

**.ZA DOMAIN NAME AUTHORITY (ASSOCIATION INCORPORATED UNDER SECTION
21)**

(Registration number 2003/021150/08)

Financial statements

for the year ended 31 March 2008

JTC Chartered Accountants (S.A.) Incorporated
Chartered Accountants (S.A.)
Registered Auditors
Issued 29 October 2008

.ZA Domain Name Authority (Association Incorporated Under Section 21)

(Registration number 2003/021150/08)

Financial Statements for the year ended 31 March 2008

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The protection and furtherance of the ZA domain name
Directors	M A Silber P Bhagattjee Dr H C Gajjar A M Brooks D H Martin W P Rowland M L Masilela N Dhevcharran N Mabaso
Registered office	The Business Centre Second Floor 377 Rivonia Boulevard Rivonia 2128
Business address	The Business Centre Second Floor 377 Rivonia Boulevard Rivonia 2128
Postal address	Postnet Suite 1 Private Bag X75 Bryanston 2021
Auditors	JTC Chartered Accountants (S.A.) Incorporated Chartered Accountants (S.A.) Registered Auditors
Company registration number	2003/021150/08

.ZA Domain Name Authority (Association Incorporated Under Section 21)

(Registration number 2003/021150/08)

Financial Statements for the year ended 31 March 2008

Index

The reports and statements set out below comprise the financial statements presented to the shareholders:

Index	Page
Report of the Independent Auditors	3
Directors' Responsibilities and Approval	4
Directors' Report	5
Balance Sheet	6
Income Statement	7
Statement of Changes in Equity	8
Cash Flow Statement	9
Accounting Policies	10
Notes to the Financial Statements	11 - 12

The following supplementary information does not form part of the financial statements and is unaudited:

Detailed Income statement	13
---------------------------	----

Report of the Independent Auditors

To the shareholders of .ZA Domain Name Authority (Association Incorporated Under Section 21)

We have audited the accompanying financial statements of .ZA Domain Name Authority (Association Incorporated Under Section 21), which comprise the directors' report, the balance sheet as at 31 March 2008, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 12.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa, 1973. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation 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 these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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' judgement, 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 auditor considers internal control relevant to the entity's preparation 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as of 31 March 2008, and of its financial performance and its cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa, 1973.

Supplementary Information

We draw your attention to the fact that the supplementary information set out on page 13 does not form part of the financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.


JTC Chartered Accountants (S.A.) Incorporated
Registered Auditors
Per: CF Terhoeven

29 October 2008
Suite 31, Rynlal Building
320 The Hillside
Lynnwood
Pretoria
0081

.ZA Domain Name Authority (Association Incorporated Under Section 21)

(Registration number 2003/021150/08)

Financial Statements for the year ended 31 March 2008

Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, 1973, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with South African Statements of Generally Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

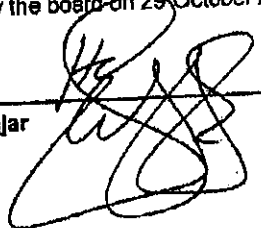
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2009 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

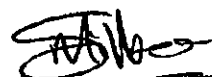
The external auditors are responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 3.

The financial statements set out on pages 5 to 13, which have been prepared on the going concern basis, were approved by the board on 29 October 2008 and were signed on its behalf by:

Dr H C Gallar



M A Silber



.ZA Domain Name Authority (Association Incorporated Under Section 21)

(Registration number 2003/021150/08)

Financial Statements for the year ended 31 March 2008

Directors' Report

The directors submit their report for the year ended 31 March 2008.

1. Review of activities

Main business and operations

The company is engaged in the protection and furtherance of the za domain name and operates principally in South Africa.

The operating results and state of affairs of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Post balance sheet events

The directors are not aware of any matter or circumstance arising since the end of the financial year.

4. Authorised and issued share capital

The company is a company incorporated with no share capital.

5. Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Changes
M A Silber	
P Bhagattjee	
Dr H C Gajjar	
A S Levin	Term ended 31 August 2007
V M Wilson	Term ended 31 August 2007
R Heath	Term ended 31 August 2007
S E Funde	Term ended 31 August 2007
X Kakana	Term ended 31 August 2007
A M Brooks	Appointed 01 September 2007
D H Martin	Appointed 01 September 2007
W P Rowland	Appointed 01 September 2007
M L Masilela	Appointed 01 September 2007
N Dhevcharran	Appointed 01 September 2007
N Mabaso	Appointed 01 September 2007

6. Secretary

The company had no secretary during the year.

7. Auditors

JTC Chartered Accountants (S.A.) Incorporated will continue in office in accordance with section 270(2) of the Companies Act.

.ZA Domain Name Authority (Association Incorporated Under Section 21)

(Registration number 2003/021150/08)

Financial Statements for the year ended 31 March 2008

Balance Sheet

Figures in Rand	Note(s)	2008	2007
Assets			
Non-Current Assets			
Property, plant and equipment	2	26,735	14,660
Current Assets			
Trade and other receivables	3	18,116	-
Cash and cash equivalents	4	3,147,643	2,863,426
		3,165,759	2,863,426
Total Assets		3,192,494	2,878,086
Equity and Liabilities			
Equity			
Accumulated surplus		3,074,594	2,725,121
Liabilities			
Current Liabilities			
Trade and other payables	5	117,900	152,965
Total Equity and Liabilities		3,192,494	2,878,086

.ZA Domain Name Authority (Association Incorporated Under Section 21)

(Registration number 2003/021150/08)

Financial Statements for the year ended 31 March 2008

Income Statement

Figures in Rand	Note(s)	2008	2007
Revenue	6	1,500,000	1,500,000
Other income		6,235	-
Operating expenses		(1,438,048)	(993,872)
Operating surplus	7	68,187	506,128
Investment revenue	8	281,783	161,964
Finance costs	9	(497)	-
Surplus for the year		349,473	668,092

.ZA Domain Name Authority (Association Incorporated Under Section 21)

(Registration number 2003/021150/08)

Financial Statements for the year ended 31 March 2008

Statement of Changes in Equity

	Share capital	Accumulated surplus	Total equity
Figures in Rand			
Balance at 01 April 2006	-	2,057,029	2,057,029
Changes in equity			
Surplus for the year	-	668,092	668,092
Total changes	-	668,092	668,092
Balance at 01 April 2007	-	2,725,121	2,725,121
Changes in equity			
Surplus for the year	-	349,473	349,473
Total changes	-	349,473	349,473
Balance at 31 March 2008	-	3,074,594	3,074,594

Note(s)

.ZA Domain Name Authority (Association Incorporated Under Section 21)

(Registration number 2003/021150/08)

Financial Statements for the year ended 31 March 2008

Cash Flow Statement

Figures in Rand	Note(s)	2008	2007
Cash flows from operating activities			
Cash receipts from seed funding		1,500,000	1,500,000
Cash paid to suppliers and employees		(1,473,952)	(1,010,508)
Cash generated from operations	12	26,048	489,492
Interest income		281,783	161,964
Finance costs		(497)	-
Net cash from operating activities		307,334	651,456
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(23,117)	(21,110)
Total cash movement for the year		284,217	630,346
Cash at the beginning of the year		2,863,426	2,233,080
Total cash at end of the year	4	3,147,643	2,863,426

.ZA Domain Name Authority (Association Incorporated Under Section 21)

(Registration number 2003/021150/08)

Financial Statements for the year ended 31 March 2008

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice, and the Companies Act of South Africa, 1973. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Item	Average useful life
IT equipment	3 years

The depreciation charge for each period is recognised in surplus or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.2 Financial instruments

Initial recognition

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

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

Trade and other payables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.3 Government grants

Government grants are recognised when there is reasonable assurance that:

- the company will comply with the conditions attaching to them; and
- the grants will be received.

Grants related to income are presented as a credit in the income statement.

