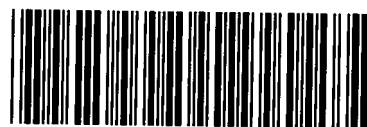




CentralNic Group PLC
Annual Report 2013

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CentralNic's global business footprint

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Highlights

- Admission to AIM successfully completed 2nd September 2013, raising £5m of new capital
- Following listing, exceeded its expectations of obtaining distribution contracts for an additional five domain extensions over the ensuing two years – had already won the distribution contracts for .website, .press, .host, .space and .co.com by April 2014
- Billings increased by 15% to £3.89m (2012: £3.38m) and net revenue by 4% to £3.05m (2012: £2.93m) – despite being in the pre-revenue stage for new generic top level domains
- Four new domain extensions launched: .pw, in.net, mex.com and africa.com
- Adjusted EBITDA of £1.02m (2012: £1.13m) reflecting underlying growth, with additional costs invested in the final quarter of the year including resources for our newly launched registrar business
- Investment in developing the business has continued in the first half of 2014 – with benefits in earnings expected in the second half of the year
- ICANN evaluation process completed for all gTLDs with 25 uncontested – for example CentralNic will provide Registry Services to .college, .wiki, .bar and .xyz
- Acquisition of DomiNIC software in December 2013 – a sophisticated domain management tool for corporates, .brand applicants and resellers
- Expansion of distribution channel continued with a further 114 registrars contracted from 32 countries, including world number one, GoDaddy

Introduction to CentralNic

CentralNic's businesses

CentralNic Group plc (LSE: CNIC) ("CentralNic") is one of the world's leading providers of both registry and registrar services to the internet domain name industry, meaning that it is both a wholesaler and a retailer of the names used for website and email addresses.

The business operates globally, with customers in over 75 countries. It is headquartered in London, and in September 2013 successfully completed its admission to the AIM market of the London Stock Exchange ("AIM"). CentralNic's goals include growing the volume of transactions over CentralNic's platform, bringing companies and individuals all over the world the tools to have their own online presence.

The CentralNic registry platform

CentralNic's registry services (wholesale) business provides high quality technical and operational services, via its proprietary domain registry, billing and cash collection platform. The platform enables retailers around the world to sell domains using a broad range of domain extensions, and supplies the core internet infrastructure ("DNS") that powers the domains that CentralNic distributes.

CentralNic's inventory

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

CentralNic's platform supports all three categories of domain name extensions, namely generic Top-Level Domains ("gTLDs" such as .com), country code Top-Level Domains ("ccTLDs" such as .uk) and Second Level Domain extensions ("SLDs" such as .uk.com).

CentralNic's business traditionally focussed on registry services for proprietary SLDs, which provide alternative domain extensions for consumers and businesses wanting domain names linked to specific geographic markets, such as .uk.com and .us.com. CentralNic continues to be the dominant global provider for these types of domain extensions, at the end of 2013 operating 25 proprietary SLDs and working with partners on a further 5 SLD extensions (such as com.de and in.net).

As it developed, the registry business also became successful in the country code TLD market ("ccTLDs"), providing services in partnership with third parties to distribute domains using country code extensions. Examples include .la (the ccTLD extension for the Lao Peoples Democratic Republic) and .pw (ccTLD for the Republic of Palau). These domains have been successfully launched into international markets, such as the city of Los Angeles for .la and as a global consumer offering under the "professional web" label for .pw.

In its latest stage of development, CentralNic has been one of the most active domain registry services providers in the latest expansion of the industry, the new generic top level domain ("new gTLD") programme managed by the industry regulator ICANN. The new gTLD programme has been called by ICANN "the biggest change to the internet since its inception".

CentralNic was selected to partner on 60 applications for new Top-Level Domains. CentralNic's clients include successful entrepreneurs applying for such domains as .law, .blog, and .hotel, with CentralNic contributing an ICANN-compliant technical solution, deep industry expertise, and its existing global distribution channels, on a revenue-share basis. Other clients include Global Finance House, as well as media and entertainment leaders, The Guardian and William Morris Endeavor.

At the end of 2013, the applications had passed through the ICANN evaluation process and were either moving to delegation or were in contention sets with other applicants. At the close of 2013, CentralNic had secured the exclusive rights to launch 25 of the gTLDs in English and Arabic including .college, .bar, .wiki, .fans and اتصالات. The first launches from CentralNic's gTLD portfolio have commenced in 2014, while in 2014 to date there have been further contract wins for the TLDs .website, .host, .press and .space – increasing by 16% the number of CentralNic-supported gTLDs confirmed to launch.

A further 24 gTLDs applied for by one or more of CentralNic's clients, such as .app, .golf and .news are in contention sets and are listed in table 4. These contention sets will be resolved through negotiation between the contending parties or by auction. The TLDs from the list, if secured by CentralNic's partners, represent the possibility of additional inventory on the CentralNic platform and revenues for CentralNic.

Registrar services

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

In the second half of 2013, CentralNic invested in its ICANN accredited registrar business called TLD Registrar Solutions ("TRS"), to take advantage of the opportunity to benefit from retail margins and to "own" the relationship with the end-consumers of new Top Level Domains. Operating a registrar also allows CentralNic to supply new gTLDs to other registrar businesses, domain resellers that wish to sell CentralNic-distributed domain names but are not themselves ICANN accredited under the new gTLD programme.

In addition, towards the end of 2013 CentralNic acquired a high quality domain management software product, DomiNIC. The software enables the registration and management of domain portfolios as well as control of access rights to 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 DotBrand TLDs, as well as domain registrars.

TABLE 1
Domain extensions using the CentralNic platform
launched in general availability in 2013

.africa.com	.in.net
.mex.com	.pw

TABLE 2
Domain extensions using the CentralNic platform
launched prior to 2013

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

TABLE 3
Uncontested new TLDs using the CentralNic
platform as at end of 2013

To be distributed at retail

.bar	.college	.contact
.fans	.feedback	.ink
.pid	.reit	.rest
.wiki	.xyz	

"DotBrand" TLDs

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

TABLE 4
New TLDs in contention at the end of 2013 with
one or more contenders under exclusive contract
to use CentralNic's platform

.app	.art	.auto
.blog	.cafe	.chat
.design	.forum	.gay
.golf	.group	.hotel
.law	.llc	.love
.mail	.news	.now
.pizza	.place	.realty
.school	.style	.sucks

Note: Domains in contention relate to extensions where there is more than one applicant for the name, and where more than one applicant has successfully completed ICANN's evaluation process. These contention sets are then settled by applicant agreement or auctions.

CentralNic's key advantages

CentralNic's scalability, healthy cash flows, asset-backing and access to funds via the AIM market ideally position the company to make the investments required to accelerate its growth.

Scalable business

The registry business is automated, with largely fixed costs and a history of delivering healthy profit margins. It is able to scale up for increasing demand without significant additional costs. As such, CentralNic is well positioned to benefit from carrying additional inventory afforded via its partnership agreements for new gTLDs.

Healthy profits and cash flows

CentralNic's registry business has proven its ability to deliver EBITDA margins amounting to 30% of net revenues.

The registry business also enjoys healthy cash flows. It has traditionally collected revenues in advance for registration fees, which can often be for multiple years. Most of its customers pre-fund their accounts with CentralNic, while some maintain credit accounts. Moreover, the domain business is a subscription business, with recurring revenues from existing website owners paying annual fees to retain their domain names. The high quality inventory, close partnership relationships with our clients and retailers, and quality of service all contribute to strong domain renewals performance.

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 eighteen 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 Network Solutions. These in turn enable CentralNic to access over 100,000 resellers, worldwide.

Premium domain name portfolio

CentralNic owns a portfolio of premium domain names, which includes seventeen two-letter .com domains such as uk.com, us.com, and eu.com, as well as ru.com for Russia, cn.com for China and br.com for Brazil. 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.

Multiple revenue streams

CentralNic is poised to earn four different revenue streams from global domain name sales as a rights holder, a wholesaler, a retailer, and as the provider of domain management tools to corporations. This breadth of service offering and exposure to different market segments positions the business strongly for the future.

Registrars

Our distribution network includes:

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 Dh81 billion (US\$22 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 92.9 million and reported revenues of USD 9.3 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

Serial entrepreneur and the world's youngest registry operator, Daniel Negari is the powerhouse behind three new TLDs – .xyz, .college and .now. In 2008, BusinessWeek named Negari one of America's Best Young Entrepreneurs. Daniel has positioned .xyz as the platform for every website, everywhere, for the next generation of Internet users.

