groupNBT

Annual Report and Accounts 2005

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. Three operating brands serve different markets with services appropriate for that market. They are:

NetNames: Corporate domain name management

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

Easily.co.uk: Cost effective hosting and domain name services for smaller UK businesses and consumers

2005 Highlights

- Strong performance driven by NetNames Platinum Service
- Revenues up 47% to £11.28 million (2004: £7.68 million)
- Underlying revenues, excluding Easily, up 13%
- PBT up 310% to £1.69 million (2004: £410,000)
- PBT before goodwill amortisation up 209% to £2.08 million (2004: £670,000)
- Cash balance of £3.22 million (2004: £1.59 million)
- NetNames Platinum Service continues to drive growth with revenues up 49% to £3.36 million
- Significant global opportunities exist in corporate domain name management markets
- Directors are confident of continued growth in the year ahead

"Group NBT has delivered a solid performance and has fully capitalised on the successful integration of the Easily acquisition. Recurring revenues are strong and growing and with a strategy in place to address our key markets in new territories, significant opportunities exist for the business going forward"

Geoff Wicks, Chief Executive Officer

Chairman's statement

I am pleased to report that Group NBT has made significant progress during the year ended 30 June 2005. The Company's earnings per sha

On a UK GAAP basis we grew diluted EPS from 3.4 pence to 8.3 pence. Excluding goodwill amortisation we grew EPS from 4.9 pence to 10.2 pence (last year's earnings included a tax credit of 1.1 pence, compared to this year's tax credit of 0.1 pence). Operating profit margin, excluding goodwill amortisation, increased from 8.2% to 17.8%. Our cash position doubled to £3.22 million.

These fine results reflect our growing success in building high-quality businesses in our three chosen markets. First, we achieved strong growth from our flagship product NetNames Platinum Service, which manages portfolios of internet domain names for medium and large corporations. Platinum Service now serves 34 of the FTSE-100 companies, and has great opportunity to win further high-quality recurring revenue streams in overseas markets.

Second, the acquisition of Easily Limited in May 2004 has given us additional sales volumes in the related market among smaller companies and consumers for domain names, email and other services. These products, which are mainly purchased as single on-line transactions, share the same infrastructure as Platinum Service and thus give us margin leverage.

Third, we have made further progress in hosting corporate websites. Within this sector, we are concentrating on what we see as the under-served market among small-to-medium size UK companies for hosting services which include a high level of resilience and support, as a source of dependable repeat sales.

Significant opportunities exist, therefore, to grow our business further. The Company is currently focused on developing our Platinum sales capability both in the US and Europe. It is expected that at least two European offices will be opened in the current financial year to support our Platinum Service. We continue to look for good acquisitions in the UK and overseas.

Additional investment in our sales capability is also under way to support our premium hosting services for small-to-medium size companies in the UK.

During the year, as part of our marketing strategy, we changed our company name to Group NBT to remove confusion between the NetBenefit brand and the plc. Customer feedback has proven this to be effective. In addition, we relocated our central headquarters into one office block in London, which has significantly reduced costs and improved wider business efficiencies.

No dividend is proposed for the year under review so that we can conserve our cash for acquisition opportunities.

The Board is confident of your Company's prospects in the year ahead and we continue to actively pursue acquisitions which could extend our geographic reach or take us into attractive new product areas. I thank all our staff for a very good year and look forward to continued growth and success.

John Parcell
Chairman
22 September 2005

Operating and financial review

Group NBT's revenue for the period was £11.28 million, up 47% from £7.68 million in the previous year. Underlying revenue, excluding the impact of Easily, was up 13%. Our higher value recurring revenue streams, NetNames Platinum Service and NetBenefit managed hosting, show good growth with overall growth tempered by the growth in the online business.

Profit before tax ("PBT") was £1.69 million, up from £410,000 in the previous year. PBT before the amortisation of goodwill was £2.08 million, up 209% from £670,000 last year. Cash at the end of the year was £3.22 million, an increase of £1.63 million during the year. These results reflect more efficient processes being introduced, and the achievement of synergy savings from the integration of Easily at a faster rate than expected.

Domain name management services

Domain name revenue, from corporate customers and the online market, was £7.29 million, up 51% from £4.82 million last year. On an underlying basis, excluding Easily, revenue rose 16%.

Within that, revenue for NetNames Platinum Service was £3.36 million, up 49% from £2.25 million last year. The growth in Platinum Service revenue reflects the strength of this market. NetNames Platinum Service is the UK market leader for corporate domain name management services. Revenue from sales of Platinum Service in the US increased by 77% on the previous year and has been driven by the strength of our New York based sales team which has won a number of high profile clients during the year. Further growth is expected as we strengthen our US sales capabilities.

Significant opportunities also exist in Europe within the corporate domain name management arena and strategies are in place to develop Group NBT's presence in these new markets.

Well over half of all domain names are registered to companies whose main criteria for selecting a registrar are customer service and ease of use. As companies build their portfolios of domain names it becomes more important for them to outsource the management of these names to a registrar with the competence to provide a high level of service in the global market. The success of NetNames Platinum Service is a result of a growing market with an increasing requirement for sophisticated management services.

As anticipated, online domain name revenue, which comes mainly from consumers, was down 8.3%. This reflects our concentration on value added services in the NetNames and NetBenefit brands. Revenue in the online market from both these brands is now a smaller part of our overall business. Easily, which is the brand we focus on the online market, performed better as it is positioned to appeal to this market both in price and service terms.

The domain name market generally continues to grow with new top level domains being added: We expect .eu and .travel to be available during this financial year.

Web-hosting services

Revenue from web-hosting and email services was £3.41 million, up 52% from £2.24 million in the previous year. This includes revenue from Easily and is in part due to our strategy of concentrating on managed hosting services for NetBenefit customers and added value services for the Easily customer base.

