Press Release **7 September 2016**

CentralNic Group plc

("CentralNic" or the "Company" or the "Group")

Half Year Results

for the six months ended 30 June 2016

CentralNic (AIM: CNIC), the internet platform business that derives revenue from the worldwide sales of internet domain names, today announces its half year results for the six months ended 30 June 2016.

Financial highlights

	30 June 2016	30 June 2015	Change	Change
	£'000	£'000	£'000	%
Billings[1]	45,080	7,932	37,148	+ 468%
Revenue	8,931	4,445	4,486	+ 101%
Gross profit[2]	2,281	1,918	363	+19%
Adjusted EBITDA[3]	1,309	1,011	298	+29%
Adjusted Profit before tax[4]	948	845	103	+12%
(Loss) Profit after tax	(1,306)	287	(1,593)	
Net cashflow from operating activities	1,044	469	575	
Basic EPS (pence)	(1.37)	0.47	(1.84)	

[1] Billings represents the value of products and/or services invoiced to customers stated prior to discounts or rebates and prior to allocation of revenue share between registry operator and registry service provider. Billings do not equate to statutory revenue.

[2] 30 June 2015 restated for consistency of cost allocations

[3] Earnings before interest, tax, depreciation, amortisation, acquisition and non-recurring fees and non-cash charges

[4] Profit before tax adjusted for acquired amortisation charges, acquisition and non-recurring fees and non-cash charges

- The financial results reflect a change in mix within the business when compared to the 1st half of 2015. The Retail division results were significantly enhanced by the acquisition of the Instra Group, while sales of premium domain names by the Enterprise division in the first half of 2015 did not recur in the first half of 2016. This change in mix diluted the gross margin to 26% (2015: 43%) while increasing the overall gross profit in the Group by £363,000

- The Group improved its quality of earnings over the period, increasing recurring revenues by 130% to £5.33m (2015: £2.28m), representing 60% of reported revenue (2015: 51%). Increasing recurring revenues remains a focus for the Group going forward

- The results for the Retail business included the performance of the Instra Group, which was acquired on 14 January 2016. This acquisition, combined with organic growth within the Internet BS business, delivered total Retail division revenue of £6.76m (2015: £1.79m) and Adjusted EBITDA contribution of £1.10m (2015: EBITDA loss of £0.01m). Instra Group contributed revenue of £4.88m and Adjusted EBITDA contribution of £0.95m for the period under CentralNic's ownership

- The Enterprise division generated revenue of £0.54m (2015: £1.05m) and an Adjusted EBITDA loss of £0.05m (2015: EBITDA profit of £0.83m). There was a change of mix in the division, notably with minimal premium domain name sales when compared to the first half of the previous year (2015: £0.70m) and with the inclusion of the subsidiary dnsXperts UG, a strategic acquisition completed in July 2015. dnsXperts UG contributed revenue of £0.24m and an EBITDA loss of £0.09m during the 1st half of 2016

- The Wholesale division generated revenue of £1.64m (2015: £1.61m) and an Adjusted EBITDA contribution of £0.71m (2015: £0.64m). This reflected a change in revenue mix, in line with management expectations, combined with favourable movements in foreign exchange rates

- Central costs not allocated to the divisions were £0.46m (2015: £0.44m). Acquisition and non-recurring fees totalled £0.75m (2015: £0.14m) and included integration costs, acquisition fees, shut-down costs for the old Internet BS legal entity, a settlement agreement and related legal fees, and fees associated with treasury policy and compliance

- Amortisation charges of £0.95m (2015: £0.29m) reflected the amortisation of intangible assets related to the acquisition of the Instra Group (£0.67m)

- Cash and cash equivalents were £9.25m (2015: £4.44m) and net cash after borrowings were £6.04m

(2015: £4.44m). Cash balances reflected a temporary increase in net working capital due to the timing of the June 2016 .xyz 2nd anniversary marketing campaign

Operational highlights

- The successful acquisition and integration of Instra Group progressed in line with management expectations, which included the consolidation of retail operations and the customer support centre. A market entry and development roadmap has been defined for the enlarged retail business

- Unprecedented growth saw the wholesale business increase from 20% to over 34% of global market share by volume, supporting 6 of the Top 25 new Top-Level Domains, including the leader, .xyz. New client wins as a registry service provider included .store, .fm, .am, and .art

- In June 2016, the Company developed and implemented a gateway service to connect domains using competing wholesale platforms to CentralNic's network of retailers. The first Top-Level Domain, .cx, was implemented onto the gateway towards the end of June 2016

Post period end:

- The 2nd anniversary marketing campaign in June 2016 resulted in the number of .xyz registrations increasing to around 6.5 million domain names. The volume of these domain names that are renewed will be established over the coming year

- Discussions are progressing well with a leading software and managed service provider to enable the sale of domain names via its channel of telecommunications industry clients

- The Company has advanced its plan to offer a brand monitoring service to corporate clients

Commenting on the results, Mike Turner, Chairman of CentralNic, said:

"During 2016 to date, CentralNic has advanced its growth strategy through the acquisition of the Instra Group. Together with Internet.BS, the Group is now able to address demand from a number of retail segments across geographic markets. This reflects our strategy to enhance the quality and visibility of the Group's earnings.

