

Embargoed until 0700

12 August 2008

Maxima Holdings plc (“Maxima” or the “Company”)

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2008

Maxima Holdings plc, (AIM: MXM.L) the AIM listed provider of integrated IT solutions and managed services, today announces its preliminary results for the year ended 31 May 2008.

Financial Highlights

- Revenues up 47% to £46.7m (2007: £31.8m)
- Operating profit* up 54% to £9.7m (2007: £6.3m), giving an operating margin of 20.7% (2007: 19.7%)
- Profit before tax up 24% to £5.2m (2007: £4.2m)
- Net debt at 31 May 2008 of £8.5m, after net cash outflows on acquisitions of £6.1m
- Adjusted earnings per share* of 26.3p (2007: 25.9p)
- Final dividend of 3.6p per share proposed, making a total of 5.6p for the year (2007: 5.2p), up 8%

* before exceptional items, share based payments and amortisation of intangibles

Operational Highlights

- Acquisitions of:
 - Centric Networks Ltd (Infrastructure Managed Services)
 - Eclectic Group (Business Intelligence and Corporate Performance Management)
 - After year end, DXI Networks Ltd, a very similar business to Centric
- 76 new clients won, spread broadly across the business and by industry sector
- 40 sales achieved of a new Microsoft Dynamics AX based solution for the construction and facilities management sector
- Senior management team strengthened:
 - Appointment in October 2007 of Boris Huard as Chief Operations Officer
 - After the year end, in July 2008 John Taylor was appointed as Group Finance Director

Chief Executive, Kelvin Harrison commented “Trading continues to be robust with the early months of the current financial year being ahead of the same period last year, despite the slowing economy. We continue to be confident that our high levels of recurring revenues from our large, diverse and stable client base, predominantly in the mid-market, will provide a foundation for continued growth and that we will accrue the expected benefits from recent acquisitions during the year.

We continue to find good value opportunities for further acquisitions; we will pursue these selectively and would expect to finance them through a combination of operating cash flows and prudent use of bank facilities.”

An analyst presentation will be held at 9:30 this morning at the offices of Smithfield Consultants, 10 Aldersgate Street, London EC1A 4HJ

**Images in high and low resolution of Kelvin Harrison, Chief Executive, Maxima Holdings plc are available at
www.fovea.tv or call 020 7089 2627**

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Notes to editors:

Maxima Holdings plc floated on AIM in November 2004 at an issue price of 110p. It was established to acquire businesses supplying IT solutions and managed services, with the objective of building a focused IT services group. On flotation it immediately acquired Azur Holdings Ltd, bringing together a management team with the skill, experience and incentive to deliver significant shareholder value, through a combination of acquisitive and organic growth. The business implements and supports enterprise and infrastructure software solutions for mid-sized, UK-based manufacturing, distribution and service organisations. These solutions are based upon leading software suites as well as products developed in-house.

It has since made a further eleven acquisitions:

- August 2005 – Ringwood Group plc, a specialist in content and document management solutions, based on Microsoft technologies;
- September 2005 – Hanston Technology Partners Ltd, a fast growing managed services business providing applications support and consultancy services to Oracle users;
- January 2006 – The MFG/PRO business of Seabrook Research Ltd, the sole Irish distributor of MFG/PRO, a manufacturing package for which Maxima was already the sole UK distributor;
- May 2006 – QED Business Systems Ltd, which provides managed services for critical mainframe and mid-range computer systems and applications software;
- October 2006 – Cognition Solutions Ltd, provider of enterprise software solutions to the construction and facilities management sector;
- November 2006 – IIL (Intertech Solutions Ireland) Ltd, which provides IT infrastructure solutions and managed services based upon Citrix technologies;
- March 2007 – SevenThree Ltd, supplier of customer relationship management software solutions to the construction sector;
- May 2007 – 3net Limited, an IT Services business, providing consultancy, solutions delivery and managed services in networking and security infrastructure; and
- July 2007 – Centric Networks, a managed services business whose skills lie in operating systems, networking, security and remote access.
- January 2008 – Eclectic Group Ltd, which supplies software, consultancy, support and training in the areas of business intelligence and corporate performance Management.
- July 2008 – DXI Communications Ltd, is a provider of converged Information and Communications Technology (ICT) services to business customers.

Maxima has grown to become an IT systems integration and managed services company with a proven track record of delivering innovative and flexible IT solutions and services. Maxima's in-depth knowledge of industry and business, coupled with its skills and understanding of leading software suites such as Oracle, Microsoft and SAP ensures its solutions and services deliver real business benefits. The group prides itself on the quality of its service, which leads to strong customer relationships and high retention rates.

CHAIRMAN'S STATEMENT

Maxima has continued to deliver on its stated objective of building a focused and significant IT services group by acquiring and investing in businesses in the highly fragmented computer software and services market. Between flotation on AIM in 2004 and 31 May 2008, we acquired a total of 10 businesses. These have been integrated into two operating divisions, Maxima Solutions and Maxima Managed Services, the latter being slightly the larger by revenue, operating profit and headcount. Maxima Solutions delivers enterprise software and information management solutions. Maxima Managed Services provides application and infrastructure managed services. Maxima predominantly serves medium-sized clients in the industrial sector in the UK and Ireland.

