



Interim Report

Six months ended 31 December 2004

group NBT

Group NBT plc was known as NetBenefit plc until October 2004. The name was changed to reflect the growing business operations through the three trading brands, NetNames, NetBenefit and Easily.

Group NBT plc is a leading provider of domain names and Internet related services. Established in 1995, the Company has registered hundreds of thousands of domain names and hosts thousands of websites. The Company provides a range of services to a broad customer base which includes companies such as British Airways, the Royal Bank of Scotland and Centrica.

Group NBT has 120 employees and is based in London with offices in New York and Nice. The three operating brands serve different markets with services appropriate for that market. They are:



High quality managed hosting services for SMEs in both the UK and continental Europe.



Corporate domain name management for large global organisations. Its industry leading Platinum Service is now used by over 30% of the FTSE-100.



Cost effective hosting and domain name services for smaller UK businesses and consumers.

Corporate highlights

- Strong revenue and earnings growth:
 - Revenue up 53% to £5.4 million (2003: £3.5 million)
 - Profit before tax and goodwill amortisation up nearly fourfold to £868,000 (2003: £230,000)
 - Platinum revenue up 46% on 2003 with 87% of that revenue under contract and recurring
- Easily acquisition integrated successfully and ahead of schedule
- Group NBT brands now streamlined to focus each on one market area
- Further sales recruitment in Europe and US to strengthen Platinum and hosting services
- Strong balance sheet – cash currently over £2 million
- Strategy in place to pursue further earnings-enhancing acquisitions
- Directors confident of further progress in 2005

Chairman's statement

Group NBT achieved strong revenue and earnings growth in the first half year, while successfully integrating our recent acquisition, Easily Limited.

Pre-tax profit, before amortisation of goodwill, increased nearly fourfold to £868,000.

Earnings per share rose from 0.6 pence in the first half of last year to 3.3 pence, on a fully-diluted basis. Before goodwill amortisation, the fully-diluted earnings rose from 1.4 pence to 4.2 pence. No dividend is proposed in order to conserve our cash resources to take advantage of acquisition opportunities.

Our Platinum service, which manages portfolios of valuable domain names for large and medium companies, continued to accelerate. It now serves 32 of the FTSE-100 companies. Revenue was 46% up on last year's first half, with 87% of that revenue under contract and recurring.

Easily has taken us into an attractive market segment, providing quality hosting of internet sites, email, and internet domain name services for consumers and small business. The integration process was completed ahead of schedule and we have beaten our target of saving £300,000 of annual costs. Easily has added 40% to our revenue base, and its sales were 20% above the same period of the previous year.

The first half exceeded our expectations, and so we have engaged in a further major round of sales recruitment to strengthen our Platinum business in Europe and the US, and our premium web-hosting service for small-to-medium companies in the UK. Consequently, we expect second-half profit to be similar in magnitude to the first. As these staff become fully-trained and productive, we hope to see the benefits coming through in next year's sales figures.

We remain confident. Even with a small tax charge, we expect full-year earnings to be consistent with market expectations. Net cash inflow from operating activities was £829,000 and our cash balance is currently over £2 million once again. We remain alert for further suitable acquisitions.

John Parcell

Chairman

9 March 2005

Operational review

Group NBT is pleased to report good results for the six-month period ended 31 December 2004.

Revenue for the period was up 53% to £5.4 million (2003: £3.5 million) with Easily, which was acquired in May 2004, delivering £1.4 million of revenue. Underlying revenue grew by 12.5% to £4 million.

The Company reported profit before tax (PBT) of £676,000 (2003: £105,000). Profit before tax and amortisation (PBTA) was £868,000, up 277% on last year, reflecting the increase in amortisation of goodwill due to the acquisition of Easily.

This acquisition has prompted changes in the Group's operating structure, streamlining the brands to eliminate overlap in products and to focus each brand on one area of the market. NetNames now concentrates solely on the corporate market with the Platinum service, NetBenefit on managed hosting for the SME market, while Easily is focused on the broader consumer and small business market.

