

TOP LEVEL DOMAIN HOLDINGS LIMITED

Annual Report and Accounts for the 14 month period ended
31 December 2012

Top Level Domain Holdings Limited

Top Level Domain Holdings Limited (“TLDH” or “the Company”) is a BVI incorporated company, which is traded on the London Stock Exchange’s AIM Market (“AIM”). The Company’s principal activity is to engage in the investment in top level domains and the provision of registry services and consulting.

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Chairman's Statement

I am pleased to present this year's annual report for Top Level Domain Holdings, Ltd. (the "**Company**") together with the consolidated financial statements ("the **Group**") for the period ended 31 December 2012.

The Period was one of substantial further progress by the Internet Corporation for Assigned Names and Numbers ("**ICANN**") towards the roll out of generic Top Level Domains ("**gTLD**"). The program successfully launched on 12 January 2012 with the opening of the Application Window. The Application Window subsequently closed on 30 May 2012 and on 12 June 2012 ICANN posted on their website the applications passing their administrative review. ICANN posted a total of 1,930 applications representing a diverse group of applicants from all over the world, most of which are either well-established and globally-known name brands or are new start-ups. The total number of applications received, approximately 4 times as many as ICANN had initially estimated, and the diversity of applicants clearly demonstrate the potentially significant impact this program will have on the Internet, online commerce, and to users in general.

Altogether, the Group was involved with 92 applications for new gTLDs, including 20 on behalf of clients. Of these 22 were uncontested (there were no other applicants for the same gTLDs).

In early 2013, the Company announced the raising of up to \$15,000,000 (£9.9M) additional funding to help with its bid to secure one of its contended strings (a gTLD application that is an exact match to at least one other application). We believe this further signifies the potential impact that investors see in this industry and also helps to further solidify the Company's reputation for managing its business and investments.

With the rollout of new gTLDs, 2013 promises to be a significant year for the Internet and for the Company. Registry operations, currently being set up in Dublin, Ireland will be live in the summer of 2013. A second registry operations center will be set up in London to support the .London registry and to serve as the back up site for the Dublin operations. Finally, the Company expects to see significant cash inflow from the sale of domain names as a number of our strings are expected to be delegated and operational later this year.

Minds and Machines LLC (www.mindsandmachines.com) (100% Group ownership)

Minds and Machines LLC, founded in 2008, is a full-service consulting and registry services company that provides a complete registry solution for new gTLD applicants, Minds + Machines provides registry services to TLDH and works with a range of customers applying for new gTLDs. Minds and Machines Limited (UK), which has contracted to operate .London, and Minds and Machines Limited (Ireland) are also wholly owned by TLDH.

Bayern Connect GmbH (80% Group Ownership)

Bayern Connect has contracted with the Free State of Bavaria in regard to the launch and management of .Bayern.

Minds and Machines GmbH (80% Group Ownership)

Bayern Connect has contracted with the State of North Rhine Westphalia in regard to the launch and management of .NRW.

TutorialBlog and AppCraver (100% group ownership)

Our websites, TutorialBlog and AppCraver, continued to perform well during the period. AppCraver remains a leading iPhone application review website. Tutorial Blog continues to generate revenue with minimal associated costs.

Financial results

As highlighted above this was a significant period for the gTLD program and the Company. During the period the Group established partnerships with established, global organizations and became a recognized leader in the Geographical Names gTLD space. The period saw an increase in revenue as a result of consulting services associated with the gTLD program.

Revenue for the period ended 31 December 2012 was £420,000 (2011: £54,000) with finance revenue totaling £6,000 (2011: £6,000). Administrative expenses amounted to £2,633,000 (2011: £1,492,000). Share options expensed amounted to £414,000 (2011: £226,000). The retained loss for the period attributable to members of the parent Company was £3,061,000 (£1,879,000), equivalent to a loss of 0.66 pence per share (2011: 0.53). Cash and cash equivalents at 31 December 2012 amounted to £2,418,000 (2011: £7,074,000).

Chairman's Statement (continued)

Outlook

The Company expects to see the first set of gTLD strings launching mid to late 2013, including some of the Company's gTLDs as well as those of some of its clients. In anticipation of this historic event the Company is well underway in setting up core registry operations in Dublin, with additional operations being managed out of London.

The Board looks forward to playing its part in creating a vibrant new wave of innovation, consumer choice and wealth creation on the Internet as a result of the gTLD programme. The Directors' believe that the introduction of generic top-level domains will create significant opportunities in both direct investment and service revenues for the Company.

With our management team, available resources, low operating costs and our significant interests in new gTLDs, we believe that TLDH is very well positioned to participate in the expansion of the Internet and we are excited about the prospects for the Company.

Frederick Krueger
Executive Chairman
30 April 2013

Directors' Report

The Directors' are pleased to present this annual report together with the consolidated financial statements for the 14-month period from 1 November 2011 to 31 December 2012.

Principal Activities and Investment Policy

The principal activities of the Group are to engage in the investment in top level domains and the provision of registry services and consulting.

The Company's Investing Policy is to acquire a widely distributed mix of businesses involved in the operation and supply of support services to domains and websites and other related internet services businesses including top level domains, top level domain infrastructure, and supporting technologies.

The Directors collectively have considerable experience investing, both in structuring and executing deals and in raising venture capital and other funds, and in particular, web-based companies. The Directors will use this experience to identify and investigate investment opportunities, and to negotiate acquisitions. Wherever necessary the Company will engage suitably qualified technical personnel to carry out specialist due diligence prior to making an acquisition or an investment. For the acquisitions, which they expect the Company to make, the Directors may adopt earn-out structures, with specific performance targets being set for the sellers of the businesses acquired, and with suitable metrics applied.

The Company may invest by way of outright acquisition or by the acquisition of assets, including the intellectual property, of a relevant business, partnerships or joint venture arrangements. Such investments may result in the Company acquiring the whole or part of a company or project (which in the case of an investment in a company may be private or listed on a stock exchange, and which may be pre-revenue), and such investments may constitute a minority stake in the company or project in question. The Company's investments may take the form of revenue share, equity, joint venture debt, convertible instruments, license rights, or other financial instruments, as the Directors deem appropriate.

The Company will be both an active and a passive investor. The Company intends to be a long-term investor and the Directors will place no minimum or maximum limit on the length of time that any investment may be held.

There is no limit on the number of projects into which the Company may invest, nor the proportion of the Company's gross assets that any investment may represent at any time and the Company will consider possible opportunities anywhere in the world.

The Directors will, where possible, offer new Ordinary Shares by way of consideration as well as cash, thereby helping to preserve the Company's cash for working capital and as a reserve against unforeseen contingencies including by way of example, and without limit, delays in collecting accounts receivable, unexpected changes in the economic environment and unforeseen operational problems. The Company may in appropriate circumstances, issue debt securities or otherwise borrow money to complete an investment. There are no borrowing limits in the Articles of Association of the Company. The Directors do not intend to acquire any cross-holdings in other corporate entities that have an interest in the Ordinary Shares.

There are no restrictions in the type of investment that the Company might make nor on the type of opportunity that may be considered other than set out in this Section.

As the Ordinary Shares are traded on AIM this provides a facility for shareholders to realise their investment in the Company. In addition, the Directors may consider from time to time other means of facilitating returns to Shareholders including dividends, share repurchases, demergers, scheme of arrangements or liquidation.

The Company does not currently have any obligation to return funds to its Shareholders by a fixed date.

The Company will provide an update on its investing activities at the same time that it publishes its unaudited interim accounts for the six months ending 30 June of each financial year and its audited annual results for the year ending 31 December and as otherwise required by the AIM Rules. The Company has no current plans to publish any regular estimate of net asset value or updates on the investments.

All of the Company's assets will be held in its own name, or through controlled subsidiaries.

Directors' Report (Continued)

Business Review and future developments

A review of the current and future development of the Group's business is given in the Chairman's Statement on pages 2 to 3.

Business principal risks and uncertainties

There are a number of potential risks and uncertainties, which could have a material impact on the Group's long-term performance and could cause actual results to differ materially from expected and historical results. The Group's risk management policies and procedures are also discussed in the Corporate Governance Statement.

Key Risks	Mitigation
- The delay or cancellation of the new generic top level domain (gTLD) application round by ICANN	The Group spends considerable time participating in ICANN's process and in other groups that influence and shape the gTLD program to help ensure its continued progression towards rolling out new gTLDs.
- Failure by the company to secure the top level domain for which they are applying	We have utilised experts in the field to complete ICANN's application and, where appropriate, we have secured additional funding to help secure certain, contested applications.
- Failure of the TLD infrastructure technology investments to secure clients	We have put in place contracts with certain key clients to ensure continued business relationships. The Group also meets with individual management from our strategic partners periodically throughout the year to ensure the continued alignment of business goals and objectives.
- An inability to retain key personnel	We offer a competitive compensation package including incentive share options to retain key personnel.

Results and Dividends

Loss on ordinary activities of the Group after taxation amounted to £3.185 million (2011: £1.879 million). The Directors do not recommend payment of a dividend.

