

DOTASIA ORGANISATION LIMITED
(Incorporated in Hong Kong with
limited liability by guarantee)

**Directors' Report and
Financial Statements**
For the year ended 30 September 2010

DOTASIA ORGANISATION LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010

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DOTASIA ORGANISATION LIMITED

DIRECTORS' REPORT

The directors present their report together with the audited financial statements for the year ended 30 September 2010.

PRINCIPAL ACTIVITIES

The principal activities of the Company include: (1) organising and supporting community projects with charitable purposes that fulfill its mandate of bridging digital divide, advancing education, and promoting Internet development in Asia; (2) operating the domain name registry for the ".ASIA" Internet top-level domain; and (3) promoting general awareness of the ".ASIA" Internet top-level-domain and the community activities of the DotAsia Organisation.

RESULTS AND APPROPRIATION

The results of the Company for the year ended 30 September 2010 and the state of affairs of the Company at that date are set out on pages 5 to 29.

The directors do not recommend the payment of any dividend in respect of the year ended 30 September 2010.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in Note 10 to the financial statements.

DIRECTORS

The directors during the year and up to the date of this report were:-

Che-Hoo CHENG	
Edmon Wang On CHUNG	
J. Emmanuel DISINI	
Atsushi ENDO	
Stafford Louis Keith GUEST	(appointed on 28 February 2010)
Guang Hao LI	(resigned on 20 February 2011)
Xiao Dong LI	(appointed on 20 February 2011)
Choon Sai LIM	
Toshifumi MATSUMOTO	
Alireza SALEH	
J. William SEMICH	(resigned on 28 February 2010)
Jae-Chul SUH	
Yiu Kwok THAM	

In accordance with article 38 of the Company's articles of association, all retiring directors shall be eligible for re-election.

DOTASIA ORGANISATION LIMITED

DIRECTORS' REPORT

DIRECTORS' INTERESTS

No contract of significance, to which the Company was a party and in which a director of the Company had a material interest subsisted at the end of the year or at any time during the year.

At no time during the year was the Company a party to any arrangement to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

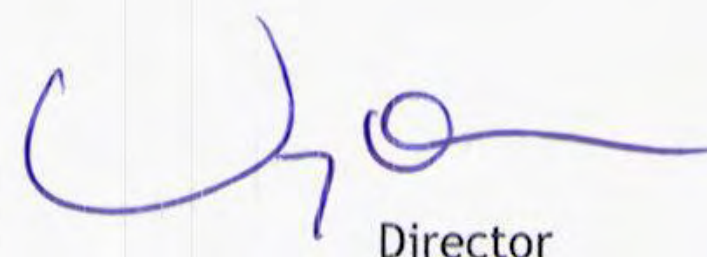
MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year. Management contracts for the purpose of disclosure do not include the employment contract with chief executive officer of the Company.

AUDITORS

The financial statements have been audited by BDO Limited who will retire and, being eligible, offer itself for re-appointment. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint BDO Limited as the auditors of the Company.

By Order of the Board



Director

Hong Kong, 3 MAY 2011



Tel : +852 2541 5041
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話 : +852 2541 5041
傳真 : +852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DOTASIA ORGANISATION LIMITED
(Incorporated in Hong Kong with limited liability by guarantee)

We have audited the financial statements of DotAsia Organisation Limited (the "Company") set out on pages 5 to 29, which comprise the statement of financial position as at 30 September 2010, and the statement of comprehensive income, the statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of financial statements that give a true and fair in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



INDEPENDENT AUDITORS' REPORT (Continued)
TO THE MEMBERS OF DOTASIA ORGANISATION LIMITED
(Incorporated in Hong Kong with limited liability by guarantee)

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 30 September 2010 and of its profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

A handwritten signature in blue ink that reads "BDO Limited". The signature is stylized, with the letters 'B', 'D', and 'O' being large and bold, and 'Limited' written in a cursive script.

