

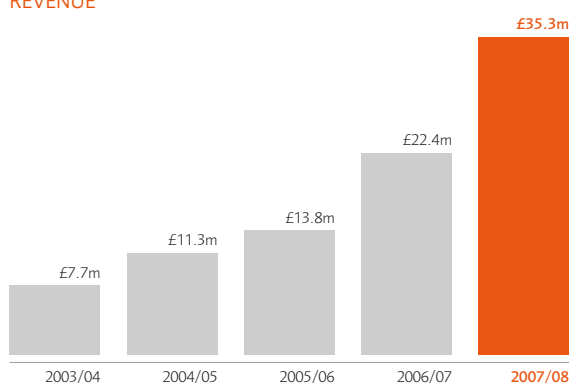
group NBT

ANNUAL REPORT 2008
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 293 employees and is based in London with offices in Copenhagen, Cambridge, Nice, Munich, Zurich, Oslo and New York.

REVENUE

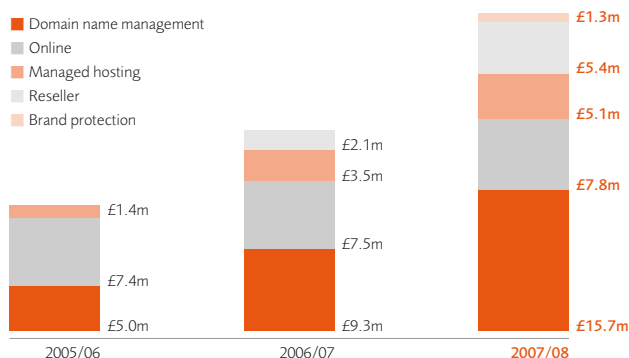


UNDERLYING PRE-TAX PROFIT*



*excluding restructuring costs and amortisation

REVENUE BY SERVICE



REVENUE BY REGION



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Financial Highlights 2007/08

Organic
revenue growth

+19%

Underlying
pre-tax profit²

+49%

Adjusted diluted EPS²

+32%

Total dividend

+33%

- Group NBT once again delivers excellent results
- Revenue up 58% to £35.28 million with organic growth of 19%
- Underlying operating profit¹ up 48% to £5.89 million
- Underlying pre-tax profit² up 49% to £5.51 million
- Adjusted diluted EPS² increased by 32% to 16.26 pence
- Proposed total dividend increased by 33% to 2.4 pence for the year
- NetNames Platinum Service revenue up 38% to £9.79 million
- Managed hosting revenue up 43% to £5.07 million
- Net cash at year end of £0.66 million compared to net debt of £1.95 million at 30 June 2007
- Ascio Technologies Holding A/S (now Group NBT A/S) moves strongly into profit

¹ Underlying operating profit, shown on the face of the Income Statement, is defined as operating profit excluding amortisation, restructuring costs and share-based payments.

² Excluding restructuring costs and amortisation.



Domain
name
management



Brand
protection

Our business consists
of five market
leading services

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

NetNames is an Internet Company for Assigned Names and Numbers (ICANN) accredited registrar with the ability to register domain names in all available suffixes worldwide. NetNames provides comprehensive coverage of country code Top Level Domains (ccTLDs) such as .de and .es. Following the 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 recovery service to assist clients 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.

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. June 2008 saw the launch of the first group of products to be sold through the NetNames sales force. 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



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, HSBC Business Banking 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


www.speednames.com



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 virtual services which consist of either VM Ware or Microsoft's Hyper-V.

NetBenefit has recently opened a fourth data centre which is entirely powered by green electricity. 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.


www.netbenefit.com



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 500,000 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.


www.ascio.com

Chairman's Statement

Group NBT achieved an excellent performance in the year ended 30 June from our family of internet services. These results demonstrate the success of our strategy of concentrating on services for growing corporate markets generating strong recurring revenue at high profit margins.

We enjoyed a healthy contribution from the Danish business we acquired in January 2007, where integration is well advanced. We made a smaller investment in July 2007 acquiring Envisonal, a Cambridge-based business with innovative techniques for protecting online brands and detecting internet piracy, and it is trading in line with our expectations.

Total revenue for the year grew by 58%, and excluding those two acquisitions, organic revenue growth was 19%. Revenue from services managing portfolios of corporate domain names was up 72% in total, and organic growth of the NetNames Platinum Service was 36%.

Underlying pre-tax profit* for the Group was up 49% at £5.51 million (2007: £3.70 million). The operating profit margin of the Group remained strong, and fully-diluted underlying EPS* increased by 32% to 16.26 pence (2007: 12.29 pence). The Group also continued to be strongly cash-generative. In line with our ongoing dividend policy, the Board is recommending a final dividend of 1.6 pence, making a total dividend of 2.4 pence for the year, 33% ahead of 2007.

Group NBT has pursued its consistent strategy for more than five years with unbroken success. Since 2004 underlying diluted EPS* has more than tripled, growing at a compound annual rate of 32%. Total shareholder returns over the same period are 28% per annum compound. I thank all our management and staff: this first-class outcome owes much to their skills, energy, and commitment.

OUTLOOK

We have not, so far, felt any negative impact from the current economic climate, and we continue to maintain our growth momentum. With 52% of our revenue now recurring or repeat corporate business with very high renewal rates, our forward visibility is good.

We remain committed to our policy of seeking steady organic growth coupled with acquisitions from which we can extract good value. We have a good competitive position, an attractive business model with strong economics, a product line which we are continually strengthening and sound management. In addition our core markets remain attractive. I am confident, therefore, that Group NBT has the fundamental attributes in place to deliver further sustainable growth in the current year.

JOHN PARCELL
CHAIRMAN

*excluding amortisation and restructuring costs.

“

We have a good competitive position, an attractive business model with strong economics, a product line which we are continually strengthening and sound management.

”

Chief Executive's Review

The markets in which we work continue to have healthy growth levels. The overall number of domain names registered has grown at a fast pace and the requirement for hosting services is being driven by the increased use of the Internet and the availability of broadband. This has helped Group NBT to maintain high levels of growth especially for the key services it provides to companies for the management of portfolios of domain names and for managed hosting.

As a result Group NBT had another excellent year in 2007/08 with all divisions of the business performing well. During the year we continued to integrate Ascio Technologies Holding A/S which we acquired in January 2007. This business has now been renamed Group NBT A/S with Ascio remaining as the brand used for our reseller business. This business which was loss making at the time of acquisition is now firmly profitable with operating margins improving steadily. While there is still work to be done to rationalise and integrate the services, the benefits of the integration are significant.

Our core products continue to perform extremely well. Revenue from NetNames Platinum Service grew by 38%, helped in part by sales of this service through the regional offices acquired as part of Group NBT A/S. Managed hosting had another very good year with market conditions favouring companies with our higher levels of service. Revenue grew by 43% year-on-year with average customer spend increasing partly as a result of customers having more complex requirements and needing higher levels of security.

Revenue for the Group for the year to 30 June 2008 was £35.28 million, up 58% on the previous year. The previous year included just under six months' revenue from the acquisition of Group NBT A/S and the year under review included eleven months of revenue from Envisional Solutions Limited (Envisional) which was acquired in July 2007. On a like-for-like basis organic growth in revenue, excluding the impact of acquisitions was 19%.

Profit before tax (PBT) was £4.21 million, up 36% on last year. On an underlying basis excluding amortisation and restructuring costs, profit before tax and amortisation (PBTA) was £5.51 million, up 49% on last year. Underlying fully-diluted earnings per share (EPS), excluding amortisation and restructuring costs, were 16.26 pence up 32% on last year. Growth in EPS was lower than growth in PBTA as the number of shares in issue has increased as a result of acquisitions.

The Group's cash position at the end of the financial year was largely neutral with a net cash balance of £0.66 million compared to net debt of £1.95 million at 30 June 2007. Part of the debt required to make the recent acquisitions has been paid down and good cash generation has meant that cash now just exceeds debt.

DOMAIN NAME MANAGEMENT

Revenue from domain name management services was £15.71 million for the year under review, including a full year of revenue for Speednames Business, which was part of the acquisition of Group NBT A/S. Within this the revenue for NetNames Platinum Service was £9.79 million, up 38% on the previous year. Over time Speednames Business customers will be converted to NetNames Platinum Service. This service is more appropriate for the market and as a result has a higher level of growth.

The process has commenced with all new sales now being made as NetNames Platinum Service with good sales being made in Denmark, Switzerland and Germany through the teams that previously sold Speednames Business. We also continue to see good growth for NetNames Platinum Service in our other offices with the UK and US performing particularly well.

As the market matures we are able to take advantage of opportunities for consultancy and advisory work including the recovery of domain names. In addition to this we have started to sell a range of brand protection products, based on Envisional's technology, to our domain name management customer base.



This has been another excellent year for the Group. We have made considerable progress with the new additions to the Group and although there is still more to do we have benefited from their contribution. Our organic growth remains strong and the market for our services continues to be robust. We are mindful of the economic climate and are working hard to ensure our continued growth.



Chief Executive's Review continued

MANAGED HOSTING SERVICES

Managed hosting revenue for the year was £5.07 million, up 43% on the previous year. Organic growth, adjusted for almost two months of revenue for a small acquisition made in August 2006, was 35%. It was another excellent performance with new customer acquisition continuing apace with average revenue per customer increasing. Not only is existing customers' spend growing but we are increasingly able to provide more complex solutions which enable us to attract larger customers.

The market continues to be very buoyant, driven by the increase in the use of the Internet for business purposes with transactional websites becoming more important. Our product line has kept pace with market requirements and we now concentrate on highly resilient services with high levels of support for which customers will pay premium prices.

As our business has grown we have invested in the underlying infrastructure to ensure that we are able to continue to provide a market leading service. The investment made during the year under review will enable us to continue to offer highly resilient services and to be able to scale the business to accommodate future growth.

