

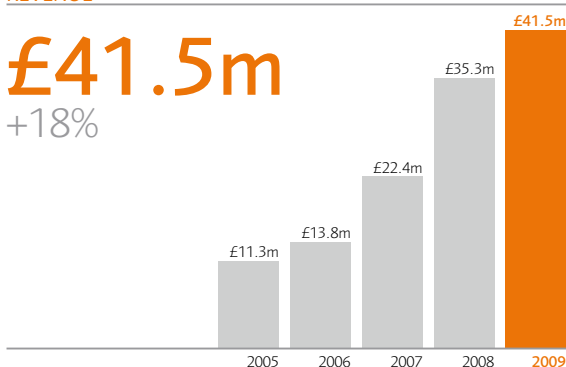


group NBT

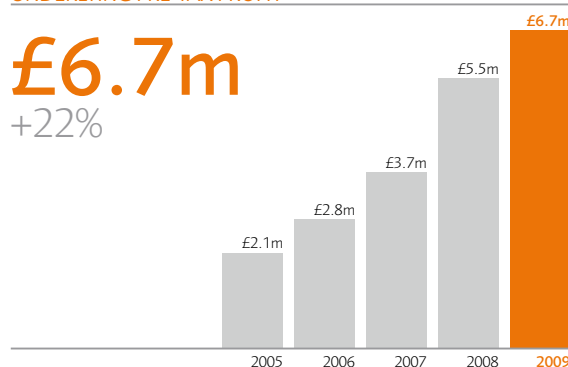
ANNUAL REPORT 2009
www.groupnbt.com

- 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 and Centrica.
- Group NBT has 290 employees and is based in London with offices in Copenhagen, Cambridge, Nice, Munich, Zurich, Oslo and New York.

REVENUE

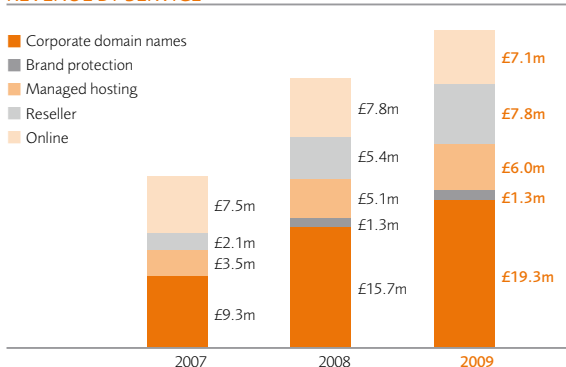


UNDERLYING PRE-TAX PROFIT*

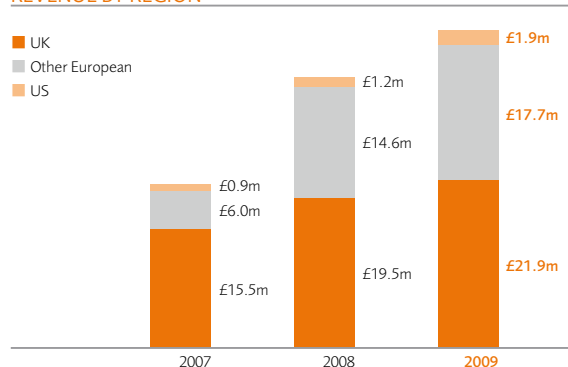


*excluding restructuring costs and amortisation

REVENUE BY SERVICE



REVENUE BY REGION



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Financial Highlights 2008/09

Organic
revenue growth

+18%

Underlying
pre-tax profit*

+22%

Underlying diluted EPS*

+24%

Total dividend

+25%

- Excellent results overall with robust profit and revenue growth despite challenging markets
- Revenue up 18% to £41.5 million and reflects organic growth
- Underlying pre-tax profit* up 22% to £6.7 million
- Underlying diluted EPS* up by 24% to 20.17 pence
- Proposed total dividend increased by 25% to 3.0 pence for the year
- NetNames Platinum Service revenue up 32% to £12.9 million
- Managed Hosting revenue up 18% to £6.0 million
- Ascio partner business up 45% to £7.8 million
- Net cash at year end of £5.2 million up from £0.7 million last year
- Across the business we benefited from favourable currency movements

*Excluding restructuring costs and amortisation.

Our business consists of five market leading services

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 ladbrokes.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 acquisition of Ascio Technologies in January 2007 NetNames became Europe's largest domain name management specialist.

NetNames guarantees renewal of domain names and provides a secure, high performance Domain Name Server (DNS) infrastructure. Platinum Service clients also have access to SSL certificates from VeriSign 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; an eBay monitoring service; 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.

NetNames^{NN}
www.netnames.com

envisional 
www.envisional.com

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 120,000 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, and has strategic partnerships with, amongst others, Virgin Media and Orange.co.uk, to provide services to their customers. More recently it has launched an ecommerce package that is targeted at businesses making their first steps in trading online.

The Speednames.com brand operates throughout Scandinavia, having provided domain name services since 2000. Speednames.com offers a wide range of domain name suffixes, coupled with excellent service. The main focus of Speednames.com 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.



www.easily.co.uk

SPEEDNAMES
www.speednames.com

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.

 **NETBENEFIT**
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's 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 300 partners throughout the world with particular emphasis on Continental Europe and has more than 1,000,000 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.

 **ascio**
www.ascio.com

Chairman's Statement

Group NBT made further strong progress over the year to 30 June 2009, demonstrating the strength of our business in the face of testing market conditions. We continue to benefit from the ongoing structural shift towards internet commerce.

Performance was especially strong in our two chief activities, which generate recurring revenues from corporate clients by managing their portfolios of internet domain names and by hosting their websites. We also achieved good growth in the Ascio Partner business providing infrastructure to companies who retail domain names to consumers.

Underlying pre-tax profit increased by 22% to £6.7 million, and underlying diluted EPS increased by 24% to 20.17 pence. These underlying figures exclude amortisation and restructuring costs. We had net gains from currency movements, and excluding these the growth rate would have been 13% for both underlying pre-tax profit and underlying diluted EPS.

In view of this performance, we are increasing the final dividend by 25% to 2.0 pence, subject to shareholder approval, making 3.0 pence for the full year – also 25% up from the previous year.

My thanks and best wishes for the future go to Jonathan Robinson, one of the founders of the Company, who stood down from the Board in June to pursue other interests. Following his departure, we have restructured our management team around our key services. My thanks also go to Tim Ashley who stepped down from the Board in October. Tim has been a Non-executive Director of Group NBT since 2000 and has played a significant part in the Group's success. He will be replaced in due course.

The world economic slowdown has had some limited effects on us: specifically, slower new contract wins for corporate domain names, a higher churn rate in managed hosting, and a slower than anticipated take up of the innovative internet brand protection services of Envisional which we acquired two years ago.

Nevertheless, with our solid competitive position and attractive business model we see further good growth in the current year.

JOHN PARCELL
CHAIRMAN



The strength of our business model is demonstrated by the strong progress we have made in these testing market conditions. ”

Chief Executive's Review

Group NBT has made excellent progress during the year under review, with good growth for both revenue and profit. This result has been achieved despite difficult and slowing markets and is testimony to the strength of our business model. As a result, during these turbulent times, Group NBT has consolidated its position as one of the leading international providers of brand protection and domain name management services and has become a significant provider of domain names to other ISPs through its reseller services.

STRATEGY

Our ongoing strategy is to focus on our core markets, building streams of recurring revenue with further improvement in profitability. We have developed premium brands with high levels of added value for customers and will build on this position through geographic growth, continued automation of processes and by extending products into new markets.

Much of the Group's revenue is contracted and most services provided are an essential part of our customers' businesses. As a result, renewal rates have remained strong and new customer acquisition has been good. We also benefit from having customers from a broad spectrum of businesses internationally and from having a range of services that we provide to them.

MARKET CONDITIONS

Market conditions in the year under review were more challenging than in previous years. Customers' projects took longer to come to fruition and lead times on new sales have extended. The market for domain names has had lower growth than in previous years. Overall there are around 183 million domain names registered with growth slowing from 26% in the previous year to 12% last year.

Group NBT continues to be innovative, building new products to keep pace with technology and also to add value for our customers. This year we have redesigned our online management portal for domain names bringing additional functionality to create a market leading product. We have also replaced our network using the latest technology enabling us to provide highly resilient services.

FINANCIAL OVERVIEW

Revenue for the Group was £41.5 million for the year to 30 June 2009, up 18% on the previous year and up 10% on a constant currency basis. This growth is all organic but has benefited from currency movements as a significant part of our revenue is in other currencies.

