

**TOP LEVEL DOMAIN HOLDINGS LTD  
("TLDH" or the "Company")**

**Unaudited Interim Report for  
the period ended 30 April 2010**

TLDH (AIM: TLDH) today announces its unaudited results for the six month period ended 30 April 2010 (the "**Period**"). A copy of the interim results for the Period report is available on the Company's website, [www.tldh.org](http://www.tldh.org).

The following sets out the audited results for the Company for the period ended 30 April 2010.

**CHAIRMAN'S STATEMENT**

The Company's strategy is to build a portfolio of top level domains ("**gTLDs**") applicants and infrastructure technologies.

The six month period ended 30 April 2010 was one of further progress by the Internet Corporation for Assigned Names and Numbers ("**ICANN**") towards the eventual roll out of gTLDs.

At its March meeting in Nairobi, the ICANN Board resolved that there should be no cross-ownership between domain name registries and registrars. This prohibition prevents existing ICANN-accredited registrars from owning or operating new gTLDs, thus limiting the number of prospective applicants. TLDH was unaffected by this policy and the Board of TLDH therefore expects that TLDH will benefit from this continuing separation between registrars and registries. The ICANN Board also resolved to focus on the full introduction of gTLDs later this year.

At its subsequent June meeting in Brussels following the Period end, the ICANN Board resolved to hold a special meeting in September 2010 to address all the outstanding issues related to the implementation of the new gTLD programme. The final Applicant Guidebook is expected to be published in November 2010, which will set the final rules for applicants. The applications start date is then expected to be announced at the December 2010 ICANN meeting in Cartagena, Colombia.

We have taken a conservative view toward the timing of what we believe to be a revolutionary stage of the development of the Internet. The TLDH Board is preparing for the likelihood of an early December announcement of the date of the gTLD application window.

Revenue for the Period was £32,000 with finance revenue totalling £3,000. Administrative expenses totalled £480,000. Share options expensed totalled £17,000. Retained loss for the period attributable to members of the parent Company totalled £465,000 for a loss of 0.16 pence per Ordinary share. The Company still has significant cash resources. Cash and cash equivalents at the Period end amounted to approximately £3.9 million

We remain excited about the prospects for the development of the Company that the introduction of gTLDs will create. With our substantial cash resources, low operating costs and our significant interests in prospective applicants for .eco, .nyc, .berlin, .bayern and .gay amongst others, together with the capabilities of our wholly-owned subsidiary Minds and Machines LLC, and also with the restriction on competition that has been placed on existing registrars, we believe that TLDH is well positioned ahead of the start of the gTLDs application and award process.

Frederick Krueger  
Executive Chairman

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**GROUP STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 APRIL 2010**

		<b>Period ended 30 April 2010 (unaudited) £'000</b>	Period ended 30 April 2009 (unaudited) £'000	Year ended 31 October 2009 (audited) £'000
Revenue		32	129	315
Administrative expenses		(480)	(465)	(1,367)
Impairment charge		-	-	(154)
Share options expensed	5	(17)	(106)	(226)
<b>Operating loss</b>		<b>(465)</b>	<b>(442)</b>	<b>(1,432)</b>
Interest receivable		3	21	24
<b>Loss before taxation</b>		<b>(462)</b>	<b>(421)</b>	<b>(1,408)</b>
Income tax expense		-	-	-
<b>Loss for the financial period</b>		<b>(462)</b>	<b>(421)</b>	<b>(1,408)</b>
<b>Other comprehensive income</b>				
Currency translation differences		11	61	31
<b>Other comprehensive income for the period net of taxation</b>		<b>11</b>	<b>61</b>	<b>31</b>
<b>Total comprehensive income for the period attributable to equity holders of the parent</b>		<b>(451)</b>	<b>(360)</b>	<b>(1,377)</b>
<b>Loss per share (pence)</b>				
Basic	3	<b>(0.16)</b>	(0.26)	(0.73)
Diluted	3	<b>(0.16)</b>	(0.26)	(0.73)

**GROUP BALANCE SHEET**

## AS AT 30 APRIL 2010

		<b>30 April 2010</b>	30 April 2009	31 October 2009
	Note	<b>(unaudited)</b>	(unaudited)	(audited)
		<b>£'000</b>	£'000	£'000
<b>Non-current assets</b>				
Intangible assets		1,605	349	1,755
Property, plant and equipment	6	13	-	11
Available for sale investments		385	-	385
<b>Total non-current assets</b>		<b>2,003</b>	349	2,151
<b>Current assets</b>				
Trade and other receivables		120	655	103
Cash and cash equivalents		3,921	2,027	4,265
<b>Total current assets</b>		<b>4,041</b>	2,682	4,368
<b>Total Assets</b>		<b>6,044</b>	3,031	6,519
<b>Current Liabilities</b>				
Trade and other payables		(1,098)	(31)	(1,187)
<b>Total Liabilities</b>		<b>(1,098)</b>	(31)	(1,187)
<b>Net Assets</b>		<b>4,946</b>	3,000	5,332
<b>Shareholders' equity</b>				
Share capital	4	-	-	-
Share premium account		7,653	4,380	7,601
Share based payment reserve	5	532	391	519
Foreign exchange reserve		45	64	34
Retained earnings		(3,284)	(1,835)	(2,822)
<b>Total Equity</b>		<b>4,946</b>	3,000	5,332

