CentralNic

Annual Report 2014

BUY DOMAINS .LONDON
.xyz
.rest
.tech
.website
//TLD Registrar Solutions

.wiki
uk.com
.HOST
.fans
.ink
.College

DOMINIC
.brand SOLUTIONS
.space
DOMAINS.asia
.eu.com

.cn.com
.press
.gb.net
.forum
.design
LA

.PID
.us.com
.bar
.FEEDBACK
Internet.bs

co.com
.com.de
.CONTACT
.build
.site
.art

.mex.com
.com africa
.LUXURY
.jp.net
Cymru. Domains

.hu.com
.com.se
.no.com
.RU.COM
.de.com

.se.net
.kr.com
.in.net
.qc.com
.uy.com
.gay

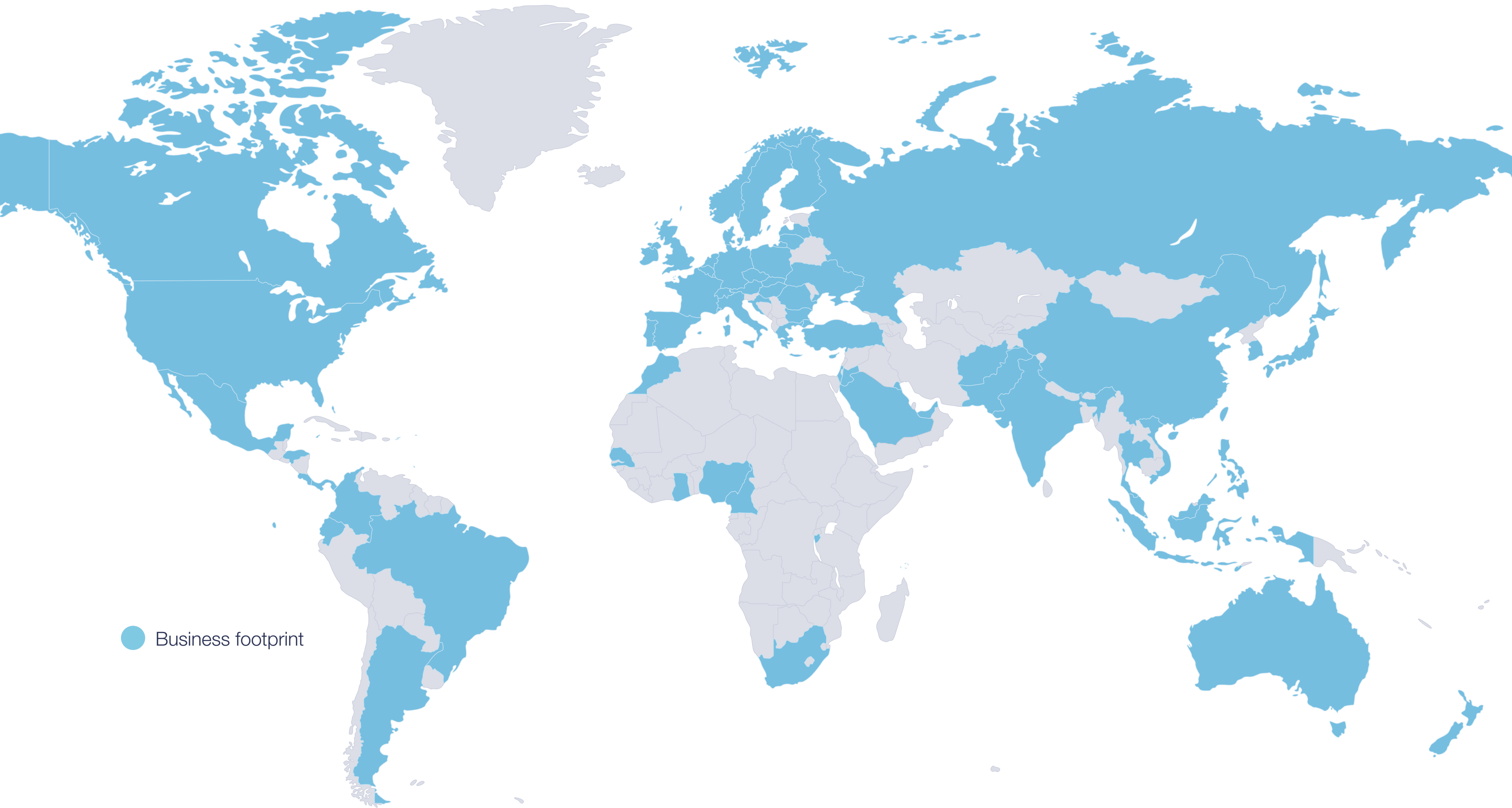
.LLC
.ae.org
.se.com
.sa.com
.chat
.pw

.br.com
.gb.com
.us.org
.REALTY
.online

.menu
.JPN.COM
.za.com
GR.com
.school
.coop

.love
.hu.net
.ar.com
.uk.net
.mail

CentralNic's global business footprint



Contents

Highlights

- A year of rapid Profitable Growth combined with Investing earnings and funds raised at the IPO
- Net revenue grew by 99% to £6.07m (2013: £3.05m) – growing revenues from registry, registrar and enterprise services
- Adjusted EBITDA grew by 70% to £1.72m (2013: £1.02m) – reflecting strong revenue growth offset by additional costs invested in the fledgling in-house registrar and enterprise businesses
- Ranked as the world's Number Two new TLD registry provider by volume – launched 8 new generic Top-Level Domains during the year, including the leader by volume, .xyz;
- Entered the global top 30 domain retailers via the Internet.BS acquisition in June 2014 and numerous launches of TLD-specific retail stores
- Acquired a 12% Equity Stake in Accent Media Limited, the successful applicant for the highly sought-after .tickets new Top-Level Domain
- Finished the year with 3 profitable operating divisions: registry services, registrar services and enterprise services (including the premium domains business created in the second half of the year) – reflecting a diversified and resilient business model

Introduction to CentralNic

CentralNic's businesses

CentralNic Group plc (LSE: CNIC) ("CentralNic") is one of the world's leaders in the domain name industry, supplying domain names and related software and services through three profitable divisions: wholesaling domains as a business-to-business supplier (the "registry" division) ; retailing directly to end-users (the "registrar" division); and selling to enterprise clients (the "enterprise" division).

Headquartered in London, the business operates globally, with customers in almost 200 countries. CentralNic's goals include growing the volume of transactions supported by its technology platform via sales and marketing activities, increasing the inventory of domain names supported by winning new service contracts, and by extending the scope and scale of its domain-related activities, including via acquisitions.

The CentralNic registry platform

CentralNic's registry services (wholesale) business provides high quality technical and operational services, via its proprietary domain provision, billing and cash collection platform. The platform enables retailers around the world to sell an increasing range of internet domains, and supplies the core internet infrastructure ("DNS") that powers the domains that CentralNic distributes. Gross Billings represent the total value of invoices raised on CentralNic's platform, while Net Revenue reflects CentralNic's share of the Gross Billings.

CentralNic's exclusive wholesale inventory

Domain names are registered by end users for various reasons: not only to build websites, but for email, to protect their brand or business name, to capture online traffic, and for investment. In the most sophisticated markets, even small companies and individuals often own portfolios of domain names.

CentralNic finished the 2014 year with domains using 43 different suffixes distributed exclusively via its platform. CentralNic's platform supports all three categories of domain name extensions. The best known of these are new generic Top-Level Domains ("gTLDs"), that are alternatives to .com and .org currently being introduced under the auspices of internet regulator ICANN. At the end of 2014 CentralNic had launched eight new gTLDs, and was ranked second among Registry "backend" operators, with over 700,000 domains under management – representing roughly one in five new gTLD domains registered. This ranking is due largely to the great success of .xyz – the new TLD with by far the greatest number of registrations.

Despite the high profile and future promise of new TLDs, CentralNic actually earned more revenues in 2014 from its growing portfolios of the other two types of domain suffixes: country code Top-Level Domains ("ccTLDs") and Second Level Domain extensions ("SLDs"). CentralNic launched two SLD suffixes in 2014 – the global .co.com and .com.se for Sweden – ending the year with 33 SLD domain extensions. CentralNic is also the exclusive platform for .LA (the country code for Laos sold in Los Angeles, Latin America and China) and .PW (the country code for Palau sold as "Professional Web").

At the time it was listed on AIM in September 2013, CentralNic projected that it would win a total of 15 exclusive contracts to distribute gTLDs via its global wholesale platform. It is now confirmed to have 26 such agreements, as it has proven its ability to attract new clients previously contracted to rival service providers. Most notably in 2014 CentralNic won the Radix Registry distribution business, including the new top level domains .online, .site, .tech, .website, .press, .space and .host.

In 2014, CentralNic also invested in and won the distribution business for the .tickets TLD – an innovative new use of a top-level domain to allow venues, artists, sports teams and other rights holders to retail tickets direct to consumers, while giving consumers the comfort of knowing that any website using a .tickets domain is legitimate.

Registrar services

In 2014 CentralNic expanded its scope of activities to access retail margins in the domain name supply chain, by taking advantage of recent regulatory changes enabling domain name registry operators to also become retailers of domains.

CentralNic's TLD Registrar Solutions ("TRS") registrar business launched 7 "flagship store" retail websites to sell domain names ending with the suffixes .asia, .bar, .build, .london, .luxury, .menu and .rest.

In June 2014, CentralNic acquired the trade of Internet.bs ("IBS"), one of the world's top 30 registrars in terms of domains managed, with a global customer base and service offerings in 8 different languages. IBS is an established business which has grown profitably under CentralNic's ownership.

Enterprise services

In addition to clients seeking retail distribution for their TLDs, CentralNic also provides technical services to companies seeking their own "DotBrand" TLDs to brand their own portfolio of websites. CentralNic's clients include Global 1000 companies such as Saudi Telecommunications and Kuwait Finance House, as well as media and entertainment leaders, The Guardian and the world's largest talent agency, William Morris Endeavor IMG.

Towards the end of 2013 CentralNic acquired a high quality domain management software product, DomiNIC. The software enables the registration and management of domain name portfolios as well as control of access rights to maintain disciplined domain management functions. CentralNic had intended to develop an extension to its software platform to fulfil this role, and the acquisition of DomiNIC allowed CentralNic to accelerate this development in a cost effective way.

The product of eighteen years of development, DomiNIC is used by some of the largest corporations in the German-speaking markets. CentralNic is developing this software in multiple languages with customised versions for corporate customers including telcos, financial institutions and DotBrand TLDs, as well as for domain name registrars.

DomiNIC forms one cornerstone of a suite of software and services that CentralNic is now offering to corporate clients, including registrar services, various consulting offerings and premium domain services.

The premium domains business also sits within CentralNic's enterprise division. This business either trades in domain names or provides broking services to domain investors. This business contributed US$2.5m in revenues to CentralNic in 2014, ensuring that all three divisions of the Group were profitable.

TABLE 1
Domain extensions using the CentralNic platform launched in general availability in 2014

.bar	.co.com
.com.se	.host
.ink	.press
.rest	.website
.wiki	.xyz

TABLE 2
Domain extensions using the CentralNic platform launched prior to 2014

.ae.org	.africa.com	.ar.com
.br.com	.cn.com	.com.de
.de.com	.eu.com	.gb.com
.gb.net	.gr.com	.hu.com
.hu.net	.in.net	.jp.net
.jpn.com	.kr.com	.la
.mex.com	.no.com	.pw
.qc.com	.ru.com	.sa.com
.se.com	.se.net	.uk.com
.uk.net	.us.com	.us.org
.uy.com	.za.bz	.za.com

TABLE 3
Uncontested new TLDs to be launched using the CentralNic platform
To be distributed at retail

.college (launched Q1 2015)
.contact
.coop (won in a competitive tender in 2015)
.design (launched Q1 2015)
.fan
.fans
.feedback
.forum
.love
.online
.pid
.realty
.reit
.rent
.site
.space (launched Q1 2015)
.tech
.tickets

"DotBrand" TLDs

.stc	.viva	.كيوتل
.بيتك	.موزايك	.اتصالات
.observer	.theguardian	.mozaic
.stcgroup	.etisalat	.kfh
.qtel	.wme	

TABLE 4
CentralNic Group retail websites

www.la
www.buy.menu
www.buydomains.london
www.domains.asia
www.domain.build
www.domains.bar
www.domain.luxury
www.domains.rest
www.internetbs.net

CentralNic's key advantages

CentralNic's multiple revenue streams, scalability, healthy cash flows, expansive distribution network and premium domain assets – combined with its access to funds via the AIM market – position the Company ideally to continue its growth trajectory.

Multiple revenue streams

CentralNic earns four different revenue streams from global domain name sales – as a domain owner, a wholesale service provider, a retailer, and as a domain-related service provider to corporations. Furthermore, CentralNic benefits from the breadth of domain inventory it supports – not only new TLDs, but ccTLDs, SLDs and premium domains. It also offers comprehensive domain management software and value-adding consultancy services. This breadth of services coupled with market demand provides a robust and resilient basis for future growth.

Scalable business

The registry and registrar businesses operate on automated platforms, with largely fixed costs and a history of delivering healthy profits. Due to the high levels of automation, these platforms are able to scale up to satisfy increasing demand without incurring significant additional costs.

CentralNic's strategy is focussed on achieving growth. Historically the business has achieved organic growth in its registry division, and more recently also in its registrar division. Securing new service provider contracts and focussing on acquisitions present further opportunities to accelerate the growth.

Healthy profits and cash flows

The business is profitable, with the Group delivering an Adjusted EBITDA margin of 28% in 2014.

The majority of CentralNic's revenues are recurring, as the end users for domain names normally pay annual fees to renew them. Software licences can also involve subscription-based fees, again providing a regular income stream. The business also enjoys healthy cash flows. It collects revenues in advance for domain registration fees, which can often be for multiple years.

Distribution network

CentralNic's global distribution channel is a significant asset, giving it access to over 80% of the global retail market for domain names (measured by domains under management).

Over the nineteen year evolution of the business, CentralNic has developed one of the world's most extensive global distribution networks for domain names. Over 1,500 retailers are integrated directly with CentralNic's databases, including the world's largest and most recognised domain name retailers, such as Go Daddy and Alibaba's Hi-China. These in turn enable CentralNic to access over 100,000 resellers, worldwide.

So far only a small number of registrars have been accredited by the industry regulator ICANN to sell domain names using new gTLDs. CentralNic and its clients have secured more registrars actively selling domains using their TLDs than any other registry service provider – as at the end of March 2015, .xyz, is actively sold via 108 accredited registrars and .website via 104 registrars. Both are supported by CentralNic's technology platform. The TLD with the next highest number of active registrars has 96.

Premium domain name portfolio

CentralNic owns and trades it's own portfolio of around 20,000 premium domain names, and has also been contracted to broker additional domain names on behalf of third parties. As well as trading inventory, CentralNic owns such valuable two-letter .com domains as uk.com, us.com, de.com, cn.com and eu.com which all operate as SLD's. Two letter .com domains are highly valued, for example IG.com sold for US$4.7m in 2013 and MI.com sold for US$3.6m in April 2014.

Registrars

CentralNic's own registrar websites include:

Our distribution network includes:

CentralNic's key advantages

Brand clients

Kuwait Finance House
Kuwait Finance House (KFH) is a pioneer of the banking phenomenon known as Islamic Finance. They are the first Islamic bank established in the State of Kuwait, and today they are one of the foremost Islamic Financial Institutions in the world.

Etisalat
One of the global telecommunications industry's innovation pacesetters, Etisalat is the Middle East's leading telecommunications operator and one of the largest corporations in the six Arab countries of the Gulf Cooperation Council, with a market value of approximately Dh97 billion (US$26 billion). Etisalat is pioneering several advanced "green" technologies and is a regional leader in providing environmentally-friendly information and communication solutions.

Saudi Telecom Company (STC)
STC is the largest telecommunications services provider in the Middle East & North Africa. It is the leading operator within the Kingdom of Saudi Arabia, and its international presence extends to 11 countries. They hold a strong market position in Saudi Arabia, with an expanding presence in key regional growth markets.

The Guardian
Published by Guardian News & Media (GNM), The Guardian newspaper's groundbreaking journalism and innovation were recognised at the Press Awards 2011 where it was named Newspaper of the Year. In recent years the Guardian has significantly developed and expanded its digital operations. In June 2011 Guardian News & Media announced plans to become a digital-first organisation, placing open journalism on the web at the heart of its strategy.

Ooredoo
Formerly known as Qtel Group, Ooredoo are a leading international communications company delivering mobile, fixed, broadband internet, and corporate managed services tailored to the needs of consumers and businesses across markets in the Middle East, North Africa and Southeast Asia. Ooredoo have a customer base of 107 million and reported revenues of USD 9.1 billion in 2012.

NAREIT
NAREIT®, the National Association of Real Estate Investment Trusts®, is the worldwide representative voice for REITs and publicly traded real estate companies with an interest in U.S. real estate and capital markets. NAREIT's members are REITs and other businesses throughout the world that own, operate, and finance income-producing real estate, as well as those firms and individuals who advise, study, and service those businesses.

