

**APNIC LTD (A Company Incorporated in the Republic of Seychelles)**

**General Purpose Financial Report  
Year Ended 31 December 1999**

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**APNIC LTD  
DIRECTOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 1999**

The Director presents the report together with the financial report of APNIC Ltd for the year ended 31 December 1999 and the independent audit report thereon.

**Directors**

The sole Director of the company at the date of this report is:

Paul Byron Wilson

**Principal Activities**

The principal activity of the company during the course of the financial year was to act as a non-profit internet registry organisation for the Asia Pacific region.

From 1 July 1998 onwards, the company contracted with another company, APNIC Pty Ltd (incorporated in Australia) to provide internet registry services on its behalf.

Apart from this change, there were no other significant changes in the nature of the activities of the company during the year.

**Result**

The operating profit after income tax amounted to \$203,501 (1998: Loss \$51,974).

**Dividends**

The company does not pay or declare dividends due to its non-profit status as determined by its constituent documents.

**Director's Benefits**

The only benefits paid to the Director were salary and associated employment benefits paid on a normal commercial basis.

Further information relating to the Director is disclosed at Note 15.

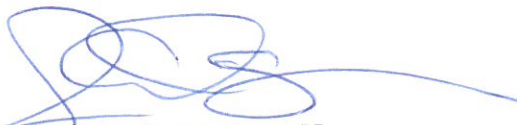
**Indemnification and Insurance of Officers**

Since the end of the previous financial year, APNIC Ltd has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the company.

**Environmental Regulation**

The company is not subject to any significant environmental regulation.

Signed on behalf of the board:



Paul B Wilson  
Director

21/2/2000

Dated

**APNIC LTD**  
**PROFIT AND LOSS STATEMENT**  
**AS AT 31 DECEMBER 1999**

	Notes	1999 \$US	1998 \$US
<b>Operating revenue</b>	2	<u>509,689</u>	<u>675,276</u>
<b>Operating profit/(loss) before income tax</b>	3	203,501	(51,974)
Income tax attributable to operating profit or loss	5	<u>-</u>	<u>-</u>
<b>Operating profit/(loss) after income tax</b>		203,501	(51,974)
Retained profits at the beginning of the financial year		<u>470,839</u>	<u>522,813</u>
<b>Retained profits at the end of the financial year</b>		<u>674,340</u>	<u>470,839</u>

*The above profit and loss statement should be read in conjunction with the accompanying notes.*

**APNIC LTD  
BALANCE SHEET  
AS AT 31 DECEMBER 1999**

	Notes	1999 \$US	1998 \$US
<b>CURRENT ASSETS</b>			
Cash	7	97,738	698,053
Receivables	8	576,603	263,171
<b>Total current assets</b>		<u>674,341</u>	<u>961,224</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	-	14,049
Intangibles	10	-	2,040
<b>Total non-current assets</b>		<u>-</u>	<u>16,089</u>
<b>Total assets</b>		<u>674,341</u>	<u>977,313</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable	11	-	12,280
Unearned income		-	494,193
<b>Total current liabilities</b>		<u>-</u>	<u>506,473</u>
<b>Total liabilities</b>		<u>-</u>	<u>506,473</u>
<b>Net assets</b>		<u>674,341</u>	<u>470,840</u>
<b>EQUITY</b>			
Share capital	13	1	1
Retained profits		674,340	470,839
<b>Total equity</b>		<u>674,341</u>	<u>470,840</u>

*The above balance sheet should be read in conjunction with the accompanying notes.*

**APNIC LTD**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 1999**

	Notes	1999 \$US	1998 \$US
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from members		125,383	1,095,357
Payments to suppliers and employees		(292,090)	(698,249)
Interest received		4,613	14,416
		<hr/>	<hr/>
<b>Net cash inflow/(outflow) from operating activities</b>	14(II)	(162,094)	411,524
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Loans to related parties		(441,583)	(135,020)
		<hr/>	<hr/>
<b>Net cash outflow from investing activities</b>		(441,583)	(135,020)
<b>Net increase (decrease) in cash held</b>		(603,677)	276,504
Cash at the beginning of the financial year		698,053	418,856
Effects of exchange rate changes on cash		3,362	2,693
		<hr/>	<hr/>
<b>Cash at the end of the financial year</b>	7	97,738	698,053

*The above statement of cash flows is to be read in conjunction with the accompanying notes.*

**APNIC LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1999**

## **1. Summary of Significant Accounting Policies**

The significant policies which have been adopted in the preparation of these financial statements are:

### **Basis of Preparation**

The financial statements are a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views. This format has been adopted to ensure consistency with the financial statements of APNIC Pty Ltd. The Australian Accounting Standards are generally consistent with International Accounting Standards.