Costs have increased in this business as data centre prices have been impacted by increasing demand and a shortage of modern, state-of-the-art facilities. We are addressing this not only by reviewing prices but also by reviewing our portfolio of data centre space in order to make more effective use of space and power.

RESELLER AND PARTNER BUSINESS

Ascio, our reseller brand, had revenue of £5.37 million for the year. This has increased year-on-year by 20%, a pleasing increase in its rate of growth since we acquired the business in January 2007.

Growth comes from sales made by existing partners and by the addition of new partners. There is a relatively long sales cycle as it can take some time to bring a new partner onto the system and for them to start putting sales through Ascio. The year under review saw good growth from existing customers helped by the introduction of several new domain name suffixes including .asia, with renewal rates remaining high. We also experienced high levels of sales to new partners many of which contributed little to revenue during the year but can be expected to add to revenue growth this year.

ONLINE SERVICES

Online services include domain names, email services and shared hosting. Revenue comes from four of the Group's brands although we concentrate on Easily and Speednames Online as these brands are specifically targeted at the online market. Revenue for online services was up 4% to £7.77 million for the year under review which included a full year of revenue from Speednames Online. Within this, revenue for the Easily brand grew by 6% over the year and revenue for Speednames Online grew by 9%. Revenue from the other brands continued to decline in line with expectations.

Our online services are targeted at small businesses and consumers who require a premium product with high levels of service and support. To address this market we continue to add to our product capabilities to enable us to remain competitive. Over time we expect all new revenue from this market to come from Easily and Speednames Online.

ENVISIONAL

We acquired Envisional in July 2007 in order to be able to provide full brand management solutions to our domain name management customers. During the year we have consolidated the customer base and have repackaged Envisional's technology to be able to offer services to our NetNames Platinum Service customers. We have also benefited from being able to offer complete solutions to certain larger customers which have this as a requirement.

Revenue for the year was £1.36 million, a small increase on the previous year. We have kept and developed most of the existing customers and have added some excellent new customers with considerable interest being built for future sales. This is a relatively new market and with a long sales cycle. It remains strategically important that we are able to offer these services in order to remain competitive in the domain name management market and over time we expect to see these products sold as a matter of course alongside the NetNames Platinum Service.

INTEGRATION

We are now well advanced with the integration of Group NBT A/S. The initial work to integrate people and processes was largely completed some time ago, the company now operates as an integrated part of the Group and as a result we have been able to reduce our staff costs and to gain operational improvements.

Over the next year we plan to complete the integration of the technical systems on which our services are built. We have taken this opportunity to merge the systems onto a common, updated technical platform. It uses the best elements from each system or service and will provide a better, more competitive service for customers. While we have started the process of consolidating our services, the migration of Speednames Business customers to the NetNames Platinum Service will continue at a pace dictated by contract renewal cycles.

Restructuring costs increased from £0.24 million to £0.51 million. While the previous year's costs mostly comprised termination payments, the majority of the current year's expenditure related to costs incurred in connection with the integration of technical systems.

PROFIT

The gross margin rate of the Group declined to 77.5% from 78.1% in the previous year, largely as a result of changes to the product mix. Operating expenses excluding amortisation, restructuring costs and share-based payments increased from £13.47 million to £21.47 million.

As noted in the 2007 Annual Report four underlying measures – operating profit, operating margin, pre-tax profit and EPS are used as key performance indicators within the business. We consider they provide a clearer picture of progress than the Generally Accepted Accounting Practice (GAAP) measures and are therefore useful to investors.

Underlying operating profit (operating profit before share-based payments, amortisation and restructuring costs) was £5.89 million (2007: £3.98 million), up 48%. Underlying operating profit margin was 16.7%, down from 17.8% in the previous year. This was due to the inclusion of Envisional which made a loss and excluding this, margins have improved overall. GAAP operating profit was £4.42 million (2007: £3.13 million), up 41%.

Underlying pre-tax profit (excluding amortisation and restructuring costs) was £5.51 million (2007: £3.70 million), up 49%. GAAP pre-tax profit was £4.21 million (2007: £3.10 million), up 36%.

Basic underlying EPS (excluding amortisation and restructuring costs) was 16.75 pence (2007: 12.73 pence), up 32%. Fully-diluted underlying EPS was 16.26 pence (2007: 12.29 pence), up 32%. Under GAAP, basic EPS was 13.02 pence (2007: 10.55 pence), up 23% and fully-diluted EPS was 12.64 pence (2007: 10.18 pence), up 24%.

TAXATION

A tax charge of £0.94 million (2007: £0.73 million) arose in the year representing an effective tax rate of 22.3% (2007: 23.7%) which now includes deferred tax adjustments in respect of amortisation and other adjustments under International Financial Reporting Standards (IFRS). The effective tax rate on profit excluding amortisation and restructuring costs and related tax credits was 23.4% (2007: 22.9%).

The effective rate is below the statutory rate of corporation tax of 29.5% due largely to the recognition of losses and other timing differences previously unrecognised due to uncertainty relating to their recoverability.

In addition to the deferred tax adjustments arising from the transition to IFRS, the net assets of Group NBT A/S at acquisition were revised within the permitted period to include a deferred tax asset of £0.9 million in respect of tax losses and other timing differences estimated to be recoverable and a corresponding adjustment was made to reduce the goodwill arising on acquisition. The balance at 30 June 2008 was £0.75 million.

CASH FLOW

Net cash inflow from operating activities was £7.83 million, up from £3.99 million in the previous year. The level of cash generation was higher than in the previous year reflecting, in part, the normalisation of billing issues noted in the 2007 Annual Report and the strong cash generation characteristics of the business.

During the year £1.01 million was paid in respect of deferred contingent consideration relating to the acquisition of Envisional which was funded from existing working capital.

Expenditure on tangible fixed assets increased from £1.41 million to £2.19 million due to the growth in the managed hosting business and continued investment in the technical infrastructure.

At the year end the Group had cash balances of £4.66 million (2007: £3.05 million) and debt of £4 million (2007: £5 million) before amortised facility fees, resulting in a net cash position of £0.66 million at the year end (2007: net debt of £1.95 million).

DIVIDEND

An interim dividend of 0.8 pence was paid on 21 April 2008. A final dividend of 1.6 pence is proposed bringing the total for the year to 2.4 pence (2007: 1.8 pence), an increase of 33%. Subject to its approval at the Annual General Meeting on 27 November 2008, the final dividend will be payable on 7 January 2009 to shareholders on the register on 5 December 2008.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Group is required to adopt IFRS for reporting purposes for accounting periods beginning after 1 July 2007 and therefore the Group's consolidated financial statements have been prepared under these standards. One of the main changes has been the accounting treatment of goodwill arising from acquisitions which has resulted in a decrease in the annual amortisation charge under UK GAAP from circa £2.2 million to circa £0.8 million.

GEOFF WICKS

CHIEF EXECUTIVE OFFICER

Report on Corporate Governance

The Company is listed on the Alternative Investment Market (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 two Executive and four 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 judgment 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 Jonathan Robinson and Richard Madden, 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 Company'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 Tim Ashley, Richard Madden and John Parcell. The Committee meets at least once a year. The Board's report to shareholders on Directors' remuneration is set out on pages 10 and 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 year-end results. The Company's website carries reproductions of the Group's Annual 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 enclosed 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.

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.

GOING CONCERN

After making appropriate enquiries, the Directors have formed a judgment 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.

Board of Directors

JOHN PARCELL

NON-EXECUTIVE CHAIRMAN

John Parcell spent thirty years at Reuters Group plc. He joined 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.

JONATHAN ROBINSON

CHIEF OPERATING OFFICER

Jonathan Robinson is a co-founder of Group NBT. He has a PhD in Materials Engineering and a BSc (Physics) from the University of Cape Town. He previously held research posts at Imperial College, London and the Rolls-Royce Technology Centre at the University of Cambridge. Jonathan is a current non-executive director of .info domain registry Afiliis Limited and has been a member of the board at the .uk domain registry Nominet (UK) Limited.

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

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.

TIM ASHLEY

NON-EXECUTIVE DIRECTOR

Tim Ashley was responsible for Group NBT's branding and marketing strategy from March 1999 to September 2000. He was appointed to the Board during 1999, having previously founded Wicked Web Limited in 1995. Prior to that he spent ten years as an investment banker, most recently with Lehman Brothers. Tim holds degrees from both Oxford and Cambridge Universities.

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 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 the Alternative Investment Market (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 four Non-executive Directors: John Parcell, Tim Ashley 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 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 Remuneration 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

Share option allocations are designed to attract, motivate and retain employees.

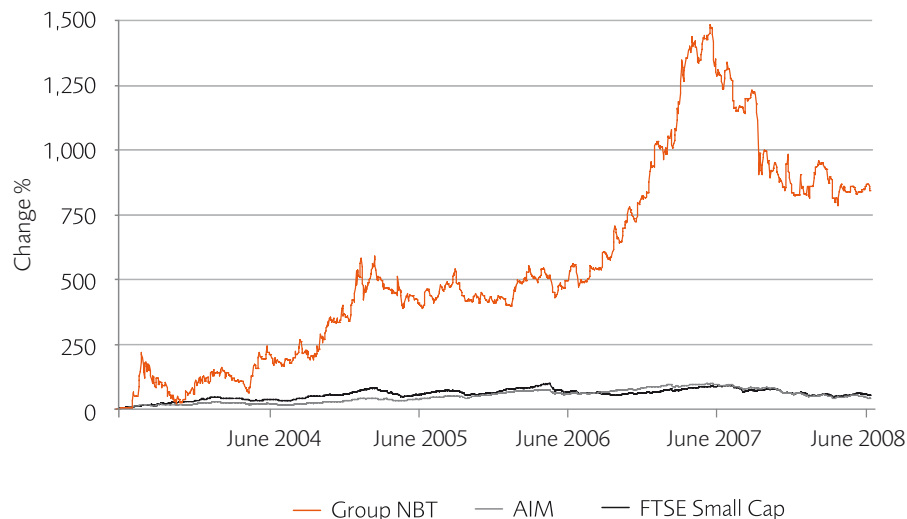
DIRECTORS' PENSION

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 2003 TO JUNE 2008



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. No other payments are made for compensation.

