Interim Results to 30 June 2017

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The information contained within this announcement is deemed by the Company to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

CENTRALNIC GROUP PLC
("CentralNic" or "the Company" or "the Group")

HALF YEAR RESULTS 2017
Organic growth and achieving strategic objectives

CentralNic, the global software platform company supporting subscription web services including domain names, is pleased to announce its half year results for the six months ended 30 June 2017, which show strong underlying organic growth across the business.

Highlights:

- Adjusted EBITDA*, excluding forex gains and losses, of £1.4m (H1 2016: £0.9m) - up 50%
- Gross profit £3.0m (H1 2016: £2.3m) - up 29.5%
- Revenue of £10.6m (H1 2016: £8.9m) - up 19%.
- Net cash of £7.73m (2016: £6.04m).

* Adjusted EBITDA: Earnings before interest, tax, depreciation and amortisation, acquisition costs, exceptional items and non-cash charges.

Operational highlights:

- Recurring revenues continue to increase, reflecting the strong focus on growing the proportion of the Group's revenues being of a recurring nature, as exemplified post period-end by the acquisition of SK-NIC in August 2017 and the renegotiated .xyz contract.
- Retail division focus on optimising marketing performance having completed integration and consolidation of Instra Group.
- Wholesale business maintained its lead in global market share by volume, being the only company which supports six of the Top 20 new Top-Level Domains.
- New client wins as a registry service provider included .rugby .observer, .storage, as well as multiple contracts with country code Top-Level Domains.

Post half year end highlights:

- Acquisition of SK-NIC:
  - As announced on the 25th August 2017, the Group has agreed to acquire the business and assets of SK-NIC, the manager of the exclusive country code top-level domain for Slovakia, .sk.
  - The Board believes that this represents a major, earnings enhancing acquisition, further increasing the proportion of the Group's revenues that are recurring and diversifying the Group's businesses.
  - A term loan of £18m and overdraft facility of £3m are being provided by the Group's bankers, Silicon Valley Bank ("SVB"), to fund the initial consideration.

Contract with .XYZ renegotiated: term extended to 2032, with CentralNic receiving a fixed fee based on the volume of .xyz registrations and subscriptions managed.

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

"Our underlying first half results have been most encouraging as CentralNic continues to deliver organic growth alongside significant earnings enhancing acquisitions.

"Both our organic growth and roll-up strategy are underpinned by a drive to increase the size and scale of the business by focussing on activities which will deliver recurring revenues and high visibility of earnings. This concentrates our efforts on the higher margin and higher growth segments of the market.

"In keeping with the consistently heavy second-half weighting of results in recent years, the Board is confident that the Company is on track to meet market expectations for the full year to 31 December 2017, as we continue to diversify through the acquisition of businesses with high-levels of recurring revenue, organically grow our existing recurring revenue businesses, and take advantage of opportunities to trade in valuable premium domain names."

-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 (AIM: CNIC) is a London-based AIM-listed company which develops and manages software platforms allowing businesses globally to use the internet for their own websites and email, as well as protecting their brands online. Its core growth strategy is identifying and acquiring cash-generative businesses with annuity revenue streams and exposure to emerging markets, and migrating them onto the CentralNic software and operating platforms.

CentralNic operates globally with customers in over 200 countries. It earns revenues from the worldwide sales of internet domain names and hosting on an annual subscription basis.

