

**For immediate release**

**29 March 2011**

**Top Level Domain Holdings Ltd**

**("TLDH" or the "Company")**

**Audited results for the year ended 31 October 2010**

Top Level Domain Holdings Limited (AIM: TLDH) today announces its audited results for the year ended 31 October 2010 (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).

**"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 for the period ended 31 October 2010.

2010 saw the Company's continued involvement in new top-level domains ("TLDs"), as well as additional investment in existing TLDs. The Company completed its new Network Operations Center in Los Angeles, and in August 2010, our wholly-owned investee, Minds and Machines, won the contract to provide registry services for .FM, the top-level domain for well-known Internet properties such as last.fm and ping.fm. In November 2010, we completed a placing of new ordinary shares in the Company, which raised £4.8 million before expenses (equivalent to approximately US\$7.5 million at that time) to provide additional working capital and enable the Company to further develop its TLD portfolio and business.

Existing TLDs, open to registrants worldwide, include .com, .net, and .org. The Internet Corporation for Assigned Names and Numbers ("ICANN"), the regulatory body which oversees internet domain names worldwide, intends to allow qualified applicants to apply to own and operate new generic TLDs ("gTLDs").

Given the substantial impact that the introduction of new gTLDs is expected to have on the Internet, ICANN's detailed rule book and implementation plan for the new gTLDs has been subject to extensive scrutiny by all relevant interest groups, including governments, civil society, Internet industry leaders and multinational companies.

At the recent ICANN meeting in San Francisco, which concluded on 18 March 2011, the ICANN Board of Directors resolved that it intended to complete the process for final approval of the gTLD implementation program at an extraordinary meeting of the ICANN Board to be held on Monday, 20 June 2011, at the next ICANN public meeting in Singapore.

Since ICANN's last meeting, in December 2010, the ICANN Board has made substantial progress in reaching agreements and compromises with ICANN's Government Advisory Committee ("GAC"), which represents the interests of governments. ICANN and the GAC have met in a number of specially convened face-to-face sessions over the last few months, including twice during the recent ICANN meeting in San Francisco. During that time, the points of disagreement have been substantially reduced, and ICANN has adopted a detailed timeline and implementation plan ahead of its meeting in Singapore to further reduce or eliminate any remaining concerns prior to final approval of the new gTLD program.

In particular, ICANN intends that its final response to outstanding issues with GAC will be published on 15 April 2011, with a 30 day consultation period thereafter.

The period for public comment will close on 15 May 2011. ICANN then plans to publish the Final Guidebook for gTLD applications on 30 May 2011.

The Company's strategy continues to be one of building a portfolio of gTLD applicants and infrastructure technologies. We continue to take a conservative view toward the timing of what we believe to be a revolutionary stage of the development of the Internet. We maintain substantial cash reserves and low operating costs to accommodate unforeseen delays, and the Company remains well positioned to realize its strategy.

Recognizing that new gTLDs are imminent, and that the Company's activities will be increasingly focused on operational priorities, the Company appointed Antony Van Couvering as CEO of the Company. Already a member of the Company's Board and CEO of Minds and Machines, the Company's wholly-owned registry services company, Mr. Van Couvering's long experience as an executive and entrepreneur in the domain name space will provide the Company with strong leadership as new TLDs are introduced.

In October 2010, the ICANN Board dropped the policy of prohibiting cross-ownership between registries and registrars, thereby making the domain industry far more fluid. While the previous restrictions would have prevented some industry players from competing in the registry space, the new rules open new areas of business and revenue lines for TLDH, and therefore we expect the Company to benefit from the liberalization of the market.

**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 gTLD applicants. Minds and Machines LLC has secured an exclusive license to extend the CoCCA registry platform, currently deployed in over 20 countries, to new gTLDs.

**DotNYC LLC** ([www.dotnyc.net](http://www.dotnyc.net)) (65% Group ownership)  
The 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. dotNYC LLC expects to apply for the New York City gTLD, dot.nyc.

**DotEco LLC** ([www.supportdoteco.com](http://www.supportdoteco.com)) (25% Group ownership)  
DotEco LLC, which is based in California, intends to build an environmentally-focused gTLD. DotEco LLC has agreements with and strong support from several major environmental organizations, and expects to apply for the .eco gTLD.

