

DOTASIA ORGANISATION LIMITED

Reports and Financial Statements
For the year ended 30 September 2012

**DOTASIA ORGANISATION LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012**

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DOTASIA ORGANISATION LIMITED
DIRECTORS' REPORTS

The directors present their report and the audited financial statements of the Group for the year ended 30 September 2012.

1. PRINCIPAL ACTIVITIES

The principal activities of the Group 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 Group's results for the year are set out in the consolidated statement of comprehensive income on page 5.

The state of affairs of the Group and of the Company at 30 September 2012 are set out in the statements of financial position on pages 6 to 7.

3. RESERVES

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

4. PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group and of the Company are set out in note 11 to the financial statements.

DOTASIA ORGANISATION LIMITED
DIRECTORS' REPORTS

5. **DIRECTORS**

The directors of the Company who held office during the year and up to the date of this report were:

Che-Hoo CHENG	- resigned on 26 February 2012
Ching CHIAO	- appointed on 24 February 2013
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 or any of its subsidiaries 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 or any of its subsidiaries 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. The financial statements have been audited by RSM Nelson Wheeler who retire and, being eligible offer themselves for reappointment.

On behalf of the Board


Director

5 March 2014

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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 consolidated financial statements of DotAsia Organisation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 5 to 38, which comprise the consolidated and Company statements of financial position as at 30 September 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

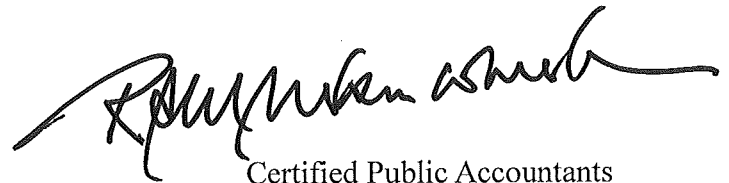
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 September 2012, and of the Group's 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.

Material uncertainty relating to the going concern basis

Without qualifying our opinion, we draw attention to note 2 to the financial statements which mentions that the Group incurred a loss of US\$723,130 for the year ended 30 September 2012 and as at 30 September 2012 the Group had net current liabilities and net liabilities of US\$2,904,050 and US\$161,096 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.



Certified Public Accountants
Hong Kong

5 March 2014

DOTASIA ORGANISATION LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Notes	<u>2012</u> US\$	<u>2011</u> US\$
Revenue	6	2,050,654	2,035,531
Cost of services		<u>(1,097,614)</u>	<u>(1,019,319)</u>
Gross profit		953,040	1,016,212
Other income	6	132,782	193,420
Administrative expenses		<u>(2,385,124)</u>	<u>(1,879,414)</u>
Loss from operations		(1,299,302)	(669,782)
Finance costs	7	(20,960)	(5,641)
Share of profits of an associate	13	44,331	26,522
Loss before tax		(1,275,931)	(648,901)
Income tax	8	-	200,637
Loss for the year	9	(1,275,931)	(448,264)
Other comprehensive income:			
Gain on property revaluation	11	359,144	-
Fair value changes of available-for-sale financial assets		<u>193,657</u>	<u>(194,503)</u>
Other comprehensive income for the year, net of tax		552,801	(194,503)
Total comprehensive income for the year		(723,130)	(642,767)
Loss of the year attributable to the Company		(1,275,931)	(448,264)
Total comprehensive income for the year attributable to the Company		(723,130)	(642,767)

