24.09.09

Group NBT plc
("Group NBT", "the Group" or "the Company")

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

Preliminary results for the year ended 30 June 2009

Another Year of Solid Growth

Highlights

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

* excluding restructuring costs and amortisation

Geoff Wicks, Chief Executive Officer, commented:

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

For further information, please contact:

Geoff Wicks, CEO geoff.wicks@groupnbt.com	Group NBT plc	+ 44 (0)20 7015 9326
Nominated Advisers: Michael Meade Brent Nabbs Corporate Broking James Black	Numis Securities Limited	+ 44 (0)20 7260 1000
Shane Dolan shane.dolan@biddicks.co.uk	Biddicks	+ 44 (0)20 7448 1000

Chairman's statement

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

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

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

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

My thanks and best wishes for the future go to Jonathan Robinson, one of the founders of the Company, who stood down from the Board in June to pursue other interests. Following his departure, we have restructured our management team around our key services.

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

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

John Parcell

Chairman

23 September 2009

CEO's review

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

Strategy

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

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

Market conditions

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

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

Financial overview

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

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

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

Corporate Brand Services

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

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

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

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

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

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

Managed Hosting

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

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

Ascio Partner business

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

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

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

Online services

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

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

Profit

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

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

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

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

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

Taxation

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

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

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

Cashflow

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

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

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

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

Dividend

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

Geoff Wicks

Chief Executive Officer

23 September 2009

Group NBT plc

Consolidated income statement
for the year ended 30 June 2009

	Unaudited	Audited
	2009	2008
	£'000	£'000
Revenue	**41,525**	35,281
Cost of sales	**11,119**	7,926
Gross profit	**30,406**	27,355
Operating expenses	**25,368**	22,939
Operating profit	**5,038**	4,416
Operating profit	**5,038**	4,416
Amortisation	**942**	782
Restructuring costs	**760**	515
Underlying operating profit	**6,740**	5,713
Finance income	**128**	124
Finance expense	**(141)**	(329)
Profit before taxation	**5,025**	4,211
Taxation	**(1,061)**	(939)
Profit for the year	**3,964**	3,272
Earnings per share		
- Basic	**15.68p**	13.02p
- Diluted	**15.30p**	12.64p

All amounts relate to continuing activities.

Group NBT plc

Consolidated balance sheet
as at 30 June 2009

	Unaudited	Audited
	2009	2008
	£'000	£'000
Assets		
Non-current assets		
Goodwill	**28,598**	27,430
Other intangible assets	**2,610**	3,370
Property, plant and equipment	**2,532**	2,661
Deferred tax asset	**1,011**	1,050
	34,751	34,511
Current assets		
Trade and other receivables	**6,879**	4,995
Cash and cash equivalents	**8,157**	4,658
	15,036	9,653
Total assets	**49,787**	44,164
Liabilities		
Current liabilities		
Bank loan	**(983)**	(983)
Trade and other payables	**(13,255)**	(11,290)
Taxation	**(1,060)**	(620)
Provision	**(284)**	-
	(15,582)	(12,893)
Non-current liabilities		
Bank loan	**(1,974)**	(2,957)
Provision	**-**	(643)
	(1,974)	(3,600)
Total liabilities	**(17,556)**	(16,493)
Net assets	**32,231**	27,671
Capital and reserves		
Called up share capital	**254**	251
Share premium account	**3,536**	3,487
Merger reserve	**12,008**	12,008
Other reserve	**1,467**	1,269
Cumulative translation reserve	**4,086**	3,081
Profit and loss account	**10,880**	7,575
Total equity	**32,231**	27,671