In our wholesale business, where our strategy focusses on achieving scale through automation, our technical systems have been able to scale at an unprecedented pace to accommodate the additional volumes achieved by our clients as they gained market share. This presents an opportunity for future renewal revenues. It was also pleasing that the Group *won additional wholesale clients during the period.*

In our Enterprise business the Group made progress in discussions with channel partners to access corporate customers. Whilst the results in the first half were modest, the Group is excited about the future prospects for this division as we seek to deploy our technology platforms and service offerings.

Trading in our core businesses overall has remained in line with the Board's expectations since the half year. Our team is in discussions with trade buyers for premium domain name sales, and anticipating that these sales will proceed, the Board is confident of achieving the market expectations for the year."

-Ends-

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Forward-Looking Statements

This document includes forward-looking statements. Whilst these forward-looking statements are made in good faith, they are based upon the information available to CentralNic at the date of this document and upon current expectations, projections, market conditions and assumptions about future events. These forward-looking statements are subject to risks, uncertainties and assumptions about the Group and should be treated with an appropriate degree of caution.

About CentralNic Group plc

CentralNic (LSE: CNIC) is a London-based AIM-listed company which earns revenues from the worldwide sales of internet domain names over its proprietary technology platform. These domain names are sold on an annual subscription basis and paid for by customers upfront, making CentralNic a cash-generative business with annuity revenue streams.

CentralNic comprises three business lines within the domain name industry. It operates a global wholesale network, supplying domain names to over 1,500 vendors in 77 countries. CentralNic has developed its wholesale and domain distribution capabilities through its new disruptive Registry Gateway Service, which enables hundreds of registrars to access new domain name extensions from multiple registries through one single Extensible Provisioning Protocol (EPP) connection. CentralNic is the exclusive wholesaler for 30 new Top-Level Domain extensions (the new alternatives to .com and .net), including .xyz, .site, .online, .website, .space, and .tech, which are ranked among the top twenty five most subscribed new Top-Level Domain extensions. One in three of all domains registered under new TLDs globally uses the CentralNic platform, ranking CentralNic as the leading global supplier with approximately eight million of these domains under management.

CentralNic is also a leading global domain name retailer, with retail websites including internetbs.net, buydomains.london and domain.luxury, as well as most recently instra.com and others following its acquisition of global domain name retailer Instra Group. Additionally, via its enterprise programme, CentralNic supplies domain names (including high-value premium domain names), software and services directly to large corporations and governments.

For more information please visit: www.centralnic.com

Chief Executive Officer's Statement

The domain name industry is undergoing a period of disruption and consolidation, with CentralNic an enabler of both. In our mission to improve both the quantity and the quality of our revenues, CentralNic has made a transformative acquisition in purchasing the Instra Group; it has supported a 2nd anniversary marketing campaign for the .xyz Top-Level domain with unprecedented success in building the domain inventory for renewal next year; and it has introduced a disruptive technology allowing CentralNic to distribute domain names that were previously contracted exclusively to our competitors.

Performance overview

In January 2016 CentralNic executed a transformational acquisition, adding the Instra Group into the Retail division. The Instra Group is a highly successful domain name retailer, selling domain names and related services to SMEs and medium sized enterprises via its six online brands and via resellers into markets across the world. Instra Group retails over 150 country code domain names and all open generic domain names, as well as operating a 24/7 call centre and bringing online marketing capabilities. In completing the acquisition, CentralNic has significantly expanded its Retail revenue and earnings, notably boosting the overall Group's recurring revenues to £5.33m in the first half of 2016 (2015: £2.28m).

As well as increases in revenues and profit, the results for the half showed a shift towards higher quality earnings. The Group replaced the 1st half of 2015 earnings from non-recurring premium domain name sales with more predictable recurring earnings from the Retail division. As anticipated, this change in mix resulted in a lower gross margin in the business, at 26% (2015: 43%), with absolute gross profit increasing by £363,000. The recurring revenue base underpins the Group's financial stability and visibility of earnings and ensures that the Group is well placed to manage its business risks despite the current uncertain economic climate.

As the Group moves forward with its growth strategy, it expects to further enhance the recurring earnings across all three of its divisions, in turn reducing the proportion of non-recurring sources of revenues. The Board believes this approach is aligned with the long term interests of the Group's shareholders.

Retail

In the first half of 2016 it is pleasing to report that the Retail division generated revenue of £6.76m (2015: £1.79m) and an Adjusted EBITDA contribution of £1.10m (2015: loss £0.01m). This represents a significant increase in the scale of the division and the Group as a whole, with Retail becoming the most profitable division. This was achieved by a combination of the step-change from the acquisition of Instra Group with organic growth in the legacy retail business, which includes the Internet BS brand. The Group now has over 1.3 million domains under management in its retail business (1st half 2015: 0.6 million).

The Instra Group acquisition has been transformational for the Retail division, contributing revenue of £4.89m and Adjusted EBITDA of £0.95m. This was in line with management's expectations, with revenue and EBITDA contribution also in line with the investment case. It is particularly pleasing to report on the Instra recurring revenues, which at £2.95m represent some 60% of Instra's reported revenues for the 1st half.

The Group remains committed to developing the Instra service offerings to supply domain names and related services that benefit customers, while combining this with excellent, responsive customer service. The Group believes the combination of strong customer retention to support the renewals business combined with securing new registrations from growth markets will ably support future performance.

The remainder of CentralNic's retail business, including the Internet BS brand and the flagship stores, contributed £1.88m of revenue (2015: £1.79m) and £0.16m of Adjusted EBITDA contribution (2015: loss £0.02m). The underlying organic growth in revenue, measured on a consistent basis was 13%, mainly achieved through the Internet BS brand, which focusses on providing exceptional value and the most sophisticated domain portfolio management tools for domain name investors and website professionals.