.ZA Domain Name Authority (Association Incorporated Under Section 21)

(Registration number 2003/021150/08)

Financial Statements for the year ended 31 March 2008

Notes to the Financial Statements

Figures in Rand	2008	2007				
2. Property, plant and equipment						
	2008	2007				
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
IT equipment	44,227	(17,492)	26,735	21,110	(6,450)	14,660
Reconciliation of property, plant and equipment - 2008						
	Opening Balance	Additions	Depreciation	Total		
IT equipment	14,660	23,117	(11,042)	26,735		
Reconciliation of property, plant and equipment - 2007						
	Opening Balance	Additions	Depreciation	Total		
IT equipment	-	21,110	(6,450)	14,660		
3. Trade and other receivables						
Prepayments			11,856	-		
Deposits			6,260	-		
			18,116	-		
4. Cash and cash equivalents						
Cash and cash equivalents consist of:						
Bank balances			3,147,643	2,863,426		
5. Trade and other payables						
Other payables			117,900	152,965		
6. Revenue						
Government grant			1,500,000	1,500,000		
7. Operating surplus						
Operating surplus for the year is stated after accounting for the following:						
Surplus on exchange differences			(235)	-		
Depreciation on property, plant and equipment			11,042	6,450		
Employee costs			492,682	411,453		

.ZA Domain Name Authority (Association Incorporated Under Section 21)

(Registration number 2003/021150/08)

Financial Statements for the year ended 31 March 2008

Notes to the Financial Statements

Figures in Rand	2008	2007
8. Investment revenue		
Interest revenue		
Bank	281,783	161,964
9. Finance costs		
Bank	497	-
10. Taxation		
No provision has been made for 2008 tax as the company is in the process of applying for tax exemption. If the application for tax exemption fails, the tax liability will be R 101 347.		
11. Auditors' remuneration		
Fees	28,192	45,600
12. Cash generated from operations		
Surplus before taxation	349,473	668,092
Adjustments for:		
Depreciation and amortisation	11,042	6,450
Interest received	(281,783)	(161,964)
Finance costs	497	-
Changes in working capital:		
Trade and other receivables	(18,116)	-
Trade and other payables	(35,065)	(23,086)
	26,048	489,492

13. Directors' emoluments

No emoluments were paid to the directors during the year.

14. Comparative figures

Certain comparative figures have been reclassified.

15. Risk management

Liquidity risk

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk by not entering into future commitments before funding for such expenses has not been obtained from the government.

Cash flow forecasts are prepared and monitored.

Credit risk

Credit risk consists mainly of cash deposits and cash equivalents. The company only deposits cash with major banks with high quality credit standing.

.ZA Domain Name Authority (Association Incorporated Under Section 21)

(Registration number 2003/021150/08)

Financial Statements for the year ended 31 March 2008

Detailed Income statement

Figures in Rand	Note(s)	2008	2007
Revenue			
Government Grant		1,500,000	1,500,000
Other income			
Other income		6,000	-
Interest received	8	281,783	161,964
Surplus on exchange differences		235	-
		288,018	161,964
Operating expenses			
Accounting fees		121,049	80,908
Advertising		1,995	20,194
Auditors remuneration	11	28,192	45,600
Bank charges		3,259	2,122
Computer expenses		2,408	-
Professional fees		30,830	-
Professional Development		18,925	-
Consulting fees		99,449	-
Depreciation, amortisation and impairments		11,042	6,450
Employee costs		492,682	411,453
Entertainment		4,196	710
Meeting reimbursement		51,840	64,736
Rent paid		70,346	54,430
ADR expenses		89,027	-
Conference expenses		13,137	-
Legal expenses		6,156	7,387
Postage		457	-
Printing and stationery		8,826	-
Repairs and maintenance		285	-
Telephone and fax		30,966	19,792
Travel - local		59,181	-
Travel - overseas		293,800	280,090
		1,438,048	993,872
Operating surplus	7	349,970	668,092
Finance costs	9	(497)	-
Surplus for the year		349,473	668,092