Key Performance Indicators

Given the nature of the business and that the Group is in a development phase of operations, the Directors are of the opinion that analysis using KPIs is not appropriate for an understanding of the development, performance or position of our businesses at this time.

Post Balance Sheet Events

At the date these financial statements were approved, being 29 April 2013, the Directors were not aware of any significant post balance sheet events other than those set out in the notes to the financial statements.

Directors

The names of the Directors who served during the period are set out below:

Director	Date of Appointment	Date of Resignation
Executive Directors		
Frederick Krueger		
Antony Van Couvering		
Michael Salazar	1 December 2012	
Caspar Veltheim	31 October 2012	
Peter Dengate Thrush		30 January 2013
David de Jongh Weill		30 November 2012

Non-Executive Directors

Guy Elliot

Keith Teare

13 February 2013

Clark Landry

29 October 2012

Michael Mendelson

6 February 2013

Directors' Remuneration

The Company remunerates the Directors at a level commensurate with the size of the Company and the experience of its Directors. The Remuneration Committee has reviewed the Directors' remuneration and believes it upholds the objectives of the Company with regard to this issue. Details of the Director emoluments and payments made for professional services rendered are set out in Note 6 to the financial statements.

Directors' Interests

The total beneficial interests of the serving Directors in the shares and options of the Company during the period to 31 December 2012 were as follows:

Director	31 December 2012		31 October 2011	
	Shares	Options*	Shares	Options*
Peter Dengate Thrush	-	15,000,000	-	15,000,000
Frederick Krueger	106,957,840	5,000,000	81,903,560	5,000,000
Clark Landry	12,569,200	-	11,957,800	5,000,000
David de Jongh Weill	14,020,000	6,626,347	9,270,000	6,626,347
Guy Elliott	30,686,350	3,000,000	26,186,350	3,000,000
Michael Mendelson	1,300,000	1,700,000	1,000,000	2,000,000
Antony Van Couvering	15,000	9,626,347	15,000	9,626,347
Michael Salazar	-	1,250,000	-	-
Caspar Veltheim	349,500	662,500	-	-

* The option details have been fully disclosed in Note 21 to the financial statements.

Corporate Governance

A statement on Corporate Governance is set out on pages 9 to 11.

Environmental Responsibility

The Company is aware of the potential impact that it and its subsidiary companies may have on the environment. The Company ensures that it, and its subsidiaries at a minimum comply with the local regulatory requirements and the revised Equator Principles with regard to the environment.

Employment Policies

The Group is committed to promoting policies which ensure that high calibre employees are attracted, retained and motivated, to ensure the ongoing success for the business. Employees and those who seek to work within the Group are treated equally regardless of sex, marital status, creed, colour, race or ethnic origin.

Health and Safety

The Group's aim is to achieve and maintain a high standard of workplace safety. In order to achieve this objective the Group will provide training and support to employees and set demanding standards for workplace safety.

Payment to Suppliers

The Group's policy is to agree terms and conditions with suppliers in advance; payment is then made in accordance with the agreement provided the supplier has met the terms and conditions. In 2012 the average number of trade creditor days was 15 (2011: 30 days).

Directors' Report (continued)

Political Contributions and Charitable Donations

During the period the Group did not make any political contributions or charitable donations.

Annual General Meeting ("AGM")

This report and financial statements will be presented to shareholders for their approval at the AGM. The Notice of the AGM will be distributed to shareholders together with the Annual Report

Statement of disclosure of information to auditors

As at the date of this report the serving directors confirm that:

- So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

Auditors

A resolution to replace the prior auditors, Chapman Davis LLP, and appoint Mazars LLP was completed during the 2012 Annual General Meeting.

Going Concern

The Group's forecasts and projections, taking account of the gTLD program being managed by ICANN (see Chairman's statement), show that the Group should be able to operate within the level of its current funding. The Group has additional cash reserves, currently in the form of gTLD application deposits with ICANN, to sustain operations. In addition, the Group has demonstrated its ability to secure additional funding, when and if needed, as evidenced by the recent \$15M funding for the auction of a single, contested gTLD string.

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

The directors are required to prepare financial statements for each financial year. 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 group and company and of the profit or loss of the group and company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with applicable law. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report (continued)

Electronic communication

The maintenance and integrity of the Company's website is the responsibility of the directors. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The Company's website is maintained in accordance with AIM Rule 26.

Legislation in the British Virgin Islands governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

By order of Board:

Antony Van Couvering

Chief Executive Officer

Date: 30 April 2013

Corporate Governance Statement

The Board is committed to maintaining high standards of corporate governance. Whilst the company is not required to adopt the UK Corporate Governance Code, the Company's corporate governance procedures take due regard of the principles of Good Governance set out in the UK Corporate Governance Code in relation to the size and the stage of development of the Company.

Board of Directors

The Board of Directors currently comprises four Executive Directors one of whom is the Chairman and two Non-Executive Directors. The Directors are of the opinion that the Board comprises a suitable balance and that the recommendations of the Combined Code have been implemented to an appropriate level. The Board, through the Chairman and the Deputy Chairman in particular, maintains regular contact with its advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of major shareholders about the Company.

Board Meetings

The Board meets regularly throughout the year. For the period ending 31 December 2012 the Board met twelve times in relation to normal operational matters. The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance. Day to day management is devolved to the Executive Directors who are charged with consulting the Board on all significant financial and operational matters.

All Directors have access to the advice of the Company's solicitors and other professional advisers, as necessary, and information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively. All Directors have access to independent professional advice, at the Company's expense, as and when required.

Board Committees

The Board has established the following committees, each which has its own terms of reference:

Audit Committee

The Audit Committee considers the Group's financial reporting (including accounting policies) and internal financial controls. The Audit Committee comprises one Executive Director and one Non-Executive Director, Michael Salazar (Chairman) and Guy Elliot, and is responsible for ensuring that the financial performance of the Group is properly monitored and reported on.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on Directors' and senior executives' remuneration. It comprises one Executive Director and one Non-Executive Director, Michael Salazar (Chairman) and Guy Elliot. Non-Executive Directors' remuneration and conditions are considered and agreed by the Board. Financial packages for Executive Directors are established by reference to those prevailing in the employment market for executives of equivalent status both in terms of level of responsibility of the position and their achievement of recognised job qualifications and skills. The Committee will also have regard to the terms, which may be required to attract an equivalent experienced executive to join the Board from another company.

Internal controls

The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Company and to ensure the reliability of financial information for both internal use and external publication. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of increased activity and further development of the Company, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Corporate Governance Statement (continued)

Risk Management

The Board considers risk assessment to be important in achieving its strategic objectives. There is a process of evaluation of performance targets through regular reviews by senior management to forecasts. Project milestones and timelines are regularly reviewed.

Risks and uncertainties

The principal risks facing the Company are set out below. Risk assessment and evaluation is an essential part of the Group's planning and an important aspect of the Group's internal control system.

Business risk

- Delays may occur in the progress of the new gTLD process;
- The Company or its customers may not secure all of the TLDs that they apply for.

General and economic risks

- contractions in the world's major economies or increases in the rate of inflation resulting from international conditions;
- movements in the equity and share markets in the United Kingdom and throughout the world;
- weakness in global equity and share markets in particular, in the United Kingdom, and adverse changes in market sentiment towards the internet and technologies industry;
- currency exchange rate fluctuations and, in particular, the relative prices of US Dollar, the Euro, and the UK Pound;
- exposure to interest rate fluctuations;
and
- adverse changes in factors affecting the success of internet and development operations, such as increases in expenses, to delays in the development or adoption of new standards and protocols to handle increased levels of Internet activity or due to increased governmental regulation.

Funding risk

- The Group or the companies in which it has invested may not be able to raise, either by debt or further equity, sufficient funds to enable completion of planned expansion, investment and/or development projects.

Content risk

- The Company may be affected by the regulatory and legal environment relating to the content control and access. Regulation both current and future could cause additional expense and have a material impact on the Company's business, the extent of which cannot be predicted. Certain jurisdictions may attempt to make the Company responsible for the content which it facilitates or may be held responsible for content.

Intellectual property

- Monitoring and defending the Company's intellectual rights can entail substantial costs with no certainty of outcome. The Company relies on its rights in intellectual property and other rights such as confidentiality, and there is a risk of their infringement, which may have a material adverse effect on the Company's business, operation and/or financial condition. The Company's ability to ensure adequate protection for its intellectual property rights may be limited and it is possible that the Company's competitors may independently develop similar technology, which could encroach upon the Company's operations.
- The Company may also become subject to claims from third parties for infringement of their intellectual property rights. Such claims (meritorious or otherwise) may be costly and time consuming, and if any action against the Company is successful it may result in the Company being required to cease certain activities, alter its technology, or enter into royalty or licensing agreements, which may or may not be available on terms acceptable to the Company

Market risk

- The ability of the Group (and the companies it invests in) to continue to secure sufficient and profitable sales contracts to support its operations is a key business risk.

Key personnel

- The ability of the Group to retain key personnel.

