

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

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2005

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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 2005.

Directors

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

	Eligible	Attended	Apologies
Larry BLOCH	6	5	1
Kim DAVIES	6	2	4
Kim HEITMAN	6	6	-
Cheryl LANGDON-ORR	6	6	-
Peter NISSEN	6	4	2
Joshua ROWE	6	5	1
Peter SHILLING	6	6	-
Greg WATSON	6	3	3
Greg CREW	6	6	-
Bennett OPRYSA	4	4	-
Tony STALEY	6	6	-
Chris DISSPAIN	6	6	-

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 Profit

The Profit of the company for the financial year amounted to \$832,255.

Dividends paid or recommended

By virtue of its Constitution no dividends are payable by the company. The company did however gift to The auDA Foundation \$2,000,000

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 2005, the company had 123 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, 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 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

2005

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Meagher Howard & Wright*

au DOMAIN ADMINISTRATION
[A Company Limited by Guarantee]
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30th June 2005

	2005	2004
	\$	\$
Revenues from Ordinary Activities	2,786,737	3,006,422
Employee Benefits Expense	(589,341)	(531,495)
Depreciation and Amortisation Expenses	(25,656)	(18,926)
Other Expenses from Ordinary Activities	(1,339,485)	(1,241,110)
	<hr/>	<hr/>
Profit from Ordinary Activities Before Income Tax Expense	832,255	1,241,891
	<hr/>	<hr/>
Income Tax expense	=	=
Net Profit from Ordinary Activities after Income Tax Expense Attributable to Members of the Company	832,255	1,241,891
	<hr/>	<hr/>
Gift to The auDA Foundation	2,000,000	=
	<hr/>	<hr/>
Total Changes in Equity	(1,167,745)	1,241,891
	<hr/> <hr/>	<hr/> <hr/>

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au DOMAIN ADMINISTRATION
[A Company Limited by Guarantee]

STATEMENT OF FINANCIAL POSITION AS AT 30th June 2005

	NOTE	2005 \$	2004 \$
CURRENT ASSETS			
Cash	9	3,666,124	4,390,250
Receivables	4	100,096	378,820
Other	5	61,869	38,509
		3,828,089	4,807,579
TOTAL CURRENT ASSETS			
 NON-CURRENT ASSETS			
Property, Plant and Equipment	6	71,674	68,406
		71,674	68,406
TOTAL NON-CURRENT ASSETS			
		3,899,763	4,875,985
TOTAL ASSETS			
 CURRENT LIABILITIES			
Payables	7	408,767	217,544
Provisions	8	3,800	3,500
		412,567	221,044
TOTAL CURRENT LIABILITIES			
		412,567	221,044
TOTAL LIABILITIES			
		3,487,196	4,654,941
NET ASSETS			
 EQUITY			
Accumulated Profit		3,487,196	4,654,941
		3,487,196	4,654,941
TOTAL EQUITY			

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au DOMAIN ADMINISTRATION
[A Company Limited by Guarantee]

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30th June 2005

	NOTE	2005	2004
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Debtors		2,881,614	2,833,516
Payments to Suppliers and Employees		(1,749,346)	(1,884,511)
Interest Received		183,847	181,112
Goods and Services Tax Paid		(11,318)	34,545
Loss on Fixed Assets		-	(7,905)
Net Cash used in Operating Activities		1,304,797	1,156,757
CASH FLOWS FROM INVESTING ACTIVITIES			
Plant & Equipment - at Cost		(28,923)	(49,762)
Leasehold Improvements at Cost		-	2,850
Net Cash used in Investing Activities		(28,923)	(46,912)
CASH FLOWS FROM FINANCING ACTIVITIES			
Gift to The auDA Foundation		(2,000,000)	
Net Increase (Decrease) in Cash Held		(724,126)	1,106,345
Cash at Beginning of Year		4,390,250	3,283,905
Cash at the End of Year		3,666,124	4,390,250

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au DOMAIN ADMINISTRATION
[A Company Limited by Guarantee]
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 June 2005

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%

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au DOMAIN ADMINISTRATION
[A Company Limited by Guarantee]
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 June 2005

Additional Information

Registered Office

107 Faraday Street
Carlton Victoria 3053

Principal Place of Business

107 Faraday Street
Carlton Victoria 3053

	2005	2004
	\$	\$

NOTE 2 - OPERATING REVENUE

Other Operating Revenue

Subscriptions received	6,020	6,741
Interest Received	183,847	181,112
Licence Fees	2,583,134	2,792,672
Other Income	100	19,960
Generic Names	13,636	5,937
	2,786,737	3,006,422
TOTAL OPERATING REVENUE	2,786,737	3,006,422

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	96,626	375,350
	100,096	378,820
	100,096	378,820

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au DOMAIN ADMINISTRATION
[A Company Limited by Guarantee]
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 June 2005

