

TOP LEVEL DOMAIN HOLDINGS LIMITED

Special Purpose Report

for the period ended 31 January 2012

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TOP LEVEL DOMAIN HOLDINGS LIMITED
GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 JANUARY 2012

		Period ended 31 January 2012 (unaudited) £'000	Year ended 31 October 2011 (audited) £'000
Revenue		63	54
Administrative expenses		(337)	(1,492)
Amortisation & depreciation		(45)	(221)
Share options expensed		(52)	(226)
Operating loss		(371)	(1,885)
Interest receivable		3	6
Loss on sale of interest in subsidiary		(4)	-
Loss before taxation		(372)	(1,879)
Income tax expense		-	-
Loss for the financial period		(372)	(1,879)
Other comprehensive income			
Currency translation differences		(2)	11
Other comprehensive income for the period net of taxation		(2)	11
Total comprehensive income for the period		(374)	(1,868)
Retained loss for the year attributable to:			
Equity holders of the parent		(372)	(1,841)
Non-controlling interests		-	(38)
		(372)	(1,879)
Total comprehensive income for the year attributable to:			
Equity holders of the parent		(374)	(1,830)
Non-controlling interests		-	(38)
		(374)	(1,868)
Loss per share (pence)			
Basic	2	(0.10)	(0.53)
Diluted	2	(0.10)	(0.53)

TOP LEVEL DOMAIN HOLDINGS LIMITED
GROUP BALANCE SHEET
AS AT 31 JANUARY 2012

	31 January 2012	31 October 2011
	(unaudited)	(audited)
Note	£'000	£'000
Non-current assets		
Intangible assets	1,410	1,449
Property, plant and equipment	33	32
Available for sale investments	259	259
Total non-current assets	1,702	1,740
Current assets		
Trade and other receivables	181	126
Cash and cash equivalents	6,743	7,074
Total current assets	6,924	7,200
Total Assets	8,626	8,940
Current Liabilities		
Trade and other payables	(1,166)	(1,163)
Total Liabilities	(1,166)	(1,163)
Net Assets	7,460	7,777
Shareholders' equity		
Share capital	3	-
Share premium account	12,520	12,520
Share based payment reserve	817	765
Foreign exchange reserve	94	96
Retained earnings	(5,976)	(5,604)
	7,455	7,777
Non-controlling interests	5	-
Total Equity	7,460	7,777

TOP LEVEL DOMAIN HOLDINGS LIMITED
GROUP CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 JANUARY 2012

	Period ended 31 January 2012 (unaudited) £'000	Year to 31 October 2011 (audited) £'000
Cash outflow from operating activities		
Operating loss	(371)	(1,885)
Increase in trade and other receivables	(55)	(35)
Increase/(decrease) in trade and other payables	3	(29)
Amortisation & depreciation charges	45	221
Other capitalised costs written off	-	109
Share options expensed	52	226
Net cash outflow from operating activities	(326)	(1,393)
Cash flows from investing activities		
Interest received	3	6
Receipts from sale of interest in subsidiary	1	-
Payments to acquire property, plant & equipment	(7)	(9)
Payments to acquire available for sale investments	-	-
Net cash outflow from investing activities	(3)	(3)
Cash flows from financing activities		
Issue of ordinary share capital	-	5,116
Share issue costs	-	(257)
Net cash inflow from financing activities	-	4,859
Net (decrease)/increase in cash and cash equivalents	(329)	3,463
Cash and cash equivalents at beginning of period	7,074	3,600
Exchange (loss)/gain on cash and cash equivalents	(2)	11
Cash and cash equivalents at end of period	6,743	7,074

