

**Top Level Domain Holdings Limited**  
(“TLDH” or the “Company” or the “Group”)

**Unaudited Interim Results for the period ended 31 October 2012**

Top Level Domain Holdings Limited (AIM: TLDH.L), the only publicly traded company focused exclusively on acquiring and operating new generic top-level domains (“gTLDs”), today announces its unaudited interim results for the 6 months ended 31 October 2012 (the “Period”).

**Period Highlights:**

- ICANN closes the application window for new gTLDs and publishes results;
- TLDH successfully submits the third largest portfolio of generic gTLD applications as well as many others on behalf of several clients; and
- TLDH has 16 gTLD applications unopposed, and another 5 unopposed client applications.

Executive Chairman Designate, Fred Krueger, commented:

“The Board continues to be excited about the prospects for the development of the Group. The Company’s strategy now focuses on developing the processes and infrastructure to support the portfolio of gTLD applications in its own name and for its clients in anticipation of deriving revenue from the registration of domain names.

“We look forward to the first of our new gTLDs going live in 2013. With clients from Brazil, New Zealand, Canada, the UK and the USA, and a varied portfolio of gTLDs, we are the third largest applicant of generic gTLDs behind Donuts Inc. and Google Inc.”

A full copy of the unaudited interim accounts is available at [www.tldh.org](http://www.tldh.org)

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**About Top Level Domain Holdings Limited**

Top Level Domain Holding is a publicly traded holding company listed on the AIM market of the London Stock Exchange. The company is only publicly traded company exclusively focused on the new top-level domain space. Top-level domains, such as .com and .net are regulated by ICANN. ICANN is expanding the number of new generic top-level domains from the current 22 to over 1000. TLDH is making targeted investments in this space, focusing on both infrastructure technologies and specific top-level domains.

**About Minds + Machines, <http://mindsandmachines.com>**

Minds + Machines is a registry services provider that works internationally with commercial organisations, cities, not-for-profits and entrepreneurs to secure and operate new top-level domains (TLDs). Minds + Machines is a wholly owned subsidiary of Top Level Domains Holdings Limited.

## CHAIRMAN'S STATEMENT

I am very pleased to present the unaudited interim report for the Group for the six-month period ended 31 October 2012.

The Period was again one of substantial further progress by the Group. The Group submitted 92 new gTLD applications on its own behalf, with joint venturers, and on behalf of clients.

Key highlights for the period include:

- TLDH emerged with 16 uncontested applications and another five from uncontested applications from clients. Many of the uncontested applications are high-value geographic names, including .london, .bayern, .miami, .budapest, and .nrw;
- All 92 applications passed ICANN's administrative completeness check;
- TLDH participated in ICANN's pilot program for Clarifying Questions (CQ), getting an advance look at the evaluation panel's proposed follow-up questions to the applications. The pilot enabled TLDH to provide significant input on ICANN's CQ approach while also serving as input into TLDH's resourcing plan to ensure all CQs are answered timely;
- TLDH began the process of setting up its core registry operations in Dublin. Operations are expected to be up and running in Q1 of 2013 with an additional site expected to be operational in London later in 2013.

Overall the Group is excited about the prospect of being live with gTLDs in 2013.

### Operational and financial review

TLDH changed its fiscal year-end from 31 October to 31 December beginning in 2012.

The Group's principal investment is its 100 per cent Interest in Minds + Machines LLC (<http://www.mindsandmachines.com>).

Minds + Machines LLC, founded in 2008, is a full-service consulting and registry services company that provides a complete suite of registry solutions for new gTLD applicants through its proprietary registry platform, Espresso.

Revenue for the six-month interim period was £241,000 (2011: £28,000) with finance revenue totaling £1,000 (2011: £4,000). The main source of income was earned by advising on client gTLD applications.

Administrative expenses totaled £1,212,000 (2011: £983,000). Share options expensed totaled £161,000 (2011: £134,000). The principal additional costs were incurred in hiring of additional staff and legal and professional fees in relation to processing the large number of gTLD applications.

Retained loss for the period attributable to members of the parent Company totaled £1,009,000 (2011: £1,268,000) for a loss of 0.21 pence (2011: 0.36 pence) per Ordinary share.

The Company still has significant cash resources. During the Period a significant number of warrants were exercised raising £1.9 million (equivalent to US\$2.9 million at that time) which provided additional working capital and enable the Company to further develop its TLD portfolio and business. Cash and cash equivalents at the Period end amounted to approximately £3.1 million. This excludes the application fees and letters of credit in the amount of US\$17.1 million (equivalent to £10.7 million at Period end) and any fee refunds which may be due in respect of any withdrawn applications.