Wholesale

CentralNic's Wholesale division generated revenue of £1.64m during the first half of the year (2015: 1.61m) and EBITDA contribution of £0.71m (2015: £0.64m).

The division continues to evolve, with a changing mix reflecting demand for heavily promoted and low-priced new Top-Level domains, the high volumes offsetting lower per domain revenues. The EBITDA contribution was also assisted by a £0.18m foreign exchange gain reflecting US$ denominated assets being re-valued post-Brexit.

The period saw accelerated scaling in the Wholesale division, which is unprecedented in the industry, closing out the half year at 7.8 million new gTLD domain names under management (2015: 1.2m). This included the .xyz domain, which had a very large scale 2-year anniversary marketing campaign in June 2016. The disruptive campaign stimulated significant interest in .xyz, resulting in over 1.9 million domain names registered within a single day and over 3.6 million new domain name registrations in June. While the impact on billings and working capital balances was significant, increasing the billings in the division to £37.83m in the first half of the year (2015: £4.92m), the first year revenue share for CentralNic was minimal although the potential for future renewals is enhanced.

As a result of the volume of domains achieved by its clients, CentralNic has improved its position as the world's leading Registry Service Provider in the new Top-Level Domains programme. On a volume basis, CentralNic's exclusive clients represent over 34% of new Top-Level Domains, with 6 of the top 25 domains (out of over 1,100 delegated) using the CentralNic backend platform. Additional domain extensions won in the period include the first dedicated e-commerce TLD .store (launched May 2016), .fm, .am (migrated in August 2016), and .art.

During the period the Group also developed a Registry Gateway offering, which was completed in June 2016. The gateway allows CentralNic to connect to other wholesalers as a retailer, then in turn offers the wholesaler's domain names to CentralNic's own network of retailers. The service was launched towards the end of June 2016 starting with the repurposed country code domain .cx (marketed as the domain for "Customer Xperience") and .la (for Los Angeles). As part of its focus on country code domains, CentralNic was also awarded the tender to draft the policy and regulations for a national country code administrator.

Enterprise

CentralNic's Enterprise division generated £0.54m of revenue in the first half of the year (2015: £1.05m) and an EBITDA loss of £0.05m (2015: EBITDA profit of £0.83m).

The results reflected a change in mix with revenue from non-recurring sources, notably the sale of premium domain names of £0.70m in the first half of 2015, which was not repeated in the first half of 2016. Premium domain name sales remain an important part of the Enterprise business, and discussions relating to significant sales of domains from CentralNic's portfolio have continued into the second half of the year. At this stage, it is management's expectation that these discussions will result in significant sale values at high margins in the second half, and these form an important part of the outlook for the remainder of the year.

The results for the first half of 2016 include revenue of £0.24m and EBITDA loss of (£0.09m) from dnsXperts UG, a strategic acquisition made by CentralNic in the second half of 2015. The dnsXperts team are instrumental in the Group's future plans for the development and client-facing implementation of the DomiNIC domain portfolio and DNS management software. This software has been deployed by corporates, including telcos, in the past to distribute domain names to their customers. This aligns with CentralNic's plans to address demand for domain names from telco clients.

Outlook

CentralNic's growth strategy is focussed on increasing the scale of its Retail and Wholesale divisions while also seeking a share of demand for domain names and related services from the larger Corporates. The Retail and Wholesale divisions are renewal-based businesses, and therefore are consistent with the Group's drive to achieve higher levels of predictable earnings and cashflow. The Enterprise division is also seeking to increase the recurring element of its revenues, through the introduction of new services in the areas of online security and protection. 2016 has seen significant development of exciting channel relationships, which are expected to create a step-change in the Enterprise division's performance.

Following the Instra acquisition, the Retail division now has exposure to the majority of the world's geographic markets as well as to a number of segments of demand for domain names. The Group intends to grow organically, in line with the historic trend, whilst also supplementing the growth with its online brands which present retail sites tailored to consumers in growth markets, such as those from emerging economies (where digital infrastructure investment is supporting the expansion of digital economies, in turn driving demand for an online presence amongst businesses and consumers). In parallel, the division is also focussing on deploying its white label domain registration platform with channel partners, which includes expanding its offerings to the corporate market to support online brand protection and domain name security.

The Wholesale division continues to see volume growth from the new Top-Level domains. To date, this growth has been achieved at low prices as registry operators have sought to acquire market share and establish their brands. Whilst this has not been significantly beneficial to CentralNic's earnings as yet, it does create a significant volume of domain names that will be due for renewal, with the majority due to either renew or be deleted in the coming year. Renewal rates and prices achieved will determine the quantum of the Group's share of those renewal revenues. In the meantime, CentralNic has further improved its position as the world's leading Registry Service Provider, with one in three new Top-Level domains now on the CentralNic platform.

CentralNic's Enterprise division presents significant opportunities for growth while enhancing the Group's profit margins, and these are reflected in the Group's future plans. These include corporates seeking to monetise their customer base, where domain names and related services can add additional breadth alongside the corporates' traditional services. The Group is excited to be in discussions with a channel partner with significant reach into a sector which it believes will be receptive to this offering, and looks forward to seeing how these discussions develop in the coming months. In parallel, the Group anticipates further significant premium domain name sales and registry software licence contracts to support the near-term earnings within the Enterprise division.