Revenue from NetBenefit's hosting activities was up 14%. Most of this increase came from growth in managed hosting revenue. Managed hosting fits well with the competencies of Group NBT and provides a stream of recurring revenue. It is a growing market segment and one that is not dominated by price-driven competitors.

Revenue from Easily's hosting products was up 18% on the previous year. We have been able to add additional products to the brand. The new WebStarter product has contributed well to this growth, and we have improved the infrastructure and reliability of the services. This has resulted in a good performance as existing customers have been encouraged to upgrade their service and new customers have been attracted by the enhanced product set.

Operating and financial review

continued

Margin and administrative expenses

Gross margin for the period remained comparable.

Administrative expenses, excluding goodwill, increased by 26.1% to £6.82 million (2004: £5.41 million). This increase arose largely as a result of the full year impact of Easily's costs following its acquisition in May 2004.

Group NBT maintained its focus on cost control as it consolidated all of its UK operations in one location during the year. This achieved significant synergies as common costs were eliminated while providing continuing scope to gear up the Company's operational capacity.

Taxation

A net tax credit of £26,000 arose in the year, down from £200,000 last year.

The strong and profitable result for the year enabled Group NBT to utilise previously unrecognised tax losses, the effect of which exceeded the reversal of the deferred tax asset relating to tax losses and timing differences arising from the excess of depreciation over capital allowances, recognised in the previous financial year.

At the year-end we had recognised tax assets of £440,000 (2004: £230,000) in respect of tax losses and timing differences that were expected to be relieved by future taxable losses. In addition to this, we had further tax losses of £860,000 (2004: £1.60 million) available to carry forward against future profits at the year-end.

Cashflow

At 30 June 2005 cash and bank balances were £3.22 million (2004: £1.59 million) which included restricted cash balances of £127,000 (2004: £85,000).

Group NBT generated net cash inflows of £2.44 million from its operating activities compared to £1.46 million in the previous year. This has enabled us to increase capital expenditure to £730,000 this year, up from £277,000, as we have continued to invest in upgrading infrastructure and core systems to provide for anticipated future capacity.

Geoff Wicks
Chief Executive Officer
22 September 2005

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.

Geoffrey Wicks
Chief Executive Officer
Geoffrey 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, Geoffrey worked in the City within the banking and insurance industries.

Jonathan Robinson
Business Development Director
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 from 1993-1994 and then at the Rolls-Royce Technology Centre at the University of Cambridge until 1997. Jonathan is a current non-executive director of both the .info domain registry Afilias Limited and the .uk domain registry Nominet (UK) Limited.

Rodger Armstrong
Group Sales Director
Rodger Armstrong has an M.A. from St Peter's College, Oxford in modern languages. He spent the early part of his career in banking, specifically in treasury and risk management at NatWest and HSBC. He then worked at Reuters for seven years in a number of senior sales roles, latterly heading up the Reuters Mobile division. He joined Group NBT in November 2001 and was elected to the Board in May 2004.

Timothy Ashley
Non-executive Director
Timothy 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. Timothy holds degrees from both Oxford and Cambridge Universities.

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.

Richard Madden
Non-executive Director
Richard Madden is an investment banker and has experience in equity and M&A transactions throughout Europe and USA. He qualified as a chartered accountant with Arthur Andersen and holds a degree in Classics from Cambridge University.

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 three Non-executive Directors. The Directors' biographies, set out on page 5, demonstrate the broad range of experience and knowledge they bring to the Company enabling them to offer sound judgement on the proper management of the Group.

The Board meets monthly 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 provide 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 re-appointment 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 Timothy 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 8 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 Operating and Financial Review on pages 2 to 4 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 Notice of meeting on page 33.

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 its 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 the 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

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.

Going concern

After making appropriate enquiries, the Directors have formed a judgement at the time of approving the Annual Accounts that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the Annual Accounts.

Directors' remuneration report

Remuneration Committee

The Committee consists solely of the four Non-executive Directors: John Parcell, Timothy Ashley and Richard Madden, under the chairmanship of Keith Young. None of the Committee members has 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:

(a) basic annual salary (including Directors' fees) and benefits;

(b) annual bonus payments;

(c) share option incentives; and

(d) 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, which gives up-to-date information on a comparator group of companies, comprising the top ten companies by capitalisation within the sector. 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. In setting appropriate bonus parameters the Committee refers to the objective research on comparator groups of companies as mentioned above. The Committee believes that any incentive compensation awarded should be tied to the interests of the Company's shareholders and that the principal measure of those interests is total shareholder return. Account is also taken of the relative success of the different parts of the business fo

Share options

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

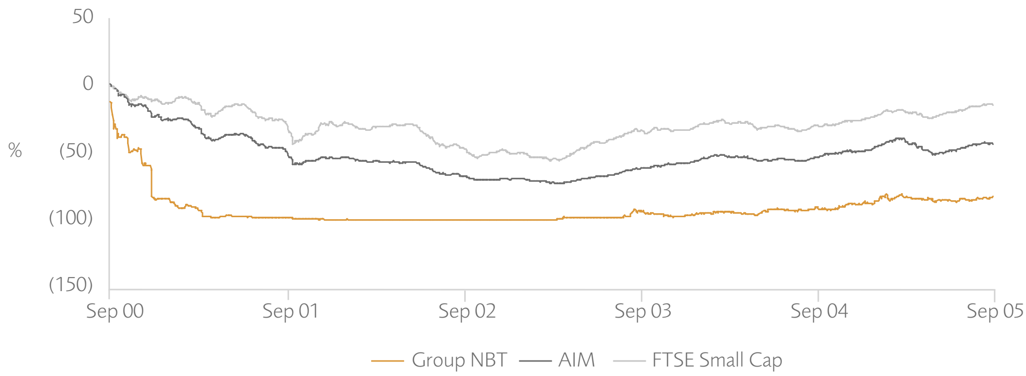
Directors' pension

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 graphs

The following graphs show the Company's performance, measured by total shareholder return, compared with the performance of the FTSE AIM Index and the FTSE Small Cap. Index, also measured by total shareholder return. 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.