Raymond King

SnapNames Co-founder and former CEO, ICANNWiki Director, Aboutus.org Founder and applicant for nine new TLDs. Through his latest venture, Top Level Design, King has already launched the .wiki and .ink new TLDs.

Punto 2012

Carlos and Aaron Grego, a father and son team, are founders of Queremoscomer.com, Mexico City's premier restaurant guide which counts Open Table and Groupon among its strategic partners. Punto 2012 have successfully obtained the .bar and .rest gTLDs, and hope to also win .cafe.

Jay Westerdal

Jay Westerdal is a successful high tech business entrepreneur and investor, with his last sale being valued at over 16 million US dollars. Jay is behind the new .feedback TLD and is an applicant for several others.

Evatt Merchant

Evatt Merchant is Managing Partner of the applicant behind bids for .art, .blog, and others. Merchant Law Group LLP is well-known for innovation and fostering good business relationships.

Radix

Radix has applied for 20+ new, top level domains including .web, .music, .blog, and .shop. Radix is Asia's largest new gTLD applicant under this program. Radix also manages the .pw namespace and has already secured the rights for .press, .website, .space and .host.

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 veteran 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 and last year successfully relaunched the domain with leading domain retailer, Go Daddy.

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

The 2013 year has been a year of considerable change for CentralNic, in achieving its growth targets, preparing the business for future expansion of its trading activities and completing the successful Initial Public Offering onto AIM. These are considerable achievements and I am very pleased with progress made so far.

John Swingewood Chairman



While the portfolio of new Top-Level Domains contracted to be distributed by CentralNic continued to move through the ICANN approvals and contracting process during 2013, the Group was in parallel generating healthy profits from its existing business and preparing to enter the retail market. The benefits of the significant changes we have made are expected to be reflected in Group earnings performance, particularly from the second half of the 2014 year.

In addition it should be noted that the AIM flotation process involved a share placing that resulted in net new capital of £4.2m being available to the Group to fund future investment and working capital.

Performance

I am pleased to report that the Group's financial performance was in line with budgeted expectations, maintaining healthy revenues and profits whilst also starting to invest the funds raised in developing the capabilities required to deliver future growth.

It was particularly encouraging to see net revenue from domain sales growing to £2.65m, an increase of 7% over the prior year (2012 on proforma basis – £2.48m) prior to the launch of the new gTLD programme. One key driver of growth in revenues was the most successful domain launch in recent years, namely of the .pw extension marketed as "Professional Web" by CentralNic's partner Radix Registry, a major player in the domain name industry.

Another key driver is the strong underlying revenues delivered by CentralNic's proprietary Second-Level Domain portfolio, particularly using our seventeen premium .com domains, such as US.COM and UK.COM. The increasing value of these domain names is further highlighted by sales between parties not related to CentralNic of a two-letter .com domain name for US \$4.7m during the period.

CentralNic started to invest the funds raised immediately following the IPO, preparing the business for the next stage of its development. This was in line with our commitment when listing the business, and has involved expanding the operations and technical resources required for the registry and registrar businesses. This investment programme has continued into the first half of 2014, including further strengthening of the Board and the management team.

Despite these costs and investments, the Group was able to deliver underlying profits (before deducting the share based payment charge) broadly in line with the prior year. Adjusted EBITDA achieved amounted to £1.02m (2012 on a proforma basis – £1.13m). The demand for our domain names was also evidenced by our net cashflow from operating activities totalling £1.13m (2012 proforma basis – £0.98m).

I am encouraged that our registrar business, TLD Registrar Solutions, commenced trading in 2013. While revenues delivered were small during the year due to being in the start-up phase, we are now well positioned to expand this revenue stream,

particularly as we see the first new gTLD's come to market in 2014. To enable the delivery of future revenues we used funds raised to start investing in new staff and resources for the registrar business in 2013 in readiness for the opportunity.

The acquisition of the DomiNIC software was completed towards the end of the 2013 year. The software is a sophisticated domain portfolio management platform which was acquired rapidly and efficiently for a low consideration, and which has potential to greatly enhance domain management processes within corporations as well as dot brand gTLD applicants and domain resellers. I look forward to seeing the benefits this brings to the business in the coming years.

Dividend

It remains the Directors intention to consider payment of a dividend when appropriate and commercially prudent. The Directors would expect to propose a 2014 dividend in respect of the first full year of trading following the IPO.

Therefore, due to the proximity to the IPO, the Directors do not propose a final dividend in 2013.

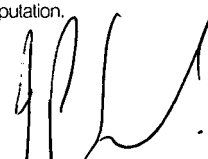
Outlook

The structural changes in the domain name industry present considerable opportunity for CentralNic. And with short .com domain names attracting high valuations, it is pleasing that our development is supported by an existing business that holds a highly valued portfolio of SLD's.

Furthermore, the removal of the prohibition on shared ownership of registries and registrars presents an opportunity for CentralNic to become vertically integrated, accessing retail margins for domain name sales, in addition to fees for registry service provision. We have prepared the business to deliver this growth investing in the latter part of 2013 and the first half of 2014, with a view to seeing the benefits in earnings from the second half of 2014. We are also making considerable progress on specific investment targets which we expect to announce in due course.

And finally with CentralNic currently supporting 29 uncontested new gTLD applications (including 4 won in 2014), with a pipeline of contested applications, and with a programme of winning further distribution contracts, there are many reasons to be excited about the growth prospects for the Group.

I would like to thank CentralNic's personnel for their professionalism and commitment to the ongoing development of the business. It is thanks to them working in tandem with our partners and our distribution channel, that we maintain our strong market position and reputation.

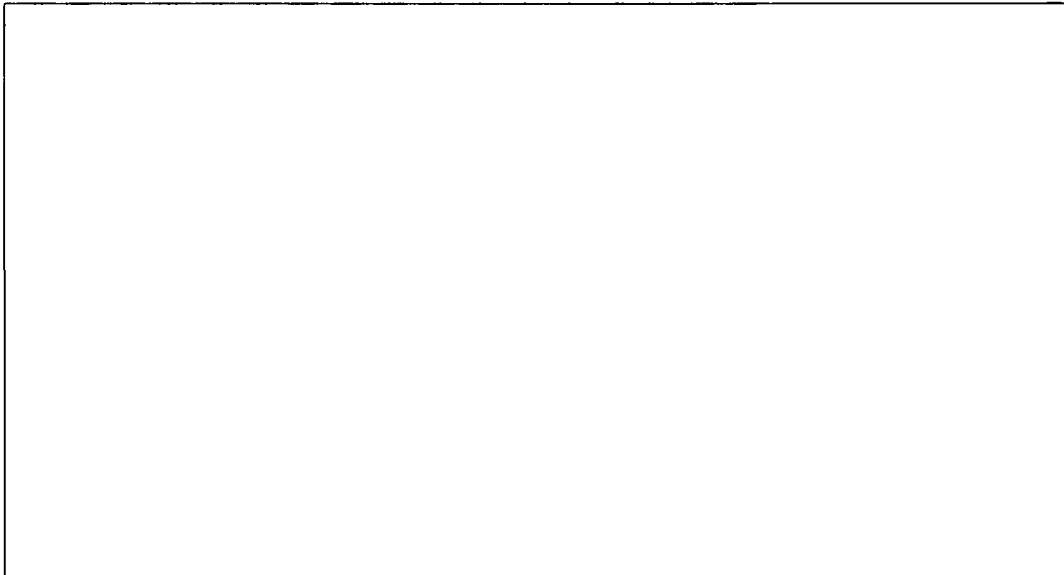


John Swngewood Chairman
7 May 2014

Chief Executive's report

CentralNic is a profitable, high-margin business with strong cashflows, already set on a high growth strategy via a portfolio of new Top-Level Domains that I consider second to none.

Ben Crawford Chief Executive



Performance overview

CentralNic has made significant progress in 2013. The Company listed on the AIM market of the London Stock Exchange, guided its clients' applications for new Top-Level Domains through the evaluation and approvals process, and commenced an aggressive business development strategy aimed at securing profits for years to come. In addition, the Company achieved its financial performance targets.

