

interim report
2017



mmx.co

Minds + Machines Group Limited (“MMX” or the “Company”) is a BVI incorporated company, which is traded on the AIM Market operated by the London Stock Exchange (“AIM”). The Company and its subsidiaries (the “Group”) is the owner and operator of a world class portfolio of top-level domain assets (gTLDs). As a sales and marketing-led registry business, the Company is focused on commercializing its portfolio in partnership with its expanding global network of distribution partners.

The MMX portfolio is currently focused around geographic domains (e.g. .london, .boston, .miami, .bayern), professional occupations (e.g. .law, .abogado, and .dds), consumer interests (e.g. .fashion, .wedding, .vip), lifestyle (e.g. .fit, .surf, .yoga), outdoor activities (e.g. .fishing, .garden, .horse) and generic names (e.g. .work and .casa). As a business, the Company works through its expanding international network of registrars and distribution partners to bring the benefits of affinity based domain addresses to B2B and consumer audiences. For more information on MMX, please visit www.mmx.co.

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executive summary

The first half of 2017 has been a period of consolidating the transformational progress of 2016 and establishing a solid platform for the business to deliver its maiden year of profitability as an operating business in the current year.

In the period under review:

- Domains under management increased 34% from 31 December 2016 to 1.1million registrations at 30 June 2017*;
- H1 top-line billings of \$5.6million (revenues \$5.3million), a strong performance given key 2017 inventory releases held back to H2 - H1 2016 \$8.1million billings (\$7.4million revenue) driven by .vip launch;
- Quality of earnings significantly improved, renewal revenues increased more than two-fold to \$2.4million (45% of H1 2017 gross revenue), compared to \$1.1million H1 2016 (15% of gross revenue);
- H1 renewal billings nearly tripled to \$3.1million and fixed OPEX reduced 30% to \$2.6million (H1 2016 \$3.8million for ongoing operations) allowing the Company to achieve a central KPI of renewal billings being greater than fixed OPEX for the first time;
- Billing based profit of \$0.2million delivered versus \$0.5million group loss in H1 2016;
- H1 Operating EBITDA of \$0.2million (H1 2016: \$1.1 million) delivered in spite of \$2.1million lower revenue in period;
- Net cash contribution of \$0.2million generated from operations, \$80k ahead of H1 2016;
- H1 2016 group losses of \$1.9million reduced to \$0.5million group loss H1 2017 - H1 2016 loss per share of 0.24cents** reduced to 0.08cents H1 2017; and
- Cash and cash equivalents at 30 June 2017 of \$14.2million (H2 2016: \$15.3 million), the decrease primarily due to payment of provisioned liabilities in period.

Post period:

- \$6.0million of sales generated in Q3-to-date bringing sales year-to-date in-line with 2016;
- Cash and cash equivalents increased to \$15.3million as of 30 August 2017 primarily through collection of aged receivables; and
- An additional \$2.4million of cash due as a result of the private auctions for .llc and .inc in which the Company withdrew its applications - of which \$2.0million has been used towards repaying provisioned liabilities resulting from contracts restructured in 2016.
- Business on course to deliver first year of profitability.

*excludes approximately 200,000 committed registrations outside of China

**combined loss per share from 2016 continuing and discontinuing operations

Financial Overview

H1 2016 was a transformational period for the Company with the major restructuring of the Group commenced and the successful launch into China undertaken through .vip. As previously announced to the market, in the absence of a TLD launch in the H1 2017, and management's decision to hold back the release of the 2017 China premium inventory allocation to Q3 2017, top-line billings were expected to be impacted. Due however to the exceptional renewal rates seen across each of the regions and growth of standard registrations in the period (see highlighted KPIs), top-line billings of \$5.6million and revenues of \$5.3million were achieved (H1 2016 \$8.1million billings and \$7.4million revenue respectively). For reference, billings in H1 2015 were \$2.0million.

As a result, the Company successfully delivered a billing based profit of \$0.2million for the period compared to a Group loss of \$0.5million for H1 2016 due to the restructuring expenditures and ongoing costs of the discontinued operations at that time totaling over \$1.8million.

