

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

Unaudited Interim Results for the period ended 30 June 2013

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 30 June 2013 (the “Period”).

Period Highlights:

- The Company successfully raised £6.6 million in funding from institutional and other investors, including directors. The funds provided additional working capital and in particular, additional funding for the Company to resolve contention sets, including participation in private or ICANN-sponsored auctions of contested gTLDs (where another applicant(s) has also applied for the same gTLD);
- The Company resolved contention sets for three of its gTLDs, securing the rights to one gTLD and a revenue share on a second gTLD. As at 30 June the Company had an interest in 23 uncontested applications, including 15 wholly / majority owned gTLDs – post period this has increased to 25;
- All of TLDH’s and client gTLD applications have passed Initial Evaluation and are moving on towards the next set of steps (i.e., contract signing and pre-delegation testing) prior to officially launching save one where approval is still being sought;
- The Company agreed a funding facility for up to \$15 million (£9.4 million) to support its participation in a prospective auction in relation to a specific contested gTLD;
- The Company participated in ICANN’s beta program for Pre-Delegation Testing (PDT) and has successfully passed PDT. The process has allowed TLDH to get an advanced look at the PDT process as it prepares for actual PDT later this year;
- The Company’s core registry operations have been established in Dublin, Ireland and additional operations are being set up in London.

Post Period Highlights

- Contract signed with ICANN for the first application in which TLDH has an interest, .KIWI;
- Agreement entered into with Tucows to partner in the auction process on three contested applications.

Executive Chairman, Fred Krueger, commented:

“We are now in the final stages of the most significant development in the history of the Internet Domain Name System. We are the fourth largest applicant in the world for new gTLDs after Donuts, Google, and Amazon and have significant financial resources. Our cost base is lower than many of our competitors and we believe that we have the highest valued portfolio of geographic TLDs in the industry. Our servers and infrastructure have passed initial pre-delegation testing. In short, we are ready to go - both to launch and manage our portfolio of uncontested gTLDs, and those of our clients, as well as to monetise those contested applications where we take the view that a gTLD string is being over-valued by our competitors. And given the recent signing of contract between .KIWI and ICANN, we may potentially see our first revenues as a back-end registry operator as early as Q4 2013, and revenue from the sale of domain names from our first wholly-owned new gTLD by Q1 2014.”

A full copy of the unaudited interim accounts is available at 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 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

We are now in the final stages of the most significant development in the history of the Internet Domain Name System. ICANN has now signed over 40 contracts for new top-level domains, including one for our client .KIWI, with more following every week. By this time next year, it is highly likely that hundreds of new domains will be live. The way people will navigate to and experience web sites will be forever changed.

Our long-term shareholders know it has been a long road getting here. Our company, Top Level Domain Holdings, was created in 2009 to take advantage of this sea change and to own a significant piece of this new virtual real estate.

Our view has always been that we would measure ourselves by how much real estate we could acquire, and how we could execute our operation of the new domains. This is not something that is simply measured by number of gTLDs under management; rather it must also take into account the potential market value of that real estate (i.e., gTLDs). For example, a prime area in central London is generally worth much more than the same sized area in a remote city such as Pyongyang, North Korea. By the same token we believe the potential global value of .LONDON is vastly superior to that of a .PYONGYANG.

Nonetheless, it is worth repeating that TLDH now has an actual ownership interest in 25 uncontested generic, non-brand top-level domains, and we have applied for 48 additional names. We are the fourth largest applicant in the world after Donuts, Google, and Amazon. We also have significant financial resources, including a commitment of \$10 million (and up to \$15 million) for a single name auction.

We believe our cost basis is lower than that of many of our competitors because we have our own back-end registry infrastructure and technology, with a first-class technical team based in Dublin, Ireland. While this has required significant capital commitments, the cost advantage of this for a portfolio player such as TLDH is significant. Some existing highly successful registries are paying significant portions of their revenues to third-party registry infrastructure providers. Our costs are far lower than registries that are forced to outsource.

Our proprietary technical platform, along with our industry expertise and marketing experience, helped us win public tender bids for the highly valuable geographic gTLDs of London, Miami, Bavaria, Budapest and NRW (North-Rhine Westphalia, the most populated state in Germany). As result, we believe we now have the highest valued portfolio of geographic TLDs in the industry.

