



2017

ANNUAL REPORT

APNIC Foundation vision

**“A global, open, stable, and secure
Internet that serves the entire Asia
Pacific community”**

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Foundation Board



Ms Sylvia Sumarlin, Board Chair
(Indonesia)

Ms Sylvia Sumarlin is Chair of the Federasi Teknologi Informasi Indonesia (the Indonesian Information Technology Federation (FTII)). The FTII represents 14 professional IT associations. In this role, she leads efforts to advise the government on a national ICT roadmap and regulations that encourage the use of ICT, promote local IT industries to other economies in the Asia Pacific, develop cooperation with international partners, and provide education to enhance the knowledge of ICT professionals.

Ms Sumarlin's involvement in the Internet began in 1995 when she established and led Dyviacom Intrabumi (DNET), one of Indonesia's first ISPs. Ms Sumarlin acquired a Bachelor of Arts (BA) degree (Economics) from Syracuse University, USA in 1986. After that, in 1989, she earned two Master of Arts degrees in International Relations and Economics from Syracuse University.



Mr Edward Tian, Ph.D.
(China)

Mr Edward Tian is the founder and Chairman of China Broadband Capital Partners, LP (CBC). CBC Capital was formed in May 2006. Before Mr Tian founded CBC Capital, he was the Vice Chairman and CEO of China Netcom Group from Nov 2002 to May 2006. He was the CEO of China Netcom Company Ltd from Aug 1999 to May 2002. Mr Tian was also the Vice Chairman of PCCW Ltd from 2005 to 2007. Before joining China Netcom, Mr Tian was the co-founder and CEO of AsialInfo Holding Inc, the first Internet technology provider in China.

Mr Tian holds a Ph.D. in Natural Resource Management from Texas Tech University, USA.



Mr Sharad Sanghi
(India)

Mr Sharad Sanghi is the Managing Director and CEO of Netmagic, an organization that he founded in July 1998, and is now an NTT Communications Company. Mr Sanghi is responsible for growing Netmagic into India's leading managed hosting and cloud service provider, with over 1,100 employees and nine data centres delivering services to over 2,000 enterprise customers across the globe.

Mr Sanghi is a pioneer in the Indian cloud computing space, and his vision has helped Netmagic become a leader in the public cloud services market in India. Mr Sanghi is an Electrical Engineer from IIT Bombay and a holder of a Master's degree from Columbia University, New York.

Foundation Staff



Duncan Macintosh
CEO and Executive Director

After three years as APNIC's Development Director, Duncan was appointed the founding CEO and Executive Director of the APNIC Foundation in April 2017. As CEO, he leads efforts to support and advance the APNIC Development Program and the Internet's technical development in the Asia Pacific region. Before joining APNIC, he founded and led Foundations for one of Asia's leading research organizations (and an APNIC Member), the International Rice Research Institute.



Sylvia Cadena
Head of Programs

After ten years managing the Information Society Innovation Fund (ISIF Asia) at APNIC, Sylvia was appointed Head of Programs at the APNIC Foundation in December 2016. As Head of Programs, Sylvia works on the management, design and implementation of collaborative programs to expand APNIC's capacity-building efforts and its overall Development Program.

At ISIF Asia, Sylvia continues to lead a grants and awards program that seeks to empower communities in the Asia Pacific to research, design and implement Internet-based solutions for their own needs. She is serving as a member of the ICANN Cross Community Working Group (CCWG) on new gTLD auction proceeds, is Co-Chair of the Asia Pacific Regional Internet Governance Forum (APrIGF), and is a member of the Multistakeholder Advisory Group (MAG) of the Internet Governance Forum (IGF).

About APNIC

APNIC, the Asia Pacific Network Information Centre, is the founder and sole member of the APNIC Foundation.

APNIC is a not-for-profit organization dedicated to sustaining a global, open, stable, and secure Internet that serves the Asia Pacific region. APNIC actively supports the established and proven multistakeholder approach to Internet governance, both through its own open multistakeholder processes, and through advocacy for and on behalf of the Internet technical community.

APNIC works primarily as the Regional Internet Registry (or RIR) for the Asia Pacific, with responsibility for distribution and management of IP addresses, and for registry services including 'whois', resource certification, and reverse DNS.