Billings were £3.89 million, representing a 15% increase on 2012, and producing net revenues of £3.05 million, an increase of 4% over 2012. Net cash-flow from operating activities was £1.13 million, a 15% improvement over the previous year. This growth in revenues is the result of strong deferred revenues from prior periods, continued growth in annuity billings for existing inventory, the successful launch of new domain extensions and consulting revenues relating to new TLDs.

In September 2013, CentralNic successfully raised £5 million (£4.2 million after costs of placing) through its listing on AIM, and immediately commenced investing the funds raised in its future growth strategies, with £0.20 million of operating expenditure invested in the fourth quarter of 2013. Despite this additional spend and new expenses due to our AIM listing, the Group achieved an adjusted EBITDA of £1.02 million in 2013, representing a strong 33.3% margin on net revenues.

At the year end the Group had cash balances of £4.93 million (2012 £0.16 million).

New top-level domains

The internet is going through what our industry regulator ICANN called "the biggest change since its inception," with the introduction of the new gTLD programme, allowing new entrants to join the ranks of .com, .org, .net, etc - and another 20 or so TLD's which have achieved sales of over 1 million domains.

CentralNic was selected as the exclusive registry provider for 60 gTLD applications, under revenue-share and fee-for-service contracts. At the close of 2013, industry regulator ICANN had completed the Initial Evaluations of these new TLD Applications:

- 25 passed initial evaluation and are uncontested; they are therefore guaranteed to be powered by CentralNic when they launch
- 26 applications passed initial evaluation, and are in contention resolution between CentralNic's clients and other applicants. We anticipate that CentralNic will obtain exclusive distribution rights to some of these TLDs.

CentralNic continues to support its clients in navigating the ICANN contracting and contention resolution processes, and assisting them in developing their launch marketing and operational strategies. TLD-related consulting fees that CentralNic received in 2013 will be supplanted with revenues from the sale of domains from the second half of 2014.

Business development

CentralNic listed on the AIM market with four clearly stated objectives to accelerate our growth. During 2013 CentralNic made considerable progress in realising those objectives:

1. Increasing our global retail market coverage

CentralNic continued to expand its global retailer network in 2013 by signing contracts with 114 new registrars and resellers from 32 countries, including the world's largest domain name retailer, GoDaddy, which has 12 million customers and 57 million domains under management.

2. Engaging with developing markets

CentralNic has expanded its team, and we now have multilingual executives around the world focussed on developing markets. We have already made significant progress accessing what is now the world's largest market of internet users, China, by signing contracts with three leading Chinese registrars.

3. Adding new domains to our inventory

When CentralNic listed in September 2013, 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. CentralNic has already won the distribution contracts for .website, .press, .host, .space and .co.com.

4. Entering the retail marketplace ourselves

Extensive planning and development work on CentralNic's retail strategy was undertaken in 2013 and Q1 2014. By May 2014 TLD RS had launched "flagship store" retail websites for .menu, .build, .luxury and .london.

Domain management software acquisition

In December 2013, CentralNic acquired DomiNIC, a domain portfolio management and sales software product, currently used by some of the largest corporations in the German-speaking markets. CentralNic is using this software to integrate its domain distribution platform with the in-house systems used by major corporations.

Outlook

At the end of 2013 the estimated number of people with access to the internet was growing rapidly towards 3 billion, with smart phone sales now surpassing 1 billion per year and initiatives like internet.org focused on getting the remaining 5 billion people online, using the resources of Facebook, Samsung, Nokia, and Ericsson, amongst others.

CentralNic intends to supply this growing demand with domain names and other tools to empower these new internet users to get their own websites. We are already active in 75 geographic markets, making us well-equipped to continue growing globally and supporting consumers and businesses in developing markets seeking to enjoy the benefits of internet adoption.

Taking into account the continuing investment in 2014 and the revenues from new TLD operations commencing in the second half, the Company is well positioned to meet market expectations for 2014.



Ben Crawford Chief Executive
7 May 2014

Strategic report

On entering the 2013 year, CentralNic set itself specific objectives to support long term growth for the Group. These objectives were progressed as follows:

Listing on AIM

In September 2013 the Group successfully gained admission to the AIM market, with an initial valuation of £32.5 million. This included the placing of 9,090,909 new shares generating new capital for the business of £5 million. After deducting the costs associated with the placing, net proceeds of £4.2 million were generated for future investment in the development of the business and its operations.

When CentralNic listed in September 2013, its expectations were to obtain distribution contracts for an additional five domain extensions over the ensuing two years. That objective has already been met by April 2014. CentralNic has already won the distribution contracts for .website, .press, .host, .space and .co.com.

The existing registry business

The registry business is the core of CentralNic's traditional business, and in advance of the new gTLD programme, 2013 represented another year of successful operations. The business supported our existing portfolio and domain sales revenue increased by over 7% in the year when compared to the 2012 proforma results.

In March 2013 the .pw Top-Level Domain, marketed as the "professional web", was launched with CentralNic granted exclusive distribution rights over the domain by Radix Registry. .PW, which is the official country code top level domain for the Republic of Palau, was positioned in the market as an affordable domain that appealed to consumers all over the world, resulting in the highest sales by volume of domains in its launch year of any TLD since .co was re-launched in 2011.

Other developments in our registry business included working with GoDaddy on marketing the .la domain in the city of Los Angeles, and also the launches of .in.net as an alternative extension for India, .mex.com as an alternative extension for Mexico, and .africa.com as a domain extension for Africa.

The new gTLD registry opportunity

The new gTLD opportunity during 2013 was mainly one of consultancy services provided to applicants. In addition, there was investment in preparing the business for the registry implementations.



Of the gTLD applications submitted using CentralNic as exclusive registry service provider, 29 were uncontested or with contention resolved by March 2014, with launches starting that month. These include a number of compelling TLDs with relatively minimal or no registration criteria, that present genuine new opportunities to overcome name scarcity issues in existing top level domains, such as .com.

The CentralNic gTLD services portfolio includes:

- **.wiki**, the TLD for one of the world's best known website types;
- **.xyz**, a truly generic TLD suitable for any website;
- **.rest**, the global TLD for restaurants;
- **.feedback**, the TLD for feedback forms;
- **.PID**, short for 'Personal ID', this TLD is for individual websites;
- **.fans**, the TLD for fan sites;
- **.contact**, the TLD for contact forms and applications;
- **.ink**, the TLD for tattoos;
- **.reit**, for real estate investment trusts;
- **.bar**, the TLD for bars; and
- **.college**, for colleges and online education sites globally.

In addition, CentralNic has contracted with 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, Saudi Telecom and Qatar Telecom, as well as media and entertainment leaders The Guardian and William Morris Endeavor.

At the end of 2013, CentralNic's clients had an additional 24 TLDs which had passed all of ICANN's evaluations and were in a contention resolution process, meaning that the selection of the winning applicant was being determined through a combination of negotiation between the parties in contention and auctions. The domains for which CentralNic's clients are in contention, and in which CentralNic has a commercial interest, include some of the most attractive of the new TLDs, including .app, .art, .blog, .gay, .golf, .hotel, .law, and .news.

One strand of future growth of CentralNic's business is expected to come from the launches of the 29 uncontested domains and from those domains in contention that our clients are able to secure.

In addition, CentralNic intends to invest part of the funds it raised at the IPO in a number of new TLD applicants, giving them access to the funds required to win the rights to their TLDs at auction. CentralNic is expected to benefit from Registry Service Provision fees from those TLDs as well as the benefits of equity shareholdings in those applicant businesses.

Registrar business

The removal of restrictions by ICANN over common ownership of registrars and registries was an important development, enabling CentralNic to create the TLD Registrar Solutions retail business, which was being developed in the second half of 2013. The business has initially focused on the opportunity to launch retail websites under the new gTLD programme.

Another important development in the registrar business 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 investing in adapting DomiNIC for use by .brand TLD applicants, and has started engaging with potential clients as well as advertising in trade publications in 2014.

Expansion of the registrar channel

CentralNic's distribution network includes over 1,500 retailers, known in the industry as registrars. The CentralNic network includes the majority of the world's registrars active in over 75 countries. The retailers sell domain names direct to consumers, but also via a reseller network which is estimated to include over 100,000 resellers.

Given that these retailers between them own a database that includes most of the customers who have bought 271 million domain names to date, and many also have significant reach with their marketing and branding, access to this distribution channel is highly desirable to applicants for new gTLDs.

