



2018

ANNUAL REPORT



APNIC Foundation vision

**“A global, open, stable,
and secure Internet.”**

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Foundation Board



Ms Sylvia Efi 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. Michael Malone
(Australia)

Mr Michael Malone founded iiNet Limited, an Australian Stock Exchange (ASX) listed telecommunications company in 1993 and continued as CEO until his retirement in 2014. By this time, iiNet had over 2,500 staff, serving over a million Australian households and businesses.

Mr Malone is currently Chair of the Board of ASX listed Superloop Ltd, and Sky and Space Global, as well as a director of Australia's wholesale-only, open-access broadband network NBN Co. Limited, Seven West Media, Speedcast International and Axicom. He is also the founder and Chairman of Diamond Cyber Pty Ltd. Mr Malone was previously a founder and Deputy Chair of the non-profit, Autism West.



Mr Edward Suning 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 Asialfo 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 9 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.



Mr Danish A. Lakhani
(Pakistan)

Mr Danish A. Lakhani is the cofounder and CEO of Cyber Internet Services Pvt. Ltd. ('Cybernet') — a pioneering Internet service provider in Pakistan — and RapidCompute, Pakistan's first public cloud service provider. Over the past decade, Mr Lakhani has led Cybernet's renewed focus in the enterprise, carrier and consumer market segments while building out the company's low latency, fibre-based metro and access networks in multiple Pakistani cities.

He holds a Master's of Business Administration from Harvard Business School and a Master's of Science in Electrical Engineering (with specialization in Networked Systems) from Stanford University. He earned his Bachelor of Science (Applied Mathematics - Computer Science and Business Economics) from Brown University where he was elected to Sigma XI (Scientific Research Honors Society).

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 CCWG on new gTLD auction proceeds, Co-Chair of the Asia Pacific Regional Internet Governance Forum (APrIGF), and a member of the Internet Governance Forum Multistakeholder Advisory Group (IGF MAG).

Chair's Report

I am pleased and honoured to provide the first Chair's report of the APNIC Foundation in this, its second Annual Report. To begin, I would like to thank my fellow Board members – Edward Tian and Sharad Sanghi – for their support and for the honour of appointing me Chair at our first Board meeting in May. Please let me also welcome our two newest Board members, Danish Lakhani and Michael Malone, who joined us in the second half of 2018. I am excited to work with them and look forward to seeing them at our second Board meeting in May 2019.

I also want to thank and recognize the vision and leadership of the APNIC Executive Council (EC) and the APNIC Director General, Paul Wilson. Without their support, the Foundation would not exist or have achieved what it has in its first years of operation. I am excited to lead the Foundation in its first full year of operation and delighted to report on its successful activities.



Duncan has reported on the operational achievements of the Foundation in his CEO report, so I would like to focus on the work of the Board at our first Board meeting in May. Specifically, the Foundation's new Vision and Mission:

Vision:
To have a global, open, stable and secure Internet that is affordable and accessible to the entire Asia Pacific community.

Mission:
To increase investment in Internet development in the Asia Pacific region, through education and training, human capacity building, community development, research, and related projects and activities.

Edward, Sharad and I spent some time discussing and working on these two important statements in our strategic planning session before the Board meeting in May. We wanted to remain true to APNIC's own Vision and Mission statements, while at the same time, capture the strategic focus and direction of the Foundation. With that in mind, you will see that we have focused on an 'affordable and accessible' Internet for the Asia Pacific region in our vision because we believe this is vital to the Internet's continued development, especially in less developed economies.

In our Mission statement, we wanted to include a broad range of activities, but also focus on the key role of the Foundation

in fundraising for APNIC's development priorities such as training. The Board feels 'increasing investment' is the right way to describe such activities as we want the Foundation to engage as many stakeholders as possible in our vision for Internet development in the Asia Pacific. I invite all those interested in such a Vision and Mission to contact the Foundation's staff. We welcome your support and interest.

Finally, I offer my sincere thanks to the staff of the Foundation for their hard work and dedication and to the many staff at APNIC who I know have also contributed to the success of the Foundation via their hard work and support. These include APNIC staff from the Finance, Human Resources, Infrastructure and Development and Members Services teams. Most importantly of all, I would like to recognize and thank the Foundation's small but growing list of donors, including the Australian Government's [Department of Foreign Affairs](#) (DFAT); the [New Zealand Government's Ministry of Foreign Affairs and Trade](#) (MFAT); the [Canadian Government's International Development Research Centre](#) (IDRC); the [Internet Society](#), Japan's [KDDI Foundation](#) and, of course, APNIC. Thank you for all for your support, vision and leadership. We look forward to working with you all again in 2019!

A handwritten signature in black ink, which appears to read 'Sylvia Efi Sumarlin'. The signature is fluid and cursive.

Sylvia Efi Sumarlin

CEO's/Executive Directors Report

After a robust start in 2017 - its first full year of operation - the APNIC Foundation continued to grow strongly in 2018. By December 2018, the Foundation had raised just over USD 1 million to support its programs and projects in the Asia Pacific, with another USD 325,000 in the pipeline for 2019.

