

DOTASIA ORGANISATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2008

DOTASIA ORGANISATION LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2008**

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DOTASIA ORGANISATION LIMITED

DIRECTORS' REPORT

The directors submit their report together with the audited financial statements for the year ended 30 September 2008.

Principal activities

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.

Results

The loss of the Company for the year ended 30 September 2008 and the state of affairs of the Company at that date are set out on pages 5 to 27.

Plant and equipment

Movements in plant and equipment during the year are set out in Note 8 to the financial statements.

Directors

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

Atsushi Endo	
Cheng Che Hoo	
Chung Edmon Wang On	
Lai Fei Pei	(term completed on 6 June 2008)
Li Guang Hao	
Lim Choon Sai	
Richard St. Clair	(term completed on 6 June 2008)
Shahshahani Siavash Mirshams	(term completed on 6 June 2008)
Suh Jae-Chul	
Tham Yiu Kwok	
Toshifumi Matsumoto	
Saleh Alireza	(appointed on 6 June 2008)
Disini J. Emmanuel	(appointed on 6 June 2008)
Semich J. William	(appointed on 6 June 2008)

In accordance with article 38 of the Company's articles of association, all retired directors shall be eligible for re-election except that no elected director shall serve for more than three consecutive terms.

DOTASIA ORGANISATION LIMITED

Directors' interests

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

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


Management contracts

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

Auditors

The financial statements have been audited by Shu Lun Pan Horwath Hong Kong CPA Limited. The Company's auditors will change their name from Shu Lun Pan Horwath Hong Kong CPA Limited to Shu Lun Pan Hong Kong CPA Limited and will merge their business with BDO McCabe Lo Limited on 1 May 2009. On the same date, BDO McCabe Lo Limited will change their name to BDO Limited.

By Order of the Board



Director

Hong Kong, 22 April 2009

**INDEPENDENT AUDITORS' 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 set out on pages 5 to 27, which comprise the balance sheet as at 30 September 2008, the income statement, the statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and the true and fair presentation of the financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on the 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 as to whether the financial statements are free from material misstatement.

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 30 September 2008 and of its loss 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.

Without qualifying our opinion, we draw attention to Note 3(b) which discloses that the Company incurred loss of US\$2,313,857 during the year ended 30 September 2008 and, as of that date, the Company reported net current liabilities and net liabilities of US\$2,464,808 and US\$3,159,618 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements have been prepared on a going concern basis, the validity of which depends upon the measures undertaken by the Company to improve its working capital and the long term financing resources.


SHU LUN PAN HORWATH HONG KONG CPA LIMITED
Certified Public Accountants

22 April 2009

Chan Kam Wing, Clement
Practising Certificate number P02038

20th Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

DOTASIA ORGANISATION LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2008****(Expressed in United States dollars)**

		Year ended 30 September <u>2008</u>	Period from 12 September 2006 (date of incorporation) to 30 September <u>2007</u>
	Notes		
Revenue	4	\$ 3,495,050	\$ -
Cost of sales		<u>(3,831,091)</u>	<u>-</u>
Gross loss		\$ (336,041)	\$ -
Other income and gains	4	49,866	8,928
Administrative expenses		(1,977,923)	(854,689)
Finance costs	5	<u>(49,759)</u>	<u>-</u>
Loss before taxation	6	\$ (2,313,857)	\$ (845,761)
Taxation	7	<u>-</u>	<u>-</u>
Loss for the year/period		<u>\$ (2,313,857)</u>	<u>\$ (845,761)</u>

The accompanying notes form part of these financial statements.