### Outlook

The Board is excited about the prospects for the development of the Group. The Company's strategy now focuses on Minds + Machines' development of the processes and infrastructure to support the portfolio of gTLD applications in anticipation of deriving revenue from the registration of domain names.

**Fred Krueger**  
Executive Chairman Designate  
30 January 2013

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

		Period ended 31 October 2012 (unaudited) £ '000	Period ended 31 October 2011 (unaudited) £ '000	Year ended 31 October 2012 (unaudited) £ '000	Year ended 31 October 2011 (audited) £ '000
Revenue	Note	241	28	377	54
Admin Expenses		(1,212)	(983)	(2,577)	(1,492)
Amortization and Depreciation		(5)	(221)	(91)	(221)
Foreign Exch gain / (loss)		98		98	
Share Option Expensed		(161)	(134)	(251)	(226)
<b>Operating loss</b>		<b>(1,039)</b>	<b>(1,310)</b>	<b>(2,444)</b>	<b>(1,885)</b>
Interest Receivable		1	4	5	6
Loss on sale of interest in subsidiaries			-	(8)	-
<b>Loss before taxation</b>		<b>(1,038)</b>	<b>(1,306)</b>	<b>(2,447)</b>	<b>(1,879)</b>
Income tax expense		-	-	-	-
<b>Loss for financial period</b>		<b>(1,038)</b>	<b>(1,306)</b>	<b>(2,447)</b>	<b>(1,879)</b>
<b>Other Comprehensive Income</b>					
Currency translation differences		120	10	80	11
<b>Other comprehensive income for the period net of taxation</b>		<b>120</b>	<b>10</b>	<b>80</b>	<b>11</b>
<b>Total comprehensive income for the period</b>		<b>(918)</b>	<b>(1,296)</b>	<b>(2,367)</b>	<b>(1,868)</b>
<b>Retained loss for the period attributable to:</b>					
Equity holders of the parent		<b>(1,009)</b>	(1,268)	(2,409)	(1,841)
Non-controlling interests		<b>(29)</b>	(38)	(38)	(38)
		<b>(1,038)</b>	<b>(1,306)</b>	<b>(2,447)</b>	<b>(1,879)</b>
<b>Total comprehensive income for the period attributable to:</b>					
Equity holders of the parent		<b>(889)</b>	(1,258)	(2,329)	(1,830)
Non-controlling interests		<b>(29)</b>	(38)	(38)	(38)
		<b>(918)</b>	<b>(1,296)</b>	<b>(2,367)</b>	<b>(1,868)</b>
<b>Loss per share (pence)</b>					
Basic	2	<b>(0.21)</b>	(0.36)	(0.53)	(0.53)
Diluted	2	<b>(0.21)</b>	(0.36)	(0.53)	(0.53)

**GROUP BALANCE SHEET  
AS AT 31 OCTOBER 2012**

	31 October 2012 (unaudited) £ '000	31 October 2011 (audited) £ '000	30 April 2012 (unaudited) £ '000
<b>Note</b>			
<b>Non-current assets</b>			
Intangible assets	1,431	1,449	1,371
Property, plant and equipment	36	32	34
Investments	250	259	260
Other long-term assets	10,653	-	-
<b>Total non-current assets</b>	<b>12,370</b>	<b>1,740</b>	<b>1,665</b>
<b>Current assets</b>			
Trade and other receivables	2,259	126	10,760
Cash and cash equivalents	3,057	7,074	4,315
<b>Total current assets</b>	<b>5,316</b>	<b>7,200</b>	<b>15,075</b>
<b>Total Assets</b>	<b>17,686</b>	<b>8,940</b>	<b>16,740</b>
<b>Current liabilities</b>			
Trade and other payables	(1,015)	(1,163)	(1,435)
<b>Total Liabilities</b>	<b>(1,015)</b>	<b>(1,163)</b>	<b>(1,435)</b>
<b>Net Assets</b>	<b>16,671</b>	<b>7,777</b>	<b>15,305</b>
<b>Shareholder's equity</b>			
Share capital	23,303	12,520	21,403
Share premium account	1,011	765	850
Share based payment reserve	176	96	56
Foreign exchange reserve	(8,013)	(5,604)	(7,004)
Retained earnings	16,477	7,777	15,305
Minority interests	194	-	-
<b>Total Equity</b>	<b>16,671</b>	<b>7,777</b>	<b>15,305</b>