September 2000 to September 2005



July 2002 to September 2005

Directors' remuneration report

continued

Directors' contracts

Executive Directors currently have between three-month to twelve-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 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 £15,000 with the exception of John Parcell, who received no fee for his services as Non-executive Chairman.

Directors' remuneration

Directors' remuneration for the year was as follows:

	Salaries /fees £'000	Annual bonuses £'000	Pensions £'000	Compensation for loss of office £'000	Other benefits £'000	**2005 Total £'000**	2004 Total £'000
J Parcell	—	—	—	—	—	**—**	—
G A Wicks	124	46	20	—	3	**193**	203
J M Robinson	98	42	20	—	9	**169**	169
R Armstrong (appointed 27/05/04)	105	39	11	—	8	**163**	17
T M Ashley	15	—	—	—	—	**15**	10
K Young	15	—	—	—	—	**15**	10
R Madden	15	—	—	—	—	**15**	10
P J Owens (resigned 19/2/04)	—	—	—	—	—	**—**	123
Year ended 30 June 2005	**372**	**127**	**51**	**—**	**20**	**570**	542
Year ended 30 June 2004	317	115	53	43	14		

Other benefits consist of car allowances and private health insurance.

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

	At 1 July 2004 Number	Granted during the year Number	**At 30 June 2005 Number**	Exercise price £	Date from which exercisable	Expiry date
J Parcell	805,877	—	**805,877**	0.20	04/07/03	03/04/13
G A Wicks	555,000	—	**555,000**	0.25	30/06/04	29/06/14
J M Robinson	180,000	—	**180,000**	0.25	30/06/04	29/06/14
R Armstrong	180,000	—	**180,000**	0.25	30/06/04	29/06/14
	1,720,877	—	**1,720,877**			

The ordinary share price ranged from 57 pence to 152 pence during the year and stood at 112 pence at the year-end.

On behalf of the Board

K Young
Chairman of the Remuneration Committee
22 September 2005

Directors' report

The Directors submit their Annual Report and Accounts for the year ended 30 June 2005.

Principal activities and review of the business

The principal activities of the Group during the year were the provision of domain name management services, web-hosting and related services. A review of the business and future developments is set out in the Chairman's Statement and the Operating and Financial Review on pages 2 to 4.

Results and dividends

The consolidated profit for the year after taxation amounted to £1,716,000 (2004: £612,000). The Directors do not recommend the payment of an ordinary dividend for the year (2004: £nil), which leaves a profit of £1,716,000 to be transferred to reserves (2004: £612,000).

Directors' interests

The Directors of the Company who served during the year to 30 June 2005 are shown below together with their beneficial interests in the shares of the Company.

Director	**At 30 June 2005 Number**	At 1 July 2004 Number
J Parcell	**1,100,000**	1,100,000
G A Wicks	**50,000**	50,000
J M Robinson	**2,591,322**	2,591,322
R Armstrong	**—**	—
K Young	**2,716,942**	2,716,942
T M Ashley	**1,500,000**	1,866,380
R J G Madden	**—**	—

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

Substantial shareholdings

At 22 September 2005, the Company had been notified of the following beneficial shareholdings of 3% or more in the ordinary share capital of the Company:

	Shares	%
Herald GP Limited	1,000,000	5.14%
Herald Investment Trust plc	1,621,000	8.32%

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 2005, calculated in accordance with the requirements of the Companies Act 1985, were 17 (2004: 30). The Group's creditor days on the same basis were 18 days (2004: 21).

Research and development

The Group has operated 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 profit and loss account as they are incurred and not carried forward as assets in the Group's balance sheet.

Change of company name

Following a special resolution passed at the last Annual General Meeting on 27 October 2004, the Company changed its name from NetBenefit plc to Group NBT plc on 29 October 2004.

Auditors

A resolution to re-appoint BDO Stoy Hayward LLP as auditors will be proposed at the next Annual General Meeting.

By order of the Board

R P Nagevadia ACCA
Company Secretary
22 September 2005

Statement of directors' responsibilities

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 the Group as at the end of the financial year and of the profit or loss of the Group for that period. In preparing those financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Company and the Group to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the Group's web site 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 Group's web site 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

to the shareholders of Group NBT plc

We have audited the financial statements of Group NBT plc for the year ended 30 June 2005 on pages 16 to 32 which have been prepared under the accounting policies set out on pages 20 to 21.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Group 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 transactions with the Company and other members of the Group 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 Chairman's Statement, the Operating and Financial Review, the Directors' Remuneration Report and the Report on Corporate Governance. 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 United Kingdom Auditing Standards 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 judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group'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 financial statements give a true and fair view of the state of affairs of the Company and the Group at 30 June 2005 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors, London
22 September 2005

Consolidated profit and loss account

year ended 30 June 2005

	Note	2005 £'000	2004 £'000
Turnover	2	**11,280**	7,675
Cost of sales		**2,446**	1,637
Gross Profit		**8,834**	6,038
Administrative expenses			
Amortisation of goodwill		**387**	261
Other administrative expenses		**6,824**	5,410
		7,211	5,671
Operating profit	3	**1,623**	367
Interest receivable and similar income	6	**72**	46
Interest payable and similar charges	7	**(5)**	(1)
Profit on ordinary activities before taxation		**1,690**	412
Taxation on profit on ordinary activities	8	**26**	200
Retained profit for the financial year	19, 20	**1,716**	612
Earnings per share – Basic	9	**8.9p**	3.6p
– Diluted	9	**8.3p**	3.4p
Earnings per share before goodwill amortisation – Basic	9	**10.9p**	5.2p
– Diluted	9	**10.2p**	4.9p

All amounts relate to continuing activities.

