SEEK Communications Limited ABN 46 080 075 314
Annual Report –30 June 2003

Contents

This financial report covers both SEEK Communications Limited as an individual entity and the consolidated entity consisting of SEEK Communications Limited and its controlled entities.

SEEK Communications Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

SEEK Communications Limited
3 Wellington Street
Windsor, Victoria 3181

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on pages 2-6.

SEEK Communications Limited and controlled entities
Directors' Report
30 June 2003

Your directors present their report on the consolidated entity consisting of SEEK Communications Limited ('the Company' or 'SEEK') and the entities it controlled at the end of, or during, the year ended 30 June 2003

Directors
The following persons were directors of SEEK Communications Limited during the whole of the financial year and up to the date of this report:
Irvin P Rockman, CBE
Paul M Bassat
Andrew R Bassat
Matthew M Rockman
Helen Abeles
Robert CG Watson
Stuart Wardman-Browne
Daniel Phillips

Non-executive directors receive directors' fees, commencing from November 2002. Total remuneration paid for 2003 was $48,000 (2002: Nil). Current remuneration rate covering all non-executive directors is $72,000 pa

Principal activities
During the year the principal continuing activities of the consolidated entity consisted of developing and advertising employment classifieds and related services on the Internet.

No significant changes in the nature of the activities of the consolidated entity occurred during the year.

Dividends – SEEK Communications Limited
No dividends were declared by the directors for the current year.

Review of operations
The company achieved revenue of $25.9 million (2002: $17.3 million) and a profit of $5.8 million (2002: Loss $1.4 million) in the financial year ended 30 June 2003.

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Significant changes in the state of affairs
The consolidated entity has moved from a loss-making position to a profitable position during the 2003 financial year. There have been no further significant changes in the state of affairs of the consolidated entity occurred during the financial year.

Matters subsequent to the end of the financial year
After reporting date Seek Communications Limited and controlled entities entered into negotiations to sell 25% of the consolidated entity's operations to Publishing & Broadcasting Limited. The transaction will be completed during October 2003 and will impact the consolidated entity's operations in future financial years.

No other matters or circumstances have arisen since that have significantly affected, or may significantly affect:
(a) the consolidated entity's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the consolidated entity's state of affairs in future financial years.

Environmental Regulation
No significant environmental regulations apply to the company.

Information on Directors

Irvin Rockman CBE — Chairman

Irvin is an experienced Australian businessman and community leader with over 40 years business experience. Irvin is Chairman of the Northrock Group of Companies, which has a diverse range of investments. He was a pioneer in the hotel industry starting the Parkroyal chain in the 1960s and developing and operating the Rockman's Regency Hotel in Melbourne.

Irvin served as Lord Mayor of Melbourne for two terms from 1977 to 1979 and has held a variety of community leadership roles. He is a well known underwater photographer and conservationist and has authored the book Underwater Australia.

He holds a Bachelor of Commerce degree from the University of Melbourne.

Paul Bassat — Chief Executive Officer and Co-founder

Paul is the CEO and co-founder of SEEK Communications. During this period SEEK has established itself as one of Australia's fastest growing business and one of the most successful start up companies in Australia.

Prior to co-founding SEEK, Paul spent 6 years with the commercial law firm Arnold Bloch Leibler, where he specialized in corporate law. Paul holds Bachelor of Law and Bachelor of Commerce degrees from the University of Melbourne.

Andrew Bassat — Executive Director and Co-founder

Andrew leads SEEK's business development/strategy team and is responsible for strategic direction, strategic alliances with key partners and progress of expansion opportunities. Andrew was previously a management consultant with Booz Allen & Hamilton. At Booz Allen and Hamilton he was involved in a wide range of strategic assignments for major Australian and international corporations. Andrew previously worked as a solicitor at Corrs Chamber Westgarth.

Andrew holds a Bachelor of Science (Computer Science) degree from the University of Melbourne, a Bachelor of Laws (Honours) degree from Monash University and a Master of Business Administration degree from Melbourne Business School.

Matthew Rockman — Executive Director and Co-founder

Matthew is responsible for SEEK's relationship with clients and managing the sales effort. He leads a team of sales executives in five states, New Zealand and the United Kingdom. Matthew is focused on how SEEK can grow its market position and add value to clients' businesses.

Before joining SEEK, Matthew was the Sales and Marketing Director for Rockman's Regency Hotel. Responsible for the public face of the hotel, he positioned it as one of the pre-eminent hotels in Australia. He also played a major strategic role in his capacity as a director of the Northrock Group of companies.