This represents an almost doubling of the USD 543,000 investment approved by the APNIC Executive Council (EC) for 2018-19 to support the Foundation's operations. In short, every dollar invested by APNIC delivered two dollars in additional investment by new partners in the APNIC Development program and strongly reinforces the EC's decision to establish it in 2016.

The APNIC Foundation Limited was formally incorporated in Hong Kong on 28 September 2016 as a limited company with [APNIC Pty Ltd](#) (Australia) as its sole member. 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 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.

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 IDRC and the

Internet Society (ISOC) also continued their support for the [ISIF Asia](#) grants and awards program. For its first new project, the Australian government's 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, ISOC, and DFAT provided the Foundation with its first overhead revenue.

In 2018, just over USD 730,000 (see table 1) was raised to support the Foundation's programs and projects, including funding from two new donors, the US-based [Asia Foundation](#) and New Zealand's MFAT.

Summaries of each project are provided on page 10 of this report but an important highlight was a major new training project in Papua New Guinea (PNG) in partnership with the [Asia Foundation](#). Thirteen training, engagement and assistance activities were held in just three months (from August to November) to support connectivity for the APEC Leaders' Summit, which was held in Port Moresby in November 2018. The workshops delivered training to APNIC Members and the local Internet community in routing, network management and DNS/DNSSEC.

In my first CEO's report in last year's Annual Report I listed four important achievements that were key to the

Foundation's initial success. This year, I would like to again highlight factors (or achievements) that have been essential to the Foundation's success. They are:

- 1) Fresh support from new donors: Fundamental to the Foundation's continuing success will be its ability to attract new donors and convince partners of the need for continuing investment in the APNIC development program. That's why we were very happy to welcome two new investment partners in 2018. The Asia Foundation and New Zealand's MFAT not only provided important new support but also knowledge and expertise. We look forward to working with them more in the future.
- 2) Continued strong support from APNIC: The strong support and leadership provided by the APNIC EC — representing APNIC as the founding, sole member of the Foundation — continues to be crucial to the Foundation's success. As a key donor both in terms of financial and administrative assistance, APNIC's support has been fundamental to the Foundation's progress and development. Key to the Foundation's continuing success will be 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.
- 3) An outstanding Board: In 2018, we were fortunate to have two more outstanding individuals join the Foundation Board: Mr Michael Malone from Australia and Mr Danish

CEO's/Executive Directors Report

Lakhani from Pakistan. The selection and appointment by the APNIC EC of such candidates to the Foundation Board is essential to its continued success. In May 2018, the three inaugural Board members — Mr Edward Tian from China; Mr Sharad Sanghi from India and Ms Sylvia Efi Sumarlin from Indonesia — held the first Foundation Board meeting in Hong Kong, including the Foundation's first Board strategy session. It was a great success, culminating in a Board decision to have the following:

Vision:

To have a global, open, stable and secure Internet that is affordable and accessible to the entire Asia Pacific community.

Mission:

To increase investment in Internet development in the Asia Pacific region, through education and training, human capacity building, community development, research, and related projects and activities.

These achievements highlighted another strong year for the Foundation, with 2019 looking good in terms of continued funding growth and projects that support APNIC's Development programs. 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 and Mission.



A handwritten signature in black ink that reads "D Macintosh".

Duncan Macintosh



APNIC

APNIC, the Asia Pacific Network Information Centre, is a not-for-profit organization dedicated to sustaining a global, open, stable, and secure Internet that serves the Asia Pacific region. APNIC works primarily as the Regional Internet Registry (or RIR) for the Asia Pacific, with responsibility for the distribution and management of Internet number resources (IP addresses and AS numbers), and for registry services including the APNIC Whois Database, resource certification through RPKI, and reverse DNS. As an RIR, APNIC facilitates bottom up, community-based development of Internet number 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 leading Internet research results, and assists in the development of critical infrastructure such as DNS root servers and Internet Exchange Points (IXPs). 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'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; developing technical consultancy services to provide hands-on technical assistance; and promoting the success of the current multistakeholder model of Internet governance, particularly with governments and with intergovernmental organizations such as the International Telecommunications Union (ITU), Asia Pacific Economic Cooperation (APEC), Organization for Economic Cooperation and Development (OECD), and others.

Activity Report

Corporate

2018

- The Foundation's first Board meeting and Annual General Meeting (AGM) was held in Hong Kong on 17 May 2018. The Board approved the Foundation's first audited financial statements; adopted a range of fraud, personnel and work place, health and safety policies; and elected Sylvia Efi Sumarlin from Indonesia as Chair.
- The Board developed and adopted the Foundation's first Mission statement: 'To increase investment in Internet development in the Asia Pacific region, through education and training, human capacity building, community development, research, and related projects and activities'; and the Foundation's first Vision statement: 'To have a global, open, stable and secure Internet that is affordable and accessible to the entire Asia Pacific community'.
- In September, two new Board members – Mr Michael Malone from Australia and Mr Danish Lakhani from Pakistan were appointed by the APNIC EC to the Foundation Board.
- PricewaterhouseCoopers Hong Kong was reappointed as the Company Secretary and auditors for the Foundation.

