



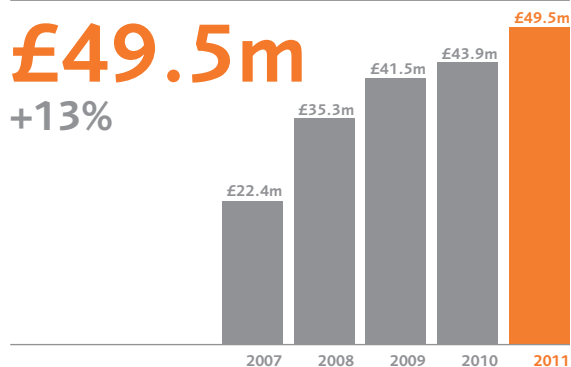
*group***NBT**

ANNUAL REPORT 2011
www.groupnbt.com

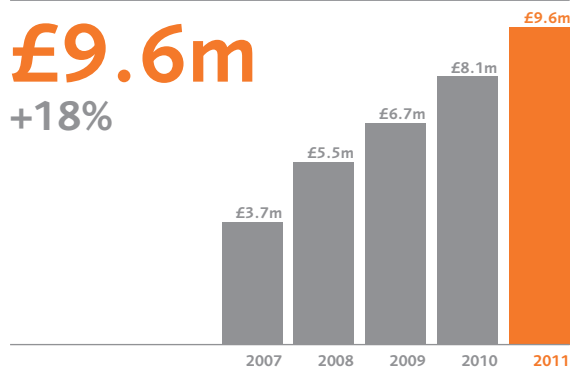
ABOUT groupNBT

- Group NBT is a leading provider of domain names, hosting and brand protection services.
- It provides the essential building blocks to create, maintain and protect online brands.
- Customers include British Airways, The New Statesman, Centrica, Unilever and Thomas Cook.
- Group NBT has 330 employees and is based in London with offices in Cambridge, Copenhagen, Munich, New York, Nice, Oslo, Paris, Stockholm and Zurich.

Revenue

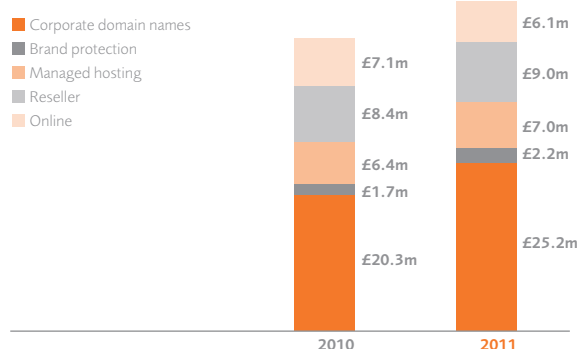


Underlying pre-tax profit*

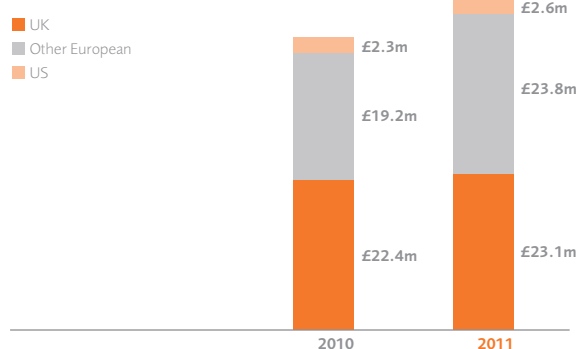


* excluding amortisation, restructuring costs, acquisition related expenses and unexpected financial loss

Revenue by service



Revenue by region



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HIGHLIGHTS 2010/11

- Revenue
 - Revenue up 13% to £49.5 million
 - Organic* revenue up 4% at £45.7 million and up 5% excluding revenues from our domain name acquisitions business (6% in constant currency)
 - NetNames Platinum Service revenue up 13% in constant currency to £15.5 million
 - Managed hosting revenue up 10% in constant currency to £7.0 million
 - Brand protection revenue up by 28% in constant currency to £2.1 million
- Underlying** profit before tax
 - Underlying** profit before tax at £9.6 million up 18%
 - Organic* underlying** profit before tax was up 9% to £8.9 million, and excluding domain acquisitions profit was up 15% (16% in constant currency)
- Indom, acquired 14 December 2010, has traded well with revenue of £3.8 million and underlying** pre-tax profit of £0.7 million
- Underlying** diluted EPS was up 11% to 26.22 pence and on an organic* basis, excluding domain acquisitions, up 9%
- Net cash at year end £6.2 million
- Recommended Cash Offer from Newton Bidco Limited, an investment vehicle owned indirectly by certain funds managed by HgCapital LLP
- An interim dividend of 1.68 pence, up 20%, was paid in April 2011. As a result of the Cash Offer, no final dividend is proposed

Organic revenue growth

+4%

Underlying pre-tax profit

+18%

Underlying diluted EPS

+11%

* excluding the results of Indom SAS, acquired on 14 December 2010

** excluding amortisation, restructuring costs, acquisition related expenses and an unexpected financial loss (see Cash flow section of the Chief Executive's Review)

GROUP NBT AT A GLANCE

Our business consists of five market leading services...

NetNames^{nm}

INDOM

www.netnames.com
www.indom.com

envisional 

www.envisional.com

Domain name management

NetNames Platinum Service allows organisations and Intellectual Property professionals to implement and maintain an effective domain name management and online brand protection strategy. Customers come from a wide variety of industries and include Unilever, Barclays and Iadbrokes.com.

NetNames is an Internet Company for Assigned Names and Numbers (ICANN) accredited registrar with the ability to register domain names in all available suffixes worldwide. NetNames provides comprehensive coverage of country code Top Level Domains (ccTLDs) such as .de and .es. Following the acquisitions of Ascio Technologies in Denmark and INDOM in France, NetNames became one of Europe's largest corporate domain name management specialists.

NetNames guarantees renewal of domain names and provides a secure, high performance Domain Name Server (DNS) infrastructure. Platinum Service customers also have access to SSL certificates and other providers to further secure their online presence. NetNames provides a domain name acquisition service to assist customers in purchasing domain names that have been registered by other organisations and supports customers during domain name disputes.

NetNames Platinum Service includes a suite of online brand monitoring products. Using Envisional's technology to monitor the Internet, brand violations from suspect domain name registrations to brand abuse such as auction sites carrying fake consumer goods can be identified and action taken.

Brand protection

Envisional provides automated Internet search and monitoring services to identify and deal with Internet based brand abuse, counterfeiting, piracy and fraud. Its Discovery Engine can identify, filter and prioritise information on websites, blogs, forums, newsgroups and Internet Relay Chat. The technology applies advanced artificial intelligence techniques to the task of classifying information and pinpointing the most important findings for clients.

Customers include banks and insurers, major film studios, copyright holders and their trade bodies, luxury goods firms, multi-brand corporations and the legal firms and marketing agencies that work with them.

Envisional's brand protection services include: the ImageFlare image matching software, providing accurate identification of logos and images even where a logo has been modified; and a service for companies with large networks of affiliates or resellers to enable them to ensure compliance.

Envisional has started to exploit the cross-selling opportunities for brand protection services within the large NetNames customer base. These products – Domain Alert, Domain Monitor, Brand Monitor and eBay Auction Monitor – are standard packages of services, based on Envisional's intelligent search technology.



www.ascio.com



www.easily.co.uk
www.speednames.com



www.netbenefit.com

Reseller services

Ascio provides a white-label domain name registration service for partners such as Internet Service Providers (ISPs), Telcos, domain name resellers and Intellectual Property law firms. Ascio works exclusively through partners with a clear focus on providing the premium quality and exceptional service that domain name professionals need.

Ascio is an automated service with a broad range of ccTLDs. It provides a registration engine that offers access to 250 top level domains (TLDs) through one standard interface. It is easily integrated into any existing order provisioning system using an XML-based API or standard email template.

Ascio has over 350 partners throughout the world with particular emphasis on Continental Europe and has approximately two million domains under management. Partners include Cable and Wireless, Hostpoint and Telenor.

Partners are able to offer their customers a wide selection of TLDs without needing to invest in the infrastructure required to register names globally.

Ascio also provides powerful, packaged marketing campaigns to help its partners stimulate new business. These may be topical, themed or geographically targeted campaigns in a variety of different forms and media.

Online

The Online Business operates in both the consumer and the SME marketplace under four brands offering a full range of domain name, shared hosting and email services through fully transactional websites.

Easily.co.uk has more than 75,000 customers with a focus on offering low cost, good quality products backed up by exceptional support. The brand targets a number of niche markets, including the small business start up market, offering ecommerce solutions for trading online. Easily.co.uk also has strategic partnerships with, amongst others, Tesco and Orange.co.uk to provide online services to their customers.

The Speednames brand operates throughout Scandinavia, having provided domain name services since 2000. Speednames offers a wide range of domain name suffixes coupled with excellent service. The main focus of Speednames is the business customer who wishes to secure a number of domain names in a variety of overseas markets.

NetNames and NetBenefit both provide services online. Although these brands are targeted at customers for managed services they retain unique or specialist services for which there is continued demand from customers who buy online.

Managed hosting

NetBenefit provides managed hosting services in the UK and France. It is focused on providing reliable and flexible managed hosting solutions designed to meet customers' business requirements. Customers range from small start-ups looking for scalable solutions that will grow with their business requirements to financial services companies and major UK retailers for whom just minutes of downtime would translate into thousands of pounds in lost revenue.

NetBenefit works with customers directly and through an indirect channel model comprising digital agencies and IT consultancies. NetBenefit partners with a number of the UK's top 100 digital agencies providing the hosting for online advertising campaigns for some of the world's most recognisable brands.

Services range from single server solutions to complex database clusters, they include high availability or disaster recovery solutions through multiple data centres allowing the provision of resilient web hosting deployed over dual sites. NetBenefit also provides: Content Delivery Network services; backup and recovery services with EVault; and virtualisation services which are based upon either VMware or Microsoft's Hyper-V.

NetBenefit's newest data centre is entirely powered by renewable energy. This combined with the adoption of virtualisation, where a physical server is split up into a number of virtual machines, will allow NetBenefit to be more efficient in the way that it uses power in its data centres.

CHAIRMAN'S STATEMENT

Amid the turbulence caused by an offer for the Company I thought it appropriate to reflect on the achievements of the Company against the key tenets of our growth strategy that I set out in my last statement.

→ **Focus on strong value-added services for our customers and recurring "sticky revenue" for us**

Our core offering with these characteristics, NetNames Platinum, Brand Protection and Managed Hosting have grown revenue 13%, 28% and 10% respectively. Sales to new customers continue to be challenging as budgets are constrained; but once we have secured clients we have been gratified by their propensity to increase their spend with us. Our focus on these services has once again been vindicated by the increasingly competitive environment in online domain name sales. Revenue in this segment of our business fell by 14%, a disappointing outcome. It should be noted, however, that this segment now accounts for only 12% of our revenue.

→ **Provide our core brand management expertise in multiple geographies and through multiple channels**

Much of the growth in Brand Protection has been driven through sales to NetNames customers. We are particularly excited by the early success of the sales to UK customers and the enthusiasm with which our sales force internationally has embraced the opportunity to provide this additional service.

→ **Extend our product offering through adding complementary products**

We are constantly adding functionality across all of our offering. I will pick out three examples for particular mention. We have launched Platinum Manager which represents a significant development in the flexibility we afford to our customers in the management of their domain name portfolios. At Envisional, we have added technology to enable Brand Protection customers to identify pirate websites and to issue "take down" orders. And finally the launch of our "cloud" initiative has been a driver of sales in our hosting business.

→ **Deploy our capital to extend both geographical and product expertise**

The acquisition of Indom in France was clearly the major event of the year in this area. The business has performed better than we had anticipated and the Paris based team is making a very positive contribution to the Group as a whole. Furthermore we have been penetrating a number of new territories in Central and Eastern Europe with our Reseller products.

→ **Improve our operations and technology to increase efficiency and serve our customers better**

We have invested in the integration of our systems infrastructure to deliver a single, robust and scalable platform for the whole Group. This is a work of constant improvement but we have achieved significant milestones during the year and we are now managing all new domain name management customers from our new platform. The acquisition of Indom adds a further integration project but the system developments and our expertise in such projects leaves us confident that we will deliver a strong result.

Once again I am pleased to report a year of progress in challenging markets – a year in which our underlying earnings (excluding domain acquisitions) grew by 15% and our share price by 51% in the year to June 2011.

Richard Madden
Chairman

"The Company's strategy is to build recurring revenue by delivering excellent products with a high service content. This strategy has served the Company well and will remain in place while the markets continue to grow and companies need to outsource the management of the services we provide."

CHIEF EXECUTIVE'S REVIEW

Group NBT is pleased to announce another year of good growth. The Group continued to grow revenue both organically and through acquisition and at the same time maintained its margins, despite markets remaining difficult throughout the year. Our domain name management business was a key focus for development and we are particularly pleased with the excellent revenue growth achieved in our brand protection business. There are signs of improving market conditions especially for domain name management where the potential for new domain name extensions is being pursued vigorously.

The Board announced on 23 September that it had agreed terms with Newton Bidco Limited, an investment vehicle owned indirectly by certain funds managed by HgCapital LLP, in respect of a recommended Cash Offer for the Company at a price of 550 pence per share, valuing the entire issued and to be issued share capital at approximately £153 million. The Cash Offer values the Company's shares at an attractive premium to both the current and recent closing prices at which the shares have been traded and exceeds the highest price at which the shares have traded at any time in the last ten years. The Cash Offer is to be implemented by means of a scheme of arrangement (the Scheme). Investors will be invited to approve the Scheme at a Court Meeting and General Meeting, details of which have been posted to shareholders.

Since commencing the strategy of developing a corporate domain name management and hosting business nearly a decade ago, the Company has made good progress in establishing itself as a market leader in Europe. In HgCapital the Board believes it has found a partner which will support Group NBT in achieving its commercial and strategic objectives and will help it grow both organically by investment and through securing acquisition opportunities that would otherwise be beyond its current financial resources as a quoted company.

Strategy

Our strategy is to build recurring revenue by delivering excellent products with a high service content. This strategy has served us well and will remain in place while the markets continue to grow and companies need to outsource the management of the services we provide. This model has been a key part of sustaining the steady progress we have made over a number of years. In the year under review we achieved good growth in Continental Europe and in the US, while maintaining steady growth in our home market.