Corporate Governance Statement (continued)

Insurance

The Group maintains insurance in respect of its Directors and Officers against liabilities in relation to the Company.

Treasury Policy

The Group finances its operations through equity and holds its cash as a liquid resource to fund the obligations of the Group. The Board approves decisions regarding the management of these assets. Refer Note 22.

Securities Trading

The Board has adopted a Share Dealing Code that applies to Director, senior management and any employee who is in possession of inside information. All such persons are prohibited from trading in the Company's securities if they are in possession of inside information. Subject to this condition and trading prohibitions applying to certain periods, trading can occur provided the relevant individual has received the appropriate prescribed clearance.

Relations with Shareholders

The Board is committed to providing effective communication with the shareholders of the Company. Significant developments are disseminated through stock exchange announcements and regular updates of the Company website. The Board views the AGM as a forum for communication between the Company and its shareholders and encourages their participation in its agenda.

Independent Auditor's Report to the Members of Top Level Domain Holdings Limited

We have audited the financial statements of Top Level Domain Holdings Limited for the period ended 31 December 2012 which comprise the Group and Company Statements of Comprehensive Income, Group and Company Statements of Financial Position, Group and Company Statements of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs).

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, 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. This report is made solely to the company's members, as a body. 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.

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 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 Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 2012 and of the group's and the parent company's loss for the period then ended; and
- the financial statements have been properly prepared in accordance with IFRSs.

Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

Date: 30 April 2013

Group Statement of Comprehensive Income for the 14 month period ended 31 December 2012

		Period Ended 31 December 2012 £ 000's	Year Ended 31 October 2011 £ 000's
	Notes		
Revenue	3	420	54
Amortization & depreciation credit / (charge)	11, 12, 13	198	(221)
Administrative expenses		(2,633)	(1,492)
Foreign exchange losses		(328)	-
Impairment of available for sale investments	16	(253)	-
Impairment of goodwill	11	(57)	-
Share options expensed	21	(414)	(226)
Group operating loss	4	(3,067)	(1,885)
Finance revenue	7	6	6
Share of loss of joint venture	15	1	-
Loss before taxation		(3,060)	(1,879)
Income tax expense	8	(1)	-
Retained loss for the period		(3,061)	(1,879)
Other comprehensive income			
Currency translation differences		(25)	11
Other comprehensive income for the period net of taxation		(25)	11
Total comprehensive income for the period		(3,086)	(1,868)
Retained loss for the period attributable to:			
Equity holders of the parent		(3,021)	(1,841)
Non-controlling interests		(40)	(38)
		(3,061)	(1,879)
Total comprehensive income for the period attributable to:			
Equity holders of the parent		(3,046)	(1,868)
Non-controlling interests		(40)	-
		(3,086)	(1,868)
Loss per share (pence)			
Basic	10	(0.66)	(0.53)
Diluted	10	(0.66)	(0.53)

All operations are considered to be continuing.

Company Statement of Comprehensive Income for the 14 month period ended 31 December 2012

		Period Ended 31 December 2012 £ 000's	Year Ended 31 October 2011 £ 000's
	Notes		
Revenue		3	12
Administrative expenses		(1,057)	(573)
Foreign exchange loss		(365)	
Impairment of available for sale investments	16	(253)	-
Share options expensed		(414)	(226)
Operating loss	4	(2,086)	(787)
Finance revenue	7	6	6
Gain on sale of interest in subsidiaries		(9)	-
Impairment of amounts receivable from subsidiaries	18	(1,472)	-
Impairment of investment in subsidiary	14	(116)	-
Loss before taxation		(3,677)	(781)
Income tax expense	8	(5)	-
Retained loss for the period		(3,682)	(781)
Other comprehensive income			
Currency translation differences		(3)	1
Other comprehensive income for the period net taxation		(3)	1
Total comprehensive income for the period		(3,685)	(780)

All operations are considered to be continuing.

Group Statement of Financial Position as at 31 December 2012

	Note	31 December 2012 £ 000's	Restated 31 October 2011 £ 000's	Restated 31 October 2010 £ 000's
ASSETS				
Non-current assets				
Goodwill	11	1,820	1,664	1,820
Intangible assets	12	114	46	46
Tangible assets	13	34	32	31
Interest in joint ventures	15	433	-	-
Available for sale investments	16	-	259	385
Other long term assets	17	10,375	-	-
Total non-current assets		12,776	2,001	2,282
Current assets				
Cash and cash equivalents		2,418	7,074	3,600
Trade and other receivables	18	2,320	126	94
Total current assets		4,738	7,200	3,694
TOTAL ASSETS		17,514	9,201	5,976
LIABILITIES				
Current liabilities				
Trade and other payables	19	(279)	(85)	(114)
TOTAL LIABILITIES		(279)	(85)	(114)
NET ASSETS		17,235	9,116	5,862
EQUITY				
Share premium		23,311	12,520	7,653
Share based payment reserve		1,179	765	548
Shares to be issued		1,339	1,339	1,339
Foreign exchange reserve		71	96	85
Retained earnings		(8,641)	(5,604)	(3,763)
		17,259	9,116	5,862
Non-controlling interests		(24)	-	-
TOTAL EQUITY		17,235	9,116	5,862

These financial statements were approved by the Board of Directors on 30 April 2013 and signed on its behalf by:

Antony Van Couvering
Director

Michael Salazar
Director

Company Statement of Financial Position as at 31 December 2012

	Note	31 December 2012 £ 000's	Restated 31 October 2011 £ 000's	Restated 31 October 2010 £ 000's
ASSETS				
Non-current assets				
Intangible assets	12	79	45	45
Investment in subsidiaries	14	2,194	2,331	2,202
Available for sale investments	16	-	259	385
Interest in joint ventures	15	434	-	-
Other long term assets	17	10,375	-	-
Trade and other receivables	18	3,003	3,296	2,240
Total non-current assets		16,085	5,931	4,872
Current assets				
Cash and cash equivalents		2,180	6,672	3,462
Trade and other receivables	18	2,086	39	37
Total current assets		4,266	6,711	3,499
TOTAL ASSETS		20,351	12,642	8,371
LIABILITIES				
Current liabilities				
Trade and other payables	19	(257)	(68)	(101)
TOTAL LIABILITIES		(257)	(68)	(101)
NET ASSETS		20,094	12,574	8,270
EQUITY				
Share premium		23,311	12,520	7,653
Share based payment reserve		1,179	765	548
Shares to be issued		1,339	1,339	1,339
Foreign exchange reserve		47	50	49
Retained earnings		(5,782)	(2,100)	(1,319)
TOTAL EQUITY		20,094	12,574	8,270

These financial statements were approved by the Board of Directors on 30 April 2013 and signed on its behalf by:

Antony Van Couvering
Director

Michael Salazar
Director

Group Cash Flow Statement

for the 14 month period ended 31 December 2012

	Note	For the period ended 31 December 2012	For the period ended 31 October 2011
		£ 000's	£ 000's
Cash flows from operating activities			
Operating loss		(3,067)	(1,885)
(Increase)/decrease in trade and other receivables including long term receivables		(10,400)	(35)
(Decrease)/increase in trade and other payables		194	(29)
Depreciation & amortisation (credit) / charge		(198)	221
Income tax expense	8	(1)	-
Other capitalized costs written off		-	109
Impairment loss on trade receivables	18	34	-
Impairment of available for sale investments	16	253	-
Impairment of goodwill	11	57	-
Share options expensed	21	414	226
Foreign exchange (gain)/loss		(62)	-
Net cash flow from operating activities		(12,776)	(1,393)
Cash flows from investing activities			
Interest received	7	6	6
Amounts transferred to restricted cash		(2,169)	-
Payments to acquire intangible assets	12	(68)	-
Payments to acquire property, plant & equipment	13	(9)	(9)
Investment in interest in joint ventures		(434)	-
Receipts from disposal of interest in subsidiary		9	-
Net cash flow from investing activities		(2,665)	(3)
Cash flows from financing activities			
Issue of ordinary share capital	20	10,952	5,116
Share issue costs		(161)	(257)
Net cash flow from financing activities		10,791	4,859
Net (decrease)/increase in cash and cash equivalents		(4,650)	3,463
Cash and cash equivalents at beginning of period		7,074	3,600
Exchange (loss)/gain on cash and cash equivalents		(6)	11
Cash and cash equivalents at end of period		2,418	7,074