Funding and Projects

2018

- The Foundation had received over USD 1 million in funding by the middle of 2018 from donors including the Asia Foundation, Internet Society and the governments of Australia, New Zealand and Canada.
- The project 'Raising cyber security capability and awareness: A secure and resilient Internet infrastructure for development in the Pacific' held two regional workshops during 2018. The first one was organized in May with CERT Tonga support, while the second one was organized held as part of the APNIC 46 conference in Noumea in September. The project sponsored delegates from seven Pacific Island economies. The project is funded by the Australian government's DFAT and will end in June 2019. The second portion of the project's funding (USD 77,126 for 2018-19) was also provided. Following the establishment of CERT Tonga in 2016, the project supported two new CERTs during 2018: the PNG CERT in January and Vanuatu CERT in June 2018. The establishment of all three CERTs was led and implemented by the local community.
- A new project for Papua New Guinea (PNG) in partnership with the Asia Foundation and funded by the governments of Australia and New Zealand was agreed on in June. Total funding was USD 558,000 with the APNIC Foundation receiving USD 343,354. The project 'Enhancing National Cybersecurity and Network Quality of Service in Advance of Papua New Guinea's Hosting of APEC' completed 13 engagements, including 2 technical assistance activities, 10 technical training workshops and one community consultation. These capacity-building efforts provided training on routing, network and information security, and the DNS. It also provided support for the PNG CERT and PNG IXP communities. The project also sponsored five members of the PNG technical community to attend the APNIC 46 conference and training events.
- DFAT provided AUD 108,000 in funding for a new project 'Combating Cybercrime 'Safe havens': Building a well informed and trained cyber law enforcement community in the Pacific'.
- DFAT provided AUD 75,000 in funding for PNG CERT to support the development of the CERT in terms of hardware, software, and training. In June, funding for the Foundation's first major project was confirmed.

Funding and Projects, cont

2018

Table 1: Donors, projects and funding in 2018

Donors	Country	Title	Project duration	Amounts received (USD)
The Asia Foundation DFAT MFAT	USA Australia New Zealand	Enhancing National Cyber Security and Network Quality of Service in Advance of Papua New Guinea's Hosting of APEC	2018-2019	343,354
DFAT	Australia	Combating cybercrime 'safe havens': Building a well-informed and trained cyber law enforcement community in the Pacific	2018-2019	81,486
DFAT	Australia	Developing the capability of the Papua New Guinea Computer Emergency Response Team	2018-2019	56,506
DFAT	Australia	Raising cyber security capability and awareness: A secure and resilient Internet infrastructure for development in the Pacific 2nd phase	2016-2018	77,126
APNIC	Australia	ISIF Asia 2019 grants and awards		118,410
APNIC	Australia	ISIF Asia		54,281
Total				731,162

ISIF Asia: Information Society Innovation Fund

2018

- **Yayasan Peta Bencana** from Indonesia was selected for the ISIF Asia Internet for Development Award 2017 for their work on the project 'Democratizing Decision Support: PetaBencana.id Platform for Equitable Disaster Resilience'. One representative attended the 2017 IGF in Geneva.
- Two winners were selected for the 2018 ISIF Asia Awards across two categories and were invited to participate at the 2018 IGF in Paris. The 'Community Networks Award' went to the **University of the Philippines - Diliman** for the project "Community Cellular Networks in Rural Aurora". The "Gender Empowerment and Innovation Award" was given to the **Myanmar Book Aid and Preservation Foundation**, for the project "Tech Age Girls Myanmar".
- The first category, 'Powering Internet Infrastructure', will focus on electricity for stable and reliable Internet access.

The second category, 'Network Operations Research', will focus on operational stability and security.

- APNIC confirmed a contribution of USD 118,410 for the 2019 Grants and Awards and defined two categories for funding allocation. The first one focusing on electricity for stable and reliable Internet access under the title "Powering Internet Infrastructure". The second category "Network Operations Research" focusing on operational stability and security. The grants and award recipients are expected to be announced in August 2019.
- There are ten ongoing projects that are working on their grant reports according to the timeframes agreed, including one from 2016, two from 2017, and seven from 2018. They are all expected to complete their reporting by the end of 2019.

- As part of the IDRC support under the Gender Empowerment theme, Child Helpline Cambodia, one of the 2018 grant recipients, will receive mentoring on evaluation and communications for the project 'Increasing the Safe Use of Internet by Women and Girls' during the first semester of 2019.
- A second educational video focusing on routing, is being produced and will be launched during 2019.

Project Spotlight

It has been another busy and successful first year for the Foundation. Here are two examples that demonstrate the accomplishments 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.

New investment in PNG Internet community to enhance technical capacity and cybersecurity

Duncan Macintosh

27 Nov 2018

Papua New Guinea's network operators, newly-formed CERT and recently launched IXP have been benefitting from an intensive technical capacity-building project launched to support preparations for the recently concluded APEC Summit and the impending arrival of the Coral Sea Cable System in 2019.