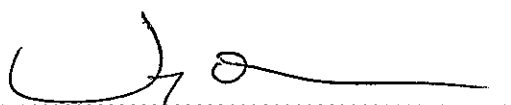
DOTASIA ORGANISATION LIMITED

BALANCE SHEET AT 30 SEPTEMBER 2008


(Expressed in United States dollars)

	Notes	<u>2008</u>	<u>2007</u>
ASSETS AND LIABILITIES			
Non-current assets			
Plant and equipment	8	\$ <u>52,707</u>	\$ <u>46,219</u>
Current assets			
Accounts receivable	9	1,109,855	-
Other receivables, deposits and prepayments		1,704,941	19,325
Cash at bank and bank deposit		6,237,606	1,401,928
		9,052,402	1,421,253
Current liabilities			
Accounts payable		466,788	-
Accruals and other payables		537,843	51,261
Deposits received		2,606,669	450,014
Deferred revenue		7,900,147	-
Amount due to a director	12(a)	5,763	31,958
		<u>11,517,210</u>	<u>533,233</u>
Net current (liabilities)/assets		\$ <u>(2,464,808)</u>	\$ <u>888,020</u>
Total assets less current liabilities		\$ <u>(2,412,101)</u>	\$ <u>934,239</u>
Non-current liabilities			
Promissory note payable	10	(602,635)	(1,225,557)
Other financial liability	10	(144,882)	(554,443)
		<u>(747,517)</u>	<u>(1,780,000)</u>
		\$ <u>(3,159,618)</u>	\$ <u>(845,761)</u>
EQUITY			
Reserves		\$ <u>(3,159,618)</u>	\$ <u>(845,761)</u>

These financial statements were approved and authorised for issue by the board of directors on 22 April 2009.



 Director



 Director

The accompanying notes form part of these financial statements.

DOTASIA ORGANISATION LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2008**

(Expressed in United States dollars)

	Accumulated <u>losses</u>
Loss for the period and balance at 30 September 2007	\$ (845,761)
Loss for the year	<u>(2,313,857)</u>
Balance at 30 September 2008	\$ <u>(3,159,618)</u>

The accompanying notes form part of these financial statements.

DOTASIA ORGANISATION LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2008****(Expressed in United States dollars)**

	Year ended 30 September 2008	Period from 12 September 2006 (date of incorporation) to 30 September 2007
Operating activities		
Loss before taxation	\$ (2,313,857)	\$ (845,761)
Adjustments for:		
Depreciation	12,218	5,522
Interest income	(44,380)	(8,664)
Imputed interest on promissory note	<u>49,759</u>	<u>-</u>
Operating cash flows before working capital changes	\$ (2,296,260)	\$ (848,903)
Increase in accounts receivable	(1,109,855)	-
Increase in other receivables, deposits and prepayments	(1,685,616)	(19,325)
Increase in accounts payable	466,788	-
Increase in accruals	436,823	51,261
Increase in deposits received	2,156,655	450,014
Increase in deferred revenue	7,900,147	-
(Decrease)/increase in amount due to a director	<u>(26,195)</u>	<u>31,958</u>
Net cash generated from/(used in) operating activities	\$ <u>5,842,487</u>	\$ <u>(334,995)</u>
Investing activities		
Payments to acquire plant and equipment	(18,706)	(51,741)
Interest received	<u>44,380</u>	<u>8,664</u>
Net cash generated from/(used in) investing activities	\$ <u>25,674</u>	\$ <u>(43,077)</u>

DOTASIA ORGANISATION LIMITED

**CASH FLOW STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2008**

(Expressed in United States dollars)

	Year ended 30 September 2008	Period from 12 September 2006 (date of incorporation) to 30 September 2007
Financing activities		
Issue of promissory note	-	1,780,000
Partial repayment of promissory note and other financial liability	<u>(1,032,483)</u>	<u>-</u>
Net cash (used in)/generated from financing activities	<u>(1,032,483)</u>	<u>1,780,000</u>
Net increase in cash and cash equivalents	\$ 4,835,678	\$ 1,401,928
Cash and cash equivalents at beginning of year	<u>1,401,928</u>	<u>-</u>
Cash and cash equivalents at end of year/period	<u>\$ 6,237,606</u>	<u>\$ 1,401,928</u>
Analysis of the balances of cash and cash equivalents		
Cash at bank and bank deposit	<u>\$ 6,237,606</u>	<u>\$ 1,401,928</u>

The accompanying notes form part of these financial statements.

