

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

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

Preliminary results for the year ended 30 June 2008

Highlights

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

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

²excluding restructuring costs and amortisation.

Geoff Wicks, Chief Executive Officer, commented:

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

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Chairman's statement

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

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

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

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

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

Outlook

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

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

John Parcell

Chairman

24 September 2008

*excluding amortisation and restructuring costs

Chief Executive's review

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

As a result Group NBT had another excellent year in 2007/2008 with all divisions of the business performing well. During the year we continued to integrate Ascio Technologies Holding A/S which we acquired in January 2007. This business has now been renamed Group NBT A/S with Ascio remaining as the brand used for our reseller business. This business which was loss making at the time of acquisition is now firmly profitable with operating margins improving steadily. While there is still work to be done to rationalise and integrate the services, the benefits of the integration are significant.

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

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

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

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

Domain name management

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

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

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

Managed hosting services

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

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

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

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

Reseller and partner business

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

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

Online services

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

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

Envisional

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

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

Integration

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

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

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

Profit

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

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

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

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

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

Taxation

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

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

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

Cashflow

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

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

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

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

Dividend

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

International Financial Reporting Standards (IFRS)

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

Geoff Wicks

Chief Executive Officer

24 September 2008

Group NBT plc

Consolidated income statement
for the year ended 30 June 2008

	Unaudited 2008	Audited 2007
	£'000	£'000
Revenue	35,281	22,356
Cost of sales	7,926	4,903
Gross Profit	27,355	17,453
Operating expenses	22,939	14,326
Operating profit	4,416	3,127
Operating profit	4,416	3,127
Share-based payments	177	255
Amortisation	782	359
Restructuring costs	515	242
Underlying operating profit	5,890	3,983
Finance income	124	147
Finance expense	(329)	(179)
Profit before taxation	4,211	3,095
Taxation	(939)	(733)
Profit for the year	3,272	2,362
Earnings per share		
- Basic	13.02p	10.55p
- Diluted	12.64p	10.18p

All amounts relate to continuing activities.

Group NBT plc

Consolidated balance sheet as at 30 June 2008

	Unaudited 2008 £'000	Audited 2007 £'000
Assets		
Non-current assets		
Goodwill	27,430	21,461
Other intangible assets	3,370	2,984
Property, plant and equipment	2,661	1,909
Deferred tax asset	1,050	1,175
	34,511	27,529
Current assets		
Trade and other receivables	4,995	4,609
Cash and cash equivalents	4,658	3,051
	9,653	7,660
Total assets	44,164	35,189
Liabilities		
Current liabilities		
Bank loan	(983)	(983)
Trade and other payables	(11,290)	(9,031)
Taxation	(620)	(498)
	(12,893)	(10,512)
Non-current liabilities		
Bank loan	(2,957)	(3,940)
Provision	(643)	-
Deferred tax liability	-	(19)
	(3,600)	(3,959)
Total liabilities	(16,493)	(14,471)
Net assets	27,671	20,718
Capital and reserves		
Called up share capital	251	248
Share premium account	3,487	3,487
Merger reserve	12,008	10,751
Other reserve	1,269	1,355
Cumulative translation reserve	3,081	71
Profit and loss account	7,575	4,806
Total equity	27,671	20,718

Group NBT plc

**Consolidated statement of changes in equity (unaudited)
for the year ended 30 June 2008**

	Share capital £'000	Share premium £'000	Merger reserve £'000	Other reserve £'000	Cumulative translation reserve £'000	Retained profit £'000	Total £'000
Year ended 30 June 2008							
Balance at 1 July 2007	248	3,487	10,751	1,355	71	4,806	20,718
Exchange translation differences	-	-	-	-	3,010	-	3,010
Deferred tax recognised directly in equity	-	-	-	(263)	-	-	(263)
Net expense recognised directly in equity	-	-	-	(263)	3,010	-	2,747
Profit for the period	-	-	-	-	-	3,272	3,272
Total recognised income and expense	-	-	-	(263)	3,010	3,272	6,019
Dividends	-	-	-	-	-	(503)	(503)
Share-based payment credit	-	-	-	177	-	-	177
Issue of share capital	3	-	1,257	-	-	-	1,260
Balance at 30 June 2008	251	3,487	12,008	1,269	3,081	7,575	27,671
Year ended 30 June 2007							
Balance at 1 July 2006	204	3,462	1,044	295	-	2,754	7,759
Exchange translation differences	-	-	-	-	71	-	71
Deferred tax recognised directly in equity	-	-	-	382	-	-	382
Net income recognised directly in equity	-	-	-	382	71	-	453
Profit for the period	-	-	-	-	-	2,362	2,362
Total recognised income and expense	-	-	-	382	71	2,362	2,815
Dividends	-	-	-	-	-	(310)	(310)
Share-based payment credit	-	-	-	678	-	-	678
Issue of share capital	44	25	9,707	-	-	-	9,776
Balance at 30 June 2007	248	3,487	10,751	1,355	71	4,806	20,718

