

**DOTASIA ORGANISATION LIMITED**

Reports and Financial Statements  
For the year ended 30 September 2011

**DOTASIA ORGANISATION LIMITED  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2011**

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**DOTASIA ORGANISATION LIMITED**  
**DIRECTORS' REPORTS**

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The directors present their report and the audited financial statements of the Company for the year ended 30 September 2011.

**1. 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.

**2. RESULTS AND FINANCIAL POSITION**

The results for the year are set out in the statement of comprehensive income on page 5.

The state of the Company’s affairs at 30 September 2011 is set out in the statement of financial position on page 6.

**3. RESERVES**

The movements in reserves during the year are set out in the statement of comprehensive income and statement of changes in equity.

**4. PROPERTY, PLANT AND EQUIPMENT**

Details of the movements in the property, plant and equipment are set out in note 9 to the financial statements.

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**DOTASIA ORGANISATION LIMITED**  
**DIRECTORS' REPORTS**

**5. DIRECTORS**

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

Che-Hoo CHENG	- resigned on 26 February 2012
Edmon Wang On CHUNG	
J. Emmanuel DISINI	
Atsushi ENDO	
Stafford Louis Keith GUEST	
Xiao Dong LI	
Choon Sai LIM	
Toshifumi MATSUMOTO	
Alireza SALEH	
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.

**6. DIRECTORS' INTEREST IN CONTRACTS**

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

**7. DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES**

At no time during the year was the Company a party to any arrangements 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.

**8. AUDITOR**

RSM Nelson Wheeler was appointed as auditor of the Company on 8 December 2011 to fill in the vacancy arising from the resignation of BDO Limited.

The financial statements have been audited by RSM Nelson Wheeler who retire and, being eligible offer themselves for re-appointment.

On behalf of the Board



Director

21 November 2012

**RSM Nelson Wheeler**  
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**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 30, which comprise the statement of financial position as at 30 September 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 view 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.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion 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.

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

**Auditor's responsibility (cont'd)**

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 auditor considers internal control relevant to the entity's preparation of 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.

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 30 September 2011, and of its results 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.



Certified Public Accountants  
Hong Kong

21 November 2012

**DOTASIA ORGANISATION LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2011**

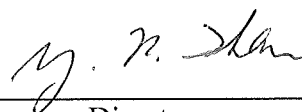
	Notes	<u>2011</u> US\$	<u>2010</u> US\$
<b>Revenue</b>	5	<b>2,035,531</b>	4,338,314
Cost of services		<u>(1,019,319)</u>	<u>(1,301,199)</u>
Gross profit		<b>1,016,212</b>	3,037,115
Other income	5	<b>193,420</b>	246,124
Administrative expenses		<u>(1,879,414)</u>	<u>(1,309,950)</u>
<b>(Loss)/profit from operations</b>		<b>(669,782)</b>	1,973,289
Finance costs	6	<b>(5,641)</b>	(13,442)
Share of profits of an associate	10	<u><b>26,522</b></u>	<u>-</u>
<b>(Loss)/profit before tax</b>		<b>(648,901)</b>	1,959,847
Income tax credit/(expense)	7	<u><b>200,637</b></u>	<u>(200,637)</u>
<b>(Loss)/profit for the year</b>	8	<b>(448,264)</b>	1,759,210
<b>Other comprehensive income:</b>			
Fair value changes of available-for-sale financial assets		<u><b>(194,503)</b></u>	<u>82,017</u>
<b>Other comprehensive income for the year, net of tax</b>		<u><b>(194,503)</b></u>	<u>82,017</u>
<b>Total comprehensive income for the year</b>		<u><u><b>(642,767)</b></u></u>	<u><u>1,841,227</u></u>

**DOTASIA ORGANISATION LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AT 30 SEPTEMBER 2011**

	Notes	<u>2011</u> US\$	<u>2010</u> US\$
<b>Non-current assets</b>			
Property, plant and equipment	9	51,360	71,640
Investment in an associate	10	77,607	-
		<u>128,967</u>	<u>71,640</u>
<b>Current assets</b>			
Available-for-sale financial assets	11	3,256,525	3,116,522
Accounts receivables	12	-	40,915
Prepayments, deposits and other receivables		1,026,036	811,766
Bank and cash balances		1,100,566	1,917,873
		<u>5,383,127</u>	<u>5,887,076</u>
<b>Current liabilities</b>			
Accounts payables		189,176	46,328
Accruals and other payables		811,029	561,994
Deposits received		1,493,457	1,670,141
Deferred revenue		1,813,379	1,691,991
Due to a director	13	8,714	8,305
Due to an associate		51,085	-
Current tax liabilities		-	200,637
Provision for litigation	19	108,655	-
Promissory note payable	14	474,565	-
		<u>4,950,060</u>	<u>4,179,396</u>
<b>Net current assets</b>		<u>433,067</u>	<u>1,707,680</u>
<b>Non-current liabilities</b>			
Promissory note payable	14	-	574,519
<b>NET ASSETS</b>		<u>562,034</u>	<u>1,204,801</u>
<b>Equity</b>			
Reserves		<u>562,034</u>	<u>1,204,801</u>