BDO Limited
Certified Public Accountants

Lam Siu Fung
Practising Certificate Number P05308

Hong Kong, **3 MAY 2011**

DOTASIA ORGANISATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Notes	2010 US\$	2009 US\$
Revenue	6	4,338,314	5,213,509
Cost of service		<u>(1,301,199)</u>	<u>(1,404,847)</u>
Gross profit		3,037,115	3,808,662
Other income and gains	6	246,124	103,908
Administrative expenses		(1,309,950)	(1,439,004)
Finance costs	7	<u>(13,442)</u>	<u>(19,380)</u>
Profit before provision for income tax	8	<u>1,959,847</u>	<u>2,454,186</u>
Other comprehensive income, net of tax			
-Reclassification adjustment upon disposal		(2,064)	-
-Fair value gain		84,081	69,006
-Tax impact		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>82,017</u>	<u>69,006</u>
Total comprehensive income before provision for income tax for the year, net of tax		<u>2,041,864</u>	<u>2,523,192</u>
Profit before provision for income tax		1,959,847	2,454,186
Provision for income tax	9	<u>(200,637)</u>	<u>-</u>
Profit for the year after provision for income tax		1,759,210	2,454,186
Total comprehensive income for the year		<u>82,017</u>	<u>69,006</u>
Total comprehensive income after provision for income tax for the year, net of tax		<u>1,841,227</u>	<u>2,523,192</u>

DOTASIA ORGANISATION LIMITED
STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2010

	Notes	2010 US\$	2009 US\$
Non-current assets			
Property, plant and equipment	10	71,640	45,777
Current assets			
Available-for-sale investments	11	3,116,522	4,113,147
Accounts receivable	12	40,915	173,166
Other receivables, deposits and prepayments		811,766	983,861
Cash at banks and bank deposits		<u>1,917,873</u>	<u>1,118,790</u>
		5,887,076	6,388,964
Current liabilities			
Accounts payable		46,328	126,614
Accruals and other payables		561,994	540,823
Deposits received		1,670,141	1,716,092
Deferred revenue		1,691,991	4,008,946
Amount due to a director	15(a)	<u>8,305</u>	<u>1,483</u>
Sub-total		3,978,759	6,393,958
Tax payable		<u>200,637</u>	<u>-</u>
		<u>4,179,396</u>¹	<u>6,393,958</u>
Net current assets/(liabilities)		<u>1,707,680</u>²	<u>(4,994)</u>
Total assets less current liabilities		<u>1,779,320</u>³	<u>40,783</u>

1

	US\$
Current liabilities before provision for income tax as at 30 September 2010	3,978,759
Provision for income tax	<u>200,637</u>
Current liabilities after provision for income tax as at 30 September 2010	<u><u>4,179,396</u></u>

2

	US\$
Net current assets before provision for income tax as at 30 September 2010	1,908,317
Provision for income tax	<u>(200,637)</u>
Net current assets after provision for income tax as at 30 September 2010	<u><u>1,707,680</u></u>

3

	US\$
Total assets less current liabilities before provision for income tax as at 30 September 2010	1,979,957
Provision for income tax	<u>(200,637)</u>
Total assets less current liabilities after provision for income tax as at 30 September 2010	<u><u>1,779,320</u></u>

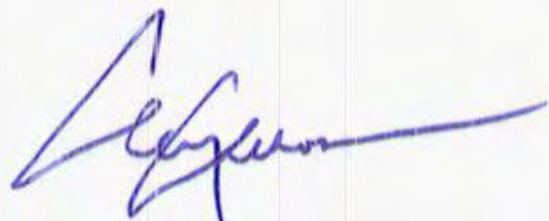
DOTASIA ORGANISATION LIMITED
STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2010

	Note	2010 US\$	2009 US\$
Non-current liabilities			
Promissory note payable	13	(514,475)	(554,429)
Other financial liability	13	<u>(60,044)</u>	<u>(122,780)</u>
		<u>(574,519)</u>	<u>(677,209)</u>
		<u>1,204,801⁴</u>	<u>(636,426)</u>
Equity			
Reserves		<u>1,204,801⁵</u>	<u>(636,426)</u>

These financial statements were approved and authorised for issue by the board of directors on **3 MAY 2011**



 Director



 Director

4

Net assets before provision for income tax as at 30 September 2010
 Provision for income tax
 Net assets after provision for income tax as at 30 September 2010

US\$
 1,405,438
(200,637)
1,204,801

5

Reserves before provision for income tax as at 30 September 2010
 Provision for income tax
 Reserves after provision for income tax as at 30 September 2010