Profit before tax was £5.0 million, up 19% on the previous year. On an underlying basis excluding amortisation and restructuring costs, profit before tax was £6.7 million, up 22% on last year and up 13% on a constant currency basis. Underlying fully diluted earnings per share (EPS), excluding amortisation and restructuring costs, were 20.17 pence, up 24% on last year. As the integration of acquisitions made in the previous two years is largely complete we do not expect to incur significant costs related to this in the future.

The Company continues to be cash generative and at the end of the financial year the Group had net cash of £5.2 million, up from £0.7 million at the end of the previous year.



Group NBT has delivered an excellent set of results despite a challenging business environment. Our strategy remains constant and is focused on building increasingly profitable recurring revenue streams. Development of our premium services and brands combined with increased process efficiency will underpin long term profitable growth. The Board remains confident of further good performance.



Chief Executive's Review continued

CORPORATE BRAND SERVICES

Group NBT provides domain name management services and brand protection services to a wide range of companies internationally. We are the European market leader and one of only a small number of companies able to provide management of domain names from all registries worldwide. Our services, which we provide largely through the NetNames brand, allow users to keep control of their valuable intellectual property and help to protect against misuse of their name and brands on the Internet. Brand protection is provided through Envisional and is increasingly sold with domain name management services. Companies use our services to guard against fraud, the sale of counterfeit goods online, digital piracy and other infringements against their brands, products and services.

Revenue for Corporate Brand Services for the year under review was £20.7 million, up 21% on the previous year, up 13% on a constant currency basis. Within this, revenue for domain name management was £19.3 million and for brand protection services was £1.3 million.

NetNames Platinum Service is the key product in this area, used by many large brand owners around the world. Companies are taking the management of their domain names more seriously as their use of the Internet grows and they understand the need to protect their brands. We continued to acquire new customers at a good rate during the last financial year, although at a slower pace than in the previous year. Performance was particularly good in the US, France, Switzerland and Germany.

Speednames Business services are being integrated with NetNames; some customers will move to NetNames Platinum Service and the rest will form the basis for a lower tier service under the NetNames brand. Speednames will remain as an online brand. This process is under way and will be completed during this year.

As the Internet matures it is increasingly difficult for companies to register their first choice of domain names, as a result our customers are using our services to buy names in the secondary market. Revenue from this service more than doubled in the year under review.

Envisional provides our brand protection services. Revenue for the year to 30 June 2009 was flat at £1.3 million. During the year we changed the structure of the product with the result that several unfavourable contracts were lost, without these losses revenue grew by 6%. In addition, during the year we launched a range of new products for sale to our NetNames Platinum Service customers with which we made good progress.

MANAGED HOSTING

The Group provides managed hosting services in the UK and France. This market is not particularly international as the requirements for hosting have a local dimension better met by local suppliers. Revenue for managed hosting in the last financial year was £6.0 million, up 18% on the previous year. Our growth slowed last year for a number of reasons: we lost customers due to poor trading conditions, our customer base in this market proved to be less resilient than in domain management, growth in the market slowed globally with the UK particularly impacted, and we concentrated on improving our infrastructure which diverted resources from our sales effort. Nonetheless our performance remained solid and we are well placed to improve performance as the market improves.

During the year we completely replaced our technical infrastructure to allow the Group to provide resilient services to an increasingly demanding market. This significant investment in infrastructure included a completely new network capable of running a significantly larger number of customers. We also opened a new data centre facility and moved a significant number of customers to this new facility allowing us to close several older less efficient facilities. Technology changes in this market have moved rapidly, we are now able to offer customers the use of the latest technology including virtualisation and cloud computing.

ASCIO PARTNER BUSINESS

Ascio, our brand for resellers, had a very good year with revenue of £7.8 million, up 45% on the previous year and up 24% on a constant currency basis. Ascio allows ISPs and other companies to provide domain name services by linking to our technology on a white label basis. Ascio is particularly strong in Continental Europe where the requirement to register domain names with many different country suffixes gives Ascio a real competitive advantage.

The growth during the year was to some extent the result of exceptional sales made in the previous year where the transfer of these new customers' business to Ascio was completed in the year under review. It is likely that this level of growth will not be repeated this year although the business continues to do well.

During the year under review we have added new partners at a steady rate similar to the previous year. These partners usually take time to build their business through the API so they will have more impact on revenue for this year than last year. We have been particularly successful in Eastern Europe but continue to build on our very good position in the Nordic countries.

ONLINE SERVICES

We provide a range of online services through multiple brands. We do not intend to compete in the mass markets, preferring to remain niche players where we can provide higher levels of service and charge premium prices. We concentrate on selling online services through Easily in the UK and Speednames Online in Europe.

Revenue of £7.1 million for the year under review was down 8% on the previous year. This result is in line with expectations as we move sales in the NetNames and NetBenefit brands away from the online market.

PROFIT

The overall gross margin rate was 73.2% in the year down from 77.5% in the previous year. This reduction was attributable to a number of factors; a change in revenue mix, data centre costs increasing, largely due to price rises; and higher domain name costs as the result of a stronger US Dollar relative to European currencies.

Underlying operating profit, excluding amortisation and restructuring costs, at £6.7 million, increased 18% year-on-year and 10% on a constant currency basis. On this basis the margin was 16.2%, unchanged from last year. This was largely the result of a lower gross margin rate which was mitigated through cost control with normal operating costs increasing modestly on a constant currency basis. The result also benefited from net foreign currency gains arising from translation of monetary balances in the first half of the year.

Underlying profit before tax, excluding amortisation and restructuring costs, at £6.7 million, increased 22% year-on-year and 13% on a constant currency basis. On this basis the margin was 16.2%, up from 15.6% last year, an improved net cash position and lower interest rates resulted in a lower net interest charge which increased the profit margin from last year.

Given that a large proportion of the Group's revenue and profit now arises outside the UK, currency fluctuations during the year have had a significant impact on the Group's results through translation of the results of its foreign operations. Overall, this translation has had a beneficial impact on the Group's results and to facilitate comparison, constant currency results have been provided as appropriate. The Group manages its currency exposure on an ongoing basis as part of its risk management process.

On a statutory basis: operating profit was £5.0 million, up 14% from £4.4 million last year; profit before tax was £5.0 million, up 19% from £4.2 million last year; basic EPS was 15.68 pence, up 20% from 13.02 pence last year and diluted EPS was 15.30 pence, up 21% from 12.64 pence last year.

TAXATION

A tax charge of £1.1 million (2008: £0.9 million) arose in the year representing an effective tax rate of 21.1% (2008: 22.3%). The effective tax rate on profit excluding amortisation, restructuring costs and related tax credits was 22.3% (2008: 23.4%).

The effective rate of tax is below the UK statutory rate of corporation tax of 28% due largely to utilisation and recognition of trading losses and other timing differences previously unrecognised given the uncertainty relating to their recoverability, and varying tax rates in non-UK jurisdictions.

As a result of acquisitions made over recent years, the Group now operates in eight tax jurisdictions. The overall tax charge comprises the results from these businesses together with utilisation of losses as they become available. At 30 June 2009, the Group had estimated losses in excess of £11 million which had not been recognised as the timing of their utilisation and availability cannot be assessed with sufficient certainty at this time.

CASH

Strong cash generation in the second half of the year resulted in net cash balances of £5.2 million at year end, up from £1.8 million at 31 December 2008 and £0.7 million at 30 June 2008.

Net cash inflow from operating activities in the year was £7.3 million compared to £7.8 million last year. While this level of cash generation is satisfactory, cash collection has been slower than anticipated due to a number of factors including economic conditions. We continue to monitor and manage our receivables closely.

Expenditure on tangible fixed assets decreased to £1.5 million from £2.2 million last year, as anticipated, as the programme of upgrading our technical infrastructure started last year was largely completed during the year. During the year £0.2 million (2008: £1.0 million) was paid in respect of deferred consideration relating to the Envisional acquisition.

At 30 June 2009, the Group had cash balances of £8.2 million (2008: £4.7 million) and debt of £3.0 million (2008: £4.0 million) before unamortised facility fees, resulting in a net cash balance of £5.2 million (2008: £0.7 million). The debt relates to a five-year bank loan of £5.0 million arranged in connection with the acquisition of our Danish business in January 2007 and is repayable in equal amounts over the loan term.

DIVIDEND

An interim dividend of 1.0 pence was paid on 21 April 2009. A final dividend of 2.0 pence is proposed bringing the total for the year to 3.0 pence (2008: 2.4 pence). Subject to its approval at the Annual General Meeting on 26 November 2009, the final dividend will be payable on 11 January 2010 to shareholders on the register on 4 December 2009.