DOTASIA ORGANISATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars)

1. Organisation, operations and basis of presentation

The Company is a private company incorporated in Hong Kong limited by guarantee. The address of its registered office and principal place of operation of the Company is Flat 617, Miramar Tower, 132 Nathan 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. Adoption of new and revised Hong Kong Financial Reporting Standards

In the current year, the Company has adopted all of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for the current accounting period of the Company. The adoption of these new and revised HKFRSs did not result in substantial changes to the Company's accounting policies.

The adoption of HK(IFRIC) – Int 11 "HKFRS 2 – Group and treasury share transactions", HK(IFRIC) – Int 12 "Service concession arrangements", HK(IFRIC) – Int 14 "HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction" and HKAS 39 & HKFRS 7 Amendments "Reclassification of financial assets" has no impact on these financial statements.

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2. Adoption of new and revised Hong Kong Financial Reporting Standards (continued)

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

		<u>Effective date</u>
HKAS 1 (Revised)	Presentation of financial statements	(i)
HKAS 23 (Revised)	Borrowing costs	(i)
HKAS 32 & HKAS 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation	(i)
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate	(i)
HKFRS 8	Operating segments	(i)
HK(IFRIC) – Int 15	Agreements for the construction of real estates	(i)
HKFRS 2 (Amendment)	Vesting conditions and cancellations	(i)
HKFRS 7 (Amendment)	Improving disclosures about financial instruments	(i)
HKAS 27 (Revised)	Consolidated and separate financial statements	(ii)
HKAS 39 (Amendment)	Eligible hedged items	(ii)
HKFRS 1 (Revised)	First-time adoption of HKFRSs	(ii)
HKFRS 3 (Revised)	Business combinations	(ii)
HK(IFRIC) – Int 17	Distributions of non-cash assets to owners	(ii)
HK(IFRIC) – Int 13	Customer loyalty programmes	(iii)
HK(IFRIC) – Int 16	Hedges of a net investment in a foreign operation	(iv)
HK (IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded derivatives	(v)
HK(IFRIC) – Int 18	Transfers of assets from customers	(vi)
2008 Improvements to HKFRSs that may result in accounting changes for presentation, recognition or measurement	- HKAS 1, HKAS 16, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 36, HKAS 38, HKAS 39, HKAS 40 & HKAS 41 - HKFRS 5	(i)

Effective date

- (i) Annual periods beginning on or after 1 January 2009
- (ii) Annual periods beginning on or after 1 July 2009
- (iii) Annual periods beginning on or after 1 July 2008
- (iv) Annual periods beginning on or after 1 October 2008

2. Adoption of new and revised Hong Kong Financial Reporting Standards (continued)

The Company is in the process of making an assessment of what the impact of these new or revised Standards or Interpretations is expected to be in the period of their initial application.

3. Principal accounting policies

(a) Statement of compliance

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

(b) Basis of preparation and presentation of financial statements

The financial statements have been prepared under the historical cost convention.

These financial statements have been prepared under the going concern basis notwithstanding the net current liabilities and deficiency in assets of the Company as at 30 September 2008 because in the opinion of the directors, the Company has undertaken measures to improve its working capital and the long term financing resources. Moreover, the deferred revenue will be substantially recognised as revenue in the next year and the operations of the Company can be properly financed.

(c) Plant and equipment

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

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3. Principal accounting policies (continued)

(c) Plant and equipment (continued)

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

Office equipment	20%
Furniture and fittings	20%

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

(d) Impairment of assets

Assets that are subject to amortisation are reviewed for impairment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. 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.

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

(e) Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

3. Principal accounting policies (continued)

(e) Financial instruments (continued)

(i) Receivables

Receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. Appropriate provisions for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The provision recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(iii) Financial liabilities

Financial liabilities of the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. The accounting policies adopted for specific financial liabilities are set out below.

(iv) Borrowings

Loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs.

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 balance sheet date.