US\$
 1,405,438
(200,637)
1,204,801

DOTASIA ORGANISATION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Revaluation reserve US\$	(Accumulated losses)/retained profits US\$	Total US\$
At 1 October 2008	-	(3,159,618)	(3,159,618)
Other comprehensive income	69,006	-	69,006
Profit for the year after provision for income tax	-	2,454,186	2,454,186
At 30 September 2009	69,006	(705,432)	(636,426)
Other comprehensive income	82,017	-	82,017
Profit for the year before provision for income tax	-	1,959,847	1,959,847
Provision for income tax	-	(200,637)	(200,637)
Profit for the year after provision for income tax	-	1,759,210	1,759,210
At 30 September 2010	151,023	1,053,778	1,204,801

DOTASIA ORGANISATION LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2010

	2010 US\$	2009 US\$
Operating activities		
Profit before provision for income tax	1,959,847	2,454,186
Adjustments for:		
Depreciation for property, plant and equipment	20,379	14,971
Loss on disposal of property, plant and equipment	-	1,364
Interest income	(9,910)	(36,581)
Interest income from available-for-sale investments	(126,930)	(67,327)
Gains on disposal of available-for-sale investments	(2,008)	-
Imputed interest on promissory note	13,442	19,380
(Reversal of provision)/ provision for litigation	<u>(107,276)</u>	<u>107,321</u>
Operating cash flows before working capital changes	1,747,544	2,493,314
Decrease in accounts receivable	132,251	936,689
Decrease in other receivables, deposits and prepayments	172,095	721,080
Decrease in accounts payable	(80,286)	(340,174)
Increase/(decrease) in accruals and other payables	115,005	(65,331)
Decrease in deposits received	(45,951)	(890,577)
Decrease in deferred revenue	(2,316,955)	(3,891,201)
Increase/(decrease) in amount due to a director	<u>6,822</u>	<u>(4,280)</u>
Net cash used in operating activities	<u>(269,475)</u>	<u>(1,040,480)</u>
Investing activities		
Payments to acquire property, plant and equipment	(46,242)	(9,470)
Proceeds from disposal of property, plant and equipment	-	65
Interest received	9,910	36,581
Proceeds from disposal of available-for-sale investments	1,729,014	-
Purchase of available-for-sale investments	<u>(521,434)</u>	<u>(4,035,204)</u>
Net cash generated from/(used in) investing activities	<u>1,171,248</u>	<u>(4,008,028)</u>
Financing activity		
Partial repayment of promissory note payable and other financial liability	<u>(102,690)</u>	<u>(70,308)</u>
Net increase/(decrease) in cash and cash equivalents	799,083	(5,118,816)
Cash and cash equivalents at beginning of year	<u>1,118,790</u>	<u>6,237,606</u>
Cash and cash equivalents at end of year	<u>1,917,873</u>	<u>1,118,790</u>
Analysis of the balances of cash and cash equivalents		
Cash at banks and bank deposits	1,271,873	118,790
Time deposits with original maturity of more than three months when acquired	<u>700,000</u>	<u>1,000,000</u>
	<u>1,917,873</u>	<u>1,118,790</u>

DOTASIA ORGANISATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2010

1. ORGANISATION AND OPERATIONS

The Company is a private company incorporated in Hong Kong limited by guarantee. The address of its registered office and principal place of operation of the Company is 15/F, 6 Knutsford Terrance, Tsim Sha Tsui, Kowloon, Hong Kong.

During the year, the Company's principal activities include: (1) organising and supporting community projects with charitable purposes that fulfill its mandate of bridging digital divide, advancing education, and promoting Internet development in Asia; (2) operating the domain name registry for the ".ASIA" Internet top-level domain; and (3) promoting general awareness of the ".ASIA" Internet top-level-domain and the community activities of the DotAsia Organisation.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) In the current year, the Company has adopted all of the new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for the current accounting period of the Company. The adoption of these new/revised standards and interpretations has no significant impact on these financial statements.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Company's financial statements, have been issued but are not yet effective and have not been early adopted by the Company:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ^{1&2}
HK(IFRIC) - Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments ¹
HKAS 24 (Revised)	Related Party Disclosures ²
Amendments to HKFRS 7	Disclosure - Transfers of Financial Assets ³
Amendments to HKAS 12	Deferred Tax - Recovery of Underlying Assets ⁴
HKFRS 9	Financial Instruments ⁵

¹ Effective for annual periods beginning on or after 1 July 2010

² Effective for annual periods beginning on or after 1 January 2011

³ Effective for annual periods beginning on or after 1 July 2011

⁴ Effective for annual periods beginning on or after 1 January 2012

⁵ Effective for annual periods beginning on or after 1 January 2013

The Company is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the financial statements of the Company.