## **TutorialBlog and AppCraver**

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

The Company's second-level domain portfolio was sold in November 2009 for £150,000. The Company does not intend at this time to invest in any further second-level domain names.

## **Financial results**

Revenue for the year ended 31 October 2010 was £62,000, with finance revenue totaling £6,000. Administrative expenses amounted to £976,000. Share options expensed amounted to £33,000. The retained loss for the period attributable to members of the parent Company was £941,000, equivalent to a loss of 0.33 pence per share. Cash and cash equivalents at 31 October 2010 amounted to £3.6m.

## **Outlook**

As the policy debates about new top-level domains reach their end point, we are entering an exciting period of development for the Company. We believe that the introduction of generic top-level domains will create significant opportunities in both direct investment and service revenues. 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 new gTLDs, we believe that TLDH is well positioned ahead of the start of the gTLDs application and award process."

## **For further information, please contact:**

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## **Nominated Adviser to the Company**

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**Group Statement of Comprehensive Income  
for the year ended 31 October 2010**

	Notes	Year Ended 31 October 2010 £ 000's	Year Ended 31 October 2009 £ 000's
Revenue		62	315
Impairment charge	10	-	(154)
Administrative expenses		(976)	(1,367)
Share options expensed	5, 17	(33)	(226)
<b>Group operating loss</b>	<b>3</b>	<b>(947)</b>	<b>(1,432)</b>
Finance revenue	6	6	24
<b>Loss before taxation</b>	<b>2</b>	<b>(941)</b>	<b>(1,408)</b>
Income tax expense	7	-	-
<b>Retained loss for the period attributable to members of the parent Company</b>		<b>(941)</b>	<b>(1,408)</b>
<b>Other comprehensive income</b>			
Currency translation differences		51	31
<b>Other comprehensive income for the year net of taxation</b>		<b>51</b>	<b>31</b>
<b>Total comprehensive income for the year</b>		<b>(890)</b>	<b>(1,377)</b>
<b>Loss per share (pence)</b>			
<b>Basic</b>	<b>9</b>	<b>(0.33)</b>	<b>(0.73)</b>
<b>Diluted</b>	<b>9</b>	<b>(0.33)</b>	<b>(0.73)</b>

All of the operations are considered to be continuing.

**Company Statement of Comprehensive Income  
for the year ended 31 October 2010**

	Notes	Year ended 31 October 2010 £ 000's	Year ended 31 October 2009 £ 000's
Revenue		22	13
Administrative expenses		(325)	(288)
Share options expensed	5, 17	(33)	(226)
<b>Operating loss</b>	<b>3</b>	<b>(336)</b>	<b>(501)</b>
Finance revenue	6	6	23
<b>Loss before taxation</b>		<b>(330)</b>	<b>(478)</b>
Income tax expense	7	-	-
<b>Retained loss after taxation</b>		<b>(330)</b>	<b>(478)</b>
<b>Other comprehensive income</b>			
Currency translation differences		49	-
<b>Other comprehensive income for the year net of taxation</b>		<b>49</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>(281)</b>	<b>(478)</b>

All of the operations are considered to be continuing.

**Group Balance Sheet  
as at 31 October 2010**

		31 October 2010		31 October 2009	
	Note	£ 000's	£ 000's	£ 000's	£ 000's
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	10	1,605		1,755	
Tangible assets	11	31		11	
Available for sale investments	13	385		385	
<b>Total non-current assets</b>			<b>2,021</b>		2,151
<b>Current assets</b>					
Cash and cash equivalents		3,600		4,265	
Trade and other receivables	14	94		103	
<b>Total current assets</b>			<b>3,694</b>		4,368
<b>TOTAL ASSETS</b>			<b>5,715</b>		6,519
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	15	(1,192)		(1,187)	
<b>TOTAL LIABILITIES</b>			<b>(1,192)</b>		(1,187)
<b>NET ASSETS</b>			<b>4,523</b>		5,332
<b>EQUITY</b>					
Called-up share capital	16	-		-	
Share premium		7,653		7,601	
Share based payments reserve	17	548		519	
Foreign exchange reserve		85		34	
Retained earnings		(3,763)		(2,822)	
<b>TOTAL EQUITY</b>			<b>4,523</b>		5,332

These financial statements were approved by the Board of Directors on 28 March 2011 and signed on its behalf by:

Frederick Krueger  
Director

David de Jongh Weill  
Director

**Company Balance Sheet  
as at 31 October 2010**

	Notes	31 October 2010		31 October 2009	
		£ 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	1,941		1,918	
Available for sale investments	13	385		385	
Trade and other receivables	14	2,240		1,711	
<b>Total non-current assets</b>			<b>4,611</b>		4,059
<b>Current assets</b>					
Cash and cash equivalents		3,462		4,156	
Trade and other receivables	14	37		37	
<b>Total Current Assets</b>			<b>3,499</b>		4,193
<b>TOTAL ASSETS</b>			<b>8,110</b>		8,252
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and other payables	15	(1,179)		(1,121)	
<b>TOTAL LIABILITIES</b>			<b>(1,179)</b>		(1,121)
<b>NET ASSETS</b>			<b>6,931</b>		7,131
<b>EQUITY</b>					
Called-up share capital	16	-		-	
Share premium		7,653		7,601	
Share based payments reserve	17	548		519	
Foreign exchange reserve		49		-	
Retained earnings		(1,319)		(989)	
<b>TOTAL EQUITY</b>			<b>6,931</b>		7,131

These financial statements were approved by the Board of Directors 28 March 2011 and signed on its behalf by:

Frederick Krueger  
Director

David de Jongh Weill  
Director

**Group Cash Flow Statement  
for the year ended 31 October 2010**

	For the year ended 31 October 2010 £ 000's	For the year ended 31 October 2009 £ 000's
<b>Note s</b>		
<b>Cash flows from operating activities</b>		
Operating Loss	(947)	(1,432)
Decrease/(increase) in trade and other receivables	9	(25)
Increase in trade and other payables	5	48
Impairment charge	-	154
Depreciation	7	-
Foreign exchange (gain)	-	(14)
Share options expensed	33	226
<b>Net cash outflow from operating activities</b>	<b>(893)</b>	<b>(1,043)</b>
<b>Cash flows from investing activities</b>		
Interest Received	6	24
Payments to acquire intangible assets	-	-
Receipts from sale of intangible assets	150	-
Payments to acquire property, plant & equipment	(27)	(11)
Payments to acquire available for sale investments	-	(385)
<b>Net cash outflow from investing activities</b>	<b>129</b>	<b>(372)</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary share capital	48	2,855
Share issue costs	-	(89)
<b>Net cash inflow from financing activities</b>	<b>48</b>	<b>2,766</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(716)</b>	<b>1,351</b>
Cash and cash equivalents at beginning of period	4,265	2,888
Exchange gain on cash and cash equivalents	51	26
<b>Cash and cash equivalents at end of period</b>	<b>3,600</b>	<b>4,265</b>
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**Company Cash Flow Statement  
for the year ended 31 October 2010**

	For the year ended 31 October 2010 £ 000's	For the year ended 31 October 2009 £ 000's
<b>Note s</b>		
<b>Cash flows from operating activities</b>		
Operating Loss	(336)	(501)
(Increase) in trade and other receivables	-	(37)
Increase/(Decrease) in trade and other payables	58	(9)
Share options expensed	33	226
Foreign exchange loss	-	4
<b>Net cash outflow from operating activities</b>	<b>(245)</b>	<b>(317)</b>
<b>Cash flows from investing activities</b>		
Interest Received	6	23
Payments to acquire intangible assets	-	-
Payments to acquire available for sale investments	-	(385)
Loans to subsidiaries	(529)	(93)
<b>Net cash outflow from investing activities</b>	<b>(523)</b>	<b>(455)</b>
<b>Acquisitions and disposals</b>		
Payments to acquire subsidiaries	(23)	(375)
<b>Net cash outflow from acquisitions and disposals</b>	<b>(23)</b>	<b>(375)</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary share capital	48	2,855
Share issue costs	-	(89)
<b>Net cash inflow from financing activities</b>	<b>48</b>	<b>2,766</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(743)</b>	<b>1,619</b>
Cash and cash equivalents at beginning of period	4,156	2,541
Exchange gain/(loss) on cash and cash equivalents	49	(4)
<b>Cash and cash equivalents at end of period</b>	<b>3,462</b>	<b>4,156</b>
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**Group Statement of Changes in Equity**  
**For the year ended 31 October 2010**