Results

Our results demonstrate substantial growth on the prior year at the revenue and the various profit lines of the income statement. This was achieved through a combination of organic and acquisitive growth. The best levels of organic growth were achieved in our SAP and infrastructure managed services businesses. Unfortunately, as announced in January 2008, several work packages were terminated prematurely by a major client, resulting in a decline in our Applications Management business compared with the prior year, however this business continues to recover. Levels of attrition in our managed services and support business continued to be well below 5%.

Operating cash flows were also improved over the prior year and the level of net debt at the year end was just under one times historic adjusted operating profit. We increased our banking facilities after the year end to provide the funds to make an acquisition.

Acquisitions

In July 2007 we acquired Centric Networks Ltd, which provides infrastructure managed services to a broad range of mid-market clients. In January 2008, we acquired the trade and assets of Eclectic Group Ltd which provides software, consultancy, support and training in the areas of business intelligence and corporate performance management. After the year end, in July 2008 we acquired DXI Networks Ltd, a very similar business to Centric Networks Ltd.

We are pleased with all three acquisitions, the integration of which is either complete or well under way. We expect the businesses collectively to enhance our earnings in the current financial year. ¹

Board

As Maxima has continued to grow, we have further strengthened our management team at Board and senior levels. In October 2007 Boris Huard joined as Chief Operations Officer. Boris was previously Sector Director (Banking) with LogicaCMG, which he joined following its acquisition of Unilog in 2006. In July 2007 Mark Morris joined the board as a non-executive director and chairman of the audit committee. Mark had 10 years' experience with Sytner Group, the highly acquisitive prestige car dealers, as Finance Director and latterly as Managing Director. After the year end, in July 2008 John Taylor was appointed as Group Finance Director. John was previously Finance Director of Alfred McAlpine Business Services, the support services business of Alfred McAlpine PLC. I should like to express my sincere thanks to Linda Andrews, former Group Finance Director who stepped down from the Board for health reasons in July 2008, for her huge contribution to the development of the business. Linda will remain with the business as Corporate Finance Director on a part-time basis.

Staff

Maxima is built upon the high levels of service that we provide to clients. This relies on the loyalty and commitment of our staff, many of whom have very long service, whilst others have joined more recently either by recruitment or as a result of acquisition. I should like to express my thanks to all staff for their valuable efforts and continued commitment to the business.

Prospects

Trading continues to be robust with the early months of the current financial year being ahead of the same period last year, despite the slowing economy. We continue to be confident that our high levels of recurring revenues from our large, diverse and stable client base, predominantly in the mid-market, will provide a foundation for continued growth and that we will accrue the expected benefits from recent acquisitions. We continue to find good value opportunities for further acquisitions; we will pursue these selectively and would expect to finance them through a combination of operating cash flows and prudent use of bank facilities.

¹ The statement that the acquisitions are expected to be earnings-enhancing in the year ending May 2009 relates to future actions and circumstances, which, by their nature, involve risks, uncertainties and other factors. This statement does not constitute a profit forecast and should not be interpreted to mean that earnings for any future period would necessarily match or be greater or less than those for any preceding financial period. Earnings in this context represent net after tax earnings on an IFRS basis, excluding the amortisation of intangible assets and any exceptional items.

Dividend

The directors recommend a final dividend of 3.6p per share (2007: 3.4p), payable to shareholders on record as at 12 September 2008 on 14 October 2008, making a total of 5.6p per share for the year (2007: 5.2p), an increase of 8%. This is in line with the stated policy of a progressive dividend, whilst recognising the need to conserve cash in order to finance further acquisitions.

M J Brooke
Chairman
11 August 2008

CHIEF EXECUTIVE'S REVIEW

Introduction

Maxima has fulfilled the commitments it made when it floated on AIM in 2004 by building a focused and significant IT services group. This has been achieved through a combination of organic and acquisitive growth in what continues to be a highly fragmented market. Revenues have more than trebled over the last three years and operating margins have risen to over 20% as we have built scale. The financial year ended 31 May 2008 showed substantial revenue growth and continued improvement in operating margins, despite a setback of the premature termination of several major work packages by a key client announced in January 2008.

Maxima now has a total offering of applications and infrastructure software solutions and managed services addressing the needs of mid-market customers in the UK and Ireland. These solutions and managed services are based upon technologies and products from world-class vendors including Microsoft, Oracle, SAP, IBM, Citrix & Cisco, overlaid with proprietary templates, tools and processes that we have developed ourselves. We differentiate ourselves by our understanding of the business issues of the vertical industry sectors in which we operate and our ability to align technology solutions to address those issues.

We have integrated our businesses into two trading arms, Maxima Solutions and Maxima Managed Services, operating from twelve offices across the UK and one in Ireland. Marketing and Sales functions are centralised in order to present a consistent face to our clients across our various business propositions and to facilitate cross-selling. We also have common infrastructure, business processes and shared back office functions such as finance, administration and human resources across the group. Our most recent offering is delivery of standard business solutions for a fixed monthly charge per user, commonly known as Software As A Service (SAAS), which brings together the skills of both business arms.