TOP LEVEL DOMAIN HOLDINGS LIMITED
GROUP STATEMENT OF CHANGES IN EQUITY (Unaudited)
FOR THE PERIOD ENDED 31 JANUARY 2012

Group	Called up share capital	Share premium reserve	Foreign currency translation reserve	Share based payment reserve	Retained earnings	Total	Non-controlling interest	Total equity
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
As at 1 November 2010	-	7,653	85	548	(3,763)	4,523	-	4,523
Loss for the period	-	-	-	-	(1,841)	(1,841)	(38)	(1,879)
Currency translation differences	-	-	11	-	-	11	-	11
Total comprehensive income	-	-	11	-	(1,841)	(1,830)	(38)	(1,868)
Share capital issued	-	4,970	-	-	-	4,970	-	4,970
Share options & warrants exercised	-	154	-	(9)	-	145	-	145
Cost of share issue	-	(257)	-	-	-	(257)	-	(257)
Share based payments	-	-	-	226	-	226	-	226
Total contributions by and distributions to owners of the Company	-	4,867	-	217	-	5,084	-	5,084
Non-controlling interest arising on business combination	-	-	-	-	-	-	38	38
As at 31 October 2011	-	12,520	96	765	(5,604)	7,777	-	7,777
Loss for the period	-	-	-	-	(372)	(372)	-	(372)
Currency translation differences	-	-	(2)	-	-	(2)	-	(2)
Total comprehensive income	-	-	(2)	-	(372)	(374)	-	(374)
Share based payments	-	-	-	52	-	52	-	52
Total contributions by and distributions to owners of the Company	-	-	-	52	-	52	-	52
Non-controlling interest arising on business combination	-	-	-	-	-	-	5	5
As at 31 January 2012	-	12,520	94	817	(5,976)	7,455	5	7,460

TOP LEVEL DOMAIN HOLDINGS LIMITED
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2012

1. Basis of preparation

The consolidated financial statements has been prepared under the historical cost convention and on a going concern basis and in accordance with International Financial Reporting Standards and IFRIC interpretations adopted for use in the European Union ("IFRS") and those parts of the BVI Business Companies Act applicable to companies reporting under IFRS.

The financial information for the period ended 31 January 2012 has been reviewed in accordance with the International Standard on Review Engagements 2410 issued by the Auditing Practices Board. The figures were prepared using applicable accounting policies and practices consistent with those adopted in the statutory accounts for the period ended 31 October 2011. The figures for the period ended 31 October 2011 have been extracted from these accounts, which have been delivered to the AIM Market operated by the London Stock Exchange, and contained an unqualified audit report.

The financial information contained in this document does not constitute statutory financial statements. In the opinion of the directors the financial information for this period fairly presents the financial position, result of operations and cash flows for this period.

This Special Purpose Financial Report was approved by the Board of Directors on 29 February 2012.

Statement of compliance

These condensed special purpose financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union with the exception of International Accounting Standard ('IAS') 34 – Interim Financial Reporting. Accordingly the special purpose financial statements do not include all of the information or disclosures required in the annual financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Top Level Domain Holdings Ltd and its controlled entities. The financial statements of controlled entities are included in the consolidated financial statements from the date control commences until the date control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All inter-company balances and transactions have been eliminated in full.

Foreign currencies

The functional currency of each entity is determined after consideration of the primary economic environment of the entity. The group's presentational currency is Sterling (£).

TOP LEVEL DOMAIN HOLDINGS LIMITED**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 JANUARY 2012**

2. Loss per share

The calculation of earnings per share is based on the loss after taxation divided by the weighted average number of shares in issue during the period:

	Period ended 31 January 2012 (unaudited) £'000	Period ended 30 April 2011 (unaudited) £'000	Year ended 31 October 2011 (unaudited) £'000
Net loss after taxation	(372)	(573)	(1,879)
Weighted average number of ordinary shares used in calculating basic earnings per share	363.77m	348.19m	354.35m
Basic loss per share (expressed in pence)	(0.10) pence	(0.16) pence	(0.53) pence

As the inclusion of the potential ordinary shares would result in a decrease in the loss per share they are considered to be anti-dilutive and, as such, a diluted loss per share is not included.

3. Share capital

The authorised share capital of the Company and the called up and fully paid amounts at 31 January 2012 were as follows:

Called up, allotted, issued and fully paid	Number of shares	Nominal value £'000
As at 1 November 2010	284,139,275	-
On 17 November 2010 for cash at 4p per share on exercise of options	200,000	-
On 7 December 2010 for cash at 6.5p per share	73,996,902	-
On 18 January 2011 for cash at 4p per share on exercise of warrants	3,038,036	-
7 June 2011 for cash on share subscription at 8p per share	2,000,000	-
7 June 2011 for cash on exercise of options at 4p per share	200,000	-
10 August 2011 for cash on exercise of warrants at 4p per share	200,000	-
As at 31 October 2011 and as at 31 January 2012	363,774,213	-

TOP LEVEL DOMAIN HOLDINGS LIMITED

**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 JANUARY 2012**

4. Share options and warrants

Total share options in issue

During the period ended 31 January 2012, the company granted no options over ordinary shares.