In the 2013 year, CentralNic continued to expand its global retailer network, signing contracts with 114 new registrars and resellers including the world's largest registrar, Go Daddy. This contract was the basis for a successful re-launch campaign for the .LA domain in Los Angeles in July 2013. CentralNic also signed contracts with leading Chinese registrars Eranet International, Nihand Networks and Shanghai Meicheng Technology Information Development Co. Ltd. Technical integration was completed in the first half of 2013. China continues to represent a strong growth market (with an estimated 618 million internet users), along with other territories in Asia, Africa and the Middle East.

Adding to inventory

Since its IPO in September 2013, CentralNic has also been focussed on further increasing the inventory carried over its platform. In 2014, a number of successes in this area were announced, including winning the contract to be the registry service provider for .co.com, signing a preferred supplier agreement with the Domain Venture Partners II fund to distribute domains for registries acquired, and lastly that CentralNic has won the exclusive contracts to distribute domains ending .space, .press, .host and .website.

Key Performance Indicators

Details of the Key Performance Indicators are provided on page 14.

Principle risks and uncertainties facing the Group

The directors have considered the principle 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 services may not be as large as expected or 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 a broad portfolio of existing and new top level domains across multiple market segments, as well as growing the retail business with access to an even broader range of domain extensions.

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. A number of the servers used by the Group are either rented, leased or provided virtually by one of four key suppliers. While the Group has contracts in place with all four key suppliers these provide little contractual certainty.

The Group intends to continue to seek to maintain close relationships with these suppliers which the Directors believe should reduce the risk of supplier loss however, any loss of one or more of the key suppliers could harm the Group's reputation and financial position.

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 review. The Directors will consider the use of hedging instruments should currency exposure be considered a material performance risk.

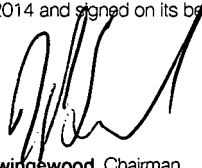
Dependence on key personnel

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 7 May 2014 and signed on its behalf by:

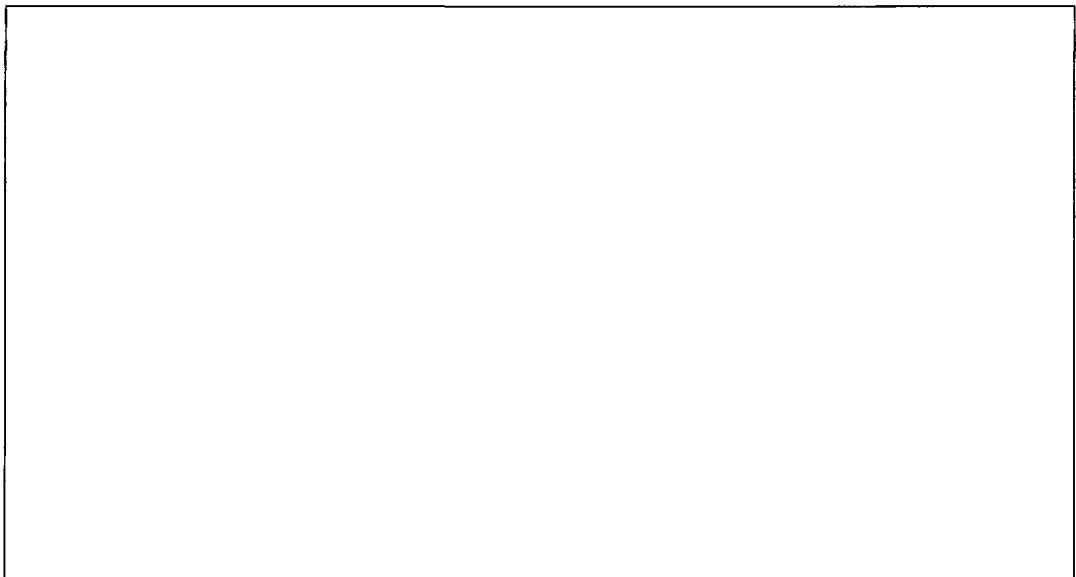


John Swirgewood Chairman

Chief Financial Officer's report

2013 has been a year of considerable change for the Group. Completing the admission to AIM was a significant achievement, providing the Group with access to additional capital to fund future growth. This has resulted in an improved Balance Sheet position which will help to support the business through its latest stage of development.

Glenn Hayward Chief Financial Officer



Chief Financial Officer's report continued

Given the reorganisation of the Group that took place during 2013, the 2012 figures have been prepared on a pro-forma basis, in effect assuming that the present Group structure had been in place during 2012. The Group reorganisation is discussed in more detail in note 19 to the financial statements.

Key Performance Indicators

- Gross billings (including partner share) £3.89m (2012: £3.38m)
- Net revenue £3.05m (2012: £2.93m)
- Adjusted EBITDA* £1.02m (2012 £1.13m)
- Profit before taxation* £0.76m (2012 £0.83m)

*Excludes impact of share payment expense for the share options issued to Directors and Employees; All 2012 figures are presented on a pro-forma basis

The Group generated net revenue growth of 4%, with revenue increasing to £3.05m (2012 – £2.93m). This growth was achieved from domain sales revenues which totalled in the year £2.65m (2012 – £2.48m). This was a pleasing performance, given technical delays relating to the name collision risk affecting ICANN's new gTLD programme, which resulted in the Group exiting the year still in the pre-revenue stage for the new gTLD opportunity.

Growth in domain sales was driven by the highly successful re-launch of the .pw domain extension (the country code for Palau, which was marketed as the "professional web"). This boosted the gross billing figures and to a lesser degree net revenue.

Revenues were also boosted by non-recurring consulting revenues relating to new TLD's, including revenues from GMO Registry, part of Japan's largest internet service provider.

Other domain extensions in the portfolio showed marginal growth (measured by volumes of domains under management). This demonstrated continuing demand for our domain extensions despite the maturity effects which have slowed market demand for domain names in our traditional markets in the USA and the UK. It is encouraging that, so far, the advent of the new gTLDs has not adversely impacted demand for our existing portfolio.

Group EBITDA, before the share payment charge, totalled £1.02m for the year (2012 – £1.13m). This reflected additional costs incurred following the Initial Public Offering, including the need for the business to put in place resources and capability to grow the registrar business, TLD Registrar Solutions (an entity that had been incorporated in 2011 but previously dormant). Taking pre-revenue investment in resources together with the new status as an AIM business and associated costs incurred in the final quarter of the year, the EBITDA was impacted by additional costs totalling £0.20m.

In accordance with IFRS 2 Share Based Payments, we have included a £0.07m charge for Director and employee share options within administrative expenses. Further details can be found in note 25 to the financial statements.

The Group's effective tax rate was 24.4%. Profit after taxation was £0.53m (2012 £0.59m).

Underlying basic earnings per share was relatively stable at 1.00 pence (2012 1.19 pence on proforma basis). Diluted earnings per share, at 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.

Dividends

Prior to the Group re-organisation, an interim dividend of £0.64m was paid, which equates to 1.2 pence per share on a proforma basis. In 2012, a dividend of £0.39m was paid, equating to 0.8 pence on a proforma basis.

It remains the Directors intention to consider payment of a dividend when appropriate and commercially prudent and therefore the Directors would expect to propose a 2014 dividend in respect of the first full year of trading following the IPO. However, due to the proximity to the IPO, the Directors do not propose a final dividend in 2013.

Group reorganisation and share placing

The Company was incorporated on 19 June 2013 and on 9 August 2013 became the new parent company of the CentralNic Group. This followed a reorganisation resulting in the Company acquiring the entire share capital of CentralNic Limited. The shareholders of CentralNic Limited received shares in the Company in direct proportion to their original shareholdings in CentralNic Limited.

The historical financial statements represent the financial statements of the company's subsidiary, CentralNic Limited, and its subsidiary undertakings. On this basis the comparative information is proforma.

On conclusion of the company's admission to AIM, 9.1 million placing shares were issued raising £5m of new capital before related costs.

Group statement of financial position

Following the Group reorganisation and the placing of shares during the Initial Public Offering ("IPO"), at 31 December 2013 the Group had net assets of £4.8m (2012 £0.7m) and had 59.1 million fully paid ordinary shares in issue.

Capital expenditure and tangible and intangible assets

Capital expenditure in the year totalled £0.27m (2012 – £0.03m). The majority of capital expenditure related to intangible asset additions, with £0.10m relating to the acquisition of the DomiNIC Domain Management Software and the remainder consisting of development costs.