For more information please visit: www.centralnic.com

KEY FINANCIALS H1 2017

	30 June 2017	30 June 2016	**Change**
	£'000	£'000	**%**
Revenue	**10,587**	8,931	**18.5%**
Gross profit	**2,954**	2,281	**29.5%**
Adjusted EBITDA[2]	**1,055**	1,309	**(19.4%)**
Adjusted EBITDA adjusted for FOREX	**1,367**	908	**50%**
Adjusted Profit before tax[3]	**670**	948	**(29.3%)**
Loss after tax	**(619)**	(1,306)	**52.6%**
Adjusted Profit before tax[3]	**670**	948	**(29.3%)**
Basic EPS (pence)	**(0.65)**	(1.37)	**52.6%**

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

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

CHIEF EXECUTIVE OFFICER'S STATEMENT

In the first half of 2017 it is pleasing to report that the Group's revenues and profit, excluding foreign exchange gains and losses, have shown growth in all three operating divisions whilst maintaining high quality earnings. As anticipated, this resulted in stable gross margin in the business, at 28% (2016: 26%), with absolute gross profit increasing by £673,000. The recurring revenue base underpins the Group's financial stability and visibility of earnings, and ensures that the Group is well placed to maintain growth in sometimes volatile market conditions.

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

It is pleasing to report that, in the first half of 2017, the Retail division generated revenues of £7.97m (H1 2016: £6.76m), an Adjusted EBITDA contribution of £0.91m (H1 2016: £1.10m), and an Adjusted EBITDA, excluding foreign exchange gains and losses, of £1.11m (H1 2016: £1.06m). This period included a full six months of trading for the Instra Group versus five and a half months for H1 2016, following its acquisition on the 14 January 2016.

The Instra Group acquisition has been transformational for the Retail division, contributing revenue of £5.83m (H1 2016: £4.89m), Adjusted EBITDA of £0.92m (H1 2016: £0.95m) and Adjusted EBITDA (excluding foreign exchange gains and losses) of £1.08m (H1 2016: £1.03m). This was in line with management's expectations.

Wholesale

CentralNic's Wholesale division generated revenue of £1.82m during the first half of the year (H1 2016: £1.64m), Adjusted EBITDA contribution of £0.45m (H1 2016: £0.72m), and an Adjusted EBITDA contribution, excluding foreign exchange gains and losses, of £0.55m (H1 2016: £0.54m).

The division continues to evolve with a blend of business reflecting demand for heavily promoted and low-priced new Top-Level domains, the high volumes offsetting lower per domain revenues. Domain renewals now account for 18% of new Top-Level Domain ("TLD") transaction volumes (H1 2016: 2%).

The period saw the Wholesale division maintain its lead in the new TLD market, closing out the half year as the only company supporting six out of the top twenty new Top-Level Domains from a total of 1,224 new TLDs launched. These TLDs (.website, .space, .tech, .site, .online, and .xyz) retain their top twenty rankings at the time of writing.

Additional domain extensions won in the period include .rugby, .observer, and .storage, whilst .realty, .observer, .basketball, .storage, .art and .fun, all launched in the first half.

As part of the diversification of its business into the country code Top-Level Domain sector, CentralNic completed the policy and regulation framework tender which was awarded to the Company in 2016 by a national country code administrator. The Group also provided software licencing setup and migration support to a ccTLD operator which contributed £0.44m of non-recurring revenue in the period, as well as winning the contract to support a third country code.

Enterprise

CentralNic's Enterprise division generated £0.80m of revenue in the first half of the year (H1 2016: £0.54m) and an Adjusted EBITDA of £0.22m (H1 2016: EBITDA loss of £0.05m). The revenues comprise a mix of recurring revenues and trading in premium domain names, which contributed £0.36m in the first half of 2017 (H1 2016: £0.05m). Premium domain name sales remain a profitable opportunity for the Enterprise business. Discussions relating to premium sales are ongoing, and are expected to contribute significantly to profits in the second half.

The shift of the Enterprise business towards a recurring revenue model continues as the Company prepares to offer corporate registrar and online brand protection services under the management of the new Commercial Director, a leading specialist in this area.

Outlook

CentralNic's growth strategy is focussed on increasing the scale of its recurring revenue businesses, while acquiring additional businesses with similar earnings profiles and access to high margin and high growth markets. The successful acquisition and integration of the Instra business in 2016 and the announcement of the SK-NIC acquisition in 2017 are clear milestones in that strategy, as is the renegotiation of the .XYZ contract to extend the term to 2032 and obtain a fixed fee based on the volume of domains managed.