Group NBT plc

Consolidated cash flow statement for the year ended 30 June 2008

	Unaudited 2008 £'000	Audited 2007 £'000
Cash flow from operating activities		
Profit before tax	4,211	3,095
Finance (income)/costs (net)	205	32
Depreciation and amortisation	2,271	1,301
Loss on disposal of assets	6	2
Share-based payments	177	255
Exchange differences	(408)	71
Increase in trade and other receivables	(54)	(1,418)
Increase in trade and other payables	1,420	655
Cash generated from operations	7,828	3,993
Taxation paid	(1,151)	(841)
Net cash inflow from operating activities	6,677	3,152
Cash flow from investing activities		
Interest received	124	147
Purchase of property, plant and equipment	(2,190)	(1,406)
Purchase of intangible assets	-	(31)
Purchase of subsidiary undertakings	(1,223)	(8,625)
Net cash acquired with subsidiary undertaking	34	485
Repayment of bank loan as part of acquisition	-	(1,202)
Net cash outflow from investing activities	(3,255)	(10,632)
Cash flow from financing activities		
Interest paid	(329)	(179)
Dividends paid	(503)	(310)
Long term loan capital repayment	(983)	4,923
Proceeds from issue of share capital	-	25
Capital element of lease repayments	-	(16)
Net cash (outflow) / inflow from financing activities	(1,815)	4,443
Net increase / (decrease) in cash and cash equivalents	1,607	(3,037)
Cash and cash equivalents at start of period	3,051	6,088
Cash and cash equivalents at end of period	4,658	3,051

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 comparative figures for the year ended 30 June 2007 do not constitute the Group's statutory accounts for that financial year. Those accounts, which were prepared under UK GAAP, have been reported on by the Company's auditors and delivered to the Registrar of Companies. The auditor's report on those statutory accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and did not contain a statement under section 237(2) or (3) of the Companies Act 1985. The financial information for the year ended 30 June 2008 has been extracted from the draft financial statements for that year upon which the auditors have yet to report.

2. Accounting policies

International Financial Reporting Standards (IFRS)

For the period beginning 1 July 2007, the Group adopted IFRS and the IFRIC interpretations in the preparation of its consolidated financial statements. Accordingly, this is the first year when the financial statements have been prepared under IFRS and the comparatives for 2007 have been restated from UK GAAP to comply with IFRS. The transition date to IFRS was 1 July 2006.

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

- Business combinations - the Group has elected not to apply IFRS 3 Business combinations retrospectively to business combinations that occurred before the date of transition to IFRS. In relation to the treatment of brought forward goodwill amortisation, the Group has elected to treat the net book value of goodwill as measured under UK GAAP as at 30 June 2006 as the deemed cost of goodwill under IFRS 3 as at 1 July 2006. Under IFRS goodwill is subject to annual impairment reviews and is not amortised and as a result the annual amortisation charge reduced from circa £2 million to £0.8 million.
- Cumulative exchange translation differences - the Group has elected that the cumulative translation differences for all foreign operations are deemed to be nil at the date of transition to IFRS and exchange differences arising prior to that date will not be recycled to the income statement.
- Share-based payments - the Group has elected to apply IFRS 2 to equity instruments granted after 7 November 2002 that had not vested by 1 July 2006.

The disclosures required by IFRS concerning the transition from UK GAAP to IFRS were set out in the interim results announced on 13 March 2008.

3. Segmental analysis

The Group has early adopted IFRS 8 Operating Segments.