Consolidated statement of total recognised gains and losses

year ended 30 June 2005

	2005 £'000	2004 £'000
Retained profit in the year	**1,716**	612
Exchange gain	—	22
	1,716	634

The notes on pages 20 to 32 form part of these financial statements.

Consolidated balance sheet

as at 30 June 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Intangible assets	10	**4,095**	4,482
Tangible assets	11	**781**	400
		4,876	4,882
Current assets			
Debtors	13	**1,464**	1,085
Cash at bank and in hand		**3,219**	1,589
		4,683	2,674
Creditors: amounts falling due within one year	15	**(4,070)**	(3,881)
Net current assets/(liabilities)		**613**	(1,207)
Total assets less current liabilities		**5,489**	3,675
Provision for liabilities and charges	16	**47**	25
Total net assets		**5,442**	3,650
Capital and reserves			
Called up share capital	18	**195**	192
Share premium	19	**3,280**	3,207
Merger reserve	19	**1,044**	1,044
Profit and loss account	19	**923**	(793)
Equity shareholders' funds		**5,442**	3,650

These financial statements were approved by the Board of directors on 22 September 2005.

Signed on behalf of the Board of directors

G A Wicks
Chief Executive Officer

The notes on pages 20 to 32 form part of these financial statements.

Company balance sheet

as at 30 June 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Tangible assets	11	**306**	—
Investments	12	**5,198**	5,198
		5,504	5,198
Current assets			
Debtors	13	**363**	1,174
Cash at bank and in hand		**2,882**	1,115
		3,245	2,289
Creditors: amounts falling due within one year	15	**(4,001)**	(3,566)
Net current liabilities		**(756)**	(1,277)
Total assets less current liabilities		**4,748**	3,921
Provision for liabilities and charges	16	**31**	—
Total net assets		**4,717**	3,921
Capital and reserves			
Called up share capital	18	**195**	192
Share premium	19	**3,280**	3,207
Merger reserve	19	**1,134**	1,134
Profit and loss account	19	**108**	(612)
Equity shareholders' funds		**4,717**	3,921

These financial statements were approved by the Board of directors on 22 September 2005.

Signed on behalf of the Board of directors

G A Wicks
Chief Executive Officer

The notes on pages 20 to 32 form part of these financial statements.

Consolidated cashflow statement

year ended 30 June 2005

	Note	2005 £'000	2004 £'000
Net cash inflow from operating activities	23	**2,441**	1,462
Returns on investments and servicing of finance			
Interest received		**72**	46
Interest element of finance lease		**(5)**	(1)
		67	45
Taxation (paid)/recovered		**(208)**	5
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(733)**	(277)
Acquisitions – purchase of subsidiary undertaking		**—**	(1,034)
Net cash inflow before management of liquid resources and financing		**1,567**	201
Management of liquid resources			
(Increase)/decrease in treasury deposits		**(1,805)**	190
Financing			
Issue of share capital		**76**	15
Capital element of finance lease repayments		**(13)**	(74)
		63	(59)
(Decrease)/increase in cash		**(175)**	332

Reconciliation of net cash flow to movement in net funds

year ended 30 June 2005

	2005 £'000	2004 £'000
(Decrease)/increase in cash in year	**(175)**	332
Cash outflow from decrease in debt and lease financing	**13**	74
Increase/(decrease) from liquid resources	**1,805**	(190)
Change in net funds resulting from cash flows	**1,643**	216
Finance leases and hire purchase contracts acquired with subsidiary	**—**	(13)
Movement in net funds	**1,643**	203
Net funds at start of year	**1,576**	1,373
Net funds at end of year	**3,219**	1,576

The notes on pages 20 to 32 form part of these financial statements.

Notes to the accounts

year ended 30 June 2005

1 Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards. The particular United Kingdom Accounting Policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The financial statements consolidate the financial statements of the Company and all subsidiary undertakings for the year ended 30 June 2005 using the acquisition or merger method of accounting as required.

Acquisition accounting

Where the acquisition method is used, the results of the subsidiary are included from the date of acquisition. The purchase consideration is allocated to assets and liabilities on the basis of fair value at the date of acquisition.

Merger accounting

Where merger accounting is used, the investment is recorded in the Company's balance sheet at the nominal value of shares issued together with the fair value of any additional consideration paid.

In the Group financial statements merged subsidiaries are treated as if they had always been part of the Group. Any difference between the nominal value of the shares acquired by the Company and those issued by the Company to acquire them is taken to reserves.

Turnover

Turnover represents amounts derived from the provision of services which fall within the Group's ordinary activities after deduction of value added tax. Income is recognised when services are provided and where services are invoiced in advance, income is deferred in the balance sheet and recognised evenly over the contract period.

Intangible fixed assets – Goodwill

Goodwill arising on consolidation represents the excess of fair value of the consideration paid over the fair value of the identifiable net assets acquired. Goodwill is capitalised in the year in which it arises and amortised, on a straight-line basis, over its estimated useful life, unless impairment has occurred at which point the cost is expensed to the profit and loss account. Goodwill is currently being amortised over a ten to twenty year period to reflect the ongoing value of the assets, subject to impairment review.

No impairment is judged to have occurred in the current financial year.

Tangible fixed assets

Depreciation is provided on tangible fixed assets at the rates calculated to write off the cost, less estimated residual value, 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

Software research and development expenditure

Software research and development expenditure is written off as incurred.

