

au DOMAIN ADMINISTRATION
[A Company Limited by Guarantee]
A.C.N. 079 009 340

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2003

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Meagher Howard & Wright
Certified Practising Accountants
Suite 506, Level 5
55 Grafton Street
BONDI JUNCTION NSW 2022

.au DOMAIN ADMINISTRATION
[A Company Limited by Guarantee]
A.C.N. 079 009 340

DIRECTORS' REPORT

Your directors submit the financial accounts of the company for the year ended 30 June 2003.

Directors

The names of the directors in office at the date of this report are:

Chris CHAUNDY	resigned	11/11/2002
Patrick CORLISS	resigned	11/11/2002
Greg CREW		
Ricardo DA PAZ	appointed	14/04/2003
Kim DAVIES		
Peter DEAN		
Chris DISSPAIN		
Kim HEITMAN		
David KEEGAL		
Cheryl LANGDON-ORR	appointed	11/11/2002
Michael MALONE	resigned	14/04/2003
Peter NISSEN		
Joshua ROWE		
Peter SHILLING	appointed	11/11/2002
Tony STALEY		
Greg WATSON		
Liz WILLIAMS	resigned	11/11/2002

Principal Activities

The principal activities of the company in the course of the year were: development of name policy in the .au internet name space.

No significant change in the nature of these activities occurred during the year.

Net Surplus

The surplus of the company for the financial year amounted to \$2,635,698

Dividends paid or recommended

By virtue of its Constitution no dividends are payable by the company.

Members' Guarantee

In accordance with clause 7 of the Constitution of the company, each member has undertaken to contribute towards the assets of the company an amount of one hundred dollars (\$100) in the event the company is wound up whilst they are still a member or within one year after they cease to be a member. As at 30 June 2003, the company had 117 members.

Significant Changes in State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

The accompanying notes form part of these financial accounts. This report should be read in conjunction with the attached audit report of Meagher Howard & Wright

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, company in subsequent financial years.

Likely Developments

Likely developments in the operations of the company and the expected results of those operations have not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the company.

Share Options

No options to have issued shares in the company or related bodies corporate were granted during or since the financial year and there were no options outstanding at the end of the financial year.

Benefits under contracts with Directors

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company or a related body corporate with the director, a firm of which the director is a member or an entity in which the director has a substantial interest, except for the sum of \$33,000 paid to Cybersource Pty Ltd (a company of which David Keegal is a Director) for technical services.

This statement excludes a benefit included in the aggregate amount of emoluments received, or due and receivable, by directors as shown in the company's financial accounts for the financial year or the fixed salary of a full-time employee of the company or a related body corporate.

Indemnifying Officer or Auditor

The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or of a related body corporate:

* indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer or auditor, including costs and expenses in successfully defending legal proceedings.

Signed in accordance with a resolution of the Board of Directors:

Director

Chris DISSPAIN

Director

Tony STALEY

Dated this

day of

2003

au DOMAIN ADMINISTRATION
[A Company Limited by Guarantee]
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30th June 2003

	2003	2002
	\$	\$
Revenues from Ordinary Activities	3,888,654	2,149,911
Employee Benefits Expense	(419,563)	(324,320)
Depreciation and Amortisation Expenses	(14,226)	(11,558)
Other Expenses from Ordinary Activities	(1,164,416)	(762,612)
	<hr/>	<hr/>
Profit from Ordinary Activities		
Before Income Tax Expense	2,290,449	1,051,421
Income Tax Expense Relating to Ordinary Activities	345,249	(307,231)
	<hr/>	<hr/>
Net Profit from Ordinary Activities after Income Tax Expense Attributable to Members of the Company	2,635,698	744,190
	<hr/>	<hr/>
Total Changes in Equity Other than those Resulting from Transactions with Owners as Owners	2,635,698	744,190
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form part of these financial accounts. This report should be read in conjunction with the attached audit report of Meagher Howard & Wright

au DOMAIN ADMINISTRATION
[A Company Limited by Guarantee]
STATEMENT OF FINANCIAL POSITION AS AT 30th June 2003