DOTASIA ORGANISATION LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2012

	Notes	<u>2012</u> US\$	<u>2011</u> US\$
Non-current assets			
Property, plant and equipment	11	2,619,729	51,360
Investment in associates	13	123,225	77,607
		<u>2,742,954</u>	<u>128,967</u>
Current assets			
Available-for-sale financial assets	14	3,255,233	3,256,525
Prepayments, deposits and other receivables		1,402,036	1,026,036
Due from associates	13	373,764	-
Pledged bank deposits	15	246,533	-
Bank and cash balances	15	382,876	1,100,566
		<u>5,660,442</u>	<u>5,383,127</u>
Current liabilities			
Accounts payables		537,965	189,176
Accruals and other payables		1,224,676	811,029
Deposits received		1,424,052	1,493,457
Deferred revenue		2,131,157	1,813,379
Due to a director	16	4,977	8,714
Due to associates	13	52,372	51,085
Due to related companies		500,000	-
Bank loans	17	2,689,293	-
Provision for litigation		-	108,655
Promissory note payable	18	-	474,565
		<u>8,564,492</u>	<u>4,950,060</u>
Net current (liabilities)/assets		<u>(2,904,050)</u>	<u>433,067</u>
NET (LIABILITIES)/ASSETS		<u>(161,096)</u>	<u>562,034</u>
Capital and reserves			
Reserves	19	(161,096)	562,034
TOTAL EQUITY		<u>(161,096)</u>	<u>562,034</u>

Approved by the Board of Directors on 5 March 2014



 Director



 Director

DOTASIA ORGANISATION LIMITED
STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2012

	Notes	<u>2012</u> US\$	<u>2011</u> US\$
Non-current assets			
Property, plant and equipment	11	2,619,729	51,360
Investment in a subsidiary	12	2,573	-
Investment in an associate	13	123,225	77,607
		<u>2,745,527</u>	<u>128,967</u>
Current assets			
Available-for-sale financial assets	14	3,255,233	3,256,525
Prepayments, deposits and other receivables		1,402,036	1,026,036
Due from subsidiaries	12	179,130	-
Due from associates	13	373,764	-
Pledged bank deposits	15	246,533	-
Bank and cash balances		382,876	1,100,566
		<u>5,839,572</u>	<u>5,383,127</u>
Current liabilities			
Accounts payables		537,965	189,176
Accruals and other payables		1,219,173	811,029
Deposits received		1,424,052	1,493,457
Deferred revenue		2,131,157	1,813,379
Due to a director	16	4,977	8,714
Due to an associate	13	51,085	51,085
Bank loans	17	2,689,293	-
Provision for litigation		-	108,655
Promissory note payable	18	-	474,565
		<u>8,057,702</u>	<u>4,950,060</u>
Net current (liabilities)/assets		<u>(2,218,130)</u>	<u>433,067</u>
NET ASSETS		<u>527,397</u>	<u>562,034</u>
Equity			
Reserves	19	<u>527,397</u>	<u>562,034</u>

Approved by the Board of Directors on 5 March 2014


 Director


 Director

DOTASIA ORGANISATION LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Attributable to the Company			Total US\$
	Investment revaluation reserve	Property revaluation reserve	Retained profits/ (accumulated losses)	
	US\$	US\$	US\$	
At 1 October 2010	151,023	-	1,053,778	1,204,801
Total comprehensive income for the year	<u>(194,503)</u>	<u>-</u>	<u>(448,264)</u>	<u>(642,767)</u>
At 30 September and 1 October 2011	(43,480)	-	605,514	562,034
Total comprehensive income for the year	<u>193,657</u>	<u>359,144</u>	<u>(1,275,931)</u>	<u>(723,130)</u>
At 30 September 2012	<u><u>150,177</u></u>	<u><u>359,144</u></u>	<u><u>(670,417)</u></u>	<u><u>(161,096)</u></u>