1 Accounting policies continued

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. However the recognition of deferred tax assets is limited to the extent that the Group anticipates to make sufficient taxable profits in the future to absorb the reversal of underlying timing differences. Deferred tax liabilities and assets are not discounted.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

Financial instruments

In relation to the disclosures made in note 17, short term debtors and creditors are not treated as financial assets or liabilities except for currency disclosures.

The Group does not hold or issue derivative financial instruments for trading purposes.

Foreign exchange

Transactions denominated in foreign currencies are recorded at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account. The financial statements of foreign subsidiaries are translated into sterling at the closing rates of exchange and the differences arising from the translation of the opening net investment in subsidiaries at the closing rate is taken direct to reserves.

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 profit and loss account.

Operating lease rentals are charged to profit and loss in equal amounts over the lease term.

Pensions

The Group makes contributions to the individual pension schemes of certain key employees. Contributions are charged to the profit and loss account as they became payable in accordance with the rules of the scheme.

2 Segmental analysis

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

	Turnover		Profit before tax		Net assets/(liabilities)	
	2005 £'000	2004 £'000	**2005 £'000**	2004 £'000	**2005 £'000**	2004 £'000
UK	**10,197**	6,655	**1,614**	368	**8,038**	6,322
Other European countries	**579**	623	**2**	23	**(375)**	(374)
USA	**504**	397	**74**	21	**(2,221)**	(2,298)
	11,280	7,675	**1,690**	412	**5,442**	3,650

Notes to the accounts

year ended 30 June 2005

3 Operating profit

Operating profit is stated after charging:

		2005 £'000	2004 £'000
Research and development		**185**	167
Depreciation of owned assets		**328**	220
Depreciation of leased assets		**15**	81
Goodwill amortisation		**387**	261
Operating lease rentals	– land and buildings	**219**	194
Auditors' remuneration	– Group audit fee	**48**	24
	– Company audit fee	**19**	11
	– other services	**26**	41

4 Information regarding employees

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

	2005 £'000	2004 £'000
Salaries	**3,661**	3,225
Social security costs	**449**	323
Pension costs	**80**	75
	4,190	3,623

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

	2005 Number	2004 Number
Administrative	**21**	23
Operational	**91**	70
	112	93

5 Directors

The remuneration of Directors is set out below:

	2005 £'000	2004 £'000
Directors' emoluments	**519**	446
Compensation for loss of office	**—**	43
Pension costs	**51**	53
	570	542

Emoluments of highest paid director:

	2005 £'000	2004 £'000
Emoluments	**173**	183
Amounts paid to the director's personal pension scheme	**20**	20
	193	203

Directors' emoluments are detailed, by director, in the Directors' remuneration report.

6 Interest receivable and similar income

	2005 £'000	2004 £'000
Bank interest	**72**	46

7 Interest payable and similar charges

	2005 £'000	2004 £'000
Finance lease	**5**	1

Notes to the accounts

year ended 30 June 2005

8 Tax credit on profit on ordinary activities

	2005 £'000	2004 £'000
a) Analysis of tax credit		
Current tax		
UK corporation tax	**10**	—
Adjustment in respect of prior periods	**152**	32
Total current tax charge (note 8b)	**162**	32
Deferred tax		
Origination and reversal of timing differences	**(188)**	(232)
Tax credit on profit on ordinary activities	**26**	(200)

b) Tax credit reconciliation		
Profit on ordinary activities before tax	**1,690**	412
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	**507**	124
Effects of:		
Expenses not deductible for tax purposes	**126**	95
Depreciation in excess of capital allowances	**(61)**	(6)
Utilisation of tax losses	**(558)**	(245)
Unrelieved losses carried forward	**19**	45
Group accounting policy alignment	**(23)**	(13)
Adjustment to prior year tax charge	**152**	32
Current tax charge (note 8a)	**162**	32

9 Earnings per share

The basic and diluted earnings per share for the year ended 30 June 2005 are based on the profit for the year on ordinary activities after taxation of £1,716,000 (2004: £612,000) and on the weighted average number of shares of 19,301,541 (2004: 16,684,716).

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:

	2005 £'000	2004 £'000
Profit for the financial year	**1,716**	612
Profit attributable to ordinary shareholders	**1,716**	612
Goodwill amortisation	**387**	261
Profit attributable to ordinary shareholders before goodwill amortisation	**2,103**	873

9 Earnings per share continued

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

	Number 2005	Number 2004
Shares used for basic earnings per share	**19,302**	16,685
Share options	**1,363**	979
Shares used for diluted earnings per share	**20,665**	17,664

Earnings per share:

	Basic		Diluted	
	2005 pence	2004 pence	**2005 pence**	2004 pence
Profit for the year	**8.9**	3.6	**8.3**	3.4
Goodwill amortisation	**2.0**	1.6	**1.9**	1.5
Profit before goodwill amortisation	**10.9**	5.2	**10.2**	4.9

10 Intangible fixed assets

Group	Goodwill £'000
Cost	
At 1 July 2004 and 30 June 2005	**27,428**
Amortisation	
At 1 July 2004	22,946
Provided in year	387
At 30 June 2005	**23,333**
Net book value	
At 30 June 2005	**4,095**
At 30 June 2004	4,482

Notes to the accounts

year ended 30 June 2005

11 Tangible fixed assets

Group	Computer equipment £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost			
At 1 July 2004	2,555	295	2,850
Additions	580	153	733
Disposals	(127)	(271)	(398)
At 30 June 2005	**3,008**	**177**	**3,185**
Depreciation			
At 1 July 2004	2,180	270	2,450
Disposals	(120)	(269)	(389)
Provided in year	299	44	343
At 30 June 2005	**2,359**	**45**	**2,404**
Net book value			
At 30 June 2005	**649**	**132**	**781**
At 30 June 2004	375	25	400

The net book value of computer equipment includes amounts of nil value (2004: £15,000) in respect of assets held under finance leases and hire purchase agreements.