Matthew holds a Bachelor of Business (Banking and Finance) degree from Monash University.

Helen Abeles — Non-executive Director

Helen is an executive of JGL Investments Pty Limited, one of Australia's largest private companies. Helen is also a director of a number of other private companies. She invests in both domestic and offshore equity markets. She also provides venture capital funding for small to medium size enterprises.

Helen holds a Bachelor of Science degree from the University of Melbourne.

Stuart Wardman-Browne — Non-Executive Director

Stuart is the Chief Operating Officer of AMWIN Management Pty Ltd and is a former Partner and Director of Ernst & Young Corporate Finance, where he established the Corporate Finance Entrepreneurial Services Team in Sydney. Stuart specialised in growth strategy, Venture Capital, Strategic Investors/Alliances, Initial Public Offerings, M&A and divestment for growth companies raising over $70 million for such companies.

Stuart has over ten years of experience in the venture capital sector with a similar role in London, including a secondment for over 18 months with NatWest Markets funding acquisitions by Groups such as Southnews and Arrow Electronics, and management buyouts such as Medway Port Authority and On Board Catering Services.

Stuart is also a director of EnGeneIC Pty Ltd, Maxamine International Pty Ltd, Gekko Systems Pty Ltd and G2 Therapies Ltd.

Stuart is an Associate of the Institute of Chartered Accountant in England and Wales and an Associate of the Chartered Institute of Banking.

Daniel Phillips — Non-Executive Director

Daniel is the Founder and Head of Macquarie Technology Investment Banking (MTIB). He joined Macquarie Bank Limited (MBL) in 1989, after working for seven years in the taxation division of Price Waterhouse. Daniel took responsibility for developing MBL's leading research and development syndication business which completed more than 50 transactions for a total value of over $1 billion. From this business Daniel developed MTIB, a venture capital and services business focused on high growth.

Daniel is also a director of Macquarie Technology Ventures, which manages the Macquarie Technology Fund. He is a founding Governor of the Warren Centre for Advanced Engineering, and is a founding director of the Photonics Industry Forum.

Daniel holds a Bachelor of Business degree and is a member of the Institute of Chartered Accountant in Australia.

Bob Watson — Non-executive Director

Bob has over 20 years of international senior management experience in the Information Technology and Recruitment industries. His various roles have included Chief Executive Officer of Mayne Nickless Computer Services, Data Sciences International in the UK and Lend Lease Employer Systems.

Bob was also the Australasian CEO of Adecco, the world's (and Australia's) largest recruitment and contracting agency. Bob has founded and developed several private companies in the IT and Recruitment fields and currently manages a personal venture capital and investment portfolio.

Directors Shareholdings

Particulars of directors' interests in shares of SEEK Communications Limited at the date of this report

	No. of shares held in SEEK Limited
Irvin Rockman CBE	9,387,878
Paul Bassat	8,010,417
Andrew Bassat	8,010,417
Matthew Rockman	8,010,417
Robert Watson	4,172,909
Helen Abeles	3,768,214

Meetings of directors

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2003, and the numbers of meetings attended by each director were:

	FULL MEETING OF DIRECTORS		MEETINGS OF COMMITTEES Audit	
	Held	**Attended**	**Held**	**Attended**
Irvin Rockman CBE	8	8	1	1
Paul Bassat	8	8		
Andrew Bassat	8	8		
Matthew Rockman	8	8		
Helen Abeles	8	7		
Robert Watson	8	7		
Stuart Wardman-Browne	8	7	1	1
Daniel Phillips	8	8	1	1

Share options granted to directors and the most highly remunerated officers

No options over unissued ordinary shares of SEEK Communications Limited have been granted during or since the end of the financial year to any of the directors or the five most highly remunerated officers of the company and consolidated entity as part of their remuneration:

Shares under option

Unissued ordinary shares of SEEK Communications Limited under option at the date of this report are as follows:

	Number	Issue price of shares	Expiry date
Directors:			
Irvin Rockman	102,674	$1.51	18 May 2004
Helen Abeles	102,400	$1.51	18 May 2004
SEEK Communications Staff Option Plan	4,625,464	$0.15 to $1.51	6-10 years after issue date

Irvin Rockman and Helen Abeles received options through their participation in the May 2001 capital raising.

The details of the staff share option plan are set out in note 19 to the financial statements.