WME
William Morris Endeavor (WME) is the world's largest diversified talent agency, with offices in Beverly Hills, New York City, London, Miami, and Nashville. WME represents artists across all media platforms, specifically movies, television, music, theatre, digital and publishing. WME's artists have had a huge impact on the live touring industry, leading Billboard to name the company "Top Touring Agency" of 2012. The agency also represents the NFL (National Football League).

TLD clients

Daniel Negari
Daniel Negari, CEO of XYZ, is the youngest registry operator in the world. XYZ successfully launched the #1 new gTLD, .xyz, in 2014 and is currently launching .College. XYZ has recently announced its acquisition of .rent. With the global success of his TLDs, Negari has been featured in major publications such as The Telegraph and Live on Fox Business.

Raymond King
Raymond King is the CEO of Top Level Design – the company responsible for launching .wiki and .ink in 2014. Through Top Level Design, King is now in the process of launching .design while still pursuing bids for .gay, .art and .llc. King is also Director of ICANNWiki, and Founder and former CEO of Snapnames.

Punto 2012
Headed by father / son team Carlos and Aaron Grego, Punto 2012 operates .bar and .rest – the global domains for bars and restaurants. Firmly entrenched in the hospitality industry, The Gregos also run Mexico City's premier restaurant guide, Queremoscomer.com, as well as various other ventures focused on facilitating online presence for businesses in the hospitality world.

Jay Westerdal
Jay Westerdal is behind the new .feedback TLD which is slated to launch in 2015. Westerdal also owns .contact, .pid and .realty and is a successful high tech business entrepreneur and investor, with his last sale being valued at over 16 million US dollars.

Joshua Merchant
Joshua Merchant is a Managing Director for the new .love TLD. Mr. Merchant is also a Lawyer with Merchant Law Group LLP, a firm well-known for innovation and fostering good business relationships.

Radix
Radix is one Asia's largest new gTLD applicants, having applied for 31 new Top Level Domains. To date Radix has rolled out launches for .website, .press, .host and .space and will be launching coveted TLDs like .online, .site and .tech in the upcoming year. Radix also runs the successful .pw namespace.

Asiamix Digital
Asiamix Digital is a Hong Kong company formed with a specific purpose to apply for a number of new TLDs to ICANN and operate a TLD registry. Currently, Asiamix Digital is preparing to launch .fan and .fans TLDs.

Co.com
Led by well-known domain entrepreneurs Ken Hansen, Paul Goldstone and Gregg McNair, .co.com is the solution for new businesses looking for a strong, short and unique domain with a .com ending.

Dot LA Marketing Company
Dot LA Marketing Company is the official marketing entity for .LA which is retailed through leading domain registrars such as GoDaddy, United Domains and 123-reg.

Africa.com
Africa.com is the fastest growing Africa-related website, with about five million page views per month from visitors in over 200 countries throughout the world. The site was established by Teresa Clarke – who launched the .africa.com domain as "the .com for Africa" in 2012.

Chairman's statement

In 2014 the Group has successfully transitioned its business to offering a range of domain-related services as a wholesaler, retailer and supplier to enterprise customers. This provides the Group with multiple opportunities in the domain name supply chain at a time of considerable change within the industry.

John Swingewood Chairman

2014 has been a very good year for the Group, successfully acquiring and investing in exciting new business opportunities. The Group also invested in strengthening the leadership capabilities within the business. For these reasons, the Group is well positioned to take advantage of the new TLD market as it develops, and I am extremely pleased with our strategic progress during the year.

In 2014 the roll out of the new Top-Level Domains gathered pace, with approaching 500 new domain extensions having launched by the end of the year. The Group successfully launched 8 new domains during the year, including the programme's highest volume domain .xyz, resulting in CentralNic taking a leading position among the world's domain registry service providers. In parallel to this activity, the Group's existing portfolio of Second Level Domains continued to exhibit revenue growth which was pleasing in the context of new competition in the market. Overall our registry business continues to grow profitably, enabling us to invest in developing our other business lines.

As highlighted in the previous year, our strategy includes investing in opportunities within the domain name industry. In 2014 we acquired the retail trade of Internet BS and a minority equity stake in Accent Media, the successful applicant for the much sought-after .tickets new Top-Level Domain. Both present very promising earnings-enhancing opportunities.

Performance

I am pleased to report that the Group's financial performance was in line with expectations, growing revenues and Adjusted EBITDA whilst also investing to expand the scope of the Group's business activities.

The Group's net revenue grew by nearly 100%, reflecting steady organic growth in the registry business, a half year of revenues from our acquired retail business and trading valuable premium domain names on the aftermarket, a new venture for the Group.

It was encouraging to see net revenue from our registry business (wholesale) growing to £2.8m, an increase of 8% over the prior year (2013: £2.6m). Growth included early revenues from the new top level domains combined with steady performance from CentralNic's legacy portfolio of Second-Level Domain extensions (including the likes of .uk.com, .us.com and .cn.com) and country codes like .LA and .PW.

CentralNic invested during the year, acquiring the Internet.BS registrar in June for a total consideration of up to US$7.5m. This marked a significant entry into the retail market for the Group, seeking the benefits of vertical integration within the domain name supply chain. As a result, the Group's retail activities contributed £1.6m of net revenues during the second half of the year in line with the business case. A second significant investment was acquiring a 12% equity stake in Accent Media Limited for US$1.6m in September. Accent Media is the successful applicant for the .tickets new Top-Level Domain, which is scheduled to launch in 2015.

Other new activities launched during the year included an enterprise division focussed on providing domains, domain related software and services to the corporate market. This division includes a premium domains business which began trading in the second half of the year, selling domains from the Group's portfolio to contribute £1.6m to Group net revenues. The remaining enterprise business closed the year in the pre-revenue phase, although indications are promising for the future.

The Group also continued its investment programme during the year, expanding its resources to grow its in-house registrar business and commence the enterprise business as well as further strengthening the Board and the management team. Despite these additional operating costs, the Group delivered Adjusted EBITDA of £1.72m (2013: £1.02m) and net cashflow from operating activities of £1.41m (2013: £1.13m)

Dividend

It remains the Directors intention to recommend payment of a dividend when appropriate and commercially prudent to do so.

While it is the intention of the Group to generate income returns for investors in the future as part of a progressive dividend policy, due to the continued expansion opportunities within the sector the Directors do not propose a final dividend in 2014.

Outlook

The Group is strongly placed to benefit from the re-organisation of the internet namespace, with access to earnings from domains as both a wholesaler and retailer in the primary markets and as a broker in the secondary market. Furthermore, the Group is exposed to both developed and emerging economies, being active in those markets either directly or via the Group's extensive distribution channel. With the world's internet users estimated at 3.1bn, there is still more than half of the global population who are yet to get online. As such, continuing sustained growth in the world's internet users presents us with considerable opportunity.

It is fair to say that current demand for the new Top-Level Domains is still at a very early stage, reflecting only the beginnings of consumer awareness to the choices available when seeking to purchase domain names. Awareness should grow in 2015 with an increased retail footprint and the expected launch and promotion of new Top-Level Domains by the so-called "super-brands". This has potential to stimulate growth for alternative TLDs and that will benefit the Group – whether this be via the Group's proprietary Second Level Domains or via the new Top-Level Domains serviced on behalf of clients. Since the end of 2014, the Group has started to launch four more TLDs and has a minimum of 22 further new Top-Level Domains yet to launch, with the majority expected to start earning revenues in 2015. Plus the business continues to secure new TLD clients, converting from a healthy pipeline.

The registrar business also presents considerable opportunities in terms of diversifying the revenue streams into other value-added services. Work is under way to broaden the Group's retail offerings with a view to delivering a more comprehensive set of services for consumers seeking to deploy their online presence.

Demand for domain names and related services from Corporates is also a market segment presenting considerable opportunity. The Group has built out the solutions it can offer to this enterprise segment, whether this be via the proprietary Domain Management software (DomiNIC) and related domain portfolio services or via consultancy offerings to Corporates who themselves applied for their own .brand Top-Level Domain. Coupled with Corporate demand for premium domain names the Group is able to present comprehensive solutions for the Corporate segment of the market.

I would like to thank CentralNic's personnel for their professionalism and commitment to the ongoing development of the business in what has been a period of considerable progress for the Group.

It is thanks to them, working in tandem with our clients and our distribution channel partners, that we continue to enhance our industry leading position and reputation.

John Swingewood Chairman
28 April 2015

Chief Executive's report

During 2014, CentralNic was transformed from a company with one line of business, to having three profitable divisions in the domain name industry – registry, registrar and enterprise solutions. CentralNic also emerged in 2014 as an early global leader in new Top-Level Domains – the largest restructuring of the internet to date.

Ben Crawford Chief Executive

Performance overview

CentralNic has made significant progress in 2014. Billings were £9.89 million, representing a 154% increase on 2013; revenues were up 99% to £6.07 million, and Adjusted EBITDA of £1.72 million was achieved – an increase of 70% over 2013. This growth is the result of our threefold strategy: firstly as a wholesaler, launching our first eight TLDs together with continued growth in our legacy domains business. Secondly, we acquired the trade of domain retailer Internet.bs and launched seven additional retail websites – adding retail revenues and profits. And thirdly, our enterprise division started successfully trading in premium domain names and offering consulting services, also contributing both revenues and profits in its first year of trading.

At the end of a year of launches, investments and acquisitions, the Group had cash balances of £3.06 million (2013: £4.93 million).

New top-level domains

2014 witnessed the earliest launch stages of what the internet industry regulator ICANN called "the biggest change since the inception of the internet," with the introduction of the new gTLD programme, allowing new entrants to join the ranks of .com, .org, and .net. Only a small number of retailers received their accreditations from ICANN to sell domains under the new TLDs in 2014, and a lack of public awareness pending the launches of the "superbrand TLDs" such as .google, .apple and .sony, meant that the market for new TLDs in 2014 was softer than had been projected by ICANN and other industry experts. It was essentially limited to domain investors and other early adopters.

However, CentralNic fared exceptionally well with the TLDs contracted exclusively to use our technical and billing platform. The eight new TLDs we launched represented less than 2% of the total number of top level domains launched, yet we achieved and maintained the ranking of the world's Number Two new TLD registry provider by total number of registrations with almost 20% global market share. We are also pleased to rank as the world's Number One for the highest number of active retailers for any one TLD. CentralNic's client .xyz is the TLD with the overall highest number of registrations, based on an aggressive global sales and marketing campaign supported by CentralNic.

Business development

When CentralNic listed on the AIM market in 2013 our clearly stated objective was to accelerate our growth by focussing on the full gamut of revenue opportunities in the domain industry, and not relying solely on the new Top-Level Domains already contracted with us. Considerable progress was made in 2014 in realising those objectives:

1. Adding new domains to our inventory

When CentralNic listed, its expectations were to obtain distribution contracts for an additional five domain extensions over the ensuing two years. This objective was actually met by April 2014 with .co.com, .website, .press, .space and .host, and we have now been awarded a further eleven exclusive TLD contracts: .coop, .design, .fan, .forum, .love, .online, .realty, .rent, .site, .tech and .tickets – all expected to launch in 2015 and 2016. CentralNic is also an investor in Accent Media Ltd which holds the exclusive rights to the .tickets TLD, which will have an exposure to actual ticketing revenue as it bundles ticket vending software with a domain name.

Today, in my opinion the portfolio of new TLDs available via CentralNic is second to none, and we hope to augment the portfolio further by converting additional opportunities from our sales pipeline.

2. Increasing our global retail market coverage

While relatively few retailers are actively selling domains using new TLDs at this stage, CentralNic is efficiently engaging with those that are already part of our global network, and on-boarding those that are not – working with our partners to become a clear leader in the industry, as measured by the metric "highest number of retailers for an individual TLD." China continues to be CentralNic's fastest growing geographic market, with other emerging markets also presenting a key focus for our growth.

3. Entering the retail marketplace ourselves

CentralNic was one of the earliest adopters of vertical integration in the domain industry in 2014 when it joined the ranks of the world's top thirty domain name retailers by acquiring the trade of registrar Internet.bs ("IBS"), serving customers from 200 countries in eight languages; and at the same time it launched seven "flagship store" websites, each retailing domain names targeted at a single territory or industry vertical (such as domains.asia and buydomains.london; domain.luxury and domain.bar).

4. Engaging with growth markets

CentralNic has identified two key growth markets, and is engaging with both.

The first is the enterprise market: with around 400 global corporations which have applied to obtain their own brands as Top-Level Domains, and thousands more starting to focus on the challenges and opportunities presented by an increasingly complex and important Domain Name System, CentralNic is selling a suite of software and services to an increasing number of telcos, banks, and media and entertainment businesses, both at Global 1000 level and below.

Secondly, CentralNic is focussed on developing economies including China and countries in the MENA region. As both telecoms companies and major internet infrastructure providers work to deliver internet access to "the next five billion" internet users, CentralNic is attuned to the resulting new opportunities to assist businesses in those territories to acquire domain names and get their businesses online to serve their rapidly expanding local and international markets.

Outlook

CentralNic is on a continuing rapid growth trajectory. Having doubled revenues and increased Adjusted EBITDA by 70% in 2014, our strategy is working and we continue to move forward accordingly.

Though 2014 marked a slow start to the roll-out of new Top-Level Domains, CentralNic's clients accounted for one in five of all new TLD domains registered – and that was with only the first eight of our TLDs launched. CentralNic has another eighteen TLDs already confirmed for retail distribution, including those widely predicted to be the future bestsellers: such as .design and .online. Plus we have a healthy pipeline of future opportunities.

Moreover, with so much new product to take to market, it is a great time to be a domain name retailer, and CentralNic's retail division expects continued growth in its chosen markets.

Finally, CentralNic's focus on large corporations and government contracts makes us part of the two leading growth drivers of the domain industry – enterprises entering the domain industry and developing world Governments supporting the expected rapid expansion in mobile-enabled internet use to enable economic development.

In 2014, CentralNic demonstrated the ability to launch new businesses, win new service contracts and successfully integrate new acquisitions. We are confident in our ability to use these same strategies to meet our commercial objectives in the years to come.

Ben Crawford Chief Executive Officer
28 April 2015

Strategic report

CentralNic entered 2014 a wholesaler with no gTLDs launched, and ended 2014 with double its previous revenues, three profitable trading divisions, and as the number two global player among its peers in gTLDs.

The registry division

The registry division includes the core of CentralNic's legacy business, which continued to grow in 2014 against a backdrop of multiple new competitors entering the market. CentralNic continues to actively market domains with suffixes including .us.com, .uk.com and .la – which derive healthy revenues when compared to most of the new TLDs. The domains often present an alternative choice for consumers, especially if their first choice of domain is not available in other TLD's; while these domains are suitable for international markets, such as in the Far East where growth rates typically exceed those in more developed western markets.

We believe that our well established registry infrastructure, distribution network, flexible implementation approach and expertise in launching domains has presented CentralNic's clients with a considerable competitive advantage. While still in the earliest stages of launch – with only around 100 online retailers and none of the large corporate "anchor tenants" of the new TLD programme yet launched (ie. .google, .apple, .sony, .walmart, etc.) – CentralNic has succeeded in gaining almost 20% market share of all registrations under new TLDs with only 8 of its clients' gTLDs launched; representing over 700,000 registrations at the end of 2014. Gross billings in the registry business grew to £6.41m (2013: £3.47m) as a result.

CentralNic has been successful in partnering with entrepreneur investors in new TLDs who have the business skills and resources to build successful businesses but require the expert technical, policy and sales and marketing support that CentralNic provides. Both CentralNic and its clients have benefited from these complementary relationships. Notably, CentralNic's client TLD .xyz is the clear frontrunner among all new TLDs launched to date in terms of volumes of registrations. Through an aggressive global channel sales and marketing campaign, .xyz has also consistently secured more registrars actively selling its domains than any other new TLD, and is notably achieving excellent sales in the fastest growing market in the world, China.

CentralNic's inventory of new gTLDs as yet unlaunched at the end of 2014 was projected at seven when CentralNic listed on AIM in September 2013, but it is rapidly growing and is already confirmed at 22. This growth is due to CentralNic securing the business of additional clients who have chosen to change their registry service providers (for example, by securing

.bar and .rest launch party

the Radix Registry business, CentralNic obtained exclusive wholesale distribution rights to the TLDs .website, .site, .online, .host, .space, .press and .tech). In other instances, CentralNic's entrepreneur clients acquired other gTLDs and brought them to CentralNic.

In the case of .tickets, CentralNic was attracted by the innovative business proposal for deployment of the domain. As a result, CentralNic invested £1 million to acquire 12% of the equity of Accent Media Ltd, the registry operator for the .tickets registry. Accent Media then contracted with CentralNic to become the exclusive wholesale distributor. The business model for .tickets includes a share of ticketing revenues as well as domain name sales, and CentralNic expects to see early revenues in the second half of 2015.

CentralNic's registry strategy moving forward is a continuation of the current activities, namely: active sales and marketing of CentralNic's legacy domains; close collaboration with its entrepreneur clients to maximize sales of their domains; and a focus on bringing more clients and TLDs to the CentralNic platform. As consumer awareness and demand for domain names grows in future years, CentralNic's registry division is ideally positioned to benefit.