Company	Computer equipment £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost			
At 1 July 2004	—	—	—
Additions	237	97	334
At 30 June 2005	**237**	**97**	**334**
Depreciation			
At 1 July 2004	—	—	—
Provided in year	14	14	28
At 30 June 2005	**14**	**14**	**28**
Net book value			
At 30 June 2005	**223**	**83**	**306**
At 30 June 2004	—	—	—

12 Investments

Company	Shares in subsidiary undertakings £'000
Cost	
At 1 July 2004 and 30 June 2005	**25,742**
Provision	
At 1 July 2004 and 30 June 2005	**20,544**
Net book value	
At 30 June 2004 and 30 June 2005	**5,198**

All subsidiaries have been included in the consolidation. Details of the subsidiary companies at 30 June 2005 are as follows:

	Country of incorporation and operation	Proportion of voting equity held
Subsidiaries		
NetBenefit (UK) Limited	UK	100%
NetNames Limited	UK	100%
NetNames International Limited	UK	100%
Easily Limited	UK	100%
NetNames Inc	USA	100%
Eurl Group NBT France (formerly known as Voxpop Internet Publishing SA)	France	100%

All of the above companies are involved in the provision of internet and related services.

13 Debtors

	Group		Company	
	2005 £'000	2004 £'000	**2005 £'000**	2004 £'000
Amounts falling due within one year:				
Trade debtors	**506**	505	**—**	1
Amounts owed by Group undertakings	**—**	—	**123**	1,014
Deferred tax asset (note 14)	**440**	230	**54**	—
Other debtors	**151**	154	**55**	143
Prepayments and accrued income	**367**	196	**131**	16
	1,464	1,085	**363**	1,174

Notes to the accounts

year ended 30 June 2005

14 Deferred tax asset

The Group 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:

	Group		Company	
	2005	2004	**2005**	2004
	£'000	£'000	**£'000**	£'000
At 1 July 2004	**230**	—	**—**	—
Origination and reversal of timing differences	**210**	230	**54**	—
At 30 June 2005	**440**	230	**54**	—
Excess depreciation over capital allowances	**185**	70	**—**	—
Unrelieved trading losses	**255**	160	**54**	—
At 30 June 2005	**440**	230	**54**	—

The Group had potential deferred tax assets of £270,000 (2004: £1,026,000) that were not recognised at 30 June 2005 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:

	Group		Company	
	2005	2004	**2005**	2004
	£'000	£'000	**£'000**	£'000
Excess depreciation over capital allowances	**11**	133	**—**	—
Unrelieved trading losses	**259**	893	**18**	43
	270	1,026	**18**	43

15 Creditors: amounts falling due within one year

	Group		Company	
	2005	2004	**2005**	2004
	£'000	£'000	**£'000**	£'000
Obligations under finance leases and hire purchase agreements	**—**	13	**—**	—
Trade creditors	**218**	221	**56**	82
Amounts owed to Group undertakings	**—**	—	**3,441**	3,019
Corporation tax	**10**	56	**—**	—
Other taxation and social security	**452**	392	**29**	79
Other creditors	**351**	582	**45**	89
Accruals and deferred income	**3,039**	2,617	**430**	297
	4,070	3,881	**4,001**	3,566

16 Provision for liabilities and charges

Deferred tax liability:

	Group		Company	
	2005 **£'000**	2004 £'000	**2005** **£'000**	2004 £'000
At 1 July 2004	**25**	—	**—**	—
Acquisition of subsidiary	**—**	27	**—**	—
Origination and reversal of timing differences	**22**	(2)	**31**	—
At 30 June 2005	**47**	25	**31**	—
Accelerated capital allowances	**47**	25	**31**	—
At 30 June 2005	**47**	25	**31**	—

17 Financial Instruments

The Group's financial instruments at 30 June 2005 comprised cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to finance the Group's operations.

The main risks from the Group's financial instruments are interest rate risk, foreign currency and liquidity risk.

Interest rate risk

The Group finances its operation through shareholder equity and working capital. Throughout the year, the Group's only exposure to interest rate fluctuations was on its cash deposits.

Interest rate profile

Group	Floating rate financial assets £'000
At 30 June 2005	
Sterling	3,092
US dollar	84
Euros	43
Gross assets	**3,219**
At 30 June 2004	
Sterling	1,454
US dollar	83
Euros	52
Gross assets	1,589

The interest rates on floating rate financial assets vary according to the prevailing bank rates.

Notes to the accounts

year ended 30 June 2005

17 Financial Instruments continued

Currency profile

The Group has overseas subsidiaries, which operate in Continental Europe and the United States of America. Their revenues and expenses are denominated substantially in the currencies in which they operate. The Group's principal exposure to exchange rate fluctuations arises on translation of the overseas net assets and results into sterling for accounting purposes.

Liquidity risk

The Group's risk policy throughout the year, as in prior years, has been to ensure continuity of funding and flexibility through use of a mixture of term deposits.

Fair value of financial instruments

There is no material difference between the book and the fair value of the Group's financial instruments in the current or prior year.

18 Called up share capital

	2005 Number	2004 Number	**2005 £'000**	2004 £'000
Authorised				
At 1 July 2004	**21,300,000**	21,300,000	**213**	213
Authorised during the year	**8,700,000**	—	**87**	—
At 30 June 2005	**30,000,000**	21,300,000	**300**	213
Allotted, called up and fully paid				
At 1 July 2004	**19,177,216**	16,317,216	**192**	163
Share options exercised	**289,304**	60,000	**3**	1
Shares issued on acquisition of Easily Limited	—	2,800,000	—	28
At 30 June 2005	**19,466,520**	19,177,216	**195**	192

On 27 October 2004, the authorised share capital was increased by 8,700,000 ordinary shares of 1 pence each.

