

**For immediate release**

**15 April 2010**

**Top Level Domain Holdings Limited  
("TLDH" or "the Company")  
Audited Results for the period ended 31 October 2009**

Top Level Domain Holdings Limited (AIM: TLDH) today announces its audited results for the year 31 October 2009 (the "Period"). The report and accounts for the Period are being sent to shareholders and are available on the Company's website, [www.tldh.org](http://www.tldh.org).

The following sets out the audited results for the Company for the year ended 31 October 2009.

**Chairman's Statement**

I am pleased to present this year's annual report for Top Level Domain Holdings Limited ("the Company") together with the consolidated financial statements for the period ended 31 October 2009.

2009 was period of further significant development and change for the Company as the ongoing Internet Corporation for Assigned Names and Numbers ("ICANN") process toward the roll out of top level domains ("TLDs") has gained momentum.

Following the approval by shareholders of the modified investing strategy in June last year at the annual general meeting, the Company expanded its portfolio vertically into top level domain names ("TLD's"), investing in TLD applicants and infrastructure technologies where the Directors believe there are attractive investment opportunities. In July 2009, we also completed a placing of new ordinary shares in the Company which raised £2.5 million before expenses (equivalent to approximately US\$4.1 million at that time) to provide additional working capital and enable the Company to develop its TLD business.

Given the importance of the activity in TLDs, the Company changed its name to Top Level Domain Holdings Limited in April 2009. This name change brought alignment with the brand and the business strategy being pursued by the Company.

Existing TLDs are open to registrants worldwide and include .com, .net, and .org. ICANN, the regulatory body which oversees internet domain names worldwide, intends to allow qualified parties to apply to own and operate new generic TLDs ("gTLDs").

At its March meeting in Nairobi, ICANN's Board of Directors progressed further the framework for the introduction of gTLDs. The ICANN Board resolved that there should be no cross-ownership between domain name registries and registrars. This prohibition will prevent existing ICANN-accredited registrars from owning or operating new gTLDs, thus limiting the number of prospective applicants. This continues a trend of increasing the barriers to application for non-experts as ICANN adds additional requirements and restrictions to the framework for the introduction of gTLDs. TLDH is unaffected by this

policy and the Board of TLDH therefore expects that TLDH will benefit from this continuing separation between registrars and registries.

The ICANN Board also resolved that ICANN should focus on the full introduction of gTLDs later this year. The ground rules for application for new gTLDs are expected to be published by early summer 2010. ICANN staff reported during the Nairobi meeting that the next draft of the Draft Applicant Guidebook, expected to be issued in June, will be near final, and subject only to a final comment period. We welcome ICANN's intention in this regard.

The Company's strategy is to build a portfolio of gTLD applicants and infrastructure technologies. We have taken a conservative view toward the timing of what we believe to be a revolutionary stage of the development of the Internet so in the event of unforeseen delays, the Company will remain positioned to realise its strategy in this regard.

In May 2009 we completed our minority investments in dotNYC LLC and DotEco LLC which both operate in the top level domain space, for a cash consideration of US\$180,000 and US\$400,000 respectively. In addition, in August 2009 we completed the acquisition of the entire issued share capital of Minds and Machines LLC., a full service consulting and registry services company that provides a complete registry solution for all new TLD and gTLD applicants. The consideration amounted to US\$501,000 in cash plus the issue of up to 25.15 million new shares in TLDH.

**Minds and Machines LLC ([www.mindsandmachines.com](http://www.mindsandmachines.com))** (100% Group ownership)  
Minds and Machines LLC, which was founded in 2008 by Antony Van Couvering, is a full-service consulting and registry services company that provides a complete registry solution for new TLD applicants. Minds and Machines LLC has secured an exclusive license to extend the CoCCA registry platform, currently deployed in over 20 countries, to new generic TLDs.

Antony Van Couvering, who I am delighted joined the Board of the Company in June 2009, has been working with domain names and Internet infrastructure since 1996. Antony was an ICANN founder and founder and chief executive officer in 1996 of NetNames USA, the first company devoted to working with domain names on an international basis. Netnames was sold in 1998 to English web-hosting company, NetBenefit. In 1999, Antony founded NameEngine, an Internet services company handling domain names and other internet protocol assets for major corporations, which was sold to VeriSign in December 2001. Following the sale Antony worked for VeriSign for two years, in their Digital Brand Management Unit.

**dotNYC LLC ([www.dotnyc.net](http://www.dotnyc.net))** (15% Group ownership)  
dotNYC LLC is a New York City-based business that is applying for the ".nyc" top level domain for New York City. The management team of dotNYC LLC has launched five successful top level domains, advised a number of other top level domain companies and created the model for public-private partnerships for geographic-based web addresses.

**DotEco LLC ([www.dotecotld.com](http://www.dotecotld.com))** (25% Group ownership)  
DotEco LLC, which is based in California, intends to build an environmentally-focused gTLD. DotEco LLC entered into an integrated partnership with former US Vice President Al Gore and the Alliance for Climate Protection which supports Dot Eco LLC's efforts to raise awareness about the dangers of climate change. DotEco LLC intends to submit an application with ICANN for the eco top level domain.

## **TutorialBlog and AppCraver**

We have generally been pleased with the performance of our websites TutorialBlog and AppCraver during the period. AppCraver remains a leading iPhone application review website with substantial and growing traffic and revenue. TutorialBlog continues to generate revenue with minimal associated costs.