GEOFF WICKS

CHIEF EXECUTIVE OFFICER

Report on Corporate Governance

The Company is listed on AIM and is not required to comply with the provisions of the 2003 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 14. 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 9, 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 John Parcell and Raj Nagevadia who offer themselves for re-election at the next Annual General Meeting.

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. Richard Madden 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 Keith Young. Its other members are John Parcell and Richard Madden. The Committee meets at least twice a year. The Committee's report to shareholders on Directors' remuneration is set out on pages 10 to 11.

AUDIT COMMITTEE

The Audit Committee is chaired by Richard Madden. Its other members are Keith Young and John Parcell. 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 7 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 Annual General Meeting are set out in the Notice of Annual General Meeting.

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

JOHN PARCELL

NON-EXECUTIVE CHAIRMAN

John Parcell spent thirty years at Reuters Group plc, joining the main board in 1996, and was chief executive officer of Reuters Information, the group's major division, in charge of all news reporting and financial data services. Since leaving Reuters in 2000, he has taken several non-executive appointments with smaller listed companies, development-stage businesses, and not-for-profit organisations.

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.

RICHARD MADDEN

NON-EXECUTIVE DIRECTOR

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.

CLAUS ANDERSON

NON-EXECUTIVE DIRECTOR

Claus Anderson is a partner in Nordic Venture Partners, a venture capital firm and a significant shareholder of Group NBT. Claus has been with Nordic Venture Partners 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.

Directors' Remuneration Report

The Company is listed on AIM and is therefore not required to prepare a report on Directors' remuneration. The following information is voluntarily disclosed.

REMUNERATION COMMITTEE

The Committee consists of three Non-executive Directors: John Parcell and Richard Madden, under the chairmanship of Keith Young. 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 makes recommendations to the Board. 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;
- share option incentives; 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.

SHARE OPTIONS

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 options will be considered by the Committee on an ongoing basis.

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.

JULY 2004 TO JUNE 2009



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.

NON-EXECUTIVE DIRECTORS

All Non-executive Directors have between six-month and 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 fee paid to each Non-executive Director in the year was £20,000 with the exception of Claus Anderson, who did not receive a fee. John Parcell received £27,500 for his services as Non-executive Chairman.

DIRECTORS' REMUNERATION

Directors' remuneration for the year was as follows:

	Fees £'000	Annual bonuses £'000	Pensions £'000	Compensation for loss of office £'000	Other benefits £'000	2009 Total £'000	2008 Total £'000
J Parcell	28	—	—	—	—	28	23
G Wicks	165	79	—	—	9	253	241
J Robinson (resigned 5 June 2009)	132	72	22	175	9	410	223
R Nagevadia	122	65	14	—	8	209	197
K Young	20	—	—	—	—	20	17
R Madden	20	—	—	—	—	20	17
C Anderson	—	—	—	—	—	—	—
T Ashley (resigned 12 October 2009)	20	—	—	—	—	20	17
YEAR ENDED 30 JUNE 2009	507	216	36	175	26	960	735
Year ended 30 June 2008	479	201	34	—	21		

Other benefits consist of car allowances and private health insurance.

SHARE OPTIONS

Details of current Directors' interests in share options of the Company are set out below:

	Scheme	At 1 July 2008	Granted during the year	Exercised during the year	At 30 June 2009	Exercise price £	Date of grant	Exercisable from	Expiry date
G Wicks	EMI	450,000	—	—	450,000	0.25	30/06/03	30/06/04	28/06/14
	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
		675,000	50,000	—	725,000				
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
		162,610	75,000	—	237,610				
R Madden	Unapproved	100,000	—	—	100,000	1.30	10/04/06	10/04/06	07/04/16
	Total options	937,610	125,000	—	1,062,610				

Details of Directors' interests in share options of the Company who left during the year are set out below:

	Scheme	At 1 July 2008	Granted during the year	Exercised during the year	At 30 June 2009	Exercise price £	Date of grant	Exercisable from	Expiry date
J Robinson (resigned 5 June 2009)	EMI	180,000	—	180,000	—	0.25	30/06/03	30/06/04	27/06/13
	EMI	18,000	—	—	18,000	3.14	26/03/07	01/07/07	23/03/17
	Unapproved	52,000	—	—	52,000	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
		300,000	50,000	180,000	170,000				

The ordinary share price ranged from £1.83 to £2.62 during the year and stood at £2.17 at the year end.

On behalf of the Board

KEITH YOUNG

CHAIRMAN OF THE REMUNERATION COMMITTEE
23 OCTOBER 2009

Directors' Report

The Directors present their Annual Report and Accounts for the year ended 30 June 2009.

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 7.

RESULTS AND DIVIDENDS

The results of the Group for the year are shown in the Consolidated Income Statement on page 16.

An interim dividend of 1.0 pence (2008: 0.8 pence) per ordinary share was paid on 21 April 2009. The Directors recommend the payment of a final dividend of 2.0 pence per ordinary share making the total for the year of 3.0 pence per share (2008: 2.4 pence).

PRINCIPAL RISKS AND FUTURE DEVELOPMENTS

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

The Group's services are primarily delivered over the Internet via a complex technical infrastructure. We operate in an environment where there may be rapid changes in the market, technology and operational methodologies. The Group therefore has an ongoing programme of market and competitive review, product and services development and infrastructure enhancement.

The Group operates in growing markets with varying degrees of competition in the different sectors it serves. In the 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 the UK. While its position in the US is steadily improving, this market is home to the Group's major 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 through cost effective solutions with after sales service.

The Group's products, 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 2009 are shown below together with their interests in the shares of the Company at the year end.

	At 30 June 2009	At 1 July 2008
J Parcell	1,575,877	1,575,877
G Wicks	50,000	50,000
J Robinson (resigned 5 June 2009)	—	1,330,322
R Nagevadia	2,500	2,500
K Young	1,187,432	1,348,902
R Madden	—	—
C Anderson*	—	—
T Ashley (resigned 12 October 2009)	1,912,500	1,907,500

* 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.

Tim Ashley, a Non-executive Director who resigned on 12 October 2009, sold 700,000 ordinary shares in the Company on 5 October 2009 resulting in a holding of 962,500 ordinary shares representing 3.8% of the issued share capital at that date.

The Directors' interests in share options of the Company are detailed on page 11.

In accordance with the Company's Articles of Association, John Parcell and Raj Nagevadia, retire by rotation and offer themselves for re-election at the next Annual General Meeting.

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.

SUBSTANTIAL SHAREHOLDINGS

At 5 October 2009, 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 12:

	Number	%
BlackRock Investment Management*	3,698,924	14.6%
Herald Investment Management	2,533,250	10.0%
Nordic Venture Partners K/S	1,807,268	7.1%
Artemis Investment Management	1,696,610	6.7%
Hargreave Hale Limited*	781,625	3.1%

* Part or all of the holdings arise as a result of discretionary investment management arrangements.

Jonathan Robinson, an Executive Director who resigned on 5 June 2009, held 1,510,322 ordinary shares in the Company representing 5.9% of the issued share capital at the above date.

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. The data centre facility opened during the year is powered by renewable energy and its design incorporates important initiatives which result in savings on energy used.

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 2009, calculated in accordance with the requirements of the Companies Act 2006, were 29 (2008: 34).

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 Group's Balance Sheet.

GOING CONCERN

A review of the Group's activities, market conditions, performance in the year under review, details of its cashflows and financial position are set out in the Chairman's Statement and the Chief Executive's Review on pages 4 to 7.

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

The Notice of the Annual General Meeting of the Company, which will be held on 26 November 2009, and the resolutions proposed are set out in the Notice of Annual General Meeting. The Board of Directors believes that the resolutions proposed are in the best interests of the shareholders and therefore recommend that the shareholders vote in favour of those resolutions.

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 to reappoint BDO LLP as auditors will be proposed at the next Annual General Meeting.

By order of the Board

RAJ NAGEVADIA
COMPANY SECRETARY
23 OCTOBER 2009

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 Consolidated 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 IFRSs as adopted by the European Union, 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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GROUP NBT PLC

We have audited the financial statements of Group NBT plc for the year ended 30 June 2009 which comprise the Consolidated Income Statement, the Consolidated Statement of Changes in Equity, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement 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 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 495 and 496 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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

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 2009 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; or
- the Parent company financial statements are not in agreement with the accounting records and returns; or
- 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
23 OCTOBER 2009

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 2009

	Note	2009 £'000	2008 £'000
REVENUE	3	41,525	35,281
Cost of sales		(11,119)	(7,926)
GROSS PROFIT		30,406	27,355
Operating expenses		(25,368)	(22,939)
OPERATING PROFIT		5,038	4,416
Operating profit		5,038	4,416
Amortisation		942	782
Restructuring costs		760	515
UNDERLYING OPERATING PROFIT		6,740	5,713
Finance income	6	128	124
Finance expense	7	(141)	(329)
PROFIT BEFORE TAXATION		5,025	4,211
Taxation	8	(1,061)	(939)
PROFIT FOR THE YEAR		3,964	3,272
EARNINGS PER SHARE			
Basic	10	15.68p	13.02p
Diluted	10	15.30p	12.64p

All amounts relate to continuing activities.

