

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

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

Preliminary results for the year ended 30 June 2007

Highlights

- A year of significant achievement in the delivery of Group NBT's strategic goals
- Revenue up 63% to £22.54 million and excluding acquisitions up 19% to £16.40 million
- Underlying operating profit* up 50% to £4.07 million
- Underlying pre-tax profit (excluding restructuring costs and goodwill amortisation) up 33% to £3.78 million
- Adjusted diluted EPS (excluding restructuring costs and goodwill amortisation) increased by 12% to 12.54 pence
- Dividend proposed to increase by 50% to 1.8 pence for the year
- NetNames Platinum Service revenue up 44% to £7.22 million
- Managed hosting revenue, excluding Exalia, up 63% to £1.93 million
- Acquisition of Exalia in August 2006 boosted growth in managed hosting services
- Acquisition of Ascio in January 2007 created the leading European provider of domain name management services
- Integration of Ascio on track
- Acquisition of Envisional since year end expands service offering to include protection against brand infringement and internet fraud

* Underlying operating profit, defined as operating profit before goodwill amortisation, restructuring costs and FRS20 Share-based payments charge, is reconciled to statutory operating profit in note 3

Geoff Wicks, Chief Executive Officer, commented:

“This has been an excellent year for the Group. We continued to achieve high levels of organic growth in the market segments we target and at the same time we have been able to acquire businesses in strategically important areas. During the year Group NBT has become a significant global player in the domain name management market and has extended its product range significantly.

“We believe the markets we serve will continue to grow strongly. The Group is now stronger, more competitive and better able to take advantage of the opportunities presented.”

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Chairman's statement

Growth

Group NBT continued its excellent record of sales and profit growth in the year to 30 June, while strengthening the product line and extending geographic reach through acquisitions.

Over the past five years, we have grown revenue at a compound annual rate of 38%. In our financial year 2007, revenue increased by 63%, from £13.83 million to £22.54 million. Organic growth was 19%, and acquisitions accounted for the remainder.

We use these four underlying measures - operating profit, operating margin, pre-tax profit, and earnings per share - as key performance indicators in running the business. We consider they provide a clearer picture of progress than statutory accounting measures, and that therefore they are useful to investors.

Underlying operating profit - that is, operating profit before goodwill amortisation, restructuring costs of acquired businesses and share options charge - rose by 50%, from £2.72 million to £4.07 million, and the organic growth rate excluding acquisitions was 26%.

Underlying operating margin improved in the ongoing base business from 19.7% to 20.9%, thanks mainly to scale efficiencies, but an anticipated breakeven position in one acquisition, Ascio, reduced the Group's overall margin to 18.0%.

Underlying pre-tax profit - that is, before charges for goodwill amortisation and for restructuring of acquired businesses - has grown at a compound annual rate of 78% since 2004, our first year of significant profit. Underlying pre-tax profit improved in 2007 by 33%, from £2.84 million to £3.78 million. That high growth rate was restrained by two factors, the swing from positive to negative interest and a new accounting charge for executive share options.

Underlying earnings per share - that is, before charges for goodwill amortisation and for restructuring costs - were 12.54 pence on a diluted basis, up 12% from 11.19 pence last year. EPS grew more slowly than pre-tax profit because we increased the number of shares in issue in order to make the acquisitions, and because the tax charge rose, as anticipated, from last year which had benefited from a deduction arising from the exercise of a large number of share options. On a GAAP basis earnings per share were 6.49 pence on a diluted basis, down from 9.34 pence last year.

Services

Our main focus is on providing high added-value services to the corporate sector in return for reliably recurring revenue. Our chief service is the management of portfolios of valuable domain names for companies in the UK, Europe, and the US. This is complex, important, and specialised work carried out across more than 200 regulatory jurisdictions. Service revenue grew by 86% overall in 2007, and organic growth was 44%. Another important service is the provision of high-quality managed hosting for companies' web sites, mainly in the UK. Revenue of these services grew by 168% overall, and organic growth was 63%.