The registrar division

The removal of restrictions by ICANN over common ownership of registrars and registries was an important development, enabling CentralNic to enter the retail business with a dual strategy to capture retail margins from domain sales and enter into direct relationships with end users. Firstly, CentralNic created TLD Registrar Solutions, focussed on the opportunity to launch "flagship store" single-domain retail websites under the new gTLD programme. Examples of these include buydomains.london, domain.luxury and cymru.domains. Seven of these were launched in 2014 with a view to becoming established vendors of domains and other internet-related services for specific territories or industry verticals, with revenue benefits to flow in future years as the new gTLDs grow in demand.

The second strand of CentralNic's retail strategy was the June 2014 acquisition of the trade and assets of Internet.bs, a top thirty accredited retailer selling domain names to a global customer base of end users. Internet.BS is a profitable, cash generative business which had delivered operating profits of US$730,000 for the year ended 31 December 2013. Profits have grown under CentralNic's ownership, enhancing Group earnings (before acquisition deal fees).

Key strategic drivers for the acquisition included:

- Gaining a proven retail platform already supporting 28,000 users in eight languages, making it a highly suitable platform for entering emerging and fast-growing markets globally;
- Enhancing the revenues and profits of CentralNic with an additional cash generative business retailing domains to consumers and other domain name retailers;
- Providing a retail platform able to support future sales of additional retail products such as hosting, email, and website builders, as well as new Top-Level Domains.

CentralNic's strategy for the registrar business is to continue aggressive growth following the direction started in 2014, optimizing the benefits of scale and vertical integration while seeking out opportunities for further expansion in emerging markets.

The enterprise division

In addition to its entrepreneur clients, CentralNic has contracted to provide technical and ICANN compliance services to brand owners, who themselves have applied to register their brands as new Top-Level Domains. Our client portfolio includes such Global 1000 companies as Etisalat (the Emirates Telecommunications company), Kuwait Finance House, and Saudi Telecom, as well as media and entertainment leaders, The Guardian and William Morris Endeavor IMG. These clients form one of the foundations of CentralNic's enterprise division, launched in 2014 to supply corporations with the software and services they require to benefit from changes to the Domain Name System and related technologies.

The second pillar of CentralNic's new enterprise division was the acquisition of a sophisticated domain management software platform, called DomiNIC, in December 2013. The software is regarded as one of the world's leading applications, used by a number of major corporates in the German-speaking world to manage their portfolio of domain names, as well as by domain retailers. CentralNic has been building a pipeline of future potential users outside the German-speaking markets. CentralNic has also invested in adapting DomiNIC for use by brand TLD applicants, and has started engaging with potential clients in 2014, with a view to taking orders when the Dot Brand domains start to launch over the coming years.

As a third component of its enterprise offering, CentralNic launched its own premium domain name trading service in 2014, as a direct route to selling premium priced domain names to corporate clients. The inventory being sold includes domains from CentralNic's own portfolio of around 20,000 premiums, premium domain inventory from clients, and other inventory for which CentralNic can secure exclusive broking rights. This activity resulted in revenues of £1.61m in 2014, resulting in a profit for the enterprise division in its first year of trading.

With the entry into the domain name business of around 400 new corporations through the Dot Brand TLD programme, and the need for large companies globally to adapt to the major changes in the expansion of the Domain Name System, CentralNic is confident that its enterprise division puts it at the forefront of an important, highly scalable and potentially disruptive change to the domain industry.

Strategic report continued

Key Performance Indicators
Details of the Key Performance Indicators are provided on page 15.

Principal risks and uncertainties facing the Group
The Directors have considered the principal risks and uncertainties facing the Group, the main ones being outlined below.

Regulatory
The businesses of both registries and registrars are subject to the legal and contractual environment. These are subject to change, not least in the ICANN community, and changes have the potential to influence business outcomes.

CentralNic satisfies ICANN technical and operational requirements, and maintains an active voice in the development of policy within the ICANN community.

Market
There is a risk that the market for domains owned by the Group or for which the Group provides registry and registrar services may not increase as quickly as expected or that the new TLDs may not generate the revenue levels anticipated by the Board. In either case the Group's revenues could reduce below expectations with an impact on profitability.

The risk is mitigated to a degree by operating multiple lines of business exposed to many markets and segments within those markets, some of which have very little reliance on new TLDs.

IT security
If the Group does not prevent security breaches or becomes susceptible to cyber-attacks, it may be exposed to lawsuits, lose customers, suffer harm to its reputation, and incur additional costs. Unauthorised access, computer viruses, accidents, employee error or malfeasance, intentional misconduct by computer "hackers", and other disruptions can occur that could compromise the security of the Group's infrastructure or confidential information.

The Group has created a resilient network infrastructure and Domain Name System server constellation, with failover secondary systems to ensure critical registry functions are maintained. The Group has been accredited under ISO 27001/2013 for data security, thereby mitigating risk by adherence to international best practice.

Supplier risk
A number of the key technical services used by the Group are outsourced to key suppliers, thereby creating the potential for risk in the case of the failure or loss of a supplier.

In view of these risks, redundancies have been introduced between the suppliers and internal resources, ensuring that no single point of failure could result in the inability of CentralNic to meet its contractual or compliance obligations.

Currency risk
The Group reports its revenues and costs in British Pounds Sterling, whilst some of these revenues and costs may arise in currencies other than this. Fluctuations in exchange rates may adversely affect the Group's reported profits, and make its overseas contracts relatively less valuable.

CentralNic contracts are usually denominated in British Pounds Sterling, US Dollars or Euros and the Directors keep the currency exposure under regular review. The Directors consider the use of hedging instruments in the event that currency exposure is considered a material performance risk.

Dependence on key personnel
The Group has a small management team and the loss of any key individual or the inability to attract appropriate personnel could impact upon the Group's future performance. Incentives and a performance culture remain an important focus to the achievement of the Group's objectives.

Other risk factors
In addition to the impact of the downturn of the world's economies, the Group may be adversely affected by other changes in economic, political, judicial, administrative, taxation or other regulatory or other unforeseen matters.

This strategic report was approved by the Board of Directors on 28 April 2015 and signed on its behalf by:

John Swingewood Chairman

Chief Financial Officer's report

2014 has been a year of investment for the Group, resulting in a more diversified and resilient business model exposed to global domain name markets across multiple market segments. The investment has been funded out of the capital raised from the IPO, combined with profits generated by the registry business and the acquired registrar business.

Glenn Hayward Chief Financial Officer

The Group has delivered strong performance in 2014 as evidenced by the growth in revenues and Adjusted EBITDA for the Group. This step-change in the scale of the Group's activities reflects organic growth within the registry business, combined with the results of the acquired registrar business and the successful creation of the enterprise business, including premium domain trading.

Key Performance Indicators

- Gross billings (including partner share) £9.89m (2013: £3.89m)
- Net revenue £6.07m (2013: £3.05m)
- Adjusted EBITDA* £1.72m (2013: £1.02m)
- Profit before taxation £0.52m (2013: £0.70m)

*Excludes impact of share payment expense for the share options issued to Directors and Employees and Acquisition deal fees

The Group generated net revenue growth of 99%, with revenue increasing to £6.07m (2013: £3.05m). This growth was achieved through the combination of Registry revenues of £2.80m (2013: £2.59m), Registrar revenues of £1.55m (2013: £nil) and premium domain trading generating £1.61m of revenues (2013: £0.07m). Consultancy and other service revenues were £0.10m (2013: £0.40m).

Revenue growth in the registry business was driven by a combination or organic growth in the historic business (including registration of domains using the Group's Second Level Domains such as uk.com, us.com and cn.com) together with the initial revenues for services provided to new Top-Level Domains, notably .xyz. The Group has a strong portfolio of Second-Level and new Top-Level domains supported by the Registry Business, with at least 22 more new Top-Level Domains to launch in 2015 and 2016. Gross billings in the registry business grew to £6.41m (2013: £3.47m) mainly reflecting gross billings for the new Top-Level Domains.

Entry into the registrar business was accelerated significantly by the acquisition of the trade of Internet.BS in June. A half year of trading generated the vast majority of revenues in the registrar business, contributing £0.19m to Adjusted EBITDA. The profit performance was in line with the Board's expectations on acquisition.

The Group also launched an enterprise division including a premium domains trading business during the second half of the year. Initial revenues generated through the sale of non-core premium domain names have been pleasing at £1.61m (2013: £0.07m). The Group owns a trading portfolio of almost 20,000 premium domain names and also offers broking services to third parties.

Chief Financial Officer's report continued

Adjusted EBITDA, before the share based payment expense and acquisition deal fees, totalled £1.72m for the year (2013: £1.02m). The strong profit performance from the registry business, the acquired registrar business and the premium domains business contributed £2.55m to Group EBITDA (2013: £0.68m). This was then offset by lower consultancy and licence sales of £0.10m (2013: £0.48m) combined with £0.93m of operating costs (2013: £0.15m) taking into account the first full year of costs related to being on AIM as well as investing in the fledgling new business areas.

Fees associated with acquisitions and investments totalled £0.47m (2013: £nil). Non-cash expenses included amortisation of intangible assets of £0.45m (2013: £0.24m) reflecting the charge for the customer list and software acquired with the Internet.BS trade. Other non-cash expenses included depreciation and the share based payments expense. In accordance with IFRS 2 Share Based Payments, we have included a £0.22m charge for Director and employee share options within administrative expenses (2013: £0.07m). Further details can be found in note 26 to the financial statements.

The Group's effective tax rate was 30.1% (2013: 24.4%), although when excluding the impact of the non-cash share based payments expense this becomes 21.0% (2013: 22.3%). Profit after taxation was £0.36m (2013: £0.53m).

Basic earnings per share at 0.60 pence (2013: 1.00 pence) reflected the effects of investing in the business, driven by the additional non-cash charges and the non-recurring professional fees associated with acquisitions and investments. Diluted earnings per share, at 0.56 pence (2013: 0.91 pence), reflected the share options and warrants issued during the flotation. Further details of the earnings per share calculations are provided in note 12 to the financial statements.

Pensions

The Group does not currently operate a pension scheme, but is committed to complying with latest legislation and will create a scheme under the new auto-enrolment provisions as required in the UK. The staging date for the Group to adopt the new UK pension obligations is June 2016 and work is under way to implement the required arrangements.

Dividends

It remains the Directors intention to consider payment of a dividend when appropriate and commercially prudent, as part of a progressive dividend policy. However, due to the continued expansion opportunities for the Group requiring investment, the Directors do not propose a final dividend in 2014.

Group statement of financial position

The Group had net assets of £6.90m at 31 December 2014 (2013: £4.81m), with the growth in Net Assets reflecting the share-based element of the consideration for the acquisition of the Internet.BS trade combined with the retained profits for the year.

Capital expenditure and investing activities

This was a year of investment, with capital expenditure totalling £4.33m for the acquisition of the trade of Internet.BS (including Intangible additions to Software, Customer List and Acquired Goodwill). Other investing activities included £1.00m invested in a 12% equity stake in Accent Media Ltd, the successful applicant for the .tickets Top-Level Domain. The remaining capital expenditure included £0.13m on plant and equipment (2013: £0.05m) and £0.25m for capitalised development and enhancements to DomiNIC, the Domain portfolio management software (2013: £0.21m).

Further details are provided in notes 13, 14 and 16 to the financial statements.

Cashflow and net cash

The significant movements in net cash reflected the investments made during the year in executing the growth strategy. This combined with strong underlying cash conversion from Adjusted EBITDA, partly offset by the professional fees for acquisitions and investments.

Total net cashflow used in investing activities was £3.06m, with £1.58m of net cash consideration for acquiring the trade of Internet BS and £1.00m for the investment in Accent Media Limited. The remainder included capitalised software development and a £0.10m short term loan to DNS Xperts, the software developers of the DomiNic software.

Net cash flow from operating activities was £1.41m (2013: £1.13m). This reflected a strong underlying conversion to operating cashflow from Adjusted EBITDA, but then offset by £0.47m of professional fees related to acquisitions and investments.

Financing activities included the final scheduled deferred consideration payments of £0.23m for the unencumbered ownership rights for the gb.com and us.com domain extensions (2013: £0.22m).

Banking facilities

The Group ended the year with net cash of £3.06m (2013: £4.93m) and accordingly does not have in place any significant debt facilities.

Critical accounting policies

The Summary of the Group's Significant Accounting Policies is set out in note 3 to the Financial Statements.

The Group's Revenue recognition policy may be summarised as:

- Revenue from the sale of services is recognised when the amounts of revenue and cost can be measured reliably
- Domain sales are recognised over the period to which the underlying sales contract relates, which can be for periods between one and ten years. Revenues attributable to future periods are deferred to future periods and are included in "Deferred Revenues"
- Revenues from strategic consultancy and other similar services are recognised in proportion to the stage of completion of the work.

The Group makes estimates and assumptions regarding the future, which are regularly evaluated including expectations of the future that are considered reasonable given historic experience and current circumstances. In the future actual experience may differ from these estimates and assumptions.

The Board considers the carrying value of Intangible assets in particular given the relative materiality to the Group. While the Board acknowledges that estimates and assumptions could have a material impact on the carrying value of the intangible assets, the Board has considered the potential for impairment as well as the estimated useful lives of the assets and does not consider the carrying values to be impaired. Further details are provided in note 4 to the financial statements.

Group financial risk management

The Board reviews the financial risk management policy, noting that the Group is exposed to market risk, credit risk and liquidity risk arising from financial instruments. Further details of the Financial Risk Management Framework is provided in note 27 to the financial statements.

The Group's finance function is responsible for managing investment and funding requirements including cash flow monitoring and projections. The cashflow projections are reviewed regularly by the Board to ensure the Group has sufficient liquidity at all times to meet its cash requirements and execute its business strategy.

The Group's strategy is to finance its operations through the cash generated from operations and where necessary equity finance.

The Group's financial instruments comprise cash and various items such as trade and deferred receivables. The Group had £3.06m of cash at the year-end, with interest bearing financial assets bearing interest at fixed interest rates. Deposit risk is mitigated by the Directors setting policy that the Group only places deposits with banks and financial institutions with high credit ratings.

The Group's exposure to credit risk from trade receivables is relatively low, due to the fact that the business has traditionally dealt with customers who generally pay at the point or sale or in advance. Where there are credit accounts, which is an increasing trend in the industry, receivables are controlled through credit limits and regular monitoring.

Foreign currency risk

The Board notes that the Group predominantly trades in US Dollars, Euros and GB Pounds Sterling, and considers the exposure to foreign currency risk to be acceptable. The Group holds reserves in each of these currencies to meet trading obligations as required. The currency risk is actively monitored through a periodic review of inflows and outflows by currency, including an assessment of the extent to which currencies are naturally hedged across the Group's business lines. Where this is not the case consideration is given to the use of hedging instruments.

Glenn Hayward Chief Financial Officer
28 April 2015

Board of Directors

The Board comprises individuals with the appropriate relevant background and experience to carry out its duties. The Board regards its principal duties to include the provision of entrepreneurial leadership to the Group, while also managing business performance, compliance and practising good corporate governance as appropriate for a Group of our size.

John Swingewood Chairman (aged 59)
John is a serial entrepreneur and investor, active in both public and private companies. He is the Chairman of Emizon Group Ltd, an "Internet of Things" technology company. Previously he was director of AIM listed Mobile Tornado Plc and was a founder of Digital Interactive Television Group, acquired by AIM listed Yoomedia Plc for £28 million. He was formerly Director of New Media at BskyB and Director of Internet and Multimedia and General Manager, Broadcast TV Services at British Telecom, a £500 million division employing over 1,000 people worldwide. John obtained a First Class Honours Degree in Electronics at Surrey University.

Benjamin Crawford ("Ben") Chief Executive Officer (aged 49)
Ben Crawford is one of the best-known figures in the domain industry, and is frequently quoted on developments in the internet in the global media. Ben has been the Chief Executive Officer of CentralNic since 2009, successfully launching the company into new markets including the Middle East, China, Japan and Russia, entering the gTLD market, listing on the AIM market and achieving growth organically, through winning new contracts and via acquisitions. Ben is a specialist in global business and corporate development – his former positions included Founding President of Louise Blouin Media, integrating 11 acquisitions in three countries and launching artinfo.com; Managing Director of SportBusiness Group, where he launched the world's leading online gambling trade media Group, iGamingBusiness.com; and Executive Producer of the official website of the Sydney Olympic Games. Ben has an MBA from the Australian Graduate School of Management and a First Class Honours Degree from the University of Sydney.

Glenn Hayward Chief Financial Officer (aged 41)
Glenn joined CentralNic in February 2014, bringing 20 years' experience across a variety of sectors, with particular experience working with technology companies, most notably in the domain name industry. Most recently, Glenn worked as Executive Director, Business Development and Finance, for Nominet, the organisation which manages the .uk internet domain. Nominet has a turnover of £26 million with 130 employees. Glenn has a bachelor's degree in Physics from the University of Birmingham and between 2011 and 2012 qualified in the Institute of Director's Certificate and then Diploma in Company Direction with distinctions. He also won Finance Director of the Future at the UK's Finance Director Excellence Awards 2011. Glenn qualified as a Chartered Accountant in 1998 while working for Morris & Co Chartered Accountants.

