

APNIC
(A Company Incorporated in the Republic of Seychelles)

Annual Report - 31 December 2000

Contents	Page
Director's report	1
Profit and loss statement	3
Balance sheet	4
Statement of cash flows	5
Notes to the financial statements	6
Director's declaration	12
Independent audit report to the members	13
Operating statement	14

APNIC (A Company Incorporated in the Republic of Seychelles)

Director's report

31 December 2000

Your director presents its report on the company for the year ended 31 December 2000.

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.

Result

The operating profit after income tax amounted to US\$3,965 (1999: US\$203,501).

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.

Environmental regulation

The company is not subject to any significant environmental regulation.

Insurance of officers

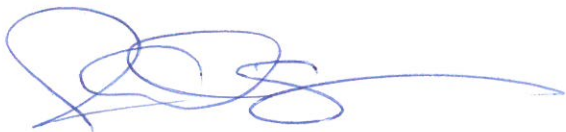
Since the end of the previous financial year, APNIC Ltd has not indemnified or made relevant agreement for indemnifying against a liability any person who is or who has been an officer or auditor of the company.

APNIC (A Company Incorporated in the Republic of Seychelles)

Director's report

31 December 2000

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



Paul Byron Wilson
Director

Brisbane

Date: 16/2/2001

APNIC (A Company Incorporated in the Republic of Seychelles)

Profit and loss statement

For the year ended 31 December 2000

	Note	2000 US\$	1999 US\$
Revenue from operating activities	2	-	494,193
Revenue from outside the operating activities	2	<u>4,898</u>	<u>15,496</u>
Total revenue	2	<u><u>4,898</u></u>	<u><u>509,689</u></u>
Operating profit before income tax	3	3,965	203,501
Income tax attributable to operating profit		<u>-</u>	<u>-</u>
Operating profit after income tax		3,965	203,501
Retained profits at the beginning of the financial year		<u>674,340</u>	<u>470,839</u>
Retained profits at the end of the financial year		<u><u>678,305</u></u>	<u><u>674,340</u></u>

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

APNIC (A Company Incorporated in the Republic of Seychelles)

Balance sheet

As at 31 December 2000

	Note	2000 US\$	1999 US\$
Current assets			
Cash	4	106,703	97,738
Receivables	5	<u>571,603</u>	<u>576,603</u>
Total current assets		<u>678,306</u>	<u>674,341</u>
Total assets		<u>678,306</u>	<u>674,341</u>
Net assets		<u>678,306</u>	<u>674,341</u>
Equity			
Share capital	6	1	1
Retained profits		<u>678,305</u>	<u>674,340</u>
Total equity		<u>678,306</u>	<u>674,341</u>

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

APNIC (A Company Incorporated in the Republic of Seychelles)
Statement of Cash Flows
For the year ended 31 December 2000

	Note	2000 US\$	1999 US\$
Cash flows from operating activities			
Receipts from members and customers		2,510	125,383
Payments to suppliers and employees		<u>(933)</u>	<u>(292,090)</u>
		1,577	(166,707)
Interest received		<u>2,388</u>	<u>4,613</u>
Net cash inflow/(outflow) from operating activities	9	<u>3,965</u>	<u>(162,094)</u>
Cash flows from investing activities			
Loans to related parties		-	(441,583)
Repayment of loans by related parties		<u>5,000</u>	<u>-</u>
Net cash inflow/(outflow) from investing activities		<u>5,000</u>	<u>(441,583)</u>
Net increase (decrease) in cash held			
Cash at the beginning of the financial year		8,965	(603,677)
Effects of exchange rate changes on cash		97,738	698,053
		-	<u>3,362</u>
Cash at the end of the financial year	4	<u>106,703</u>	<u>97,738</u>

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

APNIC (A Company Incorporated in the Republic of Seychelles)

Notes to the financial statements

31 December 2000

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 and 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.

It is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability.

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

(a) 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.

(b) Foreign currency translation

(i) Transactions

Foreign currency transactions are initially translated into United States 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 United States 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, except as stated for differences arising on foreign currency borrowings included in borrowing costs.

(c) Revenue recognition

Interest Income

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

Other Revenue

Member fees are recognised on an accrual basis.

