

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

**FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**30 JUNE 2004**

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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 2004.

**Directors**

The names of the directors in office at the date of this report, and attendance at meetings are:

		<b>Meetings Attended</b>	<b>Apologies</b>
Larry BLOCH	elected November 2003	5	0
Greg CREW		5	2
Ricardo DA PAZ		5	2
Kim DAVIES		5	2
Peter DEAN	resigned November 2003	1	1
Chris DISSPAIN		7	0
Kim HEITMAN		7	0
David KEEGEL	resigned November 2003	2	0
Cheryl LANGDON-ORR		7	0
Peter NISSEN		6	1
Joshua ROWE		7	0
Peter SHILLING		7	0
Tony STALEY		7	0
Greg WATSON		7	0

**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 \$1,241,891

**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 2004, the company had 125 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 \$12,500 paid to Cybersource Pty Ltd (a company of which David Keegel is a Director) for technical services, until David Keegel's resignation from the Board in November 2003.

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 \_\_\_\_\_ 2004

*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 PERFORMANCE  
FOR THE YEAR ENDED 30th June 2004

	2004	2003
	\$	\$
Revenues from Ordinary Activities	3,006,422	3,888,654
Employee Benefits Expense	(531,495)	(419,563)
Depreciation and Amortisation Expenses	(18,926)	(14,226)
Other Expenses from Ordinary Activities	(1,241,110)	(1,164,416)
	-----	-----
Profit from Ordinary Activities		
Before Income Tax Expense	1,241,891	2,290,449
Income Tax Expense Relating to Ordinary Activities	-	345,249
	-----	-----
<b>Net Profit from Ordinary Activities after Income Tax Expense Attributable to Members of the Company</b>	<b>1,241,891</b>	<b>2,635,698</b>
	-----	-----
<b>Total Changes in Equity Other than those Resulting from Transactions with Owners as Owners</b>	<b>1,241,891</b>	<b>2,635,698</b>
	=====	=====

*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 2004

	NOTE	2004 \$	2003 \$
<b>CURRENT ASSETS</b>			
Cash	9	4,390,250	3,283,905
Receivables	4	378,820	218,292
Other	5	38,509	34,912
		4,807,579	3,537,109
<b>TOTAL CURRENT ASSETS</b>			
 <b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	6	68,406	40,420
		68,406	40,420
<b>TOTAL NON-CURRENT ASSETS</b>			
		4,875,985	3,577,529
<b>TOTAL ASSETS</b>			
 <b>CURRENT LIABILITIES</b>			
Payables	7	217,544	166,845
Tax Liabilities		-	(32,567)
Provisions	8	3,500	3,200
		221,044	137,478
<b>TOTAL CURRENT LIABILITIES</b>			
		221,044	137,478
<b>TOTAL LIABILITIES</b>			
		4,654,941	3,440,051
<b>NET ASSETS</b>			
 <b>EQUITY</b>			
Accumulated Profit		4,654,941	3,440,051
		4,654,941	3,440,051
<b>TOTAL EQUITY</b>			

*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 2004

	NOTE	2004	2003
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Debtors		2,833,516	3,530,574
Payments to Suppliers and Employees		(1,884,511)	(1,615,966)
Interest Received		181,112	128,658
Income Taxes Paid		32,567	(1,737)
Goods and Services Tax Paid		1,978	(53,583)
Loss on Fixed Assets		(7,905)	-
<b>Net Cash used in Operating Activities</b>	10	1,156,757	1,987,946
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Plant & Equipment - at Cost		(39,399)	(9,366)
Less Provision for Depreciation		(10,363)	(2,901)
Leasehold Improvements at Cost		2,850	(2,091)
<b>Net Cash used in Investing Activities</b>		(46,912)	(14,358)
<b>Net Increase (Decrease) in Cash Held</b>		1,106,345	1,973,588
Cash at Beginning of Year		3,283,905	1,310,317
<b>Cash at the End of Year</b>	10	4,390,250	3,283,905

*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 2004

**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 2004

**Additional Information**

**Registered Office**

107 Faraday Street  
Carlton Victoria 3053

**Principal Place of Business**

107 Faraday Street  
Carlton Victoria 3053

	2004	2003
	\$	\$

**NOTE 2 - OPERATING REVENUE**

**Other Operating Revenue**

Subscriptions received	6,741	10,423
Interest Received	181,112	128,658
Licence Fees	2,792,672	2,228,192
Other Income	19,960	2,545
Generic Names	5,937	1,518,836
	<hr/>	<hr/>
TOTAL OPERATING REVENUE	3,006,422	3,888,654
	<hr/> <hr/>	<hr/> <hr/>

**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	375,350	214,822
	<hr/>	<hr/>
	378,820	218,292
	<hr/> <hr/>	<hr/> <hr/>

au DOMAIN ADMINISTRATION  
[A Company Limited by Guarantee]  
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 June 2004