DOTASIA ORGANISATION LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2012

	<u>2012</u> US\$	<u>2011</u> US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(1,275,931)	(648,901)
Adjustments for:		
Depreciation	56,125	25,460
Share of profits of associates	(44,331)	(26,522)
Loss/(gain) on disposal of available-for-sale financial assets	20,147	(52,918)
Imputed interest on promissory note	-	5,641
Interest income	(385)	(3,435)
Interest income from available-for-sale financial assets	(150,044)	(137,067)
Interest expenses	20,960	-
Provision for litigation	-	108,655
Operating loss before working capital changes	(1,373,459)	(729,087)
Decrease in accounts receivables	-	40,915
Increase in other receivables, deposits and prepayments	(376,000)	(214,270)
Increase in amount due from associates	(373,764)	-
Increase in accounts payables	348,789	142,848
(Decrease)/increase in accruals and other payables	(40,273)	243,394
Decrease in deposits received	(69,405)	(176,684)
Increase in deferred revenue	317,778	121,388
(Decrease)/increase in amount due to a director	(3,737)	409
Net cash used in operating activities	(1,570,071)	(571,087)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	385	3,435
Purchases of property, plant and equipment	(2,265,350)	(5,180)
Purchases of available-for-sale financial assets	(272,739)	(1,903,625)
Proceeds from disposals of available-for-sale financial assets	597,585	1,759,104
Net cash used in investing activities	(1,940,119)	(146,266)
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings raised	3,189,293	-
Increase in pledged bank deposits	(246,533)	-
Repayment of promissory note payable	(129,300)	(99,954)
Interest paid	(20,960)	-
Net cash generated from/(used in) financing activities	2,792,500	(99,954)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(717,690)	(817,307)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,100,566	1,917,873
CASH AND CASH EQUIVALENTS AT END OF YEAR	382,876	1,100,566
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	382,876	1,100,566

DOTASIA ORGANISATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012

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 12/F., Daily House, 35-37 Haiphong Road, 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. GOING CONCERN BASIS

The Group incurred a loss attributable to the Company of US\$723,130 for the year ended 30 September 2012 and as at 30 September 2012 the Group had net current liabilities and net liabilities of US\$2,404,050 and US\$161,096 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These financial statements have been prepared on a going concern basis, the validity of which depends upon the continued development of the Group's principal activities. The directors are confident that the revenue and profit will be increased in coming years. The directors are therefore of the opinion that it is appropriate to prepare the financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

DOTASIA ORGANISATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are relevant to its operations and effective for its accounting year beginning on 1 October 2011. 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 Group’s accounting policies and amounts reported for the current year and prior years.

The Group 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 Group.

4. 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 buildings and 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.

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

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 September. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

DOTASIA ORGANISATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Consolidation (cont'd)

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

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and the Company.

Profit or loss and each component of other comprehensive income are attributed to the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Company.

In the Company's statement of financial position the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

DOTASIA ORGANISATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Associates

Associates are entities over which the Group 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 Group 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 Group'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 Group'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 Group'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 Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group 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 Group 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 Group'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.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group'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 Group.

DOTASIA ORGANISATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated 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.

(d) Property, plant and equipment

Building is carried at fair values, based on periodic valuations by external independent valuers, less subsequent depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other 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 Group 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.

DOTASIA ORGANISATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment (cont'd)

Revaluation increases of leasehold land are recognised in profit or loss to the extent that the increases reverse revaluation decreases of the same asset previously recognised in profit or loss. All other revaluation increases are credited to the revaluation reserve as other comprehensive income. Revaluation decreases that offset previous revaluation increases of the same asset remaining in the revaluation reserve are charged against the revaluation reserve as other comprehensive income. All other decreases are recognised in profit or loss. On the subsequent sale or retirement of a revalued leasehold land, the attributable revaluation increases remaining in the revaluation reserve is transferred directly to retained profits.

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.

(e) Operating leases

Leases that do not substantially transfer to the Group 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 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group 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 Group transfers substantially all the risks and rewards of ownership of the assets; or the Group 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 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.

(g) 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 2012

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

(g) **Investments (cont'd)**

Available-for-sale financial assets (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.

(h) **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 Group 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.

(i) **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
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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) 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 Group 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 Group 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.

(k) 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 Group 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.

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NOTES TO THE FINANCIAL STATEMENTS
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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Employee benefits

(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 Group has no further payment obligations once the contribution has been made.