At 30 June 2005 the Company had granted employee options, including Directors' options as follows:

	Number of shares	Option price per share	Option periods beginning	Option periods ending
Enterprise Management Incentive Plan	830,500	£0.01–£0.25	01.07.04	01.07.14
Approved Scheme	12,280	£2.34–£4.55	21.09.02	18.09.10
Unapproved Scheme	1,009,877	£0.20–£2.50	04.06.99	27.02.11

Directors' share options are set out in the Directors' remuneration report and total 1,720,877 (2004: 1,720,877).

19 Statement of movements on reserves

	Share capital £'000	Share premium £'000	Merger reserve £'000	Profit and loss account £'000
Group				
At 1 July 2004	192	3,207	1,044	(793)
Issue of shares	3	73	—	—
Retained profit for the financial year	—	—	—	1,716
At 30 June 2005	**195**	**3,280**	**1,044**	**923**
Company				
At 1 July 2004	192	3,207	1,134	(612)
Issue of shares	3	73	—	—
Retained profit for the financial year	—	—	—	720
At 30 June 2005	**195**	**3,280**	**1,134**	**108**

20 Reconciliation of movements in shareholders' funds

	Group		Company	
	2005 £'000	2004 £'000	**2005 £'000**	2004 £'000
At 1 July 2004	**3,650**	1,838	**3,921**	3,355
Retained profit for the financial year	**1,716**	612	**720**	(612)
Issue of shares	**3**	29	**3**	29
Share premium	**73**	15	**73**	15
Merger reserve	**—**	1,134	**—**	1,134
Exchange movement	**—**	22	**—**	—
At 30 June 2005	**5,442**	3,650	**4,717**	3,921

21 Operating lease commitments

At 30 June 2005 the Group and Company were committed to making the following payments during the financial year in respect of operating leases:

	Group		Company	
	2005 £'000	2004 £'000	**2005 £'000**	2004 £'000
Land and buildings:				
Operating leases which expires:				
Within one year	**165**	38	**124**	38
In two to five years	**588**	14	**468**	—
Over five years	**71**	5	**—**	—
	824	57	**592**	38

Notes to the accounts

year ended 30 June 2005

22 Contingent liabilities

At 30 June 2005, the Group had contingent liabilities amounting to $125,000 (2004: $125,000) represented by standby letters of credit to Verisign Inc. the domain name registry.

23 Reconciliation of operating profit to net cash outflow from operating activities

	2005 £'000	2004 £'000
Operating profit	**1,623**	367
Depreciation	**343**	301
Goodwill amortisation	**387**	261
Loss on disposal of assets	**9**	—
Foreign exchange gain	**—**	22
Increase in debtors	**(169)**	(95)
Increase in creditors	**248**	606
Net cash inflow from operating activities	**2,441**	1,462

24 Analysis of net funds

	At 1 July 2004 £'000	Cash flow £'000	**At 30 June 2005 £'000**
Cash available on demand	629	(175)	**454**
Cash on treasury deposit	960	1,805	**2,765**
	1,589	1,630	**3,219**
Finance lease	(13)	13	**—**
Net funds	1,576	1,643	**3,219**

25 Parent company's results

As permitted by Section 230 of the Companies Act, a separate profit and loss account is not presented in respect of the Company. During the year, the parent company made a profit of £720,000 (2004: loss £612,000).

Notice of the annual general meeting

NOTICE is given that the Annual General Meeting of Group NBT plc ("the Company") will be held at the offices of Nabarro Nathanson, Lacon House, 84 Theobald's Road, London WC1X 8RW on 27 October 2005 at 10.00 am for the following purposes:

Ordinary business

1. To receive and adopt the Directors' Report and the Accounts for the year ended 30 June 2005 and the auditor's report thereon.
2. To receive and approve the Director's Remuneration Report for the year ended 30 June 2005.
3. To re-elect as director Mr J R Robinson who retires by rotation.
4. To re-elect as director Mr R Madden who retires by rotation.
5. To re-appoint Messrs BDO Stoy Hayward LLP as auditors of the Company and to authorise the Directors to fix their remuneration.

Special business

As special business, to consider and, if thought fit, to pass the following Resolutions which will be proposed as an Ordinary Resolution in respect of Resolution 6, and as a Special Resolution in respect of Resolution 7:

6. That the Directors be and are hereby generally and unconditionally authorised pursuant to and in accordance with Section 80 of the Companies Act 1985 (the "Act") to exercise all powers of the Company to allot and to make offers or agreements to allot relevant securities (as defined in Section 80(2) of the Act) up to a maximum aggregate nominal amount of £64,888 provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company or 15 months after the passing of this Resolution (if earlier) unless renewed or extended prior to such time except that the Company may before such expiry make an offer or agreement which would or might require the relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

7. That, subject to the passing of Resolution 6, the Directors be and are hereby empowered pursuant to Section 95 of the Act and for the purposes of Article 6 of the Articles of Association of the Company to allot equity securities (as defined in Section 94 of the Act) for cash pursuant to such authority as if Section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited:

   (a) to the allotment of equity securities in connection with a rights issue or other pre-emptive offer in favour of holders of equity securities where the equity securities respectively attributable to the interests of all such holders are proportionate (or nearly as may be) to the respective numbers of equity securities held by them subject only to such exclusions or agreements as the Directors may deem necessary to deal with problems arising in any overseas territory, in connection with fractional entitlements or otherwise; and
   (b) to the allotment (otherwise than pursuant to subparagraph (a) above) of equity securities up to an aggregate nominal value of £9,733 (representing approximately 5% of the present issued share capital).