The notes on pages 20 to 35 form part of these Consolidated Financial Statements.

Consolidated Balance Sheet

as at 30 June 2009

	Note	2009 £'000	2008 £'000
ASSETS			
NON-CURRENT ASSETS			
Goodwill	11	28,598	27,430
Other intangible assets	11	2,610	3,370
Property, plant and equipment	12	2,532	2,661
Deferred tax asset	15	1,011	1,050
		34,751	34,511
CURRENT ASSETS			
Trade and other receivables	14	6,879	4,995
Cash and cash equivalents	24	8,157	4,658
		15,036	9,653
TOTAL ASSETS		49,787	44,164
LIABILITIES			
CURRENT LIABILITIES			
Bank loan	17	(983)	(983)
Trade and other payables	16	(13,255)	(11,290)
Taxation		(1,060)	(620)
Provision	18	(284)	—
		(15,582)	(12,893)
NON-CURRENT LIABILITIES			
Bank loan	17	(1,974)	(2,957)
Provision	18	—	(643)
		(1,974)	(3,600)
TOTAL LIABILITIES		(17,556)	(16,493)
NET ASSETS		32,231	27,671
CAPITAL AND RESERVES			
Called up share capital	20	254	251
Share premium account		3,536	3,487
Merger reserve		12,008	12,008
Other reserve		1,467	1,269
Cumulative translation reserve		4,086	3,081
Profit and loss account		10,880	7,575
TOTAL EQUITY		32,231	27,671

These financial statements were approved by the Board of Directors and authorised for issue on 23 October 2009.

Signed on behalf of the Board of Directors

GEOFF WICKS
CHIEF EXECUTIVE OFFICER

The notes on pages 20 to 35 form part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2009

	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 2009							
Balance at 1 July 2008	251	3,487	12,008	1,269	3,081	7,575	27,671
Exchange translation differences	—	—	—	—	1,005	—	1,005
Deferred tax recognised directly in equity	—	—	—	27	—	—	27
Net income recognised directly in equity	—	—	—	27	1,005	—	1,032
Profit for the period	—	—	—	—	—	3,964	3,964
Total recognised income	—	—	—	27	1,005	3,964	4,996
Dividends	—	—	—	—	—	(659)	(659)
Share-based payment credit	—	—	—	171	—	—	171
Issue of share capital	3	49	—	—	—	—	52
BALANCE AT 30 JUNE 2009	254	3,536	12,008	1,467	4,086	10,880	32,231
YEAR ENDED 30 JUNE 2008							
Balance at 1 July 2007	248	3,487	10,751	1,355	71	4,806	20,718
Exchange translation differences	—	—	—	—	3,010	—	3,010
Deferred tax recognised directly in equity	—	—	—	(263)	—	—	(263)
Net income recognised directly in equity	—	—	—	(263)	3,010	—	2,747
Profit for the period	—	—	—	—	—	3,272	3,272
Total recognised income and expense	—	—	—	(263)	3,010	3,272	6,019
Dividends	—	—	—	—	—	(503)	(503)
Share-based payment credit	—	—	—	177	—	—	177
Issue of share capital	3	—	1,257	—	—	—	1,260
Balance at 30 June 2008	251	3,487	12,008	1,269	3,081	7,575	27,671

The notes on pages 20 to 35 form part of these Consolidated Financial Statements.

Consolidated Cash Flow Statement

for the year ended 30 June 2009

	2009 £'000	2008 £'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	5,025	4,211
Finance (income)/expense (net)	13	205
Depreciation and amortisation	2,574	2,271
Loss on disposal of assets	—	6
Share-based payments	171	177
Exchange differences	(534)	(408)
Increase in trade and other receivables	(1,884)	(54)
Increase in trade and other payables	1,966	1,420
Cash generated from operations	7,331	7,828
Taxation paid	(622)	(1,151)
NET CASH INFLOW FROM OPERATING ACTIVITIES	6,709	6,677
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	128	124
Purchase of property, plant and equipment	(1,452)	(2,190)
Purchase of subsidiary undertakings	(155)	(1,223)
Net cash acquired with subsidiary undertaking	—	34
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(1,479)	(3,255)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(141)	(329)
Dividends paid	(659)	(503)
Long term loan repayments	(983)	(983)
Proceeds from issue of share capital	52	—
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(1,731)	(1,815)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,499	1,607
CASH AND CASH EQUIVALENTS AT START OF YEAR	4,658	3,051
CASH AND CASH EQUIVALENTS AT END OF YEAR	8,157	4,658

The notes on pages 20 to 35 form part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2009

1 ACCOUNTING POLICIES

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 290 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 options 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.

c) Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of acquisition is measured as the aggregate of the fair values of the underlying assets, liabilities and equity instruments in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

d) Revenue recognition

Revenue is derived from the Group's principal activity of the provision of internet-related services covering domain name management, web hosting and brand protection services. Revenue 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 invoiced in advance, revenue is deferred in the balance sheet until the services are provided.

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 post-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
- non-compete agreements – 1 year
- customer lists – 5 years

1 ACCOUNTING POLICIES continued

GENERAL INFORMATION continued

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 balance sheet 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 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.

j) Financial instruments

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

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.

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	
	2009	2008	2009	2008
US Dollar	1.65	1.99	1.61	2.00
Euro	1.18	1.26	1.17	1.37
Danish Krone	8.76	9.43	8.75	10.19

Notes to the Consolidated Financial Statements continued

for the year ended 30 June 2009

1 ACCOUNTING POLICIES continued

GENERAL INFORMATION continued

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. The fair value of the services received is determined by the fair value of the options granted which in turn is recognised as an employee expense with a corresponding increase in equity. The fair value of an option 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 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 the Annual General Meeting.

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.

The Group early adopted IFRS 8 Operating segments (effective on or after 1 January 2009). This standard replaces IAS 14 in respect of the disclosure of segmental information.

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 total net operating expenses on the face of the 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

The following new standards and interpretations, which have been issued by the IASB and IFRIC, are effective for future periods and have not been adopted early in these Consolidated Financial Statements. The Directors anticipate that the future adoption of these standards, interpretations and amendments listed below will not have a material impact on the Group's financial statements. Though the adoption of IAS 1 will impact disclosure within the financial statements and the adoption of IFRS 3 will impact the basis of accounting for future acquisitions.

Standard or interpretation	Effective for periods beginning	Endorsed for use in the EU
Amendments to IAS 1 Presentation of financial statements – revised presentation	1 January 2009	No
Amendment to IAS 23 Borrowing costs	1 January 2009	No
Amendments to IAS 27 Consolidated and separate financial statements	1 July 2009	No
Amendments to IAS 32 and IAS 1 Puttable instruments and obligations arising on liquidation	1 January 2009	No
Revised IFRS 3 Business combinations	1 July 2009	No
Amendment to IFRS 2 Share-based payment: vesting conditions and cancellations	1 January 2009	No
Amendment to IFRS 7 Improving disclosures about financial instruments	1 January 2009	No
Revised amendment to IFRS 7 Improving disclosures about financial instruments	1 January 2009	No
IFRIC 16 Hedges of a net investment in a foreign operation	1 October 2008	No

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the Consolidated Financial Statements, management has 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 administrative expenses in the 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 management's 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 three 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 share options is estimated by using the valuation model, Black-Scholes, 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 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 share option charges is affected by the difference between the grant price of the 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

for the year ended 30 June 2009

3 SEGMENTAL ANALYSIS

The Group has early adopted IFRS 8 Operating segments, and therefore the information below complies with IFRS guidance on the identification of operating segments.

At present the Group's activities are operated largely through a common infrastructure and support functions and therefore in the opinion of the Directors its activities constitute one operating segment through which it provides its services.

The Group reviews the 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 for SMEs; reseller services – white-labelled domain name registration services for ISPs and other intermediaries; online services – domain names, email and shared hosting; and brand protection services – monitoring the Internet for brand abuse, fraud, piracy and counterfeiting.