**GROUP CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31 OCTOBER 2012**

	Period ended 31 October 2012 (unaudited) £ '000	Period ended 31 October 2011 (unaudited) £ '000	Year ended 31 October 2012 (unaudited) £ '000	Year ended 31 October 2011 (audited) £ '000
<b>Note</b>				
<b>Cash flow from operating activities</b>				
Operating (loss) (increase)/decrease in trade and other receivables	(1,039) 8,501	(1,310) (51)	(2,444) (2,133)	(1,885) (35)
Increase/(decrease) in trade and other payables	(420)	52	(148)	(29)
Amortisation & depreciation	5	215	91	221
Other capitalised costs written off	-	109	-	109
Share options expensed	161	134	251	226
<b>Net cash outflow from operating activities</b>	<b>7,208</b>	<b>(851)</b>	<b>(4,383)</b>	<b>(1,393)</b>
<b>Cash flows from investing activities</b>				
Interest received	1	4	5	6
Payments to acquire fixed assets	(2)	(3)	(14)	(9)
Receipts from the sale of interest in subsidiary			2	
ICANN Deposits	(10,653)	-	(10,653)	-
Payment to acquire intangible assets	(60)	-	(60)	-
Minority Interest investments	228		228	-
Payments to acquire available for sale investments		2		
<b>Net cash outflow from investing activities</b>	<b>(10,486)</b>	<b>3</b>	<b>(10,492)</b>	<b>(3)</b>
<b>Cash flows from financing activities</b>				
Issue of ordinary share capital	1,900	177	10,939	5,116
Share issue costs	-	-	(161)	(257)
<b>Net cash inflow from financing activities</b>	<b>1,900</b>	<b>177</b>	<b>10,778</b>	<b>4,859</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,378)</b>	<b>(671)</b>	<b>(4,097)</b>	<b>3,463</b>
Cash and cash equivalents at beginning of period	4,315	7,735	7,074	3,600
Exchange loss on cash and cash equivalents	120	10	80	11
<b>Cash and cash equivalents at end of period</b>	<b>3,057</b>	<b>7,074</b>	<b>3,057</b>	<b>7,074</b>

**GROUP STATEMENT OF CHANGES IN EQUITY (unaudited)  
FOR THE PERIOD ENDED 31 OCTOBER 2012**

Group	Called up share capital £ '000	Share premium reserve £ '000	Foreign currency translation reserve £ '000	Share based payment reserve £ '000	Retained earnings £ '000	Total £ '000	Non-controlling interest £ '000	Total equity £ '000
<b>As at 31 October 2011</b>	-	12,520	96	765	(5,604)	7,777	-	7,777
Loss for the period					(1,400)	(1,400)	(9)	(1,409)
Currency translation differences			(40)			(40)		(40)
<b>Total comprehensive income</b>	-	-	(40)	-	(1,400)	(1,440)		(1 440)
Share capital issued		9,039				9,039		9,039
Share options exercised		5		(5)		-		-
Cost of share issue		(161)				(161)		(161)
Share based payments	-	-	-	90		90		90
<b>Total contributions by and distributions to owners of the Company</b>	-	8,883	-	85	-	8,968	-	8,968
Non-controlling interest arising from business combination						-	9	9
<b>As at 30 April 2012</b>		21,403	56	850	(7,004)	15,305	-	15,305
Loss for the period					(1,009)	(1,009)	(29)	(1,038)
Currency translation differences			120	-		120		120
<b>Total comprehensive income</b>	-	-	120	-	(1,009)	(889)	(29)	(918)
Share capital issued						-		-
Share options exercised						-		-
Warrants exercised		1,900				1,900		
Cost of share issue								
Share based payments				161				
<b>Total contributions by and distributions to owners of the Company</b>	-	1,900	-	161	-	2,061	-	2,061
Non-controlling interest arising from business combination						-	223	223
<b>As at 31 October 2012</b>		23,303	176	1,011	(8,013)	16,477	194	16,671

## **NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2012**

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### **1. Basis of preparation**

The consolidated financial statements have 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 October 2012 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 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.

The Board of Directors approved this Interim Financial Report on 30 January 2013.