I would like to thank CentralNic's personnel for their professionalism and commitment to the ongoing growth and transformation of the business. It is thanks to them, to our clients and to our distribution channel partners, as well as our shareholders, that the Group continues to maintain and enhance its industry leading position.

Ben Crawford
Chief Executive

STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited Six months ended 30 Jun 2016 £'000	Unaudited Six months ended 30 Jun 2015** £'000	Audited Year ended 31 Dec 2015 £'000
Revenue	5,6	8,931	4,445	10,393
Cost of sales		(6,650)	(2,527)	(5,533)
Gross profit		2,281	1,918	4,860
Administrative expenses		(2,724)	(1,366)	(3,085)
Share based payments expense		(319)	(135)	(316)
Operating (loss) / profit		**(762)**	**417**	**1,459**
Adjusted EBITDA*		1,309	1,011	3,254
Acquisition costs and non-recurring fees		(749)	(140)	(830)
Depreciation		(57)	(32)	(71)
Amortisation of intangible assets		(946)	(287)	(578)
Share based payment expense		(319)	(135)	(316)
Operating (loss) / profit		**(762)**	**417**	**1,459**
Finance income		18	11	33
Finance costs		(166)	-	(2)
Finance income – net		(148)	11	31
Share of loss of investments accounted for using the equity method		-	(35)	(36)
Profit / (Loss) before taxation		**(910)**	**393**	**1,454**
Taxation	7	(396)	(106)	(548)
Profit / (Loss) after taxation attributable to equity shareholders		**(1,306)**	**287**	**906**
Items that may be reclassified subsequently to profit and loss				
Exchange difference on translation of foreign operation		2,040	-	(1)
Cash flow hedges – effective portion of changes in fair value		(245)	-	245
Total comprehensive income / (loss) for the financial year		**489**	**287**	**1,150**
Earnings per share				
Basic, Pence	8	(1.37)	0.47	1.40
Diluted, Pence	8	(1.37)	0.42	1.36

All amounts relate to continuing activities.

*Earnings before interest, tax, depreciation and amortisation, acquisition costs and non-cash charges.
** Restatement of the six months ended Jun 2015 reflects reallocation of merchant fees and IT Costs from administrative expenses to cost of sales.

STATEMENT OF FINANCIAL POSITION

	Note	Unaudited 30 Jun 2016 £'000	Unaudited 30 Jun 2015 £'000	Audited 31 Dec 2015 £'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment		191	89	65
Intangible assets	9	26,385	5,874	5,390
Deferred receivables	10	1,292	981	295
Investments		997	1,010	997
Deferred tax assets		1,634	92	168
		30,499	8,046	6,915
CURRENT ASSETS				
Trade and other receivables	11	26,195	4,182	5,486
Derivative financial instruments		-	-	245
Cash and bank balances		9,253	4,440	19,060
		35,448	8,622	24,791
TOTAL ASSETS		**65,947**	**16,668**	**31,706**
EQUITY AND LIABILITIES				
EQUITY				
Share capital	13	96	67	92
Share premium		17,983	7,127	16,522
Share based payments reserve		1,680	1,153	1,390
Foreign exchange translation reserve		2,040	1	-
Foreign currency hedging reserve		-	-	245
Retained earnings		496	1,178	1,797
TOTAL EQUITY		22,295	9,526	20,046
NON-CURRENT LIABILITIES				
Other payables		3,568	785	845
Deferred tax liabilities		65	72	65
Borrowings		2,042	-	-
		5,675	857	910
CURRENT LIABILITIES				
Trade and other payables and accruals	12	36,285	5,990	10,349
Taxation payable		525	295	401
Borrowings		1,167	-	-
		37,977	6,285	10,750
TOTAL LIABILITIES		43,652	7,142	11,660
TOTAL EQUITY AND LIABILITIES		**65,947**	**16,668**	**31,706**

CENTRALNIC GROUP PLC
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Share based payments reserve £'000	Foreign exchange translation reserve £'000	Foreign currency hedging reserve £'000	Retained earnings £'000	Total £'000
Balance as at 1 January 2015	**61**	**4,935**	**1,018**	**1**	**-**	**885**	**6,900**
Profit/(loss) for the period	-	-	-	-	-	287	287
other comprehensive income/(expense) – translation of foreign operation	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	287	287
Transactions with owners							
Issue of new shares	6	2,302	-	-	-	-	2,308
Share issue costs	-	(110)	-	-	-	-	(110)
Share based payments	-	-	135	-	-	-	135
Share based payments – deferred tax asset	-	-	6	-	-	-	6
Share based payments – exercised and lapsed	-	-	(6)	-	-	6	-
Balance as at 30 June 2015	**67**	**7,127**	**1,153**	**1**	**-**	**1,178**	**9,526**
Profit/(loss) for the period	-	-	-	-	-	619	619
other comprehensive income/(expense) – translation of foreign operation	-	-	-	(1)	-	-	(1)
- Cash flow hedge	-	-	-	-	245	-	245
Total comprehensive income for the period	-	-	-	(1)	245	619	863
Transactions with owners							
Issue of new shares	25	9,975	-	-	-	-	10,000
Share issue costs	-	(580)	-	-	-	-	(580)
Share based payments	-	-	181	-	-	-	181
Share based payments – deferred tax asset	-	-	56	-	-	-	56
Balance as at 31 December 2015	**92**	**16,522**	**1,390**	**-**	**245**	**1,797**	**20,046**
Profit/(loss) for the period	**-**	**-**	**-**	**-**	-	(1,306)	(1,306)
other comprehensive income/(expense) – translation of foreign operation	-	-	-	2,040	-	-	2,040
- Cash flow hedge	-	-	-	-	(245)	-	(245)
Total comprehensive income for the period	-	-	-	2,040	(245)	(1,306)	489
Transactions with owners							
Issue of new shares	4	1,461	-	-	-	-	1,465
Share issue costs	-	-	-	-	-	-	-
Share based payments	-	-	319	-	-	-	319