As a consequence of the renewals performance during the period under review, the quality of earnings also dramatically improved, with renewal revenue more than doubling to \$2.4million in H1 2017 from \$1.1million last year. In percentage terms, H1 renewal revenues accounted for 45% of revenues compared to 15% of revenues in H1 2016. From a billings perspective, H1 2017 renewal billings were \$3.1million (55% of H1 2017 billings) compared to \$1.1million in H1 2016.

The Company likewise continued to work hard to manage down costs: fixed operating costs reduced 30% to \$2.6million in H1 2017 when compared to those of the continuing operations of H1 2016 (\$3.8million), and reduced by 45% when compared to the Group's full operating costs in H1 2016, given the associated ongoing costs of the operations being discontinued at that time.

As a result, the Group has achieved one of its central KPI's in the period - that of recurring renewal billings being greater than fixed overheads - a trend that is continuing into H2 2017. Consequently, new sales can increasingly drop to the bottom-line after cost of sales and partner payments have been deducted.

In the context of the full year, steady progress has also been made in H1 to ensure that the Company achieves its maiden year of profitability as an operating company, \$0.2million of operating EBITDA generated in the period. For reference, operating EBITDA in H1 2016 was \$0.9million higher at \$1.1million for the ongoing operations but from \$2.1million greater revenue.

executive summary

continued

Indeed, this year's H1 operating EBITDA contribution was achieved in spite of an increase in Costs of Goods due in part to certain one-off annual marketing costs impacting in H1 (H1 2017 - \$1.4million; H1 2016 \$1.1million). Management therefore expects COGs to reduce as a percentage of gross billings in H2 so that they are broadly in-line with management's previously stated KPI of tracking to 20% of gross billings for the full-year.

H2 2017 outlook

As previously indicated to the market, MMX is historically a significantly H2 weighted Company. This year that weighting has been accentuated due to the necessary timings of certain activities in Asia, Europe and US which have already resulted in a substantial increase in Q3 sales of approximately \$6.0million in Q3 to date, compared to \$3.7million for the same period last year. Year-to-date sales are in-line with that of last year at \$11.6million.

Highlights from Q3 2017 sales to date include:

- Contracts over \$1.0million of .london premium inventory following the introduction of the new premium pricing policy for this domain (of which \$0.5million will be accounted for in 2017), which management believes is a significant development as is the first indication of meaningful investor interest in its European portfolio;
- Contracts totaling \$4.2million in China, heavily driven by the release of the 2017 allotted premium China inventory, of which approximately 80% has now been sold.

Management likewise has good visibility over its Q4 2017 revenue both in terms of renewals, as this is when the core US and European renewal revenues occur, and sales pipe-line. As a result, management remains confident about the full-year outlook for the Group. This, coupled with the Q3 sales performance and ongoing containment of operating costs and costs of sale, gives the Directors confidence about the Company's ability to deliver bottom-line profitability for the full year for the first time in the Company's history. In 2015 and 2016, the Group's losses were \$9.4million and \$4.5million respectively.

Cash position

During H1, operations contributed a net \$0.2million to cash while monies spent to pay-down liabilities, including contract restructuring and the strategic review, during the period amounted to \$1.3million. As a result, cash decreased by \$1.1million to \$14.2million from cash balances of \$15.3million at the end of H2 2016, a position which has already been reversed, cash balances having increased to \$15.2million as of 31 August 2017. The increase is primarily attributed to the collection of aged receivables.

Subsequent to 31 August 2017, the Company completed private auctions for .llc and .inc where the Company did not win the TLDs but will receive proceeds for withdrawing their applications with ICANN of \$2.4million, of which \$2.0million will be used towards repaying provisioned liabilities resulting from contracts restructured in 2016.

In summary, significant progress has been achieved in transitioning MMX into a strong, long-term, annuity based business, built on a solid bedrock of growing recurring revenues supported by a steady annual inflow of new sales as underlined by the Q3 performance.

Highlighted KPIs

Growth of domains under management ("DUMs")

New registrations are a key measure for the Company as they drive the potential renewal revenue of future years. In H1, DUMs increased from 821,000 at the end 2016 to approximately 1.1million as of 30 June 2017, with another 200,000+ of committed registrations from outside of China which are not reflected in H1 billings. The 34% growth of registrations in the period, which is primarily driven by interest in standard registrations, is particularly encouraging as Europe, US and Asia regions outside of China are now starting to contribute meaningfully to this growth. In the period, the Company processed 318,000 new registrations compared to 452,000 in H1 2016.

