



Group NBT plc
(“Group NBT”, “the Group” or “the Company”)

Group NBT is a leading global supplier of domain name management and associated services

Interim results for the six months ended 31 December 2010

Highlights

- Strong underlying performance in core businesses
- Acquired Indom SA, the French corporate domain name management services market leader
- Revenue up 4% to £22.60 million
 - Organic* revenue, excluding domain acquisitions, grew 7% at constant currency
- Underlying** pre-tax profit up 5% to £4.24 million
 - Organic* underlying** pre-tax profit, excluding domain acquisitions, grew 19% at constant currency
- Underlying** diluted EPS was flat at 12.11 pence
 - Organic* underlying** diluted EPS, excluding domain acquisitions increased by 12% at constant currency
- Proposed interim dividend increased by 20% to 1.68 pence
- Net cash at period end of £1.70 million

* excluding the results of Indom, acquired in December 2010

**excluding amortisation, restructuring costs and acquisition related expenses

Geoff Wicks, Chief Executive Officer, commented: “We continue to make good progress and I am pleased that we have been able to cement our position as European market leader in domain name management with the acquisition of Indom at the end of the first half. Our core markets continue to perform well and the potential for further growth remains good with new developments in the market starting to offer opportunities for the development of new revenue streams.”

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Chairman's statement

When my predecessor John Parcell took over the Chairmanship in 2001, he established the fundamental principles on which our business has been built. In particular, he identified the need to refocus trading activities on higher value-added corporate domain name and hosting business in order to secure more resilient revenues. To deliver on this plan, he appointed the current management team and guided them as they developed and transformed the Group into a robust business which has grown both revenue and profit consistently ever since; even through the recent challenging markets. I would like to thank John for his significant contribution to the Group and to wish him well in his new endeavours.

From this and prior sets of financial results, you will be aware that Group NBT is a growing business. In my first statement as Chairman, I thought it might be helpful to consider the principles which have driven that growth and which guide our future strategy.

The key tenets of our growth strategy are:

- Focus on business with strong value-added services for our customers and recurring 'sticky' revenue for us
- Provide our core brand management expertise in multiple geographies and through multiple channels
- Extend our client offering through adding complementary products
- Deploy our capital to extend both geographical and product expertise
- Improve our operations and technology platforms to increase efficiency and serve our clients better

It is a testimony to the entire team that these principles have been consistently applied in very difficult market conditions and have delivered another set of strong financial results.

Richard Madden
Chairman

Chief Executive's review

Group NBT delivered a robust performance in the half-year to 31 December 2010. The first half of the previous financial year included exceptional results from one-off revenue for domain acquisitions which we expect to be more evenly spread throughout this year. Leaving these aside we experienced good growth in all of our key markets areas. Domain name management continues to be our main focus together with brand protection services and growth in these key segments has continued to demonstrate the resilience of these markets.

I am pleased that during the period we were able to conclude the acquisition of Indom, announced on 15 December 2010. Indom is the market leader in corporate domain name management services in France and this acquisition firmly cements our position as market leader in Europe. The Group has started the integration of Indom and we expect to integrate systems fully over the next two years. This will result in significant synergy savings although there will be some restructuring costs as we implement the required changes. Growth through acquisition is a key part of our strategy and we believe there continue to be good opportunities for consolidation of the market.

We are starting to see more confidence in the market and are acquiring some excellent new customers. Meanwhile, the slowdown in growth we experienced over the last two years as a result of the economic recession continues to have an impact as the recurring revenue base has grown at a slower pace. Nevertheless, the business model of recurring revenue remains very effective and our renewal rates continue at a high level.

Group revenue for the half-year to 31 December 2010 was £22.60 million, up 4% on the same period last year. Underlying pre-tax profit was £4.24 million, up 5% year-on-year. Underlying diluted EPS was flat at 12.11p. However I am pleased to report that on a constant currency basis, excluding Indom and without the impact of domain acquisitions, revenue grew by 7% and underlying pre-tax profit by 19%. On this basis diluted EPS grew by 12%. These good results are a reflection of our business model, building streams of recurring revenue.

At 31 December 2010 the Group had net cash of £1.70 million, down from £11.44 million at 30 June 2010. This change resulted from the funding requirements for the acquisition of Indom.

Corporate Brand Services

Revenue from Corporate Brand Services excluding Indom was £11.42 million, up 4% on last year and 5% on a constant currency basis. Corporate Brand Services includes our domain name management products and brand protection products. Managing large portfolios remains a challenge for brand owners and we provide reassurance and efficiency for our customers. The market changes rapidly and ensuring that brands are protected by owning the relevant intellectual property online requires a level of knowledge and expertise not available in most companies.