(m) Borrowing costs

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

(n) 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 Group'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
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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) 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.

(o) Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

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NOTES TO THE FINANCIAL STATEMENTS
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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Related parties (cont'd)

(B) An entity is related to the Group (reporting entity) if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (A).
- (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(p) Impairment of assets

At the end of each reporting period, the Group 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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NOTES TO THE FINANCIAL STATEMENTS
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4. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(p) **Impairment of assets (cont'd)**

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 Group 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.

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.

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

(r) Events after the reporting period

Events after the reporting period that provide additional information about the Group'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.

5. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

The Group operates in Hong Kong and its principal activity is transacted in Hong Kong dollars and US\$ which is the Group'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.

(b) Price risk

The Group 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.

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NOTES TO THE FINANCIAL STATEMENTS
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5. **FINANCIAL RISK MANAGEMENT (CONT'D)**

(b) **Price risk (cont'd)**

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>2012</u> Impact on loss before provision for the year <u>US\$</u>	<u>Impact on equity US\$</u>
Available-for-sale financial assets listed in overseas	-	325,523
	<u>2011</u> Impact on profit before provision for the year <u>US\$</u>	<u>Impact on equity US\$</u>
Available-for-sale financial assets listed in overseas	-	325,652

(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 Group's maximum exposure to credit risk in relation to the Group'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.

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

(d) **Liquidity risk**

The Group'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 Group's financial liabilities is as follows:

	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	US\$			US\$	US\$
At 30 September 2012					
Accounts payables	537,965	-	-	-	537,965
Accruals and other payables	1,224,676	-	-	-	1,224,676
Due to a director	4,977	-	-	-	4,977
Due to associates	52,372	-	-	-	52,372
Due to related companies	500,000	-	-	-	500,000
Bank loans and borrowings	1,680,390	71,159	213,477	1,043,655	3,008,681
At 30 September 2011					
Accounts payables	189,176	-	-	-	189,176
Accruals and other payables	811,029	-	-	-	811,029
Due to a director	8,714	-	-	-	8,714
Due to associates	51,085	-	-	-	51,085
Provision for litigation	108,655	-	-	-	108,655
Promissory note payable	474,565	-	-	-	474,565

(e) **Interest rate risk**

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

At 30 September 2012, if interest rates at that date had been 50 basis points lower with all other variables held constant, loss after tax for the year would have been decreased by approximately US\$9,314 (2011: increased by US\$3,656), arising mainly as a result of a gain on lower interest expenses on bank borrowings but partly offset by a loss on lower income on bank balances (2011: decrease in interest income on bank balance). If interest rates had been 50 basis points higher, with all other variables held constant, loss after tax for the year would have been increase by approximately US\$9,314 (2011: decrease by US\$3,656), arising mainly as a result of a loss on higher interest expenses on bank borrowings but partly offset by a gain on higher interest income on bank balances (2011: increase in interest income on bank balance).

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

(f) **Categories of financial instruments at 30 September**

	<u>2012</u> US\$	<u>2011</u> US\$
Financial assets:		
Loans and receivables (including cash and cash equivalents)	1,438,163	1,304,320
Available-for-sale financial assets	<u>3,255,233</u>	<u>3,256,525</u>
	<u>2012</u> US\$	<u>2011</u> US\$
Financial liabilities:		
Financial liabilities at amortised cost	<u>5,009,283</u>	<u>1,643,224</u>

(g) **Fair value**

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated 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).