The APNIC Foundation and APNIC will continue the training program in 2019 after feedback from the local Internet technical community, as well as supporting additional capacity-building and technical assistance initiatives with PNG CERT and PNG IXP.

The project, coordinated by The Asia Foundation (TAF) in partnership with the APNIC Foundation, is funded by grants from the Australian Department of Foreign Affairs and Trade and New Zealand Ministry of Foreign Affairs and Trade.

The project includes:

- 1 A series of training workshops for the technical staff of local ISPs, mobile operators and government officers to promote best practices in network management. These technical training sessions are covering routing, network management and security, DNS, and information security.
- 2 Technical support and training for the newly-formed PNG CERT, with a particular focus on incident response. The project will also draw PNG CERT into regular dialogues with other CERTs in the region, as well as ISPs, telcos and other key service providers.
- 3 Technical support and training for PNG IXP to encourage greater ISP participation in the neutral Internet Exchange Point and development of the IXP community.
- 4 A TAF high-level cybersecurity dialogue with government policymakers in parallel with the technical training, which was held from 26 to 28 September 2018.

As part of the project, three community consultations / technical assistance sessions and 10 training workshops have been held so far, engaging more than 200 members of PNG's technical community. Additional training will be held in 2019 after an evaluation of the training in 2018.



As part of the project, representatives from PNG CERT also took part in security workshops at APNIC 46 in Nouméa in September, and APNIC participated in the TAF cybersecurity workshop in Port Moresby.

The project — the largest technical training program APNIC has been involved in at a national level — is a significant development opportunity for the PNG Internet community. The intensive training and support not only helped local operators prepare for the APEC meeting but also ensures the technical community is prepared for the increased bandwidth that will be provided by the new submarine cable and other investments.

ISIF Asia 2018 Grants and Awards

Sylvia Cadena

12 Sep 2018

isif asia Grants & Awards 2018

This year ISIF Asia will award USD 210,000 to 10 organizations in the Asia Pacific to support research and development of Internet technologies for the benefit of the region. This year's funding round marks ISIF Asia's 10 years of operation in the Asia Pacific.

ISIF Asia received 236 nominations in total for the four funding categories, from 28 economies across the region, including 122 for the new category, Gender Empowerment and Innovation. The funding will be distributed among organizations representing: Government (1), Civil Society (3), Private Sector (2), Social Enterprise (1), and Academia (3) from Bhutan, Cambodia, China, Indonesia, Malaysia, Pakistan, The Philippines, Myanmar and Sri Lanka.

Awards

The ISIF Asia 2018 Award winners will each receive USD 3,500 plus a travel grant to the 2018 Internet Governance Forum (IGF) that will be held in Paris, France from 12 to 14 November 2018. Their work will be featured as part of the Seed Alliance Awards ceremony, which will be held on 13 November 2018.

"The 2018 ISIF Asia Award winners are truly innovative initiatives, where access to Internet technologies with a social purpose, clearly show a positive impact to improve the lives of people in the communities they serve in the Philippines and Myanmar. Their experiences and knowledge help overcome the challenges that the developing world faces," Duncan Macintosh, APNIC Foundation CEO said.

Award winners

Community Networks

Community Cellular Networks in Rural Aurora, University of the Philippines – Diliman, The Philippines.

In partnership with a local telecom, the team has developed and deployed a GSM Community Cellular Network in rural Philippines to bridge 'last mile' connectivity issues in isolated and relatively poor communities. As of 2017, they have also begun deploying them in partnership with local NGOs, primarily cooperatives, to provide basic cellular services to subscribers.



Gender Empowerment and Innovation

Tech Age Girls Myanmar, Myanmar Book Aid and Preservation Foundation, Myanmar.

This initiative has successfully supported female community leaders (aged between 16-20) through the 'Tech Age Girls' program from community libraries that have been playing a key role in digital inclusion and gender equality in Myanmar. The finalists are selected to implement their own community project ideas to support their communities.

ISIF Asia 2018 Grants and Awards, cont

Grants

As Head of Programs for the APNIC Foundation, I am really impressed by the proposals selected for the ISIF Asia 2018 Grants and how they highlight the main technical, operational and development issues that concern the Asia Pacific Internet community. I am confident the outcomes of their work will continue to support an open, stable, and secure Internet that serves the needs of the people in our region. The APNIC Foundation is particularly glad to see how the distribution of funds reflect regional and stakeholder diversity and the clear links that every project has to achieve the UN's Sustainable Development Goals.

Grant winners

Network Operations Research

Measuring and Detecting Network Interference in Southeast Asia, Sinar Project, Malaysia. Grant award: USD 20,000.

This network measurement research aims to show current and past Internet censorship and network interference in media, political criticism, religion, gender and social media networks in South East Asian economies using network monitoring nodes around the region. There will also be a pilot gender gap social audit conducted for a marginalized urban community in Malaysia to research and measure non-technical gaps in Internet access such as affordability, Internet

literacy, knowledge or rights, and accessibility and availability of gender-related content.