	NOTE	2003 \$	2002 \$
CURRENT ASSETS			
Cash	9	3,283,905	1,310,317
Receivables	4	218,292	3,470
Other	5	34,912	34,191
		<hr/>	<hr/>
TOTAL CURRENT ASSETS		3,537,109	1,347,978
		<hr/>	<hr/>
NON-CURRENT ASSETS			
Property, Plant and Equipment	6	40,420	39,418
Deferred Tax Assets		-	870
		<hr/>	<hr/>
TOTAL NON-CURRENT ASSETS		40,420	40,288
		<hr/>	<hr/>
TOTAL ASSETS		3,577,529	1,388,266
		<hr/>	<hr/>
CURRENT LIABILITIES			
Payables	7	166,845	269,197
Tax Liabilities		(32,567)	311,816
Provisions	8	3,200	2,900
		<hr/>	<hr/>
TOTAL CURRENT LIABILITIES		137,478	583,913
		<hr/>	<hr/>
TOTAL LIABILITIES		137,478	583,913
		<hr/>	<hr/>
NET ASSETS		3,440,051	804,353
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Accumulated Profit		3,440,051	804,353
		<hr/>	<hr/>
TOTAL EQUITY		3,440,051	804,353
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form part of these financial accounts. This report should be read in conjunction with the attached audit report of Meagher Howard & Wright

au DOMAIN ADMINISTRATION

[A Company Limited by Guarantee]

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30th June 2003

	NOTE	2003 \$	2002 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Debtors		3,530,574	2,110,758
Payments to Suppliers and Employees		(1,615,966)	(1,084,827)
Interest Received		128,658	16,234
Income Taxes Paid		(1,737)	(31,736)
Goods and Services Tax Paid		(53,583)	95,845
Net Cash used in Operating Activities	10	<u>1,987,946</u>	<u>1,106,274</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Deposits		-	3,030
Plant & Equipment - at Cost		(9,366)	(20,727)
Less Provision for Depreciation		(2,901)	(4,987)
Leasehold Improvements at Cost		(2,091)	-
Net Cash used in Financing Activities		<u>(14,358)</u>	<u>(17,384)</u>
Net Increase (Decrease) in Cash Held		1,973,588	1,088,891
Cash at Beginning of Year		1,310,317	221,427
Cash at the End of Year	10	<u><u>3,283,905</u></u>	<u><u>1,310,317</u></u>

The accompanying notes form part of these financial accounts. This report should be read in conjunction with the attached audit report of Meagher Howard & Wright

au DOMAIN ADMINISTRATION
[A Company Limited by Guarantee]
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 June 2003

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES

The accounts have been prepared in accordance with the Statement of Accounting Concepts and applicable Accounting Standards, and the Corporations Law, including the disclosure requirements of Schedule 5. The accounts have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the significant accounting policies adopted by the Company in the preparation of the accounts

a) Income Tax

The company was successful in its objection against assessment of income tax on the basis that it is a not for profit organization. No tax expense is recorded and all amounts previously paid have been repaid or are to be refunded.

b) Property, Plant & Equipment

Property, plant and equipment are included at cost or at independent or directors' valuation. The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated over their useful lives commencing from the time the asset is held ready for use.