	2004	2003
	\$	\$
<b>NOTE 5 - OTHER ASSETS</b>		
<b>Current</b>		
GST on acquisitions	35,175	17,503
Sundry Debtors	-	14,259
Prepayments	3,334	3,150
	38,509	34,912
	38,509	34,912
 <b>NOTE 6 - PROPERTY PLANT AND EQUIPMENT</b>		
Plant & Equipment - at Cost	106,072	66,673
Less Provision for Depreciation	39,096	28,042
	66,976	38,631
Leasehold Improvements at Cost	2,090	4,941
Less Provision for Depreciation	660	3,152
	1,430	1,789
	68,406	40,420
	68,406	40,420
 <b>NOTE 7 - PAYABLES</b>		
<b>Current</b>		
Trade Creditors	91,448	30,748
Prepaid income	24,000	24,000
Payroll Clearing	23,885	53,537
GST on Supplies	78,211	58,560
	217,544	166,845
	217,544	166,845
 <b>NOTE 8 - PROVISIONS</b>		
<b>Current</b>		
Provision for Audit Fees	3,500	3,200
	3,500	3,200
	3,500	3,200

au DOMAIN ADMINISTRATION  
[A Company Limited by Guarantee]  
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 June 2004

	NOTE	2004 \$	2003 \$
<b>NOTE 9 - Reconciliation of Cash</b>			
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		441	451
Nat Australia Bank		59,950	51,136
Cash on Deposit		3,329,859	3,232,318
Interest Bearing Deposits		1,000,000	
		4,390,250	3,283,905
		4,390,250	3,283,905
 <b>NOTE 10 - Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax</b>			
Profit from Ordinary Activities After Income Tax		1,218,390	2,635,698
Non-cash flows in profit from ordinary activities			
Depreciation		18,926	14,226
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		(164,125)	(215,543)
Increase/(decrease) in provisions		300	300
Increase/(decrease) in payables		50,699	(102,352)
Increase/(decrease) in income tax payable		32,567	(344,383)
		1,156,757	1,987,946
		1,156,757	1,987,946

au DOMAIN ADMINISTRATION  
[A Company Limited by Guarantee]  
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 June 2004

	2004	2003
	\$	\$
<b>INCOME</b>		
Subscriptions received	6,741	10,423
Interest Received	181,112	128,658
Licence Fees	183,542	223,182
Generic Names	2,546,252	3,523,846
Profit on sale of Fixed Asset	-	2,545
Registrar Fees	88,775	
	<hr/>	<hr/>
<b>TOTAL INCOME</b>	3,006,422	3,888,654
<b>EXPENSES</b>		
Accountancy	67,100	65,200
Auditors Remuneration - Fees	3,200	3,200
Bank Charges	2,271	1,627
Committees	18,191	21,248
Computer Expenses	4,084	1,927
Conference Expenses	28,653	20,191
Consultants Fees	1,172	-
Depreciation	18,926	14,226
Directors Fees	45,000	43,332
Directors Expenses	34,020	41,529
Donations	150	1,500
Entertainment	14,862	9,789
Education & Media	54,614	71,677
Escrow Services	-	54,302
Filing Fees	510	-
Foundation Costs	24,517	20,266
Fringe Benefits Tax	15,887	13,554
General Expenses	916	1,247
Generic Costs	-	55,380
Insurance	13,143	7,450
Legal Costs	565,999	192,305
License Fee-ICAA/CCTLD	103,738	88,066
Mail Out	-	117,504
Motor Vehicle Expenses	16,583	13,703
Office Expenses	13,396	23,495
Outreach	-	7,280

au DOMAIN ADMINISTRATION  
[A Company Limited by Guarantee]  
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 June 2004

	2004	2003
	\$	\$
Panel Expenses	-	5,516
Postage, Printing & Stationery	3,949	6,435
Rent	39,387	37,312
Salaries	430,385	390,350
Staff Amenities	6,201	-
Staff Casual	11,298	13,866
Staff Recruitment	586	-
Staff Training	-	1,793
Subscriptions	1,110	137
Technical Support	66,317	56,030
Telephone	25,562	34,100
Travelling Expenses	137,076	159,256
Website	14,824	3,412
	<hr/>	<hr/>
<b>TOTAL EXPENSES</b>	1,783,627	1,598,205
	<hr/>	<hr/>
<b>OPERATING PROFIT</b>	1,222,795	2,290,449
	<hr/>	<hr/>
<b>NON-OPERATING INCOME AND EXPENSES</b>		
<b>Non Operating Expenses</b>		
Loss on Sale of Fixed Assets	7,905	-
	<hr/>	<hr/>
<b>OPERATING PROFIT BEFORE INCOME TAX</b>	1,214,890	2,290,449
Income Tax Expense	-	(345,249)
	<hr/>	<hr/>
<b>OPERATING PROFIT FOR THE YEAR</b>	1,214,890	2,635,698
	<hr/>	<hr/>
<b>OPERATING PROFIT AND EXTRAORDINARY ITEMS</b>	1,214,890	2,635,698
	<hr/>	<hr/>
Retained Profits at July 1	3,440,051	804,353
	<hr/>	<hr/>
<b>RETAINED PROFITS</b>	4,654,941	3,440,051
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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 2004 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.....2004

**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 2004, 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 2004 and the results of its operations for the year then ended.

MEAGHER HOWARD & WRIGHT  
Certified Practising Accountants  
by KEN WRIGHT, F.C.P.A.  
Level 5, 55 Grafton St Bondi Junction