Further details are provided in notes 12 and 13 to the financial statements.

Cashflow and net cash

The most significant movements in net cash related to the placing of shares during the admission process to AIM, with £4.2m of net cash generated in September (2012 – £nil).

Net cash flow from operating activities was £1.13m (2012 – £0.98m) reflecting both an increase in an accrual for third party revenue share and another year where cashflow from operations was ahead of EBITDA.

Investing activities included the purchase of intangible assets and the partial repayment to CentralNic Ltd. of the Jabella loan (see note 15 of the Financial Statements).

Financing activities included the net cash generated from the share placing of £4.2m. Loans to Robert Pooke and Erin Investments & Finance limited were repaid prior to the IPO and further details are provided in note 23 under related party disclosures. The repayments totaled £0.32m. Then there were interim dividends paid of £0.64m prior to the IPO (2012 – £0.39m) and scheduled deferred consideration payments of £0.22m (2012 – £0.22m) related to the ownership rights for the .gb.com and .us.com domain extensions.

Banking facilities

The Group ended the year with a net cash position and accordingly does not have in place any significant debt facilities at the current time.

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

and 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 26 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.

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 £4.93m 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 of sale or in advance. Where there are credit accounts, which is an increasing trend in the industry, receivables are controlled through credit limits.

Foreign currency risk

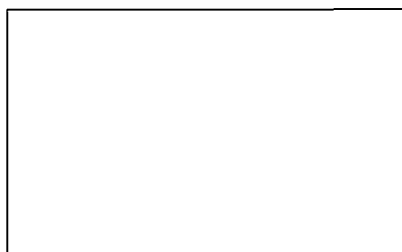
The Board note that the Group predominantly trades in US Dollars, Euros and GB Pounds Sterling, and considers the exposure to foreign currency risk to be acceptable. The Group holds reserves in each of these currencies to meet trading obligations as required. The currency risk will be actively monitored in the coming year as the business expands, including consideration given to hedging instruments.



Glenn Hayward Chief Financial Officer
7 May 2014

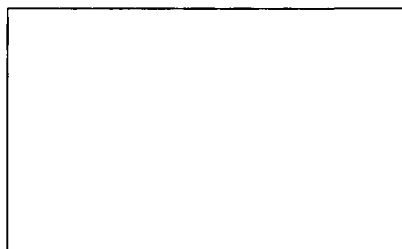
Board of Directors

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.



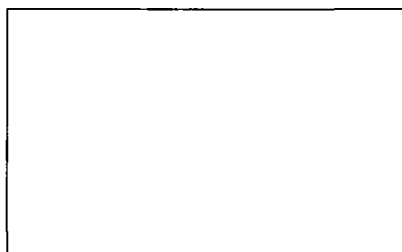
John Swingewood Chairman (aged 58)

John is a serial entrepreneur, active in both public and private companies. He is Chairman of the AIM-listed Eco City Vehicles Plc, the provider of London Mercedes taxis and a founder and director of Brilliant Law Group Ltd. Previously he was director of AIM listed Mobile Tomado 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.



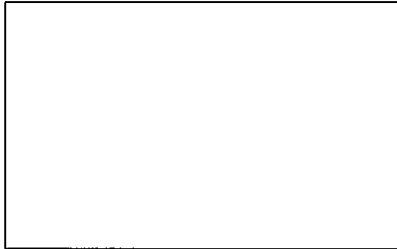
Benjamin Crawford ("Ben") Chief Executive Officer (aged 48)

Ben Crawford is one of the best-known figures in the domain industry, featuring extensively on ICANN's "Ask the Experts" website and is frequently quoted 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, Japan and Russia, as well as winning 64 new TLD contracts and the .PW ccTLD contract. 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.



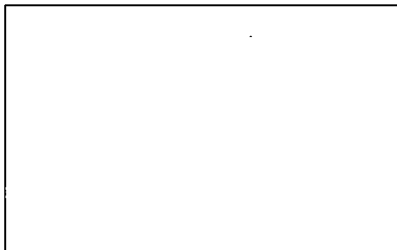
Glenn Hayward Chief Financial Officer (aged 40)

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 53)

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 37)

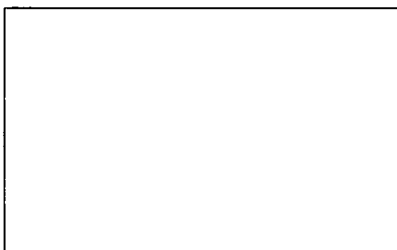
Samuel Dayani is a partner at the Joseph Samuel Group and responsible for managing the Group investments and business development. He is also a Director of Opes Industries Ltd, a waste to energy, landfill and recycling business. From 2001-2005, Samuel was the Chief Operating Officer and then Managing Director of ViaVision Ltd, an interactive TV company, before it was sold to Yoomea 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 44)

Thomas Rickert is an attorney-at-law in Germany. He is managing partner of Schollmeyer & Rickert Rechtsanwaltsgesellschaft mbH, a law firm with offices in Bonn and Frankfurt am Main. 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.



Thomas Pridmore ("Tom") Non-Executive Director (aged 42)

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 and Registrar 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 17 to the Financial Statements.

Financial instruments

Details of the use of financial instruments and financial risk management are included in note 26 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 2nd 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)

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

Robert Pooke (Executive Director)

Non-Executive directors

John Swingewood (Non-Executive Chairman)

Samuel Dayani

Thomas Rickert (appointed 2nd September 2013)

Thomas Pridmore (appointed 2nd September 2013)

Glenn Hayward was appointed Chief Financial Officer and Company Secretary and joined the Board on 10th February 2014.

The biographical details of the Directors are provided on pages 16 and 17 of this report.

All 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 25 to 27 of this report.

Transactions with any parties related to the Directors are disclosed in note 23 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 22 to 24 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 on the strategic report on page 12.

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 30 April 2014:

	Ordinary shares	Percentage
Erin Invest & Finance Ltd	21,630,382	36.61%
UBS Private Banking Nominees Ltd (R Pooke)	13,150,581	22.25%
Jabella Group Ltd	5,687,891	9.63%
Schroder Investment Management	5,090,909	8.62%
Natwest FIS Nominees	3,699,000	6.26%
Unicorn Asset Management	3,188,181	5.40%
Octopus Investments	1,930,837	3.27%

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

Corporate governance

The Corporate Governance Report 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, we do 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 12 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 12.

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 and 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. CentralNic is certified by the Carbon Neutral Company.

The community, charitable and political donations

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

During the year charitable donations totalling £650 were made to WaterAid UK, a charity that works specifically to improve water sanitation and hygiene in the developing world. (2012 – £465).

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 has 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 two third party providers. The Board keep 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 12.

Auditors

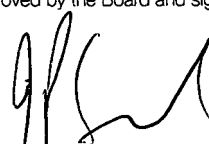
The Company's independent external auditor, Crowe Clark Whitehill LLP, were initially appointed on 17th July 2013, and it is proposed by the Board they be put forward for reappointment as auditors and a resolution concerning their reappointment will be proposed at the forthcoming AGM.

Registered office

35-39 Moorgate, London EC2R 6AR

Registered number: 08576358

Approved by the Board and signed on its behalf by:



John Swingewood Chairman
7 May 2014

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 relatively small public company.

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 Governance Code, the Group has voluntarily chosen that all Directors will retire at the Annual General Meeting and being eligible, will offer themselves for re-election.

Board Committees

Following the admission to AIM, the Company has established Audit, Nomination and Remuneration Committees.

The terms of reference for the 3 committees were reviewed during the 2013 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 was created in September 2013 and is required to meet at least twice a year.

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 25.

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 once a year.

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 Pidmore.

The Nominations Committee was created in September 2013 and is required to meet at least once a year.

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 plans further improvements to these processes in the coming year.

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 responsibilities and sustainability, guide the Group's relationships with clients, employees and the communities and environment in which we operate.

Corporate governance continued

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.

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 all Directors are present. The Group's broker also conveys 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 11th June 2014 at 10am at the offices of the company's solicitors:

DWF LLP
Capital House
85 King William Street
London
EC4N 7BL

The proposed resolutions together with proxy forms and this annual report will be distributed to shareholders by the 19th May 2014, if not before.

Remuneration report

As the Company is an AIM listed company, it is not required to present a Directors' Remuneration report. The Board has chosen to do so on a voluntary basis 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 22 and 23.