Share based payments – deferred tax asset	-	-	(24)	-	-	-	(24)
Share based payments – exercised and lapsed	-	-	(5)	-	-	5	-
Balance as at 30 June 2016	**96**	**17,983**	**1,680**	**2,040**	**-**	**496**	**22,295**

- Share capital represents the nominal value of the company's cumulative issued share capital.
- Share premium represents the cumulative excess of the fair value of consideration received for the issue of shares in excess of their nominal value less attributable share issue costs and other permitted reductions.
- Retained earnings represent the cumulative value of the profits not distributed to shareholders, but retained to finance the future capital requirements of the CentralNic Group.
- Share based payments reserve represents the cumulative value of share based payments recognised through equity.
- Foreign exchange translation reserve represents the cumulative exchange differences arising on group consolidation.
- Foreign currency hedging reserve represents the effective portion of changes in the fair value of derivatives.

STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 Jun 2016 £'000	Unaudited Six months ended 30 Jun 2015 £'000	Audited Year ended 31 Dec 2015 £'000
Cash flow from operating activities			
Profit / (loss) before taxation	(910)	393	1,454
Adjustments for:			
Depreciation of property, plant and equipment	57	32	71
Amortisation of intangible assets	946	287	578
Reclassification of intangible assets	-	-	448
Finance income/(cost) – net	79	-	(1)
Share based payments	319	135	316
Share of result of associate	-	35	36
Operating cashflow before working capital changes	491	882	2,902
Increase in trade and other receivables	(17,862)	(1,914)	(2,649)
Increase in trade and other payables and accruals	19,074	1,538	5,839
Increase in inventories	(262)	-	(1)
Cash flow from operations	1,441	506	6,091
Income tax paid	(397)	(37)	(405)
Net cash flow from operating activities	1,044	469	5,686
Cash flow used in investing activities			
Purchase of property, plant and equipment	(110)	(32)	(43)
Purchase of intangible assets, net of cash acquired	(1,237)	(43)	(104)
Loan payments paid to/from third parties	-	(36)	-
Acquisition of a subsidiary, net of cash acquired	(12,881)	-	12
Net cash flow used in investing activities	(14,228)	(111)	(135)
Cash flow used in financing activities			
Proceeds from borrowings (net)	3,208	-	-
Proceeds from issuance of ordinary shares (net)	2	2,198	11,618
Reduction in deferred consideration	(36)	(1,159)	(1,159)
Net cash flow generated from / (used in) financing activities	3,174	1,039	10,459
Net (decrease) / increase in cash and cash equivalents	(10,010)	1,397	16,010
Cash and cash equivalents at beginning of the period/year	19,060	3,056	3,056
Exchange differences on cash and cash equivalents	203	(13)	(6)
Cash and cash equivalents at end of the period/year	**9,253**	**4,440**	**19,060**

NOTES TO THE FINANCIAL INFORMATION

1. General information

CentralNic Group Plc is the UK holding company of a group of companies which are engaged in the provision of global domain name services. The company is registered in England and Wales. Its registered office and principal place of business is 35-39 Moorgate, London, EC2R 6AR.

The CentralNic Group provides wholesale (“registry”), retail (“registrar”) and enterprise services and strategic consultancy for new Top Level Domains (“TLDs”), Country Code TLD’s (“ccTLDs”) and Second-Level Domains (“SLDs”) and it is the owner and registrant for a portfolio of domain names, which it uses as SLD domain extensions and for resale on the domain aftermarket.

2. Basis of preparation

Items included in the financial statements of each of the group’s entities are measured using the currency of the primary economic environment in which the entity operates (the ‘functional currency’). The consolidated interim financial information is presented in pounds sterling (£) the group’s presentational currency.

The interim financial information has been prepared under the historical cost convention, except for financial instruments that have been measured at fair value through profit and loss and the cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

The interim financial information has been prepared on the going concern basis, which assumes that the Group will continue to be able to meet its liabilities as they fall due for the foreseeable future. The interim financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the EU (“IFRS”) issued by the International Accounting Standards Board (“IASB”), including related interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The accounting policies and methods of computation used in the interim financial information is consistent with those used in the group’s Annual Report for 2015 and are expected to be applied for the year ended 31 December 2016.

3. Consolidation

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. Acquisition-related costs are expensed as incurred.

4. Critical accounting judgments and key sources of estimating uncertainty

In the application of the CentralNic Group's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not apparent from other sources. The estimates and assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing a significant adjustment to the carrying amounts of assets and liabilities in the Financial statements:

Impairment Testing

The recoverable amounts of individual non-financial assets are determined based on the higher of the value-in-use calculations and the recoverable amount, or fair value less costs to sell. These calculations will require the use of estimates and assumptions. It is reasonably possible that assumptions may change, which may impact the Directors' estimates and may then require a material adjustment to the carrying value of tangible and intangible assets.