The Company's domain name portfolio comprising mainly German and other European parked domain names that receive direct navigation and search traffic which can be monetized through search links to generate click-through advertising revenues generated a lower revenue in the period and were subsequently sold following the period end for US\$250,000 in cash. An impairment charge of £154,000 was made against the carrying value of these investments in October 2009.

## **Financial results**

Revenue for the year ended 31 October 2009 was £315,000, with finance revenue totaling £24,000. Administrative expenses totalled £1,367,000. Share options expensed amounted to £226,000. The retained loss for the period attributable to members of the parent Company totaled £1,408,000 for a loss of 0.73 pence per share. Cash and cash equivalents at 31 October 2009 amounted to £4.3m.

## **Outlook**

We are excited about the prospects for the development of the Company and believe that the introduction of generic top level domains will create significant opportunities for the future. We retain a conservative stance however as to the timing of the actual commencement of the ICANN application process and are managing our cash flow accordingly to ensure the longevity to capture what we believe to be an exceptional opportunity for our Company.

With our substantial cash resources, low operating costs and our significant interests in prospective applicants for .eco, .nyc, .berlin, .bayern and .gay amongst others, and also with the restriction on competition that has been placed on existing registrars, we believe that TLDH is well positioned ahead of the start of the gTLDs application and award process.

**Frederick Krueger**  
**Chairman**

## **Further Information:**

**Top Level Domain Holdings Limited**  
David Weill (Tel: +44 (0) 20 7881 0180)

**Beaumont Cornish Limited**  
Roland Cornish  
Michael Cornish (Tel +44 (0) 20 7628 3396)

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Or visit the group's website at [www.tldh.org](http://www.tldh.org)



**Group Income Statement  
for the year ended 31 October 2009**

	Notes	Year Ended 31 October 2009 £ 000's	Period 22 June 2007 to 31 October 2008 £ 000's
Revenue		315	232
Impairment charge	10	(154)	(1,019)
Administrative expenses		(1,367)	(516)
Share options expensed	5, 17	(226)	(249)
<b>Group operating loss</b>	<b>3</b>	<b>(1,432)</b>	<b>(1,552)</b>
Finance revenue	6	24	138
<b>Loss before taxation</b>	<b>2</b>	<b>(1,408)</b>	<b>(1,414)</b>
Income tax expense	7	-	-
<b>Retained loss for the period attributable to members of the parent Company</b>		<b>(1,408)</b>	<b>(1,414)</b>
<b>Loss per share (pence)</b>			
<b>Basic</b>	<b>9</b>	<b>(0.73)</b>	<b>(1.18)</b>
<b>Diluted</b>	<b>9</b>	<b>(0.73)</b>	<b>(1.18)</b>

All of the operations are considered to be continuing.

**Company Income Statement  
for the year ended 31 October 2009**

	Notes	Year ended 31 October 2009 £ 000's	Period 22 June 2007 to 31 October 2008 £ 000's
Revenue		13	10
Administrative expenses		(288)	(409)
Share options expensed	5, 17	(226)	(249)
<b>Operating loss</b>	<b>3</b>	<b>(501)</b>	<b>(648)</b>
Finance revenue	6	23	137
<b>Loss before taxation</b>		<b>(478)</b>	<b>(511)</b>
Income tax expense	7	-	-
<b>Retained loss after taxation</b>		<b>(478)</b>	<b>(511)</b>

All of the operations are considered to be continuing.

**Group Balance Sheet  
as at 31 October 2009**

		31 October 2009		31 October 2008	
	Notes	£ 000's	£ 000's	£ 000's	£ 000's
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	10	1,755		349	
Tangible assets	11	11		-	
Available for sale investments	13	385		-	
<b>Total non-current assets</b>			<b>2,151</b>		349
<b>Current assets</b>					
Cash and cash equivalents		4,265		2,888	
Trade and other receivables	14	103		78	
<b>Total current assets</b>			<b>4,368</b>		2,966
<b>TOTAL ASSETS</b>			<b>6,519</b>		3,315
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	15	(1,187)		(61)	
<b>TOTAL LIABILITIES</b>			<b>(1,187)</b>		(61)
<b>NET ASSETS</b>			<b>5,332</b>		3,254
<b>EQUITY</b>					
Called-up share capital	16	-		-	
Share premium		7,601		4,380	
Retained earnings		(2,822)		(1,414)	
Foreign exchange reserve		34		3	
Share based payments reserve	17	519		285	
<b>TOTAL EQUITY</b>			<b>5,332</b>		3,254

These financial statements were approved by the Board of Directors on 13 April 2010 and signed on its behalf by:

Frederick Krueger  
Director

David de Jongh Weill  
Director

**Company Balance Sheet  
as at 31 October 2009**

	Notes	31 October 2009		31 October 2008	
		£ 000's	£ 000's	£ 000's	£ 000's
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	10	45		45	
Investment in subsidiaries	12	1,918		2	
Available for sale investments	13	385		-	
Trade and other receivables	14	1,711		1,618	
<b>Total non-current assets</b>			<b>4,059</b>		1,665
<b>Current assets</b>					
Cash and cash equivalents		4,156		2,541	
Trade and other receivables	14	37		-	
<b>Total Current Assets</b>			<b>4,193</b>		2,541
<b>TOTAL ASSETS</b>			<b>8,252</b>		4,206
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and other payables	15	(1,121)		(52)	
<b>TOTAL LIABILITIES</b>			<b>(1,121)</b>		(52)
<b>NET ASSETS</b>			<b>7,131</b>		4,154
<b>EQUITY</b>					
Called-up share capital	16	-		-	
Share premium		7,601		4,380	
Share based payments reserve	17	519		285	
Retained earnings		(989)		(511)	
<b>TOTAL EQUITY</b>			<b>7,131</b>		4,154