Establishment of a Carrier Neutral Software-Defined Internet Exchange (IXP) Point and Training Programs for Capacity Building in Managing IXPs, Lahore University of Management Sciences – LUMS, Pakistan. Grant award: USD 30,000.

This project aims to deploy a Software-Defined IXP and training programs for IXP development in Pakistan to assist operators to enable new applications such as application-specific testing, traffic redirection through middleboxes, and inbound traffic engineering. While the project centres on a Pakistan IXP, it will eventually be made available to other least developed economies in the region. Another benefit of the project will see costs associated with IXPs reduced via automatic configuration management and dynamic policy assignment.

Community Networks

Community LTE in Papua, Yayasan Noken Baliem Mandiri, Indonesia. Grant award: USD 23,000.

This project seeks to deploy the first locally-owned and operated handset to support LTE networks in the world to rural Papua, Indonesia, using low-cost eNodeBs and a custom developed enhanced packet core. YNBM was granted a special

experimental cellular license to explore this new rural access technology in Indonesia by the Indonesian Telecom Ministry.

Connecting the Unserved – Bhutan's First Trial with TV White Space Technology, NANO, Bhutan. Grant award: USD 30,000.

Given Bhutan's challenging physical environment and Internet connectivity issues, this project aims to explore the feasibility and suitability of TV white space technology as an alternative broadband option to unserved areas in the economy.

Cybersecurity

RPKI Monitor and Visualizer for Detecting and Alerting for RPKI Errors, ZDNS Labs, China. Grant award: USD 30,000.

This project will implement a RPKI security mechanism to offer a distributed, stakeholder-based counter to the power imbalances arising from RPKI's hierarchical system. The proposed mechanism detects adverse actions in the RPKI and alerts resource holders to these actions that adversely affect their holding, so that errors can be quickly fixed. The mechanism also enables each ISP to decide whether to accept or defer accepting RPKI database changes that appear to be adverse.

ISIF Asia 2018 Grants and Awards, cont

A novel graph analytics theory model to mitigate IoT botnets attacks for big data, Universiti Teknikal Malaysia Melaka (UTeM), Malaysia. Grant award: USD 13,000.

This research aims to use the Graph Analytics Theory model to analyse the behaviour of IoT botnets using a reverse engineering approach to distinguish IoT botnets from raw infection codes and develop a new Graph Analytics Theory model for detecting IoT botnet attacks. The expected outcome of the research is to be able to remove and quarantine the suspicious codes as well as be able to detect behaviour changes in IoT devices.

Gender Empowerment and Innovation

NextGen Girls - Internet Security Ambassadors Project, Shilpa Sayura Foundation, Sri Lanka. Grant award: USD 30,000.

This project aims to upscale the Internet Society 25 Under 25 Award winner, 'Respect Girls on Internet', by developing a network of university and high school girls studying ICT. The goal is to develop females to pursue emerging IoT security careers to help build a safer and secure IoT environment for

women, including training 40 female university students to become Internet Security Educators.

Increasing the Safe Use of Internet by Women and Girls, Child Helpline Cambodia, Cambodia. Grant award: USD 22,000.

This is a project to strengthen the capabilities of 16 existing helpline ambassadors on the safe use of the Internet and how to report online abuse to Child helpline Cambodia. The 16 ambassadors will organize five pilot 'echo awareness' sessions on the safe use of the Internet for girls and women in their communities. The project will also support: free helpline telephones; an online question and answer platform, with information on the safe use of the Internet and gender equality; response to reports of online abuse; and refer victims to psycho-social support services.

The APNIC Foundation and ISIF Asia thanks the applicants for sharing their ideas with us, the Selection Committee members for their hard work to arrive to this great outcome, and to APNIC, the IDRC, and the Internet Society for their generous funding contributions for 2018.

Directors' Report and Financial Statements

For the year ended 31 December 2018



Report of Board of Directors

The directors submit their report together with the audited financial statements of APNIC Foundation Limited (the 'Company') for the year ended 31 December 2018.

Principal activities

The principal activities of the Company 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 year ended 31 December 2018 as the Company 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 Company for the year are set out in the statement of comprehensive income on page 7.

Directors

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

Sylvia Efi Widyantari SUMARLIN

Suning TIAN

Sharad Kumar SANGHI

Danish Ali LAKHANI

Michael Martin MALONE
(appointed on 29 October 2018)

There being no provision in the Company'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 Company's business

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

Directors' interests in the shares and debentures of the Company or any specified undertaking of the Company

At no time during the year was the Company a party to any arrangement to enable the directors of the Company to hold any interests in the shares or debentures of the Company 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 Company were entered into or existed during the year.