At present the Group's activities are operated largely through a common infrastructure and support functions and therefore in the opinion of the Directors its activities constitute one business segment through which it provides its services, which are the provision of domain name, hosting, brand protection and other internet related services.

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

	Unaudited 2008 £'000	Audited 2007 £'000
Revenue by service		
Corporate domain names	15,707	9,124
Managed hosting	5,074	3,542
Reseller	5,371	2,180
Online	7,773	7,510
Brand protection	1,356	-
	35,281	22,356
Gross profit	27,355	17,453
Underlying operating profit*	5,890	3,983
Net finance expense	(205)	(32)
Share-based payments	(177)	(255)
Underlying profit before tax**	5,508	3,696
Restructuring costs	(515)	(242)
Amortisation	(782)	(359)
Profit before taxation	4,211	3,095

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

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

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

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

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

	Turnover		Profit/(loss) before tax		Net assets/(liabilities)	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	2008	2007	2008	2007	2008	2007
	£'000	£'000	£'000	£'000	£'000	£'000
UK	19,496	15,518	2,050	3,226	8,743	8,284
Other European countries	14,559	5,950	1,844	(466)	19,974	13,947
USA	1,226	888	317	335	(1,046)	(1,513)
	35,281	22,356	4,211	3,095	27,671	20,718

4. Earnings per share

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

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

	Unaudited 2008 £'000	Audited 2007 £'000
Profit attributable to ordinary shareholders	3,272	2,362
Amortisation of other intangible assets (net of tax)	578	264
Restructuring costs (after tax relief)	360	224
Profit attributable to ordinary shareholders before amortisation and restructuring costs	4,210	2,850
	Number '000	Number '000
Weighted average and adjusted weighted average number of ordinary shares:		
Shares used for basic earnings per share	25,128	22,387
Share options	756	804
Shares used for diluted earnings per share	25,884	23,191

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

5. Dividends

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

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

6. Purchase of subsidiary undertaking

Envisional Solutions Limited

On 10 July 2007 the Group acquired Envisional Solutions Limited (Envisional) for a maximum consideration of £4.25 million including acquisition expenses. Its principal activity is the provision of online monitoring of anti-piracy, anti-fraud, brand abuse and providing intelligence solutions through licensing or as a managed service.

The consideration comprised an initial payment of £1.26 million in shares and further contingent payments for a maximum consideration of £2.8 million in cash payable as follows; £1.01 million paid in February 2008 based on the revenue target for the year ended 31 December 2007, and a maximum of £1.79 million relating to revenue targets for the years ending 31 December 2008 and 31 December 2009.

The details of the fair value of the assets acquired and liabilities at acquisition are set out below:

	Book value of assets acquired £'000	Intangible assets acquired £'000	Accounting policy alignment £'000	Fair value £'000
Intangible fixed assets	-	777	-	777
Tangible fixed assets	58	-	-	58
Current assets	332	-	-	332
Cash at bank	34	-	-	34
Current liabilities	(749)	-	(91)	(840)
Deferred tax	-	(218)	-	(218)
	(325)	559	(91)	143
Goodwill				2,960
Consideration				3,103
Satisfied by:				
398,963 Ordinary shares at 316 pence each				1,261
Cash consideration (including expenses of £191,000)				1,199
Deferred contingent consideration				643
				3,103
Effects on Group cash flow:				
Cash consideration and costs				1,199
Cash balances on acquisition				(34)
Net cash outflow				1,165

Envisional's results are set out below:

	Unaudited	Unaudited	Audited (restated)
	10 Jul 2007 to 30 June 2008	1 Jan to 9 Jul 2007	Year ended 31 Dec 2006
	£'000	£'000	£'000
Revenue	1,356	720	1,237
Gross profit	1,306	681	1,178
Other operating expenses	(1,727)	(1,018)	(2,729)
Restructuring costs	(66)	-	-
Operating loss	(487)	(337)	(1,551)
Finance income/ (expenses)	6	(7)	(9)
Loss before tax	(481)	(344)	(1,560)

As Envisional had been acquired soon after the financial year commenced, the Directors believe that the revenues and loss before tax for a full year would not have been materially different to that reported above. The post-acquisition results shown above exclude intra-group recharges.