They have been prepared on the basis of historical costs and except where stated, do not take into account changing money values or current valuations of non-current assets.

The accounting policies have been consistently applied and, except where there is a change in accounting policy, are consistent with those of the previous year.

All amounts are denominated in United States dollars unless otherwise specifically stated.

### **Revenue Recognition – Note 2**

#### *Interest Income*

Interest income is recognised as it accrues unless collectability is in doubt.

#### *Other Revenue*

Member fees is recognised on an accrual basis.

### **Foreign Currency**

#### *Transactions*

Foreign currency transactions are translated to United States currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in non United States currencies are brought to account as exchange gains or losses in the profit and loss account in the financial year in which the exchange rates change.

### **Taxation – Note 5**

#### *Income Tax*

The company is registered in the Republic of Seychelles and the director is of the opinion that it is not subject to the Australian Taxation jurisdiction.

**APNIC LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1999**

**1. Summary of Significant Accounting Policies (continued)**

**Non-Current Assets**

The carrying amounts of all non-current assets are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

**Property, Plant and Equipment – Note 9**

*Acquisition*

Items of property, plant and equipment are recorded at cost and depreciated at diminishing value.

*Depreciation*

Items of property, plant and equipment are depreciated over their estimated useful lives. The reducing balance method of depreciation is used.

**Intangibles – Note 10**

The carrying amounts of intangibles are reviewed annually.

**Comparatives**

The comparative information is reclassified where appropriate to enhance comparability.

**Receivables – Note 8**

*Trade Debtors*

Trade debtors are generally settled within 60 days and are carried at amounts due. The collectibility of debts is assessed at year end and specific provision is made for any doubtful accounts.

**Accounts Payable – Note 11**

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the entity.

**APNIC LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1999**

	<b>1999</b>	1998
	<b>\$US</b>	\$US
<b>2. Operating Revenue</b>		
<b>Revenue from Operating Activities</b>		
Member and non-member fees	494,193	541,212
Start-up fees	-	101,000
	<hr/>	<hr/>
	494,193	642,212
<b>Revenue from Outside the Operating Activities</b>		
Interest	4,613	14,416
Foreign exchange gain	3,362	-
Other revenue	7,521	18,648
	<hr/>	<hr/>
	15,496	33,064
Total revenue	<hr/> <hr/>	<hr/> <hr/>
	509,689	675,276

**3. Operating Profit**

Operating profit before income tax has been arrived at after charging/(crediting) the following items:

Bad and doubtful debts written off to the profit and loss account	2,768	3,248
Depreciation of property, plant and equipment	4,481	12,320
Net foreign exchange (gain)/loss	(3,362)	(2,693)
Net loss/(gain) on sale of property, plant and equipment	9,567	7,548
Net loss/(gain) on sale of intangibles	1,432	-

**4. Auditors' Remuneration**

Auditor's remuneration for the year ended 31 December 1999 of \$13,800 for both APNIC Limited and APNIC Pty Limited has been accrued and disclosed in APNIC Pty Limited's financial statements. Remunerations for each entity cannot be reliably estimated for allocation purposes therefore no disclosure has been made.

**5. Income Tax**

The company is registered in the Republic of the Seychelles and the Director is of the opinion that it is not subject to the Australian Taxation jurisdiction.

**6. Geographical Segments**

The business operates as a non-profit internet registry organisation for the Asia Pacific region.