Indeed, as result of the initiatives put in place during the year, seven domains in the portfolio are now showing registrations in excess of their end of year-one highs and the remainder are broadly in line with their end of year-one registrations. At the beginning of 2016, all of the Company's TLDs were effectively below their year one highs.

Gross billings

Whilst in H1 billings were off the H1 2016 high that resulted from the launch of .vip, year-to-date 2017 billings are in line with 2016, which demonstrates both the underlying strength of the portfolio and the China premium inventory release strategy given it is widely recognized in the industry that year 2 billings are typically significantly lower than year one for a newly launched TLD.

There are a number of factors currently driving new billings growth across MMX's portfolio:

- In China, the uptake and usage of .vip by SME's, some 50% of .vip bought names now being used either within or outside of China;
- Digital entrepreneurs developing projects of potential scale where new gTLD names effectively form part of their infrastructure;
- SME's increasing awareness in Europe of the alternative choices outside of their respective country code and .com endings; and
- Investors outside of China recognizing the potential of new gTLDs as a potential asset to trade.

Indeed, we are seeing the ongoing balancing out of billings across the regions in the current year, with China, whilst still growing, on track to represent no more than 50% of total billings in the year compared to 62% in 2016.

Growth of renewals

The ongoing growth of the Company's renewal revenue is central to the vision of developing MMX into a business with significant annuity revenue.

Management is therefore greatly encouraged that renewal billings in the period have nearly tripled from \$1.1million in H1 2016 to \$3.1million in H1 2017, increasing from 13% of H1 2016 billings to 55% in H1 2017. From a revenue perspective, renewal revenue accounted for 15% of revenue in H1 2016 and 45% in the current period.

Over the last three periods, renewal billings have progressed as follows: H1 2016, \$1.1million; H2 2016, \$2.7million; H1 2017, \$3.1million.

The significant increase in renewal billings recorded in H1 2017 flows from the above industry average renewal rates achieved across each of our geographic regions.

As reported in late July, first year renewal rates of 75% were achieved in China on the 400,000+ name registered in the first four weeks of .vip's launch in 2016, effectively setting the bar at a new level for the industry in this region. Indeed, much of the renewals success was a direct result of the premium pricing policy introduced for that extension.

In Europe, the rates are currently higher at over 80%; and in the US, they are tracking at 67% when .work and .casa are discounted given the aggressive sales models historically deployed with each.

Looking forward, the Company's emphasis will, however, be to increasingly prioritize renewal revenue growth over DUM's renewal rates. To illustrate this point, whilst the US might have the lowest renewal rates on a registration perspective, it is currently on track to contribute over 50% of this financial year's renewals.

Operating Expenditure

Following on from the restructuring of 2016, management has continued to manage down fixed OPEX, H1 fixed OPEX of \$2.6million being 30% lower than that of the ongoing operations in H1 2016, and healthily within the \$6million annual cap. It should be noted that the H1 2017 figure takes into account a number of senior hires made at the beginning of 2017 to strengthen business development activities.

OPEX a percentage of renewal billings

As highlighted earlier, we have now completed the first period where fixed OPEX has been less than renewal billings (\$2.6million to \$3.1million) a trend we expect to continue into H2 2017 and beyond. This is a major milestone for the business as we continue developing towards our goal of being a significant annuity based company.

Gross margin

One of our key KPI's set out in 2016 was for annual gross margins to be not less than 80%. As a result of certain annual marketing contract payment timings and the lower level of billings in the period, gross margin has dropped to 67% for the period (H1 2016, 84%). We expect this to be closer to our gross margin KPI goal by the end of 2017.

Ongoing growth

Launching new TLDs, expanding registrations in launched TLDs in existing regions through new initiatives, as well as taking them into new regions, drives our growth. In the near term, this objective is being supported by the forthcoming launch of .boston in October and the ongoing business development/marketing initiatives in each of the regions across the portfolio. In the mid-term, the Company looks forward to further TLD releases both internationally and in China in 2018. The release schedule will be released at a later date as it is in part dependent on China's MIIT approval process for up to eight of the Company's properties in China.