Maxima Solutions delivers and supports enterprise software solutions based upon its own IPR and products from leading vendors such as SAP, QAD and Microsoft. It also offers software, consultancy, support and training in information management, under which we embrace business intelligence, corporate performance planning, customer relationship management and document management and collaboration.

Maxima Managed Services offers 24x7 management and hosting of software applications and infrastructure, across a broad range of leading information and communications technologies including Oracle, Microsoft, IBM, Cisco, Nortel and Citrix.

Market Conditions

Market conditions toughened during the course of the year and independent analysts have lowered their growth forecasts. Ovum predict 5.9% overall growth in the UK Software and IT Services market in 2008 and an average compound annual growth rate of 5.6% over the period 2007 – 2011.

The UK Enterprise Software & IT Services Market Size £Billion

	2007	2008	2009	2010	2011	Average growth p.a.
Infrastructure software	2.39	2.51	2.68	2.86	3.06	6.4%
Applications software	1.97	2.11	2.28	2.48	2.71	8.3%
Information management	0.67	0.73	0.79	0.86	0.94	8.6%
Total enterprise software	5.04	5.35	5.75	6.21	6.71	7.4%
Infrastructure services	9.47	9.86	10.25	10.64	11.02	3.9%
Project services	7.58	7.96	8.34	8.64	8.94	4.2%
Application management	2.51	2.63	2.75	2.87	2.99	4.5%
Business process outsourcing	5.06	5.60	6.14	6.69	7.19	9.2%
Total IT services	24.62	26.05	27.47	28.84	30.14	5.2%
Total software & IT services	29.65	31.40	33.22	35.05	36.86	5.6%

Source: Ovum Market Trends February 2008

The 2008 NCC (National Computing Centre) Survey, based upon responses by 120 user organisations showed a median IT expenditure growth rate of 4.9%, with the construction and health sectors predicting the highest growth. It also showed Microsoft and its partners as key beneficiaries of increased spending. Virtualisation and Storage Area Networks also feature strongly on the IT shopping list. VOIP (Voice Over Internet Protocol) remains the most popular

communications investment, whilst the growing adoption of ITIL (Information Technology Infrastructure Library) is generating noticeable interest in business process management applications. Stefan Foster, Managing Director of NCC Ltd said “We hear talk of a recession, but the Benchmark results indicate that IT purchasers are remaining confident about future economic conditions; they are making sure that their businesses have the right technology to deliver growth over the coming years, but they are not over optimistic”.

A review of technology (information technology, communications and electronic media) transactions for the first half of 2008 reported continued high levels of M & A activity, but much lower levels of IPO activity. There were 779 acquisitions of European technology companies in the 2nd quarter compared with 787 in the first quarter, only slightly lower than the figures for the prior year. Private Equity directly accounted for over 14% of all acquisitions in Q2 2008 and supported many other deals through their portfolio companies. (Source: Regent Associates, July 2008)

Maxima’s Strategy

Our consistent strategy, which we are successfully executing in both our existing operations and in seeking acquisitions, aims to achieve higher growth rates and operating margins than industry averages, by taking careful account of the market conditions and trends described above.

We have developed a total solutions and managed services offering for medium-sized organisations embracing both applications and infrastructure software. We have depth of expertise in each individual area together with the integration skills necessary to bring them together. This is a strong differentiator in the market where the majority of our competitors are only able to offer individual elements.

As shown below we continue to operate across several industry sectors, giving us some resilience to market difficulties in any particular sector. For example: within the construction and facilities management sector we have 270 clients, of which approximately half are in construction, of which only 11 are house-builders, within financial services the majority of our business is from insurance, rather than banking clients. In each sector in which we operate we have staff whose skills are vertically aligned with the needs of that sector, whilst we also have technical specialists aligned to the various technologies from the different vendors that we work with.

Client Breakdown by Sector

Sector	% of Revenues
Consumer Products	17.6%
Public Sector	12.4%
Financial Services	12.1%
Construction & Facilities Management	10.3%
Services	10.6%
Electronics	8.8%
Utilities	8.5%
Other Industrial	19.7%

Compliance with legislation and directives in all kinds of contexts continues to be the driver behind much IT investment, and our sales proposition in both business and document management software and services is therefore very much geared towards creating compliant processes and audit traceability for our clients.

Sales of managed services, as opposed to new turnkey solution sales, are an important means of winning new clients. Service excellence is the key to success here. This outsourcing model increases the amount of recurring revenues, sometimes under multi-year agreements, and with efficient processes can lead to very high utilisation levels and profitability.

Achieving a rapid return on investment has long been a demand from our clients in the manufacturing sector – this demand is now heightened and we are encountering it in all sectors whether investment is in consultancy, new solutions or ongoing managed services.

We continue to strengthen our relationships with Microsoft, Oracle, SAP and IBM, as we believe that their market positions will continue to dominate and we can benefit from their vast R & D and marketing budgets. This demands significant investment in sales and delivery skills training. We also operate to the highest quality standards and hold accreditations to ISO 9000 (Software QA), ISO 27000 (Information Security) and ITIL (standards for business process and support management).