	2009 £'000	2008 £'000
Revenue by service		
Corporate domain names	19,341	15,707
Managed hosting	5,969	5,074
Reseller	7,763	5,371
Online	7,121	7,773
Brand protection	1,331	1,356
	41,525	35,281
Gross profit	30,406	27,355
Underlying operating profit*	6,740	5,713
Net finance expense	(13)	(205)
Underlying profit before tax**	6,727	5,508
Restructuring costs	(760)	(515)
Amortisation	(942)	(782)
Profit before taxation	5,025	4,211

*Underlying operating profit is defined as operating profit excluding amortisation and restructuring costs and is shown on the face of the Consolidated Income Statement. Share-based payments are now no longer excluded from this measure as they are considered to be a fundamental part of the Group's reward structure.

**Underlying profit before tax is defined as pre-tax profit excluding amortisation and restructuring costs.

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.

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:

	Turnover		Profit before tax		Non-current assets	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 £'000	2008 £'000
UK	21,872	19,496	2,746	2,050	12,577	12,917
Other European countries	17,734	14,559	1,620	1,844	22,103	21,341
USA	1,919	1,226	659	317	71	253
	41,525	35,281	5,025	4,211	34,751	34,511

4 OPERATING PROFIT

Operating profit is stated after charging:

	2009 £'000	2008 £'000
Staff costs	16,382	14,222
Research and development	848	423
Depreciation of owned assets	1,632	1,489
Other intangibles amortisation	942	782
Operating lease rentals		
– land and buildings	922	751
– other	68	78
Auditors' remuneration		
– Group audit fee	121	135
– Company audit fee	15	33
– taxation services	60	38
– other services	18	73
Foreign exchange gains	309	127
Group restructuring		
– redundancy costs	21	66
– software integration	655	449
– legal and professional	84	—

The Group restructuring costs have arisen as a direct result of acquisitions and integration of the Group's IT infrastructure. In addition to the auditors' remuneration shown above, fees amounting to nil (2008: £60,000) were incurred and capitalised during the year for due diligence work carried out in connection with the acquisition Envisional Solutions Limited.

5 INFORMATION REGARDING EMPLOYEES

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

	2009 £'000	2008 £'000
Wages and salaries	14,655	12,748
Social security costs	1,238	1,045
Share-based payments	171	177
Pension costs	318	252
	16,382	14,222

Average number of employees during the year:

	2009 Number	2008 Number
Administrative	50	49
Operational	234	227
	284	276

	2009 £'000	2008 £'000
Directors' emoluments	749	701
Compensation for loss of office	175	—
Pension costs	36	34
	960	735

Share-based payments	171	177
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Emoluments of highest paid Director: Emoluments	253	241
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Gain made on exercise of share options	295	—
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Directors' emoluments are detailed, by Director, in the Directors' Remuneration Report on page 11, and this information includes the payments made to the personal pension scheme of the Directors.

6 FINANCE INCOME

	2009 £'000	2008 £'000
Bank interest	99	124
Other interest	29	—
	128	124

7 FINANCE EXPENSE

	2009 £'000	2008 £'000
Bank loan interest payable	136	321
Other interest payable	5	8
	141	329

8 TAXATION

A) ANALYSIS OF TAX EXPENSE

	2009 £'000	2008 £'000
CURRENT TAX		
Current year tax	1,107	1,220
Adjustment in respect of prior periods	(126)	20
Total current tax expense	981	1,240
DEFERRED TAX		
Origination and reversal of temporary differences	158	(243)
Adjustment in respect of prior period losses	(78)	(58)
Total deferred tax expense/(credit)	80	(301)
Total tax expense (note 8B)	1,061	939

Notes to the Consolidated Financial Statements continued

for the year ended 30 June 2009

8 TAXATION continued

B) TAX EXPENSE RECONCILIATION

	2009 £'000	2008 £'000
Profit before taxation	5,025	4,211
Profit before taxation multiplied by standard rate of corporation tax in the UK of 28.0% (2008:29.5%)	1,406	1,242
EFFECTS OF:		
Expenses not deductible for tax purposes	(16)	51
Unrecognised losses created in the year	152	147
Losses recognised in the year	(38)	(165)
Overseas tax reliefs	(193)	(292)
Difference in overseas tax rates	(46)	(64)
Adjustment to prior year tax charge	(204)	20
Total tax expense (note 8A)	1,061	939

9 DIVIDENDS

	2009 £'000	2008 £'000
Final paid of 1.6 pence (2008: 1.2 pence) per share – relating to previous year's results	406	302
Interim paid of 1.0 pence (2008: 0.8 pence) per share	253	201
Dividends paid in the year	659	503

The Board of Directors has proposed the payment of a final dividend of 2.0 pence (2008: 1.6 pence) per share which is payable on 11 January 2010 to shareholders on the register at 4 December 2009, subject to approval by shareholders at the Annual General Meeting on 26 November 2009.

10 EARNINGS PER SHARE

The basic and diluted earnings per share for the year ended 30 June 2009 are based on the profit for the year attributable to ordinary shareholders, of £3,964,000 (2008: £3,272,000) and on the weighted average number of shares of 25,279,000 (2008: 25,128,000).

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 and restructuring costs. 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:

	2009 £'000	2008 £'000
Profit attributable to ordinary shareholders	3,964	3,272
Amortisation of intangible assets (net of tax)	701	578
Restructuring costs (net of tax)	560	360
Profit attributable to ordinary shareholders before amortisation and restructuring costs	5,225	4,210

Weighted average and adjusted weighted average number of ordinary shares:

	Number 000s	Number 000s
Shares used for basic earnings per share	25,279	25,128
Effect of dilutive share options	625	756
Shares used for diluted earnings per share	25,904	25,884

	Basic		Diluted	
	2009 pence	2008 pence	2009 pence	2008 pence
Earnings per share	15.68	13.02	15.30	12.64
Amortisation of intangible assets (net of tax)	2.77	2.30	2.71	2.23
Restructuring costs (net of tax)	2.22	1.43	2.16	1.39
Adjusted earnings per share	20.67	16.75	20.17	16.26

11 GOODWILL AND INTANGIBLE ASSETS

	Goodwill £'000	Domain names £'000	Technology £'000	Other intangibles £'000	Total £'000
COST					
At 1 July 2008	27,430	31	1,149	3,331	31,941
Adjustment to deferred consideration (note 25)	(204)	—	—	—	(204)
Foreign exchange movements	1,372	—	66	347	1,785
AT 30 JUNE 2009	28,598	31	1,215	3,678	33,522
AMORTISATION					
At 1 July 2008	—	3	222	916	1,141
Provided in year	—	2	207	733	942
Foreign exchange movements	—	—	37	194	231
AT 30 JUNE 2009	—	5	466	1,843	2,314
NET BOOK VALUE					
AT 30 JUNE 2009	28,598	26	749	1,835	31,208
Cost					
At 1 July 2007	21,461	31	447	2,865	24,804
Additions	2,982	—	641	136	3,759
Foreign exchange movements	2,987	—	61	330	3,378
At 30 June 2008	27,430	31	1,149	3,331	31,941
Amortisation					
At 1 July 2007	—	1	41	317	359
Provided in year	—	2	181	599	782
At 30 June 2008	—	3	222	916	1,141
Net book value					
At 30 June 2008	27,430	28	927	2,415	30,800

Other intangibles include customer lists and non-compete agreements.

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:

	2009 £'000	2008 £'000
UK	8,889	9,094
Other European countries	19,709	18,336
	28,598	27,430

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 management's 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, 10% (2008: 11%) and future perpetuity rates ranging from 1% to 3% (2008: 1% to 5%). As a result of these tests, no impairment provisions are considered necessary.