Revenue from corporate domain name management services was £10.43 million for the half-year, up 2% on the same period last year and 3% on a constant currency basis. Revenue, excluding the impact of domain acquisitions, grew 9% on a constant currency basis and revenue from NetNames Platinum Service was up 13% on the same period last year. During the period we completed the integration of NetNames Platinum Service and Speednames Business. They now form part of the same set of products sold under the NetNames brand. We remain cautious about market conditions as customers continue to review their requirements carefully and new customer acquisition improves slowly. It is clear that parts of our market, especially in continental Europe, are improving faster than others and we will grow our resources to reflect that.

Interest in brand protection products continues to grow as companies become increasingly aware of the potential for their brands to be misused online. This is reflected in growing sales. Our brand protection services reported revenues of £0.99 million, up 33% on the same period last year. Uptake continues to be stronger in the US where companies are more advanced in their understanding of this market.

Managed hosting

Revenue from managed hosting was £3.32 million, up 3% on the same period last year, 4% at constant currency. We provide managed hosting products in the UK and France where markets have remained challenging. While cancellation rates have improved, new customer projects, which drive new sales, are slower to develop currently. We have improved our competitive position with new products including a private cloud service which has performed well. We remain in a strong position to take advantage of new opportunities as the market improves.

Reseller and Partner services

Ascio had a good half-year. Revenue of £4.37 million was up 7% on the same period last year and 13% on a constant currency basis. We continued to acquire new partners at a good rate and we have concentrated on getting these new partners online as quickly as possible. This market is focused largely in Europe where our expertise in managing country code domain names represents a significant competitive advantage. While some of our partners have been impacted by market conditions and we have been affected by some consolidation in the market, we continue to grow strongly.

Online services

Online revenue was £3.16 million for the first half of the year, down 7% on the same period last year and down 6% on a constant currency basis. However, we did see some modest growth in our Easily brand, which offers online services in the UK.

Profit

The overall gross margin of 72.4% decreased from 74.0% for the same period last year reflecting lower domain acquisitions in the revenue mix and higher domain name costs due to a relatively stronger US dollar.

Underlying operating profit at £4.20 million was up 5% year-on-year including a small contribution from Indom. Margin was 18.6% compared to 18.5% last year. Organic underlying operating profit, excluding the gross margin from domain acquisitions, grew strongly at 19% on a constant currency basis as overheads were managed carefully with modest inflationary increases in certain areas.

Underlying profit before tax at £4.24 million was up 5% year-on-year with the margin at 18.7% compared to 18.6% last year.

On a statutory basis, operating profit of £3.33 million was down 6% from £3.53 million last year and profit before tax of £3.36 million was down 5% from £3.54 million last year. The decrease in reported profits arises from the impact of domain acquisitions and a change in accounting practice relating to acquisition expenses. The results for the half-year to December 2010 include costs of £0.39 million which relate to legal, professional and advisory fees in connection with the acquisition of Indom; these have been expensed, whereas in prior years such costs would have been capitalised.

Basic EPS was 9.52 pence, down 13% from 10.99 pence last year and diluted EPS was 9.28 pence, down 13% from 10.71 pence last year. Both these measures have been impacted by several factors: the change in accounting practice relating to acquisition related expenses mentioned above; an increase in the effective rate of tax as noted below; and an increase in the dilutive number of shares.

Taxation

A tax charge of £0.90 million (31 December 2009: £0.74 million and 30 June 2010: £1.67 million) arose in the period representing an effective tax rate of 26.7% (2009: 20.8% and 23.2% for the full year to June 2010). The effective tax rate on profit excluding amortisation, restructuring costs, acquisition related expenses and related tax credits was 24.1% (2009: 21.3% and 23.5% for the full year to June 2010).

The effective rate of tax is below the UK statutory rate of corporation tax of 27.8% due to the utilisation and recognition of trading losses and other timing differences previously unrecognised given the uncertainty relating to their recoverability as well as varying tax rates in non-UK jurisdictions.

The effective rate of tax on our chosen measure, profit excluding amortisation, restructuring costs and acquisition related expenses, has increased to 24.1% from 23.5% in the last full financial year to 30 June 2010. This was expected as most of the jurisdictions with taxable profits have corresponding near-statutory rate tax charges, either through corporation tax, as all trading losses have been utilised, or through an appropriate release of the deferred tax asset where estimated recoverable trading losses have been recognised as deferred tax assets in prior periods.