Organic growth continued with strong performances from:

- NetNames Platinum service, which manages portfolios of valuable domain names for large and medium-sized companies; and
- NetBenefit's managed hosting services, supplying a premium outsourcing service for small to medium-sized companies.

Easily provides additional scale to the business which will improve margins over time and has added to the growth overall. Since May the Company has been successfully integrated into the business on schedule, capturing the expected cost savings.

Operational review

NetNames

Revenue from NetNames Platinum service was £1.5 million, up 46% on last year, with current annualised revenue of £3 million. The rate at which new contracts are signed remains constant and is expected to increase as the sales team is built up in the UK and in the US. Growth within existing accounts continues with customers adding to their portfolios of domain names in order to protect their online presence around the world.

Revenue from domain names other than in Platinum service in both the NetNames and NetBenefit brands, as expected, fell by 17% year-on-year. The Group's concentration on domain name sales to mass market customers is now on the Easily brand and sales of domain names across the other brands, other than those sold as part of packages, will continue to decline.

NetBenefit

Revenue for hosting and email services was £1.2 million, up 18% on the same period last year. Within this, managed hosting, which was launched as a product range in the second half of 2003, grew by 50%. Managed hosting products are predominantly sold in the UK to a receptive but competitive market, within which the complexities of maintaining security for online services is leading to more outsourcing. These revenues are best described as dependable repeat business. We changed the Holding Company's name last October from NetBenefit plc to end the confusion between the Group and this division.

Sales of simpler shared hosting products under the NetBenefit brand will continue to decline as the emphasis for sales of these products moves to the Easily brand.

Easily

Revenue from Easily was £1.4 million up 20% on the same period last year. There is some seasonality in Easily's revenue due to the two-year renewal cycle for UK domain names, which account for a significant proportion of revenue. Revenue from hosting and email products grew at a slightly faster pace than revenue from domain names, partly as a result of the introduction of the WebStarter product, a programme that allows customers to build their own websites, which is sold both online and via a telephone sales team.

Easily is now a fully integrated part of Group NBT. During this year all systems will be migrated to the new Group NBT platform, which will further reduce support costs.

Operational review

Investment

Group NBT is cash generative and focused on markets which have the potential to deliver significant growth and revenue generation opportunities. In order to capitalise on this potential going forward the Company will be investing in both its sales capability and IT systems to consolidate its position as a leading supplier of domain name and hosting services.

Revenue growth and associated profitability therefore will be balanced by the costs associated with new staff and increasing depreciation.

In November of last year the Company moved its headquarters from Clerkenwell to Borough High Street in order to bring all UK operations under one roof and to facilitate the integration of Easily personnel. This significant move was completed on time and with no disruption to services.

Outlook

Group NBT now provides a range of domain name management services and managed hosting products to global corporates, SMEs and to smaller UK businesses. These markets represent significant opportunities for the Company and with a strategy in place to pursue further earnings enhancing acquisitions in these areas, Group NBT is well positioned for sustainable growth.

Geoff Wicks

Chief Executive Officer
9 March 2005

Consolidated profit and loss account

	Note	Unaudited 6 months ended 31 Dec 2004 £'000	Unaudited 6 months ended 31 Dec 2003 £'000	Audited Year ended 30 June 2004 £'000
Turnover	2	5,413	3,531	7,675
Cost of sales		<u>1,216</u>	<u>701</u>	<u>1,637</u>
Gross profit		4,197	2,830	6,038
Administrative expenses		<u>3,353</u>	<u>2,617</u>	<u>5,410</u>
Amortisation of goodwill		<u>192</u>	<u>125</u>	<u>261</u>
Total administrative expenses		<u>3,545</u>	<u>2,742</u>	<u>5,671</u>
Operating profit		652	88	367
Interest receivable and similar income		<u>26</u>	<u>18</u>	<u>46</u>
Interest payable and similar charges		<u>(2)</u>	<u>(1)</u>	<u>(1)</u>
Profit on ordinary activities before taxation		676	105	412
Taxation on profit on ordinary activities		<u>-</u>	<u>5</u>	<u>200</u>
Retained profit		676	110	612
Earnings per share - basic	3	<u>3.5p</u>	<u>0.7p</u>	<u>3.6p</u>
- diluted	3	<u>3.3p</u>	<u>0.6p</u>	<u>3.4p</u>
Earnings per share before goodwill amortisation - basic	3	<u>4.5p</u>	<u>1.4p</u>	<u>5.2p</u>
- diluted	3	<u>4.2p</u>	<u>1.4p</u>	<u>4.9p</u>

All amounts arise from continuing activities.

