

au DOMAIN ADMINISTRATION
[A Company Limited by Guarantee]

A.C.N. 079 009 340

FINANCIAL ACCOUNTS

FOR THE YEAR ENDED

30TH JUNE 2000

CONTENTS

Directors' Report

Profit and Loss Statement

Balance Sheet

Statement of Cash Flows

Notes to the Accounts

Directors Declarations

Audit Report

Profit and Loss Account

.au DOMAIN ADMINISTRATION
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A.C.N. 079 009 340

DIRECTORS' REPORT

Your directors submit the financial accounts of the company for the year ended 30 June 2000.

Directors

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

Greg WATSON

Tony STALEY

Michael MALONE

David KEEGEL

Mark HUGHES

Chris CHAUNDY

Kim HEITMAN

David THOMPSON

Kim DAVIES

Erica ROBERTS

Iain MORRISON

Kevin DINN

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 loss

The loss of the company for the financial year amounted to \$7,191

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 2000, the company had 174 members.

Significant Changes in State of Affairs

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

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, the results of those operations or the state of affairs of the 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.

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 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; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer or auditor for the costs or expense to defend legal proceedings.

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

Director ----- _____

Greg WATSON

Director _____

Tony STALEY

Dated this day of

au DOMAIN ADMINISTRATION
[A Company Limited by Guarantee]
PROFIT AND LOSS STATEMENT
FOR THE YEAR ENED 30th June 2000

		1999
	\$	\$
Operating Profit		
Before Income Tax	507	17,535
Income Tax Expense	<u>7,698</u>	-
OPERATING LOSS AND		
EXTRAORDINARY ITEMS	7,191	(17,535)
Retained Profits at July 1	<u>19,205</u>	<u>1,670</u>
PROFIT AVAILABLE FOR		
APPROPRIATION	12,014	19,205
RETAINED PROFITS	<u>12,014</u>	<u>19,205</u>

This report should be read in conjunction

with the attached audit report of

Meagher Howard & Wright

au DOMAIN ADMINISTRATION

[A Company Limited by Guarantee]

BALANCE SHEET AS AT 30th June 2000

		1999
	\$	\$
CURRENT ASSETS		
Cash		
Nat Australia Bank	22,770	19,205
Receivables		
Sundry Debtors	<u>34,000</u>	-
TOTAL CURRENT ASSETS	<u>56,770</u>	<u>19,205</u>
NON-CURRENT ASSETS		
Property, Plant and Equipment		
Plant & Equipment - at Cost	1,608	-
Less Prov'n for Depreciation	<u>882</u>	-
	726	-
Intangible Assets		
Licence Agreements	<u>61,656</u>	-
TOTAL NON-CURRENT ASSETS	<u>62,382</u>	-
TOTAL ASSETS	<u>119,152</u>	<u>19,205</u>
CURRENT LIABILITIES		
Trade Creditors	77,091	-
Provision for Future Development	22,349	-
Provision for Income Tax	<u>7,698</u>	-

TOTAL CURRENT LIABILITIES	<u>107,138</u>	-
TOTAL LIABILITES	<u>107,138</u>	-
NET ASSETS	<u>12,014</u>	<u>19,205</u>
MEMBERS FUNDS		
Accumulated Surplus/(Deficit)	<u>12,014</u>	<u>19,205</u>

The accompanying notes form part of these financial statements

This report should be read in conjunction

with the attached audit report of

Meagher Howard & Wright

au DOMAIN ADMINISTRATION

[A Company Limited by Guarantee]

NOTES TO THE STATEMENT OF CASH FLOWS

		1999
	\$	\$
NOTE 1-RECONCILIATION OF CASH		
Nat Australia Bank	<u>22,770</u>	<u>19,205</u>
CASH AT THE END OF THE YEAR		
	<u>22,270</u>	<u>19,205</u>
NOTE 2-RECONCILIATION OF NET CASH		
PROVIDED BY OPERATING ACTIVITIES		
Operating profit after income tax	(7,191)	17,535
Depreciation	882	-
Increase(decrease) in trade creditors	77,091	(7,350)
Increase(decrease) in other expenses payable	(61,656)	-
Loss on Sale of Fixed Assets	7,709	-
Increase(decrease) in income tax payable	7,698	-
Decrease(increase) in inventories	-	-
Decrease(increase) in trade debtors	(34,000)	2,000
Decrease(increase) in other receivables	<u>26,349</u>	-
NET CASH PROVIDED BY OPERATING		
ACTIVITIES	<u>16,882</u>	<u>12,185</u>

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Meagher Howard & Wright

au DOMAIN ADMINISTRATION

A.C.N. 079 009 340

NOTE 1-STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by directors and members of the company. The directors have determined that the company is not a reporting entity.