These financial statements were approved by the Board of Directors on 13 April 2010 and signed on its behalf by:

Frederick Krueger  
Director

David de Jongh Weill  
Director

**Group Cash Flow Statement  
for the year ended 31 October 2009**

	Notes	For the year ended 31 October 2009 £ 000's	For the period ended 31 October 2008 £ 000's
<b>Cash flows from operating activities</b>			
Operating Loss		(1,432)	(1,552)
(Increase) in trade and other receivables		(25)	(78)
Increase in trade and other payables		48	61
Impairment charge		154	1,019
Foreign exchange (gain)		(14)	(18)
Share options expensed		226	249
<b>Net cash outflow from operating activities</b>		<b>(1,043)</b>	<b>(319)</b>
<b>Cash flows from investing activities</b>			
Interest Received		24	138
Payments to acquire intangible assets		-	(1,353)
Payments to acquire property, plant & equipment		(11)	-
Payments to acquire available for sale investments		(385)	-
<b>Net cash outflow from investing activities</b>		<b>(372)</b>	<b>(1,215)</b>
<b>Cash flows from financing activities</b>			
Issue of ordinary share capital		2,855	4,548
Share issue costs		(89)	(133)
<b>Net cash inflow from financing activities</b>		<b>2,766</b>	<b>4,415</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,351</b>	<b>2,881</b>
Cash and cash equivalents at beginning of period		2,888	-
Exchange gain on cash and cash equivalents		26	7
<b>Cash and cash equivalents at end of period</b>	<b>18</b>	<b>4,265</b>	<b>2,888</b>

**Company Cash Flow Statement  
for the year ended 31 October 2009**

	Notes	For the year ended 31 October 2009 £ 000's	For the period ended 31 October 2008 £ 000's
<b>Cash flows from operating activities</b>			
Operating Loss		(501)	(648)
(Increase) in trade and other receivables		(37)	-
(Decrease)/increase in trade and other payables		(9)	52
Share options expensed		226	249
Foreign exchange loss		4	1
<b>Net cash outflow from operating activities</b>		<b>(317)</b>	<b>(346)</b>
<b>Cash flows from investing activities</b>			
Interest Received		23	137
Payments to acquire intangible assets		-	(30)
Payments to acquire available for sale investments		(385)	-
Loans to subsidiaries		(93)	(1,618)
<b>Net cash outflow from investing activities</b>		<b>(455)</b>	<b>(1,511)</b>
<b>Acquisitions and disposals</b>			
Payments to acquire subsidiaries		(375)	(1)
<b>Net cash outflow from acquisitions and disposals</b>		<b>(375)</b>	<b>(1)</b>
<b>Cash flows from financing activities</b>			
Issue of ordinary share capital		2,855	4,548
Share issue costs		(89)	(133)
<b>Net cash inflow from financing activities</b>		<b>2,766</b>	<b>4,415</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,619</b>	<b>2,557</b>
Cash and cash equivalents at beginning of period		2,541	-
Exchange gain on cash and cash equivalents		(4)	(16)
<b>Cash and cash equivalents at end of period</b>	<b>18</b>	<b>4,156</b>	<b>2,541</b>

**Group Statement of Changes in Equity**  
**For the year ended 31 October 2009**

	Called up share capital	Share premium reserve	Foreign currency translation reserve	Share based payment reserve	Retained earnings	Total equity
Group	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
<b>As at 22 June 2007</b>	-	-	-	-	-	-
Loss for the period	-	-	-	-	(1,414)	<b>(1,414)</b>
Currency translation differences	-	-	3	-	-	<b>3</b>
<b>Total recognised income and expense</b>	-	-	3	-	(1,414)	<b>(1,411)</b>
Share capital issued	-	4,563	-	-	-	<b>4,563</b>
Cost of share issue	-	(183)	-	-	-	<b>(183)</b>
Share based payments	-	-	-	285	-	<b>285</b>
<b>As at 31 October 2008</b>	-	<b>4,380</b>	<b>3</b>	<b>285</b>	<b>(1,414)</b>	<b>3,254</b>
Loss for the period	-	-	-	-	(1,408)	<b>(1,408)</b>
Currency translation differences	-	-	31	-	-	<b>31</b>
<b>Total recognised income and expense</b>	-	-	31	-	(1,408)	<b>(1,377)</b>
Share capital issued	-	3,318	-	-	-	<b>3,318</b>
Cost of share issue	-	(97)	-	-	-	<b>(97)</b>
Share based payments	-	-	-	234	-	<b>234</b>
<b>As at 31 October 2009</b>	-	<b>7,601</b>	<b>34</b>	<b>519</b>	<b>(2,822)</b>	<b>5,332</b>