Market conditions

Higher levels of new business, combined with lower levels of cancellations, indicate some improvement in certain areas of our business although economic conditions remain uncertain. As a result, customer activity has not yet reached the levels we have seen in previous years. In the domain name management market there has been a great deal of interest in the new domain name extensions which were finally agreed by ICANN in June. Whilst this did not have any impact on revenue during the year it did serve to raise awareness of the need to manage what are increasingly valuable domain name assets.

"We have experienced another good year and although growth is not back to levels seen before economic conditions deteriorated we have seen some improvement. The acquisition of Indom during the year supports our position as a market leader for domain name management services in Europe and we will continue to look for similar acquisition possibilities."

Financial overview

Revenue for the Group was £49.5 million for the year to 30 June 2011, up 13% on the previous year including the impact of the acquisition of Indom, a French competitor, in December 2010. Excluding the impact of this acquisition, Group revenue was £45.7 million, up 4% year-on-year and up 5% on a constant currency basis.

Underlying profit before tax was £9.6 million, up 18% on the previous year and, excluding the impact of Indom, up 9% year-on-year and up 10% on a constant currency basis.

Cash generation was particularly good during the year and at the end of the financial year the Group had £6.2 million net cash before unamortised facility fees. This compares with £11.4 million at the end of the previous year and includes the subsequent acquisition of Indom for £12.0 million in net cash.

Corporate brand services

Group NBT, through its subsidiary NetNames, provides a range of services to manage and protect companies' online activities. Companies are able to register domain names in over 250 jurisdictions around the world and frequently build significant sized portfolios of domain names which, like trademarks, often form part of their valuable intellectual property assets. NetNames manages these portfolios for many companies to ensure that they are registered properly, renewed in a timely manner and used appropriately.

Additionally, Group NBT helps its customers to protect their brands against online fraud, digital piracy, counterfeiting and other online infringements. This range of products is provided by the NetNames and Envisional brands.

Revenue for Corporate Brand Services for the year under review was £23.6 million, up 7% on last year, or 9% at constant currency rates and excluding domain acquisitions, revenue was up 10% on last year, or 11% at constant currency rates. Within these numbers, revenue for domain name management was £21.5 million and revenue for brand protection services was £2.1 million. Revenue for NetNames Platinum Service, the Group's flagship domain name management product, grew 12% during the year, 13% at constant currency rates.

Growth for domain name management has improved on the previous year as we have seen better levels of new sales and lower levels of cancellations. Overall growth was held back by lower revenue from domain acquisitions, where we act for our customers to buy names for them in the secondary market. Domain acquisitions experienced exceptional sales in the year ending 30 June 2010 which, as we noted in previous communications, was unlikely to be repeated in the year under review.

Envisional's brand protection services did particularly well with revenue for the year to 30 June 2011 up 28% on the previous year. Not only have we acquired some excellent new customers but we have also improved customer retention. Growth is also, in part, due to an enhanced product offering, allowing customers the ability to remove infringing websites and auctions.

Managed hosting

Managed hosting services are provided to companies in the UK and France. Revenue for the year under review was £7.0 million, up 10% on the previous year. Technology has played an important role in the improvement of our performance as much of our new revenue comes from our new cloud based services. We have also experienced an improvement in market conditions which is reflected in higher levels of new business.

Partner and reseller services

Ascio is our partner and reseller brand which offers other ISPs the ability to register a wide range of domain names using our technology and systems. Revenue for the year was £9.0 million, up 6% on last year, or 9% at constant currency rates. Some of our larger partners have experienced lower growth as a result of the prevailing market conditions which, in turn, affects our revenue. We have, however, continued to add new partners at a similar rate to last year and this will help to maintain growth rates in the future.

CHIEF EXECUTIVE'S REVIEW

CONTINUED

Partner and reseller services continued

We continue to be focused on Continental Europe where we have a resilient customer base and we have extended this focus into Eastern Europe in order to drive new business.

Online services

Group NBT's online services register and renew domain names and provide hosting and email services through the websites of several of our brands, primarily the Easily brand in the UK and Speednames in Europe. Revenue for these services for the year under review was £6.1 million, 14% down on last year, or 13% at constant currency rates. The previous year's result benefited from the transfer of some revenue within the Group which did not recur this year. However, we expect to experience decline in this segment of the market as we continue to concentrate on our managed services.

Indom

Indom, a market leader for the provision of domain name management services in France, was acquired by the Group on 14 December 2010. Since the acquisition Indom has continued to perform ahead of initial expectations. We have embarked on restructuring and integration which will take up to two years to complete. Over time Group NBT France and Indom will be merged and the Indom business will be transferred to the Group's systems. This project is progressing well and we are already experiencing some of the benefits of the acquisition. This acquisition also brings significant expertise into the Group. Stéphane Van Gelder who will manage the Group's business in France is an expert in the domain name market and is the chairman of a key ICANN committee.

Profit

The overall gross margin of 73.3% decreased from 73.6% last year. Excluding Indom, gross margin was 72.6%, below last year's rate, as the result of relatively small changes to the revenue mix.

Underlying operating profit at £9.6 million increased 19% year-on-year and the margin at 19.5% was up from 18.5% last year. Excluding Indom, underlying operating profit was up 10% at £8.9 million at a margin of 19.6%. Excluding both Indom and domain acquisitions, the underlying operating profit grew strongly at 16% year-on-year with a margin of 18.0%, up from 16.3%, as overheads remained largely flat and revenues grew.

On a statutory basis operating profit was £7.3 million, up 2% from £7.1 million last year, and profit before tax was £7.2 million, up 1% from last year. The amounts by which these statutory profit measures were adjusted to arrive at the underlying profit measures used, comprise amortisation of intangible assets acquired through acquisitions of £1.3 million (2010: £1.0 million) which increased as a result of the acquisition of Indom; advisory and professional fees in respect of the acquisition of Indom of £0.4 million (2010: nil) which were expensed instead of being capitalised in accordance with the revised accounting standard on accounting for acquisitions; technical and other one-off costs relating to the integration of Indom of £0.3 million (2010: nil); and the unexpected financial loss arising from our Danish bank as described below of £0.3 million (2010: nil).

Basic EPS was 20.04 pence, down 7% from 21.48 pence last year, and diluted EPS was 19.46 pence, down 7% from 20.99 pence last year. Both these measures were impacted by the adjusting items mentioned above, namely amortisation, restructuring costs, acquisition related expenses and the financial loss, which in total amounted to £2.3 million compared to £1.0 million last year.

Taxation

A tax charge of £2.0 million (2010: £1.7 million) arose in the year representing an effective tax rate of 28.3% (2010: 23.2%).

The effective tax rate on underlying profit before tax (excluding amortisation, restructuring costs, acquisition related expenses and the financial loss together with associated tax credits) was 27.0% (2010: 23.5%). There were numerous factors that drove up the effective rate of tax from last year including the addition of Indom. The main factors were non-UK regions where the effective tax rates moved towards higher statutory rates as anticipated; and the proportion of UK profits, taxed at a relatively higher rate, increasing within the mix.

Cash flow

At 30 June 2011, the Group had net cash balances of £6.2 million (2010: £11.4 million) before unamortised facility fees. This comprised cash balances of £12.4 million (2010: £13.4 million) and debt, before unamortised facility fees, of £6.2 million (2010: £2.0 million).

Cash conversion remained strong over the year with cash generated from operations increasing to £10.7 million including Indom, up from £9.4 million last year. Free cash flow, comprising cash flows from operations, interest, tax and capital expenditure, was up 9% to £7.8 million from £7.1 million last year with tax payments increasing by 68% to £1.9 million.

Net cash outflow in connection with the acquisition of Indom was £12.0 million. While this was funded mostly through existing cash resources, a £4.5 million three-year term loan together with a three-year revolving credit facility of £1.5 million, currently undrawn, was secured in December 2010. This is in addition to the existing debt of £1.0 million which is repayable by July 2012.

In February 2011, an unexpected financial loss arose from our primary Danish clearing bank filing for bankruptcy following which, after a distribution of 66%, £0.3 million of our cash balances were lost. The bank, which is now under state ownership, has announced that the eventual distribution may increase to 84% in total but this is subject to a legal process and therefore no further recovery has been provided for in the financial statements. The Group's policy in respect of surplus funds is to distribute them amongst various banks and this policy was in place at the time of the bankruptcy.

Dividend

An interim dividend of 1.68 pence was paid on 15 April 2011. As a result of the Cash Offer, no final dividend is proposed.

Geoff Wicks Chief Executive

REPORT ON CORPORATE GOVERNANCE

The Company is listed on AIM and is not required to comply with the provisions of the 2008 FRC Combined Code (the Code) and therefore this is not a statement of compliance as required by the Code. Nevertheless the Board is committed to ensuring that proper standards of corporate governance operate throughout the Group and has followed the principles of the Code so far as is practicable and appropriate for the nature and size of the Group.

A statement of the Directors' responsibilities in respect of the financial statements is set out on page 13. Below is a brief description of the role of the Board and its Committees, followed by a statement regarding the Group's system of internal controls. The Directors recognise the value of, and are committed to, high standards of corporate governance.

Board of Directors

The Board currently comprises the Non-executive Chairman, the Chief Executive Officer, a further Executive and three Non-executive Directors. The Directors' biographies, set out on page 8, demonstrate the broad range of experience and knowledge they bring to the Company enabling them to offer sound judgement on the proper management of the Group.

The Board meets at least ten times per year and has a schedule of matters specifically reserved for it for decision. It is responsible for approving the overall Group strategy, acquisitions, major capital expenditure projects, reviewing the trading performance, ensuring adequate funding and reporting to shareholders. To enable the Board to discharge its duties, management provides appropriate and timely information in advance of each meeting. All Directors have access to advice from the Company Secretary and are able to take independent professional advice as required.

The longest serving Directors, since their last appointment or reappointment, are Richard Madden and Keith Young. The notice of the next Annual General Meeting will set out the details of the Directors offering themselves for re-election.

The Board of Directors considers all the Non-executive Directors to be independent of management and, in making this decision, have had regard to guidance issued by several of the Group's largest institutional investors. Martin Bellamy is the Senior Independent Director.

The following Committees deal with specific aspects of the Group's affairs:

Remuneration Committee

The Remuneration Committee is chaired by Martin Bellamy. Its other members are Richard Madden and Keith Young. The Committee meets at least twice a year. The Committee's report to shareholders on Directors' remuneration is set out on pages 9 to 10.

Audit Committee

The Audit Committee is chaired by Richard Madden. Its other member is Keith Young. Meetings may also be attended, by invitation, by the Chief Executive Officer and the Finance Director. The Committee meets at least twice a year and provides a forum for reporting by the Group's external auditors.

Relationship with shareholders

Communication with shareholders is given high priority. The Chairman's Statement and the Chief Executive's Review on pages 4 to 6 include a detailed review of the business and future developments. There is regular dialogue with institutional shareholders including presentations after the Group's announcements of the interim and annual results. The Company's website carries reproductions of the Group's financial reports and announcements. The Annual General Meeting provides a further forum for private and institutional shareholders to communicate with the Board and their active participation is welcomed. Details of resolutions to be proposed at the next Annual General Meeting will be sent out in due course as appropriate.

Internal control

The Directors are responsible for the Group's system of internal control and for reviewing its effectiveness. However, such a system can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board believes that the Group has internal control systems in place appropriate to the size and nature of its business.

An ongoing process for identifying, evaluating and managing the significant risks faced by the Group has been in place throughout the year. That process is regularly reviewed by the Board and accords with the Internal Control: Guidance for Directors, in the Combined Code.

The Board intends to keep its risk control procedures under constant review particularly as regards the need to embed internal control and risk management procedures further into the operations of business, both in the UK and overseas, and to deal with areas of improvement which come to management and the Board's attention.

Financial reporting

There is a comprehensive budgeting system with an annual budget approved by the Board. Monthly trading results, balance sheets and cash flow statements are reported against the budget and prior year. Updated forecasts are presented in light of the reported trading performance.

Operating control

Each Executive Director has defined responsibility for specific aspects of the Group's operations. The Executive Directors, together with key senior executives, meet regularly to discuss day-to-day operational matters.

Investment appraisal

Capital expenditure is controlled via the budgetary process and set levels of authorisation. For expenditure beyond a specified level, a written proposal is submitted to the Board for approval.

Risk management

The Board is responsible for identifying the major business risks faced by the Group and for determining the appropriate course of action to manage such risks. All potential acquisitions are subject to appropriate due diligence.

BOARD OF DIRECTORS

Richard Madden

Non-executive Chairman

Richard Madden is an investment banker and has experience in equity and M&A transactions throughout Europe and the USA. He qualified as a chartered accountant with Arthur Andersen and holds a degree in Classics from the University of Cambridge.

Geoff Wicks

Chief Executive Officer

Geoff Wicks joined the Board in September 2001. He had spent the previous twenty years with Reuters Group in a variety of roles, including heading various UK divisions and time in France and the Nordic region. Latterly he was director of corporate relations. Prior to Reuters, Geoff worked in the City within the banking and insurance industries.

Raj Nagevadia

Finance Director

Raj Nagevadia joined Group NBT as Financial Controller in October 2003. He became Finance Director in February 2004 and joined the Board in November 2005. Prior to this Raj was financial controller at Tempo plc, a national electrical retailer, for six years and he has held various roles in an offshore oil and gas construction business and at a leading firm of accountants.

Keith Young MBE

Non-executive Director

Keith Young is an entrepreneur with considerable experience in the Internet, communications and publishing industries. He co-founded the Group NBT business in 1995 and was also a significant shareholder in Easynet Group plc prior to its flotation. In addition, he has significant interests in several other companies spanning a diverse range of sectors.

Claus Anderson

Non-executive Director

Claus Anderson is a partner in Nordic Venture Partners K/S, a venture capital firm and a significant shareholder of Group NBT. Claus has been with Nordic Venture Partners K/S since its inception in early 2000 and has focused primarily on enterprise software and internet-related investments. Prior to this he worked for a number of Nordic financial institutions as an investment banker in various European countries and holds a degree in Credit and Finance from Copenhagen Business School.

Martin Bellamy

Non-executive Director

Martin Bellamy is Director of Information and Communications Technology for the National Offender Management Service (NOMS). Prior to working for NOMS, Martin worked at the Cabinet Office, the Department of Work and Pensions, Reuters, BT and KPMG. Martin is a Visiting Fellow at the Ashridge Business School.

DIRECTORS' REMUNERATION REPORT

The Company is listed on AIM. The Directors' Remuneration Report, as set out below, is required to satisfy the AIM requirements.