<b>Group</b>	<b>Called up share capital £ 000's</b>	<b>Share premium reserve £ 000's</b>	<b>Foreign currency translation reserve £ 000's</b>	<b>Share based payment reserve £ 000's</b>	<b>Retained earnings £ 000's</b>	<b>Total equity £ 000's</b>
<b>As at 1 November 2008</b>	-	4,380	3	285	(1,414)	3,254
Loss for the period	-	-	-	-	(1,408)	<b>(1,408)</b>
Currency translation differences	-	-	31	-	-	<b>31</b>
<b>Total comprehensive income</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>
Loss for the period	-	-	-	-	(941)	<b>(941)</b>
Currency translation differences	-	-	51	-	-	<b>51</b>
<b>Total comprehensive income</b>	-	-	51	-	(941)	<b>(890)</b>
Share capital issued	-	48	-	-	-	<b>48</b>
Cost of share issue	-	-	-	-	-	-
Share based payments	-	4	-	29	-	<b>33</b>
<b>As at 31 October 2010</b>	-	<b>7,653</b>	<b>85</b>	<b>548</b>	<b>(3,763)</b>	<b>4,523</b>

**Company Statement of Changes in Equity**  
**For the year ended 31 October 2010**

	Called up share capital	Share premium reserve	Share based payment reserve	Foreign exchan ge reserve	Retained earnings	Total equity
Company	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
<b>As at 1 November 2008</b>	-	4,380	285	-	(511)	4,154
Loss for the period	-	-	-	-	(478)	(478)
<b>Total comprehensive income</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>	-	7,601	519	-	(989)	7,131
Loss for the period	-	-	-	-	(330)	(330)
Currency translation differences	-	-	-	49	-	49
<b>Total comprehensive income</b>	-	-	-	49	(330)	(281)
Share capital issued	-	48	-	-	-	48
Cost of share issue	-	-	-	-	-	-
Share based payments	-	4	29	-	-	33
<b>As at 31 October 2010</b>	-	7,653	548	49	(1,319)	6,931

## **Notes to the Financial Statements for the period ended 31 October 2010**

### **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 2010 were authorised for issue by the Board on 28 March 2011 and the balance sheets signed on the Board's behalf by Frederick Krueger and David de Jongh Weill. 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 financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Company's financial statements have been prepared in accordance with IFRS as adopted by the European Union.

As at the date of authorisation of these financial statements, there were Standards and Interpretations that were in issue but are not yet effective and have not been applied in these financial statements. The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the group or company, except for additional disclosures when the relevant Standards come into effect.

#### **(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.

## Notes to Financial Statements for the period ended 31 October 2010, continued

### (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.

## Notes to Financial Statements for the period ended 31 October 2010, continued

### (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.

#### *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	20 years Estimated	discounted cash flow

### (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.

## Notes to Financial Statements for the period ended 31 October 2010, continued

### (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, Europe, and USA whose expenses are denominated in Euro's and 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 a 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.

## Notes to Financial Statements for the period ended 31 October 2010, continued

### (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.

## Notes to Financial Statements for the period ended 31 October 2010, continued

### (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.

## Notes to Financial Statements for the period ended 31 October 2010, continued

### 2 Segmental analysis - Group

Segment information is presented in respect of the Group's management and internal reporting structure. As currently the Group only operates in 1 business division that of internet operations that is the main business segment, which also combines the corporate administrative entity.

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

#### By geographical area

2010	BVI/Parent £ 000's	Europe £ 000's	USA £ 000's	Total £ 000's
<b>Revenue</b>				
External sales	22	-	40	<b>62</b>
<b>Result</b>				
Operating (loss)	(336)	(64)	(547)	<b>(947)</b>
Investment revenue	6	-	-	<b>6</b>
Loss before & after tax				<b>(941)</b>
<b>Other information</b>				
Depreciation, amortisation and impairment	-	-	7	<b>7</b>
Capital additions	-	-	27	<b>27</b>
<b>Assets</b>				
Segment assets	430	-	1,591	<b>2,021</b>
Financial assets	37	1	56	<b>94</b>
Cash				<b>3,600</b>
Consolidated total assets				<b>5,715</b>
<b>Liabilities</b>				
Segment liabilities	(1,078)	-	-	<b>(1,078)</b>
Financial liabilities	(101)	-	(13)	<b>(114)</b>
Consolidated total liabilities				<b>(1,192)</b>