## GROUP CASH FLOW STATEMENT

**FOR THE PERIOD ENDED 30 APRIL 2010**

	<b>Period ended 30 April 2010 (unaudited) £'000</b>	Period ended 30 April 2009 (unaudited) £'000	Year to 31 October 2009 (audited) £'000
<b>Cash outflow from operating activities</b>			
Operating Loss	(465)	(442)	(1,432)
(Increase) in trade and other receivables	(17)	(577)	(25)
(Decrease)/increase in trade and other payables	(89)	(30)	48
Impairment charge	-	-	154
Foreign exchange gain	17	106	(14)
Share options expensed	-	-	226
<b>Net cash outflow from operating activities</b>	<b>(554)</b>	<b>(943)</b>	<b>(1,043)</b>
<b>Cash flows from investing activities</b>			
Interest received	3	21	24
Receipts from sale of intangible assets	141	-	-
Payments to acquire property, plant & equipment	-	-	(11)
Payments to acquire available for sale investments	-	-	(385)
<b>Net cash in/(out)flow from investing activities</b>	<b>144</b>	<b>21</b>	<b>(372)</b>
<b>Cash flows from financing activities</b>			
Issue of ordinary share capital	48	-	2,855
Share issue costs	-	-	(89)
<b>Net cash inflow from financing activities</b>	<b>48</b>	<b>-</b>	<b>2,766</b>
<b>Net increase in cash and cash equivalents</b>	<b>(362)</b>	<b>(922)</b>	<b>1,351</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>4,265</b>	<b>2,888</b>	<b>2,888</b>
<b>Exchange gain on cash and cash equivalents</b>	<b>18</b>	<b>61</b>	<b>26</b>

Cash and cash equivalents at end of period	3,921	2,027	4,265
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**GROUP STATEMENT OF CHANGES IN EQUITY (Unaudited)**  
**FOR THE PERIOD ENDED 30 APRIL 2010**

Group	Attributable to equity holders of the company						Total
	Called up share capital	Share premium reserve	Share based payment reserve	Foreign currency translation reserve	Retained earnings		
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
<b>As at 1 November 2008</b>	-	4,380	285	3	(1,414)		3,254
Loss for the period	-	-	-	-	(1,408)		(1,408)
Currency translation differences	-	-	-	31	-		31
<b>Total comprehensive income</b>	-	-	-	31	(1,408)		(1,377)
Share capital issued	-	3,318	-	-	-		3,318
Cost of share issue	-	(97)	-	-	-		(97)
Share based payments	-	-	234	-	-		234
<b>As at 31 October 2009</b>	-	7,601	519	34	(2,822)		5,332
Loss for the period	-	-	-	-	(462)		(462)
Currency translation differences	-	-	-	11	-		11
<b>Total comprehensive income</b>	-	-	-	11	(462)		(451)
Share capital issued	-	48	-	-	-		48
Cost of share issue	-	-	-	-	-		-
Share based payments	-	4	13	-	-		17
<b>As at 30 April 2010</b>	-	7,653	532	45	(3,284)		4,946

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

## **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 30 April 2010 has not been audited or 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 2009. The figures for the period ended 31 October 2010 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 Interim Financial Report was approved by the Board of Directors on 14 July 2010.

### **Statement of compliance**

These condensed interim 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 interim 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 (£).

## **2 Segmental analysis - Group**

For the purposes of segmental information, the operations of the group currently

comprise one class of business: that of internet operations, with a view to enhancing Group shareholder values. Revenue is received on the basis of parking revenue and domain sales.

The parent company acts as a holding company.

The Group's loss for the period arose from its internet operations, with all assets being held within British Virgin Island (BVI) and USA subsidiaries.

### 3. 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:

	<b>Period ended 30 April 2010 (unaudited) £'000</b>	Period ended 30 April 2009 (unaudited) £'000	Year ended 31 October 2009 (unaudited) £'000
Net loss after taxation	(462)	(421)	(1,408)
Weighted average number of ordinary shares used in calculating basic earnings per share	282.95m	162.63m	193.16m
Basic loss per share (expressed in pence)	(0.16) pence	(0.26) pence	(0.73) 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.