Robert Pooke Executive Director (aged 54)
Robert Pooke is one of the founders of CentralNic and has been involved in the domain name industry since 1998. Prior to that, he founded (and later sold) two online companies, one of which was a multi-player games business. In the earliest part of his career, for 13 years, Robert opened and ran a small chain of 3 discount retail stores, which he eventually sold.

Samuel Dayani Non-Executive Director (aged 38)
Samuel Dayani is a partner at the Joseph Samuel Group and responsible for managing the Group investments and business development. He is also a Director of Opes Industries Ltd, a waste to energy, landfill and recycling business. From 2001-2005, Samuel was the Chief Operating Officer and then Managing Director of ViaVision Ltd, an interactive TV company, before it was sold to Yoomedia plc.

Samuel graduated from Queen Mary College, University of London with a BSc in Business and Biology in 2000.

Thomas Rickert Non-Executive Director (aged 45)
Thomas Rickert is an attorney-at-law in Germany. He is the Managing Director and owner of Rickert Rechtsanwaltsgesellschaft mbH, a law firm in Bonn. Thomas has extensive experience in the domain industry working on domain disputes as well as advising Registrars, Registry Service Providers and new gTLD applicants both on contractual as well as policy matters. Thomas is an expert speaker on domain related subjects both at the national and international level. Thomas has been appointed by ICANN's Nominating Committee to serve on the Council of the Generic Names Supporting Organisation (GNSO), which is the body responsible for developing policy for generic domain names. He is also co-chair of the Cross Community Working Group on enhancing ICANN accountability in the context of IANA Stewardship Transition.

Thomas Pridmore ("Tom") Non-Executive Director (aged 43)
Tom Pridmore began his career as a solicitor at Norton Rose, specialising in corporate finance, where he acted on behalf of institutional clients in relation to a variety of corporate finance and M&A activities. Tom then joined Flextech/Telewest Plc as Head of Corporate Strategy, where he was responsible for directing investment into strategic Internet and interactive television companies. In 2000, Tom co-founded the international fund manager and investment adviser Development Capital Management Limited. In this capacity he has set-up and managed real estate investment and development operations in Turkey, India, North Africa, Eastern Europe and the UK on behalf of both institutional and private clients.

Directors' report

Principal activities
CentralNic Group Plc is the ultimate holding company of a Group of companies.

The principal activities of the Group are the provision of Domain Name registry, registrar and enterprise services. A more comprehensive description of the Group's activities, performance, and likely developments are provided in the Chairman's statement, the Chief Executive's Report, the Strategic Report, the Chief Financial Officer's Report, the Corporate Governance Report and the Remuneration Report, which are incorporated by reference into this report.

A list of the subsidiary undertakings is disclosed in note 16 to the Financial Statements.

Financial instruments
Details of the use of financial instruments and financial risk management are included in note 27 to the Financial Statements.

Results and dividends
Information on the results and dividends is provided in the Chairman's Statement and the Chief Financial Officer's Report.

Directors
The Company was incorporated on 19 June 2013, with a view to becoming the Parent Company after admission to AIM. The admission was completed on 2 September 2013, and at this time the Board was expanded.

The Directors who served during the year were as follows:

Executive Directors
Benjamin Crawford (Chief Executive Officer)

Glenn Hayward (Chief Financial Officer and Company Secretary – appointed to the Board 10 February 2014)

Donald Baladasan (Chief Financial Officer – resigned from Board 10 February 2014)

Robert Pooke (Executive Director)

Non-Executive Directors
John Swingewood (Non-Executive Chairman)

Samuel Dayani

Thomas Rickert (appointed 2 September 2013)

Thomas Pridmore (appointed 2 September 2013)

The biographical details of the Directors are provided on pages 18 and 19 of this report.

Two Directors will retire at the Company's Annual General Meeting, and being eligible will offer themselves for re-election.

The Directors and their interests in the shares in the Group
The Directors of the Company, and their interests in the shares and share options of the Company, are shown in the Remuneration Report on pages 27 to 29 of this report.

Transactions with any parties related to the Directors are disclosed in note 24 to the Financial Statements.

Directors conflicts of interest
Each Director is required, in accordance with the provisions of the Companies Act 2006, to declare any interests that may give rise to a conflict of interest with the Company on appointment and subsequently as they arise. Where such a conflict or potential conflict arises, the Board is empowered under the Company's Articles of Association to consider and authorise such conflicts as appropriate.

Articles of Association
The Company's Articles of Association set out the Company's internal regulation and cover such matters as the rights of shareholders, the appointment and removal of Directors and the conduct of Board and general meetings.

A copy of the Company's Articles of Association is available on the Group's website (https://www.centralnic.com/investors/reports).

Subject to the provisions of legislation, the Company's Articles of Association and any directions given by resolutions of the shareholders, the Board may exercise all powers of the Company and may delegate authorities to committees and management as it sees fit. Details of the committees of the Board and their activities are contained in the Corporate Governance Report on pages 24 to 26 of this report.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Principal risks and uncertainties
The board's assessment of the principal risks and uncertainties, together with the mitigating factors are presented in the strategic report on page 14.

Substantial shareholders

In addition to the Directors Interests disclosed in the Remuneration Report, and in accordance with Part 22 of the Companies Act 2006, the Company has been notified that the following shareholder's interests exceeded 3% of the Company's ordinary share capital in issue at the 31 March 2015:

	Ordinary shares	Percentage
Erin Invest & Finance Ltd	21,630,382	35.35%
UBS Private Banking Nominees Ltd (R Pooke)	8,400,581	13.73%
Jabella Group Ltd	5,687,891	9.30%
Schroder Investment Management	5,090,909	8.32%
Christian Phillips	4,750,000	7.76%
Natwest FIS Nominees	3,699,000	6.05%
Unicorn Asset Management	3,188,181	5.21%
Marco Rinaudo	2,090,738	3.42%

No substantial shareholders have different voting rights to other holders of the share capital of the Company.

Corporate governance

The Corporate Governance Report, on pages 24 to 26 is incorporated into this report by reference.

Corporate responsibility

The Board recognises its employment, environmental and health and safety responsibilities, and devotes appropriate resources towards monitoring and improving compliance with existing standards.

Management and staff

CentralNic's management team has been assembled to ensure the Group has the number of people and range of skills required to deliver the business strategy. The team is diverse and brings functional expertise across a number of disciplines including technical and operational delivery, finance, law, marketing and sales.

While the business is managed under budgetary controls, the Directors focus on ensuring there is succession planning in place as is appropriate for a business of our size. We also ensure there is regular communication of information affecting our managers and their teams, to ensure all employees are kept up to date with issues affecting them.

Our staff and key consultants represent a number of different nationalities, and we are also pleased by the gender diversity in our business.

The executive leaders within the business recognize the importance of engaging with our employees and do so informally on a day to day basis. We often use a cascade approach to employee communications, with the heads of departments disseminating appropriate information to their teams, including those located elsewhere around the world.

While we do not believe that human rights issues are a significant risk to our business currently, we are conscious that as we expand into new international markets issues of human rights may become more significant. The Directors keep all aspects of business development under review, and act with caution and integrity to ensure all our activities and specifically business development activities are respectful of human rights.

The Board recognises the importance of engaged employees working within the Group and how they are vital to the future success of the business. However, given the size of the Group there is dependency on a few key individuals and this is discussed further in the Risks and Uncertainties on page 14.

The Group is committed to achieving equal opportunities and to complying with anti-discrimination legislation. The Group is committed to offering employees and job applicants equal and fair opportunity to benefit from employment without regard to their sex, sexual orientation, marital status, race, religion or belief, age or disability.

Communication with employees is primarily through formal and informal meetings and through the use of the Group's information systems.

The Group has a policy of share participation at all levels.

Quality accreditations

CentralNic is both ISO 27001 (information security management) and ISO 9001 (quality management system) accredited. These accreditations are internationally recognised and provide CentralNic's partners with additional levels of assurance as to the technical integrity of the Group's IT systems.

Directors' report continued

Anti-bribery and corruption compliance

CentralNic conducts business ethically, maintains financial integrity and behaves responsibly in our business dealings.

The Group Directors and its senior management are committed to ensuring strict adherence to our anti-bribery and corruption policy, and compliance with anti-bribery and corruption laws.

All Directors, employees and consultants have received training sessions in maintaining the highest standards of professional conduct and are aware of the need to carry out business fairly, honestly and openly. Clear lines of communication and responsibility are in place to report any incidences or suspected incidences of abuse to provide an effective, trusted reporting mechanism.

Environment

The Group is committed to operating in an environmentally responsible manner. The Directors consider environmental impact when making decisions.

The community, charitable and political donations

The Directors consider the impact on the community when making decisions.

During the year charitable donations totalling £150 were made to WaterAid UK, a charity that works specifically to improve water sanitation and hygiene in the developing world (2013: £650).

The Group made no political donations during the year, either in the UK or overseas.

Policy on the payment of creditors

The Group's policy is to agree terms and conditions for its business transactions with suppliers and to endeavour to abide by these terms and conditions, subject to the supplier meeting their obligations.

No one supplier is considered to be essential to the business of the Group.

Health and safety

The Directors and senior management are committed to providing for the welfare, health and safety of the Group's employees and have procedures in place, including regular monitoring by third party specialists, to ensure compliance with our legal and contractual obligations.

Business continuity

The Group has built a resilient technology infrastructure, designed to provide data security and continuity of service. The Board recognises the importance of resilience to cyber threats and invests in primary and secondary data centres along with a distributed domain name server constellation operated by the Group and third party providers. The Board keeps the infrastructure requirements under review and adopts a continuous improvement approach to further investment, within appropriate parameters, as business activities expand. The technical provision, alongside customer support, is considered one of the most significant aspects of Business Continuity.

Statement of Directors responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company Law requires the Directors to prepare both the Group and Parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and applicable law. The Parent Company financial statements have been prepared under UK GAAP.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRS as adopted by the EU; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the provisions of the Companies Act 2006. The Directors have general responsibility to take such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ in other jurisdictions.

Disclosure of audit information

The Directors confirm that, as at the date of approval of this annual report and these financial statements, so far as each Director is aware there is no relevant audit information of which the Company's auditor is unaware and that he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Going concern

The Directors have in place procedures to review the forecasts and budgets for the coming year, which have been drawn up with appropriate regard for both the macroeconomic environment in which the Group operates and the particular circumstances influencing the Domain Name industry and the Group itself. These were prepared with reference to historic and current industry knowledge, contracted trading activities, and prospects that relate to the future strategy of the Group. As a result, at the time of approving the financial statements, the Directors consider that the Company and the Group have sufficient resources to continue in operational existence for the foreseeable future and that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

As with all forecasts, the Directors cannot guarantee that the going concern basis will remain appropriate given the inherent uncertainty relating to future events. Principle areas of Uncertainty and Risks are highlighted on page 14.

Auditors

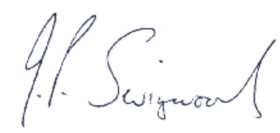
The Company's independent external auditors, Crowe Clark Whitehill LLP, were initially appointed on 17 July 2013 and then reappointed at the Company's Annual General Meeting of 11 June 2014. It is proposed by the Board they be put forward for reappointment as auditors and a resolution concerning their reappointment will be proposed at the forthcoming AGM.

Registered office

35-39 Moorgate, London EC2R 6AR

Registered number: 08576358

Approved by the Board and signed on it's behalf by:



John Swingewood Chairman
28 April 2015

Cautionary statement

Under the Companies Act 2006, a Company's Directors' Report is required, among other matters, to contain a fair review by the Directors of the Group's business, through a balanced and comprehensive analysis of the development and performance of the business of the Group and the position of the Group at the year end, consistent with the size and complexity of the business.

The Directors' Report set out above, including the Chairman's Statement, the Chief Executive's Report, and the Chief Financial Officer's Report incorporated into it by reference (together with the Directors' Report), has been prepared only for the shareholders of the Company as a whole, and its sole purpose and use is to assist shareholders to exercise their governance rights. In particular, the Directors' Report has not been audited or otherwise independently verified. The Company and its Directors and employees are not responsible for any other purpose or use or to any other person in relation to the Directors' Report.

The Directors' Report contains indications of likely future developments and other forward-looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries, sectors and business segments in which the Group operates. These factors include, but are not limited to, those discussed under Principal Risks and Uncertainties. These and other factors could adversely affect the Group's results, strategy and prospects. Forward-looking statements involve risks, uncertainties and assumptions. They relate to events and/or depend on circumstances in the future which could cause actual results and outcomes to differ materially from those currently anticipated. No obligation is assumed to update any forward looking statements, whether as a result of new information, future events or otherwise.

Corporate governance

Board governance and policy

The Directors acknowledge the importance of the principles set out in the UK Corporate Governance Code. Although the Corporate Governance Code is not compulsory for AIM quoted companies, the Directors have applied the principles in the Code as far as practicable and appropriate for a company of its size and nature, in accordance with the QCA Corporate Governance Code for small and mid-sized Quoted Companies 2013.

The Board comprises a Non-Executive Chairman, three executive directors and three non-executive directors. The Board meets regularly to consider the business strategy, performance and the framework of internal controls. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings. All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

In line with the requirements of the UK Corporate Governance Code and the Company's Articles of Association, the Group has voluntarily chosen that two Directors will retire at the Annual General Meeting and being eligible, will offer themselves for re-election.

Board Committees

The Company has established Audit, Nomination and Remuneration Committees.

The terms of reference for the three committees were reviewed during the year and are available for inspection on request from the Company Secretary.

Audit Committee

The Audit Committee has John Swingewood as Chairman and other members of the Committee include Samuel Dayani, Thomas Rickert and Thomas Pridmore. The Chief Financial Officer is invited to and regularly does attend the Committee meetings.

The primary responsibilities of the Committee, having due regard for the interests of Shareholders include:

- Monitoring the integrity of the half yearly and annual financial statements and formal announcements regarding the Group's financial performance
- Reviewing significant accounting policies, areas of significant estimates and judgments and disclosures in financial reports
- Monitoring the quality and effectiveness of internal control procedures and risk management systems
- Considering the requirement for Internal Audit, taking into account the size and nature of the Company and the Group
- Reviewing the external auditor reports relating to the Company's accounting and internal control procedures
- Overseeing the Board's relationship with the external auditors, including their continued independence and making recommendations to the Board on the selection of external auditors.

The Audit Committee is required to meet at least twice a year. During the year the Committee met on three occasions.

The appointment of the independent external auditor is approved by the shareholders annually. The independent auditor's audit of the financial statements is conducted in accordance with International Standards on Auditing, ISA (UK and Ireland) issued by the Auditing Practices Board.

It is noted that the external auditor also operates procedures designed to safeguard their objectivity and independence.

The Audit Committee reviews all fees related to non-audit work, and the committee reviews any material non-audit work prior to commencement. Details of auditor fees can be found in note 7 to the financial statements.

Remuneration Committee

The Group's Remuneration Committee is responsible, on behalf of the Board, for developing remuneration policy. Details of objectives and policy are provided in the Remuneration Report on page 27.

The Remuneration Committee has John Swingewood as its Chairman and other members of the Committee include Samuel Dayani, Thomas Rickert and Thomas Pridmore.

The primary responsibilities of the Committee, having due regard for the interests of Shareholders include:

- Determining and agreeing with the Board the remuneration policy for the Chairman of the Board, the non-Executive Directors and the Executive Directors and other senior managers
- Reviewing the design of share incentive plans for approval by the Board and determining the award policy to Executive Directors and personnel under existing plans
- Determining the remainder of the remuneration packages (principally salaries, bonus and pension) for the Executive Directors and senior management including any performance-related targets
- Reviewing and noting remuneration trends across the Group
- Co-ordinating with the Nominations Committee in relation to the remuneration to be offered to any new Executive Director; and
- Taking responsibility for the selection criteria and if appropriate selecting, appointing and setting terms of reference for any remuneration consultants engaged to advise the Committee.

The Remuneration Committee was created in September 2013 and is required to meet at least twice a year. During 2014 the Committee met on three occasions.

It is the Group's policy that Executive Directors' service contracts contain at least a 6 month notice period.

Nominations Committee

The Group's Nominations Committee has the power and authority to carry out a selection process of candidates before proposing new appointments to the Board.

The Nominations Committee has John Swingewood as its Chairman and other members of the Committee include Samuel Dayani, Thomas Rickert and Thomas Pridmore.

The Nominations Committee was created in September 2013 and is required to meet at least once a year. During 2014 the Committee met on one occasion.

The Group has adopted a policy for Directors and key employee share dealings which is appropriate for an AIM-quoted Group. The Directors comply with Rule 21 of the AIM rules relating to Director's dealings and take reasonable steps to ensure compliance by the Group's applicable employees.

The Executive and Non-Executive Directors service contracts are available for inspection by shareholders on request to the Company Secretary.

The Chairman and Non-Executive Directors do not participate in agenda items at any meeting when discussions in respect of matters relating to their own position take place.

Risk management and internal controls

The Board has primary responsibility for establishing and maintaining the Group's financial and non-financial controls, as well as identifying the major risks facing the Group.

Internal control systems are designed to meet the particular needs of the Group and the risks to which it is exposed. By their nature, internal controls can provide reasonable but not absolute assurance against material misstatement or loss.