Approved by the Board of Directors on 21 November 2012

  
 Director

  
 Director



**DOTASIA ORGANISATION LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2011**

	Revaluation reserve	(Accumulated losses)/retained profits	Total
	US\$	US\$	US\$
At 1 October 2009	69,006	(705,432)	(636,426)
Total comprehensive income for the year	<u>82,017</u>	<u>1,759,210</u>	<u>1,841,227</u>
At 30 September and 1 October 2010	151,023	1,053,778	1,204,801
Total comprehensive income for the year	<u>(194,503)</u>	<u>(448,264)</u>	<u>(642,767)</u>
At 30 September 2011	<u>(43,480)</u>	<u>605,514</u>	<u>562,034</u>

**DOTASIA ORGANISATION LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2011**

	<u>2011</u> US\$	<u>2010</u> US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before tax	(648,901)	1,959,847
Adjustments for:		
Depreciation	25,460	20,379
Share of profits of an associate	(26,522)	-
Gain on disposal of available-for-sale financial assets	(52,918)	(2,008)
Imputed interest on promissory note	5,641	13,442
Interest income	(3,435)	(9,910)
Interest income from available-for-sale financial assets	(137,067)	(126,930)
Provision/(reversal of provision) for litigation	108,655	(107,276)
Operating (loss)/profit before working capital changes	(729,087)	1,747,544
Decrease in accounts receivables	40,915	132,251
(Increase)/decrease in other receivables, deposits and prepayments	(214,270)	172,095
Increase/(decrease) in accounts payables	142,848	(80,286)
Increase in accruals and other payables	243,394	115,005
Decrease in deposits received	(176,684)	(45,951)
Increase/(decrease) in deferred revenue	121,388	(2,316,955)
Increase in amount due to a director	409	6,822
Net cash used in operating activities	(571,087)	(269,475)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	3,435	9,910
Purchases of property, plant and equipment	(5,180)	(46,242)
Purchases of available-for-sale financial assets	(1,903,625)	(521,434)
Proceeds from disposals of available-for-sale financial assets	1,759,104	1,729,014
Net cash (used in)/generated from investing activities	(146,266)	1,171,248
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of promissory note payable	(99,954)	(102,690)
Net cash used in financing activities	(99,954)	(102,690)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(817,307)	799,083
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	1,917,873	1,118,790
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	1,100,566	1,917,873
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Bank and cash balances	1,100,566	1,917,873

**DOTASIA ORGANISATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2011**

**1. GENERAL INFORMATION**

The Company was incorporated in Hong Kong as a company with limited liability by guarantee under the Hong Kong Companies Ordinance. The address of its registered office and principal place of business 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 NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

In the current year, the Company has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 October 2010. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Company's accounting policies and amounts reported for the current year and prior years.

The Company has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Company.

**3. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

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

No significant key assumptions and estimates or directors' judgements are required in the preparation of financial statements in conformity with HKFRSs.

**DOTASIA ORGANISATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2011**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

The significant accounting policies applied in the preparation of these financial statements are set out below.

**(a) Associates**

Associates are entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policies of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company has significant influence.

Investment in an associate is accounted for in the financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Company's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in profit or loss.

The Company's share of an associate's post-acquisition profits or losses is recognised in profit or loss, and its share of the post-acquisition movements in reserves is recognised in the reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Company resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Company's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated foreign currency translation reserve.

**DOTASIA ORGANISATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2011**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(a) Associates (cont'd)**

Unrealised profits on transactions between the Company and its associates are eliminated to the extent of the Company's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Company.

**(b) Foreign currency translation**

**(i) Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in United States dollars ("US\$"), which is the Company's functional and presentation currency.

**(ii) Transactions and balances in each entity's financial statements**

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

**DOTASIA ORGANISATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2011**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(c) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Office equipment	20%
Furniture and fittings	20%

The useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

**(d) Operating leases**

Leases that do not substantially transfer to the Company all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

**DOTASIA ORGANISATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2011**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(e) Recognition and derecognition of financial instruments**

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Company transfers substantially all the risks and rewards of ownership of the assets; or the Company neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

**(f) Investments**

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

**Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets not classified as trade and other receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. Interest calculated using the effective interest method is recognised in profit or loss.