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 their 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 and the aggregate payroll costs for the year are 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	Share-based payments £'000	2013 £'000	2012 £'000
CentralNic Limited					
Non-Executive Directors					
Robert Pooke	33	–	–	33	57
Samuel Dayani	40	–	–	40	55
CentralNic Group PLC following IPO					
Non-Executive Directors					
Samuel Dayani	8	–	–	8	–
John Swingewood	13	–	–	13	–
Thomas Rickert	8	–	3	11	–
Tom Pridmore	9	–	3	12	–
Executive Directors					
Robert Pooke	20	–	–	20	–
Ben Crawford	31	33	44	108	–
Donald Baladasan	21	–	2	23	–
	183	33	52	268	112

Included in the directors' salaries and fees above is a charge of £51,335 in the year to the company and Group by Robert Pooke Consulting (2012: £56,808) of which Robert Pooke has a controlling interest.

Included in the directors' salaries and fees above is a charge of £48,333 in the year to the company and Group by Laura Trading LLC (2012: £55,000) of which Samuel Dayani has a controlling interest.

Included in the directors' salaries and fees above is a charge of £13,333 in the year to the company and Group by Swingewood Consulting Ltd (2012: £nil) of which John Swingewood has a controlling interest. Consultancy fees of £33,333 have also been incurred during 2013 prior to John being appointed as a director (2012: £50,003).

Included in the directors' emoluments above is a charge of £64,251 in the year to the company and Group by Ben Crawford FZE (2012: £nil) of which Ben Crawford has a controlling interest. Consultancy fees of £129,500 have also been incurred during 2013 prior to Ben being appointed as a director (2012: £207,385).

Included in the directors' emoluments above is a charge of £18,879 in the year to the company and Group by Maxis Ltd (2012: £nil) of which Donald Baladasan has a controlling interest. Consultancy fees of £39,275 have also been incurred during 2013 prior to Donald being appointed as a director (2012: £50,635).

Directors' interests

(a) As at 31 December 2013, 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	36.61%
UBS Private Banking Nominees Ltd (R Pooke)**	13,150,581	22.25%
Jabella Group Ltd***	5,687,891	9.63%
Natwest FIS Nominees****	3,699,000	6.26%

* 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

** Of these shares, 4,404,545 Ordinary Shares are non-beneficially held. 5,687,891 Ordinary Shares are held by Jabella Group Limited in which Robert Pooke has a 21.5 per cent. interest

*** Jabella Group Limited is a BM 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 are or have 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, 16 and 23 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 2013 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 29 to 61.

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 2013 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

7 May 2014

Consolidated statement of comprehensive income

for the year ended 31 December 2013

	Note	2013 £'000	Proforma 2012 £'000
Revenue	6	3,051	2,933
Cost of sales		(713)	(781)
Gross profit		2,338	2,152
Administrative expenses		(1,578)	(1,317)
Share based payments expense		(66)	-
Operating profit		694	835
Adjusted EBITDA*		1,015	1,134
Depreciation	13	(16)	(25)
Amortisation of intangible assets	14	(239)	(274)
Share based payments expense		(66)	-
Operating profit		694	835
Finance income	10	7	-
Profit before taxation	7	701	835
Income tax expense	11	(171)	(242)
Profit after taxation attributable to equity shareholders		530	593
Other comprehensive income			
Other comprehensive (expense)/income		1	-
Total comprehensive income for the financial year attributable to equity shareholders		531	593
		2013 Pence	Proforma 2012 Pence
Earnings per share			
Basic	12	1.00	1.19
Diluted	12	0.91	1.19

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

All amounts relate to continuing activities.

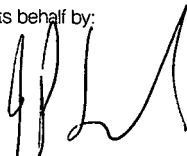
The notes on pages 33 to 54 form an integral part of these financial statements.

Consolidated statement of financial position

as at 31 December 2013

	Note	2013 £'000	Proforma 2012 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	54	21
Intangible assets	14	1,941	1,959
Deferred receivables	15	694	977
Investments	17	2	2
		2,691	2,959
Current assets			
Trade and other receivables	16	316	497
Cash and bank balances	18	4,932	160
		5,248	657
Total assets		7,939	3,616
EQUITY AND LIABILITIES			
Equity			
Share capital	19	59	50
Share premium	19	3,485	-
Share based payments reserve		742	-
Foreign exchange translation reserve		1	-
Retained Earnings		521	629
Total equity		4,808	679
Non-current liabilities			
Other payables	21	457	725
Deferred tax liabilities	22	62	107
		519	832
Current liabilities			
Trade and other payables and accruals	20	2,427	1,964
Taxation payable		185	141
		2,612	2,105
Total liabilities		3,131	2,937
Total equity and liabilities		7,939	3,616

These financial statements were approved and authorised for issue by the Board of Directors on 7 May 2014 and were signed on its behalf by:



John Swingewood Chairman

Company number: 08576358

The notes on pages 33 to 54 form an integral part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2013

	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 2011	50	-	-	-	426	476
Profit after taxation and total comprehensive income for the year	-	-	-	-	593	593
Total comprehensive income for the year	-	-	-	-	593	593
Dividends	-	-	-	-	(390)	(390)
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

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 33 to 54 form an integral part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2013

	2013 £'000	Proforma 2012 £'000
Cash flow from operating activities		
Profit before taxation	701	835
Adjustments for:		
Depreciation of property, plant and equipment	16	25
Amortisation of intangible assets	239	274
Share based payments	66	-
Operating profit before working capital changes	1,022	1,134
Increase in trade and other receivables	(138)	(103)
Increase in trade and other payables and accruals	375	43
Cash flow from operations	1,259	1,074
Income tax paid	(125)	(92)
Net cash flow from operating activities	1,134	982
Cash flow used in investing activities		
Purchase of property, plant and equipment	(50)	(20)
Purchase of intangible assets	(216)	(11)
Disposal of intangible assets	-	18
Loan repayments received from third parties	283	-
Purchase of investments	-	(2)
Net cash flow used in investing activities	17	(15)
Cash flow used in financing activities		
Proceeds from issuance of ordinary shares	4,169	-
Repayments of borrowings	319	(218)
Dividends paid	(638)	(390)
Reduction in deferred consideration	(223)	(218)
Net cash flow generated from/(used in) financing activities	3,627	(826)
Net increase in cash and cash equivalents	4,778	141
Cash and cash equivalents at beginning of the year	160	19
Exchange losses on cash and cash equivalents	(6)	-
Cash and cash equivalents at end of the year	4,932	160

The notes on pages 33 to 54 form an integral part of these financial statements.

Notes to the consolidated financial statements

for the year ended 31 December 2013

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 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.

(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%
DBS Mena	UAE	Domain registry services	Ordinary shares	5%

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 or 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 has been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") issued by the International Accounting Standards Board ("IASB"), including related interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The directors 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 Directors 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 Company has not applied the new IFRSs that have been issued but are not yet effective. The transfer to these new or revised standards and interpretation is not expected to have a material impact on the combined financial statements. At the date of these financial statements, the following standards and interpretations were in issue but not yet adopted by the European Union:

- IAS 32 Amendment – Financial instruments: Presentation
- IAS 36 Amendment – Impairment of assets
- IAS 39 Amendment – Novation of derivatives
- IFRIC 21 Levies
- IFRS 9 Financial instruments
- IFRS 10 Consolidated financial statements
- IFRS 11 Joint arrangements
- IFRS 12 Disclosure of interests in other entities
- IFRS 14 Regulatory deferral accounts
- IAS 27 Consolidated and separate financial statements
- IAS 28 Investments in associates and joint ventures

3. Summary of significant accounting policies

The financial statements has 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) 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\$.

3. Summary of significant accounting policies continued

(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.

(c) 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.

Notes to the consolidated financial statements continued

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.

(d) 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.

(e) 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 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.

3. Summary of significant accounting policies continued

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.

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.

(f) 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 receivables.

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.

(g) Taxation

Taxation for the year comprises 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.

Notes to the consolidated financial statements continued

3. Summary of significant accounting policies continued

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.

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.

(h) Cash and cash equivalents

Cash and bank balances comprise 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.

(i) 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.

(j) 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.

3. Summary of significant accounting policies continued

(k) 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.

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.

(l) 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.

(m) 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 ("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'.

Notes to the consolidated financial statements continued

3. Summary of significant accounting policies continued

(i) 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.

(n) 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.

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.