In addition to winning the business of regional governments, we have won the confidence of other large and respected players. TLDH is powering the applications of Bradesco, the second largest bank in Brazil; the Republican Party in the US; and Tucows, the world's third largest registrar – along with ten other client applications.

We can understand that from a distance it might appear that the “end” of the ICANN process is ever elusive. But this is incorrect. ICANN has now signed 44 contracts for new gTLDs, including one with our client .KIWI. We have been invited by ICANN into the contracting process for several other gTLDs in our queue. We are moving ahead rapidly, and we are ready to go. We have passed the evaluation process for all the applications (save for one where we are still seeking approval). Our servers and infrastructure have passed initial pre-delegation testing. Our hardware platforms are in place in Dublin and London. Espresso, our registry system, is fully ICANN-compliant.

We have kept the Company very lean up until now. At 17 people, our Company has fewer than 1 full time employee per TLD that we own. And we expect and hope to acquire additional new TLDs before the process is over.

As we enter into this final phase, we are pursuing other potential revenue-producing ventures by developing our own registrar, and, in cooperation with the website-building company Needly, providing a clean path for users to get a complete online solution – a web presence and email, as well as a domain name.

We have also been aggressive in pursuing worthwhile partnerships. In the last six months, we have agreed a joint venture with UniRegistry for .COUNTRY, worked on a trade with Domain Venture partners for .FIT and a revenue share on .REVIEW, and have participated in our first private auction – winning .CASA and .FISHING. Just by doing these three deals, we have increased our uncontested portfolio by 5 gTLDs, without any drain on our cash.

We are excited to participate in more private auctions, and, if need be, in ICANN auctions. We believe that some of the best names have yet to be allocated and we are encouraged that ICANN is now publicly saying these auctions could occur as early as November.

From our perspective, these facts should be used as the metrics to value our company.

As shareholders know, it has been several years since the gTLD program was originally launched by ICANN and we are confident that we will see a dramatic change in the Internet landscape later this year with the launch of the first new gTLD. The registrar 1and1.com has already collected over 2 million pre-registrations for new gTLDs.

The Company is very well positioned both successfully to launch and manage its portfolio of uncontested gTLDs - and those of our clients - as well as monetise those contested applications where we take the view that a gTLD string is being over-valued by our competitors.

In summary, I am excited to report that we have an interest in 25 uncontested applications for new gTLDs. ICANN has now signed the contract on the first gTLD application for one of our key clients, and has signed a total of 44 contracts with new gTLD applicants, with more being reported every week.

This progress is the direct result of the Group’s activity during the period under review.

Key highlights for the period include:

- In June the Company successfully raised £6.6 million in funding from institutional and other investors, including directors. The funds provided additional working capital and in particular, additional funding for the Company to resolve contention sets, including participation in private or ICANN-sponsored auctions of contested gTLDs (where another applicant(s) has also applied for the same gTLD);
- In June the Company resolved contention sets for three of its gTLDs, securing the rights to one gTLD and a revenue share on a second gTLD. As of 30 June the Company had interest in 23 uncontested applications, including 15 wholly/majority owned gTLDs – post period this has increased to 25;
- The majority of TLDH’s and client gTLD applications have passed Initial Evaluation and are moving on towards the next set of steps (i.e., contract signing and pre-delegation testing) prior to officially launching;
- The Company agreed a funding facility for up to \$15 million (£9.4 million) to support its participation in a prospective auction in relation to a specific contested gTLD;
- TLDH participated in ICANN’s beta program for Pre-Delegation Testing (PDT) and has successfully passed PDT. The process has allowed TLDH to get an advanced look at the PDT

process as it prepares for actual PDT later this year;

- TLDH core registry operations have been established in Dublin, Ireland and additional operations are being set up in London.

Operational and financial review

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 £7,000 (2012: £346,000) with finance revenue totaling £1,000 (2012: £1,000). The main source of income was earned by advertising revenue from its portfolio of second level domains.

Administrative expenses totaled £1,403,000 (2012: £1,485,000). Share options expensed totaled £636,000 (2012: £143,000). While we have been busy setting up operations and hiring staff, we have been able to reduce overall administrative expenses by reducing legal and professional fees.

Retained loss for the period attributable to members of the parent Company totaled £1,828,000 (2012: £1,495,000) for a loss of 0.34 pence (2012: 0.34 pence) per Ordinary share.