Strategic review

On 25 May 2017, MMX announced the appointment of Headwaters, a West Coast based US investment banking firm, to conduct a strategic review to look at all options open to the Group. The Company and Headwaters have held conversations with a number of strategic parties in the US, Europe and Asia and continue to explore a range of options to determine the best path forward, which may or may not result in an offer being made for the Company as a whole. A further update on progress will be provided when there are material developments.

executive summary

continued

Conclusion

H1 2017 has been a defining period where for the first time we have been able to see both the benefits of a portfolio approach operating across regions and how one-off premium sales can support the development of a long-term annuity based business as well as provide stimulus for significant standard registration growth. Registrations across the portfolio are up by 34% from 31 December 2016 at the half year.

As we look forward to the completion of the strategic review, our goal is to achieve an outcome that therefore allows an acceleration of what we increasingly consider to be a de-risked, proven business model for monetizing top-level domains and creating a significant annuity based business.

In terms of the current year, our billings profitability, net cash contribution of operations, and improved quality of earnings in H1 2017, combined with the trading since the half year, means we are more confident than ever about the prospects for the business and delivering its maiden year of profitability as an operating registry in the current year.



Toby Hall, CEO



Michael Salazar, COO/CFO

consolidated statement of comprehensive income

for the period ended 30 June 2017

	Notes	Period ended 30 Jun 2017 (unaudited) \$'000's	Period ended 30 Jun 2016 (unaudited) \$'000's	Year ended 31 Dec 2016 (audited) \$'000's
Billings		5,611	8,050	15,800
Continuing Operations				
Of which:				
Revenue		5,277	7,384	15,001
Less: Partner payments	2	(1,008)	(544)	(1,520)
Revenue less partner payments		4,269	6,840	13,481
Cost of sales	3	(1,401)	(1,104)	(2,541)
Gross Profit		2,868	5,736	10,940
Gross Profit Margin %		67%	84%	81%
Loss on withdrawal of gTLD applications		-	-	(148)
Operating expenses - ongoing		(2,630)	(3,525)	(6,536)
Operating expenses - forfeited		-	(238)	(646)
Operating earnings before interest, taxation, depreciation and amortisation (Operating EBITDA) before restructuring costs		238	1,973	3,610
Restructuring costs - operating		-	(875)	(1,166)
Restructuring costs - contracts		-	-	(3,748)
Operating earnings before interest, taxation, depreciation and amortisation (Operating EBITDA)		238	1,098	(1,304)
Strategic review costs	4	(143)	-	-
Foreign exchange (loss) / gain		(21)	(604)	251
Profit on disposal of fixed assets		3	-	(18)
Share based payments	5	(505)	(397)	(745)
Share of results of joint venture		4	(15)	(25)
(Loss) / earnings before interest, taxation, depreciation, and amortisation (EBITDA)		(424)	82	(1,841)
Depreciation and amortisation charge		(92)	(50)	(286)
Finance revenue		11	24	39
Loss on disposal of joint ventures		-	-	(276)
(Loss) / profit before taxation		(505)	56	(2,364)
Income tax		(21)	-	195
(Loss) / profit from the period from continuing operations		(526)	56	(2,169)
Loss from discontinued operations		-	(1,963)	(2,332)
Retained loss for the period		(526)	(1,907)	(4,501)

consolidated statement of comprehensive income

for the period ended 30 June 2017, continued

	Notes	Period ended 30 Jun 2017 (unaudited) \$'000's	Period ended 30 Jun 2016 (unaudited) \$'000's	Year ended 31 Dec 2016 (audited) \$'000's
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Foreign exchange hedge		-	(1,729)	-
Currency translation differences		281	534	(648)
Other comprehensive income / (loss) for the period net of taxation		281	(1,195)	(648)
Total comprehensive loss for the period		(245)	(3,102)	(5,149)
Retained (loss) / profit for the period attributable to:				
Equity holders of the parent		(528)	(1,804)	(4,508)
Non-controlling interests		2	(103)	7
		(526)	(1,907)	(4,501)
Total comprehensive (loss) / profit for the period attributable to:				
Equity holders of the parent		(224)	(3,006)	(5,169)
Non-controlling interests		(21)	(96)	20
		(245)	(3,102)	(5,149)
(Loss) / earnings per share (cents)				
From continuing operations				
Basic	6	(0.08)	0.02	(0.29)
Diluted	6	(0.08)	0.02	(0.29)
From discontinued operations				
Basic		N/A	(0.26)	(0.31)
Diluted		N/A	(0.26)	(0.31)