**Notes to Financial Statements  
for the period ended 31 October 2010, continued**

**2 Segmental analysis – Group (continued)**

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

**Notes to Financial Statements  
for the year ended 31 October 2010, continued**

**3 Operating loss**

	<b>2010</b>	<b>2010</b>	2009	2009
	<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>	20	20
Auditors' remuneration – non audit services	-	-	4	4
Directors' emoluments – fees and salaries	<b>151</b>	<b>151</b>	68	68
Directors' emoluments – share based payments	<b>33</b>	<b>33</b>	226	226
Depreciation	<b>7</b>	-	-	-
Foreign exchange (gain)/loss	<b>1</b>	-	(14)	4

**4 Employee information – Group**

	<b>2010</b>	2009
	<b>£ 000's</b>	£ 000's
<b>Staff Costs comprised:</b>		
Wages and salaries	<b>263</b>	379
<b>Average Number of employees</b>	<b>Number</b>	Number
Administration	<b>6</b>	6
	<b>6</b>	6

**Notes to Financial Statements  
for the year ended 31 October 2010, continued**

**5 Directors' emoluments**

<b>Group</b>	<b>2010</b>	2009
	<b>£ 000's</b>	£ 000's
Directors' remuneration	<b>184</b>	294

<b>2010</b>	<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	-	-	-	-
David de Jongh Weill	60	-	16	<b>76</b>
Antony Van Covering	67	-	17	<b>84</b>
<b>Non-Executive Directors</b>				
Clark Landry	-	-	-	-
Guy Elliott	12	-	-	<b>12</b>
Michael Mendelson	12	-	-	<b>12</b>
	<b>151</b>	-	<b>33</b>	<b>184</b>

<b>2009</b>	<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	-	-	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	46
Michael Mendelson	12	-	22	34
	<b>68</b>	-	<b>226</b>	<b>294</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>2010 Group</b>	<b>2010 Company</b>	2009 Group	2009 Company
	<b>£ 000's</b>	<b>£ 000's</b>	£ 000's	£ 000's
Bank interest receivable	<b>6</b>	<b>6</b>	24	23

## Notes to Financial Statements for the year ended 31 October 2010, continued

<b>7 Taxation</b>	<b>2010</b>	2009
<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. (2009 £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>2010</b>	2009
Net loss after taxation (£000's)	<b>(941)</b>	(1,408)
Weighted average number of ordinary shares used in calculating basic loss per share (millions)	<b>283.55</b>	193.16
Basic loss per share (expressed in pence)	<b>(0.33)</b>	(0.73)
Diluted loss per share (expressed in pence)	<b>(0.33)</b>	(0.73)

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.

## Notes to Financial Statements for the year ended 31 October 2010, continued

10 Intangible assets	Group £ 000's	Company £ 000's
<b>Cost</b>		
At 1 November 2009	2,928	45
Disposals	(1,323)	-
<b>As at 31 October 2010</b>	<b>1,605</b>	<b>45</b>
<b>Amortisation and Impairment</b>		
At 1 November 2009	1,173	-
Reversal on disposal	(1,173)	-
<b>At 31 October 2010</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>		
<b>At 31 October 2010</b>	<b>1,605</b>	<b>45</b>
At 31 October 2009	1,755	45
The cost is analysed as follows;		
	£ 000's	£ 000's
Goodwill	1,560	-
Domain names	-	-
Websites	45	45
	<b>1,605</b>	<b>45</b>

### Impairment Review

At 31 October 2010, the Directors have carried out an impairment review and have concluded that no further write down is required. The Directors are of the opinion the carrying value of the intangibles is now stated at a fair value, which will be subject to an ongoing review as the Group's strategy develops in the future.

This year the directors carried out an impairment review of the websites and goodwill. The intangibles carrying values have been compared to their recoverable amount based on a net present value calculation. The key assumptions therein are those regarding discount rates, growth rates and expected changes to potential realisable value and direct costs attributable thereto. Management estimates discount rates using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the Group's future strategy and the rate used was 9.9%. The forecast cash flows are based on approved annual budget for the next financial year and management projections for the following nine years with a terminal value from the tenth year onwards. This additional forecast period has a compound growth rate of 31%.