The Executive Directors and Senior Management have specific responsibilities for aspects of the Group's affairs and have regular discussions to address operational matters, as well as considering the skillsets required in their teams to maintain the internal controls required.

Accounting procedures

The financial processes and control systems are kept under regular review by the Executives with oversight from the Board, with a view to further evolution and improvement as the Group's activities expand.

Accounting procedures are managed on a day to day basis by the Finance team. Responsibility levels are set and agreed with the Board, with authority delegated to appropriate responsible managers as well as the Executive. Segregation of duties is deployed to the degree this is practical and efficient, noting the size of the Group.

Monthly management accounts are reported to the Board, under IFRS (EU) with the content aligned to the Group's management information requirements. The Board reviews the accounts in detail during each Board meeting and requests further information as the need arises. Comparisons to approved budgets and forecasts are prepared with associated commentary provided.

The Company prepares annual Budgets which are reviewed by the Board. The Budgets are then updated during the year to provide latest forecasts.

Capital expenditure is regulated by the Budget process, and is kept under regular review during the year. Investment appraisal techniques, using discounted cashflow projections, are deployed in relation to material investments and are reviewed by the Board as part of good governance such that material transactions that are significant in terms of their size or type are only undertaken after Board review.

The Board acknowledges that there are processes in place for identifying, evaluating and managing risks faced by the Group, and places emphasis on continuous process improvement.

Corporate responsibility, the environment and health and safety

The Group is committed to maintaining and promoting high standards of business integrity. Company values, which incorporate the principles of corporate social responsibility and sustainability, guide the Group's relationships with clients, employees and the communities and environment in which the Group operates.

The Group's approach to sustainability addresses both our environmental and social impacts, supporting the Group's vision to remain an employer of choice, while meeting client demands for socially responsible partners. By way of example the Group companies have arranged and promoted a number of ACE (Athletics, Community and Environmental) activities in the past and these are likely to continue; the Company is certified by the Carbon Neutral Company.

The Group respects local laws and customs while supporting international laws and regulations. These policies have been integral in the way Group companies have done business in the past and will continue to play a central role in influencing the Group's practice in the future.

Corporate governance continued

Communications with shareholders
The Board regards the importance of effective communication with shareholders as essential.

Relations with shareholders are managed principally by the Chief Executive Officer and the Chairman, and meetings are regularly held with institutional investors and analysts during the year.

The Chairman, Chief Executive Officer, the Chief Financial Officer and if required Non-Executive Directors make themselves available for meetings with major shareholders either individually or collectively. The Group's shareholders are invited to attend the AGM at which the majority of Directors are present. The Group's Nominated Advisors and Joint Brokers also convey shareholder opinions to the Chairman and Chief Executive Officer and these are discussed with the Board.

The Group's website contains information on current business activities, including the annual and interim results.

Annual General Meeting date
The Annual General meeting will be convened in accordance with the provisions of the Companies Act 2006. The Annual General Meeting will take place on 28 May 2015 at 10.00am at the offices of the Company's solicitors:

DWF LLP
20 Fenchurch Street
London
EC3M 3AG

The proposed resolutions together with proxy forms and this annual report will be distributed to shareholders by the 4 May 2015, if not before.

Remuneration report

As the Company is an AIM listed company, it is not required to present a Directors' Remuneration report. However, the Board has chosen to do so in line with evolving best practice.

Remuneration Committee

The membership of the Committee and the principal activities are detailed in the Corporate Governance section of the annual report on pages 24 and 25.

Remuneration policy

The Company's remuneration policy is focussed on being able to attract, retain and incentivise management with the appropriate skills and expertise to realise the Group's strategic objectives and align managements' interests with those of shareholders.

In particular the Remuneration Committee seeks to link payment to performance and as a result create a performance culture within the business.

The Directors believe that it is important to properly motivate and reward key senior employees and executives and to do so in a manner that aligns their interests with that of the Shareholders. The Directors also recognise the importance of ensuring that all employees are well motivated and identify closely with the profitability of the Company.

Directors remuneration

The average number of staff employed by the Group is included in note 8 to the financial statements.

Disclosure of the remuneration for key management personnel, as required under IAS 24, is also detailed in note 8 to the financial statements.

In terms of the remuneration of the Company's Directors, entries to profit and loss included in the Statement of Comprehensive Income include:

	Salaries & fees £'000	Bonus £'000	Pension £'000	Share-based payments £'000	**2014 £'000**	2013 £'000
CentralNic Limited						
Non-Executive Directors						
Robert Pooke	–	–	–	–	**–**	33
Samuel Dayani	–	–	–	–	**–**	40
CentralNic Group PLC following IPO						
Non-Executive Directors						
Samuel Dayani	25	–	–	–	**25**	8
John Swingewood	40	–	–	–	**40**	13
Thomas Rickert	25	–	–	13	**38**	11
Tom Pridmore	25	–	–	13	**38**	12
Executive Directors						
Robert Pooke	60	–	–	–	**60**	20
Ben Crawford	146	66	–	163	**375**	108
Glenn Hayward	113	23	16	–	**152**	–
Donald Baladasan	6	–	–	–	**6**	23
	440	89	16	189	**734**	268

Included in the Directors' salaries and fees above is a charge of £54,000 in the year to the Company and Group by Robert Pooke Consulting (2013: £51,335) of which Robert Pooke has a controlling interest.

Included in the Directors' salaries and fees above is a charge of £25,000 in the year to the Company and Group by Laura Trading LLC (2013: £48,333) of which Samuel Dayani has a controlling interest.

Included in the Directors' salaries and fees above is a charge of £40,150 in the year to the Company and Group by Swingewood Consulting Ltd (2013: £13,333) of which John Swingewood has a controlling interest. Consultancy fees of £nil were incurred during 2014 (2013: £33,333).

Included in the Directors' emoluments above is a charge of £206,333 in the year to the Company and Group by Ben Crawford FZE (2013: £64,251) of which Ben Crawford has a controlling interest. Consultancy fees of £nil were incurred during 2014 (2013: £129,500).

Included in the Directors' salaries and fees above is a charge of £18,767 in the year to the Company and Group by WJP Consulting Ltd (2013: £nil) of which Tom Pridmore has a controlling interest.

Included in the Directors' emoluments above is a charge of £5,333 in the year to the Company and Group by Mataxis Ltd (2013: £18,879) of which Donald Baladasan has a controlling interest. Consultancy fees of £16,500 have also been incurred during 2014 (2013: £39,275).

Remuneration report continued

In addition, the following fees were also paid to Directors for work undertaken in relation to the placing of shares in 2013 and included in the 2013 share issue costs:

	Fees £'000
Samuel Dayani (Laura Trading LLC)	30
Ben Crawford (Ben Crawford FZE)	79
Donald Baladasan (Mataxis Ltd)	46
John Swingewood (Swingewood Consulting Ltd)	8
Robert Pooke (Robert Pooke Consulting)	8
	171

Share options

Prior to admission to AIM CentralNic established an unapproved share option scheme under which certain key executives and employees were invited to participate.

In addition, again prior to AIM admission, CentralNic also granted options under an Enterprise Management Incentive Scheme (EMI) under separate EMI option agreements to certain qualifying key executives and employees. These options were rolled over into the Company during 2013.

To reflect existing commitments, the options granted in June 2013 for the unapproved option scheme and the EMI scheme will vest in 12 equal instalments at 3 month intervals following Admission (so that the options will have fully vested 3 years after the date of the grant). The unapproved options granted on 14th October 2013 will vest 3 years after the date of grant.

None of the Directors participate in the EMI scheme, but Ben Crawford participates in both the June 2013 and October 2013 unapproved scheme, and Donald Baladasan (a former Director) participates in the June 2013 unapproved scheme.

These share incentive arrangements are designed to support the strategy of generating significant sustainable value for shareholders by linking the rewards for executives with the value created for Shareholders and thereby aligning the interests of key executives with those of Shareholders.

Shares acquired or options granted under any share incentive arrangements operated by the Company will be limited in total to 10 per cent of the Company's issued share capital from time to time.

The table below shows the outstanding share options issued to Directors and former Directors at 31 December 2014, noting that no options were granted during 2014:

	Number of options	Exercise price	Options granted
Outstanding at 1 January and 31 December 2014			
Ben Crawford	**1,316,000**	10p	1 June 2013
Donald Baladasan (former Director)	**125,000**	10p	1 June 2013
Ben Crawford	**850,000**	55p	14 October 2013
Thomas Rickert	**88,000**	55p	14 October 2013
Tom Pridmore	**88,000**	55p	14 October 2013
Total	**2,467,000**		

None of the options have been exercised during the year and no options have expired. All options expire within 10 years of grant.

Further details are provided in relation to share based payments in note 26 to the financial statements.

In addition, a further 1,084,000 options over ordinary shares are in issue, being held by the Company's employees.

The IFRS2 charge in the year for all share option plans relating to the Directors was £189,518 (2013: £51,585).

On 31 December 2014, the closing market price of CentralNic Group plc ordinary shares was 43 pence. The highest and lowest price of these shares in the year were 98 pence on 1 January 2014 and 36 pence on 24 November 2014 respectively.

Directors' interests

(a) As at 31 December 2014, the interests of the Directors, including persons connected with the Directors within the meaning of section 252 of the Companies Act 2006, in the issued share capital of the Company are as follows:

	Ordinary Shares	Percentage
Erin Invest & Finance Ltd*	21,630,382	35.35%
UBS Private Banking Nominees Ltd (R Pooke)**	8,400,581	13.73%
Jabella Group Ltd***	5,687,891	9.30%
Natwest FIS Nominees****	3,699,000	6.05%

* The beneficial holder of Erin and Natwest FIS Nominee Limited is the father of Samuel Dayani, a Director of the Company. Of these shares 5,687,891 Ordinary Shares are held by Jabella Group Limited in which Erin has a 53.80 per cent. interest

** 5,687,891 Ordinary Shares are held by Jabella Group Limited in which Robert Pooke has a 32.0 per cent. interest

*** Jabella Group Limited is a BVI company owned inter alia, by Erin, Natwest FIS Nominee Limited, John Swingewood and Robert Pooke.

**** 5,687,891 Ordinary Shares are held by Jabella Group Limited in which Natwest FIS Nominee Limited has a 8.40 per cent interest

There are no changes to this information as at the date of this report.

(b) Save as disclosed in this annual report, none of the Directors nor any members of their families, nor any person connected with them within the meaning of section 252 of the Act, has any interest in the issued share capital of the Company or its subsidiaries.

(c) Save as disclosed in this annual report, as at the date of this Document, no Director has any option over any warrant to subscribe for any shares in the Company.

(d) None of the Directors nor any members of their families, nor any person connected with them within the meaning of section 252 of the Act, has a related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares.

(e) None of the Directors is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company and remains in any respect outstanding or unperformed.

(f) There are no outstanding loans made or guarantees granted or provided by the Company to or for the benefit of any Director other than disclosed in notes 15 and 24 to the financial statements.

(g) Save as disclosed in this Annual report, there are no potential conflicts of interest between any duties to the Company of the Directors and their private interests or their other duties.

Independent Auditors' report

to the Members of Centralnic Group plc

We have audited the financial statements of CentralNic Group plc for the year ended 31 December 2014 which comprise the Group Statement of Financial Position and Parent Company Balance Sheet, the Group Statement of Comprehensive Income, the Group Cash Flow Statement, the Group Statement of Changes in Equity and the Parent Company Reconciliation of Movements in Shareholders' Funds and the related notes set out on pages 31 to 64.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2014 and of the Group's profit and the Parent Company's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Stephen Bullock
Senior Statutory Auditor

For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor

St Bride's House
10 Salisbury Square
London
EC4Y 8EH

28 April 2015

Consolidated statement of comprehensive income

for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Revenue	5,6	6,067	3,051
Cost of sales		(2,494)	(713)
Gross profit		3,573	2,338
Administrative expenses		(2,854)	(1,578)
Share based payments expense		(222)	(66)
Operating profit		497	694
Adjusted EBITDA*		1,724	1,015
Depreciation	13	(90)	(16)
Amortisation of intangible assets	14	(448)	(239)
Acquisition deal fees		(467)	–
Share based payments expense		(222)	(66)
Operating profit		497	694
Finance income	10	23	7
Profit before taxation	7	520	701
Income tax expense	11	(156)	(171)
Profit after taxation attributable to equity shareholders		364	530
Other comprehensive income			
Other comprehensive income		–	1
Total comprehensive income for the financial year attributable to equity shareholders		364	531

	Note	2014 Pence	2013 pence
Earnings per share			
Basic	12	0.60	1.00
Diluted	12	0.56	0.91

* Earnings before interest, tax, depreciation and amortisation, non-trading items and non-cash charges.

All amounts relate to continuing activities.

The notes on pages 35 to 57 form an integral part of these financial statements.

Consolidated statement of financial position

as at 31 December 2014

	Note	2014 £'000	2013 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	90	54
Intangible assets	14	6,118	1,941
Deferred receivables	15	916	694
Investments	16	997	2
Deferred tax assets	21	74	–
		8,195	2,691
Current assets			
Trade and other receivables	17	2,333	316
Cash and bank balances	18	3,056	4,932
		5,389	5,248
Total assets		13,584	7,939
EQUITY AND LIABILITIES			
Equity			
Share capital	19	61	59
Share premium	19	4,935	3,485
Share based payments reserve		1,018	742
Foreign exchange translation reserve		1	1
Retained Earnings		885	521
Total equity		6,900	4,808
Non-current liabilities			
Other payables	20	725	457
Deferred tax liabilities	21	72	62
		797	519
Current liabilities			
Trade and other payables and accruals	22	5,671	2,427
Taxation payable		216	185
		5,887	2,612
Total liabilities		6,684	3,131
Total equity and liabilities		13,584	7,939

These financial statements were approved and authorised for issue by the Board of Directors on 28 April 2015 and were signed on it's behalf by:

John Swingewood Chairman

Company Number: 08576358

The notes on pages 35 to 57 form an integral part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2014

	Share capital £'000	Share premium £'000	Share based payments reserve £'000	Foreign exchange translation reserve £'000	Retained earnings £'000	Total £'000
Balance as at 31 December 2012	50	–	–	–	629	679
Profit for the year	–	–	–	–	530	530
Other comprehensive income for the year – translation of foreign operation	–	–	–	1	–	1
Total comprehensive income for the year	–	–	–	1	530	531
Dividends	–	–	–	–	(638)	(638)
Issue of new shares	9	4,991	–	–	–	5,000
Share issue costs	–	(1,506)	–	–	–	(1,506)
Share based payments	–	–	742	–	–	742
Balance as at 31 December 2013	59	3,485	742	1	521	4,808
Profit for the year	–	–	–	–	364	364
Other comprehensive income for the year – translation of foreign operation	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	364	364
Issue of new shares	2	1,472	–	–	–	1,474
Share issue costs	–	(22)	–	–	–	(22)
Share based payments	–	–	222	–	–	222
Share based payments – deferred tax asset	–	–	54	–	–	54
Balance as at 31 December 2014	**61**	**4,935**	**1,018**	**1**	**885**	**6,900**

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 profits 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 currency translation reserve represents the cumulative exchange differences arising on Group consolidation.

The notes on pages 35 to 57 form an integral part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2014

	2014 £'000	2013 £'000
Cash flow from operating activities		
Profit before taxation	520	701
Adjustments for:		
Depreciation of property, plant and equipment	90	16
Amortisation of intangible assets	448	239
Share based payments	222	66
Operating profit before working capital changes	1,280	1,022
Increase in trade and other receivables	(664)	(138)
Increase in trade and other payables and accruals	934	375
Cash flow from operations	1,550	1,259
Income tax paid	(136)	(125)
Net cash flow from operating activities	1,414	1,134
Cash flow used in investing activities		
Purchase of property, plant and equipment	(126)	(50)
Purchase of intangible assets	(1,838)	(216)
Disposal of intangible assets	–	–
Loan repayments (paid to)/received from third parties	(102)	283
Purchase of investments	(997)	–
Net cash flow used in investing activities	(3,063)	17
Cash flow used in financing activities		
Proceeds from issuance of ordinary shares	–	4,169
Repayments of borrowings	–	319
Dividends paid	–	(638)
Reduction in deferred consideration	(230)	(223)
Net cash flow generated from/(used in) financing activities	(230)	3,627
Net increase in cash and cash equivalents	(1,879)	4,778
Cash and cash equivalents at beginning of the year	4,932	160
Exchange losses on cash and cash equivalents	3	(6)
Cash and cash equivalents at end of the year	3,056	4,932

The notes on pages 35 to 57 form an integral part of these financial statements.

Notes to the consolidated financial statements

for the year ended 31 December 2014

1. General information

(a) Nature of operations

CentralNic Group Plc is the UK holding company of a group of companies which are engaged in the provision of independent global domain name registry services. The Company was incorporated on 19 June 2013 to become the holding company of the Group following a reorganisation which took place on 9 August 2013. 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 registry, 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.