condensed consolidated statement of financial position

as at 30 June 2017

	Notes	30 Jun 2017 (unaudited) \$'000's	31 Dec 2016 (audited) \$'000's	30 Jun 2016 (unaudited) \$'000's
Assets				
Non-current assets				
Goodwill		2,828	2,828	2,828
Intangible assets	7	45,940	45,603	40,273
Tangible assets		73	89	131
Interest in join ventures		422	385	820
Other long-term assets	8	3,327	3,327	3,298
Total non-current assets		52,590	52,232	47,350
Current assets				
Cash and cash equivalents		14,228	15,275	29,051
Trade and other receivables	10	6,330	7,953	5,145
Total current assets		20,558	23,228	34,196
Total Assets		73,148	75,460	81,546
Liabilities				
Current liabilities				
Trade and other payables	11	(12,426)	(14,984)	(6,989)
Total current liabilities		(12,426)	(14,984)	(6,989)
Net Assets		60,722	60,476	74,557
Equity				
Share capital		-	-	-
Share premium	12	60,060	60,060	72,732
Other reserves		-	-	(1,729)
Foreign exchange reserve		1,046	742	1,930
Retained earnings		(33)	4	2,052
Total Equity		61,073	60,806	74,985
Non-controlling interests		(351)	(330)	(428)
Total Equity		60,722	60,476	74,557

condensed consolidated statement of cash flows

for the period ended 30 June 2017

	Notes	Period ended 30 Jun 2017 (unaudited) \$'000's	Period ended 30 Jun 2016 (unaudited) \$'000's	Year ended 31 Dec 2016 (audited) \$'000's
Cash flows from operations				
Operating EBITDA		238	1,973	3,610
Adjustments for:				
Loss from discontinued operations		-	(937)	(1,312)
Restructuring costs		-	(875)	(1,166)
Decrease / (increase) in trade and other receivables including long term receivables		1,623	(1,851)	(1,926)
(Decrease) / increase in trade and other payables		(2,559)	(529)	(350)
Loss on withdrawal of gTLD applications		-	-	148
Foreign exchange (gain) / loss		(87)	(240)	367
Net cash outflows from operations		(785)	(2,459)	(629)
Cash flows from investing activities				
Interest received		11	24	39
Amounts transferred from restricted cash		-	150	(64)
Payments to acquire intangible assets		(116)	-	(3,796)
Receipts from the disposal of intangible assets		-	25	-
Payments to acquire fixtures & equipment		(3)	(14)	(28)
Receipts from the disposal of tangible assets		3	-	90
Net cash flow from investing activities		(105)	185	(3,759)
Cash flows from financing activities				
Issue of ordinary shares		-	96	6,811
Share issue costs		-	-	(300)
Strategic review costs		(143)	-	-
Purchase of own shares		-	(1,179)	(20,267)
Repurchase of vested equity instruments		(14)	(681)	(1,220)
Net cash flow from financing activities		(157)	(1,764)	(14,976)
Net decrease in cash and cash equivalents		(1,047)	(4,038)	(19,364)
Cash and cash equivalents at beginning of period		15,275	34,651	34,651
Exchange loss on cash and cash equivalents		-	(1,562)	(12)
Cash and cash equivalents at end of period		14,228	29,051	15,275