**Company Statement of Changes in Equity**  
**For the year ended 31 October 2009**

	Called up share capital	Share premium reserve	Share based payment reserve	Retained earnings	Total equity
Company	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
<b>As at 22 June 2007</b>	-	-	-	-	-
Loss for the period	-	-	-	(511)	(511)
<b>Total recognised income and expense</b>	-	-	-	(511)	(511)
Share capital issued	-	4,563	-	-	4,563
Cost of share issue	-	(183)	-	-	(183)
Share based payments	-	-	285	-	285
<b>As at 31 October 2008</b>	-	<b>4,380</b>	<b>285</b>	<b>(511)</b>	<b>4,154</b>
Loss for the period	-	-	-	(478)	(478)
<b>Total recognised income and expense</b>	-	-	-	(478)	(478)
Share capital issued	-	3,318	-	-	3,318
Cost of share issue	-	(97)	-	-	(97)
Share based payments	-	-	234	-	234
<b>As at 31 October 2009</b>	-	<b>7,601</b>	<b>519</b>	<b>(989)</b>	<b>7,131</b>

**Notes to the Financial Statements  
for the period ended 31 October 2009**

**1 Summary of Significant Accounting Policies**

**(a) Authorisation of financial statements**

The Group financial statements of Top Level Domain Holdings Ltd for the year ended 31 October 2009 were authorised for issue by the Board on 13 April 2010 and the balance sheets signed on the Board's behalf by Frederick Krueger and David de Jongh Weill. The Company changed its name from Hecta Media Inc. to Top Level Domain Holdings Limited on 16<sup>th</sup> April 2009 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 adopted by the European Union. The principal accounting policies adopted by the Group and Company are set out below.

**New standards and interpretations not applied**

IASB and IFRIC have issued the following standards and interpretations with an effective date after the date of these financial statements:

**International Accounting Standards (IAS / IFRSs) and (Effective date)**

IFRS 1 First time Adoption of International Financial Reporting Standards and Consolidated and Separate Financial Statements (1 January 2009)

IFRS 2 Amendment to IFRS 2 – Vesting Conditions and Cancellations (1 January 2009)

IFRS 3 Business Combinations - revised January 2008 (1 July 2009)

IFRS 8 Operating Segments (1 January 2009)

IAS 1 Presentation of Financial Statements - revised September 2007 (1 January 2009)

IAS 23 Borrowing Costs - revised March 2007 (1 January 2009)

IAS 27 Consolidated and Separate Financial Statements - revised January 2008 (1 July 2009)

IAS 32 Financial Instruments: Disclosure and Presentation and IAS 1 Presentation of Financial Statements (1 January 2009)

Improvements to IFRSs - May 2008 (1 January 2009)

IAS 39 Financial Instruments: Recognition and Measurement (1 January 2009)

The amendment to IFRS 2 restricts the definition of vesting conditions to include only service conditions (requiring a specified period of service to be completed) and performance conditions (requiring the other party to achieve a personal goal or contribute to achieving a corporate target). All other features are not vesting conditions, and whereas a failure to achieve such a condition was previously regarded as a forfeiture (giving rise to a reversal of amounts previously charged to

profit) it must be reflected in the grant date fair value of the award and treated as a cancellation, which results in either an acceleration of the expected charge, or a continuation over the remaining vesting period, depending on whether the condition is under the control of the entity or counterparty. The amendment is mandatory for periods beginning on or after 1 January 2009 and the Group is currently assessing its impact on the financial statements, although it is not expected to be material.

**(c) Basis of preparation**

The consolidated financial statements have been prepared on the historical cost basis, except for the measurement to fair value of assets and financial instruments as described in the accounting policies below, and on a going concern basis.

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

**(d) Basis of consolidation**

The consolidated financial information incorporates the results of the Company and its subsidiaries (the "Group") using the purchase method. In the consolidated balance sheet, 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**

The acquisition of subsidiaries in a business combination is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *'Non Current Assets Held for Sale and Discontinued Operations'*, which are recognised and measured at fair value less costs to sell.

Where there is a difference between the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities and the cost of the business combination, any excess cost is recognised in the balance sheet as goodwill and any excess net fair value is recognised immediately in the income statement as negative goodwill on acquisition of subsidiary.

**(f) Revenue recognition**

Revenue derived from the parking revenues' are recognised on notification of payment by the relevant website and advertiser. Revenue derived from the sale of domains is recognised when the sale is agreed as per contract terms.

**(g) Foreign currencies**

The Company's functional currency is Sterling (£). 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. 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 balance sheet 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.

All other differences are taken to the income statement with the exception of differences on foreign currency borrowings, which, to the extent that they are used to finance or provide a hedge against foreign equity investments, are taken directly to reserves to the extent of the exchange difference arising on the net investment in these enterprises. Tax charges or credits that are directly and solely attributable to such exchange differences are also taken to reserves.

**(h) Goodwill and intangible assets**

Intangible assets are recorded at cost less eventual amortisation and provision for impairment in value. Goodwill on consolidation is capitalised and shown within fixed assets. Positive goodwill is subject to an annual impairment review, and negative goodwill is immediately written-off to the income statement when it arises.

**(i) Significant accounting judgements, estimates and assumptions**

*(i) 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:

*(ii) Impairment of intangibles with indefinite useful lives*

The Group determines whether intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the intangibles with indefinite useful lives are allocated.

*(iii) 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.

**(j) Finance costs/revenue**

Borrowing costs are recognised as an expense when incurred.

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

**(k) Cash and cash equivalents**

Cash and short-term deposits in the balance sheet 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.