Permitted indemnity provisions

In accordance with Memorandum and Articles of Association of the Company, the directors shall be indemnified out of the assets of the Company against any liabilities incurred by them in relation to the Company 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 Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

Auditor

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

On behalf of the Board



Sylvia Efi Widyantari SUMARLIN

Director

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 'Company') set out on pages 22 to 35, which comprise:

- the balance sheet as at 31 December 2018;
- the statement of comprehensive income for the year ended 31 December 2018;
- the statement of changes in fund for the year then ended;
- the statement of cash flows for the year 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 Company as at 31 December 2018, and of its financial performance and its cash flows for the year ended 31 December 2018 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 ('HKSA's') 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 Company 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The responsibility of the directors include overseeing the Company'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 HKSA's 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 HKSA's, we exercise professional judgment 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 Company'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 Company'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 Company 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

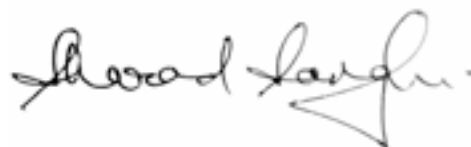
Balance Sheet

(All amounts in United States dollars unless otherwise stated)

Assets	Note	As at 31 December	
		2018	2017
Current assets			
Other receivables	5	3,183	-
Amount due from the sole member	6	116,925	24,615
Cash and cash equivalents	7	488,045	262,728
Total assets		608,153	287,343
Fund			
Accumulated fund		(22,557)	5,515
Total fund		(22,557)	5,515
Liabilities			
Current liabilities			
Amount due to the sole member	6	18,116	5,491
Accruals	8	64,743	29,568
Deferred income on specific donations	9	547,851	246,769
Total liabilities		630,710	281,828
Total fund and liabilities		608,153	287,343
Net current (liabilities)/assets		(22,557)	5,515

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

The financial statements on pages 22 to 35 were approved by the Board of Directors on 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	Year ended 31 December 2018	Period from 28 September 2016 (date of incorporation) to 31 December 2017
General donation income from the sole member		543,074	530,651
Specific donation:			
Donation income from Department of Foreign Affairs and Trade ('DFAT')	9	103,911	5,491
Donation income from the sole member			
▪ The Information Society Innovation Fund (ISIF Asia)	9	69,386	-
▪ ISIF Asia Research	9	66,217	-
▪ ISIF Asia Program Fund	9	5,259	-
Donation income from International Development Research Centre ('IDRC')	9	39,309	-
Donation income from Internet Society ('Internet Society')	9	26,663	-
Donation income from The Asia Foundation ('TAF')	9	168,477	-
Interest income		324	47
Total revenue		1,022,620	536,189
Expenditure			
Programme expenses		(479,222)	(5,491)
Administrative expenses	10	(543,397)	(530,768)
Net exchange (losses)/gains		(28,073)	5,585
Total expenditure		(1,050,692)	(530,674)
(Deficit)/surplus for the year/period		(28,072)	5,515
Other comprehensive income for the year/period		-	-
Total comprehensive loss/ income for the year/period		(28,072)	5,515

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

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	-
Balances at 31 December 2017 and 1 January 2018	5,515

Total comprehensive income	
Deficit for the year	(28,072)
Other comprehensive income	-
Balance at 31 December 2018	(22,557)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of Cash Flows

(All amounts in United States dollars unless otherwise stated)

Cash flows from operating activities	Note	Year ended 31 December 2018	Period from 28 September 2016 (date of incorporation) to 31 December 2017
(Deficit)/surplus for the year/period		(28,072)	5,515
Change in working capital:			
▪ Trade and other receivables		(3,183)	-
▪ Amount due from the sole member		(92,310)	(24,615)
▪ Amount due to the sole member		12,625	5,491
▪ Accruals		35,175	29,568
▪ Deferred income on specific donations		301,082	246,769
Net cash inflow from operating activities		225,317	262,728
Net increase in cash and cash equivalents		225,317	262,728
Cash and cash equivalents at beginning of the year/period		262,728	-
Cash and cash equivalents at end of the year/period	7	488,045	262,728

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

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 'Company') 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 Company 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 Company's Memorandum and Articles of Association, every member shall, in the event of the Company being wound up, contribute to the assets of the Company to the extent of HK\$100. At 31 December 2018, the Company had 1 (2017: 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. These policies have been consistently applied to all the year/period presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the Hong Kong Financial Reporting Standards ('HKFRS'), the collective term of which 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 Company's accounting policies. In the opinion of the directors, other than the going concern assumption in note 2.3, 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 and amended standards and interpretation (collectively, the "Amendments") adopted by the Company

The Company has applied the following Amendments for the first time for its annual reporting period commencing on 1 January 2018:

Annual improvements project - HKFRS 1 and HKAS 28 (Amendment)	Annual improvements 2014 - 2016 cycle
HKFRS 9	Financial instruments
HKFRS 15	Revenue from contracts with customers
HK(IFRIC) - Int 22	Foreign currency transactions and advance consideration

The adoption of these Amendments did not have any impact on the current period or any prior periods and is not likely to affect future periods except for certain additional disclosures set out in note 2.2.

The Company has not applied any Amendments that is not yet effective for the current accounting period.

b) Amendments that are not yet effective and have not been early adopted by the Company

Certain Amendments have been published that are mandatory for the Company's accounting periods commencing on or after 1 January 2019 and they have not been early adopted in these financial statements.