These services together represented 55% of Group revenue in the year, up from 45% in 2006. They remain attractive markets, with rapid overall growth rates as companies come to understand the benefits of outsourcing this work to experts. At the same time customer loyalty is high provided service quality is good, and the rate of switching among suppliers is low. We believe we are the largest supplier of corporate domain name management services in the UK and in the rest of Europe.

The remaining 45% of revenue came from sales of simpler domain name and hosting services, either on-line directly to small businesses and individuals or via third-party resellers. The overall growth rate for our direct online business was 3% - all by acquisition as the organic rate was slightly negative. In this market, we seek to provide higher than average service levels at a premium price. As this business shares infrastructure with our corporate services, it provides us with an additional profit stream despite its low growth rate.

The reseller business, which we acquired with Ascio, is showing good growth and also has advanced technology, automating the connection to domain name registries, which we plan to deploy across all our operations.

Acquisitions

We made two acquisitions in the year and another just after the year end, which together expanded our product line and extended our reach. In August 2006 we bought Exalia Limited, a specialist UK provider of managed hosting, for £2.99 million in cash. This useful bolt-on achieved £0.56 million of operating profit in just over 10 months. It is now fully integrated into our own managed hosting business, and will not be reported separately in future.

In January we bought Ascio Technologies Holdings A/S, a privately owned Danish company specialising in domain names and with a significant corporate customer base. We paid £18.06 million in cash, shares, and options on a debt free and working capital neutral basis. Ascio's sales footprint fits ours very well, and strategically the acquisition established our lead in European corporate domain name management. The integration process is on track, and we expect worthwhile savings this year from eliminating duplicated production costs and overheads, and from scale economies, with the full benefits coming on stream in the second half. Ascio has also brought the Group additional strength in software development.

Finally, in July 2007 we acquired Envisional Solutions Limited for up to £4.00 million in cash and shares. Envisional, based in Cambridge, UK, brings us new products based on artificial intelligence to assist protection against brand infringement and internet fraud, which we can cross-sell to corporations. I am pleased to say the Board believes that our acquisitions have been well-chosen, sensibly priced, and that integration has been well executed so far.

Conclusion and outlook

Our management team is striking the right balance between aggression and prudence, and I want to thank them for a fine year. As the business continues to grow, the Board is aware of the need to expand the team by recruitment as well as through the acquisition process. My thanks go too to our staff of over 250 people for their skill, energy, and perseverance.

I am also pleased to announce that Claus Andersen has joined our Board as a non-executive director. Claus is a Danish investment banker and a partner in Nordic Venture Partners which became a shareholder in Group NBT through the Ascio transaction.

These factors together - a strong competitive position, decent economics, a strengthening product line, and sound management - have created our strong financial position. We enjoyed excellent growth over the year both organically and by acquisition. We have good cash flow and a strong balance sheet, with net debt down to £1.95 million at year-end. In the light of our strong financials and our confidence in our long-term growth prospects, we propose to increase the final dividend by 50% to 1.2 pence, making 1.8 pence for the full year, which is also 50% higher than 2006.

We expect good organic growth this year and the first profits from Ascio. We remain alert for other useful acquisitions.

John Parcell
Chairman

Chief Executive's review

Group NBT made significant progress during the period under review both as a result of successful acquisitions and good organic growth. Notable achievements during the year were the establishment of NetNames Platinum Service as the European market leader for the provision of domain name management services; major improvements to the Group's managed hosting and domain name management products; and good progress in our European and American operations.

In the year to 30 June 2007 revenue was £22.54 million, up 63% from £13.83 million in the previous year. This includes initial contributions from the acquisitions made in the year, Exalia Limited in August 2006 and Ascio Technologies Holdings A/S in January 2007. On an underlying basis, excluding the impact of these two acquisitions, revenue was £16.40 million, an increase of 19% on the previous year. Exalia contributed £1.27 million of revenue for the year and Ascio contributed £4.87 million.