5. Segment analysis

CentralNic is an independent global domain name registry service provider. It provides registry services and strategic consultancy and it is the owner and registrant for a portfolio of domain names, which it uses as SLD domain extensions for domains. Management reviews the activities of the CentralNic Group as one segment, that of domain registry services and related activities.

The CentralNic Group's revenue from external customers, its non-current and current assets (other than deferred tax assets) and its non-current and current liabilities are divided into the following geographical areas:

2013					
	Revenue £'000	Non-current assets £'000	Current assets £'000	Non-current liabilities £'000	Current liabilities £'000
United States	1,269	4	685	-	662
Europe	1,782	2,687	4,563	519	1,950
	3,051	2,691	5,248	519	2,612

2012					
	Revenue £'000	Non-current assets £'000	Current assets £'000	Non-current liabilities £'000	Current liabilities £'000
United States	899	6	183	-	289
Europe	2,034	2,953	474	832	1,816
	2,933	2,959	657	832	2,105

6. Revenue

	2013 £'000	2012 £'000
Revenue from Domain Sales	2,653	2,479
Revenue from Consultancy	381	424
Other revenue	17	30
	3,051	2,933

The following table shows customers that represent 10% or more of total revenue:

	2013 £'000	2012 £'000
Customer A	490	516
Customer B	487	345
Other customers	2,074	2,072
	3,051	2,933

Notes to the consolidated financial statements continued

7. Profit before taxation

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

	2013 £'000	2012 £'000
Employee benefit expense – wages and salaries	601	505
Employee benefit expense – social security	66	60
Employee benefit expense – share payments	14	–
Staff consultancy fees	241	419
Directors' remuneration – fees and salaries	220	112
Directors' remuneration – share payments	52	–
Operating leases – land & buildings	42	42
Fees payable to the company's auditors for the audit of parent company and consolidated financial statements	22	–
Net loss on foreign currency translation	15	9
Depreciation and amortisation expense	255	299

The group auditors' 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 isn't included in the profit for the period.

8. Employee information

The average number of persons employed by the group (excluding directors) during the year were 14 (2012: 12), analysed by category, as follows:

	2013	2012
Management and finance	1	0
Technical	7	6
Sales and Marketing	2	2
Administrative	2	2
Operations	2	2

Key management personnel

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

	Directors £'000	Senior key personnel £'000	2013 £'000	2012 £'000
Short-term benefits	591	92	683	474
Share based payments expense	52	10	62	–
	643	102	745	474

Balances outstanding with key management personnel:

	2013 £'000	2012 £'000
Advance to key management personnel	–	22

9. Dividends

	2013 £'000	2012 £'000
Equity dividends paid during the year at 1.2 pence per share (2012: 0.8 pence)	638	390
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

	2013 £'000	2012 £'000
Interest income on loans to related parties	6	-
Interest income on short-term bank deposits	1	-
	7	-

11. Income tax expense

	2013 £'000	2012 £'000
Current tax on profits for the year	137	180
Adjustments in respect of previous years	33	-
Current income tax	170	180
Deferred income tax	1	62
Income tax expense	171	242

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:

	2013 £'000	2012 £'000
Profit before taxation	701	835
Tax calculated at domestic tax rates applicable to profits in the respective countries	135	205
Tax effects of:		
Expenses not deductible for tax purposes	1	20
Capital allowances in excess of depreciation	1	-
Adjustments in respect of previous years	33	-
Other adjustments	-	(45)
Current income tax	170	180

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.

Notes to the consolidated financial statements continued

11. Income tax expense continued

The effective rate of tax for the year was 24.4%.

In the UK, the applicable statutory tax rate for 2013 was 23% (2012: 24%).

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. The number of dilutive shares has increased due to the issue of new share options in the current year, which are described in note 25.

	2013 £'000	2012 £'000
Profit after tax attributable to owners	530	593
Weighted average number of shares:		
Basic	52,814,446	50,000,000
Effect of dilutive potential ordinary shares	5,328,727	–
Diluted	58,143,173	50,000,000
Earnings per share:		
Basic (pence)	1.00	1.19
Diluted (pence)	0.91	1.19

13. Property, plant and equipment

	Computer equipment £'000	Furniture and fittings £'000	Total £'000
Cost			
At January 2012	120	31	151
Additions	21	-	21
At 31 December 2012	141	31	172
Additions	46	3	49
Disposals	-	-	-
At 31 December 2013	187	34	221
Accumulated depreciation			
At 1 January 2012	98	28	126
Charge for the year	24	1	25
At 31 December 2012	122	29	151
Charge for the year	15	1	16
Disposals	-	-	-
At 31 December 2013	137	30	167
Property, plant, and equipment, net			
At 31 December 2013	50	4	54
At 31 December 2012	19	2	21

Notes to the consolidated financial statements continued

14. Intangible assets

	Domain names £'000	Software £'000	Total £'000
Cost or deemed cost			
At 1 January 2012	3,444	–	3,444
Additions	11	–	11
Disposals	(18)	–	(18)
At 31 December 2012	3,437	–	3,437
Additions	15	206	221
Exchange Differences	(5)	–	(5)
Disposal	–	–	–
	10	206	216
At 31 December 2013	3,447	206	3,653
Amortisation			
At 1 January 2012	1,204	–	1,204
Charge for the year	274	–	274
At 31 December 2012	1,478	–	1,478
Charge for the year	239	–	239
Exchange Differences	(5)	–	(5)
At 31 December 2013	1,712	–	1,712
Intangible assets, net			
At 31 December 2013	1,735	206	1,941
At 31 December 2012	1,959	–	1,959

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

15. Deferred receivables

	2013 £'000	2012 £'000
Amounts due from shareholders	694	977
	694	977

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 (2013: £5,727). The loan was granted in August 2011 for a term of five years, the balance is currently £693,735. 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. Other receivables, deposits and prepayments

	2013 £'000	2012 £'000
Trade receivables	206	–
Other receivables	47	157
Prepayments	63	21
Receivables from third parties (see note 23)	–	319
	316	497

Receivables from related parties in 2012 were amounts due from Erin Investments & Finance Ltd and Robert Pooke. These were repaid in full during 2013. No trade receivables were past due or impaired at 31 December 2013 (2012: nil).

17. Investments

	£'000
At 31 December 2012 and 31 December 2013	2

The Company owns less than 20% of the following undertakings which are incorporated in the United Arab Emirates (UAE):

Name	Place of incorporation/ establishment	Principal activities	Issued and paid-up/ registered capital	Effective interests
DBS Mena	UAE	Domain registry services	Ordinary shares	5%

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

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%

18. Cash and cash equivalents

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

	2013 £'000	2012 £'000
CentralNic UK	4,274	19
CentralNic USA	656	141
TLD Registrar Solutions Ltd	2	–
	4,932	160

Notes to the consolidated financial statements continued

18. Cash and cash equivalents continued

	2013 £'000	2012 £'000
Amounts held on deposit		
GBP	4,145	(40)
USD	726	177
EUR	61	23
	4,932	160

The increased cash and cash equivalents balances at 31 December 2013 reflect the funds raised during the Initial Public Offering which took place on 2nd September 2013.

19. Share capital

The Company was incorporated on 19 June 2013 and on 9 August 2013 became the new parent company of the CentralNic Group following a re-organisation under which the Company 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.

The Company has no authorised share capital.

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

	Number	Share capital £'000	Share premium £'000
On incorporation on 19 June 2013	1	-	-
Issued in connection with the acquisition of CentralNic Limited on 9 August 2013	49,999	50	-
Share split	49,950,000	-	-
Placing shares	9,090,909	9	3,485
At 31 December 2013	59,090,909	59	3,485

On incorporation on 19 June 2013 the Company had one issued share of £1.

On 9 August 2013 the Company issued 49,999 ordinary shares of £1 credited as fully paid in consideration for the acquisition of the entire issued share capital of CentralNic Limited.

On 9 August 2013 the Company sub-divided its 50,000 issued ordinary shares of £1 each into 50 million ordinary shares of 0.1 pence each.

On 9 September 2013 the Company issued 9,090,909 new ordinary shares of 0.1 pence each in a placing at 55 pence per share. A share premium was created on the issue of these shares totalling £4,990,909. Issue costs in relation to the listing were £830,390 and a share payment expense for warrants granted on listing of £675,409 has also been charged.