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 £16,500 with the exception of Claus Anderson, who did not receive a fee. John Parcell received £22,500 for his services as Non-executive Chairman.

DIRECTORS' REMUNERATION

Directors' remuneration for the year was as follows:

	Fees £'000	Annual bonuses £'000	Pensions £'000	Other benefits £'000	2008 Total £'000	2007 Total £'000
J Parcell	23	—	—	—	23	23
G Wicks	163	73	—	5	241	233
J Robinson	123	67	24	9	223	212
R Nagevadia	119	61	10	7	197	159
T Ashley	17	—	—	—	17	17
K Young	17	—	—	—	17	17
R Madden	17	—	—	—	17	17
C Anderson	—	—	—	—	—	—
YEAR ENDED 30 JUNE 2008	479	201	34	21	735	678
Year ended 30 June 2007	437	182	32	27		

Other benefits consist of car allowances and private health insurance.

SHARE OPTIONS

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

Scheme	At 1 July 2007	Granted during the year	Exercised during the year	At 30 June 2008	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
J Robinson								
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
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
R Madden								
Unapproved	100,000	—	—	100,000	1.30	10/04/06	10/04/06	07/04/16

On 22 July 2008, Geoff Wicks, Jonathan Robinson and Raj Nagevadia were each granted 50,000 options at an exercise price of £2.29 vesting on 30 June 2009 and expiring on 22 July 2018. In addition to this, Raj Nagevadia was granted 25,000 options at an exercise price of £2.29 vesting on grant and expiring on 22 July 2018.

The ordinary share price ranged from £1.95 to £3.17 during the year and stood at £2.06 at the year-end.

On behalf of the Board

KEITH YOUNG

CHAIRMAN OF THE REMUNERATION COMMITTEE
20 OCTOBER 2008

Directors' Report

The Directors present their Annual Report and Accounts for the year ended 30 June 2008.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were the provision of domain name management services, web hosting, brand protection and 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 Income Statement on page 16.

An interim dividend of 0.8 pence (2007: 0.6 pence) per ordinary share was paid on 21 April 2008. The Directors recommend the payment of a final dividend of 1.6 pence per ordinary share making the total for the year of 2.4 pence per share (2007: 1.8 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 foreign exchange risks are contained in note 19 – Financial instruments, of the consolidated financial statements.

DIRECTORS

The Directors of the Company who served during the year to 30 June 2008 are shown below together with their interests in the shares of the Company.

	30 June 2008	At 1 July 2007
J Parcell	1,575,877	1,575,877
G Wicks	50,000	50,000
J Robinson	1,330,322	1,570,322
R Nagevadia	2,500	2,500
K Young	1,348,902	1,837,902
T Ashley	1,907,500	1,907,500
R Madden	—	—
C Anderson*	—	—

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

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

In accordance with the Company's Articles of Association, Jonathan Robinson and Richard Madden, 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 20 October 2008, the Company had or had been notified of the following holdings of 3% or more in the ordinary share capital of the Company:

	Number	%
BlackRock Group*	3,736,560	14.8
Herald Investment Trust	2,033,250	8.1
Nordic Venture Partners K/S	1,807,268	7.2
Hargreave Hale Limited*	1,548,239	6.2
Internet Ventures Scandinavia (IVS)	1,319,704	5.2
Jupiter Asset Management*	841,958	3.3

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

EMPLOYEES

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

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

ENVIRONMENT

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

SUPPLIER PAYMENT POLICY

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

The Company's creditor days at 30 June 2008, calculated in accordance with the requirements of the Companies Act 1985, were 34 (2007: 33).

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.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Group is required to adopt IFRS for reporting purposes for accounting periods beginning after 1 July 2007 and therefore the Group's consolidated financial statements have been prepared under these standards.

GOING CONCERN

After making appropriate enquiries, the Directors have formed a judgment 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 27 November 2008, and the resolutions proposed are set out in the enclosed 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 Stoy Hayward LLP as auditors will be proposed at the next Annual General Meeting.

By order of the Board

RAJ NAGEVADIA

COMPANY SECRETARY
20 OCTOBER 2008

Statement of Directors' Responsibilities

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets of the Company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report which complies with the requirements of the Companies Act 1985. The Directors are responsible for preparing the Annual Report and the financial statements in accordance with the Companies Act 1985. The Directors are also required to prepare financial statements for the Group in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. The Directors have chosen to prepare financial statements for the Company in accordance with UK Generally Accepted Accounting Practice (UK GAAP).

GROUP FINANCIAL STATEMENTS

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the preparation and presentation of financial statements". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

PARENT COMPANY FINANCIAL STATEMENTS

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- seek suitable accounting policies and then apply them consistently;
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- make judgments and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

Financial statements are published on the Group'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 Group and Parent company financial statements (the financial statements) of Group NBT plc for the year ended 30 June 2008 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. These financial statements have been prepared under the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors' responsibilities for preparing the Annual Report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and for preparing the Parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Statement of Directors' Responsibilities, the Chairman's Statement, the Chief Executive's Review, the Corporate Governance Statement and the Directors' Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 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 the Companies Act 1985 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.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 30 June 2008 and of its profit for the year then ended;
- the Parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Parent company's affairs as at 30 June 2008;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

BDO STOY HAYWARD LLP

CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS, LONDON
20 OCTOBER 2008

Consolidated Income Statement

for the year ended 30 June 2008

	Note	2008 £'000	2007 £'000
REVENUE	3	35,281	22,356
Cost of sales		7,926	4,903
GROSS PROFIT		27,355	17,453
Operating expenses		22,939	14,326
OPERATING PROFIT		4,416	3,127
Operating profit		4,416	3,127
Share-based payments		177	255
Amortisation		782	359
Restructuring costs		515	242
UNDERLYING OPERATING PROFIT		5,890	3,983
Finance income	6	124	147
Finance expense	7	(329)	(179)
PROFIT BEFORE TAXATION		4,211	3,095
Taxation	8	(939)	(733)
PROFIT FOR THE YEAR		3,272	2,362
Earnings per share			
Basic	10	13.02p	10.55p
Diluted	10	12.64p	10.18p

All amounts relate to continuing activities.

The notes on pages 20 to 40 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2008

	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 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 expense 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
Year ended 30 June 2007							
Balance at 1 July 2006	204	3,462	1,044	295	—	2,754	7,759
Exchange translation differences	—	—	—	—	71	—	71
Deferred tax recognised directly in equity	—	—	—	382	—	—	382
Net income recognised directly in equity	—	—	—	382	71	—	453
Profit for the period	—	—	—	—	—	2,362	2,362
Total recognised income and expense	—	—	—	382	71	2,362	2,815
Dividends	—	—	—	—	—	(310)	(310)
Share-based payment credit	—	—	—	678	—	—	678
Issue of share capital	44	25	9,707	—	—	—	9,776
Balance at 30 June 2007	248	3,487	10,751	1,355	71	4,806	20,718

The notes on pages 20 to 40 form part of these consolidated financial statements.

Consolidated Balance Sheet

as at 30 June 2008

	Note	2008 £'000	2007 £'000
ASSETS			
NON-CURRENT ASSETS			
Goodwill	11	27,430	21,461
Other intangible assets	11	3,370	2,984
Property, plant and equipment	12	2,661	1,909
Deferred tax asset	15	1,050	1,175
		34,511	27,529
CURRENT ASSETS			
Trade and other receivables	14	4,995	4,609
Cash and cash equivalents	24	4,658	3,051
		9,653	7,660
TOTAL ASSETS		44,164	35,189
LIABILITIES			
CURRENT LIABILITIES			
Bank loan	17	(983)	(983)
Trade and other payables	16	(11,290)	(9,031)
Taxation		(620)	(498)
		(12,893)	(10,512)
NON-CURRENT LIABILITIES			
Bank loan	17	(2,957)	(3,940)
Provision	18	(643)	—
Deferred tax liability	15	—	(19)
		(3,600)	(3,959)
TOTAL LIABILITIES		(16,493)	(14,471)
NET ASSETS		27,671	20,718
CAPITAL AND RESERVES			
Called up share capital	20	251	248
Share premium account		3,487	3,487
Merger reserve		12,008	10,751
Other reserve		1,269	1,355
Cumulative translation reserve		3,081	71
Profit and loss account		7,575	4,806
TOTAL EQUITY		27,671	20,718

These financial statements were approved by the Board of Directors and authorised for issue on 20 October 2008.

Signed on behalf of the Board of Directors

GEOFF WICKS
CHIEF EXECUTIVE OFFICER

The notes on pages 20 to 40 form part of these consolidated financial statements.