Remuneration Committee

The Committee consists of three Non-executive Directors: Richard Madden and Keith Young, under the chairmanship of Martin Bellamy. None of the Committee members have any personal financial interests (other than as shareholders), conflicts of interest arising from cross-directorships or day-to-day involvement in running the business. The Committee consults the Chief Executive Officer about its proposals and has access to professional advice from inside and outside the Company. The Committee determines the remuneration of Executive Directors and other senior executives on behalf of the Board and reports to the Board on general conclusions reached by the Committee. No Director plays a part in any discussions about their own remuneration.

Remuneration policy

Executive remuneration packages are prudently designed to attract, motivate and retain directors of the high calibre needed to maintain the Company's position as a market leader. The performance measurement of the Executive Directors and key members of senior management and the determination of their annual remuneration package are undertaken by the Committee. The remuneration of the Non-executive Directors is determined by the Board within the limits set out in the Articles of Association.

There are four main elements of the remuneration package for Executive Directors and senior management:

- basic annual salary (including Directors' fees) and benefits;
- annual bonus payments;
- long-term incentive awards; and
- pension arrangements.

Basic salary

An Executive Director's basic salary is determined by the Committee at the beginning of each year and when an individual changes position or responsibility. In deciding appropriate levels the Committee considers the Group as a whole and relies on objective research and independent surveys. Executive Directors' contracts of service, which include details of remuneration, will be available for inspection at the Annual General Meeting. The Executive Directors are entitled to accept appointments outside the Company providing the Chairman's permission is sought in advance.

Annual bonus payments

The Committee establishes the objectives that must be met for each financial year if a cash bonus is to be paid and these objectives target both revenue and profit growth. Account is also taken of the relative success of the different parts of the business for which the Executive Directors are responsible and the extent to which the strategic objectives set by the Board are being met.

Long-term incentives

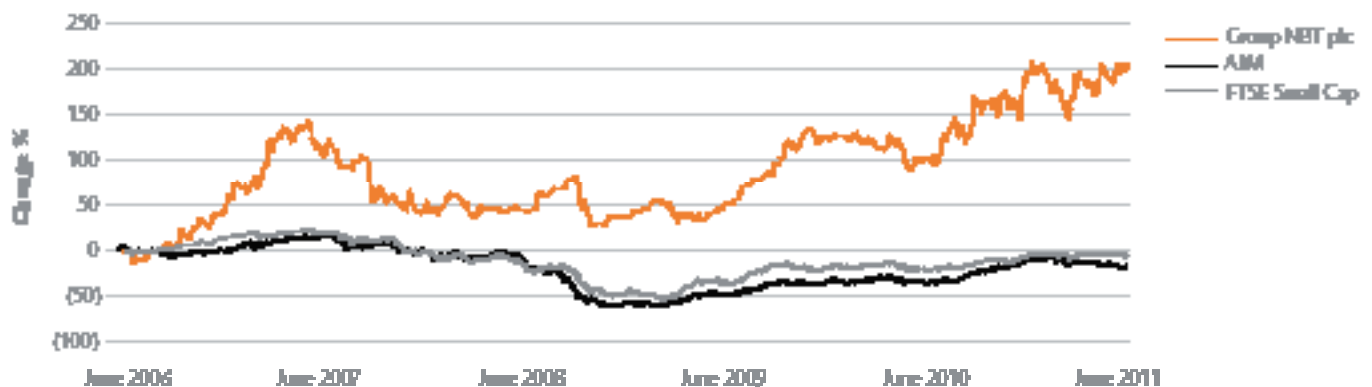
The Board believes that long-term incentive schemes are important in retaining and recruiting high-calibre individuals and ensuring that the performance of executives is focused on creating long-term shareholder value. Awards of shares and options will be considered by the Committee on an ongoing basis. The current Long Term Incentive Plan has performance targets related to the growth in the Company's earnings per share.

Directors' pensions

Up to 10% of salary is paid by the Company into Directors' personal pension schemes, although they may also sacrifice basic annual salary to supplement pension contributions.

Performance graph

The following graph shows the Company's share price performance, compared with the performance of the FTSE AIM and the FTSE Small Cap Indices. The FTSE AIM Index was selected as the Company is a constituent of that index. The FTSE Small Cap Index was selected as this is believed to be the most appropriate and broad comparator of the Company's performance.



Directors' contracts

Executive Directors currently have up to six-month rolling service contracts. The Company may have a contractual obligation to pay compensation for the unexpired portion of a Director's contract if it is terminated early together with related payments, if any, at the discretion of the Committee.

DIRECTORS' REMUNERATION REPORT

CONTINUED

Non-executive Directors

Non-executive Directors currently have up to twelve-month rolling contracts. Remuneration is determined by the Board based within the limits set out in the Articles of Association and based upon independent surveys of fees paid to non-executive directors of similar companies. The annual fee payable for the role of Non-executive Chairman is £45,000 (2010: £27,500) and the annual fee payable for the role of Non-executive Director is £20,000 (2010: £20,000). Richard Madden, an existing Non-executive Director, appointed Non-executive Chairman on 25 November 2010, received fees of £32,500 (2010: £20,000) in the year to 30 June 2011. John Parcell, who stepped down as Non-executive Chairman on 25 November 2010, received £11,460 (2010: £27,500). Martin Bellamy joined the Board as a Non-executive Director on 1 August 2010 and commenced receiving fees from 1 March 2011. Claus Anderson does not receive a fee for his services.

Directors' remuneration

Directors' remuneration for the year was as follows:

	Salary/ fees £'000	Annual bonuses £'000	Pensions £'000	Share-based payments ¹ £'000	Other benefits ² £'000	2011 Total £'000	2010 Total £'000
R Madden	33	—	—	—	—	33	20
G Wicks	168	61	—	41	13	283	284
R Nagevadia	125	50	13	33	8	229	230
K Young	20	—	—	—	—	20	20
M Bellamy (appointed 1 August 2010)	7	—	—	—	—	7	—
C Anderson	—	—	—	—	—	—	—
J Parcell (resigned 25 November 2010)	11	—	—	—	—	11	28
T Ashley (resigned 12 October 2009)	—	—	—	—	—	—	6
YEAR ENDED 30 JUNE 2011	364	111	13	74	21	583	588
Year ended 30 June 2010	367	139	13	49	20		

1. Directors' share of the year's accounting charge.

2. Other benefits consist of car allowances and private health insurance.

Long Term Incentive Plans

Details of current Directors' interests in long-term incentive plans of the Company are set out below:

	Scheme	At 1 July 2010	Granted during the year	Exercised during the year	At 30 June 2011	Exercise price £	Date of grant	Exercisable from	Expiry date
G Wicks	Unapproved	105,000	—	—	105,000	0.25	30/06/03	30/06/04	27/06/13
	Unapproved	70,000	—	—	70,000	3.14	26/03/07	01/07/07	23/03/17
	Unapproved	50,000	—	—	50,000	3.03	18/07/07	30/06/08	15/07/17
	Unapproved	50,000	—	—	50,000	2.29	22/07/08	30/06/09	22/07/18
	LTIP	41,826	—	—	41,826	0.00	06/11/09	06/11/12	06/11/19
		316,826	—	—	316,826				
R Nagevadia	EMI	4,000	—	—	4,000	0.01	07/04/04	30/06/04	05/04/14
	EMI	38,610	—	—	38,610	1.30	10/04/06	10/04/06	07/04/16
	EMI	14,000	—	—	14,000	3.14	26/03/07	01/07/07	23/03/17
	Unapproved	56,000	—	—	56,000	3.14	26/03/07	01/07/07	23/03/17
	Unapproved	50,000	—	—	50,000	3.03	18/07/07	30/06/08	15/07/17
	Unapproved	50,000	—	—	50,000	2.29	22/07/08	30/06/09	22/07/18
	Unapproved	25,000	—	—	25,000	2.29	22/07/08	22/07/08	22/07/18
	LTIP	34,088	—	—	34,088	0.00	06/11/09	06/11/12	06/11/19
		271,698	—	—	271,698				
R Madden	Unapproved	100,000	—	—	100,000	1.30	10/04/06	10/04/06	07/04/16
Total options		688,524	—	—	688,524				

The ordinary share price ranged from £2.80 to £4.40 during the year and stood at £4.35 at the year end. The gains made on the exercise of share options by Directors were nil (2010: £1,305,000).

On behalf of the Board

Martin Bellamy

Chairman of the Remuneration Committee
25 October 2011

DIRECTORS' REPORT

The Directors present their Annual Report and Accounts for the year ended 30 June 2011.

Principal activities

The principal activities of the Group during the year were the provision of domain name, web-hosting, brand protection and other internet-related services.

Business review

A review of the business and future developments together with the key performance indicators of business performance is set out in the Chairman's Statement and the Chief Executive's Review on pages 4 to 6.

Results and dividends

The results of the Group for the year are shown in the Consolidated Income Statement on page 15.

An interim dividend of 1.68 pence (2010: 1.4 pence) per ordinary share was paid on 15 April 2011. As a result of the Cash Offer, no final dividend is proposed, making the total for the year 1.68 pence (2010: 4.2 pence).

Principal risks and future developments

The Directors believe that the principal risks faced by the Group arise in the areas of its services, its technology platforms and its staff.

The Group's services are primarily delivered over the Internet through a complex technical infrastructure and therefore its availability and security are critical in delivering our services. The Group has processes, plans and safeguards in place to the extent it is reasonable or feasible. The Internet and related technologies continue to develop fast. Given this operating environment there may be rapid changes in the market, technology and operational methodologies. The Group has an ongoing programme of market and competitive review, service development and infrastructure enhancement.

The Group operates in growing markets with varying degrees of competition in the different sectors it serves. In the corporate domain name management market, where the Group has operations in both Europe and the US, it has a leading position in Europe primarily through its high market share in a number of countries. While its position in the US is steadily improving, this market is home to the Group's major corporate domain name management competitors. The managed hosting market, where the Group operates largely in the UK, has fragmented competition and the Group has positioned itself as a mid-market specialist provider. The online market is large with substantial competition and the Group differentiates its offering by combining cost effective solutions with higher levels of service.

The Group's services and infrastructure are supported by skilled staff, from account management and fulfilment through to technical support. The Group is therefore reliant upon its ability to attract, train and retain the right mix of staff.

The Directors monitor the risks facing the Group on a regular basis.

Financial risks

Details of the Group's financial risks together with exposures to interest rate, credit, liquidity and currency risks are contained in note 19 Financial instruments, in the Notes to the Consolidated Financial Statements.

Directors

The Directors of the Company who served during the year to 30 June 2011 are shown below together with their interests in the shares of the Company at the year end:

	At 30 June 2011	At 30 June 2010
R Madden	—	—
G Wicks	500,000	500,000
R Nagevadia	2,500	2,500
K Young	887,432	887,432
M Bellamy (appointed 1 August 2010)	—	—
C Anderson*	—	—
J Parcell (resigned 25 November 2010)	—	575,877

* Claus Anderson is a partner in Nordic Venture Partners K/S, a venture capital firm, which also had a substantial shareholding in the ordinary share capital of the Company.

The Directors' interests in the long-term incentive plans of the Company are detailed on page 10.

In accordance with the Company's Articles of Association, details of the Directors offering themselves for re-election will be set out in the notice of the next Annual General Meeting as necessary.

Directors' and officers' liability insurance and indemnities

The Company has purchased insurance to cover its Directors and officers against any costs arising from defending themselves in legal proceedings taken against them as a direct result of duties carried out on behalf of the Company.

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors, to the extent permitted by law and by the Company's Articles of Association, in respect of losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as Directors of the Company or any of its subsidiaries.

DIRECTORS' REPORT

CONTINUED

Substantial shareholdings

At 19 October 2011, the Company had or had been notified of the following holdings of 3% or more in the ordinary share capital of the Company excluding Directors' interests shown on page 11:

	Number	%
BlackRock Investment Management	3,389,273	13.0
Herald Investment Management	2,518,250	9.7
Artemis Investment Management	2,402,627	9.2
Nordic Venture Partners K/S	1,807,268	7.0
Hargreave Hale, Stockbrokers (for discretionary clients)	1,415,708	5.5
Octopus Investments	1,013,275	3.9
Investec Wealth & Investment	941,642	3.6
Ignis Asset Management	905,002	3.5

Employees

Group NBT offers a wide range of services to companies and relies on the knowledge and expertise of its staff. The Company endeavours to ensure that it consistently improves the Group's performance by attracting and retaining the right people and by developing the skills of its staff through training and development programmes.

Performance is rewarded on merit without regard to gender, age, race, colour, religion, sexual orientation or marital status. The Company encourages the involvement and participation of staff in building a successful business. Communication plays a key part in creating an environment in which all staff can contribute and develop to their full potential.

Environment

The Group acknowledges the importance of environmental matters and where possible utilises environment friendly policies in its offices such as recycling and energy efficient practices.

Supplier payment policy

The Group agrees terms and conditions with individual suppliers at the time orders for the services are placed. It is the Group's policy to make payment in accordance with those terms and conditions providing they have been fully complied with by the supplier.

The Group's creditor days at 30 June 2011, calculated in accordance with the requirements of the Companies Act 2006, were 22 (2010: 27).

Research and development

The Group operates within the rapidly developing internet environment. There are few, if any, proprietary systems available to meet its product requirements and as a result the Group has developed, in-house, the systems required to meet its customers' needs. These costs of research and development have been written off to the Consolidated Income Statement as they are incurred where permitted by IAS 38 Intangible Assets and not carried forward as assets in the Consolidated Statement of Financial Position.

Going concern

A review of the Group's activities, market conditions, performance in the year under review, details of its cash flows and financial position are set out in the Chairman's Statement and the Chief Executive's Review on pages 4 to 6.

After making appropriate enquiries, the Directors have formed a judgement at the time of approving the Annual Accounts that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the Annual Accounts.

Annual General Meeting

In light of the recommended Cash Offer from Newton Bidco Limited to acquire the entire issued and to be issued share capital of the Company announced on 23 September 2011, the Company will give notice of and convene its 2011 Annual General Meeting as necessary in due course.

Auditors

All of the Directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

A resolution in respect of auditors will be proposed at the next Annual General Meeting as necessary.