Consolidated statement of total recognised gains and losses

	Unaudited 6 months ended 31 Dec 2004 £'000	Unaudited 6 months ended 31 Dec 2003 £'000	Audited Year ended 30 June 2004 £'000
Retained profit for the period	<u>676</u>	<u>110</u>	<u>612</u>
Exchange gain	<u>11</u>	<u>22</u>	<u>22</u>
	<u>687</u>	<u>132</u>	<u>634</u>

Consolidated balance sheet

	Note	Unaudited as at 31 Dec 2004 £'000	Unaudited as at 31 Dec 2003 £'000	Audited as at 30 June 2004 £'000
Fixed assets				
Intangible assets		4,290	1,875	4,482
Tangible assets		599	224	400
		<u>4,889</u>	<u>2,099</u>	<u>4,882</u>
Current assets				
Debtors		1,189	884	1,085
Cash at bank and in hand		2,069	1,712	1,589
		<u>3,258</u>	<u>2,596</u>	<u>2,674</u>
Creditors: amounts falling due within one year		<u>(3,792)</u>	<u>(2,725)</u>	<u>(3,881)</u>
Net current liabilities		<u>(534)</u>	<u>(129)</u>	<u>(1,207)</u>
Total assets less current liabilities		<u>4,355</u>	<u>1,970</u>	<u>3,675</u>
Provision for liabilities and charges		<u>17</u>	<u>-</u>	<u>25</u>
Total net assets		<u>4,338</u>	<u>1,970</u>	<u>3,650</u>
Capital and Reserves				
Called up share capital	6	193	163	192
Share premium		3,207	3,192	3,207
Merger reserve		1,044	(90)	1,044
Profit and loss account	6	(106)	(1,295)	(793)
		<u>4,338</u>	<u>1,970</u>	<u>3,650</u>
Equity shareholders' funds		<u>4,338</u>	<u>1,970</u>	<u>3,650</u>

Consolidated cashflow statement

	Note	Unaudited 6 months ended 31 Dec 2004 £'000	Unaudited 6 months ended 31 Dec 2003 £'000	Audited Year ended 30 June 2004 £'000
Net cash inflow from operating activities	4	829	414	1,462
Returns on investments and servicing of finance				
Interest received		26	18	46
Interest element of finance lease		<u>(2)</u>	<u>(1)</u>	<u>(1)</u>
		<u>24</u>	<u>17</u>	<u>45</u>
Taxation - (paid) / recovered		(19)	5	5
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(347)	(97)	(277)
Acquisitions - purchase of subsidiary undertaking		-	-	(1,034)
Net cash inflow before management of liquid resources		487	339	201
Management of liquid resources				
(Increase)/ decrease in treasury deposits		(677)	(385)	190
Financing				
Issue of share capital		1	-	15
Capital element of lease repayments		<u>(8)</u>	<u>(74)</u>	<u>(74)</u>
		<u>(7)</u>	<u>(74)</u>	<u>(59)</u>
(Decrease) / increase in cash		<u>(197)</u>	<u>(120)</u>	<u>332</u>

Notes to unaudited interim accounts

1 Basis of preparation and reporting

The interim financial information for all periods has been prepared on the basis of the accounting policies set out in the Group statutory accounts for the period ended 30 June 2004.

The six month figures to 31 December 2004 and 31 December 2003 are unaudited and do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The results for the year to 30 June 2004 are extracted from the audited statutory results. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies and carries an audit report that is unqualified and includes no adverse comments.