Company Cash Flow Statement for the 14 month period ended 31 December 2012

	Note	For the period ended 31 December 2012	For the period ended 31 October 2011
		£ 000's	£ 000's
Cash flows from operating activities			
Operating (loss)		(2,086)	(787)
(Increase)/decrease in trade and other receivables			
Including long term receivables		(11,432)	(2)
(Decrease)/increase in trade and other payables		189	(33)
Impairment of available for sale investments	16	253	
Share options expensed	21	414	226
Income tax expense	8	(5)	-
Foreign exchange gain/loss		282	-
Bad debt		3	-
Net cash flow from operating activities		(12,382)	(596)
Cash flows from investing activities			
Interest received	7	6	6
Amounts transferred to restricted cash		(2,169)	-
Payments to acquire intangible assets	12	(34)	-
Acquisition of investment in joint venture		(434)	-
Loans to subsidiaries		-	(1,056)
Net cash flow from investing activities		(2,631)	(1,050)
Acquisitions and disposals			
Receipts from disposal of interest in subsidiary		9	
Payment to acquire interest subsidiaries	14	(273)	(2)
Net cash flow from acquisitions and disposals		(264)	(2)
Cash flows from financing activities			
Issue of ordinary share capital	20	10,952	5,116
Share issue costs		(161)	(257)
Net cash flow from financing activities		10,791	4,859
Net (decrease)/increase in cash and cash equivalents		(4,486)	3,211
Cash and cash equivalents at beginning of period		6,672	3,462
Exchange loss on cash and cash equivalents		(6)	(1)
Cash and cash equivalents at end of period		2,180	6,672

Group Statement of Changes in Equity

For the period ended 31 December 2012

Group	Called up share capital	Share premium reserve	Shares to be issued	Foreign currency translation reserve	Share based payment reserve	Retained earnings	Restated Total	Non-control interest	Restated Total equity
	£ 000's	£ 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
Prior year restatement	-	-	1,339	-	-	-	1,339	-	1,339
1 November 2010 Restated	-	7,653	1,339	85	548	(3,763)	5,862	-	5,862
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	1,339	96	765	(5,604)	9,116	-	9,116
Loss for the period	-	-	-	-	-	(3,021)	(3,021)	(40)	(3,061)
Currency translation differences	-	-	-	(25)	-	-	(25)	-	(25)
Total comprehensive income	-	-	-	(25)	-	(3,021)	(3,046)	(40)	(3,086)
Share capital issued	-	9,044	-	-	-	-	9,044	-	9,044
Share options & warrants exercised	-	1,908	-	-	-	-	1,908	-	1,908
Cost of share issue	-	(161)	-	-	-	-	(161)	-	(161)
Share based payments	-	-	-	-	414	-	414	-	414
Total contributions by and distributions to owners of the Company	-	10,791	-	-	414	-	11,205	-	11,205
Transfer between controlling and non-controlling interest	-	-	-	-	-	(16)	(16)	16	-
As at 31 December 2012	-	23,311	1,339	71	1,179	(8,641)	17,259	(24)	17,235

Company Statement of Changes in Equity

For the period ended 31 December 2012

	Called up share capital	Share premium reserve	Shares to be issued	Foreign currency translation reserve	Share based payment reserve	Retained earnings	Restated Total
Group	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
As at 1 November 2010	-	7,653	-	49	548	(1,319)	6,931
Prior year restatement	-	-	1,339	-	-	-	1,339
1 November 2010 Restated	-	7,653	1,339	49	548	(1,319)	8,270
Loss for the period	-	-	-	-	-	(781)	(781)
Currency translation differences	-	-	-	1	-	-	1
Total comprehensive income	-	-	-	1	-	(781)	(780)
Share capital issued	-	4,970	-	-	-	-	4,970
Share options & warrants exercised	-	154	-	-	(9)	-	145
Cost of share issue	-	(257)	-	-	-	-	(257)
Share based payments	-	-	-	-	226	-	226
Total contributions by and distributions to owners of the Company	-	4,867	-	-	217	-	5,084
Non-controlling interest arising on business combination	-	-	-	-	-	-	-
As at 31 October 2011	-	12,520	1,339	50	765	(2,100)	12,574
Loss for the period	-	-	-	-	-	(3,682)	(3,682)
Currency translation differences	-	-	-	(3)	-	-	(3)
Total comprehensive income	-	-	-	(3)	-	(3,682)	(3,685)
Share capital issued	-	9,044	-	-	-	-	9,044
Share options & warrants exercised	-	1,908	-	-	-	-	1,908
Cost of share issue	-	(161)	-	-	-	-	(161)
Share based payments	-	-	-	-	414	-	414
Total contributions by and distributions to owners of the Company	-	10,791	-	-	414	-	11,205
As at 31 December 2012	-	23,311	1,339	47	1,179	(5,782)	20,094

Notes to Financial Statements

for the 14 month period ended 31 December 2012

1 Summary of Significant Accounting Policies

(a) Authorisation of financial statements

The Group financial statements of Top Level Domain Holdings Ltd. for the period ended 31 December 2012 were authorised for issue by the Board on 30 April 2013 and the statement of financial position signed on the Board's behalf by Michael Salazar and Antony Van Couvering. The Company is registered in the British Virgin Islands under the BVI Business Companies Act 2004 with registered number 1412814. The Company's ordinary shares are traded on the AIM market operated by the London Stock Exchange.

(b) Statement of compliance with IFRS

The Group's and Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Future changes in accounting policies

The IASB (International Accounting Standards Board) and the IFRS Interpretations Committee have issued the following standards and interpretations with an effective date after 1 November 2011:

New/Revised International Financial Reporting Standards (IAS/IFRS)		Effective date (accounting period commencing on or after)
IAS 1:	Amendments to revise the way other comprehensive income is presented	1 July 2012
IAS 1:	Amendments resulting from Annual Improvements 2009 – 2011 Cycle (comparative information)	1 January 2013
IAS 12:	Income Taxes – Limited scope amendment (recovery of underlying Assets) (December 2010)	1 January 2012
IAS 16:	Amendments resulting from Annual Improvements 2009 – 2011 Cycle (servicing equipment)	1 January 2013
IAS 19:	Amended standard resulting from the post-employment benefits and termination benefits project	1 January 2013
IAS 27:	Consolidated and Separate Financial Statements – Reissued as IAS 27 <i>Separate Financial Statements</i> (as amended in May 2011)	1 January 2013
IAS 28:	Investments in Associates – Reissued as IAS 28 <i>Investments in Associates and Joint Ventures</i> (as amended in May 2011)	1 January 2013
IAS 32:	Amendments relating to the offsetting of assets and liabilities	1 January 2014
IAS 32:	Amendments resulting from Annual Improvements 2009 – 2011 Cycle (tax effect of equity distributions)	1 January 2013
IFRS 7:	Amendments relating to the offsetting of assets and liabilities	1 January 2013
IFRS 9:	Financial Instruments – Classification and Measurement	1 January 2015
IFRS 10:	Consolidated Financial Statements*	1 January 2014
IFRS 11:	Joint Arrangements*	1 January 2014
IFRS 12:	Disclosure of Interests in Other Entities*	1 January 2014
IFRS 13:	Fair Value Measurement*	1 January 2013

* Original issue May 2011

The directors expect that the adoption of the above (with the exception of IFRS 9) will have no material impact to the financial statements of the period of initial application. IFRS 9 is expected to be adopted in January 2015, as a result the directors have not yet assessed the impact on these financial statements.

Notes to Financial Statements for the 14 month period ended 31 December 2012

Adoption of new and revised standards

IFRS 2:	Amendments relating to group cash and settled share-based payment transactions
IFRS 3:	Amendments relating from May 2010 annual improvements to IFRSs
IFRS 5:	Amendments resulting from April 2009 annual improvements to IFRSs
IFRS 7:	Amendments resulting from May 2010 annual improvements to IFRSs
IFRS 7:	Amendments enhancing disclosures about financial assets
IAS 1:	Amendments resulting from May 2010 annual improvements to IFRSs
IAS 24:	Revised definition of related parties

There have been no material changes to the accounting policies as a result of adopting the above standards.

(c) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis.

The Group and Parent company financial statements are prepared on a going concern basis. The Group's forecasts and projections, taking account of the gTLD program being managed by ICANN (see Chairman's statement), show that the Group should be able to operate within the level of its current funding. The Group has additional cash reserves, currently in the form of gTLD application deposits with ICANN, to sustain operations. In addition, the Group has demonstrated its ability to secure additional funding, when and if needed, as evidenced by the recent \$15M funding for the auction of a single, contested gTLD string.

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial report is presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) unless otherwise stated.

As per note 2, the prior year financial statements have been restated.

(d) Basis of consolidation

The consolidated financial information incorporates the results of the Company and its subsidiaries (the "Group") using the acquisition method. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained. Inter-company transactions and balances between Group companies are eliminated in full.

(e) Business combinations

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. The group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the group's voting rights relative to the size and dispersion of holdings of other shareholders give the group the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Notes to Financial Statements for the 14 month period ended 31 December 2012

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interests proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(f) Joint Ventures

The group has interests in joint ventures, which is a jointly controlled entity, whereby the ventures have a contractual arrangement that establishes joint control over the economic activities of the entity. The agreement requires unanimous agreement for financial and operating decisions among ventures.

The group's interests in jointly controlled entities are accounted for by using the equity method. Under the equity method, the investment in the joint venture is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the joint venture. The income statement reflects the share of the results of operations of the joint venture. The financial statements of the joint venture are prepared for the same reporting period as the Group. Adjustments are made where necessary to bring the accounting policies in line with those of the Group.

Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss. The joint venture is accounted for using the equity method until the date on which the Group ceases to have joint control over the joint venture.