(b) Component undertakings

The principal activities of the subsidiaries and other entities included in the financial statements are as follows:

Name	Place of incorporation/ establishment	Principal activities	Issued and paid-up/ registered capital	Effective interests
CentralNic Limited	England and Wales	Domain registry services provider	Ordinary shares	100%
CentralNic USA Limited	USA	US sales office	Ordinary stock	100%
GB.com Limited	England and Wales	Dormant – holds domain name	Ordinary shares	100%
Who Is Privacy Limited	England and Wales	Dormant	Ordinary shares	100%
TLD Registrar Solutions Limited	England and Wales	Domain registrar services provider	Ordinary shares	100%
Internet Domain Service BS Corp	Commonwealth of The Bahamas	Domain registrar services provider	Ordinary shares	100%
Whois Privacy Corp	Commonwealth of The Bahamas	Domain registrar services provider	Ordinary shares	100%
Hoxton Domains Limited	England and Wales	Aftermarket domain services	Ordinary shares	100%

2. Application of IFRS

(a) Basis of preparation

The Company was incorporated on 19 June 2013 and on 9 August 2013 acquired the entire share capital of CentralNic Limited. As a result of this transaction, the ultimate shareholders in CentralNic Limited received shares in the Company in direct proportion to their original shareholdings in CentralNic Limited.

Under IFRS 3 (revised) "Business Combinations", the acquisition of CentralNic Limited by the Company has been accounted for as a reverse acquisition and the consolidated IFRS financial statements of the Company is therefore a continuation of the financial statements of CentralNic Limited.

As a result any financial statements after 9 August 2013 represent consolidated financial statements of the Group. Prior to this date, the historical financial statements represent the financial statements of the Company's subsidiary, CentralNic Limited (see Note 3 of the Company financial statements), and CentralNic Limited's subsidiary undertakings. On this basis, the comparative information is pro-forma.

The financial statements are measured and presented in sterling (£), unless otherwise stated, which is the currency of the primary economic environment in which the entities operate. They have been prepared under the historical cost convention, except for financial instruments that have been measured at fair value through profit and loss.

The financial statements have 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 financial statements have 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 Director's have reviewed forecasts and budgets for the coming year having regard to both the macroeconomic environment in which the Group operates, historic and current industry knowledge and contracted trading activities and the future strategy of the Group. As a result of that review the Director's consider that it is appropriate to adopt the going concern basis of preparation.

Notes to the consolidated financial statements continued

2. Application of IFRS continued

(b) Standards, amendments and interpretations to published standards not yet effective
The Directors have considered those Standards and Interpretations, which have not been applied in the Financial Statements but are relevant to the Group's operations, that are in issue but not yet effective and do not consider that any will have a material impact on the future results of the Group.

3. Summary of significant accounting policies

The financial statements have been prepared on the historical cost basis, as explained in the accounting policies set out below, which has been prepared in accordance with IFRS. The principal accounting policies are set out below.

(a) Basis of consolidation
The consolidated financial statements include the financial statements of all subsidiaries. The financial year ends of all entities in the Group are coterminous.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control over the operating and financial decisions is obtained and cease to be consolidated from the date on which control is transferred out of the Group. Control exists when the Company has the power, directly, or indirectly, to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities.

On 9 August 2013, the Group, previously headed by CentralNic Limited underwent a re-organisation under which CentralNic Limited's shareholders in their entirety exchanged their shares for shares in CentralNic Group Plc a newly formed company, which then became the ultimate Parent Company of the Group.

Notwithstanding the change in the legal parent of the Group, this transaction has been accounted for as a reverse acquisition under IFRS 3 (revised) "Business Combinations" and the consolidated financial statements are prepared on the basis of the new legal parent having been acquired by the existing Group.

All intercompany balances and transactions, including recognised gains arising from inter-group transactions, have been eliminated in full. Unrealised losses are eliminated in the same manner as recognised gains except to the extent that they provide evidence of impairment.

(b) Business combinations
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised in either profit or loss or as a change to Other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3. Summary of significant accounting policies continued

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(c) Functional and foreign currencies

(i) Functional and presentation currency

The financial statements are presented in £ rounded to the nearest thousand, which is CentralNic's functional and presentation currency.

The individual financial statements of CentralNic Group entities are presented in the currency of the primary economic environment in which the entity operates, which is either £ or US$.

(ii) Transactions and balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(d) Financial instruments

Financial assets and liabilities are recognised in the statements of financial position when CentralNic or one of the CentralNic Group entities has become a party to the contractual provisions of the instruments.

The CentralNic Group's financial assets and liabilities are initially measured at fair value plus any directly attributable transaction costs. The carrying value of the CentralNic Group's financial assets, primarily cash and bank balances, and liabilities, primarily CentralNic's payables and other accrued expenses, approximate their fair values.

Financial instruments are offset when the CentralNic Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the pro forma aggregated statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

Trade and other receivables, deposits, and prepayments

Trade and other receivables (including prepayments) that have fixed or determinable payments that are not quoted in an active market are classified as other receivables, deposits, and prepayments. Other receivables, deposits, and prepayments are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash and bank balances

Cash and bank balances comprise cash balances that are subject to insignificant risk of changes in their fair value, and are used by the CentralNic Group in the management of its short-term commitments.

(ii) Financial liabilities and equity instruments

Financial liabilities are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to financial liabilities are reported in profit or loss. Distributions to holders of financial liabilities are classified as equity and charged directly to equity.

Financial liabilities

Financial liabilities comprise long-term borrowings, short-term borrowings, trade and other payables and accruals, measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

3. Summary of significant accounting policies continued

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the CentralNic Group are recognised at the proceeds received, net of direct issue costs.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(e) Property, plant, and equipment
Property, plant and equipment, including leasehold improvements and office furniture and equipment, are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated under the reducing balance method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

- Computer equipment 60% – 65%
- Furniture and fittings 15% – 20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the CentralNic Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the CentralNic Group are obligated to incur when the asset is acquired, if applicable.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from de-recognition of the asset is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

(f) Intangible assets
Intangible assets represent amounts paid to acquire the rights to own and act as registrant for a portfolio of domain names or amounts in respect of such intangible assets originally included at Directors valuation but treated as deemed cost on transition to IFRS which, for the purposes of these financial statements, was 1 January 2010.

Capitalised domain names have a finite useful life and are measured at cost less accumulated amortisation and impairment losses, if any. Domain names are amortised on an annual basis at the rate of 10% to 20% reducing balance.

Development costs that the CentralNic Group incurs for identifiable and unique software will be capitalised, where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated that the asset will probably generate future economic benefits; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the employee costs and an appropriate portion of the relevant overheads.

Computer software development recognised as assets are amortised over their estimated useful lives, which are determined by the Directors.

Costs for development initiatives that the CentralNic Group undertakes that are not otherwise allocable to specific domain names or projects are charged to expense through profit and loss when incurred.

3. Summary of significant accounting policies continued

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets are tested for impairment annually if facts and circumstances indicate that impairment may exist. In the event that the expected future economic benefits of the intangible assets are no longer probable or expected to be recovered, the capitalised amounts are written down to their recoverable amount through profit and loss.

(g) Impairment

(i) Impairment of financial assets

Financial assets not categorised at fair value through profit or loss are assessed at the end of each reporting period to determine whether there is any objective evidence of impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event(s) had an impact on the estimated future cash flows of the asset. Objective evidence that financial assets are impaired includes default or delinquency by a debtor and the restructuring of an amount due to the CentralNic Group on terms that the CentralNic Group would not consider otherwise.

An impairment loss in respect of a financial asset measured at amortised cost, including other receivables, deposits, and prepayments, is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against the amounts receivable.

When the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(ii) Impairment of non-financial assets

The carrying values of non-financial assets, other than deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of the assets is the higher of the assets' fair value less cost to sell and their value-in-use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised if the carrying value of the asset exceeds its recoverable amount.

An impairment loss is recognised in profit or loss immediately.

In respect of assets other than goodwill, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

(h) Taxation

Taxation for the year comprises of current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Notes to the consolidated financial statements continued

3. Summary of significant accounting policies continued

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(i) Cash and cash equivalents
Cash and bank balances comprise of cash in hand, bank balances, deposits with financial institutions and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Employee benefits
Short-term employee benefits, including wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the CentralNic Group.

(k) Share based payments
Employees (including Directors and Senior Executives) of the Group receive remuneration in the form of share-based payment transactions, whereby these individuals render services as consideration for equity instruments ("equity-settled transactions"). These individuals are granted share option rights approved by the Board which can only be settled in shares of the respective companies that award the equity-settled transactions. Share options rights are also granted to these individuals by majority shareholders over their shares held. No cash settled awards have been made or are planned.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant individuals become fully entitled to the award ("vesting point"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments and value that will ultimately vest. The statement of comprehensive income charge for the year represents the movement in the cumulative expense recognised as at the beginning and end of that period.

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.

(l) Provisions, contingent liabilities and contingent assets
Provisions are recognised if, as a result of a past event, the CentralNic Group has a present legal or constructive obligation, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each financial reporting period and adjusted to reflect the current best estimate. Where effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the CentralNic Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised in the financial statements but is disclosed in the notes to the financial statements. When a change in the probability of a contingent outflow occurs so that the outflow is probable, a liability will be recognised as a provision.

3. Summary of significant accounting policies continued

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the CentralNic Group. The CentralNic Group does not recognise contingent assets but discloses their existence where inflows of economic benefits are probable, but not virtually certain.

(m) Related parties

A party is considered to be related to the CentralNic Group if, the party:

i. directly, or indirectly through one or more intermediaries:
   - controls, is controlled by, or is under common control with, the CentralNic Group (this includes parents, subsidiaries and fellow subsidiaries);
   - has an interest in the CentralNic Group that gives it significant influence over the entity; or
   - has joint control over the CentralNic Group.

ii. is an associate of the CentralNic Group;

iii. is a joint venture in which the CentralNic Group is a venturer;

iv. is a member of the key management personnel of the CentralNic Group;

v. is a close member of the family of any individual referred to in (i) or (iv);

vi. is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

vii. is a post-employment benefit plan for the benefit of employees of the CentralNic Group, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(n) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the course of ordinary activities, net of discounts and sales related taxes.

Revenue from the sale of services is recognised when the amounts of revenue and cost can be measured reliably. In particular:

(i) Sale of registry services for domain names ("Registry Domain sales")

Revenue from the provision of registry and similar services under contracts for the sale of domain names by registrars and re-sellers reflect the period over which the underlying sales contract has been entered into by the registrar or re-seller, which can be for periods of between one and ten years. Revenues attributable to future periods are deferred to future periods and included in 'Deferred revenues'.

(ii) Sale of registrar services for domain names ("Registrar Domain sales")

Revenue from the provision of registrar and similar services under contracts for the sale of domain names by registrants and re-sellers reflect the period over which the underlying sales contract has been entered into by the registrant or re-seller, which can be for periods of between one and ten years. Revenues attributable to future periods are deferred to future periods and included in 'Deferred revenues'. These revenues are matched to deferred wholesale costs which cover the same period of the underlying sale.

(iii) Sale of enterprise services including premium domain names ("Enterprise including Premium Domain Name Sales")

Revenue from enterprise services and premium domain name sales are recognised in profit and loss at the point of sale. Revenue from the provision of computer software to a customer is recognised when the Group has delivered the related software and completed all of the adaptions required by the customer for either the whole contract or for a specific milestone deliverable within the contract. Where no adaptions are required revenue is recognised on delivery.

(iv) Sale of consultancy and other services ("Consultancy")

Revenue from strategic consultancy and similar services is recognised in profit and loss in proportion to the stage of completion of the assignment at the reporting date. The stage of completion is determined based on completion of work performed.

(o) Leases

Assets held under leases are classified as operating leases and are not recognised in the CentralNic Group's statement of financial position. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as part of the total lease expense, over the term of the lease.

Notes to the consolidated financial statements continued

4. Critical accounting judgments and key sources of estimating uncertainty

In the application of the CentralNic Group's accounting policies, which are described in note 3, 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 of 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. The carrying value of the Group's tangible and intangible assets are disclosed in notes 13 and 14 respectively.

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.

Valuation of intangible assets acquired

The customer list and software assets were acquired through the business combination outlined in note 23. The customer list is amortised over ten years and the software over five years. The determination of the fair value of assets and liabilities including goodwill arising on the acquisition of businesses, the acquisition of software technology and customer relationships, whether arising from separate purchases or from the acquisition as part of business combinations, and development expenditure which is expected to generate future economic benefits, are based, to a considerable extent, on management's judgement. The fair value of these assets is determined by discounting estimated future net cash flows generated by the asset where no active market for the assets exists. The use of different assumptions for the expectations of future cash flows and the discount rate would change the valuation of the intangible assets.

Allocation of the purchase price affects the results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised and could result in differing amortisation charges based on the allocation to indefinite lived and finite lived intangible assets. The useful life used to amortise intangible assets relates to the expected future performance of the assets acquired and management's estimate of the period over which economic benefit will be derived from the asset.

The estimated useful life principally reflects management's view of the average economic life of each asset and is assessed by reference to historical data and future expectations. Any reduction in the estimated useful life would lead to an increase in the amortisation charge.

Goodwill also arose through the business combination outlined in note 23. The Group tests goodwill recognised through business combinations annually for impairment using the method outlined above.

5. Segment analysis

CentralNic is an independent global domain name service provider. It provides registry, registrar 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.

2013	Revenue £'000	Adjusted EBITDA £'000	Non-current assets £'000	Current assets £'000	Non-current liabilities £'000	Current liabilities £'000
Registry Domain Sales	2,587	1,079	2,691	5,245	519	2,604
Registrar Domain Sales	–	(63)	–	3	–	8
Enterprise including Premium Domain Name Sales	66	66	–	–	–	–
Consultancy and other services	398	410	–	–	–	–
Group overheads including costs associated with public company status	–	(477)	–	–	–	–
	3,051	1,015	2,691	5,248	519	2,612

2014	Revenue £'000	Adjusted EBITDA £'000	Non-current assets £'000	Current assets £'000	Non-current liabilities £'000	Current liabilities £'000
Registry Domain Sales	2,801	1,091	3,741	3,397	570	4,235
Registrar Domain Sales	1,550	(19)	4,454	1,992	227	1,652
Enterprise including Premium Domain Name Sales	1,612	1,500	–	–	–	–
Consultancy and other services	104	104	–	–	–	–
Group overheads including costs associated with public company status	–	(952)	–	–	–	–
	6,067	1,724	8,195	5,389	797	5,887

6. Revenue

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

	2014 £'000	2013 £'000
Registry Domain Sales		
UK	935	952
North America	840	898
Europe	483	453
ROW	543	284
	2,801	2,587
Registrar Domain Sales		
UK	76	–
North America	358	–
Europe	491	–
ROW	475	–
Other revenues	150	–
	1,550	–

Notes to the consolidated financial statements continued

6. Revenue continued

	2014 £'000	2013 £'000
Enterprise including Premium Domain Name Sales		
North America	**1,612**	66
	1,612	66
Consultancy and other Services		
UK	**3**	2
North America	**20**	17
ROW	**81**	379
	104	398

Premium domain name trading was included within enterprise services in 2014, having previously been classified within registry sales. Consultancy revenues by nature are subject to annual variation depending on customer demand.

The following table shows customers that represent 10% or more of the registry domain sales:

	2014 £'000	2013 £'000
Customer A	**326**	490
Customer B	**382**	487
Other customers	**2,093**	1,610
	2,801	2,587

No single customer contributes greater than 10% or more of the registrar domain sales. The enterprise and premium domain name sales were principally driven by premium domain name sales of £1,610,000 in December 2014 which were made to a single client.

7. Profit before taxation

The profit before taxation is stated after charging the following amounts.

	2014 £'000	2013 £'000
Employee benefit expense – wages and salaries	**775**	601
Employee benefit expense – social security	**98**	66
Employee benefit expense – share payments	**33**	14
Staff Consultancy fees	**370**	241
Directors' remuneration – fees and salaries	**576**	220
Directors' remuneration – share payments	**189**	52
Operating Leases – land & buildings	**42**	42
Fees payable to the Company's auditor for the audit of Parent Company and consolidated financial statements	**40**	22
Net (gain)/loss on foreign currency translation	**(47)**	15
Depreciation and amortisation expense	**538**	255

The Group auditors' also received £75,000 in relation to the IPO which took place on the 2nd September 2013. This amount is included in the share premium account, categorised as issue costs and therefore is not included in the profit for the period.

The 2014 staff consultancy fees of £370,000 included fees incurred as a result of the acquisition of the trade of Internet.bs Corp totalling £86,000.

8. Employee information

The average number of persons employed by the Group (excluding Directors) during the year were 20 (2013: 14), analysed by category, as follows:

	2014 £'000	2013 £'000
Management and finance	**1**	1
Technical	**10**	7
Sales and Marketing	**5**	2
Administrative	**2**	2
Operations	**2**	2

Key management personnel

Total remuneration of key management personnel being the Directors and key senior personnel is £855,000 (2013: £745,000), and is set out below in aggregate for each of the categories specified in IAS24, related party disclosures.