2 Segmental analysis

In the opinion of the directors the Group's activities constitute one class of business. Turnover and profit/(loss) before tax by geographical segment are as follows:

	Turnover			Profit / (loss) before tax		
	Unaudited 6 months ended 31 Dec 2004 £'000	Unaudited 6 months ended 31 Dec 2003 £'000	Audited Year ended 30 June 2004 £'000	Unaudited 6 months ended 31 Dec 2004 £'000	Unaudited 6 months ended 31 Dec 2003 £'000	Audited Year ended 30 June 2004 £'000
UK	4,885	3,054	6,655	635	64	536
USA	237	177	397	77	17	(62)
Other European	291	300	623	(36)	24	(62)
	<u>5,413</u>	<u>3,531</u>	<u>7,675</u>	<u>676</u>	<u>105</u>	<u>412</u>

3 Earnings per share

Earnings per share is calculated by dividing the earnings attributable to shareholders by the weighted average number of shares in issue during the period.

An adjusted earnings per share has also been calculated in addition to the basic earnings per share and is based on earnings adjusted to eliminate the effects of goodwill amortisation. 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 goodwill amortisation is set out below:

	Unaudited 6 months ended 31 Dec 2004 £'000	Unaudited 6 months ended 31 Dec 2003 £'000	Audited Year ended 30 June 2004 £'000
Basic and diluted profit attributable to ordinary shareholders	676	110	612
Goodwill amortisation	<u>192</u>	<u>125</u>	<u>261</u>
Basic and diluted profit attributable to ordinary shareholders before goodwill amortisation	<u>868</u>	<u>235</u>	<u>873</u>

The weighted average number of shares in issue during the period was 19,221,645 (2003: 16,317,216), and the diluted weighted average number of shares in issue during the period was 20,561,721 (2003: 17,175,247).

Notes to unaudited interim accounts

4 Reconciliation of operating profit to net cash flow from operating activities

	Unaudited 6 months ended 31 Dec 2004 £'000	Unaudited 6 months ended 31 Dec 2003 £'000	Audited Year ended 30 June 2004 £'000
Operating profit	652	88	367
Depreciation	147	202	301
Amortisation of goodwill	192	125	261
(Increase) // decrease in debtors	(24)	(187)	(95)
(Decrease) / increase in creditors	(149)	164	606
Other non-cash items	11	22	22
	<u>829</u>	<u>414</u>	<u>1,462</u>
Net cash inflow from operating activities			

5 Analysis of net funds

	At 1 July 2004 £'000	Cash flow £'000	At 31 Dec 2004 £'000
Cash available on demand	629	(197)	432
Cash on treasury deposit	960	677	1,637
	1,589	480	2,069
Finance lease	(13)	8	(5)
Net funds at end of period	<u>1,576</u>	<u>488</u>	<u>2,064</u>

6 Statement of movement in reserves

	Share capital £'000	Profit and loss account £'000
At 1 July 2004	192	(793)
Retained profit for the period	-	676
Issue of shares	1	-
Exchange movement	-	11
At 31 December 2004	<u>193</u>	<u>(106)</u>

Independent review report to the shareholders of Group NBT plc

Introduction

We have been instructed by the Company to review the financial information for the six months ended 31 December 2004 as set out on pages 1 to 11. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

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

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. Where a company is fully listed, the directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed. The directors of Group NBT plc have voluntarily complied with this requirement in preparing the interim report.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 December 2004.

BDO STOY HAYWARD LLP

London
9 March 2005

Group NBT offices

UK

Prospero House
241 Borough High Street
London SE1 1GB
Tel +44 (0) 20 7015 9200
Fax +44 (0) 870 458 9506
www.groupnbt.com

USA

18th Floor
55 Broad Street
New York NY 10004

Europe

Green Side BP 296
400 Avenue Roumanille
06906 Sophia Antipolis Cedex
France

Registered office

Group NBT plc
Prospero House
241 Borough High Street
London SE1 1GB
UK

Registered in England number 3709856