Consolidated Cash Flow Statement

for the year ended 30 June 2008

	2008 £'000	2007 £'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	4,211	3,095
Finance (income)/expense (net)	205	32
Depreciation and amortisation	2,271	1,301
Loss on disposal of assets	6	2
Share-based payments	177	255
Exchange differences	(408)	71
Increase in trade and other receivables	(54)	(1,418)
Increase in trade and other payables	1,420	655
Cash generated from operations	7,828	3,993
Taxation paid	(1,151)	(841)
NET CASH INFLOW FROM OPERATING ACTIVITIES	6,677	3,152
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	124	147
Purchase of property, plant and equipment	(2,190)	(1,406)
Purchase of intangible assets	—	(31)
Purchase of subsidiary undertakings	(1,223)	(8,625)
Net cash acquired with subsidiary undertaking	34	485
Repayment of bank loan as part of acquisition	—	(1,202)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(3,255)	(10,632)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(329)	(179)
Dividends paid	(503)	(310)
Long term loan capital (repayment)/receipt	(983)	4,923
Proceeds from issue of share capital	—	25
Capital element of lease repayments	—	(16)
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES	(1,815)	4,443
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,607	(3,037)
CASH AND CASH EQUIVALENTS AT START OF PERIOD	3,051	6,088
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4,658	3,051

The notes on pages 20 to 40 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2008

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 276 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 the Alternative Investment Market (AIM).

a) Basis of preparation

For the period beginning 1 July 2007, the Group has adopted International Financial Reporting Standards (IFRS) and the IFRIC interpretations issued by the IASB and those parts of the Companies Act 1985 applicable to companies preparing their accounts under IFRS in the preparation of its consolidated financial statements. Accordingly, this is the first year when the financial statements are prepared under IFRS and the comparatives for 2007 have been restated from UK GAAP to comply with IFRS. The transition date to IFRS was 1 July 2006. The disclosures required by IFRS concerning the transition from UK GAAP to IFRS are given in the reconciliation schedules, presented and explained in note 28.

The financial statements are prepared on the historic cost convention.

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.

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 3 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. Taxable profit differs from net profit as reported in the Income Statement as it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. 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.

→ Trade payables

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

Financial liabilities – held 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 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	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
US Dollar	1.99	2.01	2.00	1.93
Euro	1.26	1.48	1.37	1.48

Notes to the Consolidated Financial Statements continued

for the year ended 30 June 2008

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 financial statements. The Directors do not anticipate that the adoption of these standards and interpretations will have a material accounting impact on the Group's financial statements in the period of initial application.

Standard or interpretation	Effective for periods beginning	Endorsed for use in the EU
Amendment to IAS 23 Borrowing costs	1 January 2009	No
Amendments to IAS 1 Presentation of financial statements – revised presentation	1 January 2009	No
Revised IFRS 3 Business combinations	1 July 2009	No
Amendments to IAS 27 Consolidated and separate financial statements	1 July 2009	No
Amendments to IAS 32 Puttable instruments and obligations arising on liquidation	1 January 2009	No
Amendment to IFRS 2 Share-based payment: vesting conditions and cancellations	1 January 2009	No
IFRIC 13 Customer loyalty programmes	1 July 2008	No
IFRIC 14 – IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2008	No

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing the consolidated financial statements, management has to make judgments on how to apply the Group's accounting policies and make estimates about the future. The critical judgments 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 judgments and best estimates about the fair value allocation of the purchase price. We seek appropriate competent and professional advice before making any such allocations.

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 judgment 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.

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.

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.

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.

Notes to the Consolidated Financial Statements continued

for the year ended 30 June 2008

3 SEGMENTAL ANALYSIS

The Group has early adopted IFRS 8 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 business segment through which it provides its services, which are the provision of domain name, hosting, brand protection and other internet related 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 name, email and shared hosting, and brand protection services – monitoring the internet for brand abuse, fraud, piracy and counterfeiting, and uses the following format to report results internally.

	2008 £'000	2007 £'000
Revenue by service		
– corporate domain names	15,707	9,124
– managed hosting	5,074	3,542
– reseller	5,371	2,180
– online	7,773	7,510
– brand protection	1,356	—
	35,281	22,356
Gross profit	27,355	17,453
Underlying operating profit*	5,890	3,983
– share-based payments	(177)	(255)
– net finance expense	(205)	(32)
Underlying profit before tax**	5,508	3,696
– restructuring costs	(515)	(242)
– amortisation	(782)	(359)
Profit before taxation	4,211	3,095

* Underlying operating profit is defined as operating profit excluding amortisation, restructuring costs and share-based payments and is shown on the face of the Income Statement.

** 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/(loss) before tax and net assets/(liabilities) by origin of geographical segment are as follows:

	Turnover		Profit/(loss) before tax		Net assets/(liabilities)	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000	2008 £'000	2007 £'000
UK	19,496	15,518	2,050	3,226	27,371	23,633
Other European countries	14,559	5,950	1,844	(466)	1,345	(1,402)
USA	1,226	888	317	335	(1,046)	(1,513)
	35,281	22,356	4,211	3,095	27,671	20,718

Included within UK countries are the following amounts relating to Envisional Solutions Limited which was acquired during the year, revenue: £1,356,000, loss before tax: £481,000 and net liabilities: £1,028,000.

4 OPERATING PROFIT

Operating profit is stated after charging:

	2008 £'000	2007 £'000
Staff costs	14,222	9,077
Research and development	423	417
Depreciation of owned assets	1,489	942
Other intangibles amortisation	782	359
Operating lease rentals		
– land and buildings	751	444
– other	78	—
Auditors' remuneration		
– Group audit fee	135	80
– Company audit fee	33	33
– taxation services	38	33
– other services	73	—
Foreign exchange gain	127	58
Group restructuring		
– redundancy costs	66	140
– software integration	449	—
– travel costs	—	91
– legal and professional	—	11

4 OPERATING PROFIT continued

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 £60,000 (2007: £238,000) were incurred and capitalised during the year for due diligence work carried out in connection with the acquisitions of Group NBT A/S and Envisional Solutions Limited.

5 INFORMATION REGARDING EMPLOYEES

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

	2008 £'000	2007 £'000
Wages and salaries	12,748	8,133
Social security costs	1,045	562
Share-based payments	177	255
Pension costs	252	127
	14,222	9,077

Average number of employees during the year:

	2008 number	2007 number
Administrative	49	34
Operational	227	154
	276	188

	2008 £'000	2007 £'000
Directors' emoluments	701	646
Pension costs	34	32
	735	678
Share-based payments	177	255
Emoluments of highest paid Director: Emoluments	241	233

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

	2008 £'000	2007 £'000
Bank interest	124	147

7 FINANCE EXPENSE

	2008 £'000	2007 £'000
Bank loan interest payable	321	178
Other interest payable	8	1
	329	179

8 TAXATION

A) ANALYSIS OF TAX EXPENSE

	2008 £'000	2007 £'000
CURRENT TAX		
Current year tax	1,220	991
Adjustment in respect of prior periods	20	(50)
Total current tax expense	1,240	941
DEFERRED TAX		
Origination and reversal of timing differences	(243)	(36)
Adjustment in respect of prior period losses	(58)	(172)
Total deferred tax credit	(301)	(208)
Total tax expense (note 8B)	939	733

Notes to the Consolidated Financial Statements continued

for the year ended 30 June 2008

8 TAXATION continued

B) TAX EXPENSE RECONCILIATION

	2008 £'000	2007 £'000
Profit before taxation	4,211	3,095
Profit before taxation multiplied by standard rate of corporation tax in the UK of 29.5% (2007: 30%)	1,242	929
EFFECTS OF:		
Expenses not deductible for tax purposes	252	399
Short term timing differences	117	81
Depreciation in excess of capital allowances	(47)	(20)
Utilisation of tax losses	(280)	(190)
Unrelieved losses carried forward	—	37
Statutory deductions on exercise of share options	—	(23)
Difference in overseas tax rates	(64)	—
Adjustment to prior year tax charge	20	(50)
Deferred tax movements	(301)	(430)
Total tax expense (note 8A)	939	733

9 DIVIDENDS

	2008 £'000	2007 £'000
Final paid of 1.2 pence (2007: 0.8 pence) per share – relating to previous year's results	302	163
Interim paid of 0.8 pence (2007: 0.6 pence) per share	201	147
Dividends paid in the year	503	310

The Board of Directors has proposed the payment of a final dividend of 1.6 pence per share (2007: 1.2 pence) which is payable on 7 January 2009 to shareholders on the register at 5 December 2008, subject to approval by shareholders at the Annual General Meeting on 27 November 2008.

10 EARNINGS PER SHARE

The basic and diluted earnings per share for the year ended 30 June 2008 are based on the profit for the year attributable to ordinary shareholders, of £3,272,000 (2007: £2,362,000) and on the weighted average number of shares of 25,128,000 (2007: 22,387,000).

An adjusted earnings per share has also been presented in addition to the basic earnings per share and is based on earnings adjusted to eliminate the effects of amortisation on intangible assets 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, before amortisation and restructuring costs, is set out below:

	2008 £'000	2007 £'000
Profit attributable to ordinary shareholders	3,272	2,362
Amortisation of other intangible assets (net of tax)	578	264
Restructuring costs (after tax relief)	360	224
Profit attributable to ordinary shareholders before amortisation and restructuring costs	4,210	2,850

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

	Number	Number
Weighted average and adjusted weighted average number of ordinary shares		
Shares used for basic earnings per share	25,128	22,387
Dilutive share options	756	804
Shares used for diluted earnings per share	25,884	23,191

	Basic		Diluted	
	2008 pence	2007 pence	2008 pence	2007 pence
Earnings per share	13.02	10.55	12.64	10.18
Amortisation of intangible assets (net of tax)	2.30	1.18	2.23	1.14
Group restructuring costs (after tax relief)	1.43	1.00	1.39	0.97
Adjusted earnings per share	16.75	12.73	16.26	12.29

11 GOODWILL AND INTANGIBLE ASSETS

	Goodwill £'000	Domain names £'000	Technology £'000	Other intangibles £'000	Total £'000
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
Cost					
At 1 July 2006	3,719	—	—	—	3,719
Additions	17,742	31	447	2,865	21,085
At 30 June 2007	21,461	31	447	2,865	24,804
Amortisation					
At 1 July 2006	—	—	—	—	—
Provided in year	—	1	41	317	359
At 30 June 2007	—	1	41	317	359
Net book value					
At 30 June 2007	21,461	30	406	2,548	24,445

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:

	2008 £'000	2007 £'000
UK	9,094	6,135
Other European countries	18,336	15,326
	27,430	21,461