Furthermore, Indom did not have any noticeable impact on the estimated effective tax rate as just over half a month's results were incorporated in the Group results to December 2010. While the impact on the effective tax rate in the full year to June 2011 will depend upon its taxable result in that period, the French statutory rate of tax is higher than the Group's currently estimated effective tax rate.

Cash flow

At 31 December 2010, the Group had net cash balances of £1.70 million (2009: £8.83 million and £11.44 million at 30 June 2010) before unamortised facility fees. This comprised cash balances of £7.93 million (2009: £11.33 million) and debt, before unamortised facility fees, of £6.23 million (2009: £2.50 million).

Although the acquisition of Indom was funded mostly through existing cash resources, a £4.50 million three-year term loan together with a three-year revolving credit facility of £1.50 million, currently undrawn, was taken out in December 2010. This is in addition to the existing debt of £1.50 million which is repayable by July 2012. We believe that this arrangement maintains the Group's strong financial position and allows a certain degree of flexibility to consider other opportunities.

Cash generated from operations during the period was £3.83 million compared to £4.35 million last year. While the level of cash conversion was lower than the previous half-year, which was particularly high, it was in line with prior years' levels for the first half.

Dividend

A final dividend of 2.80 pence per share (2009: 2.00 pence) was paid on 14 January 2011 to shareholders on the register at 3 December 2010. The Board of Directors has declared an interim dividend of 1.68 pence per share (2009: 1.40 pence) which is payable on 15 April 2011 to shareholders on the register at 18 March 2011.

Geoff Wicks

Chief Executive Officer

CONSOLIDATED INCOME STATEMENT

	Note	Unaudited Six months ended 31 Dec 2010 £'000	Unaudited Six months ended 31 Dec 2009 £'000	Audited Year ended 30 June 2010 £'000
REVENUE	2	22,603	21,688	43,921
Cost of sales		6,230	5,644	11,590
GROSS PROFIT		16,373	16,044	32,331
Operating expenses		13,045	12,517	25,184
OPERATING PROFIT		3,328	3,527	7,147
Finance income		58	36	81
Finance expense		(24)	(21)	(41)
PROFIT BEFORE TAXATION	2	3,362	3,542	7,187
Taxation		(897)	(735)	(1,666)
PROFIT FOR THE PERIOD		2,465	2,807	5,521
EARNINGS PER SHARE				
- Basic	3	9.52p	10.99p	21.48p
- Diluted	3	9.28p	10.71p	20.99p

All amounts relate to continuing activities.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 31 Dec 2010 £'000	Unaudited Six months ended 31 Dec 2009 £'000	Audited Year ended 30 June 2010 £'000
PROFIT FOR THE PERIOD	2,465	2,807	5,521
OTHER COMPREHENSIVE INCOME			
Exchange translation differences	1,357	1,292	(1,503)
Deferred tax recognised directly in equity	170	205	229
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,992	4,304	4,247

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited Six months ended 31 Dec 2010 £'000	Unaudited Six months ended 31 Dec 2009 £'000	Audited Year ended 30 June 2010 £'000
ASSETS			
NON-CURRENT ASSETS			
Goodwill	41,955	29,611	27,523
Other intangible assets	1,209	2,228	1,619
Property, plant and equipment	2,157	2,309	2,213
Deferred tax asset	1,558	1,082	1,084
	46,879	35,230	32,439
CURRENT ASSETS			
Trade and other receivables	7,945	6,247	5,960
Cash and cash equivalents	7,928	11,332	13,443
	15,873	17,579	19,403
TOTAL ASSETS	62,752	52,809	51,842
LIABILITIES			
CURRENT LIABILITIES			
Bank loan	(1,470)	(983)	(983)
Trade and other payables	(15,500)	(12,281)	(12,348)
Taxation	(1,790)	(1,094)	(1,530)
Provision	-	(149)	-
	(18,760)	(14,507)	(14,861)
NON-CURRENT LIABILITIES			
Bank loan	(4,665)	(1,482)	(991)
	(4,665)	(1,482)	(991)
TOTAL LIABILITIES	(23,425)	(15,989)	(15,852)
NET ASSETS	39,327	36,820	35,990
CAPITAL AND RESERVES			
Called up share capital	259	259	259
Share premium account	3,824	3,791	3,824
Merger reserve	12,008	12,008	12,008
Other reserve	2,034	1,697	1,794
Cumulative translation reserve	3,940	5,378	2,583
Profit and loss account	17,262	13,687	15,522
TOTAL EQUITY	39,327	36,820	35,990