**(l) Trade and other receivables**

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

**(m) Financial instruments**

The Group's financial instruments, other than its investments, comprise cash and items arising directly from its operation such as trade debtors and trade creditors. The Group has overseas subsidiaries in BVI, and USA whose expenses are denominated in US Dollars. Market price risk is inherent in the Group's activities and is accepted as such.

There is no material difference between the book value and fair value of the Group's cash.

**(n) Deferred taxation**

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. Land is measured at fair value less any impairment losses recognised after the date of revaluation.

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:

- Land (including option costs) – Nil
- Plant and Equipment – between 5% and 25%

All assets are subject to annual impairment reviews.

**(p) Available for sale Investments**

Equity investments intended to be held for an indefinite period of time 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 balance sheet 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.

Available-for-sale investments are included within non-current assets unless the

carrying value is expected to be recovered principally through sale rather than continuing use, in which case they are included within current assets. 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.

Income from available for sale investments is accounted for in the income statement on an accruals basis.

**(q) Available for sale investment reserve**

This reserve is used to record the post-tax fair value movements in available for sale investments.

**(r) Share based payments reserve**

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration and provided to consultants and advisors hired by the Group from time to time as part of the consideration paid.

**(s) Foreign currency translation reserve**

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

**(t) Impairment of assets**

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.

**(u) Trade and other payables**

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.

**(v) 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 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.

**(w) Share-based payment transactions**

*(i) Equity settled transactions:*

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

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

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Top Level Domain Holdings Ltd. (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The Income Statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 9).

**(x) Earnings per share**

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

**2 Segmental analysis - Group**

For management purposes the Group only operates in 1 business division, that of internet operations. Revenue is received on the basis of parking revenue and domain sales. Therefore the primary segment is that of Geographical location.

The analysis of the operating loss before taxation and the net assets employed by geographical segment of operations is shown below;

**By geographical area**

<b>2009</b>	<b>BVI/Parent £ 000's</b>	<b>BVI/USA £ 000's</b>	<b>Total £ 000's</b>
<b>Revenue</b>			
External sales	13	302	315
<b>Result</b>			
Operating (loss)	(501)	(931)	<b>(1,432)</b>
Investment revenue	23	1	<b>24</b>
Loss before & after tax			<b>(1,408)</b>
<b>Other information</b>			
Depreciation, amortisation and impairment	-	154	<b>154</b>
Capital additions	-	1,571	<b>1,571</b>

**Assets**

Segment assets	430	1,721	2,151
Financial assets	37	74	103
Cash			4,265
Consolidated total assets			6,519
<b>Liabilities</b>			
Segment liabilities	(1,078)	-	(1,078)
Financial liabilities	(43)	(66)	(109)
Consolidated total liabilities			(1,187)

### By geographical area

2008

	BVI/Parent £ 000's	BVI/USA £ 000's	Total £ 000's
<b>Revenue</b>			
External sales	10	222	232
<b>Result</b>			
Operating (loss)	(648)	(904)	(1,552)
Investment revenue	137	1	138
Loss before & after tax			(1,414)
<b>Other information</b>			
Depreciation, amortisation and impairment	-	1,019	1,019
Capital additions	45	1,323	1,368
<b>Assets</b>			
Segment assets	45	304	349
Financial assets	-	78	78
Cash			2,888
Consolidated total assets			3,315
<b>Liabilities</b>			
Segment liabilities	-	-	-
Financial liabilities	(52)	(9)	(61)
Consolidated total liabilities			(61)

### 3 Operating loss

	<b>2009</b>	<b>2009</b>	2008	2008
	<b>Group</b>	<b>Company</b>	Group	Company
	<b>£ 000's</b>	<b>£ 000's</b>	£ 000's	£ 000's
Operating loss is arrived at after charging:				
Auditors' remuneration – audit	<b>20</b>	<b>20</b>	15	15
Auditors' remuneration – non audit services	<b>4</b>	<b>4</b>	3	3
Directors' emoluments – fees and salaries	<b>68</b>	<b>68</b>	94	94
Directors' emoluments – share based payments	<b>226</b>	<b>226</b>	212	212
Foreign exchange (gain)/loss	<b>(14)</b>	<b>4</b>	(18)	1

### 4 Employee information – Group

	<b>2009</b>	2008
	<b>£ 000's</b>	£ 000's
<b>Staff Costs comprised:</b>		
Wages and salaries	<b>379</b>	37
<b>Average Number of employees</b>	<b>Number</b>	Number
Administration	<b>6</b>	2
	<b>6</b>	2

### 5 Directors' emoluments

<b>Group</b>	<b>2009</b>	2008
	<b>£ 000's</b>	£ 000's
Directors' remuneration	<b>294</b>	306

#### 2009

	<b>Directors Fees</b>	<b>Consultancy Fees</b>	<b>Shares &amp; Options</b>	<b>Total</b>
	<b>£ 000's</b>	<b>£ 000's</b>	<b>£ 000's</b>	<b>£ 000's</b>
<b>Executive Directors</b>				
Frederick Krueger	-	-	56	<b>56</b>
David de Jongh Weill	44	-	51	<b>95</b>
Antony Van Covering (#)	-	-	7	<b>7</b>
<b>Non-Executive Directors</b>				
Clark Landry	-	-	56	<b>56</b>