The directors review and test the carrying value of tangible and intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. For the purposes of performing impairment tests, assets are grouped at the lowest level for which identifiable cash flows are largely dependent on cash flows of other assets or liabilities. If there are indications that impairment may have occurred, estimates will be prepared of expected future cash flows for each group of assets.

Expected future cash flows used to determine the value in use of tangible and intangible assets will be inherently uncertain and could materially change over time.

Estimation of useful life

The charge in respect of periodic amortisation and depreciation is derived after determining an estimate of an asset's expected useful life. The useful lives of the assets are determined by management at the time the asset is acquired and are reviewed continually for appropriateness.

Share based payments

The fair value of share-based remuneration is determined at the date of grant and recognised as an expense in the statement of comprehensive income on a straight line basis over the vesting period, taking account of the estimated number of shares that will vest. The fair value is determined by use of the Black Scholes model method.

5. Segment analysis

CentralNic is an independent global domain name service provider. It provides wholesale, retail and enterprise services and it is the owner and registrant of a portfolio of domain names, which it uses as SLD domain extensions. Management reviews the activities of the CentralNic Group in the segments disclosed below.

Period ended 30 June 2016

	Revenue	**Adjusted EBITDA**	**Non-current assets**	**Current assets**	**Non-current liabilities**	**Current liabilities**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Wholesale domain sales	1,638	712	3,651	26,293	2,544	29,764
Retail domain sales	6,755	1,103	26,731	8,929	3,131	8,118
Enterprise including premium domain name sales	538	(50)	117	226	-	95
Group overheads including costs associate with public company status	-	(456)	-	-	-	-
	8,931	**1,309**	**30,499**	**35,448**	**5,675**	**37,977**

Period ended 30 June 2015

	Revenue	**Adjusted EBITDA**	**Non-current assets**	**Current assets**	**Non-current liabilities**	**Current liabilities**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Wholesale domain sales	1,606	638	3,705	5,236	563	4,466
Retail domain sales	1,785	(15)	4,341	2,525	294	1,819
Enterprise including premium domain name sales	1,054	825	-	861	-	-
Group overheads including costs associate with public company status	-	(437)	-	-	-	-
	4,445	**1,011**	**8,046**	**8,622**	**857**	**6,285**

	Year ended 31 December 2015					
	Revenue	**Adjusted EBITDA**	**Non-current assets**	**Current assets**	**Non-current liabilities**	**Current liabilities**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Wholesale domain sales	3,129	1,403	2,711	20,544	585	8,522
Retail domain sales	3,405	174	4,198	4,116	325	2,154
Enterprise including premium domain name sales	3,859	2,608	6	131	-	74
Group overheads including costs associate with public company status	-	(931)	-	-	-	-
	10,393	**3,254**	**6,915**	**24,791**	**910**	**10,750**

6. Revenue

The CentralNic Group's revenue is generated from the following geographical areas:

	Unaudited 6 months ended 30 Jun 2016	Unaudited 6 months ended 30 Jun 2015	Audited Year ended 31 Dec 2015
	£'000	£'000	£'000
Wholesale Domain Sales			
UK	463	475	902
North America	443	606	997
Europe	234	220	458
ROW	498	305	772
	1,638	**1,606**	**3,129**
Retail Domain Sales			
UK	493	113	214
North America	1,419	405	744
Europe	1,874	625	1,149
ROW	2,860	511	1,051
Other Revenues	109	131	247
	6,755	**1,785**	**3,405**
Enterprise including Premium Domain Name Sales			
UK	-	-	-
North America	31	737	3,286
Europe	254	19	246
ROW	253	298	327
	538	**1,054**	**3,859**

The following table shows customers that represented 10% or more of the wholesale domain sales:

	Unaudited 6 months ended 30 Jun 2016	Unaudited 6 months ended 30 Jun 2015	Audited Year ended 31 Dec 2015
	£'000	£'000	£'000
Customer A	177	209	393
Customer B	96	264	333
Other customers	1,365	1,133	2,403
	1,638	**1,606**	**3,129**

No single customer contributes greater than 10% or more of the retail domain sales.

No single customer contributes greater than 10% or more of the Enterprise including premium domain name sales which by their nature are subject to annual variation depending on customer demand. In prior periods the enterprise including premium domain name sales were principally driven by premium domain name sales of £3,221,000 for the year ended 31 Dec 2015 (6 months ended 30 Jun 2015: £697,000) of which £3,079,000 was made to one customer (6 months ended 30 Jun 2015: £636,000 to one customer)

7. Income tax expense

	Unaudited 6 months ended 30 Jun 2016 £'000	Unaudited 6 months ended 30 Jun 2015 £'000	Audited Year ended 31 Dec 2015 £'000
Current tax on (loss)/profits for the period	443	116	593
Adjustments in respect of previous periods	-	-	-
Current income tax	443	116	593
Deferred income tax	(47)	(10)	(45)
	396	**106**	**548**

A reconciliation of the current tax expense applicable to the (loss)/profit before taxation at the statutory tax rate to the income tax expense at the effective tax rate of the CentralNic Group are as follows:

	Unaudited 6 months ended 30 Jun 2016 £'000	Unaudited 6 months ended 30 Jun 2015 £'000	Audited Year ended 31 Dec 2015 £'000
(Loss)/profit before taxation	(910)	393	1,454
Tax calculated at domestic tax rates applicable to profits in the respective countries	(110)	81	404
Tax effects of:-			
Expenses not deductible for tax purposes	528	34	168
Capital allowances in excess of depreciation	(8)	1	21
Losses not utilised / other differences	33	-	-
Current tax expense for the period/year	**443**	**116**	**593**

The Company provides for income taxes on the basis of its income for financial reporting purposes, adjusted for items that are not assessable or deductible for income tax purposes, in accordance with the regulations of domestic tax authorities.