20. Trade and other payables and accruals

	2013 £'000	2012 £'000
Accounts payable	270	92
Accrued expenses	99	3
Other taxes and social security	50	76
Deferred consideration	230	219
Deferred revenue	1,438	1,540
Customer Payments on account	324	–
Other liabilities	16	34
	2,427	1,964

21. Non-current other payables

	2013 £'000	2012 £'000
Deferred consideration	–	234
Deferred revenue	457	491
	457	725

22. Deferred tax liabilities

	Short term timing differences £'000
At 1 January 2012	45
Transfers in the period	62
At 31 December 2012	107
Transfers in the period	(45)
At 31 December 2013	62

23. 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 and TLD Registrar Solutions Limited.

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

Notes to the consolidated financial statements continued

23. Related party disclosures continued

(b) Related party transactions

(i) Shareholders

Balances outstanding with shareholders:

	2013 £'000	2012 £'000
Erin Investments & Finance Limited	–	183
Robert Pooke	–	136
Jabella Group Limited	694	977

Amounts due from Jabella Group Limited were interest free until 31 August 2013, from which time the balance accrued interest at 2% above LIBOR (2013; £5,727, 2012: £nil).

Transactions with two members of Erin Investments & Finance Limited:

	2013 £'000	2012 £'000
Operating lease payments	42	42

In December 2013, CentralNic engaged with Schollmeyer and Rickert Rechtsanwalts-gesellschaft mBH, of which Thomas Rickert has a controlling interest, to provide legal services in relation to the potential purchase of intangible assets. These fees are included within the capital commitments shown in note 24.

24. Commitments

Capital commitments

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

	2013 £'000	2012 £'000
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:

	2013 £'000	2012 £'000
Less than one year	42	42
Between one and five years	42	84
	84	126

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.

25. Share options and warrants

Share options

The share option scheme, which was adopted by CentralNic during the year, 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.

Following the acquisition of CentralNic Limited, 2,530,000 share options which were issued on 1st June 2013 were converted into share options in CentralNic Group Plc on the 14th October 2013. On the 14th October 2013 the Company granted a further 1,026,000 share options to directors and employees with an exercise price of 57p each. The weighted fair value of the options granted was 19p per share.

A charge of £66,447 (2012: £nil) 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 2013		31 Dec 2012	
	Number	WAEP*	Number	WAEP*
Outstanding at 1 January	-	-	-	-
Granted during year	3,556,000	23p	-	-
Expired during year	-	-	-	-
Lapsed during year	-	-	-	-
Outstanding at 31 December	3,556,000	23p	-	-
Exercisable at 31 December	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 9.6 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 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 14 October 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 will be 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.

Notes to the consolidated financial statements continued

25. 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 (2012: £nil) has been recognised in the share premium account for the year.

26. 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 2012 and 2013, all of the CentralNic Group's interest-bearing financial instruments bore interest at fixed interest rates.

	2013 £'000
Cash and bank balances	4,932
Effect of interest rate change of 100 basis points	+/- 49

Equity price risk

The CentralNic Group does not have any quoted investments as at each of 31 December 2012 and 2013 and as such does not have significant exposure to equity price risk.

26. 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.

	2013 £'000	2012 £'000
Deferred receivables	694	977
Other receivables, deposits and prepayments	316	497
Cash and bank balances	4,932	160
	5,942	1,634

(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
31 December 2012				
Trade and other payables and accruals	2,689	2,689	1,964	725
	2,689	2,689	1,964	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.

Notes to the consolidated financial statements continued

26. 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:

	2013 £'000	2012 £'000
Total liabilities	2,884	2,689
Less: cash and bank balances	(4,932)	(160)
Net (cash)/debt	(2,048)	2,529
Total equity	4,808	679
Debt-to-equity ratio	n/a	3.7

(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.

£'000	2013		2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Other receivables, deposits and prepayments	316	316	497	497
Deferred receivables	694	694	977	977
Cash and bank balances	4,932	4,932	160	160
	5,942	5,942	1,634	1,634
Trade and other payables and accruals	2,884	2,884	2,689	2,689
	2,884	2,884	2,689	2,689

(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).

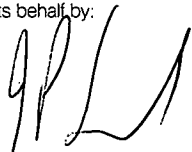
As at 31 December 2012 and 2013, there were no financial instruments carried at fair values.

Company balance sheet

as at 31 December 2013

	Note	2013 £'000
ASSETS		
Fixed assets		
Investments	6	50
Current assets		
Other debtors, deposits and prepayments	7	4,045
		4,045
Total assets		4,095
LIABILITIES		
Current liabilities		
Creditors – amounts falling due within one year	11	72
		72
Total liabilities		72
Net assets		4,023
CAPITAL AND RESERVES		
Share capital	8	59
Share premium	9	3,485
Share based payments reserve	12	742
Retained Earnings	13	(263)
Shareholders funds		4,023

These financial statements were approved and authorised for issue by the Board of Directors on 7 May 2014 and were signed on its behalf by:



John Swingewood Chairman

Company number: 08576358

The notes on pages 58 to 61 form an integral part of these financial statements.

Company statement of capital and reserves

for the period ended 31 December 2013

	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

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.

The notes on pages 58 to 61 form an integral part of these financial statements.

Company cash flow statement

for the period ended 31 December 2013

	2013 £'000
Cash flow from operating activities	
Loss before taxation	(263)
Adjustments for:	
Depreciation of property, plant and equipment	-
Amortisation of intangible assets	-
Share based payments	66
Operating profit before working capital changes	(197)
Increase in other debtors, deposits and prepayments	(4,045)
Increase in other payables and accruals	72
Net cash outflow from operating activities	(4,170)
Income tax paid	-
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	4,220
Decrease in loans to shareholders	-
Dividends paid	-
Reduction in deferred consideration	-
Net cash inflow from financing	4,220
Net increase/(decrease) in cash and cash equivalents	-
Cash and cash equivalent at beginning of the period	-
Cash and cash equivalent at end of the period	-

The notes on pages 58 to 61 form an integral part of these financial statements.

Notes to the Company financial statements

for the period ended 31 December 2013

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 2013, the Company had net current assets of £4,045,000 with the main current asset are being amounts owed from its subsidiary CentralNic Limited amounting to £4,011,000. 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.

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 £263,000. 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 £12,000.

5. Employees and directors' remuneration

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

	2013 £'000
Non-executive directors fees	165
	165

The executive management team is remunerated by CentralNic Limited.

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

	2013 Number
Directors and management	2
	2

6. Investments

	2013 £'000
On incorporation	50
Additions	-
At 31 December 2013	50

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

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

Notes to the Company financial statements continued

7. Debtors

	2013 £'000
Amounts owed by group undertakings	4,011
Other debtors	34
	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

	2013 £'000
On incorporation	-
Premium on issue of new shares	4,991
Share issue costs	(1,506)
Balance carried forward	3,485

10. Retained earnings

	2013 £'000
Balance brought forward	-
Loss for the financial period	(263)
Balance carried forward	(263)

11. Creditors: amounts falling due within one year

	2013 £'000
Accruals and deferred income	72

12. Share based payments reserve

	2013 £'000
Balance brought forward	-
Share based payments expense	742
Balance carried forward	742

13. Reconciliation of movements in shareholders' funds

	2013 £'000
Loss for the financial period	(263)
Issue of new shares	5,050
Share issue costs	(1,506)
Share based payments	742
Opening shareholders' funds	-
Closing shareholders' funds	4,023

Shareholder information

Financial calendar

Annual General Meeting

The Annual General Meeting will be held on Wednesday, the 11th June at 10am at the offices of the company's solicitors:

DWF LLP
Capital House
85 King William Street
London EC4N 7BL

Announcements

- Half-year results for 2014 are expected in September 2014.
- Full year results for 2014 are expected in April 2015.

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

Directors

John Swingewood (Chairman)
Benjamin Crawford (Chief Executive Officer)
Robert Pooke (Executive Director)
Samuel Dayani (Non-Executive Director)
Thomas Rickert (Non-Executive Director)
Thomas Pridmore (Non-Executive Director)
Glenn Hayward (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
3 Ralli Courts West
Riverside
Manchester M3 5FT
23 Berkeley Square
Mayfair
London W1J 6HE

Auditors

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

Solicitors to the Company

DWF LLP
Capital House
85 King William Street
London EC4N 7BL

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

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 Charity 10528686). 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

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



35-39 Moorgate
London
EC2R 6AR

www.centralnic.com