Operational review

2008 was a year of continued investment in people, processes and technology development. Boris Huard joined in October 2007 as Chief Operations Officer, responsible for all marketing, sales and service delivery activities. He has

had an immediate impact in centralising all marketing and sales activities and in improving planning and forecasting. After successful prototyping in our Irish business, Microsoft CRM has been rolled out across the group and now provides a consistent view of our sales pipeline, where previously we had disparate systems from various acquisitions. We have also brought more structure to joint and cross-selling activities by appointing “Offer Managers” for each of our business propositions, these are technical specialists responsible for defining and promoting each offering (e.g. Network Management or Business Intelligence), in support of our sales team. We are also in the process of standardising our helpdesk systems in order to facilitate support to clients who purchase multiple services from us. A success emanating from these initiatives is a 3-year £1m+ contract awarded in June 2008 by a public sector client for combined database administration and network management services; the client had previously bought the former from Maxima but the latter from another supplier.

Our main technology investment has continued to be in our business solution for the construction and facilities management sector based upon Microsoft Dynamics AX technology. The main phase of development is now complete, although driven by market demand we will continue to develop further enhancements. We have achieved 40 sales of this solution and our first two client sites are now live. We plan to develop this solution further to address the requirements of additional industry vertical markets. In recognition of this investment and achievement we have been appointed to the Microsoft Dynamics President’s Club, which is reserved for the top 5% of Microsoft’s business solutions partners worldwide.

Another important investment has been in the development of a Software As A Service (SAAS) capability where we bring together our business solutions skills with our application and infrastructure management skills to provide clients with access to a remotely hosted business solution for a fixed monthly charge per user. We achieved our first success with this proposition after year-end with a contract to provide Microsoft CRM to a client on a SAAS basis. We are well positioned to benefit from this trend which is now well established in the USA and we believe will emerge strongly in the UK and Ireland market in the coming years.

The boundaries between our different business units continue to break down through cross-selling, cross-delivery and initiatives such as SAAS. However we continue to report separately on Solutions and Managed Services:

- **Maxima Solutions**

This comprises our business solutions activities around various Enterprise Resource Planning (ERP) suites together with our activities in information management (business intelligence, corporate performance management, customer relationship management and document management and collaboration). Highlights include:

- 35 new customers in total
- 9 new customers for SAP Business One, a solution that targets the SME market
- 2 new customers for QAD Applications, our niche solution for certain sectors of manufacturing, such as healthcare
- 40 sales of our Microsoft Dynamics AX solution for the construction and facilities management sector
- 10 sales of document management and collaboration solutions and services based upon Microsoft Sharepoint technology
- Awarded Supplier of the Year by Alliance Boots for delivering a compliant multi-site ERP implementation on budget to a very tight schedule
- Partner Award from Oracle for business intelligence activities
- Acquisition in January 2008 of Eclectic Group which supplies software, consultancy, support and training in the areas of business intelligence and corporate performance management.

- **Maxima Managed Services**

This comprises our application management and infrastructure managed services activities and now represents more than half of group revenues. Highlights include:

- 11 new customers for application management
- 30 new customers for infrastructure managed services
- Our first implementation of XenSource virtualisation from Citrix
- We have continued to exceed service level requirements for every month of operation of a major hosted access system for a major petro-chemical organisation (one of our largest infrastructure management projects, which runs for 4 years)
- Renewal in April 2008 for a further 3 years of an application management contract with a major food manufacturer, worth some £2million p.a.
- Acquisition in July 2007 of Centric Networks Ltd, which provides managed services for infrastructure software to a broad range of clients in the mid-market
- Acquisition in July 2008 of DXI Communications Ltd (after year end) which reinforces our existing infrastructure managed service skills, as well as adding strong skills in VOIP and hosting of servers, storage area networks, routers and firewalls.

Conclusions

Maxima has had another successful year as a public company. Our fundamental tenet that exemplary service will drive customer loyalty has continued to hold true and deliver results. Some of our solutions and services are based upon mature technologies where opportunity for organic revenue growth is limited, although cost efficiencies continue to lead to profit growth. Overall more than 80% of revenues during the year came from existing clients and overall customer attrition was just over 3% for the year. Other solutions and services are based upon leading contemporary products (e.g. Microsoft Dynamics AX or SharePoint) and techniques (e.g. virtualisation or unified communications), where organic revenue growth is easier to achieve, but at the expense of some operating margin as a result of R & D, training and market pressures. However the overall result of these is an attractive net organic growth opportunity both at top and bottom lines.

In addition, current market conditions continue to drive consolidation. Our principal acquisition criterion is that target businesses should be capable of fitting the blended business model and processes that we have successfully developed. We have demonstrated an ability to source and negotiate attractive terms and successfully integrate such businesses. We continue to build a pipeline of opportunities and expect to make further acquisitions this financial year. Whilst rapidly integrating the acquisitions made, we have maintained strong internal management and control of our existing businesses, driving increased group profit and profitability.

