

ARTHUR  
ANDERSEN

ASIA PACIFIC NETWORK  
INFORMATION CENTER

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FINANCIAL STATEMENTS AS OF MARCH 31, 1997  
TOGETHER WITH AUDITORS' REPORT

# ARTHUR ANDERSEN

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A Member Firm of  
Andersen Worldwide SC

To the Board of Directors  
Asia Pacific Network Information Center

We have audited the accompanying balance sheet of Asia Pacific Network Information Center as of March 31, 1997, and the related statement of revenues and expenses for the period from April 30, 1996 to March 31, 1997, expressed in U.S. dollars. Our audits were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above, expressed in U.S. dollars present fairly the financial position of Asia Pacific Network Information Center as of March 31, 1997, and the changes in net assets for the period from April 30, 1996 to March 31, 1997 in conformity with accounting principles generally accepted in Japan applied on a consistent basis.

*Arthur Andersen*

Tokyo, Japan  
June 18, 1997

Asia Pacific Network Information Center  
**Balance Sheet**  
As of March 31, 1997

	U.S. dollars
	1997
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	157,980.39
Accounts receivable	
Membership dues	112,764.71
Allowance for doubtful accounts	( 784.84 )
Cash advance	1,942.73
Prepaid expenses	72.16
Total current assets	272,759.99
Furniture and equipment:	
Computer equipment - others	17,241.24
Less accumulated depreciation	( 3,192.82 )
	14,048.42
Intangible asset:	
Telephone rights	2,039.73
Total assets	288,063.30
<b>LIABILITIES AND NET ASSETS</b>	
Current liabilities:	
Accounts payable	58,111.05
Total current liabilities	58,111.05
Net assets	
Restricted	1.00
Unrestricted	229,951.25
Total net assets	229,952.25
Total liabilities & net assets	288,063.30

**Asia Pacific Network Information Center**  
**Statement of Revenues and Expenses**  
**For the Period from April 30, 1996 to March 31, 1997**

	<u>U.S. dollars</u>
	<u>1997</u>
<b>Revenues</b>	
Membership services	483,583.00
Start-up fees	116,000.00
Donations	97,255.15
Interest income	3,624.50
Other income	618.28
	<u>701,080.93</u>
 <b>Expenses and losses</b>	
Selling, general and administrative expenses	452,430.12
Apricot underwrite	186,199.56
	<u>471,129.68</u>
 <b>Increase in net assets</b>	 <u><u>229,951.25</u></u>

**Asia Pacific Network Information Center**  
**Notes to Financial Statements**  
**March 31, 1997**

**1. Summary of organization.**

Asia Pacific Network Information Center (the APNIC) was founded in April 30, 1996 in Japan.

APNIC is a non-profit association engaging in or performing all or any act.

The association is established for such objects as follows,

- To provide the service of allocating and registering internet resources for the purpose of enabling communications via open system network protocols and to assist in the development and growth of the internet in Asia and Pacific Rim region;
- To assist the Asia and Pacific Rim Internet community in the development of procedures, mechanisms, and standards to efficiently allocate Internet resources as a service to the community as a whole;
- To provide educational opportunities to further Members' technical and policy understanding of the industry;
- To develop public policies and public positions in the vest interest of the members and to seek legislative and regulatory consideration of issues of general benefit to the Members, where and when appropriate;
- To serve as the administrative, managerial and operations arm of APNIC, and to transact all activities, functions and affairs on behalf, and in the name, of the association.

**2. Summary of significant accounting policies**

The accompanying financial statements of Asia Pacific Network Information Center are prepared in accordance with accounting principles generally accepted in Japan as summarized below.

**Fixed assets**

Depreciation is computed by the declining balance method based on Japanese tax regulations of six years for all furniture and equipment. Expenditures for maintenance and repairs are expensed when incurred.

**Allowance for doubtful accounts**

Notes and accounts receivable are valued by providing the maximum amount for possible losses in respect of doubtful receivable which could be charged to income under the income tax law in Japan and an estimated amount of probable bad debts for questionable customers on a specific identification basis.

### 3. Donations

"Donations" income for the period from April 30, 1996 to March 31, 1997 were as follows:

	<u>U.S. dollars</u>
	<u>1997</u>
ISOC	67,255.15
JPNIC	30,000.00
	<u>97,255.15</u>

### 4. Administrative expenses

Administrative expenses for the period from April 30, 1996 to March 31, 1997 were as follows:

	<u>U.S. dollars</u>
	<u>1997</u>
Payroll expense	125,024.81
Entertainment	313.88
Rent	589.13
Travel and transportation	71,188.33
Meeting expenses	2,083.79
Phone/Fax/Postage/Printing	14,296.96
Books and Periodicals	67.49
Bank Service charge	3,416.64
Communication expense	5,188.40
Computer expenses	5,753.37
Office furniture and supplies	4,371.17
Depreciation expense	3,192.82
Repairs	261.80
Domain name registration	3,054.91
Licenses and permit	159.14
Professional development	2,080.83
Professional fees	40,459.43
Miscellaneous	3,427.22
	<u>284,930.12</u>

## 5. Apricot underwrite

Asia Pacific regional Internet conference on operational technologies, which is, called "Apricot " for short. APRICOT '97 was held during January 27 to 30 in Hong Kong. Apricot underwrite is net loss to deduct any expenditure from sponsor ship fees.

Apricot underwrite for the period from April 30, 1996 to March 31, 1997 were as follows:

Receipt	
Balance from 1st APRICOT	15,067.41
Sponsor	68,646.74
Registration Fee	<u>22,622.66</u>
	106,336.81
Expenditure	
Vender	225,994.03
Speaker payment	66,391.33
Postage	101.01
Domain name registration	<u>50.00</u>
	292,536.37
Apricot underwrite	<u><u>186,199.56</u></u>