	2014			2013		
	Directors £'000	Senior key personnel £'000	Total £'000	Directors £'000	Senior key personnel £'000	Total £'000
Short-term benefits	**558**	**86**	**644**	591	92	683
Share based payments expense	**190**	**21**	**211**	52	10	62
	748	**107**	**855**	643	102	745

9. Dividends

	2014 £'000	2013 £'000
Equity dividends paid during the year £nil (2013: 1.2 pence)	**–**	638
Equity dividends proposed after the year end (not recognised as a liability)	**–**	–

The Directors do not propose a final dividend for the year, but it remains their intention to consider the payment of a dividend when appropriate and commercially prudent.

10. Finance income

	2014 £'000	2013 £'000
Interest income on loans to related parties	**18**	6
Interest income on loans to third parties	**4**	–
Interest income on short-term bank deposits	**1**	1
	23	7

Notes to the consolidated financial statements continued

11. Income tax expense

	2014 £'000	2013 £'000
Current tax on profits for the year	166	137
Adjustments in respect of previous years	–	33
Current Income Tax	166	170
Deferred Income Tax	(10)	1
Income tax expense	156	171

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 CentralNic is as follows:

	2014 £'000	2013 £'000
Profit before taxation	520	701
Tax calculated at domestic tax rates applicable to profits in the respective countries	112	135
Tax effects of:		
Expenses not deductible for tax purposes	51	1
Capital allowance in excess of depreciation	3	1
Adjustments in respect of previous years	–	33
Current income tax	166	170

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 year is 30.1% (2013: 24.4%), when excluding the impact of the non-cash share based payments expense the effective rate of tax for the year is 21.0% (2013: 22.3%)

In the UK, the applicable statutory tax rate for 2014 is 21% (2013: 23%).

In the USA, federal taxes are due at 15% on the first US$50,000 of taxable income and 25% thereafter. Under California tax legislation an additional 8.85% of state tax is due on taxable income.

12. Earnings per share

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

In calculating earnings per share prior to the Group reconstruction on 9 August 2013 whereby the Company became the new parent company of the CentralNic Group it is of limited significance to calculate earnings per share based on the historical equity of the CentralNic Group.

Accordingly, a pro forma earnings per share has been included based on the relevant number of shares in CentralNic Group Plc following the reorganisation on 9 August 2013 but prior to the issue of shares by the Company to raise new funds and the actual shares in issue after that date. The calculation of earnings per share is based on the following earnings and number of shares.

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.

12. Earnings per share continued

	2014	2013
Profit after tax attributable to owners (£'000)	**364**	530
Weighted average number of shares:		
Basic	**60,047,493**	52,814,446
Effect of dilutive potential ordinary shares	**5,328,727**	5,328,727
Diluted	**65,376,220**	58,143,173
Earnings per share:		
Basic (pence)	**0.60**	1.00
Diluted (pence)	**0.56**	0.91

13. Property, plant and equipment

	Computer equipment £'000	Furniture and fittings £'000	Total £'000
Cost			
At January 2013	141	31	172
Additions	46	3	49
At 31 December 2013	187	34	221
Additions	124	2	126
Disposals	–	–	–
At 31 December 2014	**311**	**36**	**347**
Accumulated depreciation			
At 1 January 2013	122	29	151
Charge for the year	15	1	16
At 31 December 2013	137	30	167
Charge for the year	89	1	90
Disposals	–	–	–
At 31 December 2014	**226**	**31**	**257**
Property, plant, and equipment, net			
At 31 December 2014	**85**	**5**	**90**
At 31 December 2013	50	4	54

Depreciation of property, plant and equipment is included in administrative expenses in the combined and consolidated statement of comprehensive income.

Notes to the consolidated financial statements continued

14. Intangible assets

	Domain names £'000	Software £'000	Customer List £'000	Goodwill £'000	Total £'000
Cost or deemed cost					
At 1 January 2013	3,437	–	–	–	3,437
Additions	15	206	–	–	221
Exchange Differences	(5)	–	–	–	(5)
At 31 December 2013	3,447	206	–	–	3,653
Additions	3	754	2,548	1,379	4,684
Reclassification	(300)	–	–	–	(300)
Exchange Differences	14	–	–	–	14
At 31 December 2014	**3,164**	**960**	**2,548**	**1,379**	**8,051**
Amortisation					
At 1 January 2013	1,478	–	–	–	1,478
Charge for the year	239	–	–	–	239
Exchange Differences	(5)	–	–	–	(5)
At 31 December 2013	1,712	–	–	–	1,712
Charge for the year	222	99	127	–	448
Reclassification	(240)	–	–	–	(240)
Exchange Differences	13	–	–	–	13
At 31 December 2014	**1,707**	**99**	**127**	**–**	**1,933**
Intangible assets, net					
At 31 December 2014	**1,457**	**861**	**2,421**	**1,379**	**6,118**
At 31 December 2013	1,735	206	–	–	1,941

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

Certain domain names previously held as intangible assets were reclassified to stock held for resale in the period.

Acquisition during the year
The customer list and £500,000 of software assets were acquired through the business combination outlined in note 23. The customer list is amortised over ten years and the software amortised over five years.

Goodwill
The Group tests goodwill recognised through business combinations annually for impairment. Goodwill arose through the business combination outlined in note 23.

The recoverable amount of goodwill of £1,378,697 at 31 December 2014, is determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five year period. Cash flow projections beyond the five year timeframe are extrapolated by applying a flat growth rate in perpetuity. The pre-tax discount rate applied to the cash flow projections is 10.0%. As a result of the analysis, management did not identify any impairment to the goodwill.

15. Deferred receivables

	2014 £'000	2013 £'000
Amounts due from shareholders	711	694
Deferred costs	205	–
	916	694

Deferred receivables represent amounts due from Jabella Group Limited, a shareholder during the period. Amounts due from Jabella Group Limited were interest free until 31 August 2013, from which time the balance accrued interest at 2% above LIBOR (2014: £17,502, 2013: £5,727). The loan was granted in August 2011 for a term of five years, the balance is currently £711,236. The Directors consider the loan to be fully recoverable. The Directors consider that the fair value of this receivable is not materially different from the carrying value.

16. Investments

	£'000
At 31 December 2013	2
Disposals	(2)
Additions	997
At 31 December 2014	**997**

During the year, the Company disposed of its 5% interest in DBS Mena, a company incorporated in the United Arab Emirates (UAE) upon it's de-registration as a registered company within the United Arab Emirates.

The Company acquired less than 20% of the following undertakings which are incorporated in the United Kingdom (UK):

Name	Place of incorporation/ establishment	Principal activities	Issued and paid-up/ registered capital	Effective interests
Accent Media Ltd	UK	Domain registry operator	Ordinary shares	12%

The Company owns more than 50% of the following undertakings which are incorporated in the United Kingdom, USA and the Commonwealth of The Bahamas:

Name	Place of incorporation/ establishment	Principal activities	Issued and paid-up/ registered capital	Effective interests
CentralNic Limited	England and Wales	Domain registry services provider	Ordinary shares	100%
CentralNic USA Limited	USA	US sales office	Ordinary stock	100%
GB.com Limited	England and Wales	Dormant – holds domain name	Ordinary shares	100%
Who Is Privacy Limited	England and Wales	Dormant	Ordinary shares	100%
TLD Registrar Solutions Limited	England and Wales	Domain registrar services provider	Ordinary shares	100%
Internet Domain Service BS Corp	Commonwealth of The Bahamas	Domain registrar services provider	Ordinary shares	100%
Whois Privacy Corp	Commonwealth of The Bahamas	Dormant	Ordinary shares	100%
Hoxton Domains Limited	England and Wales	Domain registrar services provider	Ordinary shares	100%

17. Other receivables, deposits and prepayments

	2014 £'000	2013 £'000
Trade receivables	475	206
Accrued revenue	52	1
Stock held for resale	60	–
Deferred costs	1,185	–
Prepayments	101	63
Supplier payments on account	206	–
Loan to third party	102	–
Other receivables	152	46
	2,333	316

No trade receivables were past due or impaired at 31 December 2014 (2013: nil). Deferred costs reflect the wholesale cost of domain names in the Internet BS registrar business acquired during the year. See note 23.

Supplier payments on account reflect payments to domain name registries for use against future wholesale domain purchases within the Internet BS registrar business.

18. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	2014 £'000	2013 £'000
CentralNic UK	2,310	4,274
CentralNic USA	289	656
TLD Registrar Solutions Ltd	38	2
Internet Domain Service BS Corp	419	–
	3,056	4,932

	2014 £'000	2013 £'000
Amounts held on deposit		
GBP	693	4,145
USD	2,127	726
EUR	233	61
Other	3	–
	3,056	4,932

19. Share capital

The Company's issued and fully paid share capital is as follows:

	Number	Share capital £'000	Share premium £'000
At 1 January 2014	59,090,909	59	3,485
Issued in connection with the acquisition of the trade and assets of Internet.BS Corp on 16 June 2014 less share issue costs	2,090,738	2	1,450
At 31 December 2014	**61,181,647**	**61**	**4,935**

On 16 June 2014 the Company issued 2,090,738 new ordinary shares to Marco Rinaudo of 0.1 pence each at 70.5 pence per share. A share premium was created on the issue of these shares totalling £1,471,880. Issue costs in relation to the shares were £21,568.

The Company has no authorised share capital.

20. Non-current other payables

	2014 £'000	2013 £'000
Deferred revenue	**725**	457
	725	457

21. Deferred tax

Deferred tax assets	£'000
At 1 January 2013	–
Deferred tax on excess tax deduction arising on share options	74
At 31 December 2014	**74**

Deferred tax liabilities	£'000
At 1 January 2013	107
Transfers in the period	(45)
At 31 December 2013	62
Charged to the income statement	10
At 31 December 2014	**72**

22. Trade and other payables and accruals

	2014 £'000	2013 £'000
Accounts payable	**319**	270
Accrued expenses	**322**	99
Other taxes and social security	**74**	50
Deferred consideration	**837**	230
Contingent consideration	**322**	–
Deferred revenue	**2,725**	1,438
Customer Payments on account	**1,040**	324
Other liabilities	**32**	16
	5,671	2,427

Notes to the consolidated financial statements continued

23. Business combinations

On 16 June 2014 the Group acquired the trade and assets of Internet.bs Corp a private company incorporated in the Commonwealth of the Bahamas and specialising in the retailing of internet domain names.

The following table summarises the consideration to acquire the trade and assets of Internet.bs Corp and the fair value of the assets and liabilities at the acquisition date in line with Group accounting policies.

Consideration	£'000
Cash	1,710
Equity instruments (2,090,738 ordinary shares)	1,474
Deferred consideration	837
Contingent consideration	322
Adjustment for working capital	(18)
Total consideration	**4,325**

Fair value recognised on acquisition	£'000
Intangible assets – Customer list	2,548
Intangible assets – Software	500
Trade receivables	214
Deferred costs	1,183
Cash	129
	4,574
Liabilities	
Accruals	30
Payments on account	212
Deferred revenue	1,385
	1,627
Total identifiable net assets at fair value	**2,947**
Goodwill arising on acquisition	1,378
Purchase consideration	**4,325**

The fair value of the 2,090,738 ordinary shares issued as part of the consideration paid to continue the trade and assets of Internet.bs Corp was based on the published share price on 16th June 2014 which was 70.5p.

The deferred consideration is due for payment on the first anniversary of the acquisition date.

The contingent consideration is dependent on the operating profit in the first year post acquisition and is due for payment on the first anniversary of the acquisition date. The fair value of the contingent consideration is based on the Directors' assessment of the likely operating profit for the year.

24. Related party disclosures

(a) Ultimate controlling party

The Company is not controlled by any one party.

CentralNic Group Plc has 100% ownership of CentralNic Limited, TLD Registrar Services Limited and Hoxton Domains Limited.

CentralNic Limited owns 100% of CentralNic USA, Whois Privacy Limited and GB.com Limited.

TLD Registrar Solutions Limited owns 100% of Internet Domain Service BS Corp and Whois Privacy Corp

(b) Related party transactions

(i) Shareholders

Balances outstanding with shareholders:

	2014 £'000	2013 £'000
Jabella Group Limited	711	694

Amounts due from Jabella Group Limited were interest free until 31 August 2013, from which time the balance accrued interest at 2% above LIBOR (2014: £17,502, 2013: £5,727).

Transactions with two members of Erin Investments & Finance Limited:

	2014 £'000	2013 £'000
Operating lease payments	42	42

(ii) Non-Executive Directors

During the year CentralNic engaged with Schollmeyer and Rickert Rechtsanwaltsgesellschaft mBH, of which Thomas Rickert has a controlling interest, to provide legal services in relation to the purchase of intangible assets and advise on potential acquisitions. The fees for 2014 were £95,000 (2013: £Nil).

25. Commitments

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	2014	2013
Property, plant and equipment	–	74
Intangible assets	–	69
	–	143

Operating lease commitments

At the end of each of the reporting periods, the minimum lease payments under non-cancellable leases are payable as follows:

	2014 £'000	2013 £'000
Less than one year	42	42
Between one and five years	–	42
	42	84

The Group leases office space located at 35-39 Moorgate, London, EC2R 6AR under an operating lease. The lease agreement was entered into on 1st January 2010 for an initial term of 6 years with options to renew the lease. The Group leases equipment under various operating leases. These leases typically run for periods from one month to five years.

26. Share options and warrants

Share options

The share option scheme, which was adopted by CentralNic during 2013, was established to reward and incentivise the executive management team and staff for delivering share price growth.

The share option scheme is administered by the Remuneration Committee.

There were 3,556,000 options granted during 2013, no options were granted in 2014. 5,000 options lapsed during the year, none of the awarded options have been exercised to date.

A charge of £222,269 (2013: £66,447) has been recognised in the statement of comprehensive income for the year relating to these options.

These fair values were calculated using the Black Scholes option pricing model. The inputs into the model were as follows:

	Share options granted 1 June 2013	Share options granted 14 October 2013
Options granted	2,530,000	1,026,000
Stock price	10p	55p
Exercise price	10p	57p
Interest rate	5%	5%
Volatility	75%	75%
Time to maturity	10 years	10 years

The expected volatility was determined with reference to similar entities trading on AIM.

Details of the share options outstanding at the year end are as follows:

	31 Dec 2014		31 Dec 2013	
	Number	WAEP*	Number	WAEP*
Outstanding at 1 January	3,556,000	23p	–	–
Granted during year	–	–	3,556,000	23p
Expired during year	–	–	–	–
Lapsed during year	5,000	10p	–	–
Outstanding at 31 December	3,551,000	23p	3,556,000	23p
Exercisable at 31 December	968,895	23p	378,639	23p

* weighted average exercise price.

The weighted average remaining contractual life of the options outstanding at the statement of financial position date is 8.6 years.

Options are exercisable in accordance with the contracted vesting schedules. Options granted in June 2013 may be exercised in respect of 1/12 of the Option Shares from 1 September 2013 and a further 1/12 of the Option Shares following the expiry of each subsequent 3 month period. Options granted on the 14th October 2013 may be exercised 3 years after the date of grant.

Warrants

On 12 August 2013, CentralNic Group executed a warrant instrument to create and issue warrants to Zeus Capital to subscribe for an aggregate of 1,772,727 ordinary shares. The warrants will expire six years after admission and were exercisable after the first anniversary of admission (2nd September 2014) at the placing price of 55p. The ordinary shares to be allotted and issued on the exercise of any or all of the warrants will rank for all dividends and other distributions declared after the date of the allotment of such shares but not before such date and otherwise pari passu in all respects with the ordinary shares in issue on the date of such exercise allotment.

26. Share options and warrants continued

These fair values were calculated using the Black Scholes warrant pricing model. The inputs into the model were as follows:

	Warrants issued 12 August 2013
Warrants granted	1,772,727
Stock price	55p
Exercise price	55p
Interest rate	5%
Volatility	75%
Time to maturity	6 years

A charge of £675,409 was recognised in the share premium account in 2013.

27. 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.

(a) Financial risk management framework

The Directors' risk management policies are established to identify and analyse the risks faced by the CentralNic Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

(i) Market risk

Foreign currency risk

The CentralNic Group is exposed to foreign currency risk on transactions and balances that are denominated in a currency other than its functional currency, primarily the US$. Foreign currency risk is monitored closely on an on-going basis to ensure that the net exposure is at an acceptable level.

The CentralNic Group's exposure to foreign currency risk is minimal as it trades in predominately US Dollars, Euros and GB Pound Sterling. Exposure to currency risk is negated by the CentralNic Group holding adequate reserves in these three currencies to meet trading and provisioned obligations as the need arises.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The CentralNic Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Directors' policy is to obtain the most favourable interest rates available.

As at each of 31 December 2013 and 2014, all of the CentralNic Group's interest-bearing financial instruments bore interest at fixed interest rates.

	2014 £'000
Cash and bank balances	**3,056**
Effect of interest rate change of 100 basis points	**+/- 30**

Equity price risk

The CentralNic Group does not have any quoted investments as at each of 31 December 2013 and 2014 and as such does not have significant exposure to equity price risk.

Notes to the consolidated financial statements continued

27. Financial instruments continued

(ii) Credit risk

The CentralNic Group's exposure to credit risk arises mainly from counterparty's failure to meet its obligation to settle a financial asset, primarily prepayments and other receivables. The Directors consider the CentralNic Group's exposure to credit risk arising from trade receivables to be minimal as the CentralNic Group is generally paid at the outset or in advance. Credit risk arising from other receivables is controlled through monitoring procedures, including credit approvals and credit limits. For cash and bank balances, the Directors minimise the CentralNic Group's credit risk by dealing exclusively with banks and financial institution counterparties with high credit ratings.