In the mid-market clients demand a high degree of flexibility and responsiveness and it is these characteristics together with our ability to provide technology solutions that address real business needs that drive our success. Once again, I should like to thank all members of the team for their contributions to our continued success during fast-changing times. Their flexibility, loyalty and commitment are the foundations upon which Maxima will continue to build, during our next stage of growth.

Kelvin F Harrison
Chief Executive
11 August 2008

FINANCIAL REVIEW

Trading Results

Revenues for the year to 31 May 2008 increased 47% to £46.7m (2007: £31.8m) with two acquisitions in the year contributing £7.5m. Recurring revenues from managed service and support contracts which are either multi-year or annually renewable remained strong at 52% (2007: 56%).

Gross margins (i.e. revenues less external costs such as hardware, 3rd party software licenses and subcontractors) moved down to 72% (2007: 75%) as a result of a changing business mix.

Operating profit before amortisation, share based payments and exceptional costs increased by 54% to £9.7m (2007: £6.3m) with the adjusted operating profit percentage increasing to 20.7% (2007: 19.7%). Higher utilisation of staff, the benefits of the acquisition strategy on the scale of the business and a continued focus on costs contributed to the improvement in the operating profit percentage.

Amortisation of intangibles was £3.4m (2007: £1.4m), which reflects the ten acquisitions completed by Maxima in the last three years. Intangibles are amortised over periods not exceeding 7 years from their date of acquisition. Exceptional costs of £0.1m (2007: £0.1m) were incurred for redundancy and restructuring costs.

Profit before tax increased 24% to £5.2m (2007: £4.2m) after net interest costs of £0.8m (2007: £0.4m)

The key performance indicators used by the Board to measure the success of the business are operating margins, the level of recurring revenues, staff utilisation measures and cash generation measures, each of which has met or exceeded our expectations during the year to 31 May 2008.

Earnings per share and dividends

Basic earnings per share fell 21% to 15.1p (2007: 19.2p). Adjusted earnings per share, before amortisation, share based payments and exceptional costs, rose 2% to 26.3p (2007: 25.9p). An interim dividend of 2p per share (2007: 1.8p) was paid on 13 May 2008, and subject to shareholder approval, a final dividend of 3.6p per share will be paid on 14 October 2008 to shareholders on the register at close of business on 12 September 2008. This will make a total dividend of 5.6p (2007: 5.2p) per share, an increase of 8% over the prior year. The dividend is covered 4.7 times by adjusted earnings per share.

Acquisitions

The Company completed the acquisition of two businesses during the year for a total consideration (including deferred consideration and expenses) of £9.3m, funded by the issue of 485,123 shares to vendors, £7.2m in cash and £0.5m of deferred consideration. It is our policy to maximise our flexibility to manage and integrate acquired businesses by minimising the amount of earn out included as part of the acquisition price while utilising earn out provision to deliver price flexibility in certain situations. No shares were placed to fund these acquisitions. Details of each of the acquisitions and their financing are set out in note 14 to the accounts.

The acquisitions contributed £7.5m to revenues and £1.1m to profit after allocation of group overheads and before tax for the period during which they were part of the Group.

In July 2008 the company acquired DXI Networks Limited for a total consideration of £9.1m. The details of this are shown in note 32 to the accounts.

Cash flow and net debt

Net debt at the year end was £8.5m (2007: £6.6m). This includes a cash outflow on acquisitions of £6.1m and the benefit of strong underlying cash flows. As a result of cash management initiatives and reduced tax payments the business generated £6.9m (2007: £2.0m) from operations.

Net interest payments of £0.8m were made in the year, with interest covered more than 11 times on an annualised basis by earnings before interest, tax and amortisation.

Capital structure and treasury policy

The group finances its operations through a mixture of cash generation and related retained profit, and a mixture of medium and long term bank facilities with Barclays Bank PLC, to ensure that sufficient liquidity is available to meet its foreseeable funding requirements. The Group's facilities are floating rate and it uses interest rate instruments to hedge its interest rate risk on borrowing where appropriate.

The group had committed borrowing facilities of £12.75m at the 31 May 2008, comprising a £1.75m long-term loan facility and £11m revolving credit facility. £12.75m was drawn under these facilities at the year end and a further £5m was committed post year end and drawn on 2 July 2008 to help finance the acquisition of DXI Networks Limited. Cash balances at the year end were £4.2m and DXI Networks Limited had cash balances on acquisition of £0.8m. At 31 May 2008, £4.0m of the group's interest rate risk was hedged for the period to June 2010 and in July 2008 a further £4.0m was hedged for the period to November 2011.

Taxation

An effective tax rate of 28.1% (2007: 19.6%) reflected lower utilisation of brought forward tax losses. The Group has £0.2m (2007: £0.4m) of tax losses available. Deferred tax arose on share based payments, amortisation of intangibles, goodwill and the impact of the tax rate change resulting in a reduction in the income statement tax charge of £0.9m (2007: reduction of £0.3m).