3. Principal accounting policies (continued)

(e) Financial instruments (continued)

(v) Impairment of financial assets

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

Objective evidence of impairment for financial assets could include:

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

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

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

3. Principal accounting policies (continued)

(e) Financial instruments (continued)

(v) Impairment of financial assets (continued)

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

(vi) Effective interest method

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

(vii) Derecognition of financial assets

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

3. Principal accounting policies (continued)

(e) Financial instruments (continued)

(viii) Derecognition of financial liabilities

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

(ix) Payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

(f) Operating leases

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

(g) Taxation

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

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

Deferred tax liabilities are provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

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.

3. Principal accounting policies (continued)

(h) Related parties

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

(i) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event, and 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 of economic benefits 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 of economic benefits is remote.

(j) Translation of foreign currencies

Foreign currency transactions are translated into United States Dollars, being the functional currency at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. Principal accounting policies (continued)

(j) Translation of foreign currencies (continued)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

(k) Employees' benefits

i) Short term benefits

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

ii) Pension obligations

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

(l) Borrowing costs

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

(m) Revenue recognition

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

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

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

DOTASIA ORGANISATION LIMITED

4. Revenue, other income and gains

Revenue represents the registration of “.Asia” domain names and any registration related fees and charges.

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

	Year ended 30 September <u>2008</u>	Period from 12 September 2006 (date of incorporation) to 30 September <u>2007</u>
<u>Revenue</u>		
Recognition for related fees and charges	\$ <u>3,495,050</u>	\$ <u> -</u>
<u>Other income</u>		
Interest income	\$ 44,380	\$ 8,664
Net exchange gain	1,984	264
Others	<u>3,502</u>	<u> -</u>
	<u>\$ 49,866</u>	<u>\$ 8,928</u>

5. Finance costs

	Year ended 30 September <u>2008</u>	Period from 12 September 2006 (date of incorporation) to 30 September <u>2007</u>
Imputed interest on promissory note and other financial liability wholly repayable within five years (Note 10)	\$ <u>49,759</u>	\$ <u> -</u>

DOTASIA ORGANISATION LIMITED

6. Items included in loss before taxation disclosed under the Hong Kong Companies Ordinance

Loss before taxation is arrived at after charging the following items which are disclosed as required under the Hong Kong Companies Ordinance:

	Year ended 30 September <u>2008</u>	Period from 12 September 2006 (date of incorporation) to 30 September <u>2007</u>
Directors' remuneration:		
Fees	\$ -	\$ -
Other emoluments*		
Salaries and allowances	109,747	92,582
Pension fund contributions	1,543	-
Depreciation (Note 8)	12,218	5,522
Auditors' remuneration	11,000	5,777
Staff cost excluding directors' remuneration:		
Salaries and allowances	545,572	225,848
Mandatory Provident Fund contributions	<u>6,141</u>	<u>2,795</u>

* Being the other emoluments paid to a director in his capacity as the Chief Executive Officer (the "CEO") of the Company. There is no emolument paid to other directors during the year (period from 12 September 2006 (date of incorporation) to 30 September 2007: Nil).

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7. Taxation

(a) No provision has been made for Hong Kong profits tax as the Company did not earn generate assessable profit subject to Hong Kong profits tax during the year/period.

(b) Taxation for the year/period can be reconciled to the accounting loss as follows:

	Year ended 30 September <u>2008</u>	Period from 12 September 2006 (date of incorporation) to 30 September <u>2007</u>
Loss before taxation	\$ <u>(2,313,857)</u>	\$ <u>(845,761)</u>
Taxation calculated at Hong Kong profits tax rate of 16.5% (for the period from 12 September 2006 (date of incorporation) to 30 September 2007: 17.5%)	\$ (381,786)	\$ (148,008)
Tax effect of income not taxable	(7,323)	(1,516)
Tax effect of expenses not deductible for taxation purposes	<u>389,109</u>	<u>149,524</u>
Taxation for the year/period	\$ <u> -</u>	\$ <u> -</u>

There was no material unprovided deferred tax in respect of the year/period and as at the balance sheet date.