As an RIR, APNIC facilitates bottom up, community-based development of Internet resource policies, which determine how IP addresses and related resources are managed.

APNIC also provides technical training and education on Internet infrastructure development, supports Internet community events, produces global Internet research, and assists in the development of critical infrastructure such as DNS root servers and Internet Exchange Points (IXPs).

APNIC's current priorities include supporting IPv6 deployment, while also managing the ongoing depletion of IPv4 address space; promoting Internet security through technical training and Internet resource certification; building capacity to provide direct technical assistance; and promoting the success of the current multistakeholder model of Internet governance, particularly with governments and with intergovernmental organizations such as the ITU, APEC, OECD, and others.





CEO/Executive Director's Report

The APNIC Foundation Limited was incorporated in Hong Kong on 28 September 2016 as a not-for-profit company with APNIC Pty Ltd (Australia) as its sole member. The Foundation's bank accounts were opened by Standard Chartered in Hong Kong three months later on 19 December 2016. The first staff members were seconded from APNIC Pty Ltd to the Foundation in the first half of 2017 with Sylvia Cadena joining me at the Foundation as Head of Programs.

PricewaterhouseCoopers in Hong Kong was appointed as the Foundation Secretary and auditors for the Foundation. This first annual report of the Foundation, including the audited financial reports attached, covers the period from 28 September 2016 (date of incorporation) to 31 December 2017.

The Foundation's activities were supported from the start by an annual operational budget from APNIC that covered salaries, travel, and other expenses. Canada's International Development Research Centre (IDRC), and the Internet Society also continued their support for the Information

Society Innovation Fund's (ISIF Asia) grants and awards program. The Australian Government's Department of Foreign Affairs and Trade (DFAT) agreed to support a Foundation proposal to provide training and development assistance for Computer Emergency Response Teams (CERTs) in the Pacific region over two years (2017-2019). The support from APNIC, IDRC, Internet Society, and the Australian Government provided the Foundation with its first overhead revenue.

In a series of [blog posts](#), APNIC's Director General, Paul Wilson, explained in detail the thinking behind the Foundation, why it was established, and what it would be focusing on.

The first 18 months of operation by the APNIC Foundation was marked by four important achievements:

1) Strong support from APNIC: The strong support and leadership provided by the APNIC Executive Council (EC) — representing APNIC as the founding, sole member of the Foundation — has been crucial to the Foundation's initial success. As the single largest donor both in terms of financial and administrative support, APNIC's support has been fundamental to the Foundation's progress and development. Just as important to the initial success of the Foundation, has been APNIC's respected reputation in the Asia Pacific Internet community and its ability to provide high-quality support ranging from financial management, governance, and oversight to technical training and cybersecurity expertise.

2) An outstanding Board: The selection and appointment by the APNIC EC of three outstanding candidates to the Foundation Board was another key achievement. Sylvia Sumarlin, Edward Tian, and Sharad Sanghi bring great knowledge, expertise, and connections to the Foundation. I am optimistic that the EC will be successful in filling the rest of the Board positions with candidates of equal stature and ability.

3) Continuing support from existing donors: It was important the Foundation maintained its strong relationships — developed by APNIC — with existing donors such as the IDRC and Internet Society. At the same time, it successfully remained engaged with previous donors such as the World Bank, the Swedish International Development Agency (Sida) and the Japan International Cooperation Agency (JICA).

4) Fresh support from new donors: Thanks to APNIC's strong presence in the regional cybersecurity community — as well as its early support for CERT Tonga (a recipient of the ISIF Asia 2016 grants) — the Foundation submitted a successful proposal for funding under the Australian Government's Cyber Cooperation Program (CCP). The proposal focused on CERT development and training in Pacific economies. It was granted two years of funding, starting in the first half of 2017 and ending in June 2019.

These achievements have provided a strong start for the Foundation that I am confident we can build on. Looking ahead, we will be working to engage more widely and deeply with donors and investors supporting the Internet's technical development in the Asia Pacific, especially those who share the Foundation's vision of a global, open, stable, and secure Internet that serves the entire Asia Pacific community.