**7. Cash**

Cash at bank – Citibank Singapore	97,738	675,090
Cash at bank – Sumitomo Tokyo	-	22,934
Petty cash	-	29
	<hr/>	<hr/>
	97,738	698,053



**APNIC LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1999**

	1999 \$US	1998 \$US
<b>8. Receivables</b>		
<b>Current</b>		
Trade debtors	-	128,151
Less: Provision for doubtful debts	-	-
	<u>-</u>	<u>128,151</u>
Loans - APNIC Pty Ltd	576,603	135,020
	<u>576,603</u>	<u>263,171</u>
<b>9. Property, Plant and Equipment</b>		
Computer equipment	-	26,762
Less: Accumulated depreciation	-	(12,713)
	<u>-</u>	<u>14,049</u>
Total property, plant and equipment, at net book value	<u>-</u>	<u>14,049</u>
<b>10. Intangibles</b>		
Telephone rights	-	2,040
	<u>-</u>	<u>2,040</u>
<b>11. Accounts Payable</b>		
<b>Current</b>		
Sundry creditors	-	411
APRICOT Advance	-	9,369
APRICOT Fellowship fund	-	2,500
	<u>-</u>	<u>12,280</u>
<b>12. Foreign Currencies</b>		
<b>Amounts receivable/payable in foreign currencies</b>		
The Australian dollar equivalents of unhedged amounts payable or receivable in foreign currencies, calculated at year end exchange rates, are as follows:		
<b>Australian Dollars</b>		
Amounts receivable		
Current	887,014	218,002
	<u>887,014</u>	<u>218,002</u>
<b>13. Share Capital</b>		
<b>Issued and Paid-up Capital</b>		
1 Ordinary share, fully paid	1	1
	<u>1</u>	<u>1</u>

**APNIC LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1999**

1999  
\$US

1998  
\$US

**14. Notes to the Statements of Cash Flows**

**(I) Reconciliation of Cash**

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet.

**(II) Reconciliation of operating profit after income tax to net cash provided by operating activities**

Operating profit / (loss) after income tax	203,501	(51,974)
Add (less) non-cash items:		
Foreign exchange gain	(3,362)	(2,693)
Depreciation	4,481	12,320
Loss on sale of non-current assets	11,607	7,548
Bad debts	2,768	-
Net cash provided by operating activities before change in assets and liabilities	218,995	(34,799)
Change in assets and liabilities during the financial year:		
(Increase)/decrease in net receivables	125,383	(23,755)
(Increase)/decrease in cash advance	-	6,000
(Increase)/decrease in prepayments	-	68
Increase/(decrease) in accruals	(12,280)	464,010
Increase / (decrease) in unearned revenue	(494,192)	-
Net cash inflow/(outflow) from operating activities	(162,094)	411,524

**15. Related Party Disclosures**

**Directors**

The names of each person who held the position of director of the company during the financial year are:

Paul Byron Wilson

**Director's Shareholdings**

Director's holding shares and share options

The interests of Directors of the reporting entity in shares are outlined below:

APNIC Ltd

Ordinary shares

1

1

**Transactions with Related Parties**

During the year APNIC Ltd loaned funds to APNIC Pty Ltd of \$441,583 (1998: \$135,020)

Management fees of \$271,625 (1998: \$400,002) were paid to APNIC Pty Ltd for services provided for the year.

**APNIC LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1999**

**Note 16. Financial Instruments**

**(a) Off-balance sheet derivative instruments**

The company is not party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in foreign exchange rates.

**(b) Credit risk exposures**

The credit risk on financial assets which have been recognised on the balance sheet, is generally the carrying amount, net of any provisions for doubtful debts.

**(c) Interest rate risk exposures**

The company's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the company intends to hold fixed rate assets and liabilities to maturity.

		Fixed interest maturing in:					
1999	Notes	Floating interest rate	1 year or less	over 1 to 5 years	more than 5 years	Non-interest bearing	Total
		\$	\$	\$	\$	\$	\$
<b>Financial assets</b>							
Cash and deposits	7	97,738	-	-	-	-	97,738
Receivables	8	-	-	-	-	576,603	576,603
		97,738	-	-	-	576,603	674,341
Weighted average interest rate		2.36%					
Net financial assets (liabilities)		97,738	-	-	-	576,603	674,341

		Fixed interest maturing in:					
1998	Notes	Floating interest rate	1 year or less	over 1 to 5 years	more than 5 years	Non-interest bearing	Total
		\$	\$	\$	\$	\$	\$
<b>Financial assets</b>							
Cash and deposits	7	698,053	-	-	-	-	698,053
Receivables	8	-	-	-	-	263,171	263,171
		-	-	-	-	263,171	961,224
Weighted average interest rate							
<b>Financial liabilities</b>							
Accounts payable	11	-	-	-	-	12,280	12,280
Unearned income		-	-	-	-	494,193	494,193
		-	-	-	-	506,473	506,473
Weighted average interest rate							
Net financial assets (liabilities)		698,053	-	-	-	(243,302)	454,751