Shares issued on the exercise of options

1,598,561 ordinary shares were issued during the year ended 30 June 2003 on the exercise of options granted under the SEEK Communications Option Plan (2002:475,512). 149,500 further shares have been issued under the plan since that date.

Insurance of officers
During the financial year, SEEK Communications Limited paid a premium of $57,720 (2002: $58,080) to insure the directors and officers of the company and its Australian-based controlled entities. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity

Proceedings on behalf of company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Rounding of amounts
The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor
PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of the directors.

Irvin Rockman, Chairman	23 October 2003
Paul Bassat, Director	23 October 2003

SEEK Communications Limited and controlled entities
Statements of Financial Performance
For the year ended 30 June 2003

	Notes	Consolidated **2003** **$'000**	Consolidated 2002 $'000	Parent Entity **2003** **$'000**	Parent Entity 2002 $'000
Revenue from ordinary activities	2	**25,924**	17,329	**24,457**	16,248
Expenses from ordinary activities	3	**(20,103)**	(18,737)	**(18,756)**	(17,212)
Profit / (loss) from ordinary activities before income tax expense	3	**5,821**	(1,408)	**5,701**	(964)
Income tax expense	4	**-**	-	**-**	-
Profit / (loss) from ordinary activities after income tax expense	13	**5,821**	(1,408)	**5,701**	(964)
Net exchange differences on translation of financial report of foreign controlled entity	13	**(7)**	26	**-**	-
Total changes in equity other than those resulting from transactions with owner or owners	13	**5,814**	(1,382)	**5,701**	(964)

The above statements of financial performance should be read in conjunction with the accompanying notes

SEEK Communications Limited and controlled entities
Statements of financial position
As at 30 June 2003

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Parent Entity 2003 $'000	Parent Entity 2002 $'000
Current assets					
Cash assets	5	**10,014**	4,778	**9,578**	4,603
Receivables	6	**4,396**	4,071	**4,114**	3,650
Other	7	**147**	102	**147**	102
Total current assets		**14,557**	8,951	**13,839**	8,355
Non-current assets					
Property, plant and equipment	8	**482**	569	**481**	567
Intangible assets	9	**-**	71	**-**	71
Investments	21	**-**	-	**1**	1
Loans to controlled entities	20	**-**	-	**1,791**	1,791
Total non-current assets		**482**	640	**2,273**	2,430
Total assets		**15,039**	9,591	**16,112**	10,785
Current liabilities					
Payables	10	**2,981**	3,706	**2,694**	3,429
Provisions	11	**647**	492	**638**	482
Total current liabilities		**3,628**	4,198	**3,332**	3,911
Total liabilities		**3,642**	4,198	**3,332**	3,911
Net assets		**11,411**	5,393	**12,780**	6,874
Equity					
Contributed equity	12	**28,774**	28,570	**28,774**	28,570
Reserves	13	**11**	18	**-**	-
Retained losses	13	**(17,374)**	(23,195)	**(15,994)**	(21,696)
Total equity		**11,411**	5,393	**12,780**	6,874

The above statements of financial position should be read in conjunction with the accompanying notes.

SEEK Communications Limited and controlled entities
Statements of Cash Flows
For the year ended 30 June 2002

	Notes	Consolidated **2003** **$'000**	Consolidated 2002 $'000	Parent Entity **2003** **$'000**	Parent Entity 2002 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		**28,090**	17,495	**26,261**	16,625
Payments to suppliers and employees (inclusive of goods and services tax)		**(23,051)**	(17,314)	**(21,475)**	(15,875)
		5,039	181	**4,786**	750
Interest received		**288**	166	**280**	166
Net inflow from operating activities	24	**5,327**	347	**5,066**	916
Cash flows from investing activities					
Payments for property, plant and equipment	8	**(295)**	(205)	**(295)**	(205)
Net cash outflow from investing activities		**(295)**	(205)	**(295)**	(900)
Cash flows from financing activities					
Proceeds from issues of shares	12	**204**	46	**204**	46
Net cash inflow from financing activities		**204**	46	**204**	46
Net increase in cash held		**5,236**	188	**4,975**	62
Cash at the beginning of the financial year		**4,778**	4,590	**4,603**	4,541
Cash at the end of the financial year	5	**10,014**	4,778	**9,578**	4,603

The above statements of cash flows should be read in conjunction with the accompanying notes.