Properties held for investment purposes are not subject to a depreciation charge. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

c) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over their useful lives to the company commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	
Office Equipment	20%
Computers	40%

au DOMAIN ADMINISTRATION
[A Company Limited by Guarantee]
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 June 2003

Additional Information

Registered Office

107 Faraday Street
Carlton Victoria 3053

Principal Place of Business

107 Faraday Street
Carlton Victoria 3053

	2003	2002
	\$	\$

NOTE 2 - OPERATING REVENUE

Other Operating Revenue

Subscriptions received	10,423	5,373
Interest Received	128,658	16,234
Licence Fees	2,228,192	1,012,742
Other Income	2,545	-
Proceeds from the sale of non-current assets	-	5,300
Generic Names	1,518,836	1,114,309
	_____	_____
TOTAL OPERATING REVENUE	3,888,654	2,153,958
	_____	_____

NOTE 3 - INCOME TAX

The company has been deemed a non profit organization and is not subject to tax

NOTE 4 - RECEIVABLES

Current

Deposits	3,470	3,470
Other	214,822	
	_____	_____
	218,292	3,470
	_____	_____

au DOMAIN ADMINISTRATION
[A Company Limited by Guarantee]
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 June 2003

	2003	2002
	\$	\$
NOTE 5 - OTHER ASSETS		
Current		
GST on acquisitions	17,503	34,191
Sundry Debtors	14,259	
Prepayments	3,150	
	<u>34,912</u>	<u>34,191</u>
	<u><u>34,912</u></u>	<u><u>34,191</u></u>

NOTE 6 - PROPERTY PLANT AND EQUIPMENT

Plant & Equipment - at Cost	66,673	57,307
Less Provision for Depreciation	28,042	20,739
	<u>38,631</u>	<u>36,568</u>
	<u><u>38,631</u></u>	<u><u>36,568</u></u>
Leasehold Improvements at Cost	4,941	2,850
Less Provision for Depreciation	3,152	
	<u>1,789</u>	
	<u><u>40,420</u></u>	<u><u>39,418</u></u>

NOTE 7 - PAYABLES

Current		
Trade Creditors	30,748	115,981
Prepaid income	24,000	-
Payroll Clearing	53,537	24,385
GST on Supplies	58,560	128,831
	<u>166,845</u>	<u>269,197</u>
	<u><u>166,845</u></u>	<u><u>269,197</u></u>

NOTE 8 - PROVISIONS

Current		
Provision for Audit Fees	3,200	2,900
	<u>3,200</u>	<u>2,900</u>
	<u><u>3,200</u></u>	<u><u>2,900</u></u>

au DOMAIN ADMINISTRATION
[A Company Limited by Guarantee]
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 June 2003

	NOTE	2003 \$	2002 \$
NOTE 9 - Reconciliation of Cash			
Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:			
Cash in Hand		451	464
Nat Australia Bank		51,136	152,013
Cash on Deposit		3,232,318	1,155,032
Credit Cards		-	2,808
		3,283,905	1,310,317
		3,283,905	1,310,317

NOTE 10 - Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax

Profit from Ordinary Activities After Income Tax		2,635,698	744,191
Non-cash flows in profit from ordinary activities			
Depreciation		14,226	11,558
Net (gain)/loss on disposal of investments		-	-
Changes in assets and liabilities, net of the effects of purchase and disposals of subsidiaries			
(Increase)/decrease in other Assets		(215,543)	10,912
Increase/(decrease) in provisions		300	2,900
Increase/(decrease) in payables		(102,352)	60,348
Increase/(decrease) in income tax payable		(344,383)	276,365
		1,987,946	1106,274
		1,987,946	1106,274

au DOMAIN ADMINISTRATION
[A Company Limited by Guarantee]
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 June 2003