**APNIC LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1999**

**Note 16. Financial Instruments (continued)**

**(c) Interest rate risk exposures (continued)**

**Reconciliation of net financial assets to net assets**

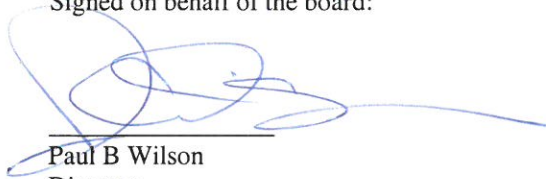
	Notes	1999 \$US	1998 \$US
Net financial assets as above		674,341	454,751
Non-financial assets and liabilities			
Property, plant and equipment	9	-	14,049
Intangibles	10	-	2,040
Net assets per balance sheet		<u>674,341</u>	<u>470,840</u>

**APNIC LTD**  
**DIRECTOR'S DECLARATION**

In the opinion of the Director of APNIC Ltd:

1. (a) the financial statements, set out on pages 2 to 11, are drawn up so as to give a true and fair view of the results and cash flows for the financial year ended 31 December 1999, and the state of affairs of the company at 31 December 1999;
- (b) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.
2. The financial statements have been made out in accordance with applicable Australian Accounting Standards and Urgent Issues Group Consensus Views.

Signed on behalf of the board:



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Paul B Wilson  
Director

21/2/2000  
Dated

# INDEPENDENT AUDIT REPORT TO THE MEMBERS OF APNIC LTD

## *Scope*

We have audited the financial report of APNIC LTD (the Company) for the financial year ended 31 December 1999 as set out on pages 2 to 12. The Company's director is responsible for the financial report and has determined that the accounting policies used and described in Note 1 to the financial statements, including the basis of accounting which form part of the financial report are appropriate. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company on its preparation and presentation in accordance with the accounting policies described in Note 1.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the Company's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

## *Audit Opinion*

In our opinion, the financial report of the Company is in accordance with:

- (i) the accounting policies as described in Note 1 to the financial statements, the Company's position as at 31 December 1999 and of its performance for the year ended on that date; and
- (ii) Australian Accounting Standards; and
- (iii) other mandatory professional reporting requirements



PricewaterhouseCoopers  
Chartered Accountants



M D Bruton  
Partner

21st February 2000  
Brisbane

**APNIC LTD**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED 31 DECEMBER 1999**

	1999	1998
	\$US	\$US
<b>Income</b>		
Membership fees	494,193	536,393
Non-member fees	-	4,819
Start-up fees	-	101,000
Sundry income	7,521	15,955
Interest received	4,613	14,416
Foreign currency exchange gain	3,362	2,693
	<hr/>	<hr/>
Total income	509,689	675,276
<b>Expenses</b>		
Auditor's remuneration	-	6,614
Bad and doubtful debts	2,768	3,248
Bank charges	3,320	7,284
Communication expenses	1,787	9,084
Consultancy fees	-	33,958
Computer expenses	-	426
Depreciation	4,481	12,320
Entertainment expenses	-	74
Gifts	28	-
Legal costs	-	13,496
Licencing fees	-	-
Loss on disposal of fixed assets	-	7,548
Loss on disposal of equipment	9,567	-
Loss on disposal of intangibles	1,432	-
Management fees	271,625	400,002
Office expenses	-	676
Other Expenses	10,050	-
Payroll tax	-	17,180
Postage	28	2,383
Printing and stationery	-	191
Professional fees	1,854	5,996
Registration fees	500	4,343
Repairs and maintenance	-	736
Relocation expenses	-	8,117
Recruitment	155	-
Staff training / conferences	(1,415)	-
Sundry Expenses	8	-
Telephone	-	5,563
Training levy	-	570
Travelling expenses	-	12,575
Wages	-	174,866
	<hr/>	<hr/>
Total expenses	306,188	727,250
<b>Operating profit/(loss)</b>	<hr/>	<hr/>
	203,501	(51,974)

*This page does not form part of the audited financial report.*