The recoverable amounts of the cash generating units were determined from value-in-use calculations. These calculations were based on cash flow projections based on approved budgets and forecasts, based on 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, 10.97% and future perpetuity rates ranging from 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 2008

12 PROPERTY, PLANT AND EQUIPMENT

	Computer equipment £'000	Fixtures, fittings and equipment £'000	Leasehold improvements £'000	Total £'000
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
Cost				
At 1 July 2006	3,271	388	108	3,767
Acquisition of subsidiaries	1,127	868	120	2,115
Additions	257	1,089	60	1,406
Disposals	(12)	(24)	—	(36)
At 30 June 2007	4,643	2,321	288	7,252
Depreciation				
At 1 July 2006	2,592	304	53	2,949
Acquisition of subsidiaries	1,009	477	—	1,486
Disposals	(12)	(22)	—	(34)
Provided in year	310	585	47	942
At 30 June 2007	3,899	1,344	100	5,343
Net book value				
At 30 June 2007	744	977	188	1,909

13 INVESTMENTS

All subsidiaries have been included in the consolidation. Details of the subsidiary companies at 30 June 2008 are as follows:

	Country of incorporation and operation	Proportion of voting equity held
NetBenefit (UK) Limited	UK	100%
NetNames Limited*	UK	100%
NetNames International Limited	UK	100%
Easily Limited	UK	100%
NetBenefit Limited (dormant)	UK	100%
NetNames Inc*	USA	100%
Eurl Group NBT France	France	100%
Exalia Limited	UK	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%
Domain Trustees GmbH* (dormant)	Germany	100%
Speednames Hong Kong Ltd* (dormant)	Hong Kong	100%
Envisional Solutions Limited	UK	100%
Envisional Limited*	UK	100%
Envisional Technology Limited*	UK	100%
Envisional Inc (dormant)*	USA	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 except for those denoted as dormant.

14 TRADE AND OTHER RECEIVABLES

	2008 £'000	2007 £'000
Trade receivables	3,006	3,167
Other receivables	489	473
Prepayments and accrued income	1,500	969
	4,995	4,609

15 DEFERRED TAX

Deferred tax has been calculated at 28% (2007: 30%) 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:

	2008 £'000	2007 £'000
ASSETS		
At 1 July 2007	1,175	538
Prior period adjustment	58	—
Arising in respect of intangible assets recognised on acquisitions	(218)	(853)
Originating with acquisitions	—	900
Foreign exchange movements	(97)	—
Origination and reversal of timing differences	132	590
AT 30 JUNE 2008	1,050	1,175
Excess depreciation over capital allowances	207	113
Short term timing differences	334	50
Intangibles	(862)	(758)
Tax deductible goodwill	580	579
Unrelieved trading losses	374	514
Share option relief	417	677
AT 30 JUNE 2008	1,050	1,175
LIABILITIES		
At 1 July 2007	(19)	—
Origination and reversal of timing differences	19	(19)
AT 30 JUNE 2008	—	(19)
Accelerated capital allowances	—	(19)
AT 30 JUNE 2008	—	(19)

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 as the deferred tax assets.

The Group had potential deferred tax assets that were not recognised at 30 June 2008 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.

	2008 £'000	2007 £'000
Excess depreciation over capital allowances	2,045	(112)
Short term timing differences	249	255
Unrelieved trading losses	13,211	9,834
	15,505	9,977

16 TRADE AND OTHER PAYABLES

	2008 £'000	2007 £'000
Trade payables	1,875	772
Other taxation and social security taxes	1,130	869
Other payables	2,544	2,194
Accruals and deferred income	5,741	5,196
	11,290	9,031

17 LOANS AND BORROWINGS

	2008 £'000	2007 £'000
CURRENT: Secured bank loan	983	983
NON-CURRENT: Secured bank loan	2,957	3,940
	3,940	4,923

Notes to the Consolidated Financial Statements continued

for the year ended 30 June 2008

17 LOANS AND BORROWINGS continued

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 5.85%; 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 19 iii.

In the above table, loans are stated net of unamortised issue costs of £60,208 (2007: £77,208). The Group has charged to the Income Statement issue costs of £17,000 (2007: £7,792) 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.

CREDIT FACILITY

In addition to the loan, an additional credit facility of £2,000,000 was arranged, none of which has been drawn down, and this facility will expire on 16 January 2009 and is annually renewable. The interest rate applicable to this facility is based on LIBOR plus a margin of 1%.

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).

	2008 £'000	2007 £'000
Balance at 1 July	—	—
Movement	643	—
BALANCE AT 30 JUNE	643	—

Of the above amount which is based on achieving revenue targets, £155,000 has been earned and is due for payment during the first quarter of 2009. The balance of £488,000 is currently estimated to be payable by 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 2008 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.

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	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Up to 30 days	1,893	1,345	4,657	3,051
Past due but not impaired:				
30 to 90 days	1,171	1,005	—	—
More than 90 days	1,158	1,798	—	—
Gross	4,222	4,148	4,657	3,051
Less: allowance for impairment	(1,216)	(981)	—	—
Net	3,006	3,167	4,657	3,051

Impairment loss allowance movement:

	2008 £'000	2007 £'000
Opening balance	981	892
Increase in provisions	235	89
Closing balance	1,216	981

19 FINANCIAL INSTRUMENTS continued

GENERAL OBJECTIVES, POLICIES AND PROCEDURES continued

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 £19,000 (2007: £27,000). 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 and to date the Group had not entered into any hedging or other derivative financial instruments relating to foreign currencies. The foreign currency monetary assets and liabilities are as follows:

	Sterling £'000	US Dollar £'000	Euro £'000	Other European currencies £'000	Total £'000
AT 30 JUNE 2008					
Trade and other receivables	2,529	623	1,169	674	4,995
Cash and cash equivalents	3,618	84	743	213	4,658
Trade and other payables	(6,436)	(501)	(1,192)	(3,161)	(11,290)
Bank loans	(3,940)	—	—	—	(3,940)
Provision	(643)	—	—	—	(643)
	(4,872)	206	720	(2,274)	(6,220)
At 30 June 2007					
Trade and other receivables	2,593	534	811	671	4,609
Cash and cash equivalents	2,479	78	323	171	3,051
Trade and other payables	(5,145)	(350)	(860)	(2,676)	(9,031)
Bank loans	(4,923)	—	—	—	(4,923)
	(4,996)	262	274	(1,834)	(6,294)

The Group's currency exposures comprise only those exposures that give rise to net currency gains and losses to be 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 2008 and 30 June 2007, these exposures are immaterial to the Group.

Assets and liabilities of Group entities located in the United States and Europe are denominated in their respective currencies and are therefore exposed to currency risk giving rise to gains or losses on translation into Sterling, which are recognised directly in equity through the translation reserve. 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 £135,000 (2007: £130,000).

iii) Liquidity risk

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

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably, by the use of medium term and long term facilities. At the balance sheet date all borrowing facilities were held with HBOS plc. The Group believes that there is no 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 2008					
Trade and other receivables	3,355	1,640	—	—	4,995
Cash and cash equivalents	4,658	—	—	—	4,658
Trade and other payables	(8,416)	(23)	(85)	(120)	(8,644)
Bank loans	(492)	(491)	(2,957)	—	(3,940)
Provision	—	(155)	(488)	—	(643)
	(895)	971	(3,530)	(120)	(3,574)
At 30 June 2007					
Trade and other receivables	2,606	2,003	—	—	4,609
Cash and cash equivalents	2,912	(27)	80	86	3,051
Trade and other payables	(6,302)	(23)	(60)	(120)	(6,505)
Bank loans	—	(983)	(3,940)	—	(4,923)
	(784)	970	(3,920)	(34)	(3,768)

Notes to the Consolidated Financial Statements continued

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19 FINANCIAL INSTRUMENTS continued

GENERAL OBJECTIVES, POLICIES AND PROCEDURES continued

iv) Capital

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

20 CALLED UP SHARE CAPITAL

	2008 Number	2007 Number	2008 £'000	2007 £'000
AUTHORISED ORDINARY SHARES OF 1 PENCE EACH				
At 1 July 2007	30,000,000	30,000,000	300	300
Authorised during the year	10,000,000	—	100	—
AT 30 JUNE 2008	40,000,000	30,000,000	400	300
ALLOTTED, CALLED UP AND FULLY PAID ORDINARY SHARES OF 1 PENCE EACH				
At 1 July 2007	24,745,397	20,394,897	248	204
Share options exercised	—	64,786	—	1
Shares issued on acquisition	398,963	4,285,714	3	43
AT 30 JUNE 2008	25,144,360	24,745,397	251	248

During the year, no shares (2007: 64,786) were issued for exercising share options and 398,963 shares (2007: 4,285,714) 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 Enterprise Management Incentive Plan is an HM Revenue and Customs approved discretionary director and employee share option scheme. Grants under this plan vest in periods ranging from one to three years. There are no performance conditions attached to the grant of options save for the vesting periods although some options granted in 2003 were conditional upon the Group recording a profit in either years ending 30 June 2004 or 30 June 2005.

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 2008.

ENTERPRISE MANAGEMENT INCENTIVE PLAN

Date granted	Exercise price £	At 1 July 2007 outstanding	Granted	Exercised	Lapsed	At 30 June 2008 outstanding	At 30 June 2008 exercisable
30 June 2003	0.25	630,000	—	—	—	630,000	630,000
22 August 2003	0.01	11,500	—	—	—	11,500	11,500
07 April 2003	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	—	—	—	748,610	748,610
Weighted average exercise price (£)							
2008:		0.54	—	—	—	0.54	0.54
2007:		0.30	3.14	0.25	—	0.54	0.54

The weighted average share price at the date of exercise for the options exercised was nil (2007: £1.44). The total charge for the year relating to the scheme was nil (2007: £56,000).