Guy Elliott	12	-	34	<b>46</b>
Michael Mendelson	12	-	22	<b>34</b>
	<b>68</b>	-	<b>226</b>	<b>294</b>

## 2008

	<b>Directors Fees £ 000's</b>	<b>Consultancy Fees £ 000's</b>	<b>Shares &amp; Options £ 000's</b>	<b>Total £ 000's</b>
<b>Executive Directors</b>				
Frederick Krueger (#)	12	-	56	<b>68</b>
Clark Landry (#)	48	-	56	<b>104</b>
David de Jongh Weill (#)	12	-	45	<b>57</b>
<b>Non-Executive Directors</b>				
Guy Elliott	11	-	33	<b>44</b>
Michael Mendelson (#)	11	-	22	<b>33</b>
	<b>94</b>	-	<b>212</b>	<b>306</b>

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

No pension benefits are provided for any Director.

<b>6 Finance revenue</b>	<b>2009 Group £ 000's</b>	<b>2009 Company £ 000's</b>	2008 Group £ 000's	2008 Company £ 000's
Bank interest receivable	<b>24</b>	<b>23</b>	138	137

<b>7 Taxation</b>	<b>2009</b>	2008
<b>Analysis of charge in period</b>	<b>£ 000's</b>	£ 000's
Tax on ordinary activities	-	-

No taxation has been provided due to losses in the year.

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 which 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.

## 8 Dividends

No dividends were paid or proposed by the Directors. (2008 £Nil)

## 9 Loss per share

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

	<b>2009</b>	2008
Net loss after taxation (£000's)	<b>(1,408)</b>	(1,414)
Weighted average number of ordinary shares used in calculating basic loss per share (millions)	<b>193.16</b>	120.28
Basic loss per share (expressed in pence)	<b>(0.73)</b>	(1.18)
Diluted loss per share (expressed in pence)	<b>(0.73)</b>	(1.18)

As inclusion of the potential ordinary shares would result in a decrease in the loss per share they are considered to be anti-dilutive, as such, a diluted earnings per share is not included.

## 10 Intangible assets

	<b>Group</b>	<b>Company</b>
	<b>£ 000's</b>	<b>£ 000's</b>
<b>Cost</b>		
At 1 November 2008	1,368	45
Additions	1,560	
<b>As at 31 October 2009</b>	<b>2,928</b>	<b>45</b>
<b>Amortisation and Impairment</b>		
At 1 November 2008	1,019	-
Impairment charge for the period	154	-
<b>At 31 October 2009</b>	<b>1,173</b>	<b>-</b>
<b>Net book value</b>		
<b>At 31 October 2009</b>	<b>1,755</b>	<b>45</b>
At 31 October 2008	349	45

The cost is analysed as follows;

<b>£ 000's</b>	<b>£ 000's</b>
----------------	----------------

Goodwill	1,560	-
Domain names	150	-
Websites	45	45
	1,755	45

### Impairment Review

At 31 October 2009, the Directors have carried out an impairment review and have consequently written down the value of the group's domain portfolio. The Directors are of the opinion the carrying value of the domains is now stated at a fair value, which will be subject to an ongoing review as the Group's strategy develops in the future.

The directors have based the review and the revised carrying value of the domain portfolio on current market conditions, and through an assessment of future potential disposal values.

## 11 Tangible assets – Property, plant & equipment

**Group  
£ 000's**

### Cost

At 1 November 2008	-
Additions	11

<b>As at 31 October 2009</b>	<b>11</b>
------------------------------	-----------

### Depreciation and Impairment

At 1 November 2008	-
Impairment charge for the period	-

<b>At 31 October 2009</b>	<b>-</b>
---------------------------	----------

### Net book value

<b>At 31 October 2009</b>	<b>11</b>
At 31 October 2008	-

### Impairment Review

At 31 October 2009, the Directors have carried out an impairment review and concluded no impairment provision is currently required.

## 12 Investment in subsidiaries

	2009	2008
	£ 000's	£ 000's
<b>Shares in Group undertakings</b>		
<b>Company</b>		
<b>Cost</b>		
At beginning of the period	2	-
Additions	1,916	2
<b>As at 31 October</b>	<b>1,918</b>	<b>2</b>

The parent company owns more than 50% of the ordinary share capital in six subsidiaries incorporated in the British Virgin Islands, and USA. The Board of Directors believe disclosure of the details of the subsidiaries would be anti-competitive and as such details of the subsidiaries have not been disclosed.

<b>13 Available for sale investments</b>	<b>2009</b>	2008
<b>Group &amp; Company – Unlisted Investments</b>	<b>£ 000's</b>	£ 000's
At beginning of the period	-	-
Acquired during the year	<b>385</b>	-
Movement in market value	-	-
At 31 October	<b>385</b>	-
<b>The available for sale investments, are split as below;</b>		
<b>Non-current assets</b>	<b>385</b>	-
<b>Current assets</b>	-	-
	<b>385</b>	-

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, which the directors believe to be the current fair value of the investments.

<b>14 Trade and other receivables</b>	<b>2009</b>		2008	
	<b>Group</b>	<b>Company</b>	Group	Company
	<b>£ 000's</b>	<b>£ 000's</b>	£ 000's	£ 000's
<b>Current trade and other receivables</b>				
Trade debtors	<b>10</b>	-	-	-
Other debtors	<b>75</b>	<b>37</b>	-	-
Accrued income	-	-	78	-
Due from associated companies	<b>18</b>	-	-	-
	<b>103</b>	<b>37</b>	78	-
<b>Non Current trade and other receivables</b>				
Loans due from subsidiaries	-	<b>1,711</b>	-	1,618

The loans due from subsidiaries are interest free and have no fixed repayment date.