Note 1. Summary of significant accounting policies

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by SEEK Communications Limited ("company" or "parent entity") as at 30 June 2003 and the results of all controlled entities for the year then ended. SEEK Communications Limited and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full. Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated statements of financial performance and statement of financial position respectively.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of financial performance from the date on which control commences.

(b) Income tax

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial position is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

(c) Foreign currency translation

(i) Transactions

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are brought to account in determining the profit or loss for the year.

(ii) Foreign controlled entity

As the foreign controlled entity is self-sustaining, its assets and liabilities are translated into Australian currency at rates of exchange current at balance date, while its revenues and expenses are translated at the average of rates ruling during the year. Exchange differences arising on translation are taken to the foreign currency translation reserve.

(d) Acquisitions of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Goodwill is brought to account on the basis described in note 1(i)(i).

(e) Revenue recognition

Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

Revenues from the provision of job advertisements on the Company's web-site are recognised in the period in which the advertisements are placed.

Revenues from banner advertising on the Company's web-site are generated based on a fixed price per thousand page impressions each banner receives. These revenues are recognised in the period that the impressions occur.

Revenues received in advance of the provision of services over multiple periods is initially credited to deferred revenue and then is recognised on a straight-line basis over the period during which the service is delivered.

(f) Receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition for debtors, and no more than 30 days for other debtors.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

(g) Recoverable amount of non-current assets

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal. Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount.

The foreign controlled entity is at an early stage and as a result is currently loss-making. The directors have assessed these matters and consider that it is still appropriate to treat the controlled entity as self-sustaining. They also believe the carrying amount of the loan in the parent entity's financial statements does not exceed its recoverable amount.

(h) Depreciation of property, plant and equipment

Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of property, plant and equipment over its expected useful life to the consolidated entity. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

Plant and equipment 1 - 5 years

(i) Intangible assets and expenditure carried forward

(i) Goodwill

Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of acquisition over the fair value of the identifiable net assets acquired, including any liability for restructuring costs, is brought to account as goodwill and amortised on a straight line basis over the period during which the benefits are expected to arise.

(ii) Research and development

Costs incurred on the Company's operational website and software are expensed immediately.

(j) Trade and other creditors
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Employee benefits
(i) Wages and salaries and annual leave
Liabilities for wages and salaries and annual leave are recognised, and are measured at the amounts expected to be paid when the liabilities are settled. Annual leave liability is expected to be settled within 12 months of year end.

(ii) Long service leave
A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation
Contribution are made by the company to employee superannuation funds and are charged as expenses when incurred.

(l) Cash
For purposes of the statement of cash flows, cash includes investments which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

(m) Rounding of amounts
The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Note 2. Revenue

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Revenue from operating activities				
Services	**25,611**	17,163	**23,767**	15,844
Revenue from outside the operating activities				
Interest	**313**	166	**305**	166
Inter-company management fee		-	**385**	238
Total revenue from ordinary activities	**25,924**	17,329	**24,457**	16,248

Note 3. Operating profit

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
(a) Net gains and expenses				
Operating profit and loss before income tax includes the following specific expenses:				
Expenses				
Depreciation of plant and equipment	**382**	391	**381**	390
Amortisation of goodwill	**71**	55	**71**	55
Bad and doubtful debts – trade debtors	**196**	362	**178**	359
Employee entitlements	**160**	445	**150**	437
Rental expense relating to operating leases:				
Minimum lease payments	**287**	256	**270**	236
Research and development costs	**630**	744	**630**	744
(b) Expenses from ordinary activities by function				
Sales and Marketing	**7,260**	6,044	**6,750**	5,769
Business Development	**7,934**	5,949	**7,292**	4,699
Operations and Administration	**4,909**	6,744	**4,714**	6,744
	20,103	18,737	**18,756**	17,212

Note 4. Income tax

	Consolidated		Parent entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
(a) The income tax expense for the financial year differs from the amount calculated on the loss. The differences are reconciled as follows:				
Profit / (loss) from ordinary activities before income tax expense	**5,821**	(1,408)	**5,701**	(964)
Income tax calculated @ 30% (2002:30%)	**1,746**	(422)	**1,710**	(289)
Tax effect of permanent differences:				
Write-down of goodwill	**-**	35	**-**	35
Research & development claim	**(158)**	(56)	**(158)**	(56)
Non-deductible depreciation and amortisation	**71**	17	**71**	17
Other non-deductible expenses	**220**	-	**220**	-
Sundry items	**9**	11	**9**	11
Income tax adjusted for permanent differences	**1,888**	(415)	**1,852**	(282)
Tax losses and timing differences not brought to account	**(1,888)**	415	**(1,852)**	282
	-	-	**-**	-