As at 31 January 2012 the unexercised options in issue were;

Exercise Price	Expiry Date	Options in Issue 31 January 2012
4p	13 November 2012	19,000,000
4p	1 January 2013	1,400,000
9p	20 December 2013	7,000,000
4p	26 May 2014	5,252,694
8p	15 July 2014	15,000,000
		47,652,694

Total warrants in issue

Exercise Price	Expiry Date	Options in Issue 31 January 2012
4p	13 November 2012	1,622,665
4p	31 July 2012	48,496,109
4.2p	7 August 2012	21,250,000
12p	18 May 2013	1,000,000
		72,368,774

No options or warrants lapsed or were cancelled during the period to 31 January 2012. No options or warrants were exercised during the period to 31 January 2012.

5. Post balance sheet events

On 17 February 2012, a total of 109,468,353 ordinary shares were issued on a placing at a price of 8.25p per share, raising gross proceeds of £9,031,139 before expenses.

TOP LEVEL DOMAIN HOLDINGS LIMITED**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 JANUARY 2012****5. Post balance sheet events (continued)**

The effects of the February placing on the net assets of the group are shown below in proforma tabular format;

	Top Level Domain Holdings Ltd (Group) 31 January 2012 £'000	Share Placing & expenses £'000	Pro Forma Consolidated Net Assets of the Group £'000
Non-Current Assets			
Intangible assets	1,410	-	1,410
Property, plant & equipment	33	-	33
Available for sale investments	259	-	259
Total non-current assets	<u>1,702</u>	<u>-</u>	<u>1,702</u>
Current assets			
Trade & other receivables	181	-	181
Cash & cash equivalents	6,743	9,031	15,774
Total current assets	<u>6,924</u>	<u>9,031</u>	<u>15,955</u>
Total Assets	<u>8,626</u>	<u>9,031</u>	<u>17,657</u>
Current liabilities			
Trade & other payables	(1,166)	(114)	(1,280)
Total current liabilities	<u>(1,166)</u>	<u>(114)</u>	<u>(1,280)</u>
Total liabilities	<u>(1,166)</u>	<u>(114)</u>	<u>(1,280)</u>
Net Assets	<u>7,460</u>	<u>8,917</u>	<u>16,377</u>

On 27 February 2012, a total of 200,000 ordinary shares were issued following the exercise of share options at a price of 4p per share by a former consultant to the Company.

- The financial information set out above does not constitute the Group's statutory accounts for the period ended 31 October 2011, but is derived from those accounts. Statutory accounts for the period have been delivered to the shareholders, and the auditors made an unqualified report thereon.
- A copy of this special purpose report is available on the Company's website : www.tldh.org

INDEPENDENT REVIEW REPORT TO TOP LEVEL DOMAIN HOLDINGS LIMITED

Introduction

We have been engaged by the company to review the financial information for the three months ended 31 January 2012 which comprises the Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, and the related notes. We have read the other information contained in the special purpose report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The special purpose financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the special purpose financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in Note 1, the annual financial statements of the group are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this special purpose financial report have been prepared in accordance with the accounting policies the group intends to use in preparing its next annual financial statements.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the special purpose financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the special purpose financial report for the three months ended 31 January 2012 is not prepared, in all material respects, in accordance with the AIM Rules of the London Stock Exchange.

CHAPMAN DAVIS LLP
Chartered Accountants and Statutory Auditor
London
29 February 2012

Corporate Information

Registered number	1412814 registered in British Virgin Islands
Directors	Peter Dengate Thrush – Executive Chairman Frederick R. Krueger – Deputy Chairman Guy Elliott – Chief Investment Officer Antony Van Couvering - Chief Executive Officer David de Jongh Weill – Chief Finance Officer Clark W. Landry – Non Executive Director Michael E. Mendelson – Non Executive Director
Registered Office	Craigmuir Chambers Road Town, Tortola British Virgin Islands VG 1110 Email: info@tldh.com Website: www.tldh.org
Auditors	Chapman Davis LLP 2 Chapel Court London SE1 1HH United Kingdom
Solicitors	Kerman & Co LLP 7 Savoy Court Strand, London WC2R 0ER United Kingdom
Nominated Advisor	Beaumont Cornish Limited 2 nd Floor Bowman House 29 Wilson street London EC2M 2SJ
Joint Brokers	Daniel Stewart & Company plc Becket House 36 Old Jewry London EC2R 8DD XCAP Securities PLC 24 Cornhill London ECV 3ND
Registrars	Computershare Investor Services (Channel Islands) Ltd PO Box 83 Ordnance House, 31 Pier Road St Helier JE4 8PW Channel Islands
Principal Bankers	HSBC 60 Queen Victoria Street London EC4N 4TR United Kingdom