Profit before tax (PBT) was slightly down at £2.36 million as amortisation of goodwill rose by 204% to £1.18 million as a result of the acquisitions completed. Profit before tax and amortisation was £3.54 million, up 24%, from £2.84 million last year. On an underlying basis, excluding restructuring costs and share option charges, earnings before interest, tax and amortisation of goodwill (EBITA) were £4.07 million, up 50%, from £2.72 million last year.

Cash balances at the financial year end were £3.05 million, after a £9.34 million outflow associated with acquisitions offset by a new £5 million term debt facility negotiated during the period.

Earnings per share (EPS) for the year to 30 June 2007 were affected by a number of factors including the significant increase in our tax rate and the inclusion of a charge for share options due to a change in accounting rules. The acquisition of Ascio has also had an impact as it increased the number of shares in issue and both acquisitions made during the year added restructuring costs. As a result basic EPS was 6.73 pence, down 33% on the previous year and EPS on a diluted basis was 6.49 pence, down 31%.

Group NBT had almost a full year's benefit from the acquisition of Exalia, a small managed hosting company specialising in the provision of services to marketing agencies and technical intermediaries. Exalia has been fully integrated within the NetBenefit managed hosting business and has been discontinued as a separate brand. Ascio was acquired in the middle of January this year, it is a major provider of domain name services in Europe and will be integrated into Group NBT over the next eighteen months. Considerable progress has already been made with initial synergy savings being made and restructuring costs lower than expected.

Both acquisitions build upon Group NBT's core strategy of focusing on providing managed or outsourced services to companies in the domain name and web hosting markets. These markets are growing strongly as internet usage builds and as ecommerce becomes an increasingly important area of business. They also provide a high level of recurring revenue, which in turn provides the Group with high visibility of future trends in underlying revenues and cashflows when planning forward.

Since the end of the last financial year Group NBT has announced a further acquisition, Envisional Solutions Limited. The acquisition of Envisional is of strategic importance as it adds additional services to our corporate product portfolio in the form of protection against brand infringement and internet fraud.

Corporate domain name services

The acquisition of Ascio has added the Speednames Business service to our existing NetNames Platinum Service. Total revenue for corporate domain name services for the year ended 30 June 2007 was £9.30 million. Within this, revenue for NetNames Platinum Service was £7.22 million, up 44% from £5.0 million in the previous year.

NetNames Platinum Service has once again attracted a significant number of new customers with a steady stream of well-known brands turning to NetNames to manage their valuable online intellectual property. Speednames adds a further dimension to the Company's European position, with offices in the Nordic countries, Switzerland and Germany. Speednames staff are already selling NetNames products and the project to migrate Speednames Business customers to NetNames Platinum Service has started.

We are particularly pleased with the progress made in France, Germany and the US. France and Germany are major European markets where a local presence is essential. Our main competitors in these markets are smaller local companies operating only within their national market. The international dimension to our products has given us a valuable competitive advantage. In the US we face our principal international competitors. While our strategic focus has been on building market leadership in Europe we have been able

to create a good base of customers throughout the US especially where businesses are operating in multiple territories and need to register domain names globally.

Speednames has also added a new area of business to our corporate domain name services. There is a growing market for the recovery of domain names which requires a specialist approach. Speednames has a dedicated team buying and selling valuable domain names for customers. They had some real success prior to the acquisition in January this year and we expect this to continue as we now offer these services to all Group NBT customers.

Managed hosting services

Group NBT's position in the managed hosting market improved considerably during the year in part due to the acquisition of Exalia in August 2006. Revenue for the year was £3.18 million, of which £1.93 million was from NetBenefit managed hosting, up 63% on £1.18 million in the previous year. Exalia accounted for revenue of £1.24 million.

Exalia has been fully integrated into NetBenefit, with all managed hosting products now sold under the NetBenefit brand.

The market for managed hosting is growing strongly and companies have increasingly complex requirements as their use of the Internet becomes more sophisticated. As a result the average value of installations is increasing and the average size and complexity of installations is growing. During the year we have seen a significant increase in orders for load balancing and dual site redundancy and a focus on 24 hour support.