21 SHARE-BASED PAYMENTS continued

UNAPPROVED SCHEME

Date granted	Exercise price £	At 1 July 2007 outstanding	Granted	Exercised	Lapsed	At 30 June 2008 outstanding	At 30 June 2008 exercisable
08 September 1998	0.25	24,000	—	—	—	24,000	24,000
04 June 1999	2.50	25,000	—	—	—	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
		472,000	200,000	—	—	672,000	672,000
Weighted average exercise price (£)							
2008:		1.92	3.03	—	—	2.25	2.25
2007:		1.15	3.14	—	2.50	1.92	1.92

The weighted average share price at the date of exercise for the options exercised was nil (2007: nil). The total charge for the year relating to the scheme was £177,000 (2007: £198,000).

APPROVED SCHEME

Date granted	Exercise price £	At 1 July 2007 outstanding	Granted	Exercised	Lapsed	At 30 June 2008 outstanding	At 30 June 2008 exercisable
18 September 2000	4.55	2,708	—	—	—	2,708	2,708
Weighted average exercise price (£)							
2008:		4.55	—	—	—	4.55	4.55
2007:		2.83	—	2.34	2.34	4.55	4.55

The weighted average share price at the date of exercise for the options exercised was nil (2007: £3.38). The total charge for the year relating to the scheme was nil (2007: nil).

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

	Options issued in year	
	2008	2007
Share price (£)	£3.03	£3.14
Expected life (years)	3.00	3.25
Strike price (£)	£3.03	£3.14
Volatility	34.5%	35.6%
Dividend yield	1.0%	1.0%
Risk free interest rate	5.2%	5.0%
Fair value of each option at measurement date	£0.83	£0.91

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 1,237,610 (2007: 1,087,610).

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 2008 970,000 (2007: 810,000) options had been issued.

22 OPERATING LEASE COMMITMENTS

At 30 June 2008 the Group had the following operating leases commitments:

	2008 £'000	2007 £'000
LAND AND BUILDINGS		
In one year or less	102	14
Between one and five years	365	570
In five years or more	289	18
	756	602
OTHER		
In one year or less	3	5
Between one and five years	31	29
In five years or more	—	—
	34	34

Notes to the Consolidated Financial Statements continued

for the year ended 30 June 2008

23 CONTINGENT LIABILITIES

At 30 June 2008, the Group had contingent liabilities in respect of the following:

- standby letters of credit and credit guarantees to domain name registries of £57,000 (2007: £38,000);
- amounts held in lieu of rent deposits for premises of £165,000 (2007: £145,000); and
- bank guarantee covering deductions of tax for employees in Norway of £25,000 (2007: £21,000).

24 CASH AND CASH EQUIVALENTS

	Cash available on demand	Cash on treasury deposit	Total £'000
At 1 July 2007	940	2,111	3,051
Cash flow	2,512	(905)	1,607
AT 30 JUNE 2008	3,452	1,206	4,658

Cash on treasury deposit is held for periods up to seven days.

25 ACQUISITION DURING THE 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 online monitoring of anti-piracy, anti-fraud, brand abuse and providing intelligence solutions through licensing or as a managed service.

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)
Goodwill	(325)	559	(91)	143
				2,960

CONSIDERATION

Satisfied by:	
398,963 Ordinary shares at 316 pence each	1,261
Cash consideration (including expenses of £191,000)	1,199
Deferred contingent consideration	643
	3,103

Effects on Group cash flow:

Cash consideration and costs	1,199
Cash balances on acquisition	(34)

NET CASH OUTFLOW

1,165

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 one of the contracts 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.

25 ACQUISITION DURING THE PERIOD continued

ENVISIONAL SOLUTIONS LIMITED continued

Envisional's results are set out below:

	Audited (restated)		
	10 July 2007 to 30 June 2008 £'000	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 a full year would not have been materially different to that reported above. The post-acquisition results shown above exclude intra-group recharges.

26 ACQUISITIONS IN PRIOR PERIOD

A) EXALIA LIMITED (EXALIA)

On 25 August 2006 the Group acquired Exalia for £2,994,000 including acquisition expenses. The consideration, excluding expenses, was settled in three tranches; an initial payment of £2,000,000 on completion, a payment of £600,000 in March 2007 on achieving revenue targets for year ended 31 January 2007 and a final payment of £300,000 in June 2007. The final tranche, which was originally due to be paid in early 2008 subject to achieving the revenue target for the year ended 31 January 2008, was paid early as an agreement was reached with the vendors to settle the earnout earlier than as set out in the acquisition agreement in order to facilitate the full integration of Exalia with the Group's managed hosting division. The goodwill arising on acquisition is £2,416,000 which is annually reviewed for impairment.

Details of the fair values of the assets and liabilities acquired are set out below:

	Book value of assets acquired £'000	Intangible assets acquired £'000	Fair value adjustments £'000	Fair value £'000
Intangible fixed assets	—	482	—	482
Tangible fixed assets	266	—	—	266
Current assets	143	—	(14)	129
Cash at bank	105	—	—	105
Current liabilities	(200)	—	(69)	(269)
Deferred tax	—	(135)	—	(135)
	314	347	(83)	578
Goodwill				2,416
Consideration				2,994
Satisfied by:				
Cash consideration (including expenses of £94,000)				2,994
				2,994
Effects on Group cash flow:				
Cash consideration and costs				2,994
Cash balances on acquisition				(105)
Net cash outflow				2,889

The fair value adjustments relate to the reassessment of current and deferred tax provisions and the provision for bad debts.

The results of Exalia prior to its acquisition were as follows:

	1 February to 25 August 2006 £'000	Year ended January 2006 £'000
Revenue	597	530
Operating profit	196	70
Net interest	(1)	(3)
Profit on ordinary activities before taxation	195	67
Taxation	(66)	(20)
Profit on ordinary activities after taxation	129	47

Notes to the Consolidated Financial Statements continued

for the year ended 30 June 2008

26 ACQUISITIONS IN PRIOR PERIOD continued

B) GROUP NBT A/S (FORMERLY NAMED ASCIO TECHNOLOGIES HOLDING A/S)

On 16 January 2007 the Group acquired Group NBT A/S for an aggregate total consideration, comprising cash, Group NBT plc shares and share options over Group NBT plc shares and acquisition expenses, totalling £15,827,000. The aggregate consideration is stated after adjustments to the gross consideration for bank debt and working capital deficit at completion. The goodwill arising on acquisition is £15,349,000 which is annually reviewed for impairment.

Details of the fair value of the assets acquired are set out below:

	Book value of assets acquired £'000	Intangible assets acquired £'000	Accounting policy alignment £'000	Fair value adjustments as originally assessed £'000	Current year fair value adjustment £'000	Revised fair value £'000
Intangible fixed assets	6,459	2,831	—	(6,459)	—	2,831
Tangible fixed assets	478	—	105	(226)	—	357
Current assets	1,034	—	—	356	—	1,390
Cash at bank	380	—	—	—	—	380
Current liabilities	(4,422)	—	(120)	(130)	—	(4,672)
Deferred tax	—	(708)	—	—	900	192
	3,929	2,123	(15)	(6,459)	900	478
Goodwill						15,349
Consideration						15,827
Satisfied by:						
4,285,715 ordinary shares at 227.5 pence each						9,750
1,000,000 share options at a fair value of 42.3 pence						423
Cash consideration (including expenses of £407,000)						5,654
						15,827
Effects on Group cash flow:						
Cash consideration and costs						5,654
Cash balances on acquisition						(380)
Net cash outflow						5,274

The accounting policy realignment arises from changes in accounting policy in respect of a provision for dilapidations in respect of Group NBT A/S head office premises where the lease provides for the tenant to return the premises in its original state. This treatment is in line with the Group's accounting policy and the appropriate accounting standard. The fair value adjustments are in respect of the intangible assets which includes the removal of purchased goodwill on consolidation and presentation adjustments to restate the Group NBT A/S accounts on the same basis as the Group.

The net assets of Group NBT A/S at acquisition were revised within the permitted period to include a deferred tax asset of £900,000 in respect of tax losses and other timing differences estimated to be recoverable and a corresponding adjustment was made to reduce the goodwill arising on acquisition.

The results of Group NBT A/S prior to its acquisition were as follows:

	1 January 2006 to 15 January 2007 £'000	Year ended 31 December 2005 £'000
Revenue	12,826	10,507
Operating loss after goodwill amortisation of £1,250,000 (2005: £1,200,000)	(1,458)	(3,905)
Net interest	(344)	17
Loss on ordinary activities before taxation	(1,802)	(3,888)
Taxation	—	—
Loss on ordinary activities after taxation	(1,802)	(3,888)

27 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.

28 FIRST TIME ADOPTION OF IFRS

As required by IFRS 1, the impact of the transition from UK GAAP to IFRS is explained below.

The accounting policies set out above have been applied consistently to all periods presented in these financial statements and in preparing an opening IFRS balance sheet at 1 July 2006 for the purposes of the transition to IFRS.

IAS 1 – Presentation of financial statements. The form and presentation of the UK GAAP financial statements has been changed to be in compliance with IAS 1.

IAS 7 – Cash flow statements. The IFRS cash flow statement, prepared under IAS 7, presents cash flows in three categories; cash flows from operating activities, cash flows from investing activities and cash flows from financing activities. Other than the reclassification of cash flow into the new disclosure categories, there are no significant differences between the Group's cash flow statement under UK GAAP and IFRS. Consequently, no cash flow reconciliations are provided.