The carrying amounts of financial assets at the end of the reporting periods represent the maximum credit exposure.

	2014 £'000	2013 £'000
Deferred receivables	916	694
Other receivables, deposits and prepayments	2,333	316
Cash and bank balances	3,056	4,932
	6,305	5,942

(iii) Liquidity risk

Liquidity risk is the risk that the CentralNic Group will encounter difficulty in settling its financial obligations that are settled with cash or another financial asset. The Directors' objective is to maintain, as much as possible, a level of its cash and bank balances adequate enough to ensure that there will be sufficient liquidity to meet its liabilities when they fall due.

The following set forth the remaining contractual maturities of financial liabilities as at:

£'000	Carrying amount	Total	Within 1 year	1 – 5 years
31 December 2013				
Trade and other payables and accruals	2,884	2,884	2,427	457
	2,884	2,884	2,427	457

£'000	Carrying amount	Total	Within 1 year	1 – 5 years
31 December 2014				
Trade and other payables and accruals	6,396	6,396	5,671	725
	6,396	6,396	5,671	725

(b) Capital risk management

The Directors define capital as the total equity of CentralNic. The Directors' objectives when managing capital are to safeguard the CentralNic Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Directors may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Directors manage CentralNic's capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as total liabilities less cash and cash equivalents.

27. Financial instruments continued

The debt-to-equity ratio of the CentralNic Group as at the end of each of the reporting periods was as follows:

	2014 £'000	2013 £'000
Total liabilities	6,684	2,884
Less: cash and bank balances	(3,056)	(4,932)
Net debt/(cash)	3,628	(2,048)
Total equity	6,836	4,808
Debt-to-equity ratio	0.53	n/a

(c) Fair values of financial instruments

The carrying amounts of the financial assets and liabilities reported in the combined and consolidated financial statements approximate their fair values.

	2014		2013	
£'000	Carrying amount	Fair value	Carrying amount	Fair value
Other receivables, deposits and prepayments	2,333	2,333	316	316
Deferred receivables	916	916	694	694
Cash and bank balances	3,056	3,056	4,932	4,932
	6,305	6,305	5,942	5,942
Trade and other payables and accruals	6,396	6,396	2,884	2,884
	6,396	6,396	2,884	2,884

(d) Fair value hierarchy

Financial instruments carried at fair value are analysed by the levels in the fair value hierarchy. The different levels are defined as follows:

Level 1: Fair value measurements are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements are derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 December 2013 and 2014, there were no financial instruments carried at fair values.

Company balance sheet

as at 31 December 2014

	Note	2014 £'000	2013 £'000
ASSETS			
Fixed assets			
Investments	6	252	50
Current assets			
Other debtors, deposits and prepayments	7	6,395	4,045
		6,395	4,045
Total assets		6,647	4,095
LIABILITIES			
Current liabilities			
Creditors – amounts falling due within one year	11	1,305	72
		1,305	72
Total liabilities		1,305	72
Net assets		5,342	4,023
CAPITAL AND RESERVES			
Share capital	8	61	59
Share premium	9	4,935	3,485
Share based payments reserve	12	964	742
Retained earnings	10	(618)	(263)
Shareholders funds		5,342	4,023

These financial statements were approved and authorised for issue by the Board of Director's on 28 April 2015 and were signed on it's behalf by:

John Swingewood Chairman

Company Number: 08576358

The notes on pages 61 to 64 form an integral part of these financial statements.

Company statement of capital and reserves

for the period ended 31 December 2014

	Share capital £'000	Share Premium £'000	Share based Payments £'000	Retained earnings £'000	Total £'000
Balance at incorporation	50	–	–	–	50
Total comprehensive income for the year	–	–	–	(263)	(263)
Issue of new shares	9	4,991	–	–	5,000
Share issue costs	–	(1,506)	–	–	(1,506)
Share based payments	–	–	742	–	742
Balance as at 31 December 2013	59	3,485	742	(263)	4,023
Total comprehensive income for the year	–	–	–	(1,330)	(1,330)
Issue of new shares	2	1,472	–	–	1,474
Share issue costs	–	(22)	–	–	(22)
Share based payments	–	–	222	–	222
Dividend received	–	–	–	975	975
Balance as at 31 December 2014	**61**	**4,935**	**964**	**(618)**	**5,342**

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 profits represent the cumulative value of the profits not distributed to shareholders, but retained to finance the future capital requirements of the Company. Share based payments reserve represents the cumulative value of share based payments recognised through equity. Dividend received during the year reflects a dividend declared by a subsidiary company.

The notes on pages 61 to 64 form an integral part of these financial statements.

Company cash flow statement

for the period ended 31 December 2014

	2014 £'000	2013 £'000
Cash flow from operating activities		
Loss before taxation	(1,330)	(263)
Adjustments for:		
Depreciation of property, plant and equipment	–	–
Amortisation of Intangible Assets	–	–
Share based payments	–	66
	(1,330)	(197)
Operating profit before working capital changes		
Increase in other debtors, deposits and prepayments	(2,330)	(4,045)
Increase in other payables and accruals	2,186	72
Net cash outflow from operating activities	(1,474)	(4,170)
Income tax paid	–	–
Net cash outflow from operating activities	(1,474)	(4,170)
Capital expenditure and financial investment		
Purchase of investments	–	(50)
Net cash outflow from capital expenditure and financial investment	–	(50)
Financing		
Proceeds from issuance of ordinary shares	1,474	4,220
Net cash inflow from financing	1,474	4,220
Net increase/(decrease) in cash and cash equivalents	–	–
Cash and cash equivalents at beginning of the period	–	–
Cash and cash equivalents at end of the period	–	–

The notes on pages 61 to 64 form an integral part of these financial statements

Notes to the Company financial statements

for the period ended 31 December 2014

1. General information

Nature of operations

CentralNic Group Plc is the UK holding company of a group of companies which are engaged in the provision of independent global domain name registry services. The Company was incorporated on 19 June 2013 to become the holding company of the Group following a reorganisation which took place on 9 August 2013. The Company is registered in England and Wales. Its registered office and principal place of business is 35-39 Moorgate, London, EC2R 6AR.

2. Basis of preparation

The financial statements have been prepared in accordance with the historical cost convention and in accordance with applicable United Kingdom law and United Kingdom accounting standards. The principal accounting policies are described below. They have all been applied consistently throughout the period.

3. Significant accounting policies

(a) Going concern

At 31 December 2014, the Company had net current assets of £5,090,000 with the main current asset being amounts owed from its subsidiary TLD Registrar Solutions Limited amounting to £4,227,000. The Company has assessed its ongoing costs with cash generated by its subsidiary to ensure that it can continue to settle its debts as they fall due.

The Directors have, after careful consideration of the factors set out above, concluded that it is appropriate to adopt the going concern basis for the preparation of the financial statements and the financial statements do not include any adjustments that would result if the going concern basis was not appropriate.

(b) Investments

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

(c) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Taxation arising on disposal of a revalued asset is split between the profit and loss account and the statement of total recognised gains and losses on the basis of the tax attributable to the gain or loss recognised in each statement.

Notes to the Company financial statements continued

4. Loss for the financial period

The Company has taken advantage of section 408 of the Companies Act 2006 and, consequently, a profit and loss account for the Company alone has not been presented. The Company's loss for the financial period was £1,330,000. The Company's loss for the financial year has been arrived at after charging auditor's remuneration payable to Crowe Clark Whitehill LLP for audit services to the Company of £39,758.

5. Employees and Directors' remuneration

Staff costs incurred during the period by the Company were as follows:

	2014 £'000	2013 £'000
Non-executive Directors fees	141	165
Executive Directors	606	–
	747	165

The executive management team were remunerated by Centralnic Limited in 2013.

The average number of employees of the Company during the period was:

	2014 Number	2013 Number
Directors and management	2	2
	2	2

6. Investments

	£'000
At 31 December 2013	50
Additions	202
At 31 December 2014	**252**

6. Investments continued

The Company owns more than 20% of the following subsidiary undertakings which are incorporated in the United Kingdom, USA and the Commonwealth of The Bahamas:

Name	Place of incorporation/ establishment	Principal activities	Issued and paid-up/ registered capital	Effective interests
CentralNic Limited	England and Wales	Domain registry services provider	Ordinary shares	100%
CentralNic USA Limited	USA	US sales office	Ordinary stock	100%
GB.com Limited	England and Wales	Dormant – holds domain name	Ordinary shares	100%
Who Is Privacy Limited	England and Wales	Dormant	Ordinary shares	100%
TLD Registrar Solutions Limited	England and Wales	Domain registrar services provider	Ordinary shares	100%
Internet Domain Service BS Corp	Commonwealth of The Bahamas	Domain registrar services provider	Ordinary shares	100%
Whois Privacy Corp	Commonwealth of The Bahamas	Domain registrar services provider	Ordinary shares	100%
Hoxton Domains Limited	England and Wales	Aftermarket domain services	Ordinary shares	100%

On 9 August 2013, the CentralNic Group, previously headed by Centralnic Limited underwent a re organisation under which CentralNic Limited's shareholders in their entirety exchanged their shares for shares in CentralNic Group plc a newly formed company, which then became the ultimate parent company of the Group.

7. Debtors

	2014 £'000	2013 £'000
Amounts owed by Group undertakings	**6,324**	4,011
Other debtors	**51**	34
Deferred tax asset	**20**	–
	6,395	4,045

8. Share capital

Details of the Company's share capital are set out in Note 19 to the consolidated financial statements.

9. Share premium account

	2014 £'000	2013 £'000
Balance bought forward	**3,485**	–
Premium on issue of new shares	**1,472**	4,991
Share issue costs	**(22)**	(1,506)
Balance carried forward	**4,935**	3,485

Notes to the Company financial statements continued

10. Retained earnings

	2014 £'000	2013 £'000
Balance brought forward	(263)	–
Loss for the financial period	(1,330)	(263)
Dividend received	975	–
Balance carried forward	(618)	(263)

11. Creditors: Amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	44	–
Accruals and deferred income	102	72
Deferred consideration	837	–
Contingent consideration	322	–
	1,305	72

12. Share based payments reserve

	2014 £'000	2013 £'000
Balance brought forward	742	–
Share based payments expense	222	742
Balance carried forward	964	742

13. Reconciliation of movements in shareholders' funds

	2014 £'000	2013 £'000
Loss for the financial period	(1,330)	(263)
Issue of new shares	1,474	5,050
Share issue costs	(22)	(1,506)
Share based payments	222	742
Dividend received	975	–
Opening shareholders' funds	4,023	–
Closing shareholders' funds	5,342	4,023

Shareholder information

Financial calendar

Annual General Meeting

The Annual General Meeting will be held on Thursday, the 28th May 2015 at 10.00am at the offices of the Company's solicitors:

DWF LLP
20 Fenchurch Street
London EC3M 3AG

Announcements

- Half-year results for 2015 are expected in September 2015.
- Full year results for 2015 are expected in April 2016.

Dates are correct at the time of printing, but are subject to change.

Directors

John Swingewood (Chairman)

Benjamin Crawford (Chief Executive Officer)

Glenn Hayward (Executive Director)

Robert Pooke (Executive Director)

Samuel Dayani (Non-Executive Director)

Thomas Rickert (Non-Executive Director)

Thomas Pridmore (Non-Executive Director)

Registered office

35-39 Moorgate
London EC2R 6AR

Company Secretary

Glenn Hayward

Company website

www.centralnic.com

Nominated Adviser and Broker

Zeus Capital Limited
82 King Street
Manchester M2 4WQ

23 Berkeley Square
Mayfair
London W1J 6HE

3 Brindleyplace
Birmingham B1 2JB

Joint Broker

Peel Hunt LLP
Moor House
120 London Wall
London EC2Y 5ET

Auditors

Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London EC4Y 8EH

Solicitors to the Company

DWF LLP
20 Fenchurch Street
London EC3M 3AG

Solicitors to the Nominated Adviser and Broker

DAC Beachcroft LLP
100 Fetter Lane
London EC4A 1BN

Financial PR

Abchurch Communications
125 Old Broad St
London EC2N 1AR

Bankers

HSBC Bank plc
89 Buckingham Palace Road
London SW1W 0QL

Shareholder information continued

Company Registrars
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Capita Asset Services is our registrar and they offer many services to make managing your shareholding easier and more efficient.

Share portal

The Share Portal is a secure online site where you can manage your shareholding quickly and easily. You can:

- View your holding and get an indicative valuation
- Change your address
- Arrange to have dividends paid into your bank account
- Request to receive shareholder communications by email rather than post
- View your dividend payment history
- Make dividend payment choices
- Buy and sell shares and access a wealth of stock market news and information
- Register your proxy voting instruction
- Download a stock transfer form.

To register for the Share Portal just visit www.capitashareportal.com. All you need is your investor code, which can be found on your share certificate or your dividend tax voucher.

Customer support centre

Alternatively, you can contact Capita's Customer Support Centre which is available to answer any queries you have in relation to your shareholding:

By phone – UK – 0871 664 0300 (UK calls cost 10p per minute plus network extras). From overseas – +44 20 8639 3399. Lines are open 9.00am to 5.30pm, Monday to Friday, excluding public holidays.

By email – shareholderenquiries@capita.co.uk

By post – Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

Sign up to electronic communications

Help us to save paper and get your shareholder information quickly and securely by signing up to receive your shareholder communications by email.

Registering for electronic communications is very straightforward. Just visit www.capitashareportal.com. All you need is your investor code, which can be found on your share certificate or your dividend tax voucher.

Donate your shares to charity

If you have only a small number of shares which are uneconomical to sell you may wish to donate them to charity free of charge through ShareGift (Registered Charity10528686). Find out more at www.sharegift.org.uk or by telephoning 020 7930 3737.

Share fraud warning

Share fraud includes scams where investors are called out of the blue and offered shares that often turn out to be worthless or non-existent, or an inflated price for shares they own. These calls come from fraudsters operating in 'boiler rooms' that are mostly based abroad.

While high profits are promised, those who buy or sell shares in this way usually lose their money.

The Financial Conduct Authority (FCA) has found most share fraud victims are experienced investors who lose an average of £20,000, with around £200m lost in the UK each year.

PROTECT YOURSELF

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should take these steps before handing over any money:

- Get the name of the person and organisation contacting you.
- Check the Financial Services Register at http://www.fca.org.uk/ to ensure they are authorised.
- Use the details on the FCA Register to contact the firm.
- Call the FCA Consumer Helpline on 0800 111 6768 if there are no contact details on the Register or you are told they are out of date.
- Search our list of unauthorised firms and individuals to avoid doing business with.

REMEMBER: if it sounds too good to be true, it probably is!

If you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS) if things go wrong.

REPORT A SCAM
If you are approached about a share scam you should tell the FCA using the share fraud reporting form at http://www.fca.org.uk/scams, where you can find out about the latest investment scams. You can also call the Consumer Helpline on 0800 111 6768.

If you have already paid money to share fraudsters you should contact Action Fraud on 0300 123 2040.

Identity theft

Tips for protecting your shares in the Company:

- Ensure all your certificates are kept in a safe place or hold your shares electronically in CREST via a nominee.
- Keep correspondence from us and Capita in a safe place and destroy any unwanted correspondence by shredding.
- If you change address, inform Capita in writing or update your address online via the shareholder portal. If you receive a letter from Capita regarding a change of address but have not moved, please contact them immediately.
- Consider having your dividend paid directly into your bank. This will reduce the risk of the cheque being intercepted or lost in the post. If you change your bank account, inform Capita of the details of your new account. You can do this by post or online via the shareholder portal.
- If you are buying or selling shares, only deal with brokers registered and authorised to carry out that type of business.
- Be wary of phone calls or e-mails purporting to come from us or Capita asking you to confirm personal details or details of your investment in our shares. Neither we nor Capita will ever ask you to provide information in this way.

Glossary

Top Level Domain or 'TLD'
The suffix attached to internet domain names e.g., .com, .net

Second Level Domain or 'SLD'
A domain that is directly below a top-level domain e.g. uk.com

Country Code Top Level Domain or 'ccTLD'
An Internet top-level domain generally used or reserved for a country, a sovereign state, or a dependent territory e.g., .uk, .jp

Domain Name System or 'DNS'
A hierarchical distributed naming system for computers, services, or any resource connected to the Internet or a private network

Domain Name Registrar
An organisation or commercial entity that manages the reservation of Internet domain names

Registry Service Provider
A company that runs the operations of a TLD on behalf of the TLD owner or licensee. The registry service provider keeps the master database and generates zone files to allow computers to route Internet traffic using the DNS

The Internet Corporation for Assigned Names and Numbers or 'ICANN'
A non profit private organisation that was created to oversee a number of Internet-related tasks previously performed directly on behalf of the U.S. government

Registry Operator
An entity that maintains the database of domain names for a given top-level domain and generates the zone files which convert domain names to IP addresses. It is responsible for domain name allocation and technically operates its top-level domain

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www.centralnic.com

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