DOTASIA ORGANISATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2010

3. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKAS") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the Hong Kong Companies Ordinance.

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention, except for certain available-for-sale investments, which are measured at fair value.

(c) Functional and presentation currency

The financial statements are presented in United States dollars ("US\$"), which is the same as the functional currency of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the assets, the expenditure is capitalised as an additional cost of the asset or a separate asset.

Depreciation is provided to write off the cost of property, plant and equipment over their anticipated useful lives using the straight-line method. The useful lives are reviewed, and adjusted if appropriate, at each end of reporting period. The principal annual rates are as follows:

Office equipment	20%
Furniture and fittings	20%

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

DOTASIA ORGANISATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2010

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(b) Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

DOTASIA ORGANISATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2010**

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(c) Financial assets

Financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, are initially measured at fair value, plus transaction costs. These financial assets are subsequently accounted for as follows, depending on their classification:

(i) Loans and receivables

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

(ii) Available-for-sale investments

Available-for-sale financial assets are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity in the revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the revaluation reserve is included in profit or loss for the period.

Dividends on available-for-sale financial assets are recognised in profit or loss when the Company's right to receive the dividends is established.

The fair value of available-for-sale financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

(iii) Impairment of financial assets

Financial assets are assessed for indicators of impairment at end of each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

DOTASIA ORGANISATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2010

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(c) Financial assets - Continued

(iii) Impairment of financial assets - Continued

Objective evidence of impairment for financial assets could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which have been determines had no impairment loss been recognised in prior years.

- For available-for-sale securities, the cumulative loss that has been recognised directly in equity is removed from equity and is recognised in profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

DOTASIA ORGANISATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2010

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(c) Financial assets - Continued

(iii) Impairment of financial assets - Continued

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Company is satisfied that recovery is remote, the amount considered irrecoverable is written off against receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

DOTASIA ORGANISATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2010

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(d) Financial liabilities and equity instrument issued by the Company

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(iii) Financial liabilities

All financial liabilities of the Company are classified as other financial liabilities, which are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

(iv) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expired.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(f) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

DOTASIA ORGANISATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2010

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(g) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(h) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of reporting period.

(ii) Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

DOTASIA ORGANISATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2010

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(h) Income tax - Continued

(ii) Deferred tax - Continued

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

(i) Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Company where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Company or of any entity that is a related party of the Company.

(j) Foreign currencies

Foreign currency transactions are translated into United States Dollars, being the functional currency at the rates of exchange prevailing on the dates of the transactions. At the end of reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of reporting period.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period.

DOTASIA ORGANISATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2010

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(k) Employees' benefits

(i) Short term benefits

Salaries, annual bonuses and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present value.

(ii) Pension obligations

Contributions to the Mandatory Provident Fund scheme as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are charged to profit or loss when incurred. The Company has no further payment obligations once the contribution has been made.

(l) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes.

Revenue is paid in advance in respect of such services for a specific contracted service period. All revenues are initially deferred when received and recognised as deferred revenue, and revenue is recognised rateably over the terms of the respective service contracts as the services are rendered.

Interest income is accrued on a time-apportioned basis by reference to the principal outstanding and the rate applicable.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION
UNCERTAINTY

There is no significant risk of key assumptions concerning the future and other key sources of estimation at the end of reporting period which will cause an adjustment to the carrying amounts of assets and liabilities within the next financial year.

There is no significant effect on amounts recognised in the financial statements arising from the judgement or estimates used by management.

DOTASIA ORGANISATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2010

6. REVENUE, OTHER INCOME AND GAINS

Revenue represents the Company's turnover, which consists of revenue from the registration of ".Asia" domain names and any registration related fees and charges.