Upon loss of joint control the Group measures and recognises its remaining investment at its fair value. Any difference between the carrying amount of the former jointly controlled entity upon loss of joint control and the fair value of the remaining investment and proceeds on disposal are recognised in profit or loss. When the remaining investment constitutes significant influence, it is accounted for as investment in an associate.

(g) Revenue Recognition

Website-based revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT, and other sales-related taxes. Revenue from services provided are recognised when the service is provided.

(h) Foreign Currencies

On 1 May 2012 the Company changed its functional currency from Sterling (£) to US Dollars. This is due to a change in the economic environment in which the company operates. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Notes to Financial Statements for the 14 month period ended 31 December 2012

As at the reporting date the assets and liabilities of these subsidiaries are translated into the presentation currency of Top Level Domain Holdings Ltd., which is Sterling (£), at the rate of exchange ruling at the statement of financial position date and their income statements are translated at the average exchange rate for the year. The exchange differences arising on the translation are taken directly to a separate component of equity.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rate prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

Exchange differences are recognised in profit and loss in the period in which they arise.

(i) **Goodwill**

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(j) **Intangible assets**

Intangible assets are recorded at cost and provision for impairment in value.

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. The amortisation expense is included within the administrative expenses line in the consolidated income statement.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life	Valuation method
Websites	10 years Estimated	discounted cash flow

Notes to Financial Statements for the 14 month period ended 31 December 2012

(k) Significant accounting judgments, estimates and assumptions

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Impairment of goodwill and intangible assets

The Group determines whether goodwill and intangibles assets are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles asset are allocated.

The Directors' have reviewed the Group's goodwill. Details of this asset is set out in note 11.

(ii) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black- Scholes model.

(l) Finance costs/revenue

Borrowing costs are recognised as an expense when incurred.

Finance revenue is recognised as interest accrued using the effective interest method.

(m) Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes party to the contractual provision of the instrument.

Financial assets

(I) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(II) Loans and other receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when recognition of interest would be material.

(III) Available for sale Investments

Equity investments held are classified as available-for-sale investments. They are carried at fair value, where this can be reliably measured, with movements in fair value recognised directly in the available-for-sale reserve. Where the fair value cannot be reliably measured, the investment is carried at cost.

Any impairment losses in equity investments classified as available-for-sale investments are recognised in the income statement and are not reversible through the income statement, and are determined with reference to the closing market share price at the statement of financial position date. Any subsequent increase in the fair value of the available-for-sale investment above the impaired value will be recognised within the available- for-sale reserve.

On disposal, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had previously been recognised directly in reserves is recognised in the income statement.

Financial liabilities

(I) Other financial liabilities

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

Notes to Financial Statements for the 14 month period ended 31 December 2012

(n) Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for the current year is calculated using jurisdictional tax rates that have been enacted or substantively enacted by the date of the statement of financial position.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the tax computations, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case it is also dealt with in equity.

(o) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all tangible assets to write off the cost less estimated residual value of each asset over its expected useful economic life on a straight-line basis at the following annual rates:

- Fixtures and Equipment – between 5% and 25%

(p) Impairment of tangible and intangible assets excluding goodwill

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Income Statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation

Notes to Financial Statements for the 14 month period ended 31 December 2012

and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

(r) Share-based payment transactions

Equity-settled share-based payments to employees are measured at the fair value of the equity instrument at the grant date. The fair value excludes the effect of non market-based vesting conditions. The fair value is determined by using the Black-Scholes model. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 21

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact or the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 10).

(s) Investment in subsidiary undertakings

In the parent company financial statements, fixed asset investment in subsidiaries and joint ventures are shown at cost less provision for impairment.

2 Prior period adjustment

Trade and other payables (deferred consideration) and Goodwill have been restated due to a prior year restatement. Deferred consideration of £1,078K was accounted for as a payable. In the current year the Directors re-evaluated the accounting treatment for the deferred consideration and have 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 has been 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 Segmental analysis - Group

Segment information is presented in respect of the Group's management and internal reporting structure. As currently the Group operates in two business segments that of A – registry back end and consulting services and B – domain name sales.

Segment results, assets and liabilities include items directly attributable to each business segment as well as those that can be allocated on a reasonable basis.

2012	Segment A £ 000's	Segment B £ 000's	Elimination £ 000's	Total £ 000's
Revenue				
External sales	420	-	-	420
Inter-segment sales	-	-	-	-
Total Revenue	420	-	-	420
Operating loss	(1,360)	(2,222)	515	(3,067)

Notes to Financial Statements for the 14 month period ended 31 December 2012

Interest	6
Share of loss of joint venture	1
Loss before tax	(3,060)
Tax	(1)
Loss after tax	(3,061)

2011	Segment A £ 000's	Segment B £ 000's	Elimination £ 000's	Total £ 000's
Revenue				
External sales	54	-	-	54
Inter-segment sales	-	-	-	-
Total Revenue	54	-	-	54
Operating loss	(684)	(986)	(215)	(1,885)
Interest				6
Loss before tax				(1,879)
Tax				-
Loss after tax				(1,879)

The accounting policies of the reportable segments are the same as the group accounting policies described in Note 1. Segment results represent results earned by each segment without allocation of centralized costs and income tax expenses. This is the measure reported to the Group's Chief Executive Officer for the purpose of resource allocation and assessment of segment performance.

	2012 £ 000's	2011 £ 000's
Segment assets		
Segment A	2,291	1,654
Segment B	14,678	7,024
Total segment assets	16,969	8,678
Unallocated assets	534	523
Consolidated total assets	17,503	9,201

	2012 £ 000's	2011 £ 000's
Other segment information		
Additions to non-current assets		
Segment A	9	9
Segment B	10,409	-
Other	435	
Total	10,853	9

Notes to Financial Statements for the 14 month period ended 31 December 2012

Depreciation on tangible fixed assets of £14k (2011: £8k) arose from Segment A. In addition, impairment losses of £310k (2011: nil) were recognised in respect of available for sale investments and goodwill and arise from Segment B.

The Group's revenue from external customers arose from the United States. No single customer accounts for more than 10% of revenues.

4 Operating loss

	2012 Group £ 000's	2012 Company £ 000's	2011 Group £ 000's	2011 Company £ 000's
Operating loss is arrived at after charging:				
Auditors' remuneration – current year auditors	24	24	-	-
Auditors' remuneration – prior year auditors	-	-	20	20
Auditors' remuneration – non audit	-	-	-	-
Directors' emoluments – fees and salaries	654	654	446	446
Directors' – share option expense	333	333	226	226
Depreciation	15	-	8	-
Impairment loss on trade receivables	34	-	-	-
Foreign exchange loss	328	365	-	-

5 Employee information – Group

	2012 £ 000's	2011 £ 000's
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Staff costs comprised:

Wages and salaries	414	121
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Average number of employees

	Number	Number
Administration	8	5

Employee information – Company

	2012 £ 000's	2011 £ 000's
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Staff costs comprised:

Wages and salaries	-	-
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Average number of employees

	Number	Number
Administration	-	-

Notes to Financial Statements for the 14 month period ended 31 December 2012

6 Directors' emoluments

Group and Company	2012 £ 000's	2011 £ 000's	
Directors' remuneration	654	446	
2012	Director Fees £ 000's	Consultancy Fees £ 000's	Total £ 000's
Executive Directors			
Peter Dengate Thrush	126	48	174
Frederick Krueger	145	-	145
Antony Van Couvering	145	-	145
Michael Salazar (#)	10	14	24
Caspar Veltheim	21	-	21
David de Jongh Weill (#)	65	-	65
Non-Executive Directors			
Guy Elliott	40	-	40
Clark Landry (#)	33	-	33
Michael Mendelson	7	-	7
	592	62	654

(#): These Directors were not employed during the full financial period.

No pension benefits are provided for any Director.

Details of Directors share options exercised have been disclosed in note 21 to the accounts.

2011	Director Fees £ 000's	Consultancy Fees £ 000's	Total £ 000's
Executive Directors			
Peter Dengate Thrush	36	115	151
Frederick Krueger	92	-	92
David de Jongh Weill	60	-	60
Antony Van Couvering	103	-	103
Guy Elliott	28	-	28
Non-Executive Directors			
Clark Landry	-	-	-
Michael Mendelson	12	-	12
	331	115	446

7 Finance revenue

2012 Group £ 000's	2012 Company £ 000's	2011 Group £ 000's	2011 Company £ 000's
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Notes to Financial Statements for the 14 month period ended 31 December 2012

Bank interest	6	6	6	6
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8	Income tax expense - Group	2012 £ 000's	2011 £ 000's
	Current tax	1	-
	Deferred tax	-	-
		<u>1</u>	<u>-</u>

The charge for the current year can be reconciled to the loss per the Group statement of comprehensive income as follows:

	2012 £ 000's	2011 £ 000's
Loss before tax on continuing operations	3,060	1,879
Tax at the BVI tax rate of 0%	-	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	1	-
	<u>1</u>	<u>-</u>

Income tax expense - Company	2012 £ 000's	2011 £ 000's
Current tax	5	-
Deferred tax	-	-
	<u>5</u>	<u>-</u>

The charge for the current year can be reconciled to the loss per the Group statement of comprehensive income as follows:

	2012 £ 000's	2011 £ 000's
Loss before tax on continuing operations	3,677	1,781
Tax at the BVI tax rate of 0%	-	-
Effect of different tax rates of operations in other jurisdictions	5	-
	<u>5</u>	<u>-</u>

U.S. Income tax was paid for one of the group companies that had a small profit in 2012.