### **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 (£).

### **Change in Fiscal Year-end**

The Board of Directors of the Company approved a change in the Company's fiscal year end from 31 October to 31 December of each year. This change to the calendar year reporting cycle began 1 January 2012. This interim report reflects a six-month period ending 31 October 2012. The 31 December 2012 audited financial statements will reflect a fourteen-month period from 1 November 2011 to 31 December 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 October 2012 (unaudited) £ '000	Period ended 31 October 2011 (unaudited) £ '000	Year ended 31 October 2012 (unaudited) £ '000	Year ended 31 October 2011 (audited) £ '000
Net loss after taxation	1,038	1,306	2,447	1,879
Weighted average number of ordinary shares used in calculating basic earnings per share	503.05M	363.21M	457.75M	354.35M
Basic loss per share (expressed in pence)	(0.21)	(0.36)	(0.53)	(0.53)

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. Other long-term assets

During the 12 months ended October 31, 2012, TLDH paid US\$13.5 million in application fees to the Internet Corporation for Assigned Names and Numbers (ICANN) under ICANN's New generic Top Level Domain (gTLD) Program and has deposited US\$3.6 million to fund the letters of credit required by ICANN. TLDH capitalizes the costs incurred to pursue the rights to operate certain gTLD strings as these are deemed to provide probable future economic benefit. Current capitalized costs include the US\$13.5 million in applications fees paid directly to ICANN.

During the application process capitalized payments for gTLD applications are included in Other Long Term Assets. While there is no assurance that TLDH will be awarded any gTLDs, capitalized payments will be reclassified as intangible assets once the gTLD strings are available for their intended use, which is expected to occur following the delegation of gTLD strings by ICANN, currently scheduled to begin in 2013.

In general, TLDH does not expect to withdraw any of its applications unless the application has not passed the evaluation process and there is no further recourse or there is an agreement to sell or dispose of its interest in certain applications.

Where TLDH receives a partial cash refund for certain gTLD applications and/or to the extent TLDH elects to sell or dispose of its interest in certain gTLD applications throughout the process, it may incur gains or losses on amounts invested. In such cases the application fee will be reclassified from a long-term asset. Refunds received will be properly recorded when received, gains on the sale of TLDH's interest in gTLD applications will be recognized when realized, and losses will be recognized when deemed probable. Other costs incurred by TLDH as part of its gTLD initiative not directly attributable to the acquisition of gTLD operator rights are expensed as incurred.



#### 4. Share Capital

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

Called up, allotted, issued and fully paid	Number of shares	Nominal value £ '000	£ '000 Authorized
As at 31 October 2011	<b>363,774,213</b>	-	-
On 10 February 2012 for cash at 8.25p per share	109,468,353	-	-
27 February 2012 for cash on exercise of options at 4p per share	200,000	-	-
<b>As at 30 April 2012</b>	<b>473,442,566</b>	-	-
27 June 2012 for cash on exercise of warrants at 4p per share	2,500,000	-	-
5 July 2012 for cash on exercise of warrants at 4p per share	34,165,680	-	-
5 July 2012 for cash on exercise of options at 4p per share	300,000	-	-
10 July 2012 for cash on exercise of warrants at 4p per share	6,300,000	-	-
20 July 2012 for cash on exercise of warrants at 4p per share	1,000,000	-	-
27 July 2012 for cash on exercise of warrants at 4p per share	1,600,000	-	-
2 August 2012 for cash on exercise of warrants at 4p per share	750,000	-	-
3 September 2012 for payment of services rendered at 7p per share	500,000	-	-
<b>As at 31 October 2012</b>	<b>520,558,246</b>	-	-

## 5. Share Options and Warrants

### *Total share options in issue*

During the period ended 31 October 2012, the company granted 2.56 million options over ordinary shares, which are due to expire in 2022. As at 31 October 2012 the unexercised options in issue were:

Exercise Price	Expiry Date	Options in Issue 31 October 2012
4p	13 November 2012	18,700,000
4p	1 January 2013	1,200,000
9p	20 December 2013	7,000,000
4p	26 May 2014	5,252,694
8p	15 July 2014	15,000,000
9p	21 July 2014	1,550,000
9p	11 September 2014	350,000
7p	30 July 2022	2,562,500
		<b>51,615,194</b>

### *Total warrants in issue*

During the period ended 31 October 2012, the company granted 8 million warrants over ordinary shares. As at 31 October 2012 the unexercised warrants in issue were:

Exercise Price	Expiry Date	Options in Issue 31 October 2012
4p	13 November 2012	1,622,665
12p	18 May 2013	1,000,000
10p	6 May 2019	8,000,000
		<b>10,622,665</b>

During the Period 46,315,680 warrants and 300,000 options were exercised at 4p per share while 23,680,429 warrants expired.

## 6. Post balance sheet events

There are no Post Balance Sheet Events to disclose.

7. 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.

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

ENDS