An analysis of revenue, and other income and gains is as follows:

	2010 US\$	2009 US\$
<u>Revenue</u>		
Recognition for related fees and charges	<u>4,338,314</u>	<u>5,213,509</u>
<u>Other income and gains</u>		
Interest income	9,910	36,581
Accrued interest income from available-for-sale investments	126,930	67,327
Gains on disposal of available-for-sale investments	2,008	-
Reversal of provision for litigation *	<u>107,276</u>	<u>-</u>
	<u>246,124</u>	<u>103,908</u>

* According to a consent order of the court dated 30 August 2010, the Claim (defined in Note 8) was dismissed. Accordingly provision of HK\$832,493 (approximately to US\$107,276) was fully written back during the year.

7. FINANCE COSTS

	2010 US\$	2009 US\$
Imputed interest on promissory note and other financial liability wholly repayable within five years (Note 13)	<u>13,442</u>	<u>19,380</u>

DOTASIA ORGANISATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2010

8. PROFIT BEFORE PROVISION FOR INCOME TAX

	2010 US\$	2009 US\$
Profit before provision for income tax is arrived at after charging:		
Directors' remuneration:		
Fees	-	-
Other emoluments*		
Salaries and allowances	129,616	129,314
Pension fund contributions	1,549	1,543
Staff cost excluding directors' remuneration:		
Salaries and allowances	502,127	514,482
Mandatory Provident Fund contributions	10,156	10,142
Depreciation for property, plant and equipment (Note 10)	20,379	14,971
Loss on disposal of property, plant and equipment	-	1,364
Auditors' remuneration	12,300	11,600
Net exchange losses	528	1,593
Provision for litigation **	-	107,321
	<u> </u>	<u> </u>

* Being the other emoluments paid to a director in his capacity as the Chief Executive Officer (the "CEO") of the Company. There is no emolument paid to other director during the year (2009: US\$Nil).

** During the prior year, an independent service provider (the "Plaintiff") issued a legal proceeding in Hong Kong against the Company and a claimed against the Company for a sum of HK\$832,493 (approximately to US\$107,321). The Plaintiff alleged that the Company failed to make payments to the Plaintiff for the audio conferencing service rendered to the Company for the month of January 2009 (the "Claim").

As at 30 September 2009, the Claim is at the initial stage and the representing legal counsel of the Company is unable to ascertain the possible effects of the claims. The directors of the Company are of the opinion that full provision of HK\$832,492 has been made.

According to a consent order of the court dated 30 August 2010, the Claim was dismissed. Accordingly provision of HK\$832,493 (approximately to US\$107,276) was fully written back during the year.

DOTASIA ORGANISATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2010

9. PROVISION FOR INCOME TAX

In the opinion of the Company, all of the Company's income neither arises in nor is derived from Hong Kong (the "Offshore Income") and the Offshore income is therefore not subject to Hong Kong Profits Tax. However, the Company is uncertain if the Inland Revenue Department (the "IRD") determination will be in favour of the Company. Accordingly, income tax is provided as if the Offshore Income is also chargeable to Hong Kong Profits Tax.

Against the above background, income tax is provided at 16.5% of the estimated assessable profit (including the amount attributable to the Offshore Income) for the year. The provision for income tax for the year amounted to US\$200,637 (2009: US\$Nil).

Upon receipt of the IRD's indication that the Offshore Income is not chargeable Hong Kong Profits Tax, the attributable income tax over provided will be credited to the statement of comprehensive income. At 30 September 2010, such amount is US\$200,637 (2009: US\$Nil) based on the Company's best estimation.

- (a) Provision for income tax in the statement of comprehensive income represents:

	2010 US\$	2009 US\$
Provision for income tax charge for the year	<u>200,637</u>	<u>-</u>

- (b) Provision for income tax for the year can be reconciled to the accounting profit as follows:

	2010 US\$	2009 US\$
Profit before provision for income tax	<u>1,959,847</u>	<u>2,454,186</u>
Income tax calculated at Hong Kong profits tax rate at 16.5% (2009: 16.5%)	323,375	404,941
Tax effect of income not taxable for taxation purpose	(40,610)	(17,145)
Tax effect of expenses not deductible for taxation purpose	12,040	22,117
Tax losses utilised from previous years	<u>(94,168)</u>	<u>(409,913)</u>
Provision for income tax for the year	<u>200,637</u>	<u>-</u>

- (c) The Company had no significant unrecognised deferred tax assets or liabilities as at 30 September 2010 and 2009.