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Merger reserve £'000	Other reserve £'000	Cumulative translation reserve £'000	Retained profit £'000	Total £'000
SIX MONTHS ENDED 31 DECEMBER 2010							
Balance at 1 July 2010	259	3,824	12,008	1,794	2,583	15,522	35,990
Comprehensive income for the period	-	-	-	170	1,357	2,465	3,992
Dividends	-	-	-	-	-	(725)	(725)
Share-based payment credit	-	-	-	70	-	-	70
BALANCE AT 31 DECEMBER 2010	259	3,824	12,008	2,034	3,940	17,262	39,327
SIX MONTHS ENDED 31 DECEMBER 2009							
Balance at 1 July 2009	254	3,536	12,008	1,467	4,086	10,880	32,231
Comprehensive income for the period	-	-	-	205	1,292	2,807	4,304
Share-based payment credit	-	-	-	25	-	-	25
Issue of share capital	5	255	-	-	-	-	260
Balance at 31 December 2009	259	3,791	12,008	1,697	5,378	13,687	36,820
YEAR ENDED 30 JUNE 2010							
Balance at 1 July 2009	254	3,536	12,008	1,467	4,086	10,880	32,231
Comprehensive income for the year	-	-	-	229	(1,503)	5,521	4,247
Dividends	-	-	-	-	-	(879)	(879)
Share-based payment credit	-	-	-	98	-	-	98
Issue of share capital	5	288	-	-	-	-	293
Balance at 30 June 2010	259	3,824	12,008	1,794	2,583	15,522	35,990

CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 31 Dec 2010 £'000	Unaudited Six months ended 31 Dec 2009 £'000	Audited Year ended 30 June 2010 £'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation	3,362	3,542	7,187
Finance income (net)	(34)	(15)	(40)
Depreciation and amortisation	1,188	1,276	2,487
Share-based payments	70	25	98
Exchange differences	(235)	(134)	(324)
(Increase)/decrease in trade and other receivables	(222)	632	919
Decrease in trade and other payables	(302)	(975)	(907)
Cash generated from operations	3,827	4,351	9,420
Taxation paid	(949)	(592)	(1,125)
NET CASH INFLOW FROM OPERATING ACTIVITIES	2,878	3,759	8,295
Cash flow from investing activities			
Interest received	58	36	81
Purchase of property, plant and equipment	(560)	(556)	(1,211)
Purchase of subsidiary undertakings	(14,170)	-	(147)
Cash acquired with subsidiary undertaking	2,160	-	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(12,512)	(520)	(1,277)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid	(24)	(21)	(41)
Dividends paid	-	-	(879)
Long term loan receipt / (repayments)	3,922	(492)	(983)
Proceeds from issue of share capital	-	260	293
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES	3,898	(253)	(1,610)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(5,736)	2,986	5,408
CASH AND CASH EQUIVALENTS AT START OF PERIOD	13,443	8,157	8,157
Effect of exchange rate changes	221	189	(122)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7,928	11,332	13,443

Notes to the Unaudited Interim Accounts for the six months ended 31 December 2010

1 Accounting policies

This report was approved by the Directors on 9 March 2011.

The interim results for the six months ended 31 December 2010 have been prepared in accordance with the AIM Rules for Companies. The Group has not elected to apply IAS 34 'Interim Financial Reporting'.

This financial information has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively Adopted IFRSs). The principal accounting policies used in preparing the interim results are those the Group expects to apply in its financial statements for the year ending 30 June 2011 and are unchanged from those disclosed in the Group's Report and Financial Statements for the year ended 30 June 2010.

The results for the half-year are unaudited. The financial information for the year ended 30 June 2010 does not constitute the full statutory accounts for that period. The Annual Report and Financial Statements for the year ended 30 June 2010 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statements for the year ended 30 June 2010 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

2 Segmental analysis

At present the Group's activities are operated largely through a common infrastructure and support functions. 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. The format set out below is used to report results internally.

	Unaudited Six months ended 31 Dec 2010 £'000	Unaudited Six months ended 31 Dec 2009 £'000	Audited Year ended 30 June 2010 £'000
Revenue by service			
Corporate domain names	10,768	10,242	20,300
Managed hosting	3,315	3,221	6,397
Reseller	4,371	4,070	8,468
Online	3,162	3,412	7,084
Brand protection	987	743	1,672
	22,603	21,688	43,921
Gross profit	16,373	16,044	32,331
Underlying operating profit*	4,202	4,012	8,109
Net finance income	34	15	40
Underlying profit before tax**	4,236	4,027	8,149
Restructuring costs	(17)	-	-
Acquisition related expenses	(390)	-	-
Amortisation	(467)	(485)	(962)
Profit before taxation	3,362	3,542	7,187

* Underlying operating profit is defined as operating profit excluding amortisation, restructuring costs and acquisition related expenses.