Activity Report

Corporate

2016

- PricewaterhouseCoopers Hong Kong was appointed as the Foundation Secretary and auditors for the Foundation.
- Che-Hoo Cheng and Duncan Macintosh were appointed as the Board's first members for the Foundation's setup phase.
- The Foundation became fully operational with the opening of its bank accounts at Standard Chartered Hong Kong in December. The Foundation website and social media were launched.
- The nomination process for the Foundation Board was formally launched in December.
- At the end of 2016, Sylvia Cadena was appointed as Co-Chair of the APrIGF for the 2017-2019 term.

2017

- In January, the first full-time staff members were appointed: Duncan Macintosh as Foundation CEO and Sylvia Cadena as Head of Programs. Both are seconded from APNIC where they had served as Development Director and Community Partnerships Specialist, respectively.
- The Charitable registration in Hong Kong and Board processes continued.
- Duncan Macintosh joined the Steering Committee of the Asia Information Superhighway initiative organized by the United Nations Economic and Social Commission for Asia and the Pacific.
- In June, a 10-year Affirmation of Commitments (AoC) was signed between APNIC and the Foundation to document the financial and management relationships between the two.
- In September, the first three Foundation Board members were appointed: Sylvia Sumarlin from Indonesia; Edward Tian from China; and Sharad Sanghi from India.
- The Foundation's inaugural Board meeting to approve its first audited financial statements was planned for the first quarter of 2018.
- In December 2017, Sylvia Cadena was appointed as a member of the IGF MAG, an initiative convened by the United Nations Secretary General.

Projects

2017

- In June, funding for the Foundation's first major project was confirmed. A two-year grant of AUD 200,000 is provided under the Australian Government's Cyber Cooperation Program to Build Cyber Capacity in the Indo-Pacific. It's for a project entitled 'Raising Cyber Security Capability and Awareness: A secure and resilient Internet infrastructure for development in the Pacific' and supports the training and development of Computer Emergency Response Teams (CERTs) in the Pacific.
- In July, the first instalment of AUD 100,000 was received for the project.

ISIF Asia: Information Society Innovation Fund

2016

- IDRC renewed its funding with a grant of CAD 399,500 for 2017-2019.
- The Internet Society also renewed its funding with a grant of USD 70,500 for 2017-2019.
- ISIF Asia completed the allocation of AUD 441,000 for 10 grants in 9 economies, including a new cybersecurity category under the review of a newly established committee.
- Two award winners were selected for the 2016 Awards and received an AUD 3,000 cash prize and travel grant to attend the IGF 2016 in Mexico.

2017

- Under the 2016 Internet Society Cybersecurity Grant, the video 'What is a CERTs?' about the role of CERTs, was produced and launched at the APriGF 2017 in Bangkok.
- Five projects were selected during 2017 to receive the 2017 Grants and Award for a total of AUD 160,000.
- As the Foundation confirmed USD 210,000 for the 2018 Grants and Awards process, four Selection Committees were established based on the categories decided, including two new ones focusing on Gender and Community Networks.
- The 2015 funded project to deploy a community-based Hybrid Wireless Network Using TV White Space and Wi-Fi Spectrum in Nepal completed its activities successfully with the Final Report received and published.
- The 2016 grants completed their activities and those with a 12-month implementation period have published their Final Reports. Reports for the 2017 grants are expected to be published in late 2018.

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Project Highlights

It has been a busy and successful first year for the Foundation. Here are two examples that demonstrate the success and impact of its projects. The first reports on a project in the Pacific to support CERT development. The second discusses work funded by ISIF Asia.

Raising Cyber Security Capability and Awareness in the Pacific, Project Donor, Australian Government

Computer Emergency Response Teams (CERTs) and Computer Security Incident Response Teams (CSIRTs) play an important role in Internet safety in the region. Recognising this and in response to feedback from its members, APNIC has been supporting CERT development for several years.

Earlier this month, Papua New Guinea's (PNG) National Information and Communications Technology Authority (NICTA) organized a two-day workshop in Port Moresby focused on establishing a national CERT in PNG.

APNIC was invited by NICTA to be a part of this milestone, along with network operators, representatives from financial, law enforcement and academic institutions, and government agencies.