Principal risks and uncertainties

Maxima is exposed to significant risks and uncertainties, although these are not considered to be any more severe than for comparable quoted companies pursuing a similar strategy. Formal risk analysis, review and control is a board level activity which also flows down to day to day operations through our ISO 9001 accredited quality processes. The principal risks have not changed during the year under review and have been analysed as:

Strategy: Market conditions are subject to long term trends and disruptive changes. Our plans are designed to respond to these changes whilst having the flexibility to take advantage of opportunities created by disruptive events.

Acquisitions: Acquisitions offer the opportunity to achieve rapid growth, particularly into a new area, but are inherently risky. We minimise this risk by carefully screening targets against tested criteria, comprehensive due diligence, pricing the acquisition to reflect these risks, thorough integration planning and meticulous execution of these plans.

Staff: Maxima is a services business and relies heavily on having a skilled and experienced workforce at all levels matched to our clients' needs. We pay close attention to career appraisal, development and training. We also offer competitive remuneration packages including share option schemes, appropriate tools and good working conditions. This minimises staff attrition which we believe is below the sector average. We also have an excellent record of staff continuity post acquisitions.

Clients: Maxima's large client base, many of whom have been with us for many years is a strength, but could easily be eroded if service levels and value were not maintained. A broad spread of clients across several market sectors mitigates the risk of adverse conditions in any one sector. There are no clients upon which the Group is critically dependent, the top ten clients representing some 33% of revenues in the year to 31 May 2008 (2007: 35%). The high levels of recurring revenues and repeat business and low attrition rates are evidence of our success.

Suppliers: Maxima relies on technology from partners for most of the solutions and services we sell. We are therefore dependent upon the quality of this technology and our ability to negotiate good terms and maintain good relationships with these partners. We work with world-class technology partners and invest heavily in maintaining good relationships with them, principally by selling substantial amounts of their technology. We have also spread our risks by working with several of the main software firms reducing the potential impact should one of these partners change its policies or let us down.

Business continuity: Maxima's computing and communications infrastructure is integrated but distributed across its office estate providing resilience. (This was seriously tested during the July 2007 floods when our main Cheltenham site lost water supplies for more than a week, coupled with a threatened loss of power and communications. Staff were able to work uninterrupted using back-up facilities on other sites and an uninterrupted service was delivered to all our clients).

Financial: Maxima has some exposure to credit risk as well as interest and exchange rate fluctuation. Credit checks are carried out before bidding for work with new clients and outstanding debt is checked before taking significant additional business from existing clients; we also employ qualified and experienced credit control staff. Borrowings are kept to prudent levels and the board reviews performance against bank covenants monthly. Interest and exchange rate hedging/swaps are employed as appropriate. Internal controls and approval levels are documented and enforced.

John Taylor
Finance Director
11 August 2008

CONSOLIDATED INCOME STATEMENT
Year ended 31 May 2008

	Note	2008 £000	2007 £000
Revenue		46,657	31,767
Cost of sales		(13,240)	(7,838)
Gross profit		33,417	23,929
Administrative expenses		(23,739)	(17,677)
Earnings before interest, tax, amortisation, share based payments and exceptionals		9,678	6,252
Amortisation of intangibles		(3,410)	(1,426)
Share based payments		(137)	(134)
Redundancy and re-organisation costs		(143)	(87)
Operating profit		5,988	4,605
Finance costs		(906)	(507)
Finance income		126	84
Profit before income tax		5,208	4,182
Taxation		(1,463)	(822)
Profit for the year attributable to equity holders		3,745	3,360
Earnings per share – total and continuing	2		
Basic		15.1p	19.2p
Diluted		14.8p	18.7p

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
For the year ended 31 May 2008

	2008 £000	2007 £000
Profit for the year	3,745	3,360
Foreign translation gain	152	35
Total recognised income and expense for the year attributable to equity holders	3,897	3,395

CONSOLIDATED BALANCE SHEET
At 31 May 2008

	Note	2008 £000	2007 £000
Assets			
Non-current assets			
Property, plant & equipment		1,024	943
Goodwill		41,434	34,689
Other intangible assets		10,513	10,535
Total intangibles		51,947	45,224
Total non-current assets		52,971	46,167
Current assets			
Inventory		312	106
Trade and other receivables		12,997	11,153
Cash and cash equivalents		4,202	2,861
Total current assets		17,511	14,120
Total assets		70,482	60,287
Liabilities			
Current liabilities			
Trade and other payables		(3,809)	(3,831)
Deferred income		(10,379)	(9,493)
Borrowings		(754)	(776)
Accruals		(3,234)	(2,446)
Current tax liabilities		(1,122)	(230)
Total current liabilities		(19,298)	(16,776)
Non-current liabilities			
Borrowings		(12,063)	(8,790)
Deferred tax		(3,115)	(2,994)
Long term provisions		(500)	(325)
Total non-current liabilities		(15,678)	(12,109)
Total liabilities		(34,976)	(28,885)
Net assets		35,506	31,402
Equity attributable to equity holders of the parent			
Share capital	6	250	244
Reverse acquisition reserve		(9,180)	(9,180)
Share premium account		28,624	28,521
Capital redemption reserve		50	50
Merger reserve		11,022	9,559
Currency translation reserve		152	42
Retained earnings		4,588	2,166
Total equity		35,506	31,402