The British Virgin Islands under the IBC imposes no corporate taxes or capital gains. However, the Company as a group may be liable for taxes in the jurisdictions where it is operating and developing websites/domains.

In USA, 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 the tax authorities. There is under California tax legislation an \$800 minimum tax payable, and further tax due on income over \$250,000.

No deferred tax asset has been recognised because there is insufficient evidence of the timing of suitable future profits against which they can be recovered. No deferred tax liability has been recognised as a result of the losses in the period.

Notes to Financial Statements for the 14 month period ended 31 December 2012

9 Dividends

No dividends were paid or proposed by the Directors. (2011 £Nil)

10 Loss per share

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

	2012	2011
Net loss after taxation (£ 000's)	(3,061)	(1,879)
Weighted average number of ordinary shares used in calculating basic loss per share (millions)	467.09	354.35
Basic loss per share (expressed in pence)	(0.66)	(0.53)
Diluted loss per share (expressed in pence)	(0.66)	(0.53)

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 31 December 2012 and 31 October 2011 is disclosed as the same value as basic loss per share. The diluted potential ordinary shares at the year-end was 25,544,209 (2011: 66,445,698).

11 Goodwill

Cost	Group £ 000's
At 1 November 2010 - Restated	1,820
Additions	57
As at 31 October 2011	1,877
At 1 November 2011	1,877
Additions	-
As at 31 December 2012	1,877
Amortisation and Impairment	
At 1 November 2010	-
Amortisation charge	213
At 31 October 2011	213
At November 1 2011	213
Impairment	(57)
Reversal of amortisation	(213)
As at 31 December 2012	(57)
Net book value	
At 31 December 2012	1,820

Notes to Financial Statements for the 14 month period ended 31 December 2012

At 31 October 2011

1,664

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units that are expected to benefit from that business combination. Goodwill has been allocated to Segment B (a single 'CGU').

Goodwill is not amortised in ordinance with IFRS 3. Accordingly, prior year amortisation has been corrected in the current year, rather than as a prior year adjustment as the amount is not considered material.

Impairment review

At 31 December 2012, the Directors have carried out an impairment review and have concluded that no further write down is required.

The recoverable amounts of the CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs. Management estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next three years and extrapolates cash flows into perpetuity based on an estimated growth rate of 3% (2011: 3%). The rate used to discount the forecast cash flows is 9% (2011: 9%).

The impairment in the year of £57k was due to dissolution of a subsidiary (dotNYC LLC).

See Note 2 regarding prior period restatement of Goodwill

12 Intangible Assets

	Group			
	Domain Names £ 000's	Trademarks £ 000's	Website £ 000's	Total £ 000's
Cost				
At 1 November 2010	-	-	45	45
Additions	-	-	-	-
At 31 October 2011	-	-	45	45
At 1 November 2011	-	-	45	45
Additions	9	60	-	69
At 31 December 2012	9	60	45	114

Notes to Financial Statements
for the 14 month period ended 31 December 2012

	Company			
	Domain Names £ 000's	Trademarks £ 000's	Website £ 000's	Total £ 000's
Cost				
At 1 November 2010	-	-	45	45
Additions	-	-	-	-
At 31 October 2011	-	-	45	45
At 1 November 2011	-	-	45	45
Additions	-	34	-	34
At 31 December 2012	-	34	45	79

Other intangible assets have not been amortised as they have not currently been brought into use.

13 Tangible Assets

	Group Fixtures & Equipment £ 000's
Cost	
At 1 November 2010	38
Additions	9
At 31 October 2011	47
At 1 November 2011	47
Additions	9
At 31 December 2012	56
Depreciation and Impairment	
At 1 November 2010	-
Depreciation charge for the period	7
At 31 October 2011	7
At 1 November 2011	7
Depreciation charge for the period	15
At 31 December 2012	22
Net Book Value	
At 31 December 2012	34
At 31 October 2011	32

Notes to Financial Statements for the 14 month period ended 31 December 2012

14 Investment in subsidiaries

	Company	
	2012	2011
	£ 000's	£ 000's
Shares in group undertakings		
Company		
Cost		
At the beginning of the period	2,070	1,941
Additions	273	3
Disposals	(33)	-
Impairment of subsidiary	(116)	-
Transfer from available for sale investments	-	126
At 31 December 2012	2,194	2,070

Details of the company's subsidiaries are as follows:

Name	Place of Incorporation (or registration and operation)	Proportion of ownership interest (%)	Proportion of voting power (%)
Minds and Machines LLC	US	100	100
Bayern Connect (1)	Germany	80	100
Minds and Machines GmbH (1)	Germany	80	80
ADT	US	100	100
AIC	US	100	100
DOTNYC LLC (2)	US	-	-
DotGayAlliance LLC (2)	US	-	-
Minds and Machines Ltd (Ireland) (3)	Ireland	100	100
Minds and Machines Ltd (UK) (3)	England & Wales	100	100
Top Level Domains Registry Pte (3)	Singapore	100	100

(1) 20% of the company was sold during the period (on 1 November 2011) for a consideration of £9k

(2) Dissolved during the year. Impairment relates to this subsidiary.

(3) New subsidiaries established during the year

15 Interest in joint venture

The group has 50% interest in 3 joint ventures; Rugby Domains Ltd, Basketball Domains Ltd, and Entertainment Names. These joint ventures were formed to sell second-level domain names to registrars. The following amounts represent the Group's 50% share of the assets and liabilities and results of the joint venture. Interest in joint ventures are accounted for using the equity method. They are included in the statement of financial position and income statement as follows:

Notes to Financial Statements
for the 14 month period ended 31 December 2012

	Group	
Share of interest in assets / liabilities	2012	2011
	£ 000's	£ 000's
Assets		-
- Non-current	200	
- Current	235	-
	435	-
Liabilities		
- Non-current	-	-
- Current	2	-
	2	-
Share of interest in assets / liabilities	433	-
- Expenses	(1)	-
Profit / (loss) after income tax	(1)	-

There are no commitments arising in the joint ventures.

There are no contingent liabilities relating the Group's interest in the joint ventures, and no contingent liabilities of the venture itself.

Company

Interest in joint ventures are accounted for at cost of £434k in the Company financial statements.

16 Available for sale investments	2012	2011
Group and Company – Unlisted Investments	£ 000's	£ 000's
At the beginning of the period	259	385
Transferred to subsidiaries	-	(126)
Impairment	(253)	-
Movement in market value – foreign exchange adjustment	(6)	-
At 31 December 2012	-	259

Available for sale investments comprises investments in companies which are not traded on any stock markets throughout the world, and, which are held by the Group as a mix of strategic and short term investments. No listed available for sale investments are held. The market value of the above unlisted investments is stated at cost less impairment, which the directors believe to be the current fair value of the investments.

During the year it was determined that an available for sale investment was impaired as the company was no longer active and is expected to be dissolved in 2013.

Notes to Financial Statements for the 14 month period ended 31 December 2012

17 Other long-term assets

	2012	2011
Group and Company	£ 000's	£ 000's
Restricted cash	2,169	-
Other long-term receivables	8,206	-
Total other long term assets	10,375	-

During the period, 2012, TLDH paid US\$13.5 million (£8,206k) 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 (£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. Other long term receivables comprise of US\$13.5 million (£10,375k) 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, long term receivables 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.

Restricted cash is interest bearing and is therefore stated at fair value. Other long-term receivables are stated at cost and have not been fair valued on the grounds of materiality.

18 Trade and other receivables

	2012		2011	
	Group £ 000's	Company £ 000's	Group £ 000's	Company £ 000's
Current trade and other receivables				
Trade receivables	2,237	2,034	-	-
Other debtors	34	15	126	39
Due from related parties	49	37	-	-
	2,320	2,086	126	39
Non-Current trade and other receivables				
Balances due from subsidiaries	-	4,475	-	3,296
Impairment of balances due from subsidiaries	-	(1,472)	-	-
	-	3,003	-	3,296

Notes to Financial Statements for the 14 month period ended 31 December 2012

The loans due from subsidiaries are interest free and have no fixed repayment date. The difference between the carrying value and the fair value of the loan at the reporting date is deemed to be immaterial.