The directors have used past experience and an assessment of future conditions, together with external sources of information, to determine the assumptions which were adopted in the preparation of a financial model to estimate the cash flows.

Based on the results from the net present value calculation the directors believe that no impairment of the intangibles is required for the period ending 31 October 2010

## Notes to Financial Statements for the year ended 31 October 2010, continued

11 Tangible assets – Property, plant & equipment	Group £ 000's
<b>Cost</b>	
At 1 November 2009	11
Additions	27
<b>As at 31 October 2010</b>	<b>38</b>
<b>Depreciation and Impairment</b>	
At 1 November 2009	-
Impairment charge for the period	7
<b>At 31 October 2010</b>	<b>7</b>
<b>Net book value</b>	
<b>At 31 October 2010</b>	<b>31</b>
At 31 October 2009	11

### Impairment Review

At 31 October 2010, the Directors have carried out an impairment review and concluded no impairment provision is currently required.

## 12 Investment in subsidiaries

	2010 £ 000's	2009 £ 000's
<b>Shares in Group undertakings</b>		
<b>Company</b>		
<b>Cost</b>		
At beginning of the period	1,918	2
Additions	23	1,916
<b>As at 31 October</b>	<b>1,941</b>	<b>1,918</b>

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

**Notes to Financial Statements  
for the year ended 31 October 2010, continued**

13 Available for sale investments	2010	2009
Group & Company – Unlisted Investments	£ 000's	£ 000's
At beginning of the period	385	-
Acquired during the year	-	385
Movement in market value	-	-
At 31 October	385	385
<b>The available for sale investments, are split as below;</b>		
<b>Non-current assets</b>	<b>385</b>	<b>385</b>
<b>Current assets</b>	<b>-</b>	<b>-</b>
	<b>385</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.

14 Trade and other receivables	2010		2009	
	Group £ 000's	Company £ 000's	Group £ 000's	Company £ 000's
<b>Current trade and other receivables</b>				
Trade debtors	-	-	10	-
Other debtors	66	37	75	37
Accrued income	-	-	-	-
Due from associated companies	28	-	18	-
	<b>94</b>	<b>37</b>	103	37
<b>Non Current trade and other receivables</b>				
Loans due from subsidiaries	-	<b>2,240</b>	-	1,711

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

**Notes to Financial Statements  
for the year ended 31 October 2010, continued**

15	Trade and other payables	2010		2009	
		Group £ 000's	Company £ 000's	Group £ 000's	Company £ 000's
	<b>Current trade and other payables:</b>				
	Trade creditors	13	-	46	-
	Taxation liabilities	-	-	20	-
	Accruals	101	101	43	43
	Deferred consideration	1,078	1,078	1,078	1,078
		<b>1,192</b>	<b>1,179</b>	1,187	1,121

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)

## Notes to Financial Statements for the year ended 31 October 2010, continued

### 16 Share capital

<b>Authorised</b>	<b>£ 000's</b>	
Unlimited Ordinary shares of no par value		-
<hr/>		
<b>Called up, allotted, issued and fully paid</b>	<b>Number of shares</b>	<b>Nominal value £000's</b>
<b>As at 1 November 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>	-
29 April 2010 for cash on exercise of options at 4p per share	200,000	-
29 April 2010 for cash on exercise of warrants at 4p per share	1,000,000	-
	<hr/>	
<b>As at 31 October 2010</b>	<b>284,139,275</b>	-
	<hr/>	

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

During the period ended 31 October 2010, the company granted no options over ordinary shares (2009: 5,502,694).

As at 31 October 2010 the unexercised options in issue were;

<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Options in Issue 31 October 2010</b>
4p	13 November 2012	19,000,000
4p	1 January 2013	1,800,000
4p	26 May 2014	5,252,694
		<hr/>
		<b>26,052,694</b>
		<hr/>

No options lapsed or were cancelled, and 200,000 options were exercised at a price of 4p per share during the period to 31 October 2010 (2009: Nil).

#### **Total warrants in issue**

During the period ended 31 October 2010, the company granted no warrants to subscribe for ordinary shares (2009: 76,414,574).