By order of the Board

Raj Nagevadia
Company Secretary
25 October 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with applicable accounting standards, 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 Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

REPORT OF THE INDEPENDENT AUDITORS

We have audited the financial statements of Group NBT plc for the year ended 30 June 2011 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the Company Balance Sheet and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with sections Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Parent company's affairs as at 30 June 2011 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent company, or returns adequate for our audit have not been received from branches not visited by us;
- the Parent company financial statements are not in agreement with the accounting records and returns;
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Scott McNaughton (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

London

United Kingdom

25 October 2011

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 £'000	2010 £'000
REVENUE	3	49,459	43,921
Cost of sales		13,227	11,590
GROSS PROFIT	3	36,232	32,331
Operating expenses		28,955	25,184
OPERATING PROFIT	4	7,277	7,147
Finance income	6	108	81
Finance expense	7	(147)	(41)
PROFIT BEFORE TAXATION	3	7,238	7,187
Taxation	8	(2,049)	(1,666)
PROFIT FOR THE YEAR		5,189	5,521
EARNINGS PER SHARE			
Basic	10	20.04p	21.48p
Diluted	10	19.46p	20.99p

All amounts relate to continuing activities.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

	2011 £'000	2010 £'000
PROFIT FOR THE YEAR	5,189	5,521
OTHER COMPREHENSIVE INCOME		
Exchange translation differences	3,268	(1,503)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	8,457	4,018

The deferred tax credits in relation to share-based payments previously shown in this statement have now been removed and is part of the Consolidated Statement of Changes in Equity (see note 1 for further details).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	Notes	2011 £'000	2010 £'000
ASSETS			
NON-CURRENT ASSETS			
Goodwill	11	39,805	27,523
Other intangible assets	11	6,116	1,619
Property, plant and equipment	12	1,883	2,213
Deferred tax asset	15	1,412	1,084
		49,216	32,439
CURRENT ASSETS			
Trade and other receivables	14	7,956	5,960
Cash and cash equivalents	24	12,407	13,443
		20,363	19,403
TOTAL ASSETS		69,579	51,842
LIABILITIES			
CURRENT LIABILITIES			
Bank loan	17	(2,874)	(983)
Trade and other payables	16	(16,223)	(12,348)
Taxation		(1,614)	(1,530)
		(20,711)	(14,861)
NON-CURRENT LIABILITIES			
Bank loan	17	(3,236)	(991)
Deferred tax liability	15	(1,786)	—
		(5,022)	(991)
TOTAL LIABILITIES		(25,733)	(15,852)
NET ASSETS		43,846	35,990
CAPITAL AND RESERVES			
Called up share capital	20	260	259
Share premium account		4,055	3,824
Merger reserve		12,008	12,008
Other reserve		2,121	1,794
Cumulative translation reserve		5,851	2,583
Profit and loss account		19,551	15,522
TOTAL EQUITY		43,846	35,990

These financial statements were approved by the Board of Directors and authorised for issue on 25 October 2011.

Signed on behalf of the Board of Directors

Geoff Wicks
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Share capital £'000	Share premium £'000	Merger reserve £'000	Other reserve £'000	Cumulative translation reserve £'000	Retained profit £'000	Total £'000
YEAR ENDED 30 JUNE 2011								
Balance at 1 July 2010		259	3,824	12,008	1,794	2,583	15,522	35,990
Comprehensive income for the year		—	—	—	—	3,268	5,189	8,457
Dividends	9	—	—	—	—	—	(1,160)	(1,160)
Share-based payment credit		—	—	—	142	—	—	142
Deferred tax recognised on share-based payment		—	—	—	185	—	—	185
Issue of share capital		1	231	—	—	—	—	232
BALANCE AT 30 JUNE 2011		260	4,055	12,008	2,121	5,851	19,551	43,846
Year ended 30 June 2010								
Balance at 1 July 2009		254	3,536	12,008	1,467	4,086	10,880	32,231
Comprehensive income for the year		—	—	—	—	(1,503)	5,521	4,018
Dividends	9	—	—	—	—	—	(879)	(879)
Share-based payment credit		—	—	—	98	—	—	98
Deferred tax recognised on share-based payment		—	—	—	229	—	—	229
Issue of share capital		5	288	—	—	—	—	293
Balance at 30 June 2010		259	3,824	12,008	1,794	2,583	15,522	35,990

The nature and purpose of each reserve is disclosed in note 20.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 £'000	2010 £'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		7,238	7,187
Finance expense/(income) (net)		39	(40)
Depreciation and amortisation		2,777	2,487
Profit on disposal of assets		(44)	—
Share-based payments		142	98
Exchange differences		(147)	(324)
(Increase)/decrease in trade and other receivables		(286)	919
Increase/(decrease) in trade and other payables		939	(907)
Cash generated from operations		10,658	9,420
Taxation paid		(1,894)	(1,125)
NET CASH INFLOW FROM OPERATING ACTIVITIES		8,764	8,295
CASH FLOW FROM INVESTING ACTIVITIES			
Interest received	6	108	81
Purchase of property, plant and equipment	12	(1,025)	(1,211)
Proceeds from the disposal of fixed assets		62	—
Purchase of subsidiary undertakings	26	(14,170)	(147)
Net cash acquired with subsidiary undertaking	26	2,183	—
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(12,842)	(1,277)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid	7	(147)	(41)
Dividends paid	9	(1,160)	(879)
Long-term loan receipt/(repayments)		3,882	(983)
Proceeds from issue of share capital		232	293
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		2,807	(1,610)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,271)	5,408
CASH AND CASH EQUIVALENTS AT START OF YEAR		13,443	8,157
Effects of exchange rate changes		235	(122)
CASH AND CASH EQUIVALENTS AT END OF YEAR	24	12,407	13,443

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

1 Accounting policies

The accounting policies set out below, unless otherwise stated, have been applied consistently to all periods presented in these Consolidated Financial Statements.

General information

Group NBT plc (the Company) and its subsidiaries (together the Group) is a leading provider of domain names and internet-related services. Operating in eight countries, it has 330 employees.

The Company is a public limited company incorporated and domiciled in the UK. The address of the registered office is 3rd Floor, Prospero House, 241 Borough High Street, London SE1 1GA.

The Company is listed on AIM.

a) Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with EU endorsed International Financial Reporting Standards (IFRS) and the IFRIC interpretations issued by the IASB and the Companies Act 2006 applicable to companies reporting under IFRS. The Consolidated Financial Statements are prepared under the historic cost convention as modified by share-based payments measured at fair value through the income statement.

The principal accounting policies of the Group are set out below:

b) Basis of consolidation

The Consolidated Financial Statements of the Group comprise the financial statements of the Company and entities controlled by the Company (its subsidiaries) at the balance sheet date. Control is achieved where the Company has the power to govern the financial and operating policies of a subsidiary so as to obtain benefits from its activities.

The results of subsidiaries acquired (or disposed of) in the year are included (or excluded) in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

c) Business combinations

The Group uses the acquisition method of accounting to account for business combinations in accordance with IFRS 3 (revised) Business Combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

d) Revenue recognition

Revenue is derived from the Group's principal activities which are the provision of domain name, web-hosting, brand protection and other internet-related services and, in general, is measured as the fair value of the consideration received or receivable, and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes. Where services are billed in advance revenue is deferred until the services have been provided. The Group reports its revenue by service which are described below together with the relevant revenue recognition policies applied.

- Corporate domain names – services include annual or rolling contracts for management of domain name portfolios where services are billed in advance and revenue recognised evenly over the billing period, the basis on which services are supplied; registration of domain names where services are billed on a transactional basis and revenue recognised when the registration process is complete where the customer becomes the legal owner of the domain name registered; other short-term domain name related advisory and administrative services where these are billed either at commencement or on completion and revenue is recognised when these services are performed; domain name ancillary products and services where these are billed in advance and revenue recognised evenly over the billing period, the basis on which services are supplied; and domain name acquisitions, the sales and purchases of pre-registered domain names, where transactions are billed either in advance or in arrears with revenue, representing the net margin as these transactions are undertaken on a brokerage basis, being recognised when the transfer of the legal owner of the domain name being transacted has completed.
- Managed hosting – services encompass the provision of managed web-hosting solutions where the billing frequency is largely monthly in advance and revenue is recognised in line with the provision of services.
- Partner and reseller – services which enable ISPs and other intermediaries to offer their customers domain name registration services on a white-label basis using our systems and revenue is recognised when the registration process is complete where the end customer becomes the legal owner of a domain name with billing taking place at process completion on a transactional basis.
- Online – services include domain name registration services, shared hosting, email and other internet-related services. Domain names are billed on a transactional basis and revenue is recognised when the registration process is complete with the customer becoming the legal owner of the domain name registered. The other services are typically billed annually in advance and revenue is recognised evenly over the billing period as these services are provided in the same manner.
- Brand protection – services include monitoring the Internet for and advice on brand abuse, fraud, piracy and counterfeiting. Monitoring services are billed in advance, ranging from monthly to annual basis, and revenue is recognised in line with performance of these services. Advisory and consulting services are billed either at commencement or on completion and revenue is recognised on delivery of these services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

1 Accounting policies continued

General information continued

e) Goodwill

Goodwill represents the excess of the fair value of consideration over the fair value of the identifiable net assets at the date of their acquisition. Goodwill is recognised as an asset and reviewed annually for impairment. Any impairment is recognised immediately in the income statement and is not subsequently reversed. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit and loss on disposal. Goodwill is denominated in the functional currency in which the acquired entity operates.

f) Impairment of assets

Goodwill is allocated to cash-generating units for the purposes of impairment testing. The recoverable amount of the cash-generating unit to which the goodwill relates is tested annually for impairment or when events or changes in circumstances indicate that it might be impaired. The carrying values of property, plant and equipment and intangible assets other than goodwill are reviewed for impairment only when events indicate that the carrying value may be impaired.

In an impairment test, the recoverable amount of the cash-generating unit or asset is estimated to determine the extent of any impairment loss. The recoverable amount is the higher of fair value less costs to sell and the value-in-use to the Group. An impairment loss is recognised to the extent that the carrying value exceeds the recoverable amount.

In determining a cash-generating unit's or asset's value-in-use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the cash-generating unit or asset that have not already been included in the estimate of future cash flows.

g) Other intangible assets

Intangible assets purchased separately, such as domain names, are capitalised at cost and amortised over their useful economic life. Intangible assets acquired through a business combination such as customer lists and intellectual property are initially measured at fair value and amortised over their useful economic life.

Amortisation of intangible assets is charged to the income statement on a straight-line basis over the estimated useful lives of each intangible asset. Intangible assets are amortised from the date they are available for use.

The estimated useful lives are as follows:

- domain names – 20 years
- technology-based assets – 5 to 7 years
- customer lists – 5 to 10 years

h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. The cost of an item of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing the asset into use. Depreciation is calculated to write down the cost of all property, plant and equipment to their estimated residual value over their expected useful economic life as follows:

- computer equipment – 2 to 4 years
- fixtures, fittings and equipment – 3 years
- leasehold improvements – over the period of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

i) Taxation

The tax expense represents the aggregate of the tax currently payable and movement in deferred tax. The tax currently payable is based on taxable profit for the period. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax assets are generally recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also charged or credited directly to equity.

Under the requirements of IAS 12.62(A) deferred tax credits in relation to share-based payments have been recognised directly in the Consolidated Statement of Changes in Equity rather than in the Consolidated Statement of Comprehensive Income and comparative amounts have been restated accordingly.

However, deferred tax is not provided for temporary differences that arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profits or loss; and on the initial recognition of goodwill.

j) Financial instruments

Financial assets and liabilities are recognised on the Group's Consolidated Statement of Financial Position when the Group becomes a party to the contractual terms of the financial instrument.

1 Accounting policies continued

General information continued

j) Financial instruments continued

Financial assets – loans and receivables

→ Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short-term deposits with an original maturity period of less than three-months.

→ Trade and other receivables

Trade receivables do not carry any interest and are stated at their fair value on initial recognition, and then subsequently at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. Impairment provisions are recognised when there is objective evidence that the Group will be unable to collect all of the amounts due under the terms receivable.

Financial liabilities – held at amortised cost

→ Trade payables

Trade payables are not interest bearing and are stated at their fair value on initial recognition, and then subsequently at amortised cost.

→ Loans and borrowings

Bank borrowings represent interest bearing loans which are recorded at fair value on initial recognition, being proceeds received net of direct issue costs.

Finance charges are accounted for on an accruals basis and are recognised in the income statement over the term of the borrowing using the effective interest rate method.

→ Capital

Financial instruments issued by the Group are treated as equity if the holders have only a residual interest in the assets of the Group after the deduction of all liabilities. The Group's ordinary shares are classified as equity instruments. For the purposes of the disclosures given in note 20 the Group considers its capital to comprise its ordinary share capital, share premium and accumulated retained earnings.

k) Foreign currencies

Transactions in foreign currencies are translated into the functional currency, Sterling, at the rate ruling on the date of the transaction. Exchange differences arising from the movement in rates between the date of transaction and the date of settlement are taken to the income statement as they arise.

Assets and liabilities (including goodwill and intangible assets which are allocated to overseas income-generating units) of overseas subsidiaries are translated into Sterling at the rate ruling on the balance sheet date. The results of these subsidiaries are translated at an average rate of exchange for the year.

Exchange gains or losses arising on the translation of the opening net assets of an overseas subsidiary, together with exchange differences arising on the use of the average rate of exchange, are taken directly to shareholders' equity and recognised in the cumulative translation reserve. On disposal of a foreign subsidiary, the cumulative translation differences are recycled to the income statement and recognised as part of the gain or loss on disposal.

The main foreign currency exchange rates used in the financial statements to consolidate the overseas subsidiaries are as follows:

	Closing rate		Average rate	
	2011	2010	2011	2010
US Dollar	1.60	1.51	1.59	1.58
Euro	1.11	1.23	1.17	1.14
Danish Krone	8.31	9.20	8.71	8.47

l) Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over the shorter of the period of the lease and the estimated useful economic life of the assets. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding and are charged to the income statement. Operating lease rentals are charged to the income statement in equal amounts over the lease term.

m) Retirement benefit costs

The Company makes contributions to a defined contribution plan for Directors and employees. The amount charged to the income statement in respect of pension costs is the contributions payable in the year.

n) Share-based payments

The Group operates an equity-settled, share-based compensation plan together with a Long Term Incentive Plan (LTIP). The fair value of the services received is determined by the fair value of the options and shares granted, which in turn is recognised as an employee expense with a corresponding increase in equity. The fair value of options and shares is measured at the grant date using the Black-Scholes valuation model taking into account the terms and conditions of grant and the resulting fair value spread over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options and shares that eventually vest.

o) Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recognised when paid. Final dividends are recognised when approved by the Company's shareholders at Annual General Meetings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

1 Accounting policies continued

General information continued

p) Segment reporting

A business segment is a group of assets and operations whose operating results are regularly reviewed by the Group's Board and for which discrete financial information is available. A geographical business segment is engaged in providing services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

q) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

r) Research and development

An internally generated intangible asset arising from the Group's development is recognised only if all the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives. The amortisation charge is within operating expenses in the Consolidated Income Statement.