The Company has significant cash resources as a result of its recent equity funding. Cash and cash equivalents at the Period end amounted to approximately £7.4 million. This excludes the application fees and letters of credit in the amount of US\$15.9 million (equivalent to £10.4 million at Period end) and any fee refunds which may be due in respect of any withdrawn applications.

Outlook

Looking forward, I am confident that ICANN will broadly continue to sign contracts in line with the timelines we announced in July 2013, allowing .LONDON potentially to begin its launch and initial marketing as early as the first half of 2014. Given the recent signing of contract between .KIWI and ICANN, we may see our first revenues as a back-end registry operator as early as Q4 2013, and revenue from the sale of domain names from our first wholly-owned new gTLD by Q1 2014.

Fred Krueger

Executive Chairman
30 September 2013

Condensed Consolidated Statement of Comprehensive Income For the period ended 30 June 2013

		Six month period ended 30 June 2013 (unaudited) £ '000	Six month period ended 30 June 2012 (unaudited) £ '000	14 month period ended 31 December 2012 (audited) £ '000
Revenue	Note	7	346	420
Administrative expenses		(1,403)	(1,485)	(2,633)
Amortization and depreciation charge / (credit)		(36)	(5)	198
Loss on withdrawal of ICANN applications	4	(179)	-	-
Foreign exchange gain / (loss)		359	(261)	(328)
Impairment of available for sale investments		-	-	(253)
Impairment of goodwill		-	-	(57)
Share based payments		(636)	(143)	(414)

Operating loss	(1,888)	(1,548)	(3,067)
Finance revenue	1	-	6
Share of loss of joint venture	-	-	1
Loss before taxation	(1,887)	(1,548)	(3,060)
Income tax expense	-	-	(1)
Retained loss	(1,887)	(1,548)	(3,061)
Other Comprehensive Income			
Currency translation differences	884	1,271	(25)
Total comprehensive income	(1,003)	(277)	(3,086)
Retained loss for the period attributable to:			
Equity holders of the parent	(1,828)	(1,495)	(3,021)
Non-controlling interests	(59)	(53)	(40)
	(1,887)	(1,548)	(3,061)
Total comprehensive income for the period attributable to:			
Equity holders of the parent	(944)	(224)	(3,046)
Non-controlling interests	(59)	(53)	(40)
	(1,003)	(277)	(3,086)
Loss per share (pence)			
Basic	3	(0.34)	(0.34)
Diluted	3	(0.34)	(0.34)

Condensed consolidated statement of financial position At 30 June 2013

	Note	30 June 2013 (unaudited) £ '000	31 December 2012 (audited) £ '000	30 June 2012 (unaudited) £'000
Assets				
Non-current assets				
Goodwill		1,820	1,820	1,655
Intangible assets		121	114	50
Tangible assets		346	34	40
Interest in joint ventures		460	433	404
Other long-term assets	4	10,428	10,375	13,195
Total non-current assets		13,175	12,776	15,354
Current assets				
Cash and cash equivalents		7,355	2,320	1,922
Trade and other receivables		2,972	2,418	560
Total current assets		10,327	4,738	2,482
Total Assets		23,502	17,514	17,836
Current liabilities				
Trade and other payables		(401)	(279)	(248)
Total Liabilities		(401)	(279)	(248)

Net Assets		<u>23,101</u>	<u>17,235</u>	<u>17,588</u>
Shareholder's equity				
Share capital	5	-	-	-
Share premium		30,884	23,311	21,464
Shares to be issued		-	1,339	1,339
Foreign exchange reserve		955	71	1,266
Retained earnings		<u>(8,655)</u>	<u>(7,462)</u>	<u>(6,488)</u>
		23,184	17,259	17,641
Non-controlling interests		<u>(83)</u>	<u>(24)</u>	<u>(53)</u>
Total Equity		<u>23,101</u>	<u>17,235</u>	<u>17,588</u>