CentralNic is confident of trading in line with market expectations for the year and of delivering its vision of becoming a major global player in the provision of subscription website-related services to business in years to come.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Note	Unaudited Six months ended 30 Jun 2017 £'000	Unaudited Six months ended 30 Jun 2016 £'000	Audited Year ended 31 Dec 2016 £'000
Revenue	5	10,587	**8,931**	22,129
Cost of sales		(7,633)	**(6,650)**	(14,462)
Gross profit		2,954	**2,281**	7,667
Administrative expenses		(3,408)	**(2,724)**	(5,637)
Share based payments expense		(232)	**(319)**	(621)
Operating (loss) / profit		**(686)**	**(762)**	**1,409**
Adjusted EBITDA*		1,055	**1,309**	5,483
Depreciation		(62)	**(57)**	(125)
Amortisation of intangible assets		(1,064)	**(946)**	(2,066)
Acquisition costs and non-recurring fees		(383)	**(749)**	(1,262)
Share based payment expense		(232)	**(319)**	(621)
Operating (loss) / profit		**(686)**	**(762)**	**1,409**
Finance income		8	**18**	18
Finance costs		(102)	**(166)**	(270)
Finance income - net		(94)	**(148)**	(252)
(Loss) / Profit before taxation		**(780)**	**(910)**	**1,157**
Taxation	6	161	**(396)**	(202)
(Loss) / Profit after taxation attributable to equity shareholders		**(619)**	**(1,306)**	**955**
Items that may be reclassified subsequently to profit and loss				
Exchange difference on translation of foreign operation		52	**2,040**	1,910
Cash flow hedges - effective portion of changes in fair value		-	**(245)**	(245)
Total comprehensive income / (loss) for the financial year		**(567)**	**489**	**2,620**
Earnings per share				
Basic, Pence	7	(0.65)	**(1.37)**	1.00
Diluted, Pence	7	(0.65)	**(1.37)**	0.97

All amounts relate to continuing activities.

*Earnings before interest, tax, depreciation and amortisation, acquisition costs and non-cash charges.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	Note	Unaudited 30 Jun 2017 £'000	Unaudited 30 Jun 2016 £'000	Audited 31 Dec 2016 £'000

ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment		184	191	161
Intangible assets	8	29,015	26,385	29,822
Deferred receivables	9	1,204	1,292	1,486
Investments		997	997	997
Deferred tax assets		1,263	1,634	1,121
		32,663	30,499	33,587
CURRENT ASSETS				
Trade and other receivables	10	11,209	25,819	11,529
Inventory		386	376	390
Cash and bank balances		9,571	9,253	9,902
		21,166	35,448	21,821
TOTAL ASSETS		**53,829**	**65,947**	**55,408**
EQUITY AND LIABILITIES				
EQUITY				
Share capital	12	96	96	96
Share premium		16,545	17,983	16,545
Merger relief reserve		1,879	-	1,879
Share based payments reserve		2,255	1,680	2,004
Foreign exchange translation reserve		1,962	2,040	1,910
Retained earnings		2,171	496	2,785
TOTAL EQUITY		24,908	22,295	25,219
NON-CURRENT LIABILITIES				
Other payables		3,445	3,568	3,820
Deferred tax liabilities		3,092	65	3,282
Borrowings		807	2,042	1,324
		7,344	5,675	8,426
CURRENT LIABILITIES				
Trade and other payables and accruals	11	20,091	36,285	19,947
Taxation payable		453	525	783
Borrowings		1,033	1,167	1,033
		21,577	37,977	21,763
TOTAL LIABILITIES		28,921	43,652	30,189
TOTAL EQUITY AND LIABILITIES		**53,829**	**65,947**	**55,408**