Trade receivables

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

Ageing of past due but not impaired receivables:

	2012 £000	2011 £000
30 – 60 days	75	-
60 – 90 days	4	-
90 – 120 days	164	-
Total	243	-

Movement in doubtful debts:

	2012 £	2011 £
Balance at the beginning of the period	-	-
Impairment losses recognised	34	-
Balance at the end of the period	34	-

19 Trade and other payables

	2012		2011 - Restated	
	Group £ 000's	Company £ 000's	Group £ 000's	Company £ 000's
Current trade and other payables				
Trade creditors	87	70	17	-
Due to joint ventures	183	183	-	-
Taxation liabilities	-	-	-	-
Accruals	9	4	68	68
	279	257	85	68

See Note 2 regarding prior period restatement of trade and other payables

All trade and other payables are due within one year.

Notes to Financial Statements for the 14 month period ended 31 December 2012

20 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 November 2010	284,139,275		
Share issued:			
7 December 2010 for cash on placing	73,996,902	6.5	4,810
7 June 2011 for cash on share subscription	2,000,000	8	160
			<hr/> 4,970
Options and warrants exercised:			
17 November 2010 for cash on exercise of options	200,000	4	8
18 January 2011 for cash on exercise of warrants	3,038,036	4	130
7 June 2011 for cash on exercise of options	200,000	4	8
10 August 2011 for cash on exercise of warrants	200,000	4	8
			<hr/> 154
As at 31 October 2011	363,774,213		5,124
<hr/>			
Shares issued:			
10 February 2012 for cash at 8.25p per share	109,468,353	8.25	9,044
			<hr/> 9,044
Options and warrants exercised:			
27 February 2012 for cash on exercise of options	200,000	4	8
27 June 2012 for cash on exercise of warrants	2,500,000	4	100
5 July 2012 for cash on exercise of warrants	34,165,680	4	1,359
5 July 2012 for cash on exercise of options	300,000	4	12
10 July 2012 for cash on exercise of warrants	6,300,000	4	252
20 July 2012 for cash on exercise of warrants	1,000,000	4	40
27 July 2012 for cash on exercise of warrants	1,600,000	4	64
2 August 2012 for cash on exercise of warrants	750,000	4	30
3 September 2012 for payment of services rendered	500,000	7	35
23 November 2012 for on exercise of options	200,000	4	8
			<hr/> 1,908
As at 31 December 2012	520,758,246		10,952

Notes to Financial Statements for the 14 month period ended 31 December 2012

21 Share based payment

The Company has a share option scheme for all employees of the Group. Details of the share options are as follows:

	2012		2011	
	Number of share options	Weighted average exercise price (in £)	Group Number of share options	Weighted average exercise price (in £)
Outstanding at the beginning of the period	49,552,694	0.061	26,052,694	0.04
Granted during the period	3,812,500	0.067	23,900,000	0.084
Forfeited during the period	-	-	-	-
Exercised during the period	(700,000)	0.04	(400,000)	0.04
Expired during the period	(5,000,000)	0.04	-	-
Outstanding at the end of the period	47,665,194	0.064	49,552,694	0.061
Exercisable at the end of the period	35,628,736	0.059	34,032,362	0.052

The weighted average share price at the date of exercise for share options exercised during the period was £0.068. The options outstanding at 31 December 2012 had a weighted average exercise price of £0.059, and a weighted average contractual life of 5.13 years. In 2012, 2,562,500 options were granted on 1 August 2012 and 1,250,000 options were granted on 1 December 2012. The aggregate of the estimated fair values of the options granted during the period is £103k. In 2011, 15,000,000 options were granted on 15 July 2011, 1,400,000 options were granted on 22 July 2011, and 350,000 options were granted on 12 September 2011. The aggregate of the estimated fair values of the options granted during 2012 is £102,938. The inputs into the Black-Sholes model are as follows:

	1 Aug 2012	1 Dec 2012	15 Jul 2011	22 Jul 2011	12 Sep 2011	22 Dec 2010
Share price (£)	0.058	0.058	0.065	0.085	0.075	0.079
Exercise price	0.07	0.062	0.08	0.09	0.09	0.099
Expected volatility	75%	75%	75%	75%	75%	75%
Expected life - years	3	3	2	3	3	3
Risk free rate	5%	5%	5%	5%	5%	5%

Expected volatility was determined by calculating the historic volatility of the Group's share price over the previous year. Volatility over earlier years is not representative and has therefore not been used to calculate volatility. The expected life used in the model has been adjusted, based on management's best estimate.

The group recognized total expenses of £414k (2011: £226k) related to equity settled share based payments.

Directors' share options

Details of the options exercised during the year are as follows:

	Number of options	Exercise price (£)	Market price at exercise date (£)	2012 Gains on exercise (£)	2011 Gains on exercise (£)
Frederick Krueger	-	-	-	-	-

Notes to Financial Statements for the 14 month period ended 31 December 2012

Antony Van Couvering	-	-	-	-	-
Michael Salazar	-	-	-	-	-
Caspar Veltheim	-	-	-	-	-
Guy Elliot	-	-	-	-	-
Peter Dengate Thrush	-	-	-	-	-
David de Jongh Weill(1)	-	-	-	-	-
Clark Landry(1)	-	-	-	-	-
Michael Mendelson	300,000	0.04	0.07	9,000	-
	300,000			9,000	-

(1) Resigned in 2012

Details of options for Directors' who served during the year are as follows:

	1 Nov 2011	Granted	Exercised	Expired	31 Dec 2012
Frederick Krueger (1)	5,000,000	-	-	-	5,000,000
Antony Van Couvering (2)	9,626,347	-	-	-	9,626,347
Michael Salazar (3)	-	1,250,000	-	-	1,250,000
Caspar Veltheim (4)	350,000	312,500	-	-	662,500
Guy Elliot (5)	3,000,000	-	-	-	3,000,000
Peter Dengate Thrush (6)	15,000,000	-	-	-	15,000,000
David de Jongh Weill (7)	6,626,347	-	-	-	6,626,347
Clark Landry (8)	5,000,000	-	-	(5,000,000)	-
Michael Mendelson (9)	2,000,000	-	(300,000)	-	1,700,000
	46,602,694	1,562,500	(300,000)	(5,000,000)	42,865,194

(1) Exercise price – £0.04, exercisable from – 14 Nov 2007, expires on – 13 Nov 2014

(2) 2,626,347 options - exercise price – £0.04, exercisable from – 27 May 2009, expires on – 26 May 2014 7,000,000 options exercise price - £0.09, exercisable from - 22 May 2010, expires on – 22 Dec 2013

(3) Exercise price – £0.062, exercisable from – 1 Jun 2013, expires on – 30 Nov 2022 (quarterly vesting beginning at 1 Jun 2013 of 1/12th of options)

(4) 350,000 options - exercise price – £0.09, exercisable from – 22 Jul 2011, expires on – 22 Jul 2021. 312,500 options – exercise price – £0.07, exercisable from – 1 Aug 2012, expires on 31 Jul 2022 (quarterly vesting beginning at 1 Nov 2012 of 1/12th of options)

(5) Exercise price – £0.04, exercisable from – 14 Nov 2007, expires on – 13 Nov 2014

(6) Exercise price – £0.08, exercisable from – 15 Jul 2011, expires on – 15 Jul 2014

(7) 4,000,000 options - exercise price – £0.04, exercisable from – 14 Nov 2007, expires on – 13 Nov 2014. 2,626,347 options - exercise price – £0.04, exercisable from – 27 May 2009, expires on – 26 May 2014

(8) Resigned therefore options were forfeited

(9) Exercise price – £0.04, exercisable from – 14 Nov 2007, expires on – 13 Nov 2014

There have been no variations to the terms and conditions or performance criteria for share options during the financial year.

The market price of the ordinary shares at 31 December 2012 was £0.06 and the range during the year was £0.05 to £0.10

Notes to Financial Statements for the 14 month period ended 31 December 2012

Total warrants in issue

During the period ended 31 December 2012, the company granted 8,000,000 warrants to subscribe for ordinary shares (2011: 1,000,000). As at 31 December 2012 the unexercised warrants in issue were;

Exercise Price	Expiry Date	Warrants in Issue 31 December 2012
12p	18 May 2013	1,000,000
4p	13 November 2014	1,622,665
10p	06 May 2019	8,000,000
Total		10,622,665

During the year to 31 December 2012, 46,315,680 warrants were exercised at a price of 4p per share (2011: 3,238,036) and 23,680,429 warrants expired.

Warrants fall outside the scope of IFRS 2 – Share Based Payments and are therefore not valued.

22 Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from 2011.

The capital structure of the Group consists cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves, and retained earnings as disclosed in Notes 20 and 21.

The Group is not subject to any externally imposed capital requirements.

The Group's strategy is to ensure availability of capital and match the profile of the Group's expenditures. To date the Group has relied upon equity funding to finance operations. The Directors are confident that adequate cash resources exist to finance operations to commercial exploitation, but controls over expenditure are carefully managed.

The Group has a policy of not using derivative financial instruments for hedging purposes and therefore is exposed to changes in market rates in respect of foreign exchange risk. However, it does review its currency exposures on an ad hoc basis. Currency exposures relating to monetary assets held by foreign operations are included within the foreign exchange reserve in the Group Balance Sheet.