In his opening remarks, Mr Sam Basil, the Minister for Communications, Information Technology and Energy, highlighted the importance of the workshop within the context of the other development work — including the launch of PNG IXP earlier this year — that is happening in PNG.

“The two-day workshop that begins today will seek to take steps, through multistakeholder dialogue, in implementing



a National Computer Emergency Response Team (CERT) for PNG. The planned establishment of this key critical infrastructure is part of PNG Government's proposed cybersecurity policy and strategy to develop a safer and secure national cyber environment,” said Mr Basil.

“The set-up of the Computer Emergency Response Team (CERT) will also put us on par with the developed economies of APEC and boost confidence in doing electronic commerce (or e-commerce) within the country and between us and other countries.”

The objectives of the workshop were:

- 1) To learn about CERTs in general with an emphasis on the community-based multistakeholder model of CERT development, in the context of National CERTs.
- 2) To engage key stakeholders to lay the Foundation for a national CERT in PNG and get their input in developing an initial action plan.

It was a pleasure to work with the participants and share some observations gained from our recent experience helping to establish CERT Tonga as well as our ongoing engagements with APCERT and FIRST.

Overall, it was very heartening to see attendees actively participate, share ideas, and offer support to get the CERT up and running.

Of course, there's more work to be done based on the action plan developed from the workshop. And even after the CERT has been successfully established there will be requirements for enhancing its capabilities as part of a bigger cybersecurity agenda. But the workshop has provided a solid basis from which to take action.

This work is being supported by the APNIC Foundation through a grant from the Australian Government.

Rapid detection of BGP anomalies, Project Donor, ISIF Asia

The Centre for Advanced Internet Architectures (CAIA) from the Swinburne University of Technology, explored a new technique that quickly detects different BGP anomalies as part of the Internet Operations Research Grant they received from ISIF Asia during 2016 and implemented during 2017.

The Internet's default inter-domain routing protocol, the Border Gateway Protocol (BGP) is vulnerable to different types of

anomalies such as hijacking, misconfiguration, and Denial of Service (DoS) attacks. Although considerable research has been carried out into BGP anomalies, existing approaches were not able to mitigate or identify BGP misconfiguration and lack of ground truth timestamps for BGP events.

In this project, CAIA's team introduced two new tools: the real-time BGP Anomaly Detection Tool (RTBADT) and the BGP Replay Tool (BRT), to detect BGP anomalies in real-time. Specifically, RTBADT can be used by ISP operators to monitor and detect BGP anomalies through peering it with the intended peer AS, while BRT is able to replay past BGP updates with timestamps. These tools enable network operators to protect their network from the worst consequence and mitigate the threats of Internet stability.



Evaluating BGP Replay Tool (BRT) using generated BGP updates and past BGP events

Directors' Report and Financial Statements

28 September 2016 to 31 December 2017



Report of Board of Directors

The directors submit their first report together with the audited financial statements of APNIC Foundation Limited (the “Foundation”) for the period from 28 September 2016 (date of incorporation) to 31 December 2017.

Principal activities

The principal activities of the Foundation are to advance education in technical, operational and policy matters relating to internet infrastructure, through undertaking or funding activities in the Asia Pacific region.

Business review

No business review is presented for the period from 28 September 2016 (date of incorporation) to 31 December 2017 as the Foundation is able to claim an exemption under section 388(3) of the Hong Kong Companies Ordinance (Cap. 622) since it falls within the reporting exemption.

Results

The results of the Foundation for the period are set out in the statement of comprehensive income on page 7.

Directors

The directors during the period and up to the date of this report are:

Sylvia Efi Widyantari SUMARLIN
(appointed on 22 September 2017)

Suning TIAN
(appointed on 22 September 2017)

Sharad Kumar SANGHI
(appointed on 22 September 2017)

Duncan Ian MACINTOSH
(appointed on 28 September 2016 and resigned on 28 September 2017)

Che-Hoo CHENG
(appointed on 28 September 2016 and resigned on 22 September 2017)

Duncan Ian MACINTOSH and Che-Hoo CHENG resigned as directors of the Foundation of their personal accords. They confirmed that they have no disagreement with the Board and nothing relating to the affairs of the Foundation needed to be brought to the attention of the member of the Foundation.