Condensed consolidated statement of cash flows
For the period ended 30 June 2013

	Six month period ended 30 June 2013 (unaudited) £'000	Six month period ended 30 June 2012 (unaudited) £ '000	14 month period ended 31 December 2012 (audited) £'000
Cash flow from operating activities			
Operating (loss)	(1,888)	(1,548)	(3,067)
Increase in trade and other receivables including long term receivables	(415)	(13,616)	(10,400)
(Decrease)/Increase in trade and other payables	(167)	43	194
Depreciation and amortization charge / (credit)	36	5	(198)
Loss on withdrawal of ICANN applications	179	-	-
Income tax expense	-	-	(1)
Impairment loss on trade receivables	-	-	34
Impairment of available for sale investments	-	-	57
Share options expensed	636	143	414
Foreign exchange (gain)/loss	(779)	695	(62)
Net cash outflow from operating activities	<u>(2,398)</u>	<u>(14,278)</u>	<u>(12,776)</u>
Cash flows from investing activities			
Interest received	1	-	6
Amounts transferred to restricted cash	(73)	-	(2,169)
Payments to acquire fixed assets	(295)	(6)	(9)
Payment to acquire intangible assets	(7)	(50)	(68)
Investment in interests in joint ventures	-	(17)	(434)
Receipts from disposal of interest in subsidiary	-	-	9
Net cash (outflow)/inflow from investing activities	<u>(374)</u>	<u>(73)</u>	<u>(2,665)</u>
Cash flows from financing activities			
Issue of ordinary share capital	7,962	9,100	10,952
Share issue costs	(396)	(161)	(161)
Net cash inflow from financing activities	<u>7,566</u>	<u>8,939</u>	<u>10,791</u>
Net increase/(decrease) in cash and cash equivalents	4,794	(5,412)	(4,650)
Cash and cash equivalents at beginning of period	2,418	6,763	7,074
Exchange loss on cash and cash equivalents	143	571	(6)
Cash and cash equivalents at end of period	<u>7,355</u>	<u>1,922</u>	<u>2,418</u>

Condensed consolidated statement of changes in equity (unaudited)
For the period ended 30 June 2013

Group	Called up share capital £'000	Share premium reserve £'000	Shares to be issued £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total £'000	Non - controlling interest £'000	Total equity £'000
As at 1 January 2012	-	12,525	-	(5)	(5,077)	7,443	-	7,443

Prior year restatement	-	-	1,339	-	-	1,339	-	1,339
As at 1 January 2012 restated	-	12,525	1,339	(5)	(5,077)	8,782	-	8,782
Loss for the period	-	-	-	-	(1,495)	(1,495)	(53)	(1,548)
Currency translation differences	-	-	-	1,271	-	1,271	-	1,271
Total comprehensive income	-	-	-	1,271	(1,495)	(224)	(53)	(277)
Share capital issued	-	9,100	-	-	-	9,100	-	9,100
Cost of share issue	-	(161)	-	-	-	(161)	-	(161)
Share based payments	-	-	-	-	143	143	-	143
As at 30 June 2012	-	21,464	1,339	1,266	(6,429)	17,640	(53)	17,587
Loss for six month period to 31 December 2012	-	-	-	-	(1,220)	(1,220)	29	(1,191)
Currency translation differences	-	-	-	(1,195)	-	(1,195)	-	(1,195)
Share based payments	-	-	-	-	186	186	-	186
Share options and warrants exercised	-	1,847	-	-	-	1,847	-	1,847
As at 31 December 2012	-	23,311	1,339	71	(7,462)	17,259	(24)	17,235

Group	Called up share capital £'000	Share premium reserve £'000	Shares to be issued £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total £'000	Non - controlling interest £'000	Total equity £'000
As at 1 January 2013	-	23,311	1,339	71	(7,462)	17,259	(24)	17,235
Loss for the period	-	-	-	-	(1,828)	(1,828)	(59)	(1,887)
Currency translation differences	-	-	-	884	-	884	-	884
Total comprehensive income	-	-	-	884	(1,828)	(944)	(59)	(1,003)
Share capital issued	-	7,969	(1,339)	-	-	6,630	-	6,630
Cost of share issue	-	(396)	-	-	-	(396)	-	(396)
Share options and warrants exercised	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	636	636	-	636
As at 30 June 2013	-	30,884	-	955	(8,655)	23,184	(83)	23,101

Notes to the condensed consolidated financial statements For the period ended 30 June 2013

1. Basis of preparation

The condensed financial statements have been prepared using the same accounting policies, presentation and methods of computation as applied in the preparation of the Group's financial statements for the 14 month period ended 31 December 2012.