### 4. Share capital

The authorised share capital of the Company and the called up and fully paid amounts at 30 April 2010 were as follows:

	<b>£'000</b>
	<b>Authorised</b>
Unlimited ordinary shares of no par value each	-
	<b>Called up, allotted, issued and fully paid</b>
	<b>Number of shares</b>
	<b>Nominal value £'000</b>
Incorporation	1
26 October 2007 for cash at 1p per share	64,750,000
26 October 2007 for cash at 4p per share	10,000,000
29 October 2007 – original incorporation share cancelled	(1)
31 October 2007 for cash at 4p per share	87,516,456



13 March 2008 for non-cash consideration at 4p per share	368,242	-
23 July 2009 for cash at 2.5p per share	110,329,148	-
20 August 2009 for non-cash consideration at 6.125p per share	7,545,000	-
8 September 2009 for cash at 4p per share	2,430,429	-
<b>As at 31 October 2009</b>	<b>282,939,275</b>	<b>-</b>
On 29 April 2010 for cash at 4p per share on exercise of options and warrants	1,200,000	-
<b>As at 30 April 2010</b>	<b>284,139,275</b>	<b>-</b>

### *Total share options in issue*

During the period ended 30 April 2010, the company granted no further options over ordinary shares.

As at 30 April 2010 the unexercised options in issue were;

<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Options in Issue 30 April 2010</b>
4p	13 November 2012	19,000,000
4p	1 January 2013	1,800,000
4p	26 May 2014	5,252,694
		<b>26,052,694</b>

### *Total warrants in issue*

<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Options in Issue 30 April 2010</b>
4p	13 November 2012	1,622,665
4p	31 July 2011	51,734,145
4.2p	31 July 2011	21,250,000
		<b>74,606,810</b>

No options or warrants lapsed or were cancelled during the period to 30 April 2010. 200,000 options and 1,000,000 warrants were exercised during the period to 30 April 2010 all for cash at 4p per share.

## **5. Share based payments**

Under IFRS 2 'Share Based Payments', the Company determines the fair value of options issued to Directors and Employees as remuneration and recognises the amount as an expense in the income statement with a corresponding increase in equity.

<b>Name</b>	<b>Date Granted</b>	<b>Date Vested</b>	<b>Number</b>	<b>Exercise Price (pence)</b>	<b>Expiry Date</b>	<b>Fair Value at Grant Date (pence)</b>
Frederick Krueger	14/11/2007	See 1 below	5,000,000	4	13/11/2012	2.23

David Weill	14/11/2007	See 1 below	4,000,000	4	13/11/2012	2.23
Clark Landry	14/11/2007	See 1 below	5,000,000	4	13/11/2012	2.23
Guy Elliott	14/11/2007	See 1 below	3,000,000	4	13/11/2012	2.23
Michael Mendelson	14/11/2007	See 1 below	2,000,000	4	13/11/2012	2.23
Consultant	01/01/2008	See 2 below	1,000,000	4	01/01/2013	2.23
Consultant	01/01/2008	See 3 below	1,000,000	4	01/01/2013	2.23
David Weill	27/05/2009	See 1 below	2,626,347	4	26/05/2014	1.26
Antony Van Couvering	27/05/2009	See 1 below	2,626,347	4	26/05/2014	1.26

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<b>Totals</b>	<b>26,252,694</b>					
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1. The above share options vest on the 2<sup>nd</sup> anniversary from the date of grant. The options are exercisable at any time after vesting during the Directors period as an eligible employee until the fifth anniversary of admission.
2. The above share options vested over the period of the 12 months from the date of grant, on the basis of 166,667 a month for the first 3 months, and 55,555 over the remaining 9 months.
3. The above share options vested equally over the 6 months from the date of grant. The consultants' contract was terminated on 30 June 2008. However a further 250,000 options were granted or in settlement of the consultancy agreement, in the period ended 31 October 2009.

The fair value of the options and warrants vesting during the period ended 30 April 2010 amounted to £0.017 million. The assessed fair value at grant date is determined using the Black-Scholes Model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The following table lists the inputs to the models used for the period ended 30 April 2010:

	<b>27 May 2009 issue</b>
Dividend Yield (%)	-
Expected Volatility (%)	70.0
Risk-free interest rate (%)	3.8
Share price at grant date (£)	0.025

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may, not necessarily be the actual outcome.

## 6. Property, plant & equipment

	<b>Group</b>
	<b>£ 000's</b>
<b>Cost</b>	
At 1 November 2009	11
Currency translation adjustments	2
<b>As at 30 April 2010</b>	<b>13</b>

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**Depreciation and Impairment**

At 1 November 2009	-
Impairment charge for the period	-

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<b>At 30 April 2010</b>	<b>-</b>
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**Net book value**

<b>At 30 April 2010</b>	<b>13</b>
At 31 October 2009	11

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**Impairment Review**

At 30 April 2010, the Directors have carried out an impairment review and concluded no impairment provision is currently required.

**7. Post balance sheet events**

There are no post balance sheet events to disclose.

8. The financial information set out above does not constitute the Group's statutory accounts for the period ended 31 October 2009, 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.

9. A copy of this interim statement is available on the Company's website : [www.tldh.org](http://www.tldh.org)