These financial statements were approved by the Board of Directors on 11 August 2008

Signed on behalf of the Board of Directors

J Taylor
Finance Director

Kelvin Harrison
Chief Executive

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 May 2008

	Notes	2008	2007
		£'000	£'000
Operating activities			
Profit before tax		5,208	4,182
Adjustments for:			
Interest paid		906	507
Interest received		(126)	(84)
Depreciation charge		477	334
Share based payment expense		113	134
Amortisation of intangibles		3,410	1,426
Operating cash flows before movements in working capital		9,988	6,499
Movement in inventories		(206)	(116)
Movement in receivables		(770)	(1,938)
Movement in payables		(210)	(200)
Taxation paid		(1,861)	(2,203)
Net cash from operating activities		6,941	2,042
Cash flows from investing activities:			
Interest received		105	84
Sale of short term investments		-	23
Purchase of property, plant & equipment		(404)	(236)
Proceeds from sale of property, plant & equipment		20	17
Acquisition of subsidiaries (net of cash acquired)	4	(6,131)	(15,209)
Development expenditure		(432)	(59)
Net cash used in investing activities		(6,842)	(15,380)
Cash flows from financing activities:			
Interest paid		(749)	(430)
Proceeds from long term borrowings		4,750	4,000
Repayment of long term borrowings		(1,450)	(700)
Repayment of finance leases		(66)	(69)
Dividends paid		(1,347)	(734)
Proceeds from issue of shares		104	11,126
Net cash from financing activities		1,242	13,193
Net increase/(decrease) in cash & cash equivalents		1,341	(145)
Cash and cash equivalents at beginning of period		2,861	3,006
Cash and cash equivalents at end of period		4,202	2,861

Notes

1. Basis of preparation

This preliminary statement was approved by the directors on 11th August 2008.

The financial information set out above does not constitute the company's statutory financial statements for the year ended 31 May 2008 but is derived from those financial statements. The comparative figures are those of the financial statements for the period ended 31 May 2007. The report of the auditors was unqualified and did not contain a statement under s.237 (2) or (3) Companies Act 1985. The statutory financial statements for the year ended 31 May 2008 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The financial information contained in this Preliminary Statement does not constitute statutory accounts as defined by Section 240 of the Companies Act.

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards.

2. Earnings per share

The calculation of basic earnings per share is based on the earnings attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on earnings per share attributable to ordinary shareholders and the weighted average number of ordinary shares that would be in issue, assuming conversion of all dilutive potential ordinary shares into ordinary shares.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

	2008	2007
	£000	£000
Earnings		
Net profit after tax for the year attributable to equity holders	3,745	3,360
	No.	No.
	000	000
Weighted average number of ordinary shares		
For basic earnings per share	24,867	17,525
Dilutive share options	392	406
For diluted earnings per share	25,259	17,931
Basic earnings per share	15.1p	19.2p
Fully diluted earnings per share	14.8p	18.7p

The directors believe that, in addition to the statutory figures, profit and earnings per share figures adjusted for the amortisation of intangibles, share based payments and restructuring costs represents a more consistent measure of underlying performance. A reconciliation of the statutory profit to these profit figures and the resultant earnings per share figures are:

	2008	2007
	£000	£000
Operating profit	5,988	4,605
Share-based payments	137	134
Amortisation of intangibles	3,410	1,426
Redundancy and re-organisation costs	143	87
Adjusted operating profit	9,678	6,252
Net interest	(780)	(423)
Adjusted profit on ordinary activities before tax	8,898	5,829
Tax on profit on ordinary activities	(1,463)	(822)
Tax on share-based payments, amortisation and restructuring costs	(896)	(475)
Adjusted profit after tax	6,539	4,532
Adjusted basic earnings per share	26.3p	25.9p
Adjusted diluted earnings per share	25.9p	25.3p

3. Dividends on shares classed as equity

	2008 pence per share	2008 £000	2007 pence per share	2007 £000
Paid during the year				
Final dividend for prior year	3.4	847	2.5	400
Interim dividend for current year	2.0	500	1.8	334
	5.4	1,347	4.3	734

The directors propose that a final dividend of 3.6p will be paid to the shareholders on 14 October 2008. The dividend is subject to the approval of shareholders at the Annual General Meeting and has not been included as a liability in these accounts. The total estimated cost of the dividend to be paid is £0.9m.

4. Acquisitions

The Group acquired 100% of the issued ordinary share capital of one company and the trade and assets of one other during the year. The provisional book and fair values of the companies acquired were as follows:

	Centric			Eclectic			Total £000
	Book Value £000	Fair Value Adj. £000	Fair value £000	Book Value £000	Fair Value Adj. £000	Fair value £000	
Intangible Assets	-	2,400	2,400	-	556	556	2,956
Property, plant & equipment	155	-	155	-	-	-	155
Deferred tax	(18)	(720)	(738)	-	(165)	(165)	(903)
Trade and other receivables	971	-	971	40	(35)	5	976
Cash & cash equivalents	1,455	-	1,455	-	-	-	1,455
Trade and other payables	(801)	(15)	(816)	(10)	-	(10)	(826)
Deferred income	(849)	-	(849)	(250)	-	(250)	(1,099)
Net assets			2,578			136	2,714
Goodwill			3,867			2,679	6,546
Cost of acquisition			6,445			2,815	9,260
Net outflow arising on acquisition:							
Shares			1,500			-	1,500
Earn out consideration			500			-	500
Cash			4,400			2,785	7,185
Costs			45			30	75
Cash and cash equivalents acquired			(1,455)			-	(1,455)
Net cash outflow			2,990			2,815	5,805
No. of share issued			485,123			-	
Date of acquisition			19/07/2007			01/01/2008	

The fair value of the shares issued was based on the average mid-market price for the five days prior to the completion of the acquisition. Provisional values are used as the nature of IT software and services can result in additional liabilities being identified up to one year after acquisition, based on customer renewal dates.

Centric Networks Limited

Centric provides managed services for infrastructure software to a broad range of clients in the mid-market. The goodwill arising on the acquisition recognises the specialised, industry specific knowledge of the staff and the benefit to the Group in merging this business with our existing infrastructure businesses in the UK and Ireland.

Intangibles have been valued on the basis of the customer relationships that Centric has built up as well as the value of the order book for contracts that will extend over one year. The Directors have reviewed the carrying value of the assets acquired of Centric and have determined that no other fair value adjustments are required.

Trade and assets of Eclectic Group Limited

Eclectic supplies software, consultancy, support and training in the areas of Business Intelligence and Corporate Performance Management (CPM). The fair value of the intangibles is based on the value of the relationships with customers. Projects have a greater tendency to be one off with less repeat business than other parts of the group and this has been reflected in the valuation.

The goodwill arising on the acquisition recognises the specialism and experience of the Eclectic staff and the opportunity to gain infrastructure synergies.

Deferred considerations

An amount of £325,000 was paid during the year in connection with deferred consideration on the acquisition of the QED Business Systems Limited in the financial year to 31 May 2006. This was the expected additional consideration.

Contribution of acquired businesses

The acquired businesses contributed the following revenues and net profits to the Group from the period of acquisition to 31 May 2008:

	Centric £000	Eclectic £000
Revenue	5,017	2,508
Operating profit	962	95

If the acquisitions had occurred on 1 June 2007, the acquisitions would have contributed the following to Group revenues and net profits:

	Centric £000	Eclectic £000
Revenue	5,594	4,631
Operating profit	1,101	36

5. Post balance sheet acquisition

The Group acquired 100% of the issued ordinary share capital of DXI Networks Limited, a networking and infrastructure based services business after the balance sheet date. Due to the recent completion of the acquisition, the fair values of the significant assets and liabilities assumed are preliminary and pending finalisation of valuations.

	Book value £000	Fair value adj. £000	Book and Fair value £000
Intangible assets	3,961	1,982	5,943
Property, plant & equipment	52	-	52
Trade and other receivables	1,945	-	1,945
Cash & cash equivalents	768	-	768
Deferred tax	-	(555)	(555)
Trade and other payables	(2,195)	(118)	(2,313)
Deferred income	(952)	-	(952)
Net assets	3,579	1,309	4,888
Goodwill			4,308
Cost of acquisition			9,196
Net outflow arising on acquisition:			
Cash			9,110
Costs			86
Cash and cash equivalents acquired			(768)
Net cash outflow			8,428
Date of acquisition			02/07/2008

The goodwill arising on the acquisition recognises the specialised, industry specific knowledge of the staff and the benefit to the Group in merging this business with our existing infrastructure businesses in the UK and Ireland.

Intangibles have been valued on the basis of the customer relationships that DXI has built up as well as the value of the order book for contracts that will extend over one year. The Directors have reviewed the carrying value of the assets acquired of DXI and have determined that, at this time, no other fair value adjustments are required.

6. Called up share capital and capital reserves

	31 May 2008		31 May 2007		
	No. of shares	£000	No. of shares	£000	
Authorised					
Ordinary shares of 1p each	95,000,000	950	95,000,000		950
Called up, allotted and fully paid Ordinary shares of 1p each	Number of Shares	Ordinary Shares £000	Share Premium £000	Merger Reserve £000	Total £000
At 1 June 2006	16,007,100	160	17,270	1,766	19,196
Exercise of employee share options	250,000	2	273	-	275
Issue of shares (net of expenses)	8,173,582	82	10,978	7,793	18,853
At 31 May 2007	24,430,682	244	28,521	9,559	38,324
Exercise of employee share options	93,890	1	103	-	104
Issue of shares (net of expenses)	485,123	5	-	1,463	1,468
At 31 May 2008	25,009,695	250	28,624	11,022	39,896

7. Annual report and accounts

A copy of the Annual Report and Accounts for the year ended 31 May 2008 will be sent to shareholders and copies will be available from the Company's registered office at Cotswold Court, Lansdown Road, Cheltenham GL50 2JA or by visiting our website at www.maxima.co.uk

The annual general meeting of the Company will be held at the Company's offices, 24 Chiswell Street, London, EC1Y 4TY on 19 September 2008 at 9.00 a.m.