	Consolidated		Parent entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
(b) The directors estimate that the potential future income tax benefit at 30 June not brought to account is:				
- timing differences	**330**	549	**330**	568
- tax losses	**4,024**	5,810	**3.515**	5,195
	4,354	6,359	**3,845**	5,763

This benefit for tax losses will only be obtained if:

(i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, or

(ii) the losses are transferred to an eligible entity in the consolidated entity, and

(iii) the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation, and

(iv) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

Note 5. Current assets – Cash Assets

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**837**	510	**470**	335
Short-term investments	**9,177**	4,268	**9,108**	4,268
	10,014	4,778	**9,578**	4,603

Short-Term Investments
The short-term investments consist of bank bills bearing a fixed interest rate of 4.9% at balance date (2001 – 5.0%).

Note 6. Current assets – Receivables

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Trade debtors	**4,743**	4,476	**4,364**	4,049
Less: Provision for doubtful debts	**(484)**	(521)	**(384)**	(494)
	4,259	3,955	**3.980**	3,555
Other debtors	**137**	116	**134**	95
	4,396	4,071	**4,114**	3,650

Note 7. Current assets – Other

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Prepayments	**105**	60	**105**	60
Term deposits	**42**	42	**42**	42
	147	102	**147**	102

Note 8. Non-current assets – Property, plant and equipment

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Plant and equipment				
Plant and equipment – at cost	**1,774**	1,484	**1,769**	1,479
Less: Accumulated depreciation	**(1,292)**	(915)	**(1288)**	(912)
	482	569	**481**	567

Reconciliation
Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

	Plant and equipment	
	Consolidated	Parent Entity
	$'000	**$'000**
Carrying amount at 1 July 2002	569	567
Additions	295	295
Depreciation expense	(382)	(381)
Carrying amount at 30 June 2003	482	481

Note 9. Non-current assets – Intangibles

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Goodwill on purchase of businesses	**165**	165	**165**	165
Less: Accumulated amortisation	**(165)**	(94)	**(165)**	(94)
	-	71	**-**	71

Note 10. Current liabilities – Payables

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Trade creditors	**49**	504	**47**	524
Unearned income	**1,030**	571	**975**	552
Other creditors	**1,902**	2,631	**1,672**	2,353
	2,981	3,706	**2,694**	3,429

Note 11. Current liabilities – Provisions

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Employee benefits	**647**	492	**638**	482

Note 12. Contributed equity

	Parent entity		Parent entity	
	2003	2002	**2003**	2002
	Shares '000	Shares '000	**$'000**	$'000
(a) Share capital				
Ordinary shares:				
Fully paid	**79,351**	**77,754**	**28,774**	**28,570**

(b) Movements in ordinary share capital:

Date	Details	Notes	Number of shares	Issue price	$'000
30.6.2001	Balance		75,766,476		28,524
27.09.2001	Staff Options exercised		472,812	0.09	42
8.12.2001	New Issue – non-cash	(e)	93,680	-	-
18.12.2001	Staff Options exercised		2,700	1.51	4
1.5.2002	Share Options exercised	(f)	1,418,437	-	-
30.6.2002	Balance		77,754,105		28,570
22.08.2002	Staff Options exercised		1,416,462	0.09	127
22.08.2002	Staff Options exercised		28,925	0.381	11
21.01.2003	Staff Options exercised		143,698	0.381	55
21.01.2003	Share Options exercised		7,500	1.51	11
30.6.2003	Balance		79,350,690		28,774

(c) Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Under the share agreement, if additional equity is issued at an issue price less than $1.51, SEEK is required to issue shares to the subscribers who purchased ordinary shares on 18 May 2001 (shares purchased total 2,011,515 ordinary shares), on a pro-rata basis to bring the cost per share down to the same level as the additional equity.

(d) Options
Details of options granted under the SEEK Communications Option Plan are set out in note 19. The number of unissued shares under these options at 30 June 2003 is 4,625,464 (2002: 6,000,912).

(e) Issued pursuant to the June 2000 agreement for the purchase of minority interest in SEEK Campus Pty Ltd.

(f) Mr Robert Watson exercised the share options granted in accordance with an agreement dated 29 January 1999 in his capacity as director and strategic business advisor to the company.

