005	<u>1</u>
AMOUNTS WRITTEN OFF	
At 1 April 2004	112,001
Released on disposals	(112,001)
At 31 March 2005	<u>-</u>
NET BOOK VALUE	
At 31 March 2005	<u>1</u>
At 31 March 2004	<u>1</u>

The company holds 100% of the share capital in the following companies:

	Country of incorporation	Nature of business
Nexus Management Inc (formerly PC Medics Inc)	USA	IT Support Services
Nexus Management (EMEA) Limited	England and Wales	IT Support Services

14. DEBTORS

	Group		Company	
	2005 £	2004 £	2005 £	2004 £
Trade debtors	60,462	59,219	-	-
Amounts owed by group undertakings	-	-	558,499	476,787
VAT recoverable	-	-	1,848	-
Other debtors	59,959	58,447	-	8,070
Prepayments and accrued income	5,629	12,973	4,513	12,723
	<u>126,050</u>	<u>130,639</u>	<u>564,860</u>	<u>497,580</u>

NEXUS MANAGEMENT PLC

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

15. CREDITORS: Amounts falling due within one year

	Group		Company	
	2005 £	2004 £	2005 £	2004 £
Bank loans and overdrafts	106,389	227,998	106,389	227,998
Trade creditors	24,366	80,376	7,674	69,206
Directors' loan accounts	45,000	45,000	45,000	45,000
Other creditors	55,401	42,317	5,472	-
Accruals and deferred income	20,500	37,205	17,700	16,800
	<u>251,656</u>	<u>432,896</u>	<u>182,235</u>	<u>359,004</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	Group		Company	
	2005 £	2004 £	2005 £	2004 £
Bank loans and overdrafts	<u>106,389</u>	<u>227,998</u>	<u>106,389</u>	<u>227,998</u>

The bank loans and the overdraft of the group are secured by personal guarantees provided by the directors of the company.

16. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2005 the group had annual commitments under non-cancellable operating leases as set out below.

Group	Land and buildings	
	2005 £	2004 £
Operating leases which expire:		
Within 1 year	12,500	-
Within 2 to 5 years	-	47,345
After more than 5 years	41,313	-
	<u>53,813</u>	<u>47,345</u>

NEXUS MANAGEMENT PLC

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

17. CONTINGENCIES

On 1 August 2003 new executive service agreements were introduced between the group and P. Weller, P. Paterson, R. Richardson and G. Stoddart-Stones. The remuneration clause of the agreements has been structured such that each of the directors will be paid a salary of £60,000 per annum; however their actual salary entitlement is higher. This additional salary will only be payable once the Board, acting properly, considers that the group has made sufficient profits (without reference to the company's Remuneration committee).

At 31 March 2005 £15,000 (2004 - £40,000) of the amounts due to the directors remains unpaid. There is uncertainty as to whether this amount will become payable given the group's current trading results and the liability at the year end, inclusive of Employers' National Insurance, is £16,920 (£45,120).

18. RELATED PARTY TRANSACTIONS

On 1 August 2002, Jetmount Limited (formerly PC Medics (London) Limited) entered into a Co-operation Agreement with Nexus Management Limited, a company in which G. Stoddart-Stones and P. Paterson held a beneficial interest and in which P. Weller was a director. Similar agreements have been entered into by PC Medics Inc and Nexus Management Inc and between Nexus Management (EMEA) Limited and Nexus Management Inc. On 25 September 2003, following the liquidation of Jetmount Limited, PC Medics Group Plc entered into a similar agreement with Nexus Management UK Limited.

Under this agreement the companies agreed to pool their resources when providing IT support services to their respective businesses. Costs incurred in sharing these facilities were recharged by one entity to the other. Details of those services are as follows:

Nexus Management UK Limited charged Jetmount £nil (2004:£228,116) leaving a balance outstanding at the year end of £Nil.

PC Medics Inc. charged Nexus Management Inc. £69,353 (2004:£327,178) leaving a balance outstanding at the year end of £5,394.

Nexus Management (EMEA) Limited charged Nexus Management Inc. £185,140 (2004:£95,891) leaving a balance outstanding at the year end of £17,462.

Personal guarantees to the group's bankers in respect of the overdraft with PC Medics Group Plc are as follows:

1. P. Paterson for £300,000
2. R. Richardson for £100,000
3. B. Adlam for £100,000
4. J. Tryzelaar for £20,000
5. G. Stoddart-Stones for £15,000
6. P. Weller for £10,000

NEXUS MANAGEMENT PLC

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

19. ULTIMATE CONTROLLING PARTY

The directors are of the opinion that no one party has sufficient interest in the share capital of the company to be able to control the group.

20. SHARE CAPITAL

Authorised share capital:

	2005 £	2004 £
400,000,000 Ordinary shares of £0.0025 each	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid:

	2005		2004	
	Shares	£	Shares	£
Ordinary shares of £0.0025 each	<u>298,912,415</u>	<u>747,281</u>	<u>264,575,492</u>	<u>661,439</u>

On 6 July 2004 708,500 0.25p shares were issued at a value of 0.25p per share.

On 19 July 2004 369,593 0.25p shares were issued at a value of 0.25p per share.

On 3 August 2004 1,771,907 0.25p shares were issued at a value of 0.25p per share.

On 27 September 2004 710,000 0.25p shares were issued at a value of 0.25p per share.

On 18 November 2004 30,776,923 0.25p shares were issued a value of 0.65p per share.

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 43,655,262 options. Due to the value of these options or the tax status of the recipients 40,591,837 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.