Categories of Financial Instruments

Group

Financial assets	2012 £ 000's	2011 £ 000's
Cash and bank balances (including restricted cash. See Note 17)	4,587	7,074
Loans and receivables (including long term receivables)	10,524	126
Available-for-sale financial assets	-	259
Financial liabilities		
Other financial liabilities at amortised cost	270	17

Company

Financial assets	2012 £ 000's	2011 £ 000's
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Notes to Financial Statements for the 14 month period ended 31 December 2012

Cash and bank balances (including restricted cash. See Note 17)	4,349	6,672
Loans and receivables (including long term receivables)	14,765	3,335
Available-for-sale financial assets	-	259

Financial liabilities

Other financial liabilities at amortised cost	253	-
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There are no material differences between the book values of financial instruments and their market values.

Financial risk management objectives

The Group's Finance function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages financial risks related to the operations of the Group through internal risk reports, which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk, and price risk), credit risk, liquidity risk, and cash flow interest rate risk.

It is, and has been throughout 2012 and 2011, the policy of both the Group and the Company that no trading derivatives are contracted.

The main risks arising from the Group and the Company's financial instruments are foreign currency risk, credit risk, liquidity risk, interest rate risk and capital risk. Management reviews and agrees policies for mitigating each of these risks, which are summarised below.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The risk is managed by the Group by maintaining an appropriate mix of cash and cash equivalents in the foreign currencies it operates in. The Group's management did not set up any financial instruments policy to manage its exposure to interest rates and foreign currency risk.

Foreign currency risk

The Group undertakes transactions denominated in foreign currencies; consequently exposures to exchange rate fluctuations arise. The Group evaluates exchange rate fluctuations on a periodic basis to take advantage of favorable rates when transferring funds between accounts denominated in different currencies.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows

Group	Liabilities		Assets	
	2012 £ 000's	2011 £ 000's	2012 £ 000's	2011 £ 000's
Sterling	-	-	138	7,014
USD	270	17	14,915	177
Euro	-	-	58	268
As at 31 December 2012	270	17	15,111	7,459

Company	Liabilities		Assets	
	2012 £ 000's	2011 £ 000's	2012 £ 000's	2011 £ 000's

Notes to Financial Statements for the 14 month period ended 31 December 2012

Sterling	-	-	138	10,266
USD	253	-	18,976	-
Euro	-	-	-	-
As at 31 December 2012	253	-	19,114	10,266

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in the functional currency against the relevant foreign currencies. 10% represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated financial instruments and adjusts their translation at the period end for a 10% change in foreign currency rates. The following table sets out the potential exposure, where the 10% increase or decrease refers to a strengthening or weakening of functional currency:

Group	Profit or loss sensitivity		Equity sensitivity	
	10% increase £ 000's	10% decrease £ 000's	10% increase £ 000's	10% decrease £ 000's
Sterling	(306)	306	-	-
Euro	-	-	-	-
	(306)	306	-	-

Company	Profit or loss sensitivity		Equity sensitivity	
	10% increase £ 000's	10% decrease £ 000's	10% increase £ 000's	10% decrease £ 000's
Sterling	(368)	(368)	-	-

In Management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year-end exposure does not reflect the exposure during the year. Operations are managed in US dollar and translation to Sterling only occurs at year-end for financial reporting purposes.

In addition, the change in equity due to a change in Sterling against all exchange rates would have no impact to equity as there would be an offset in the currency translation of the foreign operation.

Interest rate risk

The Group's exposure to interest rate risk is limited to cash and cash equivalents held in interest-bearing accounts.

Interest rate sensitivity analysis

The impact of interest rate fluctuations is not material to the Group accounts.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group and the Company's financial assets comprise of receivables, cash, and cash equivalents, and other long-term assets.

The credit risk on trade and other receivables is limited as the amount represents a pre-payment of revenue from a future undertaking. The pre-payment has certain conditions associated with it that require the counterparty to refund the amounts paid if certain criteria are not met.

The credit risk on cash and cash equivalents is limited as the counterparties are banks with high credit-ratings as

Notes to Financial Statements for the 14 month period ended 31 December 2012

determined by international credit-rating agencies.

The credit risk on other long-term assets is limited as the total amount represents two components: deposits for the right to secure a revenue-generating asset and restricted cash. The deposits for the right to secure revenue-generating assets are maintained by a government sponsored global organization that is contractually required to return a portion of these deposits if requested. Furthermore, the agency, a not-for-profit organization, is well funded by its member organizations and is not a risk to cease operations. The restricted cash is deposited with banks with a high-credit rating as determined by international credit-rating agencies.

The exposure of the Group and the Company to credit risk arises from default of its counterparty, with maximum exposure equal to the carrying amount of receivables (excluding prepaid income), cash and cash equivalents, and other long term assets in the Group and Company statements of financial position.

The Group does not hold any collateral as security.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium, and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Cash forecasts are regularly produced to identify the liquidity requirement for the Group. To date, the Group has relied on the issuance of stock warrants and shares finance its operations. The Group has no borrowing facilities at 31 December 2012.

The Group had no derivative financial instruments as at 31 December 2012 and at 31 October 2011.

23 Material non-cash transactions

There are no material non-cash transactions.

24 Commitments

As at 31 December 2012 and 31 October 2011, the Group and Company had no lease or capital commitments.

25 Related party transactions

Transactions between related parties are discussed below.

Subsidiaries

Transactions between the Company and its subsidiaries are detailed below.

Company	2012 £ 000's	2011 £ 000's
Due from M+M GmbH	190	19
Due from Bayern Connect	245	65
Due from ADT (1)	515	502
Due from AIC (2)	1,009	1,003
Due from M+M LLC	2,516	651

The balances at year-end were due to financing requirements across the Group. The balances have no fixed repayment terms and no interest is charged on these balances.

(1) £463k of this balance has been impaired

(2) The full balance has been impaired

Joint ventures

Transactions between the Company and its joint ventures are detailed below.

Notes to Financial Statements for the 14 month period ended 31 December 2012

Company	2012 £ 000's	2011 £ 000's
Due to Rugby Domains Ltd	(101)	-
Due to Basketball Domains Ltd	(82)	-
Due from ADT	-	-

The balances at year-end were due to financing requirements across the joint ventures. The balances have no fixed repayment terms and no interest is charged on these balances.

Other

During the period, an amount of £78,352 (2011: £274,490) was paid to Patrimoine Partners LLP (Formerly Chiliogon Partners LLP) in respect of administrative, Group accounting services and commission. David Weill is a Partner of Patrimoine.

During the period, an amount of £37,711 (2011: £37,711) was due from Frederick Krueger in relation to shares previously issued.

The terms and conditions for the above transactions are based on normal trade terms.

Remuneration of Key Management Personnel

The remuneration of the directors, and other key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS24 Related party Disclosures.

	2012 £ 000's	2011 £ 000's
Short-term employee benefits	470	567

26 Post Balance Sheet Events

On 26 February 2013 the Company announced an agreement, with a third party, that provides for up to \$15,000,000 (£ 9.9M) of additional funding with its bid to secure one of its contested strings (a string that is an exact match to at least on other applicant's bid). Under the funding agreement, the Company has the right to call up \$10,000,000, to be used exclusively to acquire from ICANN the right to manage a specific string. The funding provider has the right to increase its funding by up to a further \$5,000,000. The amount, if used, does not have to be repaid. However, the funding provider will receive a share of gross revenues from the future operation of the specific string. The Company will retain sole management rights and responsibilities in the running of the specific string.

On 13 February 2013 the Board approved the issuance of the remaining 17,605,000 shares for the acquisition of Minds and Machines LLC. The shares represent the second and third tranches of shares that were contractually due to the vendors of M+M LLC, as announced on 9 August 2009. The shares were deferred from being issued until certain conditions were met. The share price at the time of issuance was 7.75p.

Corporate Information

Registered number	1412814 registered in British Virgin Islands
Directors	Frederick R. Krueger – Executive Chairman Antony Van Couvering - Chief Executive Officer Michael Salazar – Chief Finance Officer Caspar Veltheim – Executive Director Guy Elliott – Non Executive Director Keith Teare – Non Executive Director
Registered Office	Craigmuir Chambers Road Town, Tortola British Virgin Islands VG 1110
Email:	Email: info@tldh.org Website: www.tldh.org
Auditors	Mazars LLP Tower Bridge House St. Katharine's Way London E1W 1DD United Kingdom
Solicitors	Kerman & Co LLP 7 Savoy Court Strand, London WC2R 0ER United Kingdom
Nominated Advisor	Beaumont Cornish Limited 2nd Floor Bowman House 29 Wilson Street London EC2M 2SJ United Kingdom
Broker	N+1 Singer One Bartholomew Lane London EC2N 2AX United Kingdom
Registrars	Computershare Investor Services (Channel Islands) Ltd PO Box 83 Ordnance House, 31 Pier Road St Helier JE4 8PW Channel Islands
Principal Bankers	Silicon Valley Bank 3003 Tasman Drive Santa Clara, CA 95054 United States Bank of Ireland 40 Mespil Road Dublin 4 Ireland