CENTRALNIC GROUP PLC CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	**Share capital**	**Share premium**	**Merger relief reserve**	**Share based payments**	**Foreign exchange translation reserve**	**Foreign currency hedging**	**Retained earnings**	**Total**

				reserve		reserve		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 January 2016	**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**
Profit/(loss) for the period	-	-	-	-	-	-	2,260	2,260
other comprehensive income/(expense)								
- translation of foreign operation	-	-	-	-	(130)	-	-	(130)
- Cash flow hedge	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(130)	-	-	(130)
Transactions with owners								
Issue of new shares	-	(1,438)	1,879	-	-	-	-	441
Share issue costs	-	-	-	-	-	-	-	-
Share based payments	-	-	-	303	-	-	-	303
Share based payments - deferred tax asset	-	-	-	50	-	-	-	50
Share based payments - exercised and lapsed	-	-	-	(29)	-	-	29	-
Balance as at 31 December 2016	**96**	**16,545**	**1,879**	**2,004**	**1,910**	**-**	**2,785**	**25,219**
Profit/(loss) for the period	-	-	-	-	-	-	(619)	(619)
other comprehensive income/(expense)								
- translation of foreign operation	-	-	-	-	52	-	-	52
- Cash flow hedge	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	52	-	-	52
Transactions with owners								

Issue of new shares	-	-	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-	-	-
Share based payments	-	-	-	232	-	-	-	232
Share based payments - deferred tax asset	-	-	-	24	-	-	-	24
Share based payments - exercised and lapsed	-	-	-	(5)	-	-	5	-
Balance as at 30 June 2017	**96**	**16,545**	**1,879**	**2,255**	**1,962**	**-**	**2,171**	**24,908**

- 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.
- Merger relief reserve 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 issued costs and other permitted reductions. Where the consideration for shares in another company includes issued shares, and 90% of the equity is held in the other company.
- 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.

CONSOLIDATED STATEMENT OF CASH FLOWS	**Unaudited Six months ended 30 Jun 2017**	**Unaudited Six months ended 30 Jun 2016**	**Audited Year ended 31 Dec 2016**
	£'000	**£'000**	**£'000**
Cash flow from operating activities			
Profit / (loss) before taxation	(780)	(910)	1,157
Adjustments for:			
Depreciation of property, plant and equipment	62	57	124
Amortisation of intangible assets	1,064	946	2,066
Reclassification of intangible assets	-	-	752
Finance income/(cost) - net	52	79	130
Share based payments	232	319	621
Share of result of associate	-	-	-
Operating cashflow before working capital changes	630	491	4,850
Decrease / (Increase) in trade and other receivables	724	(17,862)	(4,066)
Increase / (Decrease) in trade and other payables and accruals	(374)	19,074	3,350
Decrease / (Increase) in inventories	4	(262)	(278)
Cash flow from operations	984	1,441	3,856
Income tax paid	(507)	(397)	(538)
Net cash flow from operating activities	477	1,044	3,318
Cash flow used in investing activities			
Purchase of property, plant and equipment	(86)	(110)	(145)
Purchase of intangible assets, net of cash acquired	(161)	(1,237)	(350)
Loan payments paid to/from third parties	-	-	-
Acquisition of a subsidiary, net of cash acquired	-	(12,881)	(14,831)
Net cash flow used in investing activities	(247)	(14,228)	(15,326)
Cash flow used in financing activities			
(Repayments) / Proceeds from borrowings (net)	(583)	3,208	2,625
Proceeds from issuance of ordinary shares (net)	-	2	23

Reduction in deferred consideration	-	(36)	(36)
Net cash flow generated from / (used in) financing activities	(583)	3,174	2,612
Net (decrease) / increase in cash and cash equivalents	(353)	(10,010)	(9,396)
Cash and cash equivalents at beginning of the period/year	9,902	19,060	19,060
Exchange differences on cash and cash equivalents	22	203	238
Cash and cash equivalents at end of the period/year	**9,571**	**9,253**	**9,902**

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

The condensed interim consolidated financial statements do not represent statutory accounts within the meaning of section 435 of the Companies Act 2016. The financial information for the year ended 31 December 2016 is based on the statutory accounts for the year ended 31 December 2016. Those accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The condensed interim financial information is unaudited and has been prepared on the basis of the accounting policies set out in the Group's 2016 statutory accounts in accordance with IAS 34 Interim Financial Reporting.