At 31 March 2005 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 31.12.2003 and 29.07.2013 granted to P. J. Weller.
- ii) 64,048,110 options at 0.6p per share exercisable between 02.08.2004 and 01.02.2014 granted 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

NEXUS MANAGEMENT PLC

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

iii) 13,114,756 options at 0.61p per share exercisable between 01.07.2004 and 01.02.2014 granted as follows:-

R. A. Richardson	3,278,689
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 01.08.2004 and 01.02.2014 granted as follows:-

M. S. J. Rappolt	819,672
B. Adlam	819,672
J. Tryzelaar	819,672

v) 42,279,414 options at 0.68p per share exercisable between 09.12.2004 and 08.06.2014 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 01.02.2005 and 01.08.2014 granted as follows:-

M. S. J. Rappolt	458,716
B. Adlam	458,716
J. Tryzelaar	458,716

In addition further share options have been granted to non directors as follows:-

i) 7,144,330 options at 2.0p per share exercisable between 09.04.2001 and 10.05.2006.

ii) 1,000,000 options at 0.6p per share exercisable between 04.10.2004 and 03.04.2014.

NEXUS MANAGEMENT PLC

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

21. RESERVES

Group	Share premium account £	Profit and loss account £
Balance brought forward	2,124,580	(2,900,271)
Loss for the year	-	(106,257)
Currency exchange adjustment	-	7,116
Other movements		
New equity share capital subscribed	151,554	-
Balance carried forward	<u>2,276,134</u>	<u>(2,999,412)</u>
Company	Share premium account £	Profit and loss account £
Balance brought forward	2,124,580	(2,640,789)
Other movements		
New equity share capital subscribed	151,554	-
Balance carried forward	<u>2,276,134</u>	<u>(2,640,789)</u>

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005		2004	
	£	£	£	£
Loss for the financial year		(106,257)		(134,991)
New equity share capital subscribed	85,842		30,609	
Premium on new share capital subscribed	151,554		42,853	
		<u>237,396</u>		<u>73,462</u>
		131,139		(61,529)
Foreign currency translation		<u>7,116</u>		<u>21,658</u>
Net addition/(reduction) to shareholders' equity deficit		138,255		(39,871)
Opening shareholders' equity deficit		<u>(114,252)</u>		<u>(74,381)</u>
Closing shareholders' equity funds/(deficit)		<u>24,003</u>		<u>(114,252)</u>

NEXUS MANAGEMENT PLC

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

23. FINANCIAL INSTRUMENTS

The group's financial instruments consist principally of borrowings, cash, liquid resources and various other items such as trade debtors and trade creditors. At 31 March 2005 there were no material differences between the net book value and the fair value of the group's financial assets and liabilities. The group's main risks in respect of financial instruments are interest rate and liquidity risk.

Financial Liabilities

The interest rate risk and financial maturity of the group's financial liabilities, excluding short term trading items are set out in note 15.

Financial Assets

The interest rate risk profile of the group's financial assets, excluding short term trading items, are floating rate interest earnings £22 (2004 - £nil).

Un-drawn Committed Borrowing Facilities

At the year end the group had an un-drawn committed borrowing facility of £193,611 in respect of its overdraft with the group's bankers.

24. NOTES TO THE STATEMENT OF CASH FLOWS

RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2005 £	2004 £
Operating loss	(89,775)	(128,795)
Depreciation	22,335	41,324
Decrease in stocks	-	4,176
Decrease in debtors	4,589	49,052
Decrease in creditors	(59,631)	(235,961)
Currency exchange adjustment	13,449	43,648
Net cash outflow from operating activities	<u>(109,033)</u>	<u>(226,556)</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2005 £	2004 £
Interest received	22	-
Interest paid	(16,057)	(5,744)
Interest element of finance leases and similar	(447)	(452)
Net cash outflow from returns on investments and servicing of finance	<u>(16,482)</u>	<u>(6,196)</u>

NEXUS MANAGEMENT PLC

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

CAPITAL EXPENDITURE

	2005 £	2004 £
Payments to acquire tangible fixed assets	(14,196)	(13,048)
Receipts from sale of fixed assets	215	31,610
Net cash (outflow)/inflow from capital expenditure	<u>(13,981)</u>	<u>18,562</u>

FINANCING

	2005 £	2004 £
Issue of equity share capital	85,842	30,609
Share premium on issue of equity share capital	151,554	42,853
Capital element of finance leases and similar	-	(2,227)
Net cash inflow from financing	<u>237,396</u>	<u>71,235</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2005		2004	
	£	£	£	£
Decrease in cash in the period	97,900		(142,955)	
Cash outflow in respect of finance leases and similar	-		<u>2,227</u>	
Change in net debt		<u>97,900</u>		<u>(140,728)</u>
Net debt at 1 April 2004		<u>(184,276)</u>		<u>(43,548)</u>
Net debt at 31 March 2005		<u>(86,376)</u>		<u>(184,276)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Apr 2004 £	Cash flows £	At 31 Mar 2005 £
Net cash:			
Cash in hand and at bank	<u>43,722</u>	<u>(23,709)</u>	<u>20,013</u>
Debt:			
Debt due within 1 year	<u>(227,998)</u>	<u>121,609</u>	<u>(106,389)</u>
Net debt	<u>(184,276)</u>	<u>97,900</u>	<u>(86,376)</u>

25. POST BALANCE SHEET EVENTS

As detailed in the Chairman's statement, on 1 April 2005 the group acquired an additional subsidiary undertaking, Nexus Management Limited, who were the 100% owners of Nexus Management Inc. Subsequent to the acquisition the trade of Nexus Management Inc was merged into the company's existing subsidiary Nexus Management Inc (formerly PC Medics Inc).



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