



NASSTAR™

Interim results for the six months ended 31 March 2010

Nasstar plc (“Nasstar” or “the Group”), which provides cloud computing, announces its results for the six months ended 31 March 2010.

Key highlights for the period

- Turnover up 10% to £1.155m (2009: £1.052m)
- EBITDA £127,000 (2009: £3,000)
- 55% increase in Hosted Desktop subscribers to 1370 (2009: 886) with a further 100 subscribers now under contract for April / May and over 400 additional subscribers under contract for future delivery over the next 18 months;
- 16% increase in Hosted Exchange subscribers to 9,649 (2009: 8,300)
- 38 partners signed up as at 31 March 2010

Chairman's Statement

Results

I am pleased to report the results for the Company for the six months ended 31 March 2010. The Company has made good progress over the last six months with EBITDA being £127,000 and turnover increasing to £1.155m. The balance sheet has also been strengthened during the period with the Company raising £337,500 new share capital before expenses.

Subscribers of Nasstar Hosted Desktop have grown during the period and, in addition to the subscribers currently being invoiced for the service, a further 100 subscriptions have been sold and are being deployed during April and May 2010. In addition a further 400 subscribers will be set up over the next 18 months under agreed deployment plans. As a result Nasstar has now over 1,900 subscribers under contract for Nasstar Hosted Desktop. The sales pipeline from both direct sales and the partner programme provides a positive indication of the increased awareness of the hosted desktop product and opportunities for increasing the number of subscribers on our Hosted Desktop platform. We now have 38 partners extending Nasstar's reach – including overseas partners in Canada and The Netherlands. Our partner in The Netherlands has already delivered its first order. Whilst the growth of the partner programme and resulting sales pipeline are promising, the sales cycle is quite slow in the current economic climate. The Directors believe that the sales cycle should improve once the business community becomes more confident in the economic recovery. The Board also believe that the service updates being released by Nasstar, which will deliver Microsoft Windows 7 themed desktop, Microsoft Office Professional 2010 and Hosted Exchange 2010 will provide potential customers with further compelling reasons to adopt Nasstar Hosted Desktop.

Outlook

Nasstar is well positioned to continue to deliver growth. The Directors believe that growth in the second half of the year will be stronger than the first half given the growth in partners and resulting opportunities that have now entered the sales pipeline. The Company's product development has been strong and there are early indications that the release of Microsoft Windows 7 operating system will prompt more businesses to consider adopting a cloud service that delivers the benefits of Windows 7 without the capital investment. Microsoft, who released 3rd quarter earnings last week, noted there was strong demand for Windows 7 and business customers were beginning to refresh their desktops. The enhancements being released by Nasstar Hosted Desktop version 7 reinforce the benefits of cloud computing and provide further compelling reasons to move from local hard drives to the cloud.

Lord Daresbury
Chairman
26 April 2010

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 Alternative Investment Market in December 2005 (AIM: NASA).

Nasstar plc**Consolidated income statement
for the six months ended 31 March 2010**

	Notes	Six months to 31 March 2010 <i>Unaudited</i> £000	Six months to 31 March 2009 <i>Unaudited</i> £000	Year to 30 September 2009 <i>Audited</i> £000
Revenue		1,155	1,052	2,018
Cost of sales		(535)	(415)	(912)
Gross profit		620	637	1,106
Operating and administrative expenses		(686)	(813)	(1,734)
Exceptional costs		-	-	(91)
Share-based payments		(16)	(16)	(33)
Total operating and administrative expenses		(702)	(829)	(1,858)
Operating loss		(82)	(192)	(752)
Finance expense		(79)	(95)	(190)
Loss before taxation		(161)	(287)	(942)
Taxation		-	3	3
Loss for the period attributable to shareholders		(161)	(284)	(939)
Loss per share:				
Basic and diluted	5	(0.49)p	(1.75)p	(5.60)p

Nasstar plc**Consolidated balance sheet
as at 31 March 2010**

	31 March 2010 <i>Unaudited</i> £000	31 March 2009 <i>Unaudited</i> £000	30 September 2009 <i>Audited</i> £000
Assets			
Non-current assets			
Goodwill	844	844	844
Intangible assets	199	179	196
Plant and equipment	350	467	415
Deferred taxation	175	175	175
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	1,568	1,665	1,630
Current assets			
Trade and other receivables	433	536	468
Cash and cash equivalents	49	-	400
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	482	536	868
Total assets			
	<hr/>	<hr/>	<hr/>
	2,050	2,201	2,498
Equity and liabilities			
Capital and reserves attributable to equity holders			
Share capital	357	169	319
Share premium	2,706	1,669	2,404
Merger reserve	662	662	662
Retained deficit	(2,360)	(1,577)	(2,215)
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Total equity	1,365	923	1,170
Non-current liabilities			
Interest-bearing loans and borrowings	53	126	94
Current liabilities			
Interest-bearing loans and borrowings	139	186	162
Trade and other payables	493	966	1,072
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	632	1,152	1,234
Total equity and liabilities			
	<hr/>	<hr/>	<hr/>
	2,050	2,201	2,498

Nasstar plc

**Consolidated cash flow statement
for the six months ended 31 March 2010**

	Six months to 31 March 2010 <i>Unaudited</i> £000	Six months to 31 March 2009 <i>Unaudited</i> £000	Year to 30 September 2009 <i>Audited</i> £000
Cash flow from operating activities			
Operating loss before taxation	(82)	(192)	(752)
Adjustments for:			
Depreciation and amortisation	209	195	400
Share-based payments	16	16	33
Corporation tax paid	-	3	3
Net cash flow from operating activities before changes in working capital	143	22	(316)
Decrease/(increase) in trade and other receivables	35	(3)	65
(Decrease)/increase in trade and other payables	(579)	66	172
Net cash flow generated from operating activities	(401)	85	(79)
Investing activities			
Payments for intangible assets	(71)	(78)	(160)
Payments for property, plant and equipment	(76)	(189)	(277)
Net cash outflow from investing activities	(147)	(267)	(437)
Financing activities			
Issue of ordinary share capital	340	205	1,090
Proceeds from lease-finance arrangements	34	174	239
Repayment of lease-finance arrangements	(98)	(173)	(288)
Interest paid	(79)	(95)	(190)
Net cash flow from financing activities	197	111	851
Net (decrease)/increase in cash & cash equivalents in the period	(351)	(71)	335
Cash & cash equivalents at the beginning of the period	400	65	65
Cash & cash equivalents at the end of the period	49	(6)	400

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 2010 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 2009.

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 2009. 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 2009 have been delivered to the Registrar of Companies.

The comparative figures presented are for the six months ended 31 March 2009 and the year ended 30 September 2009.

3 Total comprehensive income

There are no additional items of income and expense which are not included within the profit and loss 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 2010 is based upon the following:

	Six months to 31 March 2010 <i>Unaudited</i>	Six months to 31 March 2009 <i>Unaudited</i>	Year to 30 September 2009 <i>Audited</i>
Weighted average number of shares in issue	32,629,560	16,227,545	16,776,227
Loss attributable to shareholders of the parent	£161,000	£284,000	£939,000
Loss per 1p ordinary share	0.49p	1.75p	5.60p

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.