



NASSTAR™

Interim results for the six months ended 31 March 2011

Nasstar plc (“Nasstar” or “the Group”), which provides cloud computing, announces its results for the six months ended 31 March 2011.

Key highlights for the period

- 36% increase in Hosted Desktop subscribers to 1,866 (31 March 2010: 1,370 subscribers)
- EBITDA* increased to £151,000 (6 months to 31 March 2010: £143,000)
- Operating loss reduced by 60% to £34,000 and net loss halved to £83,000 (6 months to 31 March 2010: net loss £161,000)
- Turnover of £1.161m (2010: £1.155m)
- New version of Hosted Desktop released with “AddApp” application store, greater product and price flexibility, strengthening Nasstar’s intellectual property
- Stronger sales flow now being achieved with several new companies each month migrating to Nasstar Hosted Desktop

**Earnings before interest, taxation, depreciation, amortisation and share-based payments*

Chairman's Statement

Results

I am pleased to report the results for the Group for the six months ended 31 March 2011. EBITDA is up to £151,000 despite incurring one-off costs on recruitment and ISO27001 consultancy and audit during the period.

Sales activity has been encouraging with a number of our partners now increasing their Hosted Desktop subscription every month. We continue to work with our partners on opportunities that will deliver significant increases in the current number of subscribers including many opportunities in the 50+ user range. In light of the greater awareness and acceptance of cloud computing that now exists we are confident that our partners will be able to win even more new business in the second half of the year.

We have just released a new version of Hosted Desktop with “AddApp” functionality to enable applications to be added on demand. We are focussed on product development that gives choice and flexibility to the end customer so that we are in the best position to win new business.

Outlook

Our strategy remains focussed on further development of our hosted desktop platform and selling through our partners. This strategy is working. Business is being won because of the quality and reliability of our service, endorsing our strategy of focussing investment on the Hosted Desktop product whilst expanding the reach of our sales potential through partners. The sales achieved so far this year, particularly in the January to March period, give us confidence that the market is moving towards mainstream adoption and Nasstar is very well positioned to take its share in the emerging hosted desktop market.

Lord Daresbury
Chairman
28 April 2011

For further information:-

Nasstar plc

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About Nasstar plc

Nasstar (www.nasstar.com) provides hosted desktop and hosted exchange cloud computing services that enable subscribers to access their corporate desktop, files, applications and email in the cloud rather than using local hard drives. Cloud computing is a 'pay for what you use' approach and provides an alternative to capital expenditure necessary for traditional on-premise IT.

Nasstar was founded in 1998 by Charles Black. Nasstar plc was admitted to trading on the London Stock Exchange's Alternative Investment Market in December 2005 (AIM: NASA).

Nasstar plc**Consolidated statement of comprehensive income
for the six months ended 31 March 2011**

	Note	Six months to 31 March 2011 <i>Unaudited</i> £000	Six months to 31 March 2010 <i>Unaudited</i> £000	Year to 30 September 2010 <i>Audited</i> £000
Revenue		1,161	1,155	2,350
Cost of sales		(514)	(535)	(1,108)
Gross profit		<u>647</u>	<u>620</u>	<u>1,242</u>
Operating and administrative expenses		(670)	(686)	(1,358)
Share-based payments		(11)	(16)	(42)
Total operating and administrative expenses		<u>(681)</u>	<u>(702)</u>	<u>(1,400)</u>
Operating loss		(34)	(82)	(158)
Finance expense		(49)	(79)	(144)
Loss before taxation		(83)	(161)	(302)
Taxation		-	-	-
Loss for the period attributable to shareholders		<u>(83)</u>	<u>(161)</u>	<u>(302)</u>
Loss per share:				
Basic and diluted	5	<u>(0.2)p</u>	<u>(0.5)p</u>	<u>(0.9)p</u>