**DOTASIA ORGANISATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2011**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(f) Investments (cont'd)**

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale financial assets are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in profit or loss if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

**(g) Accounts and other receivables**

Accounts and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of accounts and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

**(h) Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.



**DOTASIA ORGANISATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2011**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(i) Financial liabilities and equity instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

**(i) Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

**(ii) Accounts and other payables**

Accounts and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

**(j) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivables and is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

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 recognised on a time-apportioned basis using the effective interest method.

**DOTASIA ORGANISATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2011**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(k) Employee benefits (cont'd)**

**(i) Short term benefits**

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

**(ii) Pension obligations**

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

**(l) Borrowing costs**

The Company's borrowing costs are recognised in profit or loss in the period in which they are incurred.

**(m) Taxation**

Income tax represents the sum of the current tax and deferred tax.

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

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. 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, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

**DOTASIA ORGANISATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2011**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(m) Taxation (cont'd)**

The carrying amount of deferred tax assets is reviewed at the 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.

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, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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.

**(n) Related parties**

A party is related to the Company if:

- (i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Company; has an interest in the Company that gives it significant influence over the Company; or has joint control over the Company;
- (ii) the party is an associate;
- (iii) the party is a joint venture;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

**DOTASIA ORGANISATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2011**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(p) Impairment of assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets except investments and receivables 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 any impairment loss. 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.

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.

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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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 (net of amortisation or depreciation) 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, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**(q) Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

**DOTASIA ORGANISATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(q) Provisions and contingent liabilities (cont'd)**

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 is remote. Possible obligations, whose existence 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 is remote.

**(r) Events after the reporting period**

Events after the reporting period that provide additional information about the Company's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

**4. FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

**(a) Foreign currency risk**

The Company operates in Hong Kong and its principal activity is transacted in Hong Kong dollars and US\$ which is the Company's functional currency. The directors consider that the exchange rates of Hong Kong dollars against US\$ 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.

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**4. FINANCIAL RISK MANAGEMENT (CONT'D)**

**(b) Price risk**

The Company is exposed to debt securities price changes arising from listed debt instruments and liquidity funds classified as available-for-sale financial assets. 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 indices 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 the increase/decrease of 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.

	<u>2011</u> Impact on loss before provision for the year US\$	Impact on equity US\$
Available-for-sale financial assets listed in overseas	-	325,652
	<u>2010</u> Impact on profit before provision for the year US\$	Impact on equity US\$
Available-for-sale financial assets listed in overseas	-	288,457

**DOTASIA ORGANISATION LIMITED**  
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**4. FINANCIAL RISK MANAGEMENT (CONT'D)**

**(c) Credit risk**

The carrying amount of the bank and cash balances, other receivables and investments included in the statement of financial position represents the Company's maximum exposure to credit risk in relation to the Company's financial assets.

The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Other receivables are closely monitored by the directors.

The credit risk on investments is limited because the counterparty is a well-established securities broker firm.

**(d) Liquidity risk**

The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the Company's contracted undiscounted cash flows is as follows:

	Less than 1 year US\$	Between 1 and 2 years US\$	Total US\$
<b>At 30 September 2011</b>			
Accounts payables	189,176	-	189,176
Accruals and other payables	811,029	-	811,029
Due to a director	8,714	-	8,714
Due to an associate	51,085	-	51,085
Provision for litigation	108,655	-	108,655
Promissory note payable	474,565	-	474,565
<b>At 30 September 2010</b>			
Accounts payables	46,328	-	46,328
Accruals and other payables	561,994	-	561,994
Due to a director	8,305	-	8,305
Promissory note payable	85,768	488,751	574,519

**DOTASIA ORGANISATION LIMITED**  
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**4. FINANCIAL RISK MANAGEMENT (CONT'D)**

**(e) Interest rate risk**

The Company's exposure to interest-rate risk arises from its bank deposits and available-for-sale financial assets. These bank deposits and available-for-sale financial assets bear interests at variable rates varied with the then prevailing market condition.

A reasonably possible change of 50 basis points in interest rate would have no material impact on the Company's profit and equity for the year.