Reseller and partner business

The acquisition of Ascio also brought with it an additional business segment which Group NBT had not previously addressed. The Ascio Partner business acts as a reseller of domain name services to Internet service providers (ISPs), telcos and other intermediaries that provide domain name services to their customers on a 'white label' basis. Ascio's reseller business is predominantly within western mainland Europe.

Group revenue from the reseller business for the year was £2.18 million. During Group NBT's financial year, 1 July 2006 to 30 June 2007, Ascio Partner's revenue was £4.48 million, up 15% on the previous year after adjusting for revenue at the launch of .eu in the previous year.

Growth in the reseller market reflects both underlying growth in the number of domain names in issue and also the growth in the number of companies offering domain name services. Following the acquisition Ascio has started to market its services more widely throughout Europe including the UK and Eastern Europe.

Online services

Online services include domain names, email and shared hosting services sold primarily via the Group's websites. The primary online brand for Group NBT is Easily which offers services in the UK. Speednames Online provides similar services in the Nordic countries and we retain some online business through both NetNames and NetBenefit. During the year we closed the DomainsNet business and transferred its customers to Easily.

Revenue for the year was £7.88 million of which £7.26 million was from the original Group NBT brands, this represents a reduction of 5% year-on-year. The NetBenefit brand accounted for much of this reduction. We have focused this brand on managed hosting for some time and have planned for a decline in online revenue as some shared hosting customers upgrade to managed hosting and as domain name customers transfer to other brands.

We have continued to improve our online product range and our customer support. However this market is characterised by low priced products backed by high levels of marketing spend. We do not compete at this end of the market and our target market for online services is SME's where higher levels of support are important and where customers have the potential to upgrade to our managed services.

Integration of Ascio

The acquisition of Ascio in January 2007 represented a particular challenge. It was a major acquisition for the Group in terms of scale and geographic spread, with offices in several European countries. While some

products are similar to existing Group NBT products, others are different and the technologies used by the two companies are substantially different.

While we expect full integration to take up to eighteen months we have already made significant progress. Within the first week following acquisition new heads for all key functions were appointed by Group NBT. Since then we have successfully undertaken a programme of rationalisation primarily within the sales and fulfilment teams. This has reduced the number of staff at Ascio by around 25 (approximately 20%).

Our plan to integrate the two sets of technology is also progressing in line with expectations. Front end technology will be based on Group NBT's technical platform and fulfilment will be based on Ascio's technology, thus using the best of breed from both organisations. We are confident that the end result will be market leading systems and fulfilment technology which will further enhance our reputation with our core customer base.

Gross margin

The gross margin rate declined from 78.6% to 77.4% in the current financial year due to the dilutive effect of the inclusion of Ascio part-way through the year.

Ascio's overall margin is lower than the Group's underlying margin, excluding acquisitions, as its reseller business, comprising 45% of total revenue, operates on a relatively low margin and its overall margin post acquisition in the period to 30 June 2007 was 68.4%.

The Group's underlying margin increased slightly from 78.6% to 79.4% year-on-year and within the cost of sales, data centre costs increased towards the end of the financial year as additional capacity was added.

Administrative expenses

Total expenses increased from £8.54 million to £15.06 million in the year.

The acquisitions made during the year added £3.80 million to the operating costs and £0.79 million to the amortisation of goodwill. Costs relating to restructuring of the acquired businesses, comprising largely of termination payments, were £0.24 million in the current financial year.

As noted above goodwill amortised in the year increased from £0.39 million to £1.18 million as £2.76 million of goodwill arose on the acquisition of Exalia, which is being amortised over ten years, and £18.35 million on the acquisition of Ascio, which is being amortised over fifteen years.

A charge of £0.26 million arose in respect of executive share options granted in the year as FRS20 Share-based payment became effective this financial year. While executive and employee options were granted in the previous financial years, a charge did not arise in respect of these options in either this or prior financial years as they had vested and therefore fell outside the scope of the new accounting standard.

The Group's underlying operating costs increased by 17%, from £8.16 million to £9.59 million, in line with increased activity.