(d) Receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 60 days and are carried at amounts due. The collectability of debts is assessed at year end and specific provision is made for any doubtful accounts.

APNIC (A Company Incorporated in the Republic of Seychelles)

Notes to the financial statements

31 December 2000

Note 1. Summary of significant accounting policies (continued)

(e) Cash

For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(f) 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.

(g) Accounts Payable

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

APNIC (A Company Incorporated in the Republic of Seychelles)**Notes to the financial statements**

31 December 2000

(continued)

	Note	2000 US\$	1999 US\$
Note 2. Revenue			
Revenue from operating activities		-	494,193
Revenue from outside the operating activities			
Interest		2,388	4,613
Other revenue		2,510	10,883
		<u>4,898</u>	<u>509,689</u>
Note 3. Operating profit			
Net gains and expenses			
Profit from ordinary activities before income tax expense includes the following specific net gains and expenses:			
Net gains			
Foreign exchange gains and losses			
Other net foreign exchange gains		-	(3,362)
Net foreign exchange gain		<u>-</u>	<u>(3,362)</u>
Expenses			
Net loss on sale of property, plant and equipment		-	9,567
Net loss on sale of intangibles		-	1,432
Depreciation			
Plant and equipment		-	4,481
Total depreciation		<u>-</u>	<u>4,481</u>
Other charges against assets			
Bad and doubtful debts - trade debtors		-	2,768
Note 4. Current assets - Cash			
Cash at bank - Citibank Singapore		106,703	97,738
		<u>106,703</u>	<u>97,738</u>
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:			
Balances as above		106,703	97,738
Balances as per statement of cash flows		<u>106,703</u>	<u>97,738</u>
Note 5. Current assets - Receivables			
Loan to APNIC Pty Ltd		571,603	576,603
		<u>571,603</u>	<u>576,603</u>
Note 6. Issued Capital			
1 Ordinary share, fully paid		1	1
		<u>1</u>	<u>1</u>

APNIC (A Company Incorporated in the Republic of Seychelles)

Notes to the financial statements

31 December 2000

(continued)

Note	2000	1999
	US\$	US\$

Note 7. 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, other than investments in shares, 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.

2000	Floating interest rate US\$	Fixed interest maturing in:			Non- interest bearing US\$	Total US\$
		1 year or less US\$	Over 1 to 5 years US\$	More than 5 years US\$		
Financial assets						
Cash and deposits	106,703					106,703
Receivables					571,603	571,603
	106,703				571,603	678,306
Weighted average interest rate	2.34%					
Financial liabilities						
Weighted average interest rate						
Net financial assets (liabilities)	106,703				571,603	678,306

Independent audit report to the members of APNIC (A Company Incorporated in the Republic of Seychelles)

Scope

We have audited the financial report of APNIC (A Company Incorporated in the Republic of Seychelles) (the Company) for the financial year ended as set out on pages 3 to 12. The company's director's are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company.

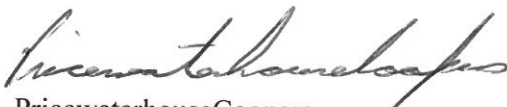
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial 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 2000 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

Brisbane

Date: *20th February 2001*

APNIC (A Company Incorporated in the Republic of Seychelles)
Private information for the Directors
on the 2000 financial report
Operating statement
For the year ended 31 December 2000

	2000	1999
	US\$	US\$
Income		
Membership fees	-	494,193
Sundry income	2,510	7,521
Interest received	2,388	4,613
Foreign currency exchange gain	-	3,362
	<hr/>	<hr/>
Total income	4,898	509,689
	<hr/>	<hr/>
Expenses		
Bad and doubtful debts	-	2,768
Bank charges	148	3,320
Communication expenses	-	1,787
Depreciation	-	4,481
Gifts	-	28
Loss on disposal of equipment	-	9,567
Loss on disposal of intangibles	-	1,432
Management fees	-	271,625
Other Expenses	-	10,050
Postage	-	28
Professional fees	385	1,854
Registration fees	400	500
Recruitment	-	155
Staff training / conferences	-	(1,415)
Sundry Expenses	-	8
	<hr/>	<hr/>
Total expenses	933	306,188
	<hr/>	<hr/>
Operating profit/(loss)	3,965	203,501
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This page does not form part of the audited financial report.