As at 31 October 2010 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	51,734,145
4.2p	31 July 2011	21,250,000
		<hr/>
		<b>74,606,810</b>
		<hr/>

During the year to 31 October 2010, 1,000,000 warrants were exercised at a price of 4p per share. (2009: 2,430,429)

## Notes to Financial Statements for the year ended 31 October 2010, continued

### 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.

Name	Date Granted	Date Vested	Number	Exercise Price (pence)	Expiry Date	Fair Value at Grant Date (pence)
Frederick Krueger	14/11/2007	See 1 below	5,000,000	4	13/11/2012	2.23
David Weill	14/11/2007	See 1 below	4,000,000	4	13/11/2012	2.23
Clark Landry	14/11/2007	See 1 below	5,000,000	4	13/11/2012	2.23
Guy Elliott	14/11/2007	See 1 below	3,000,000	4	13/11/2012	2.23
Michael Mendelson	14/11/2007	See 1 below	2,000,000	4	13/11/2012	2.23
Consultant	01/01/2008	See 2 below	800,000	4	01/01/2013	2.23
Consultant	01/01/2008	See 3 below	1,000,000	4	01/01/2013	2.23
David Weill	27/05/2009	See 1 below	2,626,347	4	26/05/2014	1.26
Antony Van Couvering	27/05/2009	See 1 below	2,626,347	4	26/05/2014	1.26
<b>Totals</b>			<b>26,052,694</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.

## Notes to Financial Statements for the year ended 31 October 2010, continued

### 17 Share Based Payments (continued)

The fair value of the options granted during the period ended 31 October 2010 amounted to £0.033 million (2009: £0.234 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 2010:

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

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

18 Analysis of changes in net funds	2010		2009	
	Group £ 000's	Company £ 000's	Group £ 000's	Company £ 000's
Balance at beginning of period	4,265	4,156	2,888	2,541
Change during the period	(665)	(694)	1,377	1,615
<b>Balance at the end of the period</b>	<b>3,600</b>	<b>3,462</b>	4,265	4,156

### 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.

## Notes to Financial Statements for the year ended 31 October 2010, continued

### 19 Financial instruments (continued)

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	2010		2009	
	Group £ 000's	Company £ 000's	Group £ 000's	Company £ 000's
Sterling	2,327	2,327	2,743	2,720
USD	1,227	1,135	1,515	1,436
Euro	46	-	7	-
<b>At 31 October</b>	<b>3,600</b>	<b>3,462</b>	4,265	4,156

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 and Euro. 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	(46)	61	(16)	17
Euro	(7)	5	(5)	3
	<b>(53)</b>	<b>66</b>	<b>(21)</b>	<b>20</b>

## Notes to Financial Statements for the year ended 31 October 2010, continued

### 20 Material non-cash transactions

There are no material non-cash transactions.

### 21 Commitments

As at 31 October 2010, 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 Minds 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			<u><u>351</u></u>
<i>Consideration:</i>			
Cash paid			<u>351</u>
			<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><u>270</u></u>

## Notes to Financial Statements for the year ended 31 October 2010, continued

### 22 Business combinations (continued)

#### Purchase of minority interest in Minds 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 allowed the Company to hold a 100% effective interest in MM. The issue of the deferred shares was deferred again as per the RNS release on AIM on 29 April 2010, delaying the issue of further shares until confirmation by ICANN of the formal timetable for the award of new global generic top level domains.

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 £24,000 (2009:£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.

	2010	2009
	£ 000's	£ 000's
Short-term employee benefits	151	68
Share-based payments	33	226
	184	294

### 24 Post Balance Sheet Events

On 17 November 2010, 200,000 ordinary shares were issued following the exercise of options at a price of 4p per share.

On 7 December 2010, the Company placed 73,996,902 ordinary shares at a price of 6.50 per share raising £4,809,799 before expenses.

On 23 December 2010, the Company issued 7,000,000 options over ordinary shares at an exercise price of 9p per share to Antony Van Couvering, a director of the Company.

On 18 January 2011, 3,038,036 ordinary shares were issued following the exercise of warrants at a price of 4p per share.

**25 Other**

The financial information set out above for the year ended 31 October 2010 and the period ended 31 October 2009 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 2009 is displayed on the Company's website at [www.tldh.org](http://www.tldh.org) and those for 2010 will be posted to shareholders and displayed on the Company's website in due course.

**ENDS**