	2005	2004
	\$	\$
NOTE 5 - OTHER ASSETS		
Current		
GST on acquisitions	46,620	35,175
Prepayments	15,249	3,334
	61,869	38,509
	61,869	38,509
 NOTE 6 - PROPERTY PLANT AND EQUIPMENT		
Plant & Equipment - at Cost	134,996	106,072
Less Provision for Depreciation	64,752	39,096
	70,244	66,976
Leasehold Improvements at Cost	2,090	2,090
Less Provision for Depreciation	660	660
	1,430	1,430
	71,674	68,406
 NOTE 7 - PAYABLES		
Current		
Trade Creditors	105,273	91,448
Prepaid income	202,818	24,000
Payroll Clearing	22,338	23,885
GST on Supplies	78,338	78,211
	408,767	217,544
	408,767	217,544
 NOTE 8 - PROVISIONS		
Current		
Provision for Audit Fees	3,800	3,500
	3,800	3,500

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au DOMAIN ADMINISTRATION
[A Company Limited by Guarantee]
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 June 2005

	NOTE	2005 \$	2004 \$
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		273	441
Nat Australia Bank		419,856	59,950
Cash on Deposit		2,238,305	3,329,859
Interest Bearing Deposits		1,007,690	1,000,000
		3,666,124	4,390,250
		3,666,124	4,390,250

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

Profit from Ordinary Activities After Income Tax & Gifts		832,255	1,218,390
Non-cash flows in profit from ordinary activities			
Depreciation		25,656	18,926
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		266,808	(164,125)
Increase/(decrease) in provisions		300	300
Increase/(decrease) in payables		191,096	50,699
Increase/(decrease) in GST payable		(11,318)	32,567
		1,304,797	1,156,757
		1,304,797	1,156,757

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au DOMAIN ADMINISTRATION
[A Company Limited by Guarantee]
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 June 2005

	2005	2004
	\$	\$
INCOME		
Subscriptions received	6,020	6,741
Interest Received	183,847	181,112
Licence Fees	219,822	183,542
Generic Names	2,300,048	2,546,252
Profit on sale of Fixed Asset	-	-
Registrar Fees	77,000	88,775
	<hr/>	<hr/>
TOTAL INCOME	2,786,737	3,006,422
EXPENSES		
Accountancy	71,300	66,800
Auditors Remuneration - Fees	3,800	3,500
Bank Charges	2,041	2,271
Committees	12,374	18,191
Computer Expenses	18,256	4,084
Conference Expenses	31,594	28,653
Consultants Fees	-	1,172
Depreciation	25,656	18,926
Directors Fees	56,250	45,000
Directors Expenses	25,484	34,020
Donations	1,200	150
Entertainment	10,928	14,862
Education & Media	158,713	54,614
Filing Fees	-	510
Foundation Costs	13	24,517
Fringe Benefits Tax	23,376	15,887
General Expenses	2,077	916
Geographics	116,488	-
Insurance	8,647	13,143
Legal Costs	413,296	565,999
License Fee-ICAA/CCTLD	138,498	103,738
Motor Vehicle Expenses	15,054	16,583
Office Expenses	20,124	13,396
Panel Expenses	29,652	-

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au DOMAIN ADMINISTRATION
[A Company Limited by Guarantee]
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 June 2005

	2005	2004
	\$	\$
Postage, Printing & Stationery	4,283	3,949
Rent	40,758	39,387
Salaries	484,231	430,385
Staff Amenities	-	6,201
Staff Casual	-	11,298
Staff Recruitment	-	586
Subscriptions	2,244	1,110
Technical Support	57,450	66,317
Telephone	28,746	25,562
Travelling Expenses	151,949	137,076
Website		14,824
	<hr/>	<hr/>
TOTAL EXPENSES	1,954,482	1,783,627
	<hr/>	<hr/>
OPERATING PROFIT	832,255	(1,222,795)
	<hr/>	<hr/>
NON-OPERATING INCOME AND EXPENSES		
Non Operating Expenses		
Loss on Sale of Fixed Assets	-	7,905
	<hr/>	<hr/>
OPERATING LOSS BEFORE INCOME TAX	832,255	1,214,890
Income Tax Expense	-	-
	<hr/>	<hr/>
OPERATING PROFIT FOR THE YEAR	832,255	1,214,890
	<hr/>	<hr/>
Gift to The Auda Foundation	2,000,000	1,214,890
	<hr/>	<hr/>
Transfer to retained earnings	(1,167,745)	
	<hr/>	<hr/>
Retained Profits at July 1	4,654,941	3,440,51
	<hr/>	<hr/>
RETAINED PROFITS	3,487,196	4,654,941
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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 2005 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.....2005

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 2005, as set out on pages 1 to 13. 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 2005 and the results of its operations for the year then ended.

MEAGHER HOWARD & WRIGHT

Certified Practising Accountants

by Ken Wright.

Level 5, 55 Grafton St Bondi Junction

NSW 2022

16 September 2005