	2003	2002
	\$	\$
INCOME		
Subscriptions received	10,423	5,373
Interest Received	128,658	16,234
Licence Fees	223,182	1,012,742
Generic Names	3,523,846	1,114,309
Profit on sale of Fixed Asset	2,545	1,253
	<hr/>	<hr/>
TOTAL INCOME	3,888,654	2,149,911
EXPENSES		
Accountancy	65,200	42,650
Auditors Remuneration - Fees	3,200	5,700
Bank Charges	1,627	1,228
Committees	21,248	-
Computer Expenses	1,927	518
Conference Expenses	20,191	
Consultants Fees	-	96,780
Depreciation	14,226	11,558
Directors Fees	43,332	35,000
Directors Expenses	41,529	35,919
Donations	1,500	2,000
Entertainment	9,789	6,898
Education & Media	71,677	51,073
Edu.au	-	65,000
Escrow Services	54,302	-
Filing Fees	-	1,854
Foundation Costs	20,266	-
Fringe Benefits Tax	13,554	-
General Expenses	1,247	653
Generic Costs	55,380	44,551
Insurance	7,450	7,200
Legal Costs	192,305	150,204
License Fee-ICAAAN/CCTLD	88,066	(7,984)
Mail Out	117,504	-
Meeting Costs	-	320
Motor Vehicle Expenses	13,703	11,158
Office Expenses	23,495	10,963

au DOMAIN ADMINISTRATION
[A Company Limited by Guarantee]
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 June 2003

	2003	2002
	\$	\$
Outreach	7,280	-
Panel Expenses	5,516	4,226
Postage, Printing & Stationery	6,435	6,753
Rent	37,312	30,595
Relocation Expenses	-	9,243
Salaries	390,350	252,529
Staff Amenities	-	872
Staff Casual	13,866	17,538
Staff Recruitment	-	11,709
Staff Training	1,793	
Subscriptions	137	1,184
Technical Support	56,030	44,556
Telephone	34,100	17,440
Tender Assessment	-	29,920
Travelling Expenses	159,256	98,682
Website	3,412	-
	<hr/>	<hr/>
TOTAL EXPENSES	1,598,205	1,098,490
	<hr/>	<hr/>
OPERATING PROFIT BEFORE INCOME TAX	2,290,449	1,051,421
	<hr/>	<hr/>
Income Tax Expense	(345,249)	307,230
	<hr/>	<hr/>
OPERATING PROFIT FOR THE YEAR	2,635,698	744,191
	<hr/>	<hr/>
OPERATING PROFIT AND EXTRAORDINARY ITEMS	2,635,698	744,191
	<hr/>	<hr/>
Retained Profits at July 1	804,353	60,162
	<hr/>	<hr/>
RETAINED PROFITS	3,440,051	804,353
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au DOMAIN ADMINISTRATION

[A Company Limited by Guarantee]

A.C.N. 079 009 340

DIRECTORS' DECLARATION

[A Company Limited by Guarantee]

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 1-11 present fairly the company's financial position as at 30 June 2003 and its performance for the year ended on that date in accordance with Accounting Standard and other mandatory professional reporting requirements.
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director.....

Chris DISSPAIN

Director.....

Tony STALEY

Dated this.....day of.....2003

au DOMAIN ADMINISTRATION

[A Company Limited by Guarantee]

A.C.N. 079 009 340

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF

au DOMAIN ADMINISTRATION

[A Company Limited by Guarantee]

Scope

We have audited the financial report, being a special purpose financial report of au DOMAIN ADMINISTRATION [A Company Limited by Guarantee] for the year ended 30 June 2003, as set out on pages 1 to 11. The company's directors are responsible for the financial report and have determined that the accounting policies used are consistent with the financial reporting requirements of au DOMAIN ADMINISTRATION [A Company Limited by Guarantee] and are appropriate to meet the needs of the members. We have conducted an independent audit of this financial report in order to express an opinion on them to the members of the company. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members.

The financial report has been prepared for distribution to members. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any other person other than the members, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the accounting policies described in Note 1 to the financial statements. These policies do not require the application of all Accounting Standards and other mandatory professional reporting requirements.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report presents fairly, in accordance with the accounting policies described in Note 1 to the financial statements, the financial position of au DOMAIN ADMINISTRATION [A Company Limited by Guarantee] as at 30 June 2003 and the results of its operations for the year then ended.

MEAGHER HOWARD & WRIGHT

Certified Practising Accountants

by Ron MEAGHER

Level 5, 55 Grafton St Bondi Junction