There being no provision in the Foundation’s Articles of Association for retirement by rotation, all current directors continue in office.

Directors’ material interests in transactions, arrangements and contracts that are significant in relation to the Foundation’s business

No transactions, arrangements and contracts of significance in relation to the Foundation’s business to which the Foundation was a party and in which a director of the Foundation had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

Directors’ interests in the shares and debentures of the Foundation or any specified undertaking of the Foundation

At no time during the period was the Foundation a party to any arrangement to enable the directors of the Foundation to hold any interests in the shares or debentures of the Foundation or its specified undertakings.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Foundation were entered into or existed during the period.

Permitted indemnity provisions

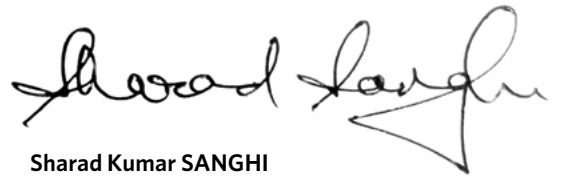
In accordance with Memorandum and Articles of Association of the Foundation, the directors shall be indemnified out of the assets of the Foundation against any liabilities incurred by them in relation to the Foundation in defending any proceedings, whether civil or criminal, in which judgement is given in their favours.

Other than mentioned above, at no time during the financial year and up to the date of this directors' report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Foundation (whether made by the Foundation or otherwise) or an associated company (if made by the Foundation).

Auditor

The financial statements have been audited by Pricewaterhouse-Coopers who retire and, being eligible, offer themselves for reappointment.

On behalf of the Board,

A handwritten signature in black ink, appearing to read 'Sharad Kumar Sanghi', written over a light grey rectangular background.

Sharad Kumar SANGHI

Director

17 May 2018

Independent Auditor's Report to the Member of APNIC Foundation Limited

(Incorporated in Hong Kong and limited by guarantee)

Opinion

What we have audited

The financial statements of APNIC Foundation Limited (the "Foundation") set out on pages 6 to 19, which comprise:

- the balance sheet as at 31 December 2017;
- the statement of comprehensive income for the period from 28 September 2016 (date of incorporation) to 31 December 2017;
- the statement of changes in fund for the period then ended;
- the statement of cash flows for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Foundation as at 31 December 2017, and of its financial performance and its cash flows for the period from 28 September 2016 (date of incorporation) to 31 December 2017 in accordance with Hong Kong Financial

Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Foundation in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The directors are responsible for the other information. The other information comprises the information included in the directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

The responsibility of the directors include overseeing the Foundation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not

a guarantee that an audit conducted in accordance with the HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



PricewaterhouseCoopers

Certified Public Accountants, Hong Kong
17 May 2018

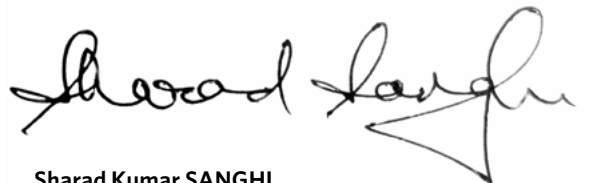
Balance Sheet

(All amounts in United States dollars unless otherwise stated)

Assets	Note	As at 31 December 2017
Current assets		
Amount due from APNIC	5	24,615
Cash and cash equivalents	6	262,728
Total assets		287,343
Fund		
Accumulated fund		5,515
Total fund		5,515
Liabilities		
Current liabilities		
Amount due to APNIC	5	5,491
Accruals	7	29,568
Deferred income on specific donations	8	246,769
Total liabilities		281,828
Total fund and liabilities		287,343

The notes on pages 10 to 19 are an integral part of these financial statements.

The financial statements on pages 6 to 19 were approved by the Board of Directors on 17 May 2018 and were signed on its behalf.