Net interest

As the cash consideration elements of the acquisitions made during the year were financed from the Group's existing reserves and a five year debt facility of £5 million, a net interest charge of £0.03 million arose in the year compared to net interest receivable of £0.13 million in the previous year.

Taxation

There was a tax charge of £0.85 million for the year (2006: £0.50 million) which represents an effective tax rate of 24.1%, up from 17.6% in the previous year, on profit before amortisation of goodwill. This increase in tax rate was anticipated as the previous year had benefited from a deduction against profits of £1.03 million, compared to £0.08 million in the current year, in relation to exercises of share options.

Furthermore a deferred tax asset of £0.15 million in respect of trading losses available at year end was recognised in the year as the Group's US and French operations continued to be profitable. A deferred tax asset in respect of Ascio's tax losses of £8.9 million has not been recognised as the timing of its utilisation and availability cannot be assessed with sufficient certainty at this time.

Cashflow

At year end the Group had cash balances of £3.05 million (2006: £6.09 million) and debt of £5 million before facility fees resulting in a net debt position of £1.95 million at the year end (2006: net cash of £6.09 million).

During the year £9.34 million was expended on the cash consideration elements of acquisitions and the repayment of pre-acquisition debt in Ascio. This was funded by a five year loan of £5 million and from the Group's own cash resources.

Net cash inflow from operating activities was £3.99 million up from £3.23 million in the previous year. The level of cash generation was slightly lower than expected as cash collection was slower due to the transition to an automated billing system for NetNames Platinum Service.

Other outflows of note are; expenditure on tangible fixed assets, which increased from £0.59 million to £1.40 million, due largely to the growth in the managed hosting business; taxation, which increased from £0.01 million to £0.84 million as tax losses within the UK business have now been fully utilised; and dividend payments, which increased from £0.08 million to £0.31 million.

Geoff Wicks

Chief Executive Officer

Group NBT plc

Consolidated profit and loss account year ended 30 June 2007

	Note	Unaudited Continuing operations		Unaudited 2007	Audited 2006
		Existing £'000	Acquisitions £'000	£'000	£'000
Turnover	2	16,395	6,141	22,536	13,826
Cost of sales		3,376	1,707	5,083	2,952
Gross Profit		13,019	4,434	17,453	10,874
Administrative expenses					
Amortisation of goodwill		387	791	1,178	387
FRS20 Share-based payments		255	-	255	-
Group restructuring		78	164	242	-
Other administrative expenses		9,586	3,801	13,387	8,157
Total administrative expenses		10,306	4,756	15,062	8,544
Operating profit/(loss)		2,713	(322)	2,391	2,330
Interest receivable and similar income				147	153
Interest payable and similar charges				(179)	(26)
Profit on ordinary activities before taxation				2,359	2,457
Taxation on profit on ordinary activities	4			(853)	(501)
Profit for the financial year				1,506	1,956
Earnings per share					
- Basic	6			6.73p	9.98p
- Diluted	6			6.49p	9.34p

All amounts relate to continuing activities.

Consolidated statement of total recognised gains and losses year ended 30 June 2007

	Note	Unaudited Continuing operations		Unaudited 2007	Audited 2006
		Existing	Acquisitions	£'000	£'000
Retained profit for the year		-	-	1,506	1,956
Unrealised exchange gain		71	-	71	2
		71	-	1,577	1,958

Group NBT plc**Consolidated balance sheet
as at 30 June 2007**

	Unaudited 2007 £'000	Audited 2006 £'000
Fixed assets		
Intangible assets	23,673	3,708
Tangible assets	1,909	818
	25,582	4,526
Current assets		
Debtors	4,919	1,895
Cash at bank and in hand	3,051	6,088
	7,970	7,983
Creditors: amounts falling due within one year	(10,359)	(4,996)
Net current (liabilities)/assets	(2,389)	2,987
Total assets less current liabilities	23,193	7,513
Creditors: amounts falling due after more than one year	(3,940)	-
Provisions	(19)	-
Net assets	19,234	7,513
Capital and reserves		
Called up share capital	248	204
Share premium account	3,487	3,462
Merger reserve	10,751	1,044
Other reserve	678	-
Profit and loss account	4,070	2,803
Shareholders' funds	19,234	7,513