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

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

	Revenue			Profit before tax		
	Unaudited 6 months ended 31 Dec 2010 £'000	Unaudited 6 months ended 31 Dec 2009 £'000	Audited Year ended 30 June 2010 £'000	Unaudited 6 months ended 31 Dec 2010 £'000	Unaudited 6 months ended 31 Dec 2009 £'000	Audited Year ended 30 June 2010 £'000
UK	11,155	11,305	22,438	1,885	2,148	4,664
Other European	10,109	9,294	19,211	1,058	1,062	2,013
USA	1,339	1,089	2,272	419	332	510
	22,603	21,688	43,921	3,362	3,542	7,187

3 Earnings per share

The basic and diluted earnings per share for the period ended 31 December 2010 are based on the profit for the period attributable to ordinary shareholders, of £2,465,000 (31 December 2009: £2,807,000 and 30 June 2010: £5,521,000) and on the weighted average number of shares of 25,882,000 (31 December 2009: 25,531,000 and 30 June 2010: 25,705,000).

An adjusted earnings per share has also been presented in addition to the earnings per share and is based on earnings adjusted to eliminate the effects of amortisation, restructuring costs and expenses relating to acquisitions. 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:

	Unaudited Six months ended 31 Dec 2010 £'000	Unaudited Six months ended 31 Dec 2009 £'000	Audited Year ended 30 June 2010 £'000
Profit attributable to ordinary shareholders	2,465	2,807	5,521
Amortisation of other intangible assets (net of tax)	348	362	716
Restructuring costs (net of tax)	12	-	-
Acquisition related expenses (net of tax)	390	-	-
Profit before amortisation, restructuring costs and acquisition related expenses	3,215	3,169	6,237

Weighted average and adjusted weighted average number of ordinary shares (000s):

	Number	Number	Number
Shares used for basic earnings per share	25,882	25,531	25,705
Effect of dilutive share options	693	683	599
Shares used for diluted earnings per share	26,575	26,214	26,304

Earnings per share:

	Unaudited Six months ended 31 Dec 2010 pence	Unaudited Six months ended 31 Dec 2009 pence	Audited Year ended 30 June 2010 pence
Basic			
Earnings per share	9.52	10.99	21.48
Amortisation of intangible assets (net of tax)	1.34	1.42	2.79
Restructuring costs (net of tax)	0.05	-	-
Acquisition related expenses (net of tax)	1.51	-	-
Adjusted earnings per share	12.42	12.41	24.27
Diluted			
Earnings per share	9.28	10.71	20.99
Amortisation of intangible assets (net of tax)	1.31	1.38	2.72
Restructuring costs (net of tax)	0.05	-	-
Acquisition related expenses (net of tax)	1.47	-	-
Adjusted earnings per share	12.11	12.09	23.71

4 Dividend

Equity dividends are recognised when they become legally payable. Interim dividends are recognised when paid. Final dividends are recognised when approved by the shareholders at an Annual General Meeting.

A final dividend of 2.80 pence per share (2009: 2.00 pence) was paid on 14 January 2011 to shareholders on the register at 3 December 2010. The Board of Directors has declared an interim dividend of 1.68 pence per share (2009: 1.40 pence) which is payable on 15 April 2011 to shareholders on the register at 18 March 2011.

5 Acquisition

On 15 December 2010 the Group acquired Indom SA, a provider of domain name services in France for a consideration of €16.88 million. Indom had net cash balances of €2.29 million at the date of acquisition.

The valuation to determine the fair value of assets acquired is ongoing and will be disclosed in the Group's annual report for the year ending 30 June 2011.

The Group results for the six months to 31 December 2010 incorporate Indom's revenue of £0.33 million and operating profit of £0.09 million for the period from 15 December to 31 December 2010 together with costs of £0.39 million in connection with the acquisition which have been expensed within the Consolidated Income Statement.

Independent review report to Group NBT plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2010 which comprises the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Changes of Cash Flows and the related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the Directors. The Directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on the AIM which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on the AIM and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2010 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on the AIM.

BDO LLP
Chartered Accountants and Registered Auditors
London
United Kingdom
9 March 2011

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