Notes to the Consolidated Financial Statements continued

for the year ended 30 June 2009

12 PROPERTY, PLANT AND EQUIPMENT

	Computer equipment £'000	Fixtures, fittings and equipment £'000	Leasehold improvements £'000	Total £'000
COST				
At 1 July 2008	6,336	1,869	361	8,566
Additions	1,249	158	45	1,452
Disposals	(10)	(28)	—	(38)
Exchange differences	24	32	4	60
AT 30 JUNE 2009	7,599	2,031	410	10,040
DEPRECIATION				
At 1 July 2008	4,955	800	150	5,905
Disposals	(10)	(28)	—	(38)
Provided in year	1,352	214	66	1,632
Exchange differences	25	(16)	—	9
AT 30 JUNE 2009	6,322	970	216	7,508
NET BOOK VALUE				
AT 30 JUNE 2009	1,277	1,061	194	2,532
Cost				
At 1 July 2007	4,643	2,321	288	7,252
Acquisition of subsidiaries	—	101	15	116
Additions	1,728	374	88	2,190
Disposals	(35)	(927)	(30)	(992)
At 30 June 2008	6,336	1,869	361	8,566
Depreciation				
At 1 July 2007	3,899	1,344	100	5,343
Acquisition of subsidiaries	—	43	15	58
Disposals	(35)	(920)	(30)	(985)
Provided in year	1,091	333	65	1,489
At 30 June 2008	4,955	800	150	5,905
Net book value				
At 30 June 2008	1,381	1,069	211	2,661

13 INVESTMENTS

All subsidiaries have been included in the consolidation. Details of the principal subsidiary undertakings at 30 June 2009 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%

* 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

	2009 £'000	2008 £'000
Trade receivables	4,752	3,006
Other receivables	285	489
Prepayments and accrued income	1,842	1,500
	6,879	4,995

15 DEFERRED TAX

Deferred tax has been calculated at 28% (2008: 28%) in respect of UK companies and at the appropriate rate for foreign companies.

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:

	2009 £'000	2008 £'000
ASSETS		
At 1 July 2008	1,050	1,175
Prior period adjustment	78	58
Arising in respect of intangible assets recognised on acquisitions	—	(218)
Foreign exchange movements	17	(97)
Origination and reversal of temporary differences	(134)	132
AT 30 JUNE 2009	1,011	1,050
Excess depreciation over capital allowances	396	207
Short term temporary differences	337	334
Intangibles	(668)	(862)
Tax deductible goodwill	502	580
Unrelieved trading losses	102	374
Share option relief	342	417
AT 30 JUNE 2009	1,011	1,050
LIABILITIES		
At 1 July 2008	—	(19)
Origination and reversal of temporary differences	—	19
AT 30 JUNE 2009	—	—
NET DEFERRED TAX ASSET		
AT 30 JUNE 2009	1,011	1,050

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 2009 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.

	2009 £'000	2008 £'000
Excess depreciation over capital allowances	2,059	2,045
Short term timing differences	708	249
Unrelieved trading losses	11,258	13,211
	14,025	15,505

16 TRADE AND OTHER PAYABLES

	2009 £'000	2008 £'000
Trade payables	1,409	1,875
Other taxation and social security taxes	1,993	1,130
Other payables	1,452	2,544
Accruals and deferred income	8,401	5,741
	13,255	11,290

Notes to the Consolidated Financial Statements continued

for the year ended 30 June 2009

17 LOANS AND BORROWINGS

	2009 £'000	2008 £'000
CURRENT: Secured bank loan	983	983
NON-CURRENT: Secured bank loan	1,974	2,957
	2,957	3,940

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. The loan bears interest based on LIBOR which for the year was at an average rate of 3.90%; and is 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 loan is shown in note 19iii.

In the above table, loans are stated net of unamortised issue costs of £43,208 (2008: £60,208). The Group has charged to the Consolidated Income Statement issue costs of £17,000 (2008: £17,000) in respect of these facilities. These costs are allocated to the 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 (see note 25).

	2009 £'000	2008 £'000
Balance 1 July 2008	643	—
Amounts paid	(155)	—
Adjustment to deferred consideration (note 25)	(204)	643
BALANCE AT 30 JUNE 2009	284	643

Of the above amount which is based on achieving revenue targets, £155,000 has been earned and was paid in April 2009. The balance of £284,000 is currently estimated to be payable within the first quarter of 2010. Further details of the consideration are included in note 25.

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 2009 comprised: trade and other receivables, cash and cash equivalents, loans and borrowings, 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 customers' 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	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Up to 30 days	1,757	1,893	8,158	4,658
Past due but not impaired:				
30 to 90 days	2,056	1,171	—	—
More than 90 days	1,709	1,158	—	—
Gross	5,522	4,222	8,158	4,658
Less: allowance for impairment	(770)	(1,216)	—	—
Net	4,752	3,006	8,158	4,658

Since the year end, good progress has been made on reducing the trade receivables balance, and particular emphasis has been placed on receivables greater than 90 days old and to date no significant write-off has been incurred.

19 FINANCIAL INSTRUMENTS continued

GENERAL OBJECTIVES, POLICIES AND PROCEDURES continued

i) Credit risk continued

Impairment loss allowance movement:

	2009 £'000	2008 £'000
Opening balance	1,216	981
Increase in provisions	107	235
Written-off amounts	(417)	—
Recovered amounts reversed	(136)	—
Closing balance	770	1,216

ii) Market risk

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

a) Interest rate 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 £7,000 (2008: £19,000). The gain or loss potential is then compared to the limits determined by management.

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 on-going 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 2009					
Trade and other receivables	2,577	749	1,087	624	5,037
Cash and cash equivalents	4,788	269	804	2,296	8,157
Trade and other payables	(3,447)	(1,423)	(1,552)	(1,699)	(8,121)
Bank loans	(2,957)	—	—	—	(2,957)
Provision	(284)	—	—	—	(284)
	677	(405)	339	1,221	1,832
As at 30 June 2008					
Trade and other receivables	1,784	298	1,015	398	3,495
Cash and cash equivalents	3,618	84	743	213	4,658
Trade and other payables	(4,012)	(377)	(741)	(2,370)	(7,500)
Bank loans	(3,940)	—	—	—	(3,940)
Provision	(643)	—	—	—	(643)
	(3,193)	5	1,017	(1,759)	(3,930)

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 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 2009 and 30 June 2008, 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 £115,000 (2008: £74,000).

Notes to the Consolidated Financial Statements continued

for the year ended 30 June 2009

19 FINANCIAL INSTRUMENTS continued

GENERAL OBJECTIVES, POLICIES AND PROCEDURES continued

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	More than 5 years £'000	Total £'000
AT 30 JUNE 2009					
Trade and other receivables	4,888	149	—	—	5,037
Cash and cash equivalents	8,157	—	—	—	8,157
Trade and other payables	(4,260)	(3,326)	(415)	(120)	(8,121)
Bank loans	(491)	(492)	(1,974)	—	(2,957)
Provision	—	(284)	—	—	(284)
	8,294	(3,953)	(2,389)	(120)	1,832
At 30 June 2008					
Trade and other receivables	3,490	5	—	—	3,495
Cash and cash equivalents	4,658	—	—	—	4,658
Trade and other payables	(7,272)	(23)	(85)	(120)	(7,500)
Bank loans	(492)	(491)	(2,957)	—	(3,940)
Provision	—	(155)	(488)	—	(643)
	384	(664)	(3,530)	(120)	(3,930)

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

	2009 Number	2008 Number	2009 £'000	2008 £'000
AUTHORISED ORDINARY SHARES OF 1 PENCE EACH				
At 1 July 2008	40,000,000	30,000,000	400	300
Authorised during the year	—	10,000,000	—	100
AT 30 JUNE 2009	40,000,000	40,000,000	400	400
ALLOTTED, CALLED UP AND FULLY PAID ORDINARY SHARES OF 1 PENCE EACH				
At 1 July 2008	25,144,360	24,745,397	251	248
Share options exercised	206,500	—	3	—
Shares issued on acquisition	—	398,963	—	3
AT 30 JUNE 2009	25,350,860	25,144,360	254	251

During the year, 206,500 shares (2008: nil) were issued following the exercise of share options and no shares (2008: 398,963) were issued in connection with the acquisition of subsidiary undertakings.

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 issues where the Company has taken advantage of the merger relief provisions under section 131 of the Companies Act 1985 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/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 IFRS2 Share-based payments.

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

The EMI Plan is an HM Revenue and 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 also has options outstanding under an HM Revenue and 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 2009.

ENTERPRISE MANAGEMENT INCENTIVE PLAN

Date granted	Exercise price £	At 1 July 2008 outstanding	Granted	Exercised	Lapsed	At 30 June 2009 outstanding	At 30 June 2009 exercisable
30 June 2003	0.25	630,000	—	180,000	—	450,000	450,000
22 August 2003	0.01	11,500	—	2,500	—	9,000	9,000
7 April 2004	0.01	6,500	—	—	—	6,500	6,500
10 April 2006	1.30	38,610	—	—	—	38,610	38,610
26 March 2007	3.14	62,000	—	—	—	62,000	62,000
		748,610	—	182,500	—	566,110	566,110
Weighted average exercise price (£)							
2009:		0.54	—	0.25	—	0.63	0.63
2008:		0.54	—	—	—	0.54	0.54

The weighted average share price at the date of exercise for the options exercised was £1.86 (2008: nil). The total charge for the year relating to the scheme was nil (2008: nil).