Sharad Kumar SANGHI

Director

17 May 2018



Sylvia Efi Widyantari SUMARLIN

Director

17 May 2018

Statement of Comprehensive Income

(All amounts in United States dollars unless otherwise stated)

Revenue	Note	Period from 28 September 2016 (date of incorporation) to 31 December 2017
Contribution Received - APNIC		530,651
Contribution Received - Others	8	5,491
Interest income		47
Exchange gains		5,585
Total revenue		541,774
Expenditure		
Programme expenses		(5,491)
Administrative expenses	9	(530,768)
Total expenditure		(536,259)
Surplus for the period		5,515
Other comprehensive income for the period		-
Total comprehensive income for the period		5,515

Statement of Changes in Fund

(All amounts in United States dollars unless otherwise stated)

Total comprehensive income	Accumulated fund
Surplus for the period	5,515
Other comprehensive income	-
Balance at 31 December 2017	5,515

Statement of Cash Flows

(All amounts in United States dollars unless otherwise stated)

Cash flows from operating activities	Note	Period from 28 September 2016 (date of incorporation) to 31 December 2017
Surplus for the period		5,515
Change in working capital:		
Amount due from APNIC		(24,615)
Amount due to APNIC		5,491
Accruals		29,568
Deferred income on specific donations		246,769
Net cash generated from operating activities		262,728
Net increase in cash and cash equivalents		262,728
Cash and cash equivalents at beginning of the period	6	-
Cash and cash equivalents at end of the period		262,728

Notes to the Financial Statements

(All amounts in United States dollars unless otherwise stated)

1 General information

The principal activities of APNIC Foundation Limited (the "Foundation") are to advance education in technical, operational and policy matters relating to Internet infrastructure, through undertaking or funding activities in the Asia Pacific region.

The Foundation is incorporated under the Hong Kong Companies Ordinance as a company limited by guarantee and not having a share capital. The address of its registered office is 21/F Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong.

Under the provisions of the Foundation's Memorandum and Articles of Association, every member shall, in the event of the Foundation being wound up, contribute to the assets of the Foundation to the extent of HKD 100. At 31 December 2017, the Foundation had 1 member, APNIC Pty Inc.

These financial statements are presented in United States dollars unless otherwise stated.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The financial statements of the Foundation have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong, and the requirements of the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Foundation's accounting policies. In the opinion of the directors, there are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

a) New standards, amendments and interpretations to existing HKFRS (collectively, the "Amendments") effective for the accounting year commencing on 1 January 2017.

The following Amendments have been early adopted by the Foundation for the first time for the period from 28 September 2016 (date of incorporation) to 31 December 2017:

Amendments to HKAS 7	Statement of cash flow
Amendments to HKAS 12	Income taxes

The adoption of these Amendments does not have any significant impact on these financial statements except for certain additional applicable disclosures.

b) Amendments that are not yet effective and have not been early adopted by the Foundation. Certain Amendments have been published that are mandatory for the Foundation's accounting periods commencing on or after 1 January 2018 and they have not been early adopted in these financial statements. None of these is expected to have a significant effect on the financial statements of the Foundation, except for the following set out below:

HKFRS 9	Financial instruments ¹
HKFRS 15	Revenue from contracts with customers ¹
HKFRS 16	Lease ²
HK (IFRIC)-Int 22	Foreign currency transactions and advance consideration ¹
HK (IFRIC)-Int 23	Uncertainty over income tax treatments ²

Note:

(1) Effective for the financial period beginning on 1 January 2018.

(2) Effective for the financial period beginning on 1 January 2019.

The Foundation will apply these Amendments in the year of initial application. The Foundation is currently assessing the impact of the adoption of the Amendments. So far the directors are of the opinion that none of these is expected to have a significant effect on the financial statements, except for HKFRS 9 and HKFRS 15, of which the assessment of the impact to this Amendment is set out below.

HKFRS 9 Financial instruments

HKFRS 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in HKFRS 9 are based on an expected credit loss model and replace the HKAS 39 incurred loss model.

(i) Classification and measurement

The Foundation does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets.

(ii) Impairment

HKFRS 9 requires the Foundation to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Foundation expects to apply the simplified approach and record lifetime expected losses on all receivables. The Foundation does not expect any significant impact from these changes.

The Foundation plans to adopt the new standard on the required effective date without restating prior years' information and recognize any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening accumulated fund.

HKFRS 15 Revenue from contracts with customers

HKFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognized at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under HKFRS. Either a full retrospective application or a modified retrospective application is required for the Foundation's financial

periods beginning on 1 September 2018. Early adoption is permitted.