15 Trade and other payables	2009		2008	
	Group £ 000's	Company £ 000's	Group £ 000's	Company £ 000's
<b>Current trade and other payables:</b>				
Trade creditors	46	-	-	-
Taxation liabilities	20	-	9	-
Accruals	43	43	52	52
Deferred consideration	1,078	1,078	-	-
	<b>1,187</b>	<b>1,121</b>	61	52

The deferred consideration, is the value of the shares to be issued to the former shareholders of Mind and Machines LLC, as part of the total consideration for the purchase of the company. (See Note 22)

## 16 Share capital

Authorised	£ 000's	
Unlimited Ordinary shares of no par value	-	
<b>Called up, allotted, issued and fully paid</b>	<b>Number of shares</b>	<b>Nominal value £000's</b>
Incorporation	1	-
26 October 2007 for cash at 1p per share	64,750,000	-
26 October 2007 for cash at 4p per share	10,000,000	-
29 October 2007 – original incorporation share cancelled	(1)	-
31 October 2007 for cash at 4p per share	87,516,456	-
13 March 2008 for non-cash consideration at 4.13p per share	368,242	-
<b>As at 31 October 2008</b>	<b>162,634,698</b>	-
23 July 2009 for cash at 2.5p per share	110,329,148	-
20 August 2009 for non-cash consideration at 6.125p per share	7,545,000	-
8 September 2009 for cash at 4p per share	2,430,429	-
<b>As at 31 October 2009</b>	<b>282,939,275</b>	-

### ***Total share options in issue***

During the period ended 31 October 2009, the company granted 5,502,694 (2008: 20,750,000) options over ordinary shares.

As at 31 October 2009 the unexercised options in issue were;

<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Options in Issue 31 October 2008</b>
4p	13 November 2012	19,000,000
4p	1 January 2013	2,000,000
4p	26 May 2014	5,252,694
		<b>26,252,694</b>

No options lapsed or were cancelled and no options were exercised during the period to 31 October 2009 (2008: Nil).

### **Total warrants in issue**

During the period ended 31 October 2009, the company granted 76,414,574 warrants to subscribe for ordinary shares. (2008: 1,622,665)

As at 31 October 2009 the unexercised warrants in issue were;

<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Warrants in Issue 30 June 2009</b>
4p	13 November 2012	1,622,665
4p	31 July 2011	52,734,145
4.2p	31 July 2011	21,250,000
		<b>75,606,810</b>

During the year to 31 October 2009, 2,430,429 warrants were exercised at a price of 4p. (2008: Nil)

## **17 Share Based Payments**

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

<b>Name</b>	<b>Date Granted</b>	<b>Date Vested</b>	<b>Number</b>	<b>Exercise Price (pence)</b>	<b>Expiry Date</b>	<b>Fair Value at Grant Date (pence)</b>
Frederick Krueger	14/11/2007	<b>See 1 below</b>	5,000,000	4	13/11/2012	2.23
David Weill	14/11/2007	<b>See 1 below</b>	4,000,000	4	13/11/2012	2.23
Clark Landry	14/11/2007	<b>See 1 below</b>	5,000,000	4	13/11/2012	2.23
Guy Elliott	14/11/2007	<b>See 1 below</b>	3,000,000	4	13/11/2012	2.23

Michael Mendelson	14/11/2007	<b>See 1 below</b>	2,000,000	4	13/11/2012	2.23
Consultant	01/01/2008	<b>See 2 below</b>	1,000,000	4	01/01/2013	2.23
Consultant	01/01/2008	<b>See 3 below</b>	1,000,000	4	01/01/2013	2.23
David Weill	27/05/2009	<b>See 1 below</b>	2,626,347	4	26/05/2014	1.26
Antony Van Couvering	27/05/2009	<b>See 1 below</b>	2,626,347	4	26/05/2014	1.26
<b>Totals</b>			<b>20,750,000</b>			

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

The fair value of the options granted during the period ended 31 October 2009 amounted to £0.234 million (2008: £0.285 million). The assessed fair value at grant date is determined using the Black-Scholes Model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The following table lists the inputs to the models used for the year ended 31 October 2009:

	<b>27 May 2009 issue</b>	<b>1 January 2008 issue</b>
Dividend Yield (%)	-	-
Expected Volatility (%)	70.0	60.0
Risk-free interest rate (%)	3.8	4.8
Share price at grant date (£)	0.025	0.040

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

<b>18 Analysis of changes in net funds</b>	<b>2009</b>		<b>2008</b>	
	<b>Group £ 000's</b>	<b>Company £ 000's</b>	<b>Group £ 000's</b>	<b>Company £ 000's</b>

Balance at beginning of period	<b>2,888</b>	<b>2,541</b>	-	-
Change during the period	<b>1,377</b>	<b>1,615</b>	2,888	2,541
<b>Balance at the end of the period</b>	<b>4,265</b>	<b>4,156</b>	2,888	2,541

## 19 Financial instruments

The Group uses financial instruments comprising cash, liquid resources and debtors/creditors that arise from its operations. The Group holds cash as a liquid resource to fund the obligations of the Group. The Group's cash balances are held in Sterling, Euros, and in US Dollars. The Group's strategy for managing cash is to maximize interest income whilst ensuring its availability to match the profile of the Group's expenditure. This is achieved by regular monitoring of interest rates and monthly review of expenditure forecasts.