UNAPPROVED SCHEME

Date granted	Exercise price £	At 1 July 2008 outstanding	Granted	Exercised	Lapsed	At 30 June 2009 outstanding	At 30 June 2009 exercisable
8 September 1998	0.25	24,000	—	24,000	—	—	—
4 June 1999	2.50	25,000	—	—	25,000	—	—
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	—	—	—	218,000	218,000
18 July 2007	3.03	200,000	—	—	—	200,000	200,000
22 July 2008	2.29	—	325,000	—	—	325,000	325,000
		672,000	325,000	24,000	25,000	948,000	948,000
Weighted average exercise price (£)							
2009:		2.25	2.29	0.25	2.50	2.17	2.17
2008:		1.92	3.03	—	—	2.25	2.25

The weighted average share price at the date of exercise for the options exercised was £2.38 (2008: nil). The total charge for the year relating to the scheme was £171,000 (2008: £177,000).

APPROVED SCHEME

Date granted	Exercise price £	At 1 July 2008 outstanding	Granted	Exercised	Lapsed	At 30 June 2009 outstanding	At 30 June 2009 exercisable
18 September 2000	4.55	2,708	—	—	—	2,708	2,708
Weighted average exercise price (£)							
2009:		4.55	—	—	—	4.55	4.55
2008:		4.55	—	—	—	4.55	4.55

The weighted average share price at the date of exercise for the options exercised was nil (2008: nil). The total charge for the year relating to the scheme was nil (2008: nil).

Notes to the Consolidated Financial Statements continued

for the year ended 30 June 2009

21 SHARE-BASED PAYMENTS 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	
	2009	2008
Share price	£2.29	£3.03
Expected life (years)	3.00	3.00
Strike price	£2.29	£3.03
Volatility	31.5%	34.5%
Dividend yield	1.0%	1.0%
Risk free interest rate	4.5%	5.2%
Fair value of each option at measurement date	£0.57	£0.83

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 1,062,610 (2008: 1,237,610).

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 2009 946,000 (2008: 970,000) options were in existence.

22 OPERATING LEASE COMMITMENTS

At 30 June 2009 the Group had the following operating leases commitments:

	2009 £'000	2008 £'000
LAND AND BUILDINGS		
In one year or less	943	892
Between one and five years	2,163	2,314
In five years or more	102	488
	3,208	3,694
OTHER		
In one year or less	31	34
Between one and five years	38	39
In five years or more	—	—
	69	73

23 CONTINGENT LIABILITIES

At 30 June 2009, the Group had contingent liabilities in respect of the following:

- standby letters of credit and credit guarantees to domain name registries of £61,000 (2008: £57,000);
- amounts held in lieu of rent deposits for premises of £194,000 (2008: £165,000); and
- bank guarantee covering deductions of tax for employees in Norway of £23,000 (2008: £25,000).

24 CASH AND CASH EQUIVALENTS

	Cash available on demand £'000	Cash on treasury deposit £'000	Total £'000
At 1 July 2008	3,452	1,206	4,658
Cash flow	976	2,523	3,499
AT 30 JUNE 2009	4,428	3,729	8,157

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

25 ACQUISITION IN PRIOR PERIOD

ENVISIONAL SOLUTIONS LIMITED

On 10 July 2007 the Group acquired Envisional Solutions Limited (Envisional) for a maximum consideration of £4.25 million including acquisition expenses. Its principal activity is the provision of automated internet search and monitoring services to identify and deal with brand abuse, counterfeiting, piracy and fraud.

The consideration comprised an initial payment of £1.26 million in shares and further contingent payments for a maximum consideration of £2.8 million in cash payable as follows; £1.01 million paid in February 2008 based on the revenue target for the year ended 31 December 2007, and a maximum of £1.79 million relating to revenue targets for the years ending 31 December 2008 and 31 December 2009.

The details of the fair value of the assets and liabilities at acquisition are set out below:

	Book value of assets acquired £'000	Intangible assets acquired £'000	Accounting policy alignment £'000	Fair value £'000
Intangible fixed assets	—	777	—	777
Tangible fixed assets	58	—	—	58
Current assets	332	—	—	332
Cash at bank	34	—	—	34
Current liabilities	(749)	—	(91)	(840)
Deferred tax	—	(218)	—	(218)
	(325)	559	(91)	143
Goodwill				2,960
Consideration as at 30 June 2008				3,103
Adjustment to deferred consideration				(204)
CONSIDERATION AS AT 30 JUNE 2009				2,899
Satisfied by:				
398,963 Ordinary shares at 316 pence each				1,261
Cash consideration (including expenses of £191,000)				1,354
Deferred contingent consideration				488
Consideration as at 30 June 2008				3,103
Adjustment to deferred consideration				(204)
CONSIDERATION AS AT 30 JUNE 2009				2,899
Effects on Group cash flow:				
Cash consideration and costs				1,354
Cash balances on acquisition				(34)
NET CASH OUTFLOW				1,320

The intangible assets acquired relate to the recognition of intangible assets and the deferred tax thereon.

The accounting policy alignment arises from a change in the revenue recognition policy on a contract which has now been brought into line with the Group's accounting policy.

The goodwill arising on acquisition recognises the strategic industry knowledge of the staff and the benefit to the Group in its ability to cross-sell its services alongside the Group's product portfolio.

The adjustment to deferred consideration has arisen as revenue targets have not been met.

Envisional's results are set out below:

	10 July 2007 to 30 June 2008 £'000	Audited 1 January to 9 July 2007 £'000	Year ended 31 December 2006 £'000
Revenue	1,356	720	1,237
Gross profit	1,306	681	1,178
Other operating expenses	(1,727)	(1,018)	(2,729)
Restructuring costs	(66)	—	—
Operating loss	(487)	(337)	(1,551)
Finance income/(expense)	6	(7)	(9)
Loss before tax	(481)	(344)	(1,560)

As Envisional had been acquired soon after the financial year commenced, the Directors believe that the revenues and loss before tax for the full year to 30 June 2008 would not have been materially different to that reported above. The post-acquisition results shown above include intra-group recharges.

26 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.

Company Balance Sheet

as at 30 June 2009

	Note	2009 £'000	2008 £'000
FIXED ASSETS			
Tangible assets	6	1,224	1,161
Investments	7	26,916	27,120
		28,140	28,281
CURRENT ASSETS			
Debtors	8	6,038	6,968
Cash at bank and in hand		4,530	2,439
		10,568	9,407
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(13,665)	(14,750)
NET CURRENT LIABILITIES		(3,097)	(5,343)
TOTAL ASSETS LESS CURRENT LIABILITIES		25,043	22,938
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	11	(1,974)	(2,957)
PROVISION FOR LIABILITIES	12	(284)	(643)
NET ASSETS		22,785	19,338
CAPITAL AND RESERVES			
Called up share capital	13	254	251
Share premium account	15	3,536	3,487
Merger reserve	15	12,098	12,098
Other reserve	15	1,026	855
Profit and loss account	15	5,871	2,647
SHAREHOLDERS' FUNDS	16	22,785	19,338

These financial statements were approved by the Board of Directors and authorised for issue on 23 October 2009.

Signed on behalf of the Board of Directors

GEOFF WICKS
CHIEF EXECUTIVE OFFICER

The notes on pages 37 to 43 form part of these Financial Statements.

Notes to the Company Financial Statements

for the year ended 30 June 2009

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 OPTIONS

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.

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 2009 under UK GAAP was £3,883,000 (2008: loss £781,000).

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

for the year ended 30 June 2009

3 INFORMATION REGARDING EMPLOYEES

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

	2009 £'000	2008 £'000
Wages and salaries	7,300	6,613
Social security costs	751	633
Share-based payments	171	177
Pension costs	113	78
	8,335	7,501

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.

The average number of employees during the year was made up as follows:

	2009 Number	2008 Number
Administrative	27	26
Operational	122	115
	149	141

4 DIRECTORS

The remuneration of Directors is set out below:

	2009 £'000	2008 £'000
Directors' emoluments	749	701
Compensation for loss of office	175	—
Pension costs	36	34
	960	735

Share-based payments	171	177
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Emoluments of highest paid Director: Emoluments	253	241
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Gain made on exercise of share options	295	—
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Directors' emoluments are detailed, by Director, in the Directors' Remuneration Report on page 11 and this information includes the payments made to the personal pension scheme of the Directors.

5 DIVIDENDS

	2009 £'000	2008 £'000
Final paid of 1.6 pence (2008: 1.2 pence) per share – relating to previous year's results	406	302
Interim paid of 1.0 pence (2008: 0.8 pence) per share	253	201
Dividends paid in the year	659	503

The Board of Directors has proposed the payment of a final dividend of 2.0 pence (2008: 1.6 pence) per share which is payable on 11 January 2010 to shareholders on the register at 4 December 2009, subject to approval by shareholders at the Annual General Meeting on 26 November 2009.