Group NBT plc

Consolidated statement of changes in equity
for the year ended 30 June 2009

	Share capital £'000	Share premium £'000	Merger reserve £'000	Other reserve £'000	Cumulative translation reserve £'000	Retained profit £'000	Total £'000
Year ended 30 June 2009 (Unaudited)							
Balance at 1 July 2008	251	3,487	12,008	1,269	3,081	7,575	27,671
Exchange translation differences	-	-	-	-	1,005	-	1,005
Deferred tax recognised directly in equity	-	-	-	27	-	-	27
Net income recognised directly in equity	-	-	-	27	1,005	-	1,032
Profit for the period	-	-	-	-	-	3,964	3,964
Total recognised income	-	-	-	27	1,005	3,964	4,996
Dividends	-	-	-	-	-	(659)	(659)
Share-based payment credit	-	-	-	171	-	-	171
Issue of share capital	3	49	-	-	-	-	52
Balance at 30 June 2009	**254**	**3,536**	**12,008**	**1,467**	**4,086**	**10,880**	**32,231**
Year ended 30 June 2008 (Audited)							
Balance at 1 July 2007	248	3,487	10,751	1,355	71	4,806	20,718
Exchange translation differences	-	-	-	-	3,010	-	3,010
Deferred tax recognised directly in equity	-	-	-	(263)	-	-	(263)
Net income recognised directly in equity	-	-	-	(263)	3,010	-	2,747
Profit for the period	-	-	-	-	-	3,272	3,272
Total recognised income / (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

Group NBT plc

Consolidated cash flow statement
for the year ended 30 June 2009

	Unaudited	Audited
	2009	2008
	£'000	£'000
Cash flow from operating activities		
Profit before taxation	**5,025**	4,211
Finance (income) / expense (net)	**13**	205
Depreciation and amortisation	**2,574**	2,271
Loss on disposal of assets	**-**	6
Share-based payments	**171**	177
Exchange differences	**(534)**	(408)
Increase in trade and other receivables	**(1,884)**	(54)
Increase in trade and other payables	**1,966**	1,420
Cash generated from operations	**7,331**	7,828
Taxation paid	**(622)**	(1,151)
Net cash inflow from operating activities	**6,709**	6,677
Cash flow from investing activities		
Interest received	**128**	124
Purchase of property, plant and equipment	**(1,452)**	(2,190)
Purchase of subsidiary undertakings	**(155)**	(1,223)
Net cash acquired with subsidiary undertaking	**-**	34
Net cash outflow from investing activities	**(1,479)**	(3,255)
Cash flow from financing activities		
Interest paid	**(141)**	(329)
Dividends paid	**(659)**	(503)
Long term loan repayments	**(983)**	(983)
Proceeds from the issue of share capital	**52**	-
Net cash outflow from financing activities	**(1,731)**	(1,815)
Net increase in cash and cash equivalents	**3,499**	1,607
Cash and cash equivalents at start of year	**4,658**	3,051
Cash and cash equivalents at end of year	**8,157**	4,658

Group NBT Plc

Notes

1. Basis of preparation

The financial information contained in this announcement does not constitute statutory financial statements. The financial information for the year ended 30 June 2008 has been extracted from the statutory financial statements for that year, which have been filed with the Registrar of Companies. The auditors have reported on those financial statements, their reports were unqualified and did not include reference to any matters to which the auditors drew attention by way of emphasis of matter, and does not contain a statement under S237(2) or S237(3) of the Companies Act 1985. The financial information for the year ended 30 June 2009 has been extracted from the draft financial statements for that year upon which the auditors have yet to report.

2. Accounting polices

The accounting policies adopted are consistent with those that will be used in the annual financial statements for the year ended 30 June 2009. No new accounting policies have been adopted in the year.

3. Segmental analysis

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

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

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

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

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

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

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

The Group operates in three main geographic areas: UK, Continental Europe and the USA.

Revenue, profit before tax and non-current assets by origin of geographical segment are as follows:

	Turnover		Profit before tax		Non-current assets	
	Unaudited	Audited	**Unaudited**	Audited	**Unaudited**	Audited
	2009	2008	**2009**	2008	**2009**	2008
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
UK	**21,872**	19,496	**2,166**	2,050	**12,577**	12,917
Other European countries	**17,734**	14,559	**2,200**	1,844	**22,103**	21,341
USA	**1,919**	1,226	**659**	317	**71**	253
	41,525	35,281	**5,025**	4,211	**34,751**	34,511

4. Earnings per share

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

An adjusted earnings per share has also been presented in addition to the earnings per share and is based on earnings adjusted to eliminate the effects of amortisation and restructuring costs. It has been calculated to allow shareholders to gain a clearer understanding of the trading performance of the Group.

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

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

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

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

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

5. Dividends

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

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