

19 November 2009

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

**Trading statement**

**PD Financial update**

Nexus (AIM: NXS), the AIM quoted provider of specialist IT Managed Services, announces that it has been notified by PD Financial Corp. (“PD Financial”), a company in which it has a 15.5 per cent shareholding, that its facility with its principal lender providing credit to PD Financial’s customers for private label credit card purchases has been terminated with immediate effect. Consequently, until PD Financial enters into a new credit agreement with another lender on acceptable terms it will be unable to support consumer sales through its own credit facility. Sales supported by the credit agreement have been PD Financial’s principal source of revenue. PD Financial continues to accept other forms of payment for consumer purchases and has also secured an alternative financing program for its online sales, albeit that sales from this source are small in comparison to those made under the previous credit facility.

PD Financial is in discussions with various parties to secure credit facilities or other forms of funding to allow consumer sales to recommence. However, there can be no certainty that PD Financial will be able to obtain a new credit facility or complete a fundraising of sufficient size to permit it to return to trading at the levels achieved under the previous credit facility.

Nexus currently has a perpetual marketing agreement with PD Financial under which PD Financial has agreed to sell to its customers Nexus’s products including its helpdesk and back-up services. The revenue generated under this contract in the year ended 30 September 2009, largely due to the credit restrictions placed on its customers, is not material in the context of the Group’s revenues.

The Company currently holds £1.43 million of interest bearing loan notes in PD Financial comprising £1.42 million of capital and £0.01 million of interest. For the reasons set out above the ability of PD Financial to repay the loan as interest and capital payments fall due remains doubtful. Consequently, in the accounts for the year ended 30 September 2009 the Board has decided to provide against the loan in full. In addition, the Board has also reviewed the carrying value of the investment in PD Financial and have decided to impair the value of the investment in full as at 30 September 2009. The result of this will be a further charge to the profit and loss account for the year ended 30 September 2009 of £2.12 million. These non-cash based adjustments will have the effect of significantly reducing the value of the Group’s assets as at 30 September 2009.

**September 2009 Financial Year update**

Trading conditions since the year end have remained challenging albeit that trading in the Company’s US core operations has been encouraging. Since the year end the Board has undertaken a detailed review of the Nerd Force and Resilience operations. The result of this review has been the cancellation by the Company, of several Nerd Force franchises and a number of staff changes in the Resilience business.

Consequently, the Board proposes to make a number of provisions, principally relating to the recoverability of bad debts in Nerd Force and Resilience, in the accounts for the year ended 30

September 2009, the result of which will be further aggregate charges to the profit and loss account of approximately £0.37 million.

As a result of the adjustments to the profit and loss account highlighted above the Company expects to announce turnover of £5.6 million and a loss before taxation after exceptional items and exchange rate movements of approximately £4.4 million for the year ended 30 September 2009.

The expected losses of £4.4 million are calculated after crediting £0.2 million of exchange rate gains and charging £3.54 million in respect of PD Financial, £0.37 million relating to bad debt provisions (including £0.1 million relating to PD Financial), £0.11 million for impairment (other than PD Financial) and amortisation of goodwill, £0.12 million of fee's associated with aborted corporate transactions, £0.08 million relating to share based payments and £0.12 million of interest charges.

The loss before taxation for the year ended 30 September 2009 including the effect of exchange rate movements and excluding exceptional items, share based payments, interest charges and impairment and amortisation of goodwill was £0.08 million. This figure includes losses of £0.5 million relating to Resilience and profits of £0.42 million from other Group activities.

### **Current Trading**

Following the recent staff changes Resilience has had a good start to the new fiscal year. Nerd Force has also been re-focused on maximising revenue from its current franchisees and its management team have been working hard to deliver growth from this division. Since the year end the rest of the Group has performed in-line with management's expectations which is an encouraging start to the new fiscal year. The Board is confident that the Company has sufficient working capital and the necessary bank facilities available to it to meet its obligations for the foreseeable future, being for at least the next 12 months.

The Company's year end audit is currently underway and the above numbers remain subject to final audit adjustments. The Company expects to announce its results for the year ended 30 September 2009 in January 2010.

### **Board Changes**

The Company announces that Mr. Boris Adlam, executive director of the Company, has stepped down from the Board with immediate effect. Mr. Adlam will remain as an employee of the Company and will continue to focus his efforts on growing the Nerd Force US franchise operations.

### **Issue of Equity**

The Company announces that it has received a notice to convert \$50,000 of the convertible loan note issued to VPEP Technology Corporation ("VPEP") in connection with the acquisition of the business, assets and certain liabilities of Scott Technology Corporation (the "STC Business") repayable on or before 31 October 2010. Accordingly, the Company has issued 4,466,778 new ordinary shares at a price of 0.671p per share, in accordance with the terms of the convertible loan note.

Application will be made for 4,466,778 new ordinary shares to be admitted to trading on AIM. Admission of such shares is expected to become effective and dealings are expected to commence on AIM on 26 November 2009. Following the issue of such shares, the Company will have 997,201,438 ordinary shares in issue.

Following the above conversion the outstanding convertible loan notes in respect of the acquisition of the STC Business, including interest, at today's date, together with the final repayment date are as follows:

Final payment date	Amount \$
1 August 2010	60,771
1 September 2010	112,545
1 October 2010	101,350
31 October 2010	507,391

—END—

**Enquires:**

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Notes to Editors:

**About Nexus Management plc**

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

Nexus is quoted on AIM, a market of the London Stock Exchange. For further information on the Company, please visit [www.nexusmgmt.com](http://www.nexusmgmt.com)