Note 13. Reserves and retained profits

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
(a) **Reserves:**				
Foreign currency translation reserve	**11**	18	-	-
Movements:				
Foreign currency translation reserve				
Opening Balance	**18**	(8)	-	-
Net exchange differences on translation of foreign controlled entity	**(7)**	26	-	-
Closing Balance	**11**	18	-	-
(b) **Accumulated losses**				
Accumulated losses at the beginning of the financial year	**(23,195)**	(21,787)	**(21,695)**	(20,731)
Net profit/(loss) attributable to members of SEEK Communications Limited	**5,821**	(1,408)	**5,701**	(964)
Accumulated losses at the end of the financial year	**(17,374)**	(23,195)	**(15,994)**	(21,695)
(c) **Reconciliation of Total Equity**				
Total equity at the beginning of the financial year	**5,393**	6,729	**6,874**	7,792
Total changes in equity recognised in the statement of financial performance	**5,814**	(1,382)	**5,701**	(964)
Transactions with owners as owners:				
Contributions of equity, net of transaction costs	**205**	46	**205**	46
Total equity at the end of the financial year	**11,411**	5,393	**12,780**	6,874

Note 14. Financial instruments

(a) Credit Risk Exposures

The credit risk on the financial assets of the consolidated entity which have been recognised on the balance sheet, other than investment in shares, is generally the carrying amount, net of any provisions for doubtful debts.

(b) Interest Rate Exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table. Exposures arise predominantly from assets and liabilities bearing variable interest rates as the consolidated entity intends to hold fixed assets and liabilities to maturity.

2003	Floating interest rate $000	Fixed interest rate maturing in: 1 year or less $000	1 to 5 years $000	over 5 years $000	Non-interest bearing $000	Total $000
Financial Assets						
Cash (note 5)	837	9,177	-	-	-	10,014
Trade debtors (note 6)	-	-	-	-	4,259	4,259
Other debtors (note 6)	-	-	-	-	137	137
Term deposits (note 7)	-	42	-	-	-	42
	837	9,219	-	-	4,396	14,452
Weighted average interest rate	3.0%	4.75%	-	-		
Financial Liabilities						
Payables (note 10)	-	-	-	-	(2,981)	(2,981)
Net financial assets	837	9,219	-	-	1,415	11,471

2002	Floating interest rate $000	Fixed interest rate maturing in: 1 year or less $000	1 to 5 years $000	over 5 years $000	Non-interest bearing $000	Total $000
Financial Assets						
Cash (note 5)	510	4,268	-	-	-	4,778
Trade debtors (note 6)	-	-	-	-	3,955	3,955
Other debtors (note 6)	-	-	-	-	116	116
Term deposits (note 7)	-	42	-	-	-	42
	510	4,310	-	-	4,071	8,891
Weighted average interest rate	3.22%	4.60%	-	-		
Financial Liabilities						
Payables (note 10)	-	-	-	-	(3,706)	(3,706)
Net financial assets	510	4,310	-	-	365	5,185

(d) Net fair value of financial assets and liabilities

(i) On-balance sheet

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximates their carrying amounts.

(ii) Off-balance sheet

There are no off-balance sheet financial instruments in place.

Note 15. Remuneration of directors

	Directors of Entities in the Consolidated Entity		Directors of Parent Entity	
	2003	2002	**2003**	2002
		$		$
Income paid or payable, or otherwise made available, to directors by entities in the consolidated entity and related parties in connection with the management of affairs of the parent entity or its controlled entities*	**866,310**	526,500	**866,310**	526,500

*Excluding executives of the parent entity who are only directors of wholly-owned Australian controlled entities.

The numbers of parent entity directors whose total income from the parent entity or related parties was within the specified bands are as follows:

$		$	**2003**	2002
0	-	9,999	**4**	5
10,000	-	20,000	**1**	-
170,000	-	180,000	**-**	3
270,000	-	280,000	**3**	-

Note 16. Remuneration of auditors

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$	**$**	$
Remuneration for audit or review of the financial reports of the parent entity or any entity in the consolidated entity:				
Auditors of parent entity				
Parent entity	**32,950**	23,400	**32,950**	23,400
Controlled entities	**-**	5,600	**-**	-
	32,950	29,000	**32,950**	23,400
Remuneration for other services by the parent entity auditors				
Parent entity	**128,135**	16,621	**128,135**	16,621

Note 17. Contingent liabilities

At balance date, the group had bank guarantees of $42,297 (2002: $42,297) outstanding to cover operating lease commitments (refer note 7).