Where no internally generated asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

s) Holiday pay accrual

Employee benefit accruals are made in respect of holiday entitlements that have accrued to employees but have not been taken at the balance sheet date.

t) Adoption of new and revised IFRSs

During the year the Group has adopted the following new standards:

- Revised IFRS 3 Business Combinations (effective for accounting periods beginning on or after 1 July 2009). This revision was endorsed by the European Union (EU) on 15 June 2009. This revision requires prospective application and may result in acquisition costs being recognised immediately in the Consolidated Income Statement, intangible assets being recognised even when they cannot be reliably measured and the option to gross up the balance sheet for goodwill attributable to minority interests.
- Amendment to IAS 27 Consolidated and Separate Financial Statements (effective for periods beginning on or after 1 July 2009). This amendment was endorsed by the EU on 15 June 2009. This amendment requires prospective application and could result in a change in differences where acquisitions or disposals of subsidiaries are made in stages. This could be applicable if the Company made piecemeal acquisitions or disposals in the future, which is not currently anticipated.

None of the other new standards, interpretations and amendments, also effective for the first time from 1 July 2010, have had a material effect on the financial statements.

Standards, amendments and interpretations to published standards not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning after 1 July 2011 and which the Group has decided not to adopt early.

- IFRS 9 Financial Instruments was issued in November 2009. This standard is the first step in the process to replace IAS 39 Financial Instruments: recognition and measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. However, the standard has not yet been endorsed by the EU. The Group is yet to assess IFRS 9's full impact.
- IAS 24 (revised) Related Party Disclosures, issued in November 2009. It supersedes IAS 24 Related Party Disclosures, issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Group will apply the revised standard from 1 January 2011. When the revised standard is applied, the Group and the Parent will need to disclose any transactions between its subsidiaries and its associates. The Group will review its list of related parties and the transactions between them in 2011. It is, therefore, not possible at this stage to disclose the impact, if any, of the revised standard on the related party disclosures.
- New standards and amendments below are generally applicable for annual periods beginning after 1 July 2011. The impact of these standards and amendments on the Group and the Parent company's financial reporting in the future will be assessed closer to the date of their respective effective dates unless otherwise stated.
- Presentation of financial statements (amendment to IAS 1). This amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity either in statement of changes in equity or in the notes to the financial statements. This amendment is to be applied retrospectively.
- IFRS 10 Consolidated Financial Statements. The IFRS supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities. This standard contains a revised definition of control and related application guidance so that a single control model can be applied to all entities. It also contains enhanced disclosures about consolidated and unconsolidated entities to be published in a separate comprehensive disclosure standard related to involvement with other entities. This standard is effective for annual periods beginning on or after 1 January 2013 with permission to early adopt but is yet subject to be endorsed by the EU.

1 Accounting policies continued

General information continued

t) Adoption of new and revised IFRSs continued

Standards, amendments and interpretations to published standards not yet effective continued:

- IFRS 12 Disclosures of Interest in other Entities – This is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. It is effective for periods on or beginning after 1 January 2013. Early adoption is permitted. The standard has not yet been endorsed by the EU.
- IFRS 13 Fair value measurement – The standard is effective from 1 January 2013, defines fair value and sets out in a single standard a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 does not determine when an asset, a liability or an entity's own equity instrument is measured at fair value. Rather, the measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value (with limited exceptions). The standard has not been endorsed by the EU yet. Early adoption is permitted.
- Financial Instruments (amendments to IFRS 7). The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitisations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. It is subject to EU endorsement. Early adoption is permitted.

None of the other changes are considered to have a material effect on the Group's financial statements.

2 Critical accounting estimates and judgements

In preparing the Consolidated Financial Statements, the Directors have to make judgements on how to apply the Group's accounting policies and make estimates about the future. The critical judgements that have been made in arriving at the amounts recognised in the Consolidated Financial Statements and the key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the next financial year are discussed below:

Acquisitions

When acquiring a business, the Directors have to make judgements and best estimates about the fair value allocation of the purchase price and seek appropriate competent and professional advice before making any such allocations.

Determination of fair values of intangible assets acquired in business combinations

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. The amortisation expense is included within operating expenses in the Consolidated Income Statement. Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

Deferred tax on business combinations

The recognition of a deferred tax asset in respect of trading losses is based on the assessment of future profits around which there is always a degree of uncertainty.

Impairment reviews

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 11). The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes (note 8). There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Useful lives of intangible assets and property, plant and equipment

Intangible assets are amortised and property, plant and equipment are depreciated over their useful lives. Useful lives are based on the Directors' estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the income statement in specific periods.

Share-based payments

The Group has four equity-settled share-based remuneration schemes for employees. Employee services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of grant, excluding the impact of any non-market vesting conditions. The fair value of shares and share options is estimated by using the Black-Scholes valuation model, on the date of grant based on certain assumptions. Those assumptions are described in note 21 and include, among others, the dividend growth rate, expected volatility, expected continued employment, expected life of the options and number of options expected to vest. More details, including carrying values, are disclosed in note 21. The charge recognised in future periods in respect of these schemes will vary if changes are made in respect of the estimates for the rate of lapse of the options.

Deferred tax on share options

The deferred tax asset on shares and share option charges is affected by the difference between the grant price of the shares and share options and the market price of the Company's shares at the accounting year end. If the market value of the shares at the date of exercise were to be lower than the market value at the accounting year end, the amount of tax relief obtained would be less than anticipated in the deferred tax calculations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

3 Segmental analysis

The Group reports operating performance of the business by revenue from each of its following services: domain name services – management of corporate domain name portfolios; managed hosting services – dedicated hosting solutions; reseller services – white-labelled domain name registration services for ISPs and other intermediaries; online services – domain names, shared hosting, email, and other internet-related services; and brand protection services – monitoring the Internet for brand abuse, fraud, piracy and counterfeiting.

The chief operating decision maker is the Chief Executive Officer, who reviews these Group results together with gross profit margin and other measures for decision making purposes. On this basis it is considered that as the Group's activities are operated largely through a common infrastructure and support functions its activities constitute one operating segment. The format set out below is used to report results internally.

	2011 £'000	2010 £'000
REVENUE BY SERVICE		
Corporate domain names	25,231	20,300
Managed hosting	7,031	6,397
Reseller	8,963	8,468
Online	6,099	7,084
Brand protection	2,135	1,672
	49,459	43,921
Gross profit	36,232	32,331
Underlying operating profit*	9,625	8,109
Net finance (expense)/income	(39)	40
Underlying profit before tax**	9,586	8,149
Restructuring costs	(312)	—
Acquisition related expenses	(398)	—
Financial loss	(314)	—
Amortisation	(1,324)	(962)
Profit before taxation	7,238	7,187

* Underlying operating profit is defined as operating profit excluding amortisation, restructuring costs, acquisition related expenses and an unexpected financial loss (see Cash flow section of Chief Executive's Review for details).

** Underlying profit before tax is defined as profit before tax excluding amortisation, restructuring costs, acquisition related expenses and an unexpected financial loss (see Cash flow section of Chief Executive's Review for details).

The assets and liabilities of the Group cannot be allocated to the above segments. For internal reporting purposes balance sheets are not split into segments.

Other geographical information

The Group operates in three main geographic areas: UK, other European countries and the USA. Revenue, profit before tax and non-current assets by origin of geographical segment are as follows:

	Revenue		Profit before tax		Non-current assets	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000	2011 £'000	As restated 2010 £'000
UK	23,045	22,438	5,263	4,664	10,688	11,280
Other European countries	23,838	19,211	1,290	2,013	37,100	20,060
USA	2,576	2,272	685	510	16	15
	49,459	43,921	7,238	7,187	47,804	31,355

Under the requirements of IFRS 8 deferred tax has been removed from the non-current assets analysis and comparative amounts have been restated accordingly.

4 Operating profit

Operating profit is stated after charging:

	2011 £'000	2010 £'000
Share-based payments	142	98
Research and development	663	713
Depreciation of owned assets	1,453	1,525
Profit on disposal of fixed assets	(44)	—
Other intangibles amortisation	1,324	962
Operating lease rentals		
– land and buildings	1,155	957
– other	48	39
Auditors' remuneration		
– subsidiaries audit fee	136	137
– Company audit fee	15	15
– taxation services	54	63
– other services	7	4
Foreign exchange gains	(36)	(222)
Group restructuring		
– staff costs	7	—
– software integration	186	—
– legal and professional	53	—
– travel costs	66	—

The Group restructuring costs have arisen as a direct result of the acquisition of Indom SAS.

5 Information regarding employees

Staff costs (including Directors' emoluments) incurred in the year were as follows:

	2011 £'000	2010 £'000
Wages and salaries	15,105	14,502
Social security costs	1,626	1,208
Share-based payments	142	98
Pension costs	416	400
	17,289	16,208

Average number of employees during the year:

	2011 Number	2010 Number
Administrative	54	48
Operational	280	239
	334	287

Key management remuneration

Key management has been defined as the Executive and the Non-executive Directors of Group NBT plc.

	2011 £'000	2010 £'000
Directors' emoluments	496	526
Share-based payments	74	49
Pension costs	13	13
	583	588
Emoluments of highest paid Director	283	284
Gain made on exercise of share options	—	1,305

Directors' emoluments are detailed, by Director, in the Directors' Remuneration Report on page 9, and this information includes the payments made to the personal pension scheme of the Directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

6 Finance income

	2011 £'000	2010 £'000
Bank interest	89	69
Other interest	19	12
	108	81

7 Finance expense

	2011 £'000	2010 £'000
Bank loan interest payable	133	37
Other interest payable	14	4
	147	41

8 Taxation

a) Analysis of tax expense

	2011 £'000	2010 £'000
CURRENT TAX		
Current year tax	2,410	1,439
Adjustment in respect of prior periods	(94)	78
Total current tax expense	2,316	1,517
DEFERRED TAX		
Origination and reversal of temporary differences	(242)	297
Adjustment in respect of prior period losses	(25)	(148)
Total deferred tax expense	(267)	149
Total tax expense (note 8b)	2,049	1,666

b) Tax expense reconciliation

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2011 £'000	2010 £'000
Profit before taxation	7,238	7,187
Profit before taxation multiplied by standard rate of corporation tax in the UK of 27.75% (2010: 28%)	2,008	2,012
EFFECTS OF:		
Expenses not deductible for tax purposes	67	(45)
Unrecognised losses arising in the year	89	322
Losses recognised in the year	(54)	(5)
Overseas tax reliefs	—	(535)
Difference in overseas tax rates	58	(13)
Adjustment to prior year tax charge	(119)	(70)
Total tax expense (note 8a)	2,049	1,666

9 Dividends

	2011 £'000	2010 £'000
Final paid of 2.8 pence (2010: 2.0 pence) per share – relating to previous year's results	725	517
Interim paid of 1.68 pence (2010: 1.4 pence) per share	435	362
Dividends paid in the year	1,160	879

The Board of Directors has proposed no final dividend as a result of the Cash Offer (2010: 2.8 pence).

10 Earnings per share

The basic and diluted earnings per share for the year ended 30 June 2011 are based on the profit for the year attributable to ordinary shareholders of £5,189,000 (2010: £5,521,000) and on the weighted average number of shares of 25,896,000 (2010: 25,705,000).

An adjusted earnings per share has also been presented in addition to the earnings per share and is based on earnings adjusted to eliminate the effects of amortisation expense, restructuring costs, acquisition related expenses and the unexpected financial loss, referred to in the cash flow section of the Chief Executive's Review. It has been calculated to allow shareholders to gain a clearer understanding of the trading performance of the Group.

The basis of the calculation of the basic and diluted profit per share is set out below:

	2011 £'000	2010 £'000
Profit attributable to ordinary shareholders	5,189	5,521
Amortisation of intangible assets (net of tax)	958	716
Restructuring costs (net of tax)	213	—
Acquisition related expenses (net of tax)	398	—
Financial loss (net of tax)	236	—
Profit attributable to ordinary shareholders before amortisation, restructuring, acquisition related costs and financial loss	6,994	6,237

Weighted average and adjusted weighted average number of ordinary shares:

	2011 Number 000s	2010 Number 000s
Shares used for basic earnings per share	25,896	25,705
Effect of dilutive share options	766	599
Shares used for diluted earnings per share	26,662	26,304

Earnings per share:

	Basic		Diluted	
	2011 pence	2010 pence	2011 pence	2010 pence
Earnings per share	20.04	21.48	19.46	20.99
Amortisation of intangible assets (net of tax)	3.70	2.79	3.59	2.72
Restructuring costs (net of tax)	0.82	—	0.80	—
Acquisition related expenses (net of tax)	1.54	—	1.49	—
Financial loss (net of tax)	0.91	—	0.88	—
Adjusted earnings per share	27.01	24.27	26.22	23.71

At 30 June 2011, there were nil (2010: 483,000) potentially dilutive share options which have not been included in the above calculation as they are not currently dilutive and therefore do not affect the diluted earnings per share shown above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

11 Goodwill and intangible assets

	Goodwill £'000	Domain names £'000	Technology £'000	Other intangibles £'000	Total £'000
COST					
At 1 July 2010	27,523	31	1,188	3,533	32,275
Acquisition of subsidiaries	9,563	—	1,366	4,012	14,941
Foreign exchange movements	2,719	—	155	600	3,474
AT 30 JUNE 2011	39,805	31	2,709	8,145	50,690

AMORTISATION

At 1 July 2010	—	7	653	2,473	3,133
Provided in year	—	1	359	964	1,324
Foreign exchange movements	—	—	52	260	312
AT 30 JUNE 2011	—	8	1,064	3,697	4,769

NET BOOK VALUE

AT 30 JUNE 2011	39,805	23	1,645	4,448	45,921
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Cost					
At 1 July 2009	28,598	31	1,215	3,678	33,522
Adjustment to deferred consideration (note 18)	(137)	—	—	—	(137)
Foreign exchange movements	(938)	—	(27)	(145)	(1,110)
At 30 June 2010	27,523	31	1,188	3,533	32,275

Amortisation					
At 1 July 2009	—	5	466	1,843	2,314
Provided in year	—	2	211	749	962
Foreign exchange movements	—	—	(24)	(119)	(143)
At 30 June 2010	—	7	653	2,473	3,133

Net book value					
At 30 June 2010	27,523	24	535	1,060	29,142

Other intangibles include customer lists.