6 TANGIBLE FIXED ASSETS

	Computer equipment £'000	Fixtures fittings and equipment £'000	Leasehold improvements £'000	Total £'000
COST				
At 1 July 2008	1,517	281	114	1,912
Additions	472	14	38	524
AT 30 JUNE 2009	1,989	295	152	2,436
DEPRECIATION				
At 1 July 2008	530	179	42	751
Provided during year	367	61	33	461
AT 30 JUNE 2009	897	240	75	1,212
NET BOOK VALUE				
AT 30 JUNE 2009	1,092	55	77	1,224
At 30 June 2008	987	102	72	1,161

7 INVESTMENTS

	Shares in subsidiary undertakings £'000
COST	
At 1 July 2008	47,664
Adjustment to deferred consideration	(204)
AT 30 JUNE 2009	47,460
PROVISION	
AT 1 JULY 2008 AND 30 JUNE 2009	20,544
NET BOOK VALUE	
AT 30 JUNE 2009	26,916
At 30 June 2008	27,120

Details of the principal subsidiary undertakings at 30 June 2009 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%

* 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

	2009 £'000	2008 £'000
Amounts owed by Group undertakings	5,617	6,649
Deferred tax asset (note 9)	52	1
Other receivables	136	71
Prepayments and accrued income	233	247
	6,038	6,968

Notes to the Company Financial Statements continued

for the year ended 30 June 2009

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:

	2009 £'000	2008 £'000
At 1 July 2008	1	34
Prior period adjustment	25	4
Charge to profit and loss account	26	(37)
AT 30 JUNE 2009	52	1
Excess depreciation over capital allowances	46	(4)
Short-term timing differences	6	5
AT 30 JUNE 2009	52	1

The Company had potential deferred tax assets of £178,000 (2008: £130,000) that were not recognised at 30 June 2009 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:

	2009 £'000	2008 £'000
Short-term timing differences	169	121
Unrelieved trading losses	9	9
	178	130

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £'000	2008 £'000
Bank loan	983	983
Trade payables	300	640
Amounts owed to Group undertakings	10,814	11,967
Other taxation and social security	338	1
Other creditors	237	92
Accruals and deferred income	993	1,067
	13,665	14,750

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN A YEAR

	2009 £'000	2008 £'000
Bank loan	1,974	2,957

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.

12 PROVISIONS

Deferred contingent consideration:

	2009 £'000	2008 £'000
At 1 July 2008	643	—
Amounts (paid)/owed on acquisition of subsidiary	(155)	643
Adjustment to deferred consideration	(204)	—
AT 30 JUNE 2009	284	643

Of the above amount which is based on achieving revenue targets, £155,000 was paid in April 2009. The balance of £284,000 is currently estimated to be payable within the first quarter of 2010. Further details of the consideration are included in note 25 in the Consolidated Financial Statements.

13 CALLED UP SHARE CAPITAL

	2009 Number	2008 Number	2009 £'000	2008 £'000
AUTHORISED ORDINARY SHARES OF 1 PENCE EACH				
At 1 July 2008	40,000,000	30,000,000	400	300
Authorised during the year	—	10,000,000	—	100
AT 30 JUNE 2009	40,000,000	40,000,000	400	400
ALLOTTED, CALLED UP AND FULLY PAID ORDINARY SHARES OF 1 PENCE EACH				
At 1 July 2008	25,144,360	24,745,397	251	248
Share options exercised	206,500	—	3	—
Shares issued on acquisition	—	398,963	—	3
AT 30 JUNE 2009	25,350,860	25,144,360	254	251

During the year, 206,500 shares (2008: nil) were issued following the exercise of share options and no shares (2008: 398,963) were issued in connection with the acquisition of subsidiary undertakings.

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 EMI Plan, an Inland Revenue Approved Scheme and an Unapproved Scheme.

The EMI Plan is an HM Revenue and 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 also has options outstanding under an HM Revenue and 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 2009.

ENTERPRISE MANAGEMENT INCENTIVE PLAN

Date granted	Exercise price £	At 1 July 2008 outstanding	Granted	Exercised	Lapsed	At 30 June 2009 outstanding	At 30 June 2009 exercisable
30 June 2003	0.25	630,000	—	180,000	—	450,000	450,000
22 August 2003	0.01	11,500	—	2,500	—	9,000	9,000
7 April 2004	0.01	6,500	—	—	—	6,500	6,500
10 April 2006	1.30	38,610	—	—	—	38,610	38,610
26 March 2007	3.14	62,000	—	—	—	62,000	62,000
		748,610	—	182,500	—	566,110	566,110
Weighted average exercise price (£)							
2009:		0.54	—	0.25	—	0.63	0.63
2008:		0.54	—	—	—	0.54	0.54

The weighted average share price at the date of exercise for the options exercised was £1.86 (2008: nil). The total charge for the year relating to the scheme was nil (2008: nil).

Notes to the Company Financial Statements continued

for the year ended 30 June 2009

14 SHARE-BASED PAYMENTS continued

UNAPPROVED SCHEME

Date granted	Exercise price £	At 1 July 2008 outstanding	Granted	Exercised	Lapsed	At 30 June 2009 outstanding	At 30 June 2009 exercisable
8 September 1998	0.25	24,000	—	24,000	—	—	—
4 June 1999	2.50	25,000	—	—	25,000	—	—
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	—	—	—	218,000	218,000
18 July 2007	3.03	200,000	—	—	—	200,000	200,000
22 July 2008	2.29	—	325,000	—	—	325,000	325,000
		672,000	325,000	24,000	25,000	948,000	948,000
Weighted average exercise price (£)							
2009:		2.25	2.29	0.25	2.50	2.17	2.17
2008:		1.92	3.03	—	—	2.25	2.25

The weighted average share price at the date of exercise for the options exercised was £2.38 (2008: nil). The total charge for the year relating to the scheme was £171,000 (2008: £177,000).

APPROVED SCHEME

Date granted	Exercise price £	At 1 July 2008 outstanding	Granted	Exercised	Lapsed	At 30 June 2009 outstanding	At 30 June 2009 exercisable
18 September 2000	4.55	2,708	—	—	—	2,708	2,708
Weighted average exercise price (£)							
2009:		4.55	—	—	—	4.55	4.55
2008:		4.55	—	—	—	4.55	4.55

The weighted average share price at the date of exercise for the options exercised was nil (2008: nil). The total charge for the year relating to the scheme was nil (2008: nil).

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	
	2009	2008
Share price	£2.29	£3.03
Expected life (years)	3.00	3.00
Strike price	£2.29	£3.03
Volatility	31.5%	34.5%
Dividend yield	1.0%	1.0%
Risk free interest rate	4.5%	5.2%
Fair value of each option at measurement date	£0.57	£0.83

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 1,062,610 (2008: 1,237,610).

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 2009 946,000 (2008: 970,000) options were in existence.

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 2008	251	3,487	12,098	855	2,647
Issue of shares	3	49	—	—	—
FRS 20 Share-based payment charge	—	—	—	171	—
Dividends	—	—	—	—	(659)
Retained profit for the financial year	—	—	—	—	3,883
AT 30 JUNE 2009	254	3,536	12,098	1,026	5,871

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £'000	2008 £'000
Retained profit/(loss) for the financial year	3,883	(781)
Dividends	(659)	(503)
	3,224	(1,284)
New share capital subscribed	3	3
Share premium on issued shares	49	—
Merger reserve on issue of shares	—	1,257
FRS 20 Share-based payment charge	171	177
Net addition to shareholders' funds	3,447	153
Opening shareholders' funds	19,338	19,185
Closing shareholders' funds	22,785	19,338

17 OPERATING LEASE COMMITMENTS

At 30 June 2009 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:

	2009 £'000	2008 £'000
Over five years	376	268

18 RELATED PARTIES

The Company has taken advantage of paragraph 3(b) FRS 8 Related party disclosures in not disclosing transactions with Group undertakings as more than 90% of its shares are controlled within the Group which is headed by Group NBT plc. There are no transactions with external related parties.

Officers and Advisers

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(Non-executive Chairman)

GEOFF WICKS
(Chief Executive Officer)

RAJ NAGEVADIA
(Finance Director)

KEITH YOUNG
(Non-executive)

RICHARD MADDEN
(Non-executive)

CLAUS ANDERSEN
(Non-executive)

SECRETARY

RAJ NAGEVADIA

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