Note 18. Commitments for expenditure

	Consolidated		Parent entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Other commitments				
Commitments for the payment of marketing costs under long-term contracts in existence at the reporting date but not recognised as liabilities, payable:				
Not later than one year	**1,535**	1,000	**1,300**	1,000
Later than one year but not later than 5 years	**325**	-	**325**	-
	1,860	1,000	**1,625**	1,000
Capital Commitments				
Commitments for the payment of leased premises renovations and office fit-out				
Not later than one year	**829**	-	**829**	-
Later than one year but not later than 5 years	**-**	-	**-**	-
Commitments not recognised in the financial statements	**829**	-	**829**	-
Operating leases				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Not later than one year	**390**	45	**388**	35
Later than one year but not later than 5 years	**1,060**	6	**1,060**	6
Commitments not recognised in the financial statements	**1,450**	51	**1,448**	41

SEEK Communications Limited provides financial assistance to a controlled entity, SEEK Communications (NZ) Limited. The controlled entity's financial position has improved to a breakeven position and it is expected that limited financial assistance will be required in the future.

Note 19. Employee benefits

	Consolidated		Parent entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Employee entitlement liabilities				
Provision for employee benefits (Note 11)	**647**	492	**638**	482
	Number	Number	**Number**	Number
Employee numbers				
Number of employees at the end of the financial year	**108**	98	**105**	95

SEEK Communications Staff Option Plan
The establishment of the SEEK Communications Staff Option Plan was approved by special resolution at the annual general meeting of the company held on 16 March 2000. All full time employees (excluding executive directors) of SEEK Communications Limited and its controlled entities are eligible to participate in the plan.

A total of 839,600 options were granted under the plan to eligible employees during the financial year. Each option is convertible into one ordinary share at any time on or before, 6-10 years after the date of issue at a fixed price of $1.00 per share. The Directors have resolved that options outstanding under the share option plan cannot exceed 10% of the issued shares of the company. Options vest proportionately over 3-4 years after the date of commencement of full time employment except that no options vest until the end of the first year of employment. Options are granted for no consideration.

Note 19. Employee benefits (continued)

1,596,585 ordinary shares were issued during the year ended 30 June 2003 on the exercise of options granted under the plan (2002: 475,512). Options totalling 616,488 (2002: 294,600) lapsed during the year upon termination of employment.

In July and August 2002, employees with options with strike prices between $1.24 and $1.51 per share gave up their entitlements in respect of 1,477,900 options. At the Director's meeting on 17 September 2002, the Directors resolved to issue new options to all eligible employees without employee options. 1,477,900 options were issued with a strike price of $1.

Note 20. Related parties

Directors
The names of persons who were directors of SEEK Communications Limited at any time during the financial years 30 June 2002 and 30 June 2003 are as follows:

Irvin P Rockman
Paul M Bassat
Andrew R Bassat
Matthew M Rockman
Helen Abeles
Robert C G Watson
Stuart Wardman-Browne
Daniel Phillips

All directors were directors throughout both financial years.

Remuneration and retirement benefits
Information on remuneration of directors is disclosed in note 15.

Loans to directors and director-related entities
There were no loans to directors of entities in the consolidated entity and their director-related entities.

Transactions of directors and director-related entities concerning shares or share options
Aggregate numbers of shares and share options of SEEK Communications Limited acquired or disposed of by directors of the company and consolidated entity or their director-related entities from the company:

	Parent entity and consolidated	
	2003	2002
	Number	Number
Acquisitions		
Ordinary shares	666,667	1,418,437
Options over ordinary shares	-	(1,418,437)
Disposals		
Ordinary shares	1,000,000	-

Aggregate numbers of shares and share options of SEEK Communications Limited held directly, indirectly or beneficially by directors of the company or the consolidated entity or their director-related entities at balance date:

	2003	**2002**
	Number	**Number**
Ordinary shares	41,360,252	41,693,585
Options over ordinary shares	205,074	205,074

Other transactions with directors and director-related entities
Aggregate amounts of each of the above types of other transactions with directors and their director-related entities:

	Consolidated		Parent entity	
	2003	2002	**2003**	2002
	$	$	**$**	$
Building renovation services	**5**	-	**5**	
	5	-	**5**	-

Wholly-owned group
The wholly-owned group consists of SEEK Communications Limited and its wholly-owned controlled entities, SEEK Campus Proprietary Limited , and SEEK Communications (NZ) Limited. Ownership interests in these controlled entities are set out in note 21.