The Company has a policy of not hedging and therefore takes 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.

The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk.

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 net fair value of financial assets and liabilities approximates to the carrying values disclosed in the financial statements. The currency and interest rate profile of the financial assets is as follows:

Cash and short term deposits	2009		2008	
	Group £ 000's	Company £ 000's	Group £ 000's	Company £ 000's
Sterling	<b>2,743</b>	<b>2,720</b>	2,541	2,541
USD	<b>1,515</b>	<b>1,436</b>	347	-
Euro	<b>7</b>	-	-	-
<b>At 31 October</b>	<b>4,265</b>	<b>4,156</b>	2,888	2,541

The financial assets comprise cash balances in interest earning bank accounts at call. The financial assets in Sterling currently earn an interest rates approximating to base rate set by the Bank of England.

### Foreign currency risk

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

The sensitivity analysis includes only outstanding foreign currency denominated investments and other financial assets and liabilities 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 Sterling:

	Profit or loss sensitivity		Equity sensitivity	
	10% increase £ 000's	10% decrease £ 000's	10% increase £ 000's	10% decrease £ 000's
US Dollar	(77)	94	(61)	69
	<u>(77)</u>	<u>94</u>	<u>(61)</u>	<u>69</u>

## 20 Material non-cash transactions

On 23 July 2009, the company issued 7,545,000 ordinary shares as part of the consideration for the purchase of Mind and Machines LLC.

## 21 Commitments

As at 31 October 2009, the Company had entered into the following material commitments:

### Website development commitments

Ongoing website development expenditure is required to maintain title to the Group's websites and domains. No provision has been made in the financial statements for these amounts as the expenditure is expected to be fulfilled in the normal course of the operations of the Group.

## 22 Business combinations

### Acquisition of Mind and Machines LLC ("MM")

On 29th May 2009 TLDH acquired 35.11% of MM, a company based in USA. This transaction has been accounted for by the purchase method of accounting. The fair value of identifiable assets and liabilities of MM as at the date of acquisition are:

	Book value £'000	Fair value adjustment £'000	Fair value £'000
Property, plant and equipment	2	-	2
Cash and cash equivalents	81	-	81
Intangible assets	-	317	317
	<u>83</u>	<u>317</u>	<u>400</u>
Trade and other payables	(27)	-	(27)
Other creditors	(22)	-	(22)
	<u>(49)</u>	<u>-</u>	<u>(49)</u>

Fair value of net assets	351
<i>Consideration:</i>	
Cash paid	351
	<u>351</u>
<i>The cash outflow on acquisition was as follows;</i>	
Net cash acquired with subsidiary	81
Cash paid	(351)
Net cash outflow	<u>270</u>

### **Purchase of minority interest Mind and Machines LLC (“MM”)**

On 7 August 2009, TLDH agreed to acquire the remaining 64.89% interest in MM for a consideration of approximately £1.54 million. The consideration was settled by the immediate issue of 7,545,000 new ordinary shares in TLDH, and further to be settled by the completion of the deferred consideration being the issue on 1 February 2010 of 7,545,000 ordinary shares, and on 1 August 2010 of 10,060,000 ordinary shares in TLDH. The purchase of the remaining shares in MM will allow the Company to hold a 100% effective interest in MM.

Acquiring shares in a controlled entity does not meet the definition of a business combination and therefore does not fall within the scope of IFRS 3 Business Combinations. Accordingly a policy has been developed in accordance with IAS 8 Accounting Policies Changes in Accounting Estimates and Errors, which is also consistent with generally accepted accounting practice. This policy recognises an increase in the fair value of the entity to the extent of the further ownership interest acquired. As a result, goodwill at the date of acquisition had been further revalued upwards by £1.243 million.

## **23 Related party transactions**

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between other related parties are discussed below.

During the period, an amount of £49,000 was paid to Chiliogon Partners LLP in respect of administrative and Group accounting services. David Weill is a Partner of Chiliogon.

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.

	<b>2009</b>	2008
	<b>£ 000's</b>	£ 000's
Short-term employee benefits	<b>68</b>	94

Share-based payments	<b>226</b>	212
	<b>294</b>	306

**24 Post Balance Sheet Events**

On 16 November 2009 the company completed the sale of the entire domain portfolio for a consideration of \$250,000, approximating to the carrying value in the October 2009 balance sheet.

**25 Other**

The financial information set out above for the year ended 31 October 2009 and the period ended 31 October 2008 does not constitute statutory accounts, but is derived from those statutory accounts which have been audited and which have an unqualified audit report and which do not include references to any matters to which the auditors drew attention to by way of emphasis without qualifying their report. Whilst the financial information included in this announcement has been compiled in accordance with International Financial Reporting Standards ("IFRS") this announcement itself does not contain sufficient financial information to comply with IFRS. A copy of the statutory accounts for 2008 is displayed on the Company's website at [www.tldh.org](http://www.tldh.org) and those for 2009 will be posted to shareholders and displayed on the Company's website in due course.

A copy of this announcement is available from the Company's website at [www.tldh.org](http://www.tldh.org)

**ENDS**