The seasonality or cyclicality of operations does not impact on the interim financial statements.

3. 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 Black Scholes model method.

4. 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. Operating segments are prepared in a manner consistent with the internal reporting provided to the management as its chief operating decision maker in order to allocate resources to segments and to assess their performance. These reportable operating segments includes the aggregation of certain operating units. Management reviews the activities of the CentralNic Group in the segments disclosed below:

Period ended 30 June 2017

	Revenue	Adjusted EBITDA	Non-current assets	Current assets	Non-current liabilities	Current liabilities
	£'000	£'000	£'000	£'000	£'000	£'000
Wholesale domain sales	1,816	453	2,881	10,884	1,193	13,101
Retail domain sales	7,974	913	29,578	9,966	6,151	8,396
Enterprise including premium domain name sales	797	223	127	393	-	80
Group overheads including costs associate with public company status	-	(534)	-	-	-	-
	10,587	**1,055**	**32,586**	**21,243**	**7,344**	**21,577**

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	722	3,651	26,293	2,544	9,581
Retail domain sales	6,755	1,103	26,731	8,929	3,131	28,001
Enterprise including premium domain name sales	538	(60)	117	226	-	395
Group overheads including costs associate with public company status	-	(456)	-	-	-	-
	8,931	**1,309**	**30,499**	**35,448**	**5,675**	**37,977**

Year ended 31 December 2016

	Revenue	Adjusted EBITDA	Non-current assets	Current assets	Non-current liabilities	Current liabilities
	£'000	£'000	£'000	£'000	£'000	£'000
Wholesale domain sales	3,176	1,237	2,901	12,614	1,775	13,578
Retail domain sales	14,320	2,417	30,564	8,848	6,651	8,159
Enterprise including premium domain name sales	4,633	2,785	122	359	-	26
Group overheads including costs associate with public company status	-	(956)	-	-	-	-
	22,129	**5,483**	**33,587**	**21,821**	**8,426**	**21,763**

5. Revenue

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

	Unaudited 6 months ended 30 Jun 2017	Unaudited 6 months ended 30 Jun 2016	Audited Year ended 31 Dec 2016
	£'000	£'000	£'000

Wholesale Domain Sales			
UK	204	463	805
North America	537	443	904
Europe	608	234	451
ROW	467	498	1,016
	1,816	**1,638**	**3,176**
Retail Domain Sales			
UK	685	526	1,215
North America	2,085	1,419	3,416
Europe	2,059	1,950	3,723
ROW	3,145	2,860	5,966
	7,974	**6,755**	**14,320**
Enterprise including Premium Domain Name Sales			
UK	-	-	4
North America	36	31	3,745
Europe	298	254	575
ROW	463	253	309
s			
	797	**538**	**4,633**

Enterprise including premium domain name sales by nature are subject to annual variation depending on customer demand.

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

	Unaudited 6 months ended 30 Jun 2017	**Unaudited 6 months ended 30 Jun 2016**	**Audited Year ended 31 Dec 2016**
	£'000	**£'000**	**£'000**
Customer A	26	177	287
Customer B	50	96	189
Customer C	440	-	-
Other customers	1,300	1,365	2,700
	1,816	**1,638**	**3,176**

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

In the six months ended 2017 enterprise including premium domain name sales were principally driven by premium domain name sales of £355k of which £348k was made to one customer.