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8. Plant and equipment

	<u>Office equipment</u>	<u>Furniture and fittings</u>	<u>Total</u>
Cost:			
At the date of incorporation	\$ -	\$ -	\$ -
Additions for the period from 12 September 2006 (date of incorporation) to 30 September 2007	<u>25,837</u>	<u>25,904</u>	<u>51,741</u>
At 30 September 2007	\$ 25,837	\$ 25,904	\$ 51,741
Additions for the year	<u>18,118</u>	<u>588</u>	<u>18,706</u>
At 30 September 2008	\$ <u>43,955</u>	\$ <u>26,492</u>	\$ <u>70,447</u>
Accumulated depreciation:			
At the date of incorporation	\$ -	\$ -	\$ -
Charge for the period from 12 September 2006 (date of incorporation) to 30 September 2007 (Note 6)	<u>2,504</u>	<u>3,018</u>	<u>5,522</u>
At 30 September 2007	\$ 2,504	\$ 3,018	\$ 5,522
Charge for the year (Note 6)	<u>7,028</u>	<u>5,190</u>	<u>12,218</u>
At 30 September 2008	\$ <u>9,532</u>	\$ <u>8,208</u>	\$ <u>17,740</u>
Net book value:			
At 30 September 2007	\$ <u><u>23,333</u></u>	\$ <u><u>22,886</u></u>	\$ <u><u>46,219</u></u>
At 30 September 2008	\$ <u><u>34,423</u></u>	\$ <u><u>18,284</u></u>	\$ <u><u>52,707</u></u>

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9. Accounts receivable

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

Accounts receivable that were past due but not impaired relate to a number of independent customers that have a 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.

10. Promissory note payable and other financial liability

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

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

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

	Promissory note payable	Other financial liability	Total
Issue of promissory note during the period from 12 September 2006 (date of incorporation) to 30 September 2007 and at 30 September 2007	1,225,557	554,443	1,780,000
Imputed interest (Note 5)	49,759	-	49,759
Repayment during the year	<u>(622,922)</u>	<u>(409,561)</u>	<u>(1,032,483)</u>
	652,394	144,882	797,276
Accrued interest included in other payables	<u>(49,759)</u>	<u>-</u>	<u>(49,759)</u>
Balance as at 30 September 2008	<u>602,635</u>	<u>144,882</u>	<u>747,517</u>

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10. Promissory note payable and other financial liability (continued)

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

11. Operating lease arrangements

	<u>2008</u>	<u>2007</u>
Minimum lease payments paid under operating leases	\$ <u>30,028</u>	\$ <u>16,265</u>

At the balance sheet date, the Company had outstanding minimum commitments under non-cancellable operating leases, which fall due as follows:

	<u>2008</u>	<u>2007</u>
Within one year	\$ 30,028	\$ 30,028
In the second to fifth years inclusive	<u>11,258</u>	<u>41,286</u>
	<u>\$ 41,286</u>	<u>\$ 71,314</u>

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

12. Related party transactions

- (a) The amount due to a director as shown in the balance sheet is unsecured, interest-free and has no fixed terms of repayment. The amount consists of out of pocket expenses due to a director in his capacity of CEO of \$5,763 (2007: \$31,958).
- (b) Members of key management during the year comprised all the directors whose remuneration is set out in Note 6.

13. Capital 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.

14. Financial risk management

(a) Financial risk factors

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

i) Credit risk

The Company has no significant exposure to credit risk.

ii) Foreign exchange risk

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

iii) Liquidity risk

The Company consistently maintains a prudent financial policy and ensures that it maintains sufficient working capital to meet its liquidity requirements. Further details of the liquidity risk are set out in Note 3(b).

(b) Fair value

All financial instruments are carried at amounts not materially different from their fair values as at 30 September 2007 and 2008.

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15. Summary of financial assets and financial liabilities by category

The carrying amounts of the Company's financial assets and financial liabilities as recognised at balance sheet date may be categorised as follows:

	<u>2008</u>	<u>2007</u>
<u>Financial assets</u>		
Loans and receivables (including cash and bank balances)	\$ <u>9,008,477</u>	\$ <u>1,404,690</u>
<u>Financial liabilities</u>		
Financial liabilities measured at amortised cost	\$ <u>11,726,884</u>	\$ <u>2,261,972</u>