Group NBT plc

**Consolidated cash flow statement
year ended 30 June 2007**

	Note	Unaudited 2007 £'000	Audited 2006 £'000
Net cash inflow from operating activities	7	3,993	3,230
Returns on investments and servicing of finance			
Interest received		147	153
Interest paid		(179)	(26)
		(32)	127
Taxation paid		(841)	(13)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,406)	(588)
Purchase of intangible fixed assets		(31)	-
		(1,437)	(588)
Acquisitions			
Purchase of subsidiary undertakings		(8,625)	-
Cash acquired with subsidiary undertakings		485	-
Repayment of bank loan as part of acquisition		(1,202)	-
		(9,342)	-
Equity dividends paid		(310)	(78)
Net cash (outflow)/inflow before management of liquid resources and financing		(7,969)	2,678
Management of liquid resources			
Decrease/(Increase) in treasury deposits		3,369	(2,715)
Financing			
Issue of share capital		25	191
Long term loan		4,923	-
Capital element of finance lease repayments		(16)	-
		4,932	191
Increase in cash		332	154

**Reconciliation of net cash flow to movement in net funds
year ended 30 June 2007**

	Unaudited 2007 £'000	Audited 2006 £'000
Increase in cash in year	332	154
Cash outflow from decrease in debt and lease financing	16	-
(Decrease)/ increase from liquid resources	(3,369)	2,715
Change in net funds resulting from cash flows	(3,021)	2,869
Finance leases and hire purchase contracts acquired with subsidiary	(16)	-
Net funds at start of year	6,088	3,219
Net funds at end of year	3,051	6,088

Group NBT plc

Notes

1. Basis of preparation

The financial information contained in this announcement does not constitute statutory financial statements within the meaning of Section 240 of the Companies Act 1985. The results have been prepared using accounting policies consistent with those used in the preparation of the statutory financial statements for the year ended 30 June 2006. In the year ended 30 June 2007 the Group adopted FRS20 Share-based payments, which did not have a significant effect on the results of the Group.

The financial information for the year ended 30 June 2006 has been extracted from the statutory financial statements for that year, which have been filed with the Registrar of Companies. The audit report on those financial statements was unqualified, 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 2007 has been extracted from the draft financial statements for that year upon which the auditors have yet to report.

2. Segmental analysis

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

	Turnover		Profit before tax		Net assets/(liabilities)	
	Unaudited 2007 £'000	Audited 2006 £'000	Unaudited 2007 £'000	Audited 2006 £'000	Unaudited 2007 £'000	Audited 2006 £'000
UK	15,597	12,305	2,223	2,253	24,061	9,904
Other European countries	6,031	704	(201)	(58)	(3,314)	(435)
USA	908	817	337	262	(1,513)	(1,956)
	22,536	13,826	2,359	2,457	19,234	7,513

3. Reconciliation of statutory operating profit to underlying operating profit

An adjusted measure of profit, underlying operating profit, is used to measure ongoing trading performance. This is based on statutory operating profit and excludes goodwill amortisation, group restructuring costs and share options charges. Management believe that it gives a clearer measure of the ongoing trading performance of the Group and a reconciliation of the statutory operating profit to the underlying operating profit is set out below:

	Unaudited 2007 £'000	Audited 2006 £'000
Operating profit	2,391	2,330
Goodwill amortisation	1,178	387
Group restructuring costs	242	-
FRS20 Share-based payments charge	255	-
Underlying operating profit	4,066	2,717