The Foundation performed a preliminary assessment of HKFRS 15, which is subject to changes arising from a more detailed ongoing analysis. The Foundation expects that the adoption of HKFRS 15 will have no material impact on the financial statements in the period of initial application. However, there will be additional disclosures upon the adoption of HKFRS 15.

2.2 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of the Foundation are measured using the currency of the primary economic environment in which the Foundation operates (the "functional currency"). The financial statements are presented in United States dollars, which is the Foundation's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

2.3 Financial assets – loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets.

Loans and receivables are initially recognized at fair value and subsequently carried at amortised cost using the effective interest method.

2.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Foundation or the counterparty.

2.5 Impairment of financial assets carried at amortised cost

The Foundation assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The

carrying amount of the asset is reduced and the amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss.

2.6 Receivables

Receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

If collection of receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

2.7 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with a bank, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts, if any.

2.8 Payables

Payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.9 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Foundation's operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

(c) Off-setting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.10 Employee benefits - bonus plans

The Foundation recognizes a liability and an expense for bonuses when the Foundation has a present or legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2.11 Provisions

Provisions are recognized that when the Foundation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.12 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The Foundation recognizes revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the Foundation and specific criteria have been met for the Foundation's activities, as described below.

Donation income for general purpose is recognized as income in profit or loss when received or the right of collection is established.

Donation income for specific purposes is recognized at fair value when there is a reasonable assurance that the Foundation will comply with the conditions attaching to it and that the amount will be received.

Specific donation income relating to costs that they are intended to compensate are deferred and recognized in profit or loss over the period necessary to match these costs.

Interest income is recognized on a time-proportion basis using the effective interest method.

3 Financial risk and capital risk management

3.1 Financial risk factors

The Foundation's activities expose it to a variety of financial risks factors: foreign exchange risk, credit risk, liquidity risk and cash flow interest rate risk. The Foundation's overall risk management procedures focus on the unpredictability of financial markets and seek to minimize potential adverse effects on the Foundation's financial performance.

(a) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions, recognized assets and liabilities are denominated in a currency that is not the Foundation's functional currency. The Foundation is exposed to foreign

currency exchange fluctuations arising from various currency exposures created in the normal course of business, primarily with respect to Hong Kong and Australian dollars.

As the Hong Kong dollar is reasonably stable with the United States dollar under the Linked Exchange Rate System, the directors are of the opinion that the Foundation does not have significant foreign exchange risk. In addition, the foreign exchange risk arising from Australian dollars is not significant as the net balance denominated in Australian dollars is minimal. Accordingly, no sensitivity analysis is performed.

(b) Credit risk

The Foundation's credit risk primarily arises from the receivables from the sole member and cash at bank.

The directors are of the opinion that the credit risk in respect of the receivables from the sole member is low because it has good credit quality.

The credit risk on cash at bank is limited because the counterparty is a reputable and creditworthy bank.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(c) Liquidity risk

The liquidity of the Foundation is adequately managed and monitored by maintaining sufficient cash and cash equivalents and obtaining funding from the sole member. Accordingly, the directors are of the opinion that the Foundation does not have significant liquidity risk.

The table below analyses the Foundation's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	As at 31 December 2017
Less than one year	
Amount due to the sole member	5,491
Accruals	29,568
	<hr/> 35,059

(d) Cash flow interest rate risk

The Foundation's interest rate risk mainly arises from the bank balances which carry interest at market interest rates. The directors are of the opinion that the interest income derived from the bank balances is insignificant to the Foundation's operation and accordingly, no sensitivity analysis is presented for cash flow interest rate risk.

3.2 Fund risk management

The Foundation's objectives when managing funds are to safeguard the Foundation's ability to continue as a going concern and to have sufficient funding for future operations.

The fund of the Foundation represents its accumulated fund.

3.3 Fair value estimation

No disclosure of fair value measurements by level of fair value hierarchy is required in these financial statements as there are no financial instruments measured on such basis on the balance sheet.

The carrying values less impairment provision of receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Foundation for similar financial instruments.