Disclosures of level in fair value hierarchy at 30 September

	<u>2012</u> Fair value measurement using: Level 1 US\$	<u>2011</u> Fair value measurement using: Level 1 US\$
Available-for-sale financial assets	<u>3,255,233</u>	<u>3,256,525</u>

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6. REVENUE AND OTHER INCOME

Revenue represents the Group'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>2012</u> US\$	<u>2011</u> US\$
<u>Revenue</u>		
Recognition for related fees and charges	<u>2,050,654</u>	<u>2,035,531</u>
<u>Other income</u>		
Interest income	385	3,435
Miscellaneous income	2,500	-
Interest income from available-for-sale financial assets	150,044	137,067
(Loss)/gain on disposal of available-for-sale financial assets	<u>(20,147)</u>	<u>52,918</u>
	<u>132,782</u>	<u>193,420</u>

7. FINANCE COSTS

	<u>2012</u> US\$	<u>2011</u> US\$
Interest on bank loans	20,960	-
Imputed interest on promissory note wholly repayable within five years (note 18)	-	5,641
	<u>20,960</u>	<u>5,641</u>

8. INCOME TAX CREDIT

	<u>2012</u> US\$	<u>2011</u> US\$
Current tax - Hong Kong Profits Tax		
Over-provision in prior years	-	<u>(200,637)</u>

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

DOTASIA ORGANISATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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8. INCOME TAX CREDIT (CONT'D)

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

	<u>2012</u> US\$	<u>2011</u> US\$
Loss before tax	<u>(1,275,931)</u>	<u>(648,901)</u>
Tax at the domestic income tax rate of 16.5% (2011: 16.5%)	(210,529)	(107,069)
Tax effect of income that is not taxable	(360,267)	(367,777)
Tax effect of expenses that are not deductible	578,111	479,222
Tax effect of share of profits of an associate	(7,315)	(4,376)
Over-provision in prior years	<u>-</u>	<u>(200,637)</u>
Income tax credit	<u>-</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 Group.

9. LOSS FOR THE YEAR

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

	<u>2012</u> US\$	<u>2011</u> US\$
Auditor's remuneration	15,464	10,030
Depreciation	56,125	25,460
Directors' emoluments		
As directors	-	-
For management		
- Salaries, bonuses and allowances	131,130	108,000
- Retirement benefit scheme contributions	1,851	1,545
	132,981	109,545
Net exchange losses/(gains)	6,087	(26)
Operating lease charges	48,644	50,909
Provision for litigation	-	108,655
Staff costs including directors' emoluments		
Salaries, bonuses and allowances	626,659	669,632
Retirement benefit scheme contributions	15,680	13,359
	<u>642,339</u>	<u>682,991</u>

DOTASIA ORGANISATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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10. PROFIT FOR THE YEAR ATTRIBUTABLE TO THE COMPANY

The profit for the year attributable to the Company included a loss of approximately US\$587,438 (2011: Nil) which has been dealt with in the financial statements of the Company.

11. PROPERTY, PLANT AND EQUIPMENT

	Group and Company			
	Buildings	Office equipment	Furniture and fittings	Total
	US\$	US\$	US\$	US\$
Cost				
At 1 October 2010	-	66,028	58,409	124,437
Additions	-	5,180	-	5,180
At 30 September and 1 October 2011	-	71,208	58,409	129,617
Additions	2,183,842	10,916	70,592	2,265,350
Surplus on revaluation	328,980	-	-	328,980
At 30 September 2012	2,512,822	82,124	129,001	2,723,947
Accumulated depreciation				
At 1 October 2010	-	29,464	23,333	52,797
Charge for the year	-	13,774	11,686	25,460
At 30 September and 1 October 2011	-	43,238	35,019	78,257
Charge for the year	30,164	12,295	13,666	56,125
Write back on revaluation	(30,164)	-	-	(30,164)
At 30 September 2012	-	55,533	48,685	104,218
Carrying amount				
At 30 September 2012	2,512,822	26,591	80,316	2,619,729
At 30 September 2011	-	27,970	23,390	51,360

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11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The analysis of the cost or valuation at 30 September 2012 of the above assets is as follows:

	Group and Company			Total US\$
	Buildings US\$	Office equipment US\$	Furniture and fittings US\$	
At cost	-	26,591	80,316	106,907
At valuation	2,512,822	-	-	2,512,822
	<u>2,512,822</u>	<u>26,591</u>	<u>80,316</u>	<u>2,619,729</u>

The analysis of the cost or valuation at 30 September 2011 of the above assets is as follows:

	Group and Company			Total US\$
	Buildings US\$	Office equipment US\$	Furniture and fittings US\$	
At cost	-	27,970	23,390	51,360
At valuation	-	-	-	-
	<u>-</u>	<u>27,970</u>	<u>23,390</u>	<u>51,360</u>

The Group's buildings was revalued at 30 September 2012 on the open market value basis by reference to market evidence of recent transactions for similar properties by an independent surveyor.