The Group has elected to apply the following optional exemptions as permitted under IFRS 1 First time adoption of international financial reporting standards in preparing the Group's balance sheet on transition to IFRS at 1 July 2006:

- Business combinations – the Group has elected not to apply IFRS 3 Business combinations retrospectively to business combinations that occurred before the date of transition to IFRS. In relation to the treatment of brought forward goodwill amortisation, the Group has elected to treat the net book value of goodwill as measured under UK GAAP as at 30 June 2006 as the deemed cost of goodwill under IFRS 3 as at 1 July 2006.
- Cumulative exchange translation differences – the Group has elected that the cumulative translation differences for all foreign operations are deemed to be nil at the date of transition to IFRS and exchange differences arising prior to that date will not be recycled to the Income Statement.
- Share-based payments – the Group has elected to apply IFRS 2 to equity instruments granted after 7 November 2002 that had not vested by 1 July 2006.

Presented below, in accordance with IFRS 1, are the reconciliations of the consolidated Income Statement the financial year ended 30 June 2007 as well as the reconciliations of the consolidated balance sheet as at 30 June 2007 and 1 July 2006.

Notes to the Consolidated Financial Statements continued

for the year ended 30 June 2008

28 FIRST TIME ADOPTION OF IFRS continued

CONSOLIDATED INCOME STATEMENT

Reconciliation of profit from UK GAAP to IFRS for the year ended 30 June 2007

	Note	UK GAAP £'000	Effect of transition to IFRS £'000	IFRS £'000
REVENUE		22,356	—	22,356
Cost of sales		4,903	—	4,903
GROSS PROFIT		17,453	—	17,453
Operating expenses	28 a)	15,062	(736)	14,326
Operating profit		2,391	736	3,127
Operating profit		2,391	736	3,127
Share-based payments		255	—	255
Amortisation of other intangible assets		1,178	(819)	359
Restructuring costs		242	—	242
UNDERLYING OPERATING PROFIT		4,066	(83)	3,983
Finance income		147	—	147
Finance expense		(179)	—	(179)
PROFIT BEFORE TAX		2,359	736	3,095
Taxation	28 b)	(853)	120	(733)
PROFIT AFTER TAX		1,506	856	2,362

28 FIRST TIME ADOPTION OF IFRS continued
CONSOLIDATED BALANCE SHEET
Reconciliation of equity from UK GAAP to IFRS

	Note	UK GAAP 30 June 2007 £'000	Effect of transition to IFRS £'000	IFRS 30 June 2007 £'000	UK GAAP 1 July 2006 £'000	Effect of transition to IFRS £'000	IFRS 1 July 2006 £'000
ASSETS							
NON-CURRENT ASSETS							
Goodwill	28 c)	23,643	(2,182)	21,461	3,708	—	3,708
Other Intangible assets	28 d)	30	2,954	2,984	—	—	—
Property, plant and equipment		1,909	—	1,909	818	—	818
Deferred tax asset	28 e)	310	865	1,175	222	316	538
		25,892	1,637	27,529	4,748	316	5,064
CURRENT ASSETS							
Trade and other receivables		4,609	—	4,609	1,895	—	1,895
Cash and cash equivalents		3,051	—	3,051	6,088	—	6,088
		7,660	—	7,660	7,983	—	7,983
TOTAL ASSETS		33,552	1,637	35,189	12,731	316	13,047
LIABILITIES							
NON-CURRENT LIABILITIES							
Loans and borrowings		(3,940)	—	(3,940)	—	—	—
Deferred tax		(19)	—	(19)	—	—	—
		(3,959)	—	(3,959)	—	—	—
CURRENT LIABILITIES							
Loans and borrowings		(983)	—	(983)	—	—	—
Trade and other payables	28 f)	(8,878)	(153)	(9,031)	(4,891)	(70)	(4,961)
Taxation		(498)	—	(498)	(327)	—	(327)
		(10,359)	(153)	(10,512)	(5,218)	(70)	(5,288)
TOTAL LIABILITIES		(14,318)	(153)	(14,471)	(5,218)	(70)	(5,288)
NET ASSETS		19,234	1,484	20,718	7,513	246	7,759
CAPITAL AND RESERVES							
Called up share capital		248	—	248	204	—	204
Share premium account		3,487	—	3,487	3,462	—	3,462
Merger reserve		10,751	—	10,751	1,044	—	1,044
Other reserve	28 g)	678	677	1,355	—	295	295
Cumulative translation reserve	28 h)	—	71	71	—	—	—
Retained profit	28 i)	4,070	736	4,806	2,803	(49)	2,754
TOTAL EQUITY		19,234	1,484	20,718	7,513	246	7,759

Notes to the Consolidated Financial Statements continued

for the year ended 30 June 2008

28 FIRST TIME ADOPTION OF IFRS continued

EXPLANATION OF IFRS ADJUSTMENTS

a) Operating expenses

	30 June 2007 IFRS adjusted £'000
IAS 19 Employee benefits – provision for unused holiday pay accrued	83
Amortisation – adoption of IFRS 3 Business combinations has resulted in the goodwill arising from acquisitions to be frozen at transition date and reviewed annually for impairment. The amounts in respect of goodwill amortisation have been added back in the periods covered by IFRS	(1,178)
Upon adoption of IFRS 3 Business combinations identifiable intangible assets were recognised separately from goodwill and amortised over their useful economic life (IAS 38 Intangible assets)	359
	(736)

b) Taxation

Deferred tax on unused holiday pay adjustment (IAS 12 Income taxes)	(25)
Deferred tax on amortisation of intangible assets recognised (IAS 12 Income taxes)	(95)
	(120)

c) Goodwill

	30 June 2007 IFRS adjusted £'000	1 July 2006 IFRS adjusted £'000
Amortisation – adoption of IFRS 3 Business combinations has resulted in the goodwill arising from acquisitions to be frozen at transition date and reviewed annually for impairment. The amounts in respect of goodwill amortisation have been added back in the periods covered by IFRS	1,178	—
Upon adoption of IFRS 3 Business combinations identifiable intangible assets were recognised separately from goodwill	(3,313)	—
Deferred tax on amortisation of intangible assets recognised (IAS 12 Income taxes)	853	—
Trading losses and other permanent differences	900	—
	(2,182)	—

d) Other intangible assets

Upon adoption of IFRS 3 Business combinations identifiable intangible assets were recognised separately from goodwill	3,313	—
Upon adoption of IFRS 3 Business combinations identifiable intangible assets were recognised separately from goodwill and amortised over their useful economic life (IAS 38 Intangible assets)	(359)	—
	2,954	—

e) Deferred tax asset

	30 June 2007 IFRS adjusted £'000	1 July 2006 IFRS adjusted £'000
Deferred tax on amortisation of intangible assets recognised (IAS 12 Income taxes)	(853)	—
Deferred tax on gain at period end on unexercised share options (IAS 12 Income taxes)	677	295
Deferred tax on unused holiday pay adjustment (IAS 12 Income taxes)	46	21
Deferred tax on amortisation of intangible assets recognised (IAS 12 Income taxes)	95	—
Deferred tax on estimated tax losses recoverable (IAS 12 Income taxes)	900	—
	865	316

f) Trade and other payables

IAS 19 Employee benefits – provision for unused holiday pay accrued	(153)	(70)
---	-------	------

g) Other reserves

Deferred tax on gain at period end on unexercised share options (IAS 12 Income taxes)	677	295
---	-----	-----

h) Exchange rate movements

Foreign exchange differences arising from the retranslation of net investment in subsidiary companies which do not have Sterling as their functional currency (IAS 21 The effects of changes in foreign exchange)	71	—
---	----	---

i) Retained profit

Total adjustment to retained profit as a result of the IFRS adjustments outlined above	736	(49)
--	-----	------

Company Balance Sheet

as at 30 June 2008

	Note	2008 £'000	2007 £'000
FIXED ASSETS			
Tangible assets	6	1,161	460
Investments	7	27,120	23,995
		28,281	24,455
CURRENT ASSETS			
Debtors	8	6,968	2,050
Cash at bank and in hand		2,439	2,484
		9,407	4,534
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(14,750)	(5,864)
NET CURRENT LIABILITIES		(5,343)	(1,330)
TOTAL ASSETS LESS CURRENT LIABILITIES		22,938	23,125
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	11	(2,957)	(3,940)
PROVISION FOR LIABILITIES	12	(643)	—
NET ASSETS		19,338	19,185
CAPITAL AND RESERVES			
Called up share capital	13	251	248
Share premium account	15	3,487	3,487
Merger reserve	15	12,098	10,841
Other reserve	15	855	678
Profit and loss account	15	2,647	3,931
SHAREHOLDERS' FUNDS	16	19,338	19,185

These financial statements were approved by the Board of Directors and authorised for issue on 20 October 2008.

Signed on behalf of the Board of Directors

GEOFF WICKS
CHIEF EXECUTIVE OFFICER

The notes on pages 42 to 48 form part of these financial statements.

Notes to the Company Financial Statements

for the year ended 30 June 2008

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 1985 and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice). The Company's consolidated financial statements, prepared in accordance with International Financial Reporting Standards 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.

CASH FLOW STATEMENT

The Company has taken advantage of the exemption from preparing a cash flow statement under FRS 1 (revised 1996), Cash flow statements.

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	– 33.3% – 50% straight line
Fixtures, fittings and equipment	– 33.3% straight line
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 nominal value of the shares issued.

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 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements.

The Company loss for the year ended 30 June 2008 under UK GAAP was £781,000 (2007: profit £3,000).

Fees paid to BDO Stoy Hayward 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.