DOTASIA ORGANISATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2010

10. PROPERTY, PLANT AND EQUIPMENT

	Office equipment US\$	Furniture and fittings US\$	Total US\$
Cost:			
At 1 October 2008	43,955	26,492	70,447
Additions	9,388	82	9,470
Disposals	(1,722)	-	(1,722)
	<hr/>	<hr/>	<hr/>
At 30 September 2009	51,621	26,574	78,195
Additions	31,835	14,407	46,242
	<hr/>	<hr/>	<hr/>
At 30 September 2010	83,456	40,981	124,437
Accumulated depreciation:			
At 1 October 2008	9,532	8,208	17,740
Charge for the year	9,631	5,340	14,971
Written back	(293)	-	(293)
	<hr/>	<hr/>	<hr/>
At 30 September 2009	18,870	13,548	32,418
Charge for the year	10,594	9,785	20,379
	<hr/>	<hr/>	<hr/>
At 30 September 2010	29,464	23,333	52,797
Net book value:			
At 30 September 2010	<u>53,992</u>	<u>17,648</u>	<u>71,640</u>
At 30 September 2009	<u>32,751</u>	<u>13,026</u>	<u>45,777</u>

11. AVAILABLE-FOR-SALE INVESTMENTS

	2010 US\$	2009 US\$
Overseas listed debt securities, at fair value	2,822,770	2,589,511
Overseas listed liquidity funds, at fair value	61,802	1,291,602
Unlisted investment in Hong Kong, at cost	231,950	232,034
	<hr/>	<hr/>
	<u>3,116,522</u>	<u>4,113,147</u>

DOTASIA ORGANISATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2010

12. ACCOUNTS RECEIVABLE

Accounts receivable are aged within one year. None of the accounts receivable is either impaired or relate to receivables for which there was recent history of default.

Accounts receivable that were past due but not impaired relate to a number of independent customers that have good track record with the Company. Based on the management experience, it believes that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are considered fully recoverable. The Company does not hold any collateral over these balances.

13. PROMISSORY NOTE PAYABLE AND OTHER FINANCIAL LIABILITY

On 29 March 2007, the Company entered into an agreement with Afiliias Limited, an independent third party, to issue promissory note of US\$1,780,000 which is unsecured, interest-free and repayable on 28 March 2012.

The effective interest of the promissory note payable and other financial liability is 9% per annum.

The promissory note payable and the related other financial liability under non-current liabilities recognised in the statement of financial position are calculated as follows:

	Promissory note payable US\$	Other financial liability US\$	Total US\$
At 1 October 2008	602,635	144,882	747,517
Imputed interest (Note 6)	19,380	-	19,380
Repayment during the year	(48,206)	(22,102)	(70,308)
	573,809	122,780	696,589
Accrued interest included in other payables	(19,380)	-	(19,380)
As at 30 September 2009	554,429	122,780	677,209
Imputed interest (Note 7)	13,442	-	13,442
Repayment during the year	(39,954)	(62,736)	(102,690)
	527,917	60,044	587,961
Accrued interest included in other payables	(13,442)	-	(13,442)
As at 30 September 2010	514,475	60,044	574,519

DOTASIA ORGANISATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2010

13. PROMISSORY NOTE PAYABLE AND OTHER FINANCIAL LIABILITY - Continued

Afilias Limited shall receive certain percentages of the Company's gross revenue arising from certain businesses and certain amounts on each domain-year registered in the .ASIA registry as repayment of the promissory note.

14. OPERATING LEASE ARRANGEMENTS

	2010 US\$	2009 US\$
Minimum lease payments paid under operating leases	<u>38,146</u>	<u>30,028</u>

At the end of reporting period, the Company had outstanding minimum commitments under non-cancellable operating leases, which fall due as follows:

	2010 US\$	2009 US\$
Within one year	42,497	11,258
In the second to fifth years inclusive	<u>54,720</u>	<u>-</u>
	<u>97,217</u>	<u>11,258</u>

Operating lease payments represent rentals payable by the Company for its office properties. Leases are negotiated for a term of three years and rentals are fixed over the term of the lease. The lease obligation is denominated in Hong Kong dollars. The fair value of the Company's lease obligation approximates its carrying amount.