condensed consolidated statement of changes in equity

for the period ended 30 June 2017

Group	Share capital \$'000's	Share-premium reserve \$'000's	Other reserves \$'000's	Foreign currency translation reserve \$'000's	Retained earnings \$'000's	Total \$'000's	Non- controlling interests \$'000's	Total equity \$'000's
At 1 January 2016	-	73,816	-	1,403	4,140	79,359	(332)	79,027
Loss for the period	-	-	-	-	(1,804)	(1,804)	(103)	(1,907)
Other comprehensive income	-	-	(1,729)	527	-	(1,202)	7	(1,195)
Total comprehensive (loss) / income	-	-	(1,729)	527	(1,804)	(3,006)	(96)	(3,102)
Share capital issued	-	95	-	-	-	95	-	95
Acquisition of own shares	-	(1,179)	-	-	-	(1,179)	-	(1,179)
Credit to equity for equity - settled share based payments	-	-	-	-	359	359	-	359
Share based payments (repurchase of vested equity instruments)	-	-	-	-	(643)	(643)	-	(643)
As at 30 June 2016	-	72,732	(1,729)	1,930	2,052	74,985	(428)	74,557
As at 1 January 2017	-	60,060	-	742	4	60,806	(330)	60,476
Loss for the period	-	-	-	-	(528)	(528)	2	(526)
Currency translation differences	-	-	-	304	-	304	(23)	281
Total comprehensive (loss) / income	-	-	-	304	(528)	(224)	(21)	(245)
Credit to equity for equity -settled share based payments	-	-	-	-	505	505	-	505
Share based payments (repurchase of vested equity instruments)	-	-	-	-	(14)	(14)	-	(14)
As at 30 June 2017	-	60,060	-	1,046	(33)	61,073	(351)	60,722

notes to the financial statements

for the period ended 30 June 2017

1. Basis of preparation

The condensed financial statements have been prepared under the historical cost convention.

The same accounting policies, methods of computation and presentation have been followed in these condensed financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2016.

The adoption of Standards and Interpretations in 2017 has not affected the Group's accounting policies.

Basis of consolidation

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

Approval

The Board of Directors approved this Interim Financial Report on 25 September 2017.

2. Partner Payments

	H1 2017 \$ 000's	H1 2016 \$ 000's
Partner Payments	1,008	544

Partner payments represent the expense relating to certain TLDs where royalty and similar payments are required to be made.

3. Cost of sales

	H1 2017 \$ 000's	H1 2016 \$ 000's
Third Party Fees	371	276
ICANN Fees	428	283
Other	602	545
	1,401	1,104

4. Strategic Review Costs

Following the successful restructuring of the business in 2016, the Group has incurred \$143k (H1 2016:Nil) in strategic review costs as part of reviewing various strategic options open to it.

5. Share based payments

	H1 2017 \$ 000's	H1 2016 \$ 000's
Equity settled share based payments	505	359
Expense as a result of modification of equity settled share based payments	-	38
	505	397

Equity settled share based payments relate to directors and employees share options and restricted stock option plans.

6. Earnings / (loss) per share

Earnings	H1 2017 \$'000's	H1 2016 \$'000's
Earnings for the purpose of basic and diluted earnings per share		
Earnings from continuing operations	(528)	159
Earnings from discontinued operations	-	(1,963)
Total earnings for the period	(528)	(1,804)
Number of shares		
Weighted average number of ordinary shares used in calculating basic loss per share (millions)	699.86	748.72
Effect of dilutive potential ordinary shares – share options and warrants (millions)	28.26	30.42
Weighted average number of ordinary shares for the purpose of diluted earnings per share (millions)	728.12	779.14
Earnings/(loss) per share from continuing operations		
Basic (cents)	(0.08)	0.02
Diluted (cents)	(0.08)	0.02
Earnings/(loss) per share from discontinued operations		
Basic (cents)	N/A	(0.26)
Diluted (cents)	N/A	(0.26)

In H1 2017, for the purpose of calculating loss per share from continuing operations, and in H1 2016 for the purpose of calculating loss per share from discontinued operations, all potential shares were anti-dilutive due to the losses reported.

notes to the financial statements

for the period ended 30 June 2017

7. Intangible Assets

	Generic top level domains \$ 000's	Software & development costs \$ 000's	Contract based Intangible assets \$ 000's	Other \$ 000's	Total \$ 000's
Cost					
At 1 January 2016	40,078	2,070	-	171	42,319
Additions	1,500	261	3,815	-	5,576
Exchange differences	(17)	(34)	-	(1)	(52)
At 31 December 2016	41,561	2,297	3,815	170	47,843
Additions	-	116	-	-	116
Exchange differences	41	80	228	-	349
At 30 June 2017	41,602	2,493	4,043	170	48,308
Accumulated Amortization					
At 1 January 2016	-	(857)	-	(171)	(1,028)
Charge for the year	-	(1,171)	-	-	(1,171)
Exchange differences	-	(42)	-	1	(41)
At 31 December 2016	-	(2,070)	-	(170)	(2,240)
Charge for the period	-	(63)	-	-	(63)
Exchange differences	-	(65)	-	-	(65)
At 30 June 2017	-	(2,198)	-	(170)	(2,368)
Carrying amount					
At 30 June 2017	41,602	295	4,043	-	45,940
At 31 December 2016	41,561	227	3,815	-	45,603