The financial reports have been prepared in accordance with the requirements of the following Australian Accounting Standards.

AAS 1: Profit and Loss Accounts

AAS 5: Materiality

AAS 8: Events occurring after reporting date

AAS 33: Additional Financial Investments Disclosure

No other Australian Accounting Standards, Urgent Issues Group Consensus Views or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial report is prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

Income Tax

Provision has been made in the accounts for income tax. Under the principles of mutuality, certain aspects of income only are presently subject to income tax.

Sundry Debtors

Sundry debtors are carried at amounts due. The collectibility of debts is assessed at balance date.

Accounts Payable

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed. Trade accounts payable are normally settled with commercial trade terms.

Property, Plant & Equipment

Property, Plant and equipment are included at cost, independent or directors' valuation. All assets, excluding freehold land and buildings are depreciated on a straight line basis over their useful lives to the company.

Additional Financial Investments Disclosure

The following financial asset has been evaluated for the purpose of this standard. The bank account is current, and there is no overdraft facilities in place.

National Bank of Australia \$22,270

au DOMAIN ADMINISTRATION

[A Company Limited by Guarantee]

A.C.N. 079 009 340

The directors have determined that the company is not a reporting entity. The directors have determined that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

- (1) The financial statements and notes, as set out on pages 1 to 4 presents fairly the company's financial position as at 30 June 2000 and its performance for the year ended on that date in accordance with the accounting polices described in Note 1 to the financial statements;
 - a. Statement of Cash Flows gives a true and fair view of the cash flows of the company for the financial year.
- (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 _____

Greg WATSON

Director _____

Tony STALEY

Dated this day of

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 2000, as set out on pages 1 to 4. 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.

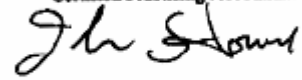
Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of significant accounting estimates. These procedures have been undertaken 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 2000 and the results of its operations for the year then ended.

MEAGHER HOWARD & WRIGHT
Certified Practising Accountants



by John HOWARD, O.A.M.

116 Boyce Road, Maroubra NSW
9 November 2000

au DOMAIN ADMINISTRATION

A.C.N. 079 009 340

FINANCIAL ACCOUNTS FOR YEAR ENDED 2000

I certify that this is a true copy of all accounts and group accounts (if any) required to be laid before the company at the Annual General Meeting, together with a copy of every other document a copy of which is required by Section 316 to be laid before the Annual General Meeting.

.....

Greg WATSON

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

au DOMAIN ADMINISTRATION

[A Company Limited by Guarantee]

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th June 2000

		1999
	\$	\$
INCOME		
Grant - NOIE	30,000	-
Subscriptions received	2,000	17,100
Licence Fees	89,152	-
Other Income	35	900
TOTAL INCOME	121,187	18,000
EXPENSES		
Auditors Remuneration - Fees	795	270
Bank Charges	137	89
Contract - CEO	37,903	-
Depreciation	882	-
Directors Meeting Expenses	35,381	-
Legal Costs	7,621	106
Printing & Stationary	4,764	-
Recruitment	17,714	-

Salaries	<u>7,774</u>	-
TOTAL EXPENSES	<u>112,971</u>	<u>465</u>
OPERATING SURPLUS/(DEFICIT)	8,216	17,535
NON-OPERATING INCOME AND EXPENSES		
Non Operating Expenses		
Loss on Sale of Fixed Assets	<u>7,709</u>	-
OPERATING SURPLUS/(DEFICIT) BEFORE		
INCOME TAX	507	17,535
Income Tax Expense	<u>7,698</u>	-
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	<u>(7,191)</u>	<u>17,535</u>
OPERATING SURPLUS/(DEFICIT) AFTER		
EXTRAORDINARY ITEMS	(7,191)	17,535
Retained Funds at July 1	<u>19,205</u>	<u>1,670</u>
SURPLUS/(DEFICIT) AVAILABLE FOR		
APPROPRIATION	<u>12,014</u>	<u>19,205</u>
RETAINED FUNDS	<u>12,014</u>	<u>19,205</u>

The accompanying notes form part of these financial
Statements

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