In prior periods the enterprise including premium domain name sales were principally driven by premium domain name sales of £3,744k for the year ended 31 Dec 2016 (6 months ended 2016: £5k) of which £3,555k was made to one customer (6 months ended 2016: £5k to one customer).

6. Income tax expense

	Unaudited 6 months ended 30 Jun 2017 £'000	**Unaudited 6 months ended 30 Jun 2016 £'000**	**Audited Year ended 31 Dec 2016 £'000**
Current tax on profits for the period	(153)	443	282
Adjustments in respect of previous periods	-	-	(48)
Current income tax	(153)	443	234
Deferred income tax	(8)	(47)	(32)
	(161)	**396**	**202**

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

	Unaudited 6 months ended 30 Jun 2017 £'000	Unaudited 6 months ended 30 Jun 2016 £'000	Audited Year ended 31 Dec 2016 £'000
(Loss)/profit before taxation	(780)	(910)	1,157
Tax calculated at domestic tax rates applicable to profits in the respective countries	(217)	(110)	158
Tax effects of:-			
Expenses not deductible for tax purposes	56	473	82
Adjustments in respect of previous periods	-	-	(48)
Unutilised tax losses	-	33	10
Current tax expense for the period/year	**(161)**	**396**	**202**

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 effective rate of tax for the period was 20.7% (Six months ended 2016: 24.7%)

In the UK, the applicable statutory tax rate for 2016/17 is 19% (2015/16: 20%).

In the USA, federal taxes are due at 15% on taxable income. Under California tax legislation a statutory minimum of $400 of state tax is due.

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

7. Earnings per share

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

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 2017 £'000	Unaudited 6 months ended 30 Jun 2016 £'000	Audited Year ended 31 Dec 2016 £'000
Profit / (loss) after tax attributable to owners	(619)	(1,306)	955
Weighted average number of shares:			
Basic	95,894,348	95,417,444	95,632,390
Effect of dilutive potential ordinary shares	-	-	2,745,348
Diluted	95,894,348	95,417,444	98,377,738
Earnings per share:			
Basic (pence)	(0.65)	(1.37)	1.00
Diluted (pence)	(0.65)	(1.37)	0.97

At 30 June 2016 and 30 June 2017, the contingently issuable potential ordinary shares included within the share options are anti-dilutive and are not included in the calculation.

8. Intangible assets

	Domain Names £'000	Patents & Trademarks £'000	Software £'000	Customer List £'000	Goodwill £'000	Total £'000
Cost or deemed cost						
At 1 January 2016	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**
Additions	-	-	234	-	-	234
Acquisition of subsidiary*	-	(11)	(22)	-	3,847	3,814
Reclassification	(2,295)	-	-	-	-	(2,295)
Exchange Differences	(25)	(2)	48	283	892	1,196
At 31 December 2016	**1,166**	**-**	**3,294**	**12,716**	**15,303**	**32,479**
Additions	-	-	161	-	-	161
Exchange Differences	-	-	7	36	53	97
At 30 June 2017	**1,166**	**-**	**3,462**	**12,752**	**15,356**	**32,736**
Amortisation						
At 1 January 2016	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**
Charge for the period	101	-	366	653	-	1,120
Acquisition of subsidiary*	-	(11)	(23)	-	-	(34)
Reclassification	(1,544)	-	-	-	-	(1,544)
Exchange Differences	(25)	(2)	(3)	-	-	(30)
At 31 December 2016	**125**	**-**	**920**	**1,612**	**-**	**2,657**
Charge for the period	52	-	375	637	-	1,064
Exchange Differences	-	-	-	-	-	-
At 30 June 2017	**177**	**-**	**1,295**	**2,249**	**-**	**3,721**
Carrying value						
At 30 June 2016	**1,893**	**-**	**2,454**	**11,474**	**10,564**	**26,385**
At 31 December 2016	**1,041**	**-**	**2,374**	**11,104**	**15,303**	**29,822**
At 30 June 2017	**989**	**-**	**2,167**	**10,503**	**15,356**	**29,015**

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 2016.