HKFRS 16	Leases ¹
HK(IFRIC) 23	Uncertainty over income tax treatments ¹
HKFRS 17	Insurance contracts ²
Annual improvements projects – HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23 (Amendment)	Annual improvements 2015 - 2017 cycle ¹

(1) Effective for the financial period beginning on 1 January 2018.
(2) Effective for the financial period beginning on 1 January 2019.

The Company has already commenced an assessment of the impact of these Amendments. According to the preliminary assessment made by the directors, there is no significant impact on the financial performance and position of the Company.

2.2 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 9 'Financial Instruments' on the Company's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

a) Impact on the financial statements

The directors of the Company consider that the changes in the Company's accounting policies do not have any material impacts on prior year financial statements.

b) HKFRS 9 'Financial Instruments' – Impact of adoption

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 'Financial Instruments' from 1 January 2018 only resulted in changes in accounting policies. No material adjustments were made to the amounts recognized in the financial statements. The new accounting policies are set out in note (c) below.

The changes on the classification and measurement models introduced by HKFRS 9 do not have any impact on the Company's existing financial assets and liabilities, as they are mainly comprised of loans and receivables and financial liabilities at amortised costs as determined under HKAS 39, which are similar to the financial assets and liabilities measured at amortised cost under HKFRS 9, and are expected to continuously be initially recognized at fair value and subsequently measured at amortised cost. The Company's receivables are subject to HKFRS 9's new expected credit loss model. The Company was required to revise its impairment methodology

under HKFRS 9. The directors of the Company consider that there is no impact of the change in impairment methodology on the Company's accumulated fund.

c) HKFRS 9 'Financial Instruments' – Accounting policies applied from 1 January 2018

Classification

From 1 January 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ('OCI', or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in comprehensive income or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ('FVOCI').

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sale of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in comprehensive income.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from

these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in comprehensive income and presented in other gains/(losses). Impairment losses are presented as a separate line item in the statement of comprehensive income.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to comprehensive income and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL

is recognized in comprehensive income and presented net within other gains/(losses) in the period in which it arises.

Impairment

From 1 January 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For other receivables, including amounts due from group companies, the Company applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

For other financial assets at amortised cost, the Company has assessed that the expected credit losses for these receivables are not material under the 12 months expected losses method. Thus no loss allowance provision was recognized at 31 December 2018.

c) HKFRS 9 'Financial Instruments' – Accounting policies applied until 31 December 2017

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a 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 indicate 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 the statement of comprehensive income.

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 the statement of comprehensive income.

2.3 Going concern

At 31 December 2018, the Company's current liabilities exceeded its current assets by USD 22,557 and there was a deficit on accumulated fund of the same amount. The sole member has confirmed its intention to provide sufficient financial support to the Company so as to enable the Company to meet its liabilities as and when they fall due and to continue its operations for the foreseeable future. The directors believe that the Company has the ability to continue as a going concern. Consequently, the financial statements of the Company have been prepared on the going concern basis.

2.4 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the 'functional currency'). The financial statements are presented in United States dollars, which is the Company'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 of monetary assets and liabilities denominated in foreign currencies at period-end exchange rates are generally recognized in profit or loss.

2.5 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.

2.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Company currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Company has also entered

into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.7 Receivables

Receivables are amounts due from donors for services performed in the ordinary course of business. If collection of receivables is expected in one year or, they are classified as current assets. If not, they are presented as non-current assets.

Receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Company holds the receivables with the objective to collect the contractual cash flow and therefore measures them subsequently at amortised cost using the effective interest method, less provision for impairment.

2.8 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts, if any.

2.9 Payables

Payables are obligations to pay for goods and 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. 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.

2.10 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 Company 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 realised 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) Offsetting

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 realise 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.

2.11 Employee benefits – bonus plans

The expected cost of bonus payments is recognized as a liability and an expense when the Company has a present 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.

2.12 Provisions

Provisions are recognized when the Company 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.

2.13 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for the Company'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 are recognized at fair values when there is a reasonable assurance that the

Company 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 Company'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 Company's overall risk management procedures focus on the unpredictability of financial markets and seek to minimize potential adverse effects on the Company'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 Company's functional currency. The Company 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 dollar and Australian dollars.

As 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 Company 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

Credit risk arises mainly from cash at bank and amounts due from the sole member.

The Company's financial assets are subject to the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial as they are mainly deposited in a reputable bank in Hong Kong.

Management considers the credit risk for the amount due from the sole member to be low taking into account the financial positions of and past experience with them that they have no recent default history.

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

c) Liquidity risk

The liquidity of the Company 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 Company does not have significant liquidity risk.

The table below analyses the Company'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.

	2017	2018
Less than one year		
Amount due to the sole member	18,116	5,491
Accruals	64,743	29,568
	82,859	35,059

d) Cash flow interest rate risk

The Company'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 Company's operation and accordingly, no sensitivity analysis is presented for cash flow interest rate risk.

3.2 Fund risk management

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

The fund of the Company 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 Company for similar financial instruments.

3.4 Offsetting financial assets and financial liabilities

No disclosure of the offsetting of financial assets and financial liabilities is made in these financial statements

as there is no netting arrangement in place during the year.