3 INFORMATION REGARDING EMPLOYEES

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

	2008 £'000	2007 £'000
Wages and salaries	3,727	2,537
Social security costs	313	264
Share-based payments	177	255
Pension costs	66	59
	4,283	3,115

3 INFORMATION REGARDING EMPLOYEES continued

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

	2008 number	2007 number
Administrative	26	22
Operational	40	28
	66	50

4 DIRECTORS

The remuneration of Directors is set out below:

	2008 £'000	2007 £'000
Directors' emoluments	701	646
Pension costs	34	32
	735	678
Share-based payments	177	255
Emoluments of highest paid Director:		
Emoluments	241	233

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

	2008 £'000	2007 £'000
Final paid of 1.2 pence (2007: 0.8 pence) per share – relating to previous year's results	302	163
Interim paid of 0.8 pence (2007: 0.6 pence) per share	201	147
Dividends paid in the year	503	310

The Board of Directors has proposed the payment of a final dividend of 1.6 pence per share (2007: 1.2 pence) which is payable on 7 January 2009 to shareholders on the register at 5 December 2008, subject to approval by shareholders at the Annual General Meeting on 27 November 2008.

6 TANGIBLE FIXED ASSETS

	Computer equipment £'000	Fixtures fittings and equipment £'000	Leasehold improvements £'000	Total £'000
COST				
At 1 July 2007	548	280	60	888
Additions	914	56	54	1,024
Reallocations	55	(55)	—	—
AT 30 JUNE 2008	1,517	281	114	1,912
DEPRECIATION				
At 1 July 2007	272	136	20	428
Provided during year	235	66	22	323
Reallocations	23	(23)	—	—
AT 30 JUNE 2008	530	179	42	751
NET BOOK VALUE				
AT 30 JUNE 2008	987	102	72	1,161
At 30 June 2007	276	144	40	460

Notes to the Company Financial Statements continued

for the year ended 30 June 2008

7 INVESTMENTS

	Shares in subsidiary undertakings £'000
COST	
At 1 July 2007	44,539
Acquisitions in year	3,125
AT 30 JUNE 2008	47,664
PROVISION	
At 1 July 2007	20,544
Provided in year	—
AT 30 JUNE 2008	20,544
NET BOOK VALUE	
AT 30 JUNE 2008	27,120
At 30 June 2007	23,995

Details of the subsidiary companies at 30 June 2008 are as follows:

	Country of incorporation and operation	Proportion of voting equity held
NetBenefit (UK) Limited	UK	100%
NetNames Limited*	UK	100%
NetNames International Limited	UK	100%
Easily Limited	UK	100%
NetBenefit Limited (dormant)	UK	100%
NetNames Inc*	USA	100%
Eurl Group NBT France	France	100%
Exalia Limited	UK	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%
Domain Trustees GmbH* (dormant)	Germany	100%
Speednames Hong Kong Ltd* (dormant)	Hong Kong	100%
Envisional Solutions Limited	UK	100%
Envisional Limited*	UK	100%
Envisional Technology Limited*	UK	100%
Envisional Inc* (dormant)	USA	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 except for those denoted as dormant.

8 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £'000	2007 £'000
Amounts owed by Group undertakings	6,649	1,762
Deferred tax asset (note 9)	1	34
Other receivables	71	7
Prepayments and accrued income	247	247
	6,968	2,050

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:

	2008 £'000	2007 £'000
At 1 July 2007	34	51
Prior period adjustment	4	—
Charge to profit and loss account	(37)	(17)
AT 30 JUNE 2008	1	34
Excess depreciation over capital allowances	(4)	(12)
Short-term timing differences	5	4
Unrelieved trading losses	—	42
AT 30 JUNE 2008	1	34

The Company had potential deferred tax assets of £130,000 (2007: £78,000) that were not recognised at 30 June 2008 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:

	2008 £'000	2007 £'000
Short-term timing differences	121	72
Unrelieved trading losses	9	6
	130	78

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £'000	2007 £'000
Bank loan	983	983
Trade payables	640	206
Amounts owed to Group undertakings	11,967	3,726
Other taxation and social security	1	42
Other creditors	92	65
Accruals and deferred income	1,067	842
	14,750	5,864

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN A YEAR

	2008 £'000	2007 £'000
Bank loan	2,957	3,940

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:

	2008 £'000	2007 £'000
At 1 July 2007	—	—
Amounts owed on acquisition of subsidiary	643	—
At 30 June 2008	643	—

Of the above amount which is based on achieving revenue targets, £155,000 has been earned and is due for payment during the first quarter of 2009. The balance of £488,000 is currently estimated to be payable by 2010. Further details of the consideration are included in note 25 in the consolidated financial statements.

Notes to the Company Financial Statements continued

for the year ended 30 June 2008

13 CALLED UP SHARE CAPITAL

	2008 Number	2007 Number	2008 £	2007 £
AUTHORISED ORDINARY SHARES OF 1 PENCE EACH				
At 1 July 2007	30,000,000	30,000,000	300	300
Authorised during the year	10,000,000	—	100	—
AT 30 JUNE 2008	40,000,000	30,000,000	400	300
ALLOTTED, CALLED UP AND FULLY PAID ORDINARY SHARES OF 1 PENCE EACH				
At 1 July 2007	24,745,397	20,394,897	248	204
Share options exercised	—	64,786	—	1
Shares issued on acquisition	398,963	4,285,714	3	43
AT 30 JUNE 2008	25,144,360	24,745,397	251	248

During the year, no shares (2007: 64,786) were issued for exercising share options in connection with acquisition of subsidiary undertakings and 398,963 shares (2007: 4,285,714) 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 Enterprise Management Incentive Plan, an Inland Revenue Approved Scheme and an Unapproved Scheme.

The Enterprise Management Incentive Plan (EMI) is an HM Revenue and Customs approved discretionary director and employee share option scheme. Grants under this plan vest in period ranging from one to three years. There are no performance conditions attached to the grant of options save for the vesting periods although some option granted in 2003 were conditional upon the Group recording a profit in either years ending 30 June 2004 or 30 June 2005.

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 2008.

ENTERPRISE MANAGEMENT INCENTIVE PLAN

Date granted	Exercise price £	At 1 July 2007 outstanding	Granted	Exercised	Lapsed	At 30 June 2008 outstanding	At 30 June 2008 exercisable
30 June 2003	0.25	630,000	—	—	—	630,000	630,000
22 August 2003	0.01	11,500	—	—	—	11,500	11,500
07 April 2003	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	—	—	—	748,610	748,610
Weighted average exercise price (£)							
2008:		0.54	—	—	—	0.54	0.54
2007:		0.30	3.14	0.25	—	0.54	0.54

The weighted average share price at the date of exercise for the options exercised was nil (2007: £1.44). The total charge for the year relating to the scheme was nil (2007: £56,000).

14 SHARE-BASED PAYMENTS continued

UNAPPROVED SCHEME

Date granted	Exercise price £	At 1 July 2007 outstanding	Granted	Exercised	Lapsed	At 30 June 2008 outstanding	At 30 June 2008 exercisable
08 September 1998	0.25	24,000	—	—	—	24,000	24,000
04 June 1999	2.50	25,000	—	—	—	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
		472,000	200,000	—	—	672,000	672,000
Weighted average exercise price (£)							
2008:		1.92	3.03	—	—	2.25	2.25
2007:		1.15	3.14	—	2.50	1.92	1.92

The weighted average share price at the date of exercise for the options exercised was nil (2007: nil). The total charge for the year relating to the scheme was £177,000 (2007: £198,000).

APPROVED SCHEME

Date granted	Exercise price £	At 1 July 2007 outstanding	Granted	Exercised	Lapsed	At 30 June 2008 outstanding	At 30 June 2008 exercisable
18 September 2000	4.55	2,708	—	—	—	2,708	2,708
Weighted average exercise price (£)							
2008:		4.55	—	—	—	4.55	4.55
2007:		2.83	—	2.34	2.34	4.55	4.55

The weighted average share price at the date of exercise for the options exercised was nil (2007: £3.38). The total charge for the year relating to the scheme was nil (2007: nil).

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

	Options issued in year	
	2008	2007
Share price (£)	£3.03	£3.14
Expected life (years)	3.00	3.25
Strike price (£)	£3.03	£3.14
Volatility	34.5%	35.6%
Dividend yield	1.0%	1.0%
Risk free interest rate	5.2%	5.0%
Fair value of each option at measurement date	£0.83	£0.91

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 1,237,610 (2007: 1,087,610).

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 2008 970,000 (2007: 810,000) options had been issued.

Notes to the Company Financial Statements continued

for the year ended 30 June 2008

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 2007	248	3,487	10,841	678	3,931
Issue of shares	3	—	1,257	—	—
FRS 20 Share-based payment charge	—	—	—	177	—
Dividends	—	—	—	—	(503)
Retained loss for the financial year	—	—	—	—	(781)
AT 30 JUNE 2008	251	3,487	12,098	855	2,647

The other reserve balance which arose in the previous year, moved by £177,000 in respect of share-based payments charge relating to employee share options (note 14).

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £'000	2007 £'000
Retained profit for the financial year	(781)	3
Dividends	(503)	(310)
	(1,284)	(307)
Exchange movement on consolidation	—	60
New share capital subscribed	3	69
Merger reserve – issue of shares	1,257	9,707
FRS 20 Share-based payment charge	177	678
Net addition to shareholders' funds	153	10,207
Opening shareholders' funds	19,185	8,978
CLOSING SHAREHOLDERS' FUNDS	19,338	19,185

17 OPERATING LEASE COMMITMENTS

At 30 June 2008 the Company was committed to making the following payments during the financial year in respect of operating leases:

LAND AND BUILDINGS

Operating leases which expires:

	2008 £'000	2007 £'000
Within one year	—	—
In two to five years	—	196
Over five years	268	—
	268	196

18 RELATED PARTIES

The Company has taken advantage of paragraph 3(c) of 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

DIRECTORS

JOHN PARCELL
(Non-executive Chairman)

GEOFF WICKS
(Chief Executive Officer)

JONATHAN ROBINSON
(Chief Operating Officer)

RAJ NAGEVADIA
(Finance Director)

KEITH YOUNG
(Non-executive)

TIM ASHLEY
(Non-executive)

RICHARD MADDEN
(Non-executive)

CLAUS ANDERSEN
(Non-executive)

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