Goodwill impairment tests

During the year, goodwill was reviewed for impairment in accordance with the Group's accounting policy. Goodwill was allocated to individual cash-generating units based on the Group's operations and the carrying value of each unit is set out below:

	2011 £'000	2010 £'000
UK	8,753	8,753
Other European countries:		
Group NBT A/S – Denmark	20,818	18,770
Indom SAS – France	10,234	—
	39,805	27,523

The recoverable amounts of the cash-generating units were determined from value-in-use calculations. These calculations were based on cash flow projections from approved budgets and forecasts, past performance and Directors' expectations of future performance of the relevant cash-generating units which cover a five-year period. Other key assumptions used in these calculations were the discount rate applied to future cash flows of 13% (2010: 13%) and a future perpetuity rate of 3% (2010: 3%). As a result of these tests, no impairment provisions are considered necessary.

12 Property, plant and equipment

	Computer equipment £'000	Fixtures, fittings and equipment £'000	Leasehold improvements £'000	Total £'000
COST				
At 1 July 2010	9,983	792	418	11,193
Acquisition of subsidiaries	—	299	—	299
Additions	947	13	65	1,025
Disposals	(485)	(104)	—	(589)
Exchange differences	48	(12)	7	43
AT 30 JUNE 2011	10,493	988	490	11,971
DEPRECIATION				
At 1 July 2010	8,009	707	264	8,980
Acquisition of subsidiaries	—	200	—	200
Disposals	(468)	(103)	—	(571)
Provided in year	1,294	74	85	1,453
Exchange differences	31	(13)	8	26
AT 30 JUNE 2011	8,866	865	357	10,088
NET BOOK VALUE				
AT 30 JUNE 2011	1,627	123	133	1,883
Cost				
At 1 July 2009	7,599	2,031	410	10,040
Additions	1,181	20	10	1,211
Re-allocation	1,255	(1,255)	—	—
Exchange differences	(52)	(4)	(2)	(58)
At 30 June 2010	9,983	792	418	11,193
Depreciation				
At 1 July 2009	6,322	970	216	7,508
Provided in year	1,383	92	50	1,525
Re-allocation	351	(351)	—	—
Exchange differences	(47)	(4)	(2)	(53)
At 30 June 2010	8,009	707	264	8,980
Net book value				
At 30 June 2010	1,974	85	154	2,213

The re-allocation of fixed assets in the year to 30 June 2010 was to re-align the type of fixed asset to the appropriate category.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

13 Investments

All subsidiaries have been included in the consolidation. Details of the principal subsidiary undertakings at 30 June 2011 are as follows:

	Country of incorporation and operation	Proportion of voting equity held
NetBenefit (UK) Limited	UK	100%
NetNames Limited*	UK	100%
Easily Limited	UK	100%
NetNames Inc.*	USA	100%
Eurl Group NBT France	France	100%
Group NBT A/S	Denmark	100%
Ascio Technologies Inc.*	USA	100%
Ascio Technologies GmbH*	Germany	100%
Speednames AB*	Sweden	100%
Speednames GmbH*	Germany	100%
Speednames AS*	Norway	100%
Speednames GmbH*	Switzerland	100%
Speednames Technology Holding ApS*	Denmark	100%
Speednames A/S*	Denmark	100%
Envisional Limited*	UK	100%
Indom SAS*	France	100%

* These investments are not held directly by the ultimate holding company.

All of the above companies are involved in the provision of domain name, hosting, brand protection or other internet related services.

14 Trade and other receivables

	2011 £'000	2010 £'000
Trade receivables	4,666	3,170
Other receivables	382	299
Prepayments and accrued income	2,908	2,491
	7,956	5,960

All amounts shown under receivables fall due for payment within one year. The fair values of trade and other receivables are the same as the book values as credit risk has been addressed as part of impairment provisioning and, due to the short-term nature of the amounts receivable, they are not subject to other ongoing fluctuations in market rates.

15 Deferred tax

Deferred tax has been calculated at 26% (2010: 28%) in respect of UK companies and at the appropriate rate for foreign subsidiary undertakings.

The Group only recognises deferred tax assets to the extent that future taxable profits will be available to allow all or part of the asset to be recovered.

The movement in the deferred tax account is shown below:

	2011 £'000	2010 £'000
ASSETS		
At 1 July 2010	1,084	1,011
Prior period adjustment	25	148
Movements taken to reserves	185	229
Foreign exchange movements	3	(7)
Origination and reversal of temporary differences	115	(297)
AT 30 JUNE 2011	1,412	1,084
This amount is represented by:		
Excess depreciation over capital allowances	587	478
Short-term temporary differences	194	234
Intangible assets	(194)	(385)
Tax deductible goodwill	212	354
Unrelieved trading losses	216	212
Share option relief	397	191
AT 30 JUNE 2011	1,412	1,084

Deferred tax assets and liabilities have been netted off as the Directors believe the unwinding of the deferred tax liability to be at the same time and in the same jurisdiction as the deferred tax assets.

The Group had potential deferred tax assets that were not recognised at 30 June 2011 as the timing of the relief could not be assessed with sufficient certainty and a proportion of the tax losses have yet to be agreed with the appropriate revenue authority. The unrecognised amounts shown below are the gross temporary differences, not their value in tax terms.

	2011 £'000	2010 £'000
Excess depreciation over capital allowances	991	1,016
Short-term timing differences	258	337
Unrelieved trading losses	10,232	9,329
	11,481	10,682

Deferred tax liability

	2011 £'000	2010 £'000
LIABILITIES		
At 1 July 2010	—	—
Arising in respect of intangible assets recognised on acquisitions	(1,793)	—
Foreign exchange movements	(120)	—
Origination and reversal of temporary differences	127	—
AT 30 JUNE 2011	(1,786)	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

15 Deferred tax continued

Deferred tax (credited)/charged to the Consolidated Income Statement

	2011 £'000	2010 £'000
Excess depreciation over capital allowances	(109)	(82)
Short-term temporary differences	40	103
Unrelieved trading losses	37	(107)
Tax deductible goodwill	125	128
Intangible assets	(366)	(246)
Share option relief	6	353
	(267)	149

16 Trade and other payables

	2011 £'000	2010 £'000
Trade payables	1,348	1,384
Other taxation and social security taxes	2,049	1,423
Other payables	1,106	616
Accruals and deferred income	11,720	8,925
	16,223	12,348

Settlement of trade and other payables is in accordance with our terms of trade established with our suppliers. The fair values of trade and other payables are the same as the book values and, due to the short-term nature of the amounts payable, they are not subject to ongoing fluctuations in market rates.

17 Loans and borrowings

	2011 £'000	2010 £'000
CURRENT: secured bank loan	2,874	983
NON-CURRENT: secured bank loan	3,236	991
	6,110	1,974

Bank loan

On 16 January 2007, a five-year term bank loan of £5,000,000 was arranged and drawn down in connection with the acquisition of Group NBT A/S. On 14 December 2010, a three-year term bank loan of £4,500,000 was arranged and drawn down in connection with the acquisition of Indom SAS. These loans bear interest based on LIBOR which for the year was at an average rate of 3.27% (2010: 1.60%) and are secured by a fixed and floating charge over the Group's assets and will be repaid by equal amounts over the loan term. The maturity of the bank loans are shown in note 19(iii).

In the above table, loans are stated net of unamortised issue costs of £71,800 (2010: £26,208). The Group has charged to the Consolidated Income Statement issue costs of £33,250 (2010: £17,000) in respect of these facilities. These costs are allocated to the Consolidated Income Statement over the term of the facility at a constant rate on the carrying amount.

18 Provision

The provision relates to a deferred contingent consideration arising in connection with the acquisition of Envisional Solutions Limited on 10 July 2007.

	2011 £'000	2010 £'000
Balance 1 July 2010	—	284
Amounts paid	—	(147)
Adjustment to deferred consideration	—	(137)
BALANCE AT 30 JUNE 2011	—	—

Of the above amount which was based on achieving revenue targets, £147,000 has been earned and was paid in March 2010. This was determined to be the final settlement of deferred contingent consideration in relation to the acquisition of Envisional Solutions Limited, therefore the remaining provision relating to the deferred contingent consideration was released during the year to 30 June 2010.

19 Financial instruments

This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Group's financial instruments at 30 June 2011 comprised trade and other receivables; cash and cash equivalents; loans and borrowings; and trade and other payables.

Fair value of financial instruments

All the Group's financial instruments are carried at amortised cost.

The Group believes that there is no material difference between the book and fair value of its financial instruments, in the current or prior year, due to the instruments bearing interest at floating rates or being of short-term nature.

General objectives, policies and procedures

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Executive Directors and senior management.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible, without unduly affecting the Group's competitiveness and flexibility.

i) Credit risk

Credit risk refers to the possibility that a financial loss will occur as a result of a customer's inability to meet its financial obligations.

Credit risk arises principally from the Group's trade and other receivables. Potential customers are subjected to credit verification procedures before credit terms are granted. The quality of existing debt which has not been provided for is considered to be collectable and procedures are in place to monitor trade receivables on an ongoing basis to minimise exposure to bad debts. Trade receivables are only written off once all methods of collection have been exhausted.

The maximum exposure to credit risk is the trade receivable balance at the year end. The Group has no significant exposure to large or key customers.

Loans and receivables are summarised as follows:

	Trade receivables		Cash and cash equivalents	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Up to 30 days	3,303	1,870	12,407	13,443
Past due but not impaired:				
30 to 90 days	1,359	1,179	—	—
More than 90 days	1,019	800	—	—
Gross	5,681	3,849	12,407	13,443
Less: allowance for impairment	(1,015)	(679)	—	—
Net	4,666	3,170	12,407	13,443

Movements on the group provision for impairment of trade receivables are as follows:

	2011 £'000	2010 £'000
Opening balance	679	770
Acquisition of subsidiary	335	—
Increase in provisions	456	39
Written-off amounts	(455)	(130)
Closing balance	1,015	679

ii) Market risk

Market risk refers to fluctuations in interest rates and exchange rates.

a) Interest risk

The Group analyses the interest rate exposure on a quarterly basis and analyses the sensitivity of the net result for the year to a reasonable possible change in interest rates of +1% and -1%. The impact on the income and net assets of a 1% change would be up to £63,000 (2010: £112,000). The gain or loss potential is then compared to the limits determined by the Directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

19 Financial instruments continued

General objectives, policies and procedures continued

ii) Market risk continued

b) Currency risk

The Group has overseas subsidiaries, which operate in Continental Europe and the USA. Their activities and net assets are denominated in the functional currencies of the operating units. The Group's principal exposure to exchange rate fluctuations arises on translation of the overseas net assets and results into Sterling for accounting purposes. In addition the Group as a whole is exposed to transactions which give rise to foreign exchange risk. The Group reviews its exposure on an ongoing basis. The foreign currency monetary assets and liabilities are as follows:

	Sterling £'000	US Dollar £'000	Euro £'000	Other European currencies £'000	Total £'000
AS AT 30 JUNE 2011					
Trade and other receivables	1,263	344	2,740	701	5,048
Cash and cash equivalents	5,180	699	4,018	2,510	12,407
Trade and other payables	(3,535)	(1,775)	(1,972)	(2,597)	(9,879)
Bank loans	(5,928)	—	(182)	—	(6,110)
	(3,020)	(732)	4,604	614	1,466
As at 30 June 2010					
Trade and other receivables	1,623	572	745	529	3,469
Cash and cash equivalents	5,940	240	1,799	5,464	13,443
Trade and other payables	(3,437)	(1,911)	(1,081)	(2,052)	(8,481)
Bank loans	(1,974)	—	—	—	(1,974)
	2,152	(1,099)	1,463	3,941	6,457

The Group's currency exposures are in part minimised as natural hedging occurs through costs and revenues incurred in the same currency. The exposures that arise give rise to net currency gains and losses which are recognised in the Consolidated Income Statement. Such exposures reflect the monetary assets and liabilities of the Group that are not denominated in the operating or functional currency of the operating unit involved. At 30 June 2011 and 30 June 2010, these exposures are immaterial to the Group.

If exchange rates had moved by +10% or -10% over and above the rates at the year end, the change in monetary assets and liabilities would be £449,000 (2010: £430,000).

iii) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn.

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably, by the use of medium-term and long-term facilities. At the balance sheet date all borrowing facilities were held with the Bank of Scotland. The Group believes that there is a low likelihood on there being an immediate call on its liabilities.

The table below analyses the Group's financial liabilities by remaining contractual maturities, at the balance sheet date, and financial assets which mitigate liquidity risk. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Up to 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	Total £'000
AT 30 JUNE 2011				
Trade and other receivables	4,903	114	31	5,048
Cash and cash equivalents	12,407	—	—	12,407
Trade and other payables	(5,382)	(3,957)	(540)	(9,879)
Bank loans	(1,419)	(1,455)	(3,236)	(6,110)
Loan interest	(12)	(137)	(48)	(197)
	10,497	(5,435)	(3,793)	1,269
At 30 June 2010				
Trade and other receivables	3,428	41	—	3,469
Cash and cash equivalents	13,443	—	—	13,443
Trade and other payables	(4,861)	(3,037)	(583)	(8,481)
Bank loans	(492)	(491)	(991)	(1,974)
Loan interest	(1)	(19)	(5)	(25)
	11,517	(3,506)	(1,579)	6,432

19 Financial instruments continued

General objectives, policies and procedures continued

iv) Capital

As described in note 1j, the Group considers capital to comprise its ordinary share capital, share premium and accumulated retained earnings. In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions. The Group considers the appropriate type of funding according to its requirements.

20 Called up share capital

	2011 Number	2010 Number	2011 £'000	2010 £'000
AUTHORISED ORDINARY SHARES OF 1 PENCE EACH				
At 1 July 2010 and 30 June 2011	40,000,000	40,000,000	400	400
ALLOTTED, CALLED UP AND FULLY PAID ORDINARY SHARES OF 1 PENCE EACH				
At 1 July 2010	25,881,360	25,350,860	259	254
Share options exercised	102,000	530,500	1	5
At 30 June 2011	25,983,360	25,881,360	260	259

During the year, 102,000 shares (2010: 530,500) were issued following the exercise of share options at exercise prices ranging from £0.01 to £2.29 (2010: £0.01 to £2.75), for a total consideration of £232,300 (2010: £293,065). All shares issued during the year have the same rights, preferences and restrictions as those relating to the ordinary shares still in issue.