Nasstar plc**Statement of financial position
as at 31 March 2011**

	31 March 2011 <i>Unaudited</i> £000	31 March 2010 <i>Unaudited</i> £000	30 September 2010 <i>Audited</i> £000
Assets			
Non-current assets			
Goodwill	844	844	844
Intangible assets	241	199	226
Plant and equipment	224	350	287
Deferred taxation	159	175	175
	<hr/> 1,468	<hr/> 1,568	<hr/> 1,532
Current assets			
Trade and other receivables	424	433	460
Cash and cash equivalents	5	49	5
	<hr/> 429	<hr/> 482	<hr/> 465
Total assets	<hr/> 1,897	<hr/> 2,050	<hr/> 1,997
Equity and liabilities			
Capital and reserves attributable to equity holders			
Share capital	357	357	357
Share premium	2,706	2,706	2,706
Merger reserve	662	662	662
Retained deficit	(2,548)	(2,360)	(2,475)
	<hr/> 1,177	<hr/> 1,365	<hr/> 1,250
Total equity	<hr/> 1,177	<hr/> 1,365	<hr/> 1,250
Non-current liabilities			
Interest-bearing loans and borrowings	99	53	98
	<hr/> 99	<hr/> 53	<hr/> 98
Current liabilities			
Interest-bearing loans and borrowings	99	139	157
Trade and other payables	522	493	492
	<hr/> 621	<hr/> 632	<hr/> 649
Total equity and liabilities	<hr/> 1,897	<hr/> 2,050	<hr/> 1,997

Nasstar plc

**Statement of cash flows
for the six months ended 31 March 2011**

	Six months to 31 March 2011 <i>Unaudited</i> £000	Six months to 31 March 2010 <i>Unaudited</i> £000	Year to 30 September 2010 <i>Audited</i> £000
Cash flow from operating activities			
Operating loss before taxation	(34)	(82)	(158)
Adjustments for:			
Depreciation and amortisation	174	209	417
Share-based payments	11	16	42
Corporation tax repaid	16	-	-
Net cash flow from operating activities before changes in working capital	167	143	301
Decrease in trade and other receivables	36	35	8
Increase/(decrease) in trade and other payables	30	(579)	(580)
Net cash flow generated from operating activities	233	(401)	(271)
Investing activities			
Payments for intangible assets	(84)	(71)	(168)
Payments for property, plant and equipment	(43)	(76)	(151)
Net cash outflow from investing activities	(127)	(147)	(319)
Financing activities			
Issue of ordinary share capital	-	340	340
Proceeds from lease-finance arrangements	21	34	73
Repayment of lease-finance arrangements	(63)	(98)	(175)
Proceeds of new bank loan	-	-	101
Repayments of bank loan	(15)	-	-
Interest paid	(49)	(79)	(144)
Net cash flow from financing activities	(106)	197	195
Net decrease in cash & cash equivalents in the period	-	(351)	(395)
Cash & cash equivalents at the beginning of the period	5	400	400
Cash & cash equivalents at the end of the period	5	49	5

NOTES TO THE INTERIM REPORT

1 Corporate information

Nasstar Plc ("the Company") is a company incorporated in England and Wales and quoted on the London Stock Exchange's Alternative Investment Market.

2 Basis of preparation

These condensed interim financial statements of the Company and its subsidiaries ("the Group") for the six months ended 31 March 2011 have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs). The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest audited financial statements for the year ended 30 September 2010.

These condensed interim financial statements do not constitute Statutory Accounts under the Companies Act 2006, have not been audited, and do not include all of the information required for full annual financial statements. They should be read in conjunction with the Group's consolidated annual financial statements for the year ended 30 September 2010. The auditors' opinion on those Statutory Accounts was unqualified and did not draw attention to any other matters required by the Companies Act 2006. The Statutory Accounts for the year ended 30 September 2010 have been delivered to the Registrar of Companies.

The comparative figures presented are for the six months ended 31 March 2010 and the year ended 30 September 2010.

3 Total comprehensive income

There are no additional items of income and expense which are not included within the profit and loss account for the period.

4 Segmental analysis

A segment is a distinguishable component of the Group that is engaged in providing products or services in a particular business sector (business segment) or in providing products or services in a particular economic environment (geographic segment), which is subject to risks and rewards that are different in those other segments.

The Group operated in the period in one segment, the provision of software as a service, and in one market, the United Kingdom. The disclosures required by IFRS8 relating to profits, losses, assets and liabilities of the segment are therefore shown by the financial statements as a whole.

The Group had one overseas customer in the period.

5 Loss per share

The calculation of the basic loss per share for the six months ended 31 March 2011 is based upon the following:

	Six months to 31 March 2011 <i>Unaudited</i>	Six months to 31 March 2010 <i>Unaudited</i>	Year to 30 September 2010 <i>Audited</i>
Weighted average number of shares in issue	35,733,224	32,629,560	34,185,643
Loss attributable to shareholders of the parent	£83,000	£161,000	£302,000
Loss per 1p ordinary share	(0.2p)	(0.5p)	(0.9)p

The diluted loss per share for all periods is the same as the basic loss per share as the losses have an anti-dilutive effect.

6 Dividend

No dividend has been paid in the period.