**(f) Categories of financial instruments**

	<u>2011</u> US\$	<u>2010</u> US\$
<b>Financial assets:</b>		
Loans and receivables		
(including cash and cash equivalents)	<b>1,304,320</b>	1,981,112
Available-for-sale financial assets	<u><b>3,256,525</b></u>	<u>3,116,522</u>

	<u>2011</u> US\$	<u>2010</u> US\$
<b>Financial liabilities:</b>		
Financial liabilities at amortised cost	<u><b>1,643,224</b></u>	<u>1,191,146</u>

**(g) Fair value**

The carrying amounts of the Company's financial assets and financial liabilities as reflected in the statement of financial position approximate their respective fair values.

The following disclosures of fair value measurements use a fair value hierarchy which has 3 levels:

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).

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).



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**4. FINANCIAL RISK MANAGEMENT (CONT'D)**

**(f) Categories of financial instruments (cont'd)**

**Disclosures of level in fair value hierarchy**

	<u><b>2011</b></u> Fair value measurement using: Level 1 US\$	<u><b>2010</b></u> Fair value measurement using: Level 1 US\$
Available-for-sale financial assets	<u><u><b>3,256,525</b></u></u>	<u><u><b>2,884,572</b></u></u>

**5. REVENUE AND OTHER INCOME**

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 is as follows:

	<u><b>2011</b></u> US\$	<u><b>2010</b></u> US\$
<u>Revenue</u>		
Recognition for related fees and charges	<u><u><b>2,035,531</b></u></u>	<u><u><b>4,338,314</b></u></u>
<u>Other income</u>		
Interest income	<b>3,435</b>	9,910
Interest income from available-for-sale financial assets	<b>137,067</b>	126,930
Gain on disposal of available-for-sale financial assets	<b>52,918</b>	2,008
Reversal of provision for litigation	<u><b>-</b></u>	<u>107,276</u>
	<u><u><b>193,420</b></u></u>	<u><u><b>246,124</b></u></u>

**DOTASIA ORGANISATION LIMITED**  
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**6. FINANCE COSTS**

	<u>2011</u> US\$	<u>2010</u> US\$
Imputed interest on promissory note wholly repayable within five years (note 14)	<u>5,641</u>	<u>13,442</u>

**7. INCOME TAX (CREDIT)/EXPENSE**

	<u>2011</u> US\$	<u>2010</u> US\$
Current tax - Hong Kong Profits Tax		
Provision for the year	-	200,637
Over-provision in prior years	<u>(200,637)</u>	<u>-</u>
	<u>(200,637)</u>	<u>200,637</u>

No provision for Hong Kong Profits Tax is required since the Company's has no assessable profit for the year.

The reconciliation between the income tax (credit)/expense and the product of (loss)/profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	<u>2011</u> US\$	<u>2010</u> US\$
(Loss)/profit before tax	<u>(648,901)</u>	<u>1,959,847</u>
Tax at the domestic income tax rate of 16.5% (2010: 16.5%)	(107,069)	323,375
Tax effect of income that is not taxable	(367,777)	(40,610)
Tax effect of expenses that are not deductible	479,222	12,040
Tax effect of utilisation of tax losses not previously recognised	-	(94,168)
Tax effect of share of profits of an associate	(4,376)	-
Over-provision in prior years	<u>(200,637)</u>	<u>-</u>
Income tax (credit)/expense	<u>(200,637)</u>	<u>200,637</u>

No provision for deferred taxation has been made in the financial statements as the tax effect of temporary differences is immaterial to the Company.

**DOTASIA ORGANISATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**8. (LOSS)/PROFIT FOR THE YEAR**

The Company's (loss)/profit for the year is stated after charging/(crediting) the following:

	<u>2011</u> US\$	<u>2010</u> US\$
Auditor's remuneration	10,030	12,300
Depreciation	25,460	20,379
Directors' emoluments		
As directors	-	-
For management		
- Salaries, bonuses and allowances	108,000	129,616
- Retirement benefit scheme contributions	1,545	1,549
	109,545	131,165
Net exchange (gains)/losses	(26)	528
Operating lease charges	50,909	46,568
Provision for litigation (note 19)	108,655	-
Staff costs including directors' emoluments		
Salaries, bonuses and allowances	669,632	631,743
Retirement benefit scheme contributions	13,359	11,705
	<u>682,991</u>	<u>643,448</u>

**DOTASIA ORGANISATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**9. PROPERTY, PLANT AND EQUIPMENT**

	Office equipment US\$	Furniture and fittings US\$	Total US\$
<b>Cost</b>			
At 1 October 2009	51,621	26,574	78,195
Additions	14,407	31,835	46,242
At 30 September and 1 October 2010	66,028	58,409	124,437
Additions	5,180	-	5,180
At 30 September 2011	71,208	58,409	129,617
<b>Accumulated depreciation</b>			
At 1 October 2009	18,870	13,548	32,418
Charge for the year	10,594	9,785	20,379
At 30 September and 1 October 2010	29,464	23,333	52,797
Charge for the year	13,774	11,686	25,460
At 30 September 2011	43,238	35,019	78,257
<b>Carrying amount</b>			
At 30 September 2011	27,970	23,390	51,360
At 30 September 2010	36,564	35,076	71,640