4 Financial instruments by category

The Company holds the following financial instruments:

	2017	2018
Financial assets at amortised cost		
Other receivables	3,183	-
Amount due from the sole member	116,925	24,615
Cash and cash equivalents	488,045	262,728
	608,153	287,343
Financial liabilities at amortised cost		
Amount due to the sole member	18,116	5,491
Accruals	64,743	29,568
	82,859	35,059

The Company's exposure to various risks associated with the financial instruments is discussed in note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

5 Other receivables

As of 31 December 2018, no other receivables were past due.

The Company applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for other receivables. To measure the expected credit losses, other receivables have been grouped based on shared credit risk characteristics and the days past due.

As at 31 December 2018, the directors considered that the expected credit loss for other receivables were immaterial thus no loss allowance was made.

There was no impaired or default other receivables as at 31 December 2018. The Company does not hold any collateral over these balances.

Due to the short-term nature of the current receivables, their carrying amounts are considered to be same as their fair values as at 31 December 2018 and are denominated in United States dollars.

6 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 2018, the amount due from the sole member is not past due or impaired and no default history.

As at 31 December 2018, the directors considered that the expected credit loss for amount due from sole member was immaterial thus no loss allowance was made (2017: nil).

The carrying values of amounts due from/(to) the sole member approximate their fair values as at 31 December 2018 and are denominated in Australian dollars.

7 Cash and cash equivalents

	2017	2018
Cash at banks, maximum exposure to credit risk	488,045	262,728

The carrying amounts of cash and cash equivalents as at 31 December 2018 are denominated in the following currencies.

	2017	2018
United States dollars	290,632	55,642
Hong Kong dollars	9,852	2,357
Australian dollars	187,561	204,729
	488,045	262,728

8 Accruals

The carrying value of accruals approximates its fair value as at 31 December 2018 and is denominated the following currencies.

	2017	2018
Hong Kong dollars	15,961	20,993
Australian dollars	19,494	8,575
United States dollars	29,288	-
	64,743	29,568

9 Deferred income on specific donations

a) Australian Department of Foreign Affairs and Trade (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) APNIC Pty Ltd (The sole member) - The Information Society Innovation Fund (ISIF Asia)

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

c) The sole member - ISIF Asia

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

	The sole member							
	DFAT (note a)	ISIF (note b)	ISIF Research (note c)	ISIF Asia Program Fund (note d)	IDRC (note e)	Internet Society (note f)	TAF (note g)	Total
As at 28 September 2016 (date of incorporation)	-	-	-	-	-	-	-	-
Donation received	73,819	76,750	46,050	-	55,641	-	-	252,260
Recognized in profit or loss	(5,491)	-	-	-	-	-	-	(5,491)
At 31 December 2017	68,328	76,750	46,050	-	55,641	-	-	246,769
As at 1 January 2018	68,328	76,750	46,050	-	55,641	-	-	246,769
Donation received	215,118	74,006	44,404	54,281	15,808	33,333	343,354	780,304
Recognized in profit or loss	(103,911)	(69,386)	(66,217)	(5,259)	(39,309)	(26,663)	(168,477)	(479,222)
At 31 December 2018	179,535	81,370	24,237	49,022	32,140	6,670	174,877	547,851

Internet in Asia Pacific Region, and widen its coverage, applications and benefit for the community.

d) The sole member - ISIF Asia Program Fund

It represents funds donated by the sole member for the project of 'Asia Program Fund'.

e) International Development Research Centre (IDRC) Canada

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.

f) The Internet Society (Internet Society)

It represents funds donated by the Internet Society to support the Community Networks movement as a means to connect the unconnected through training, funding and community building.

g) The Asia Foundation (TAF)

It represents funds donated by TAF for the project of 'Technical Cyber Security, and Incident and Network Management Training' of which the purpose is to help to reduce national-level network inefficiencies and enhance the cybersecurity capabilities of Papua New Guinea.

10 Expenses by nature

	Year ended 31 December 2018	Period from 28 September 2016 (date of incorporation) to 31 December 2017
Auditor's remuneration	15,961	14,078
Employee benefit expenses (note 11)	397,234	361,951
Legal and professional fee	17,620	56,522
Travelling expenses	103,830	86,067
Others	8,752	12,150
Total expenditure	543,397	530,768

11 Employee benefit expense

	Year ended 31 December 2018	Period from 28 September 2016 (date of incorporation) to 31 December 2017
Salaries and wages	382,812	348,002
Bonus	14,422	13,949
Total employee benefit expenses	397,234	361,951

12 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 year, 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, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities

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

13 Income tax expense

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

The tax on the Company's (deficit)/surplus for the year/period differs from the theoretical amount that would arise as follows:

	Year ended 31 December 2018	Period from 28 September 2016 (date of incorporation) to 31 December 2017
(Deficit)/surplus for the year/ period	(28,072)	5,515
Calculated at a tax rate of 16.5%	(4,632)	908
Others	4,632	(908)
Income tax expense	-	-

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

14 Related party transactions

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

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