Generic Top Level Domains

In 2012, the Group applied for new generic Top Level Domains to the Internet Corporation for Assigned Names and Numbers (ICANN). Successful applications are transferred from other long-term assets to Intangible assets. The Group capitalises the full cost incurred to pursue the rights to operate generic Top Level Domains including amounts paid at auction to gain this right where there are more than one applicant to ICANN for the same generic Top Level Domain.

This class of intangible assets are assessed to have an indefinite life as it is deemed that the application fee and amounts paid at auction give the Group indefinite right to this generic Top Level Domain.

8. Other long-term assets

	H1 2017 \$'000's	31 Dec 2016 \$'000's
Restricted cash	2,217	2,217
Other long-term receivables	1,110	1,110
	3,327	3,327

The Group capitalises the costs incurred to pursue the rights to operate certain gTLD strings as these are deemed to provide probable future economic benefit.

During the application process capitalised payments for gTLD applications are included in Other Long Term Assets. While there is no assurance that MMX 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. In general, MMX 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.

During the 2012 financial period, the Group paid US\$13.5 million in application fees to the Internet Corporation for assigned Names and Numbers (ICANN) under ICANN's New generic Top Level Domain (gTLD) Program and deposited US\$3.6 million to fund the letters of credit required by ICANN.

Since then, due to withdrawal either as a result of participation in auctions or management decision, the application fees to ICANN (where the gTLD is still in application phase) and the amounts to fund the letter of credit required by ICANN have decreased to \$2,217k (2016: \$2,217k) and \$1,110k (2016: \$2,217k) respectively.

Where MMX receives a partial cash refund for certain gTLD applications and/or to the extent the Group 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 the Group's interest in gTLD applications will be recognised when realised, and losses will be recognised when deemed probable. Other costs incurred by MMX as part of its gTLD initiative not directly attributable to the acquisition of gTLD operator rights are expensed as incurred.

9 Cash and cash equivalents**Restricted cash**

Included in the Group cash and cash reserves is restricted funds of \$1million (2016: \$1million) held in escrow to satisfy certain vendor requirements, to be released back to the Group over the next five years.

10. Trade and other receivables

	H1 2017 \$'000's	31 Dec 2016 \$'000's
Trade receivables	3,204	3,992
Other receivables	531	1,940
Prepayments	1,781	1,943
Accrued revenue	770	29
Due from joint ventures	44	49
	6,330	7,953

notes to the financial statements

for the period ended 30 June 2017

11. Trade and other payables

Included within Trade and other payables:

	30 Jun 2017 \$'000's	31 Dec 2016 \$'000's
Trade payables	290	878
Taxation liabilities	2	171
Other liabilities	5,045	5,917
Deferred revenue	5,538	6,095
Accruals	1,484	1,853
Due to Joint Ventures	67	70
	12,426	14,984

12. Share capital and premium

Called up, allotted, issued and fully paid ordinary shares of no par value	Number of shares	Price per share (cents/pence)	Total \$'000
As at 1 January 2016	767,104,685		73,816
Shares repurchased	(10,658,568)	11/7.7	(1,179)
Share warrants exercised:			
24 May 2016 for cash on exercise of options	1,103,753	8.7/6	95
Shares repurchased:			
3 October 2016 Tender Offer	(100,000,000)	16.9/13	(19,088)
Shares issued:			
10 October 2016 Shares issued for cash	42,307,692	16.2/13	6,716
Cost of share issue			(300)
As at 31 December 2016 and 30 June 2017	699,857,562		60,060

corporate information

Registered number

1412814 registered in
British Virgin Islands

Directors

Non Executive Chairman

Guy Elliott

Chief Executive Officer

Toby Hall

Chief Operating Officer and Chief Finance Officer

Michael Salazar

Non Executive Director

Henry Turcan

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