**DOTASIA ORGANISATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**10. INVESTMENT IN AN ASSOCIATE**

	<u>2011</u> US\$	<u>2010</u> US\$
Unlisted investment:		
Share of net assets	<u>77,607</u>	<u>-</u>

Details of the Company's associate at 30 September 2011 are as follows:

Name	Place of incorporation / registration	Issued and paid up capital	Percentage of ownership interest / voting power / profit sharing	Principal activities
HNET Asia Limited	Macau	Registered capital of MOP 1,000,000	40%	Operating the domain name registry for the “.MO” internet top-level domain

Summarised financial information in respect of the Company's associate is set out below:

	<u>2011</u> US\$	<u>2010</u> US\$
At 30 September		
Total assets	637,246	-
Total liabilities	<u>(444,068)</u>	<u>-</u>
Net assets	<u>193,178</u>	<u>-</u>
Company's share of an associate's net assets	<u>77,607</u>	<u>-</u>
Period ended 30 September		
Total revenue	<u>368,012</u>	<u>-</u>
Total profit for the year	<u>66,305</u>	<u>-</u>
Company's share of an associate's profits for the year	<u>26,522</u>	<u>-</u>

**DOTASIA ORGANISATION LIMITED**  
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**11. AVAILABLE-FOR-SALE FINANCIAL ASSETS**

	<u>2011</u> US\$	<u>2010</u> US\$
Overseas listed debt securities, at fair value	2,887,848	2,822,770
Overseas listed liquidity funds, at fair value	368,677	61,802
Unlisted investment in Hong Kong, at cost	-	231,950
	<u>3,256,525</u>	<u>3,116,522</u>

The fair values of listed debt securities and liquidity funds securities are based on current bid prices. Unlisted investment with carrying amount of US\$Nil (2010: US\$231,950) was carried at cost as they do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

**12. ACCOUNTS RECEIVABLES**

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

Accounts receivables 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. DUE TO A DIRECTOR**

The amount due to a director is unsecured, interest-free and has no fixed terms of repayment.

**14. PROMISSORY NOTE PAYABLE**

On 29 March 2007, the Company entered into an agreement with Afilias 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.

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.

**DOTASIA ORGANISATION LIMITED**  
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**14. PROMISSORY NOTE PAYABLE (CONT'D)**

The movement of promissory note payable is as follows:

	Promissory note payable US\$
At 1 October 2009	677,209
Imputed interest (note 6)	13,442
Repayment during the year	<u>(102,690)</u>
	587,961
Accrued interest included in other payables	<u>(13,442)</u>
As at 30 September 2010 and 1 October 2010	574,519
Imputed interest (note 6)	5,641
Repayment during the year	<u>(99,954)</u>
	480,206
Accrued interest included in other payables	<u>(5,641)</u>
As at 30 September 2011	<u><u>474,565</u></u>

**15. 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.

**16. CONTINGENT LIABILITIES**

At 30 September 2011, the Company did not have any significant contingent liabilities (2010: Nil).

**DOTASIA ORGANISATION LIMITED**  
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**17. LEASE COMMITMENTS**

At 30 September 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	<u>2011</u> US\$	<u>2010</u> US\$
Within one year	33,534	42,497
In the second to fifth years inclusive	-	54,720
	<u>33,534</u>	<u>97,217</u>

Operating lease payments represent rentals payable by the Company for its offices. Leases are negotiated for a term of three years and rentals are fixed over the lease terms and do not include contingent rentals.

**18. RELATED PARTY TRANSACTIONS**

During the year, the Company received service charges amounted to US\$80,027 from an associate of the Company.

**19. EVENTS AFTER THE REPORTING PERIOD**

As at 30 September 2011, the Company had an outstanding litigation in which a design house (the "Plaintiff") claiming the Company outstanding service fees amounted to HK\$294,000 (2010 : Nil).

Subsequent to the end of the reporting period the litigation was mediated in which the Company would make a compensation of HK\$400,000 to the Plaintiff to settle the case. The provision of US\$108,655 made at the report date represented the full amount of the compensation and the related legal costs incurred in settlement of the litigation.

**20. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the Board of Directors on 21 November 2012.