   and that these authorities shall expire at the conclusion of the next Annual General Meeting of the Company or 15 months after the passing of this Resolution (if earlier) unless renewed or extended prior to such time except that the Company may before such expiry make an offer or agreement which would or might require the relevant securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

By Order of the Board

R Nagevadia ACCA
Company Secretary
22 September 2005

Registered Office:
3rd Floor, Prospero House
241 Borough High Street
London SE1 1GB

Notice of the annual general meeting

Notes

1. The following documents will be available for inspection fifteen minutes prior to and at the Annual General Meeting. They will also be available at the registered office of the Company during usual business hours on any weekday (Saturdays and public holidays excluded) from the date of this notice until the date of the Annual General Meeting:

   (a) copies of the Director's service contracts (or a memorandum of the terms of such contracts) with the Company or any of its subsidiaries;

   (b) the Register of Directors' Interests in the share capital of the Company; and

   (c) a copy of the Articles of Association of the Company.

2. A member of the Company entitled to attend and vote at this meeting may appoint one or more proxies to attend and vote in his stead. A proxy need not also be a member of the Company. Appointment of a proxy will not prelude a member from attending the meeting and voting in person.

3. A form of proxy is provided with this notice and instructions for use are shown on the form. In order to be valid an appointment of proxy must be returned by one of the following methods:

   - in hard copy form by post, by courier or by hand to the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; or

   - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below;

   and in each case must be received by the Company not less than 48 hours before the time of the meeting.

   CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting services provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instructions given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in this notice. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, the CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

4. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the Register of Members of the Company as at 10.00 am on 25 October 2005 shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time and changes to the Register after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Group NBT plc

form of proxy for the Annual General Meeting

I/We ....(name)

(Please complete in BLOCK CAPITALS)

of ....(address)

being (a) member(s) of the Company hereby appoint the Chairman of the meeting (see note 3 below)

....

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at the offices of Nabarro Nathanson, Lacon House, 84 Theobald's Road, London WC1X 8RW at 10.00 am on 27 October 2005 and at any adjournment thereof. I/We request such proxy to vote on the following resolutions as indicated below:

Ordinary business	**For**	**Against**
1. To receive and adopt the Annual Report and Accounts	[ ]	[ ]
2. To receive and approve the Directors' Remuneration Report	[ ]	[ ]
3. To re-appoint J R Robinson as a director	[ ]	[ ]
4. To re-appoint R M Madden as a director	[ ]	[ ]
5. To appoint BDO Stoy Hayward LLP as auditors	[ ]	[ ]
Special business		
6. To authorise the Directors to allot shares pursuant to section 80 of the Companies Act 1985	[ ]	[ ]
7. To disapply the statutory pre-emption rights for certain issues	[ ]	[ ]

Names of joint holders (if any) ....

Signature ....dated 2005

Notes

1. Please indicate with an 'X' in the appropriate box how you wish the proxy to vote. Unless so instructed, the proxy will vote or abstain as he thinks fit. The proxy will act at his discretion in relation to any other business arising at the meeting (including the resolution to amend the resolution or to adjourn the meeting).
2. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote in his place on a poll. A proxy need not be a member of the Company but must attend the meeting in person to represent you.
3. If you wish to appoint a proxy other than the Chairman of the meeting please delete the words "Chairman of the meeting" and insert the name(s) and address(es) of the person(s) you wish to appoint. If you appoint more than one person to act as proxy the number of shares in respect of which each such proxy is to vote must be specified. In the absence of any specific direction, a proxy shall be deemed to be entitled to vote in respect of all the shares in the relevant holding. Any alteration or deletion must be signed or initialled.
4. To be effective, this form and any power of attorney or other authority (if any) under which it is executed (or a duly notarially certified copy of any such power of attorney or authority), must be lodged either, in the case of hard copies, at the offices of the Company's registrars, Capita Registrars, Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, or in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in the notice of meeting, and in either case, not less than 48 hours before the time for holding the meeting.
5. Where the member is a corporation this form must be under its common seal or signed by an officer, attorney or other person duly authorised by the corporation.
6. In the case of joint holders, only one need sign this form, but the name of the other joint holders should be shown in the space provided. The vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. Seniority will be determined by the order in which the names of the holders appear in the register of members in respect of the joint holding.
7. Deposit of a form of proxy does not preclude you from attending and voting in person at the meeting or at any adjournment thereof.

Second fold

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Licence No. MB 122

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CAPITA REGISTRARS
PO BOX 25
THE REGISTRY
34 BECKENHAM ROAD
BECKENHAM
KENT BR3 4BR

First fold

Third fold and tuck in

Officers and advisers

Directors
J Parcell (Non-executive Chairman)
G A Wicks
J M Robinson
R Armstrong
T M Ashley (Non-executive)
K Young (Non-executive)
R Madden (Non-executive)

Secretary
R P Nagevadia ACCA

Registered and head office
3rd Floor
Prospero House
241 Borough High Street
London SE1 1GB

Company number
3709856

Registrars
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Bankers
Barclays Bank plc
240 Whitechapel Road
London E1 1BS

Solicitors
Nabarro Nathanson
Lacon House
84 Theobald's Road
London WC1X 8RW

Financial advisers
Brewin Dolphin Securities Limited
7 Drumsheugh Gardens
Edinburgh EH3 7QH

Stockbrokers
Brewin Dolphin Securities Limited
48 St Vincent Street
Glasgow G2 5TS

Auditors
BDO Stoy Hayward LLP
8 Baker Street
London W1U 3LL

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