Reserves

The following describes the nature and purpose of each reserve within capital and reserves:

Reserve	Description and purpose
Share capital	Amount subscribed for share capital at nominal value
Share premium	Amount subscribed for share capital in excess of nominal value
Merger reserve	The premium on shares issued where the Company has taken advantage of the merger relief provisions on the acquisition of subsidiaries
Other reserve	Amounts arising from share-based payments charge on employee share options and in respect of options issued in connection with acquisitions
Currency translation	Gains and losses arising on retranslating the net assets of overseas operations into Sterling
Retained profit	Cumulative net gains and losses recognised in the Consolidated Income Statement

21 Share-based payments

The Group has a number of employee schemes as shown below. As at the date of transition to IFRS all options granted after 7 November 2002 had vested and therefore were not required to be accounted for in accordance with IFRS 2 Share-based payments.

The Group operates an Enterprise Management Incentive Plan (EMI), an Inland Revenue Approved Scheme, an Unapproved Scheme and a Long Term Incentive Plan (LTIP).

The EMI Plan is a HM Revenue & Customs approved discretionary director and employee share option scheme. All options under this scheme have vested and no grants have been made since March 2007.

The Unapproved Scheme exists for grants to Directors and key management where the value of the options granted is in excess of the EMI scheme limits or where options cannot be granted under the EMI scheme. There are no performance conditions attached to the grant of options save for the vesting periods.

The Group has no options outstanding under an HM Revenue & Customs Approved Scheme. No grants have been made under this scheme since September 2000.

The details of outstanding share options over ordinary shares of the Parent company are set out below. All option agreements are for a ten-year period. All of the options listed below had vested and were exercisable by 30 June 2011.

The LTIP has been issued to certain Directors and senior employees. The LTIP awards of ordinary shares of 1 pence each have a vesting period of three years from grant and will be released to the participants at the end of the vesting period for nil consideration, subject to their continued employment and to the achievement of performance targets related to growth in the Group's earnings per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

21 Share-based payments continued Enterprise Management Incentive Plan

Date granted	Exercise price £	At 1 July 2010 outstanding	Granted	Exercised	Lapsed	At 30 June 2011 outstanding	At 30 June 2011 exercisable
22 August 2003	0.01	2,500	—	2,500	—	—	—
7 April 2004	0.01	6,500	—	2,500	—	4,000	4,000
10 April 2006	1.30	38,610	—	—	—	38,610	38,610
26 March 2007	3.14	62,000	—	—	18,000	44,000	44,000
		109,610	—	5,000	18,000	86,610	86,610

Weighted average exercise price (£)

2011:	2.23	—	0.01	3.14	2.17	2.17
2010:	0.63	—	0.25	—	2.23	2.23

The weighted average share price at the date of exercise for the options exercised was £3.99 (2010: £3.14). The total charge for the year relating to the scheme was nil (2010: nil).

Unapproved Scheme

Date granted	Exercise price £	At 1 July 2010 outstanding	Granted	Exercised	Lapsed	At 30 June 2011 outstanding	At 30 June 2011 exercisable
30 June 2003	0.25	105,000	—	—	—	105,000	105,000
10 April 2006	1.30	100,000	—	—	—	100,000	100,000
26 March 2007	3.14	218,000	—	—	52,000	166,000	166,000
18 July 2007	3.03	200,000	—	—	50,000	150,000	150,000
22 July 2008	2.29	275,000	—	75,000	—	200,000	200,000
		898,000	—	75,000	102,000	721,000	721,000

Weighted average exercise price (£)

2011:	2.31	—	2.29	3.08	2.20	2.20
2010:	2.31	—	2.29	—	2.31	2.31

The weighted average share price at the date of exercise for the options exercised was £4.10 (2010: £2.94). The total charge for the year relating to the scheme was nil (2010: nil).

Approved Scheme

Date granted	Exercise price £	At 1 July 2010 outstanding	Granted	Exercised	Lapsed	At 30 June 2011 outstanding	At 30 June 2011 exercisable
18 September 2000	4.55	2,708	—	—	2,708	—	—

Long Term Incentive Plan

Date granted	Exercise price £	At 1 July 2010 outstanding	Granted	Exercised	Lapsed	At 30 June 2011 outstanding	At 30 June 2011 exercisable
6 November 2009	—	150,775	—	—	3,368	147,407	—

The total charge for the year relating to the plan was £142,000 (2010: £98,000).

21 Share-based payments continued

Long Term Incentive Plan continued

The fair value of the options granted under the unapproved scheme during the current and prior year was calculated using the Black-Scholes model as follows:

	Options issued in year	
	2011	2010
Share price	—	—
Expected life (years)	—	—
Strike price	—	—
Volatility	—	—
Dividend yield	—	—
Risk free interest rate	—	—
Fair value of each option at measurement date	—	—

The volatility assumption is based upon a statistical analysis of daily share prices over a period of between two and three years. The expected life of options is based on historical data and is not necessarily indicative of exercise patterns that may occur.

Directors' share options are set out in the Directors' Remuneration Report and total 612,610 (2010: 612,610).

The fair value of the LTIPs awarded during the current year was calculated using the Black-Scholes model as follows:

	LTIPs awarded in year	
	2011	2010
Share price	—	£3.04
Expected life (years)	—	3.00
Strike price	—	£0.00
Volatility	—	n/a
Dividend yield	—	1.2%
Risk free interest rate	—	n/a
Fair value of each option at measurement date	—	£2.93

Directors' shares are set out in the Directors' Remuneration Report and total 75,914 (2010: 75,914).

Other share-based payments

The Group committed to grant 1,000,000 options at an exercise price of £2.75 per share, vesting immediately and exercisable over a five-year term, on 16 January 2007 as part of the consideration in connection with the acquisition of Group NBT A/S. The total fair value of these options, £423,000, was calculated using the Black-Scholes model and was included as part of the cost of investment. At 30 June 2011, 882,000 (2010: 918,000) options were in existence. During the year 22,000 (2010: 24,000) options were exercised at £2.75 (2010: £2.75) with a total consideration of £60,500 (2010: £66,000). A further 14,000 (2010: 2,000) options lapsed during the year.

22 Operating lease commitments

At 30 June 2011 the Group had the following operating lease commitments:

	2011 £'000	2010 £'000
LAND AND BUILDINGS		
In one year or less	1,377	985
Between one and five years	3,298	1,654
	4,675	2,639
OTHER		
In one year or less	31	24
Between one and five years	15	11
	46	35

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

23 Contingent liabilities

At 30 June 2011, the Group had contingent liabilities in respect of the following:

- standby letters of credit and credit guarantees to domain name registries of £9,000 (2010: £46,000); and
- bank guarantee covering deductions of tax for employees in Norway of £29,000 (2010: £26,000).

24 Cash and cash equivalents

	Cash available on demand £'000	Cash on treasury deposit £'000	Total £'000
At 1 July 2010	13,242	201	13,443
Cash flow	(4,934)	3,898	(1,036)
AT 30 JUNE 2011	8,308	4,099	12,407

Cash on treasury deposit is held for periods up to six weeks.

25 Related parties

All transactions with subsidiary undertakings have been eliminated on consolidation. There are no transactions with external related parties. Key management personnel remuneration is disclosed in note 5.

26 Acquisition during the period

On 14 December 2010 the Group acquired 100% of the voting share capital Indom SAS (formerly Indom SA) for a cash consideration of £14,170,000 (–16,882,000). Indom SAS had £2,183,000 (–2,600,000) of net cash balances at acquisition. The consideration paid is subject to agreement on the working capital position prior to the acquisition and could result in a reduction of the cash consideration paid of up to £630,000 (–700,000). As these discussions are ongoing no adjustment has been made to the fair value of the consideration paid.

Indom is based in Paris and is a provider of domain name management services in France. It provides services similar to Group NBT's NetNames Platinum Service and has a customer list comprising many of France's largest companies including half of the CAC 40. Indom was formed in 1999 and works exclusively in the French market. Indom provides scale in an important part of the European market and helps cement our position in this market.

The details of the fair value of the assets and liabilities acquired, purchase consideration and the goodwill arising at the date of acquisition, all of which were translated to Sterling from Euro at an exchange rate of £1/–1.1914, are set out below:

	Book value of assets acquired £'000	Fair value adjustments £'000	Fair value £'000
Intangible fixed assets	972	4,406	5,378
Tangible fixed assets	99	—	99
Current assets	1,710	—	1,710
Cash at bank	2,183	—	2,183
Current liabilities	(2,857)	—	(2,857)
Long-term liabilities	(113)	—	(113)
Deferred tax	—	(1,793)	(1,793)
Goodwill	1,994	2,613	4,607
CONSIDERATION			14,170
Satisfied by: cash consideration			14,170
Effects on Group cash flow:			
Cash consideration			14,170
Cash balances on acquisition			(2,183)
NET CASH OUTFLOW			11,987

The fair value adjustment is in respect of intangible assets acquired and resulted in the following assets being recognised: customer lists valued at £3,977,000, technology valued at £1,366,000 and non-compete agreements valued at £35,000.

Goodwill represents the Indom SAS' position in the French corporate domain name market and the expected revenue and costs synergies arising from combining the French business within the enlarged Group. The goodwill recognised is not deductible for tax purposes.

Current assets at acquisition included trade receivables with a book and fair value of £1,572,000 representing contractual receivables of £1,907,000. Whilst every effort will be made to collect all contractual receivables, it is estimated that based on current information £335,000 is unlikely to be recovered.

Transaction costs of £398,000 were incurred, comprising mainly of professional fees, which have been charged to the Consolidated Income Statement within operating expenses.

26 Acquisition during the period continued

The results of Indom SAS for the post acquisition period to 30 June 2011 together with the last full year's unaudited results are set out below:

	15 Dec 2010 to 30 June 2011 £'000	Unaudited Year ended 31 Dec 2010 £'000
Revenue	3,764	6,589
Gross profit	3,059	5,289
Underlying*** operating profit	688	1,023
Net finance income	23	38
Underlying*** profit before tax	711	1,061
Restructuring costs	(186)	—
Employment termination settlement	—	(302)
Doubtful debt provision	—	(344)
Deferred income adjustment relating to prior years (net of tax)	—	(684)
Profit/(loss) before tax and amortisation per local GAAP statutory accounts	525	(269)

*** The underlying profit measures exclude:

- amortisation of capitalised software in the local entity's financial statements;
- restructuring costs relating to IT expenditure in connection with systems integration and the cost of abandoning existing projects;
- employment termination costs;
- one-off increase in provisions for doubtful debts; and
- one-off change from correction in revenue recognition accounting policy.

Had Indom SAS' results been included in the Group results from July 2010, Group revenue would have increased by approximately £2,872,000 and Group underlying*** profit before tax by £483,000.

27 Post balance sheet events

On 23 September 2011 a recommended Cash Offer was made for the entire existing issued and to be issued ordinary share capital of Group NBT plc at a price of 550 pence per share. The offer was made by Newton Bidco Limited, an investment vehicle owned indirectly by certain funds managed by HgCapital LLP, and is to be effected by means of a Scheme of Arrangement under Part 26 of the Companies Act 2006. The Cash Offer will be put to Group NBT plc's shareholders at the forthcoming court and general meetings.

COMPANY BALANCE SHEET

AS AT 30 JUNE 2011

	Notes	2011 £'000	2010 £'000
FIXED ASSETS			
Tangible assets	6	724	1,072
Investments	7	35,165	26,779
		35,889	27,851
CURRENT ASSETS			
Debtors	8	13,524	2,184
Cash at bank and in hand		5,561	6,568
		19,085	8,752
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(23,375)	(13,070)
NET CURRENT LIABILITIES		(4,290)	(4,318)
TOTAL ASSETS LESS CURRENT LIABILITIES		31,599	23,533
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	11	(3,175)	(991)
NET ASSETS		28,424	22,542
CAPITAL AND RESERVES			
Called up share capital	13	260	259
Share premium account	15	4,055	3,824
Merger reserve	15	12,098	12,098
Other reserve	15	1,266	1,124
Profit and loss account	15	10,745	5,237
SHAREHOLDERS' FUNDS	16	28,424	22,542

These financial statements were approved by the Board of Directors and authorised for issue on 25 October 2011.

Signed on behalf of the Board of Directors

Geoff Wicks
Chief Executive Officer

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

1 Accounting policies

Basis of preparation

These Financial Statements present financial information for Group NBT plc as a separate entity, and have been prepared in accordance with the historical cost convention, the Companies Act 2006 and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice). The Company's Consolidated Financial Statements, prepared in accordance with IFRSs as adopted by the European Union, are separately presented. The principal accounting policies adopted in these Company Financial Statements are set out below and, unless otherwise indicated, have been consistently applied for all periods presented.

In accordance with FRS 18 Accounting Policies, the Directors have reviewed the accounting policies of the Company as set out below and consider them to be appropriate.

The principal accounting policies are:

Share-based payments

When shares and share options are granted to employees a charge is made to the profit and loss account and a reserve created in capital and reserves to record the fair value of the awards at the date of grant in accordance with FRS 20 Share-Based Payment. This charge is spread over the vesting period. When shares and share options are granted to employees of subsidiary companies, the fair value of the awards is treated as a capital contribution, increasing the cost of the investment and spread over the period of performance relating to the grant. The corresponding entry is made in reserves.

Revenue

Revenue is the total amount receivable by the Company for management and other services provided to other Group companies, excluding VAT, and is recognised on performance of these services.

Tangible fixed assets

Depreciation is provided on tangible fixed assets at the rates calculated to write off the cost of each asset evenly over its expected useful life as follows:

- computer equipment – 2 to 4 years
- fixtures, fittings and equipment – 3 years
- leasehold improvements – over the period of the lease

Investments

Investments held as fixed assets are stated at cost less any provision for impairment in value. Where applicable, the Company takes advantage of merger relief, recording the investment in the Company's balance sheet at the fair value of the shares issued, with any premium included within the merger reserve.

Impairment of fixed assets

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of its net realisable value and value-in-use.

Pension costs

Contributions to the Company personal pension scheme are charged to the profit and loss account in the period in which they become payable. The Company does not operate any defined benefit pension plans.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except the recognition of deferred tax is limited to the extent that the Company anticipates to make sufficient taxable profits in the future to absorb the reversal of underlying timing differences. Deferred tax liabilities and assets are not discounted.

Equity dividends

Final dividends are recognised in the Company's financial statements in the period in which the dividends are approved by shareholders. Interim equity dividends are recognised in the period they are paid.

2 Result for the financial year

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements.

The Company profit for the year ended 30 June 2011 under UK GAAP was £6,668,000 (2010: profit £181,000).