The carrying amount of the Group's leasehold land would have been US\$2,153,678 (2011: Nil) had they been stated at cost less accumulated depreciation and impairment losses.

At 30 September 2012, the carrying amount of property, plant and equipment pledged as security for the Group's bank loans amounted to US\$2,512,822 (2011: Nil).

The Group's building is held in Hong Kong under medium-term leases.

DOTASIA ORGANISATION LIMITED
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12. INVESTMENTS IN SUBSIDIARIES

	Company	
	<u>2012</u>	<u>2011</u>
	US\$	US\$
Unlisted investments, at cost	<u>2,573</u>	<u>-</u>

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the subsidiaries as at 30 September 2012 are as follows:

Name	Place of incorporation / registration and operation	Issued and paid up capital	Percentage of ownership interest / voting power / profit sharing		Principal activities
			Direct	Indirect	
			ATIC Asia Limited	Hong Kong	
Dotkids Foundation Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	100%	-	Applicant entity for the .kids TLD
Namesphere Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	100%	-	Investment holding, applicant entity & prospective registry operator of .studio TLD
Namesphere Holdings Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	-	100%	Investment holding
GTLTD Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	-	100%	Applicant entity and prospective registry operator of .inc TLD
NS1 Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	-	100%	Applicant entity and prospective registry operator of .box TLD

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12. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name	Place of incorporation / registration and operation	Issued and paid up capital	Percentage of ownership interest / voting power / profit sharing		Principal activities
			Direct	Indirect	
NS2 Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	-	100%	Prospective domain name registrar
NS3 Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	-	100%	Inactive
NS4 Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	-	100%	Inactive
MoFi Inc Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	-	100%	Inactive
CTLD Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	-	100%	Inactive
DotArt Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	-	100%	Inactive

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

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13. **INVESTMENT IN ASSOCIATES**

	<u>2012</u> US\$	<u>2011</u> US\$
Unlisted investment:		
Share of net assets	<u>123,225</u>	<u>77,607</u>

The amounts due from/(to) associates are unsecured, interest-free and have no fixed terms of repayment.

Details of the Company's associates at 30 September 2012 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
Global eCommerce Asia Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	50%	Investment holding
Global eCommerce TLD Asia Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	50%	Application entity and prospective registry operator of the .网店 TLD
Global Stream Asia Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	50%	Inactive
Global Stream TLD Asia Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	50%	Inactive
Global TLD Asia Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	50%	Inactive
Global Website Asia Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	50%	Investment holding
Global Website TLD Asia Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	50%	Application entity and prospective registry operator of the .网站 TLD

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13. INVESTMENT IN ASSOCIATES (CONT'D)

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

	<u>2012</u> US\$	<u>2011</u> US\$
At 30 September		
Total assets	691,659	637,246
Total liabilities	<u>(383,598)</u>	<u>(444,068)</u>
Net assets	<u>308,061</u>	<u>193,178</u>
Group's share of associates' net assets	<u>123,224</u>	<u>77,607</u>
Year ended 30 September		
Total revenue	<u>454,045</u>	<u>368,012</u>
Total profit for the year	<u>165,596</u>	<u>66,305</u>
Group's share of associates' profits for the year	<u>44,331</u>	<u>26,522</u>

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>2012</u> US\$	<u>2011</u> US\$
Overseas listed debt securities, at fair value	2,951,377	2,887,848
Overseas listed liquidity funds, at fair value	<u>303,856</u>	<u>368,677</u>
	<u>3,255,233</u>	<u>3,256,525</u>

The fair values of listed debt securities and liquidity funds securities are based on current bid prices.