15. RELATED PARTY TRANSACTIONS

- (a) The amount due to a director as shown in the statement of financial position is unsecured, interest-free and has no fixed terms of repayment. The amount consists of out-of-pocket expenses due to a director in his capacity of CEO of US\$8,305 (2009: US\$1,483).
- (b) Members of key management during the year comprised all the directors whose remuneration is set out in Note 8.

16. CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern and to maintain a healthy capital ratio in order to support its business.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may raise new debt financing.

DOTASIA ORGANISATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2010

17. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The main risks arising from the Company's financial instruments in the normal course of the Company's business are credit risk, liquidity risk, price risk and foreign exchange risk.

(i) Credit risk

The Company has no significant exposure to credit risk. The maximum exposures to credit risk on the Company's financial assets are their carrying amounts as shown on the statement of financial position.

(ii) Liquidity risk

The Company consistently maintains a prudent financial policy and ensures that it maintains sufficient working capital to meet its liquidity requirements.

The maturity profile of the Company's financial liabilities as at the end of reporting period, based on the contracted undiscounted payments, was as follows:

	Carrying amount US\$	Total contractual undiscounted cash flow US\$	Within 1 year or on demand US\$	More than 1 year but less than 5 years US\$
<u>2010</u>				
Accounts payable	46,328	46,328	46,328	-
Accruals and other payables	561,994	561,994	561,994	-
Amount due to a director	8,305	8,305	8,305	-
Promissory note payable	514,475	574,519	85,768	488,751
Other financial liability	60,044	-	-	-
	<u>1,191,146</u>	<u>1,191,146</u>	<u>702,395</u>	<u>488,751</u>
<u>2009</u>				
Accounts payable	126,614	126,641	126,641	-
Accruals and other payables	540,823	540,823	540,823	-
Amount due to a director	1,483	1,483	1,483	-
Promissory note payable	554,429	677,209	49,899	627,310
Other financial liability	122,780	-	-	-
	<u>1,346,129</u>	<u>1,346,129</u>	<u>718,819</u>	<u>627,310</u>

DOTASIA ORGANISATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2010**

17. FINANCIAL RISK MANAGEMENT - Continued

(a) Financial risk factors - Continued

(iii) Price risk

The Company is exposed to debt securities price changes arising from listed debt instruments and liquidity funds classified as available-for-sale investments. All of these investments are listed in overseas.

Decisions to buy and sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the Index and other industry indicators, as well as the Company's liquidity needs. Listed investments held in the available-for-sale portfolio have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

The following table demonstrates the sensitivity to every 10% change in the fair values of the debt securities and liquidity funds investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of reporting period.

	Carrying amount US\$	2010 Increase in profit before provision for income tax US\$	Increase in equity US\$
Available-for-sale investments listed in overseas	2,884,572	-	288,457
	Carrying amount US\$	2009 Increase in profit before provision for income tax US\$	Increase in equity US\$
Available-for-sale investment listed in overseas:	3,881,113	-	388,111

(iv) Foreign exchange risk

The Company operates in Hong Kong and its principal activity is transacted in Hong Kong dollars and United States dollars. The directors consider that the exchange rates of Hong Kong dollars against United States dollars in the foreseeable future are expected to be relatively stable, and accordingly there is no significant exposure to fluctuations in foreign exchange rates and any related hedges.

DOTASIA ORGANISATION LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 30 SEPTEMBER 2010

17. FINANCIAL RISK MANAGEMENT - Continued

(b) Fair value

The fair values of financial assets and financial liabilities are determined as follow:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in these financial statements approximate their corresponding fair values.

HKFRS 7 requires disclosure for financial instruments that are measured at fair value by level of the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	30 September 2010			
	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Available-for-sale investments	2,884,572	-	-	2,884,572

During the year ended 30 September 2010, there was no transfer between Level 1 and Level 2 fair value measurements, and no transfer into and out of Level 3 fair value measurements.

DOTASIA ORGANISATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2010

18. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Company's financial assets and financial liabilities as recognised at the end of reporting period may be categorised as follows:

	2010 US\$	2009 US\$
<u>Financial assets</u>		
Loans and receivables (including cash and bank balances), at amortised cost	1,981,112	1,313,634
Available-for-sale investments, at fair value	2,884,572	3,881,113
Available-for-sale investments, at cost	231,950	232,034
	<u> </u>	<u> </u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	<u>1,191,146</u>	<u>1,346,129</u>