4 Financial instruments by category

The Foundation's financial instruments include the following:

Financial assets - loans and receivables	As at 31 December 2017
Amount due from the sole member	24,615
Cash and cash equivalents	262,728
	<hr/> 287,343

Financial liabilities - other financial liabilities at amortised cost	As at 31 December 2017
Amount due to the sole member	5,491
Accruals	29,568
	<hr/> 35,059

5 Amounts due from/(to) the sole member

The amounts with the sole member are unsecured, interest free and repayable on demand.

As at 31 December 2017, the amount due from the sole member is not past due or impaired.

The carrying values of amounts due from/(to) the sole member approximate their fair values as at 31 December 2017 and are denominated in Australian dollars.

6 Cash and cash equivalents at end of the period

	As at 31 December 2017
Cash at banks, maximum exposure to credit risk	262,728

The carrying amounts of cash and cash equivalents as at 31 December 2017 are denominated in the following currencies.

	As at 31 December 2017
United States dollars	55,642
Hong Kong dollars	2,357
Australian dollars	204,729
	262,728

7 Accruals

The carrying value of accruals approximates its fair value as at 31 December 2017 and is denominated the following currencies.

	As at 31 December 2017
Hong Kong dollars	20,993
Australian dollars	8,575
	29,568

8 Deferred income on specific donations

	DFAT (note a)	International Development Research Centre ("IDRC") (note b)	The sole member - The Information Society Innovation Fund ("ISIF") (note c)	The sole member - ISIF Research (note d)	Total
As at 28 September 2016 (date of incorporation)	-	-	-	-	-
Donation received	73,819	55,641	76,750	46,050	252,260
Recognized in profit or loss	(5,491)	-	-	-	(5,491)
At 31 December 2017	68,328	55,641	76,750	46,050	246,769

(a) DFAT

It represents funds donated by DFAT for the activity of "Foster and support the development of national Computer Emergency Response Teams (CERTs) in the Asia Pacific, including by mentoring Tonga CERT" of which the purpose is to strengthen Internet security in the Asia Pacific region.

(b) IDRC

It represents funds donated by IDRC for the project of "Gender Equality and Scaling Digital Innovation" of which the purpose is to scale-up digital innovation for projects focusing on gender equality and foster women's leadership in the Internet for development sector.

(c) The sole member - ISIF

It represents funds donated by the sole member for the project of "Information Society Innovation Fund".

(d) The sole member - ISIF Research

It represents funds donated by the sole member for the development of an Internet research community to improve the availability, reliability and security of the Internet in the Asia Pacific region, and widen its coverage, applications and benefit for the community.

9 Expenses by nature

	Period from 28 September 2016 (date of incorporation) to 31 December 2017
Auditor's remuneration	14,078
Employee benefit expenses (note 10)	361,951
Legal and professional fee	56,522
Travelling expenses	86,067
Others	12,150
Total expenditure	530,768

10 Employee benefit expense

	Period from 28 September 2016 (date of incorporation) to 31 December 2017
Salaries and wages	348,002
Bonus	13,949
Total employee benefit expenses	361,951

11 Benefits and interest of directors

The following disclosures are made pursuant to section 383(1)(a) to (f) of the Hong Kong Companies Ordinance (Cap. 622) and Parts 2 to 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G):

(a) During the period, no emoluments, retirement benefits, payments or benefits in respect of termination of directors' services (also represents key management compensation) were paid or made, directly or indirectly, to the directors; nor are any payable. No consideration was provided to or receivable by third parties for making available directors' services. There are no loans, quasiloans or other dealings in favour of the directors, their controlled bodies corporate and connected entities.

(b) No director of the Foundation had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Foundation's business to which the Foundation was or is a party that subsisted at the end of the period or at any time during the period.

12 Income tax expense

No provision for Hong Kong profits tax has been made as the Foundation has no assessable profit for the period.

The tax on the Foundation's surplus for the period differs from the theoretical amount that would arise as follows:

	Period from 28 September 2016 (date of incorporation) to 31 December 2017
Surplus for the period	5,515
Calculated at a tax rate of 16.5%	908
Others	(908)
Income tax expense	-

At 31 December 2017, the Foundation has no unprovided deferred income tax.

13 Related party transactions

Other than disclosed elsewhere in the financial statements, during the period, no transactions were carried out with related parties.

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