At 30 September 2012, listed investments with an aggregate carrying amount of US\$3,255,233 (2011: Nil) have been pledged to a bank to secure bank loans facilities of US\$2,500,000.

15. BANK BALANCES (INCLUDING PLEDGED BANK DEPOSITS)

As at 30 September 2012, the bank balances (including pledged bank deposits) of the Group are denominated in the following currencies.

	<u>2012</u> US\$	<u>2011</u> US\$
Hong Kong dollars	48,589	36,764
US dollars	580,820	1,156,865
EURO	<u>-</u>	<u>102</u>

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16. DUE TO A DIRECTOR / RELATED COMPANIES

The amounts due to a director and related companies are unsecured, interest-free and has no fixed terms of repayment.

17. BANK LOANS

	Group	
	<u>2012</u> US\$	<u>2011</u> US\$
Bank loans	<u>2,689,293</u>	-
	<u>2,689,293</u>	-

The borrowings are repayable as follows:

On demand or within one year	<u>2,689,293</u>	-
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The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Hong Kong dollars	US dollars	Total
	US\$	US\$	HK\$
2012			
Bank loans	<u>1,080,063</u>	<u>1,609,230</u>	<u>2,689,293</u>
	<u>1,080,063</u>	<u>1,609,230</u>	<u>2,689,293</u>
2011			
Bank loans	-	-	-
	-	-	-

The average interest rates at 30 September were as follows:

	<u>2012</u>	<u>2011</u>
Bank loans	1.14%-2.5%	-

Bank loans of US\$2,689,293 (2011: Nil) are arranged at floating interest rates and expose the Group to cash flow interest rate risk.

Bank loans of US\$1,080,063 (2011: Nil) are secured by a charge over the Group's property and guarantee by Mr. Chung Edmon Wang On for an unlimited amount.

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18. 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.

During the year, the Group did not repay the promissory note on 28 March 2012. Afilias Limited has not requested for the immediate repayment of the promissory note. The amount become repayable on demand and was included in other payables as at 30 September 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.

The movement of promissory note payable is as follows:

	Promissory note payable US\$
At 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 and 1 October 2011	474,565
Repayment during the year	<u>(129,300)</u>
Reallocated to other payables as at 30 September 2012	<u><u>345,265</u></u>

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19. **RESERVES**

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Company

	Investment revaluation reseve <u>US\$</u>	Property revaluation reserve <u>US\$</u>	Retained profits <u>US\$</u>	Total <u>US\$</u>
At 1 October 2010	151,023	-	1,053,778	1,204,801
Total comprehensive income for the year	<u>(194,503)</u>	<u>-</u>	<u>(448,264)</u>	<u>(642,767)</u>
At 30 September and 1 October 2011	(43,480)	-	605,514	562,034
Total comprehensive income for the year	<u>193,657</u>	<u>359,144</u>	<u>(587,438)</u>	<u>(34,637)</u>
	<u><u>150,177</u></u>	<u><u>359,144</u></u>	<u><u>18,076</u></u>	<u><u>527,397</u></u>

20. **CAPITAL RISK MANAGEMENT**

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

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

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21. CONTINGENT LIABILITIES

At 30 September 2012, the Group and the Company did not have any significant contingent liabilities (2011: Nil).

22. LEASE COMMITMENTS

At 30 September 2012, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	<u>2012</u> US\$	<u>2011</u> US\$
Within one year	-	33,534
In the second to fifth years inclusive	-	-
	<u>-</u>	<u>33,534</u>

Operating lease payments represent rentals payable by the Group 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.

23. RELATED PARTY TRANSACTIONS

During the year, the Group received service charges amounted to US\$61,921 from an associate of the Group and borrowed US\$500,000 from related companies of the Group.

24. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 5 March 2014.