Fees paid to BDO LLP and its associates for audit and other services to the Company itself are not disclosed in the individual accounts of Group NBT plc because the Company's consolidated accounts are required to disclose such fees on a consolidated basis.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

CONTINUED

3 Information regarding employees

Staff costs (including Directors' emoluments) incurred in the year were as follows:

	2011 £'000	2010 £'000
Wages and salaries	7,062	6,821
Social security costs	761	753
Share-based payments	142	98
Pension costs	120	113
	8,085	7,785

Staff costs for the UK based employees, except those for employed by Envisional Limited, are shown above. Appropriate recharges are made to the UK subsidiary undertakings to reflect staff costs incurred by those undertakings.

4 Directors

The remuneration of Directors is set out below:

	2011 £'000	2010 £'000
Directors' emoluments	496	526
Share-based payments	74	49
Pension costs	13	13
	583	588
Emoluments of highest paid Director	283	284
Gain made on exercise of share options	—	1,305

Directors' emoluments are detailed, by Director, in the Directors' Remuneration Report on page 9 and this information includes the payments made to the personal pension scheme of the Directors.

5 Dividends

	2011 £'000	2010 £'000
Final paid of 2.8 pence (2010: 2.0 pence) per share – relating to previous year's results	725	517
Interim paid of 1.68 pence (2010: 1.4 pence) per share	435	362
Dividends paid in the year	1,160	879

The Board of Directors has proposed no final dividend as a result of the Cash Offer (2010: 2.8 pence).

6 Tangible fixed assets

	Computer equipment £'000	Fixtures, fittings and equipment £'000	Leasehold improvements £'000	Total £'000
COST				
At 1 July 2010	2,326	300	152	2,778
Additions	144	2	65	211
AT 30 JUNE 2011	2,470	302	217	2,989
DEPRECIATION				
At 1 July 2010	1,341	275	90	1,706
Provided during year	473	20	66	559
AT 30 JUNE 2011	1,814	295	156	2,265
NET BOOK VALUE				
AT 30 JUNE 2011	656	7	61	724
At 30 June 2010	985	25	62	1,072

7 Investments

	Shares in subsidiary undertakings £'000
COST	
At 1 July 2010	47,323
Acquisition of subsidiary	8,386
AT 30 JUNE 2011	55,709
PROVISION	
AT 1 JULY 2010 AND 30 JUNE 2011	20,544
NET BOOK VALUE	
AT 30 JUNE 2011	35,165
At 30 June 2010	26,779

Details of the principal subsidiary undertakings at 30 June 2011 are as follows:

	Country of incorporation and operation	Proportion of voting equity held
NetBenefit (UK) Limited	UK	100%
NetNames Limited*	UK	100%
Easily Limited	UK	100%
NetNames Inc.*	USA	100%
Eurl Group NBT France	France	100%
Group NBT A/S	Denmark	100%
Ascio Technologies Inc.*	USA	100%
Ascio Technologies GmbH*	Germany	100%
Speednames AB*	Sweden	100%
Speednames GmbH*	Germany	100%
Speednames AS*	Norway	100%
Speednames GmbH*	Switzerland	100%
Speednames Technology Holding ApS*	Denmark	100%
Speednames A/S*	Denmark	100%
Envisional Limited*	UK	100%
Indom SAS*	France	100%

* These investments are not held directly by the ultimate holding company.

All of the above companies are involved in the provision of domain name, hosting, brand protection or other internet related services.

8 Debtors: amounts falling due within one year

	2011 £'000	2010 £'000
Amounts owed by Group undertakings	12,827	1,418
Deferred tax asset (note 9)	101	63
Other receivables	316	409
Prepayments and accrued income	280	294
	13,524	2,184

The carrying amount of trade and other receivables approximates to their fair value. All amounts shown under receivables fall due for payment within one year.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

CONTINUED

9 Deferred tax asset

The Company has recognised deferred tax assets to the extent that they are expected to be relieved by future taxable profits. The assessment of the recognised deferred tax assets has been made with reference to all available evidence including budgets and forecasts. The recognised deferred tax assets are as follows:

	2011 £'000	2010 £'000
At 1 July 2010	63	52
Prior period adjustment	27	18
Charge/(credit) to profit and loss account	11	(7)
AT 30 JUNE 2011	101	63
This amount is represented by:		
Excess depreciation over capital allowances	98	55
Short-term timing differences	3	8
AT 30 JUNE 2011	101	63

The Company had potential deferred tax assets of £228,000 (2010: £206,000) that were not recognised at 30 June 2011 as the timing of the relief could not be assessed with sufficient certainty and a proportion of the tax losses has yet to be agreed with the UK revenue authority:

	2011 £'000	2010 £'000
Short-term timing differences	219	197
Unrelieved trading losses	8	9
	227	206

10 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Bank loan	2,753	983
Trade payables	169	328
Amounts owed to Group undertakings	18,611	10,435
Other taxation and social security	369	300
Other creditors	300	255
Accruals and deferred income	1,173	769
	23,375	13,070

The carrying amount of trade and other payables approximates to their fair value. Settlement of trade and other payables is in accordance with our terms of trade established with our suppliers.

11 Creditors: amounts falling due after more than a year

	2011 £'000	2010 £'000
Bank loan	3,175	991

On 16 January 2007, a five-year term bank loan of £5,000,000 was arranged for the acquisition of Group NBT A/S. The loan is secured by a fixed and floating charge over the Group's assets and will be repaid by equal amounts over the loan term.

On 14 December 2010, a three-year term bank loan of £4,500,000 was arranged for the acquisition of Indom SAS. The loan is secured by a fixed and floating charge over the Group's assets and will be repaid by equal amounts over the loan term.

12 Provisions

Deferred contingent consideration:

	2011 £'000	2010 £'000
At 1 July 2010	—	284
Amounts paid on acquisition of subsidiary	—	(147)
Adjustment to deferred consideration	—	(137)
AT 30 JUNE 2011	—	—

Of the above amount which was based on achieving revenue targets, £147,000 has been earned and was paid in March 2010. This was determined to be the final settlement of deferred contingent consideration in relation to the acquisition of Envisional Solutions Limited, therefore the remaining provision relating to the deferred contingent consideration was released during the year to 30 June 2010.

13 Called up share capital

	2011 Number	2010 Number	2011 £'000	2010 £'000
ALLOTTED, CALLED UP AND FULLY PAID ORDINARY SHARES OF 1 PENCE EACH				
At 1 July 2010	25,881,360	25,350,860	259	254
Share options exercised	102,000	530,500	1	5
AT 30 JUNE 2011	25,983,360	25,881,360	260	259

During the year, 102,000 shares (2010: 530,500) were issued following the exercise of share options at exercise prices ranging from £0.01 to £2.29 (2010: £0.01 to £2.75), for a total consideration of £232,300 (2010: £293,065).

14 Share-based payments

The Company has a number of employee schemes as shown below and options were granted both before and after 7 November 2002, the applicable date from which FRS 20 Share-based payments became effective. As at 30 June 2005 all options granted after 7 November 2002 had vested and therefore were not required to be accounted for in accordance with FRS 20.

The Company operates an Enterprise Management Incentive Plan (EMI), an Inland Revenue Approved Scheme, an Unapproved Scheme and a Long Term Incentive Plan (LTIP).

The EMI Plan is a HM Revenue & Customs approved discretionary director and employee share option scheme. All options under this scheme have vested and no grants have been made since March 2007.

The Unapproved Scheme exists for grants to Directors and key management where the value of the options granted is in excess of the EMI scheme limits or where options cannot be granted under the EMI scheme. There are no performance conditions attached to the grant of options save for the vesting periods.

The Company has no options outstanding under an HM Revenue & Customs Approved Scheme. No grants have been made under this scheme since September 2000.

The details of outstanding share options over ordinary shares of the Parent company are set out below. All option agreements are for a ten-year period. All of the options listed below had vested and were exercisable by 30 June 2011.

The LTIP has been issued to certain Directors and senior employees. The LTIP awards of ordinary shares of 1 pence each have a vesting period of three years from grant and will be released to the participants at the end of the vesting period for nil consideration, subject to their continued employment and to the achievement of performance targets related to growth in the Group's earnings per share.

Enterprise Management Incentive Plan

Date granted	Exercise price £	At 1 July 2010 outstanding	Granted	Exercised	Lapsed	At 30 June 2011 outstanding	At 30 June 2011 exercisable
22 August 2003	0.01	2,500	—	2,500	—	—	—
7 April 2004	0.01	6,500	—	2,500	—	4,000	4,000
10 April 2006	1.30	38,610	—	—	—	38,610	38,610
26 March 2007	3.14	62,000	—	—	18,000	44,000	44,000
		109,610	—	5,000	18,000	86,610	86,610
Weighted average exercise price (£)							
2011:		2.23	—	0.01	3.14	2.17	2.17
2010:		0.63	—	0.25	—	2.23	2.23

The weighted average share price at the date of exercise for the options exercised was £3.99 (2010: £3.14). The total charge for the year relating to the scheme was nil (2010: nil).

NOTES TO THE COMPANY FINANCIAL STATEMENTS

CONTINUED

14 Share-based payments continued

Unapproved Scheme

Date granted	Exercise price £	At 1 July 2010 outstanding	Granted	Exercised	Lapsed	At 30 June 2011 outstanding	At 30 June 2011 exercisable
30 June 2003	0.25	105,000	—	—	—	105,000	105,000
10 April 2006	1.30	100,000	—	—	—	100,000	100,000
26 March 2007	3.14	218,000	—	—	52,000	166,000	166,000
18 July 2007	3.03	200,000	—	—	50,000	150,000	150,000
22 July 2008	2.29	275,000	—	75,000	—	200,000	200,000
		898,000	—	75,000	102,000	721,000	721,000

Weighted average exercise price (£)

2011:	2.31	—	2.29	3.08	2.20	2.20
2010:	2.31	—	2.29	—	2.31	2.31

The weighted average share price at the date of exercise for the options exercised was £4.10 (2010: £2.94). The total charge for the year relating to the scheme was nil (2010: nil).

Approved Scheme

Date granted	Exercise price £	At 1 July 2010 outstanding	Granted	Exercised	Lapsed	At 30 June 2011 outstanding	At 30 June 2011 exercisable
18 September 2000	4.55	2,708	—	—	2,708	—	—

Long Term Incentive Plan

Date granted	Exercise price £	At 1 July 2010 outstanding	Granted	Exercised	Lapsed	At 30 June 2011 outstanding	At 30 June 2011 exercisable
6 November 2009	—	150,775	—	—	3,368	147,407	—

The total charge for the year relating to the plan was £142,000 (2010: £98,000).

The fair value of the options granted under the unapproved scheme during the current and prior year was calculated using the Black-Scholes model as follows:

	Options issued in year	
	2011	2010
Share price	—	—
Expected life (years)	—	—
Strike price	—	—
Volatility	—	—
Dividend yield	—	—
Risk free interest rate	—	—
Fair value of each option at measurement date	—	—

The volatility assumption is based upon a statistical analysis of daily share prices over a period of between two and three years. The expected life of options is based on historical data and is not necessarily indicative of exercise patterns that may occur.

Directors' share options are set out in the Directors' Remuneration Report and total 612,610 (2010: 612,610).

14 Share-based payments continued

Long Term Incentive Plan continued

The fair value of the LTIPs awarded in the current year was calculated using the Black-Scholes model as follows:

	LTIPs awarded in year	
	2011	2010
Share price	—	£3.04
Expected life (years)	—	3.00
Strike price	—	£0.00
Volatility	—	n/a
Dividend yield	—	1.2%
Risk free interest rate	—	n/a
Fair value of each option at measurement date	—	£2.93

Directors' shares are set out in the Directors' Remuneration Report and total 75,914 (2010: 75,914).

Other share-based payments

The Company committed to grant 1,000,000 options at an exercise price of £2.75 per share, vesting immediately and exercisable over a five-year term, on 16 January 2007 as part of the consideration in connection with the acquisition of Group NBT A/S. The total fair value of these options, £423,000, was calculated using the Black-Scholes model and was included as part of the cost of investment. At 30 June 2011, 882,000 (2010: 918,000) options were in existence. During the year 22,000 (2010: 24,000) options were exercised at £2.75 (2010: £2.75) with a total consideration of £60,500 (2010: £66,000). A further 14,000 (2010: 2,000) options lapsed during the year.

15 Statement of movements on reserves

	Share capital £'000	Share premium £'000	Merger reserve £'000	Other reserve £'000	Profit and loss account £'000
At 1 July 2010	259	3,824	12,098	1,124	5,237
Issue of shares	1	231	—	—	—
FRS 20 Share-based payment charge	—	—	—	142	—
Dividends	—	—	—	—	(1,160)
Retained profit for the financial year	—	—	—	—	6,668
AT 30 JUNE 2011	260	4,055	12,098	1,266	10,745

16 Reconciliation of movements in shareholders' funds

	2011 £'000	2010 £'000
Retained profit for the financial year	6,668	181
Dividends	(1,160)	(815)
	5,508	(634)
New share capital subscribed	1	5
Share premium on issued shares	231	288
FRS 20 Share-based payment charge	142	98
Net increase/(decrease) to shareholders' funds	5,882	(243)
Opening shareholders' funds	22,542	22,785
Closing shareholders' funds	28,424	22,542

NOTES TO THE COMPANY FINANCIAL STATEMENTS

CONTINUED

17 Operating lease commitments

At 30 June 2011 the Company was committed to making the following minimum payments during the next financial year in respect of operating leases:

Land and buildings

Operating leases which expire:

	2011 £'000	2010 £'000
In two to five years	376	376

18 Related parties

The Company has taken advantage of FRS 8 Related Party Disclosures in not disclosing transactions with Group undertakings as 100% of its shares are controlled within the Group which is headed by Group NBT plc. There are no transactions with external related parties.

19 Post balance sheet events

On 23 September 2011 a recommended Cash Offer was made for the entire existing issued and to be issued ordinary share capital of Group NBT plc at a price of 550 pence per share. The offer was made by Newton Bidco Limited, an investment vehicle owned indirectly by certain funds managed by HgCapital LLP, and is to be effected by means of a Scheme of Arrangement under Part 26 of the Companies Act 2006. The Cash Offer will be put to Group NBT plc's shareholders at the forthcoming court and general meetings.

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Non-executive Chairman

Geoff Wicks
Chief Executive Officer

Raj Nagevadia
Finance Director

Keith Young
Non-executive

Claus Andersen
Non-executive

Martin Bellamy
Non-executive

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Raj Nagevadia

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