The consolidated financial statements have been prepared under the historical cost convention and on a going concern basis.

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

Basis of consolidation

The condensed consolidated financial information incorporates the results of the Company and its subsidiaries.

2. Prior period adjustment

In 2012 Trade and other payables (deferred consideration) and Goodwill were restated due to a prior year restatement. Deferred consideration of £1,078k was accounted for as a payable. In 2012 the Directors re-evaluated the accounting treatment for the deferred consideration and subsequently determined that the shares should be classified and accounted for as 'shares to be issued' within equity. The 2011 opening equity position has therefore been restated to reflect this adjustment. In making this assessment, the deferred consideration was revalued based on the share price of the Company at the date that the consideration became payable; this being the date the share consideration was determined. Accordingly, goodwill was also restated by £261k.

The shares to be issued are issuable to former shareholders of Minds and Machines LLC as part of the total consideration for the acquisition of the company.

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:

	Six month period ended 30 June 2013 (unaudited)	Six month period ended 30 June 2012 (unaudited)
Net loss after taxation (£'000)	(1,887)	(1,548)
Weighted average number of ordinary shares used in calculating basic loss per share (millions)	551.27	449.32
Basic loss per share (pence)	(0.34)	(0.34)
Diluted loss per share (pence)	(0.34)	(0.34)

All potential shares were anti-dilutive as the group was in a loss making position. As a result diluted loss per share for the periods ended 30 June 2013 and 30 June 2012 is disclosed the same value as basic loss per share.

4. Other long-term assets

	30 June 2013 (unaudited) £'000	31 December 2012 (audited) £'000
Restricted cash	2,320	2,169
Other long-term receivables	8,108	8,206
Total other long term assets	<u>10,428</u>	<u>10,375</u>

At the period end, the group still had US\$12.3 million (£8,029k) (2012: US\$13.3 million (£8,206k)) in application fees with the Internet Corporation for Assigned Names and Numbers (ICANN) under ICANN's generic Top Level Domain (gTLD) Program and has deposited US\$3.5 million (£2,320k) (2012: US\$3.5 million (£2,169k)) 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.

During the application process payments for gTLD applications are included in Other Long Term Assets. While there is no assurance that TLDH will be awarded any gTLDs, long terms receivables 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. 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 application 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 application will be recognized when realized, and losses will be recognized when deemed probable. Other costs incurred by TLDG as part of its gTLD initiative not directly attributable to the acquisition of gTLD operator rights are expensed as incurred.

During the period TLDH resolved its contention set with another applicant for a single gTLD (.review). TLDH agreed to withdraw its application with ICANN in exchange for a revenue share from the sole applicant of the .review gTLD. The net amount invested in this gTLD (the gTLD application fee less the refund from ICANN) is £79k (2012: nil) and will remain in Other Long-Term Assets until such time as the other applicant is able to secure the string from ICANN.

Also, during the period applications for five other strings (.spa, .free, .sale, .zulu, and .science) were withdrawn incurring a loss on those application fees of £179k. The loss is calculated based on the total application fee paid for each gTLD less the refunds received from ICANN and has been reflected in the statement of comprehensive income as a current period loss.

5. Share capital

Called up, allotted, issued and fully paid ordinary shares of no par value	Number of shares	Price per share (pence)	Total £'000
As at 1 January 2013	520,758,246		
Shares issued:			
13 February 2013 against shares to be issued	17,605,000	7.61	1,339
3 June 2013 for cash at 6p per share	110,375,276	6	6,623
13 June 2013 for payment of services rendered	120,000	6.33	7
			7,969
As at 30 June 2013	648,858,522		

6. Post balance sheet events

On 13 July 2013 the Company issued 1,700,000 new Ordinary Shares following an exercise of 1,700,000 options at an exercise price of 4p per share.

In August the Company participated in a private auction process for four of its applied-for gTLDs; .casa, .fishing, .guide and .网址 ("site" in Chinese). The Company secured two of these gTLDs (.casa and .fishing) while relinquishing two others. The net effect is that the company was able to recoup its original investment in the two relinquished gTLDs while securing two more gTLDs for its portfolio. The group's portfolio now consists of 19 uncontested gTLDs plus a percentage share of revenue from one other gTLD.

7. The financial information set out above does not constitute the Group's statutory accounts for the period ended 30 June 2013, 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

ENDS