The current tax expense for the period reflects significant non-deductible items principally amortisation of intangible assets acquired, acquisition costs and the effect of foreign exchange gains on loans subject to tax at the individual entity level (eliminated on consolidation). Adjusting for these items, the underlying effective rate of tax for the period was 24.7%.

In the UK, the applicable statutory tax rate for 2015/16 is 20% (2014/15: 20%).

In the USA, federal taxes are due at 34% on taxable income. Under California tax legislation an additional 8.84% of state tax is due on taxable income.

In Germany, federal taxes are due at 15% on taxable income. With an additional 5.5% solidarity surcharge due on the income tax. A community business tax of c.17% is also levied with rates determined by the municipality.

In the Australia and New Zealand, income taxes are due at 30% and 28% respectively on taxable income.

8. Earnings per share

Earnings per share has been calculated by dividing the consolidated (loss)/profit after taxation attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

The calculation of earnings per share is based on the earnings and number of shares set out below.

Diluted earnings per share has been calculated on the same basis as above, except that the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares (arising from the Group's share option scheme and warrants) into ordinary shares has been added to the denominator. There are no changes to the profit (numerator) as a result of the dilutive calculation.

	Unaudited 6 months ended 30 Jun 2016 £'000	**Unaudited 6 months ended 30 Jun 2015 £'000**	**Audited Year ended 31 Dec 2015 £'000**
(Loss) / profit after tax attributable to owners	(1,306)	287	906
Weighted average number of shares:			
Basic	95,417,444	61,580,878	64,537,714
Effect of dilutive potential ordinary shares	-	6,380,226	1,953,680
Diluted	95,417,444	67,961,104	66,491,394
Earnings per share:			
Basic	(1.37 pence)	0.47 pence	1.40 pence
Diluted	(1.37 pence)	0.42 pence	1.36 pence

At 30 June 2016, the contingently issuable potential ordinary shares included within the share options are anti-dilutive and are not included in the calculation.

9. Intangible assets

	Domain Names £'000	Patents & Trademarks £'000	Software £'000	Customer List £'000	Goodwill £'000	Total £'000
Cost or deemed cost						
At 1 January 2015	3,164	-	960	2,548	1,379	8,051
Additions	-	-	43	-	-	43
Exchange Differences	(3)	-	-	-	-	(3)
At 30 June 2015	**3,161**	**-**	**1,003**	**2,548**	**1,379**	**8,091**
Additions	-	-	61	-	-	61
Acquisition of subsidiary	-	-	-	-	194	194
Reclassification	(835)	-	-	-	-	(835)
Exchange Differences	14	-	-	-	-	14
At 31 December 2015	**2,340**	**-**	**1,064**	**2,548**	**1,573**	**7,525**
Additions	1,121	-	116	-	-	1,237
Acquisition of subsidiary	-	11	1,637	8,738	7,927	18,313
Exchange Differences	25	2	217	1,147	1,064	2,455
At 30 June 2016	**3,486**	**13**	**3,034**	**12,433**	**10,564**	**29,530**
Amortisation						
At 1 January 2015	1,707	-	99	127	-	1,933
Charge for the period	73	-	87	127	-	287
Exchange differences	(3)	-	-	-	-	(3)
At 30 June 2015	**1,777**	**-**	**186**	**254**	**-**	**2,217**
Charge for the period	69	-	94	128	-	291
Reclassification	(387)	-	-	-	-	(387)
Exchange Differences	14	-	-	-	-	14
At 31 December 2015	**1,473**	**-**	**280**	**382**	**-**	**2,135**
Charge for the period	95	-	274	577	-	946
Acquisition of subsidiary	-	11	23	-	-	34
Exchange Differences	25	2	3	-	-	30
At 30 June 2016	**1,593**	**13**	**580**	**959**		**3,145**
Carrying value						
At 30 June 2015	**1,384**	**-**	**817**	**2,294**	**1,379**	**5,874**
At 31 December 2015	**867**	**-**	**784**	**2,166**	**1,573**	**5,390**
At 30 June 2016	**1,893**	**-**	**2,454**	**11,474**	**10,564**	**26,385**

Amortisation of intangible assets is included in administrative expenses in the combined and consolidated statement of comprehensive income.

Certain domain names previously held as intangibles were reclassified to stock held for resale in the period to 31 December 2015.

10. Deferred receivables

	Unaudited 6 months ended 30 Jun 2016 £'000	Unaudited 6 months ended 30 Jun 2015 £'000	Audited Year ended 31 Dec 2015 £'000
Amounts due from shareholders	-	720	-
Deferred costs	1,292	261	295
	1,292	**981**	**295**

11. Trade and other receivables

	Unaudited 6 months ended 30 Jun 2016 £'000	Unaudited 6 months ended 30 Jun 2015 £'000	Audited Year ended 31 Dec 2015 £'000
Trade receivables	3,599	1,582	1,855
Accrued revenue	16,256	734	225
Stock held for resale	376	60	61
Deferred costs	2,972	1,233	1,486
Prepayments	164	134	110
Prepaid finance costs	334	-	350
Supplier payments on account	377	212	333
Loan to third party	-	93	-
Amounts due from shareholders	738	-	729
Other taxes and social security	37	-	-
Other receivables	1,342	134	337
	26,195	**4,182**	**5,486**