Transactions between SEEK Communications Limited and other entities in the wholly-owned group during the years ended 30 June 2003 and 2002 consisted of:
(a) loans advanced by SEEK Communications Limited
(b) inter-company management charges

	Parent entity	
	2003	2002
	$'000	$'000
Aggregate amounts included in the determination of operating profit before income tax that resulted from transactions with entities in the wholly-owned group:		
Inter-company management charge	**384**	238
Aggregate amounts receivable from entities in the wholly-owned group at balance date:		
Current receivables (loans)	**1,791**	1,791

Note 21. Investments in controlled entities

Name of entity	Country of incorporation	Class of shares	Equity holding		Cost of parent entity's investment	
			2003	2002	**2003**	2002
			%	%	**$'000**	
SEEK Campus Proprietary Limited	Australia	Ordinary	100	100	-	-
SEEK Communications (NZ) Limited	New Zealand	Ordinary	100	100	1	1
					1	1

Reconciliation of Investments	**2003** **$'000**	2002 $'000
Opening balance	1	1
Additions	-	-
Less: Provision for diminution in investments	-	-
Closing balance	1	1

Note 22. Event occurring after reporting date

After reporting date Seek Communications Limited and controlled entities entered into negotiations to sell 25% of the consolidated entity's operations to Publishing & Broadcasting Limited. The transaction will be completed during October 2003 and will impact the consolidated entity's operations in future financial years.

Note 23. Segment information

Primary reporting - geographical segments

2003	Australia.	New Zealand	Eliminations/ unallocated	Consolidated
Sales to customers outside the consolidated entity	23,944	1,667	-	25,611
Inter-segment revenue	385	-	(385)	-
Other revenue	-	-	313	313
Total revenue	24,329	1,667	(72)	25,924
Segment result	5,503	4	314	5,821
Segment assets	16,113	718	(1,791)	15,039
Segment liabilities	3,332	2,101	(1,791)	3,642
Acquisition of property, plant & equipment	295	-	-	295
Depreciation	381	1	-	382
Amortisation	71	-	-	71

Primary reporting - geographical segments

2002	Australia $'000	New Zealand $'000	Eliminations/ unallocated $'000	Consolidated $'000
Sales to customers outside the consolidated entity	16,234	929	(238)	17,163
Other revenue	238	-	166	166
Total revenue	16,472	929	(72)	17,329
Segment result	(850)	(439)	(119)	(1,408)
Segment assets	10,930	597	(1,936)	9,591
Segment liabilities	3,911	1,908	(1,621)	4,198
Acquisition of property, plant & equipment	205	-	-	205
Depreciation	390	1	-	391
Amortisation	55	-	-	55

Secondary reporting - business segments
For the year ended 30 June 2003 and 30 June 2002 the consolidated entity was primarily involved in only one business segment, being the advertisement of employment classifieds and related services on the internet.

Note 24. Reconciliation of operating profit after income tax to net cash inflow from operating activities

	Consolidated		Parent entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Profit/(loss) from ordinary activities after income tax	**5,821**	(1,408)	**5,701**	(964)
Depreciation and amortisation	**453**	446	**452**	445
Net exchange difference	**(7)**	26	**-**	-
Change in operating assets and liabilities, net of effects from purchase of controlled entity				
(Increase)/decrease in receivables	**(325)**	(1,259)	**(464)**	(968)
(Increase)/decrease in other operating assets	**(45)**	1,133	**(45)**	1,132
Increase/(decrease) in payables	**(725)**	1,287	**(735)**	1,155
Increase/(decrease) in other provisions	**155**	122	**156**	116
Net inflow from/(outflow used by) operating activities	**5,327**	347	**5,065**	916

SEEK Communications Limited and controlled entities
Directors Declaration
For the year ended 30 June 2003

The directors declare that the financial statements and notes set out on pages 7 to 25:

(a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
(b) give a true and fair view of the company's and consolidated entity's financial position as at 30 June 2002 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the directors' opinion:

(a) the financial statements and notes are in accordance with the Corporations Act 2001; and
(b) 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 directors.

Irvin Rockman, Chairman	23 October 2003
Paul Bassat, Director	23 October 2003