*The fair values recognised on acquisition of the Instra Group which completed in January 2016 were finalised in the period ended 30th December 2016, as a result the acquired intangibles have been updated in the period.

9. Deferred receivables

	Unaudited 6 months ended 30 Jun 2017 £'000	Unaudited 6 months ended 30 Jun 2016 £'000	Audited Year ended 31 Dec 2016 £'000
Deferred costs	1,127	1,292	1,486
Loans to related parties	77	-	-
	1,204	**1,292**	**1,486**

10. Trade and other receivables

	Unaudited 6 months ended 30 Jun 2017 £'000	Unaudited 6 months ended 30 Jun 2016 £'000	Audited Year ended 31 Dec 2016 £'000
Trade receivables	3,607	3,599	5,361
Accrued revenue	1,860	16,256	1,123
Deferred costs	3,741	2,972	3,315
Prepayments	255	164	163
Prepaid finance costs	-	334	-

Supplier payments on account	591	377	376
Loan to third party	-	-	-
Amounts due from shareholders	755	738	747
Other taxes and social security	37	37	-
Other receivables	363	1,342	444
	11,209	**25,819**	**11,529**

11. Trade and other payables and accruals

	Unaudited 6 months ended 30 Jun 2017 £'000	Unaudited 6 months ended 30 Jun 2016 £'000	Audited Year ended 31 Dec 2016 £'000
Accounts payable	1,336	10,740	3,120
Accrued expenses	5,081	14,589	4,596
Other taxes and social security	163	97	220
Deferred consideration	-	829	-
Deferred revenue	7,649	7,488	7,375
Customer payments on account	5,820	2,503	4,602
Accrued interest	17	29	22
Other liabilities	25	10	12
	20,091	**36,285**	**19,947**

12. Share capital

	Number	Share Capital £'000	Share Premium £'000	Merger Relief £'000
At 1 January 2016	**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**	-
Fair value adjustment in relations to shares issued in connection with the acquisition of the Instra Group	-	-	(1,459)	1,879
Proceeds from shares issued in connection with the employee share option schemes	210,000	-	21	-
At 31 December 2016 and 30 June 2017	**95,894,348**	**96**	**16,545**	**1,879**

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 merger relief reserve of £1,879,415 was created to reflect the fair value of those shares at 51.5 pence per share.

The company has no authorised share capital.

13. 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 2017 £'000	Unaudited 6 months ended 30 Jun 2016 £'000	Audited Year ended 31 Dec 2016 £'000
Financial assets			
Loan and receivables			
Trade and other receivables	10,955	25,819	11,365
Inventory	386	376	390
Cash and cash equivalents	9,571	9,253	9,902
	20,912	**35,448**	**21,657**
Financial liabilities measure at amortised costs			
Trade and other payables	20,091	36,285	19,947
Loan and borrowings	1,033	1,167	1,033
	21,124	**37,452**	**20,980**

14. Seasonal or cyclical factors

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

15. Nature of financial information

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

16. Post Balance Sheet Events

On the 25th August 2017, the Board of CentralNic announced that it has agreed to acquire the business and assets of SK-NIC, the manager of the exclusive country code top-level domain for Slovakia, .sk. The Board believes that this will represent a major, strategic and earnings enhancing acquisition for the Group.

The acquisition is expected to legally complete in September 2017 with an initial cash consideration of €21.27 million and deferred cash consideration of up to €4.85 million, dependent on SK-NIC attaining defined growth targets over the next three years.

The initial cash consideration is being funded by the Company's own cash reserves and a term loan of £18 million, provided by Silicon Valley Bank ("SVB"). SVB is also providing a £3 million overdraft facility. The existing term loan will be also repaid as part of this refinancing. It is expected that the deferred consideration will be paid from the profits of the enlarged Group.

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