12. Trade and other payables and accruals

	Unaudited 6 months ended 30 Jun 2016 £'000	Unaudited 6 months ended 30 Jun 2015 £'000	Audited Year ended 31 Dec 2015 £'000
Accounts payable	10,740	285	2,425
Accrued expenses	14,589	930	1,859
Other taxes and social security	97	60	81
Deferred consideration	829	-	36
Deferred revenue	7,488	2,852	3,126
Customer payments on account	2,503	1,863	2,779
Accrued interest	29	-	3
Other liabilities	10	-	40
	36,285	**5,990**	**10,349**

13. Share capital

	Number	Share Capital £'000	Share Premium £'000
At 1 January 2015	**61,181,647**	**61**	**4,935**
Proceeds from shares issued in connection with the employee share option schemes	75,834	-	7
Issued in connection with a placing on 19th June 2015	5,750,000	6	2,185
At 30 June 2015	**67,007,481**	**67**	**7,127**
Issued in connection with a placing on 29th December 2015	25,000,000	25	9,395
At 31 December 2015	**92,007,481**	**92**	**16,522**
Issued in connection with the acquisition of the Instra Group	3,656,450	4	1,459
Proceeds from shares issued in connection with the employee share option schemes	20,417	-	2
At 30 June 2016	**95,684,348**	**96**	**17,983**

On 19 May 2015, the company issued 75,834 new ordinary shares due to employees exercising £0.10 share options in accordance with share option agreements.

On 17 June 2015 the company raised £2,300,000 (gross of fees) via a placing of 5,750,000 new ordinary shares of 0.1 pence each at 40 pence per share. A share premium was created on the issue of these shares totalling £2,294,250.

On 29 December 2015 the company raised £10,000,000 (gross of fees) via a placing of 25,000,000 new ordinary shares of 0.1 pence each in connection with the acquisition of the Instra Group at 40 pence per share. A share premium was created on the issue of these shares totalling £9,975,000.

On 14 January 2016 the company issued 3,656,450 new ordinary shares to Antonio Frank Lentino of 0.1 pence each at 40 pence per share. A share premium was created on the issue of these shares totalling £1,458,924.

The company has no authorised share capital.

14. Business Combinations

On 14 January 2016 CentralNic completed the acquisition of the entire issued share capital of the companies forming the Instra Group for a total consideration of AU$33 million, consisting of AU$30 million in cash and AU$3 million in shares in CentralNic Group plc, plus an adjustment for working capital at completion.

The following table summarises the consideration to acquire the share capital of the Instra Group and the provisional fair value of the assets and liabilities at the acquisition date in line with group accounting policies.

Consideration	**AUD$'000**	**£'000**
Cash	30,000	14,560
Equity Instruments (3,656,450 ordinary shares)	3,000	1,463
Adjustment for working capital	4,174	2,152
Total consideration	**37,174**	**18,175**
Fair value recognised on acquisition	**AUD$'000**	**£'000**
Assets		
Intangible assets – customer list	18,005	8,738
Intangible assets – software	3,275	1,589
Intangible assets – domain names	2,310	1,121
Other intangible assets	52	25
Property, plant & equipment	129	63
Trade receivables	815	395
Other receivables	8,199	3,979
Deferred income tax asset	2,597	1,260
Cash	1,150	558
	36,532	**17,728**
Liabilities		
Trade payables	391	190
Other payables and accruals	1,835	891
Deferred revenue	13,513	6,558
Current income tax liabilities	(127)	(62)
	15,612	**7,577**
Total identifiable net assets at fair value	**20,920**	**10,151**
Goodwill arising on acquisition	16,254	8,024
Purchase consideration	**37,174**	**18,175**

The fair value of the 3,656,450 ordinary shares issued as part of the consideration paid was based on the 40 pence per share achieved in the placing on 29 December 2015. The mid-market foreign exchange rate used was as at 12 noon on 13 January 2016 being the business day pre-completion. AUD$5m of the cash consideration has been placed in to an escrow account and will be released to the vendor over 5 years in equal instalments on the anniversary of the completion date.

The cash consideration was funded by the equity placing on 29 December 2015, together with a new secured debt facility comprising a £3.5m term loan with the remainder from existing cash balances held by the group.

15. Financial instruments

The CentralNic group is exposed to market risk, credit risk and liquidity risk arising from financial instruments. The CentralNic group's overall financial risk management policy focusses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the CentralNic group's financial performance. The group does not trade in financial instruments.

The principal financial instruments used by the CentralNic group, from which financial instrument risk arises, are as follows:

	Unaudited 6 months ended 30 Jun 2016 £'000	Unaudited 6 months ended 30 Jun 2015 £'000	Audited Year ended 31 Dec 2015 £'000
Financial assets			
Loan and receivables			
Trade and other receivables	26,195	4,182	5,486
Cash and cash equivalents	9,253	4,440	19,060
	35,448	**8,622**	**24,546**
Financial liabilities measured at amortised cost			
Trade and other payables	36,285	5,990	10,349
Loan and borrowings	3,209	-	-
	39,494	**5,990**	**10,349**

16. Seasonal or cyclical factors

There are no seasonal factors that materially affect the operations of any company in the group.

17. Nature of financial information

The financial information presented above does not constitute statutory financial information for either the company or the CentralNic group.