4. Tax charge on profit on ordinary activities

	Unaudited 2007 £'000	Audited 2006 £'000
a) Analysis of tax charge		
Current tax		
UK Corporation tax	991	337
Adjustment in respect of prior periods	(50)	(8)
Total current tax charge (note 4b)	941	329
Deferred tax		
Origination and reversal of timing differences	84	201
Adjustment in respect of prior periods	(172)	(29)
	(88)	172
Tax charge on profit on ordinary activities	853	501
b) Tax charge reconciliation		
Profit on ordinary activities before tax	2,359	2,457
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006: 30%)	707	737
Effects of:		
Expenses not deductible for tax purposes	399	166
Short term timing differences	81	-
Depreciation in excess of capital allowances	(20)	1
Utilisation of tax losses	(190)	(280)
Unrelieved losses carried forward	37	21
Statutory deductions on exercise of share options	(23)	(308)
Adjustment to prior year tax charge	(50)	(8)
Current tax charge (note 4a)	941	329

5. Dividends

	Unaudited 2007 £'000	Audited 2006 £'000
Dividends paid in the year	310	78
Dividends proposed after the year end	302	163

The Board of directors have proposed the payment of a final dividend of 1.2 pence per share (2006: 0.8 pence) which is payable on 9 January 2008 to shareholders on the register at 7 December 2007, subject to approval by shareholders at the Annual General Meeting on 29 November 2007.

6. Earnings per share

The basic and diluted earnings per share for the year ended 30 June 2007 are based on the profit for the year on ordinary activities, after taxation, of £1,506,000 (2006: £1,956,000) and on the weighted average number of shares of 22,387,281 (2006: 19,608,921).

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 and group restructuring costs. It has been calculated to allow shareholders to gain a clearer understanding of the trading performance of the Group. The basis of the calculation of the basic and diluted profit per share, before goodwill amortisation and group restructuring costs, is set out below:

	Unaudited	Audited
	2007	2006
	£'000	£'000
Profit attributable to ordinary shareholders	1,506	1,956
Goodwill amortisation	1,178	387
Group restructuring costs (after tax relief)	224	-
Profit attributable to ordinary shareholders before goodwill amortisation and group restructuring costs	2,908	2,343

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

	Unaudited	Audited
	Number	Number
Shares used for basic earnings per share	22,387	19,609
Share options	804	1,326
Shares used for diluted earnings per share	23,191	20,935

Earnings per share

	Basic		Diluted	
	Unaudited	Audited	Unaudited	Audited
	2007	2006	2007	2006
	pence	pence	pence	pence
Profit for the year	6.73	9.98	6.49	9.34
Goodwill amortisation	5.26	1.97	5.08	1.85
Group restructuring costs (after tax relief)	1.00	-	0.97	-
Profit before goodwill amortisation and group restructuring costs	12.99	11.95	12.54	11.19

7. Reconciliation of operating profit to net cash outflow from operating activities

	Unaudited	Audited
	2007	2006
	£'000	£'000
Operating profit	2,391	2,330
Depreciation	942	551
Amortisation	1	-
Goodwill amortisation	1,178	387
Loss on disposal of assets	2	-
FRS 20 Share-based payment charge	255	-
Unrealised exchange gain	71	2
Increase in debtors	(1,418)	(649)
Increase in creditors	571	609
Net cash inflow from operating activities	3,993	3,230

8. Analysis of net funds

	Unaudited Cash available on demand £'000	Unaudited Cash on treasury deposit £'000	Unaudited Total £'000
At 1 July 2006	608	5,480	6,088
Cashflow	332	(3,369)	(3,037)
At 30 June 2007	940	2,111	3,051

9. Post balance sheet event

On 10 July 2007 the Company announced the acquisition of the entire share capital of Envisional Solutions Limited for a maximum consideration of up to £4.00 million. The consideration will be satisfied in three tranches, an initial payment of up to £2.40 million and deferred payments up to a maximum of £1.60 million in aggregate. The initial payment will be settled fifty percent in cash and fifty percent by the issue of Group NBT shares to the vendors. The cash element of this initial payment will be payable after the close of the calendar year 2007 and will be adjusted based on revenue performance against target for that year. The deferred payments will be payable in cash, if certain revenue targets are achieved in the twelve month periods ending 31 December 2008 and 31 December 2009.