

APNIC EC Meeting Minutes

Face-to-Face Meeting, APNIC 33

Monday, 27 February 2012

Meeting Start: 9:30 (UTC +05:30)

Present

Akinori Maemura
James Spenceley
Kenny Huang
Gaurab Raj Upadhaya
Che-Hoo Cheng
Paul Wilson
Ma Yan (by phone)

Geoff Huston
Connie Chan
Richard Brown
Irene Chan
Craig Ng

Apologies

Wendy Zhao

Agenda

1. Agenda Bashing
2. Review of Previous Minutes
3. Financial Reports
4. DG Report
5. OH&S Update
6. EC Elections Process
7. India NIR Update
8. NIR Member Agreement
9. Electronic Votes
10. AOB

Minutes

The Chair of the Executive Council called the meeting to order at 9:30 (UTC+0530).

1. **Agenda Bashing**

There were no changes to the agenda.

2. **Review of Minutes and Actions**

The minutes of the meeting held on 19 January 2012 were unanimously approved.

Motion to approve the minutes proposed by Che-Hoo Cheng, seconded by Kenny Huang

3. Financial Reports

The EC reviewed the audited Financial Report for 2011 (attached). It was noted that this report differs from the previous unaudited report as a result of the audit process recommending a number of adjustments, mainly to the accounting treatment of depreciation of property.

APNIC reported an operating surplus for 2011 of AUD \$2.5M, with revenue of AUD \$15.4M, 6.8% over the 2011 budget projection, and expenses of AUD \$12.8M, some 9.7% below the budget projection. Almost all expense categories reported total expenses below budget projections. Capital expenditure for 2011 was reported as AUD \$658,637, some 54% below the budget projection.

The EC considered the Auditor's Closing Report (attached), and noted the items identified in the report for consideration by the Board of Directors prior to adopting the financial report. The EC concurred with the accounting treatment used by APNIC in reporting APNIC's financial status in reference to these items.

The EC unanimously adopted the audited Financial Report for 2011.

Motion to approve the 2011 audited Financial Reports proposed by James Spenceley, seconded by Che-Hoo Cheng.

The EC noted the January 2012 financial report (attached). The EC noted this report as representing the financial position of APNIC as of the end of January 2012, and the EC was satisfied that the company is solvent and able to meet all current debts.

4. DG Report

The DG reported to the EC on the restructuring within the APNIC Secretariat, reporting on the appointment of Sanjaya to the new senior Director position of Deputy Director-General, noting the increased level of demand on the D-G role for internal management of the Secretariat functions and the external liaison obligations. The change in internal structure will facilitate the DG to meet these obligations.

The DG noted his nomination to the Multi-stakeholder Advisory Group of the Internet Governance Forum, and voiced an intention to undertake the role, if appointed, in a highly consultative manner within the Asia Pacific region.

There are a number of significant ITU-T meetings in the near future, including the re-negotiation of the ITRs in WCIT. The domain of participation in WCIT needs to be clarified, and a process for engagement in this activity will be drawn up by APNIC staff. It was also reported that the World Telecommunications Policy Forum is gathering an expert group to consider the resolutions from the previous ITU Plenipotentiary meeting.

The D-G reported on a number of HR matters.

The EC reviewed reports from the NANOG 54 IPv4 Address Panel and associated matters relating to address trading activities in the Asia Pacific region.

5. OH&S Update

The reviewed an update on the new national legislation relating to Occupational Health and Safety in Australia. APNIC have briefed staff on their obligations under this legislation. It was noted that there are provisions for persons conducting a business to have a duty to ensure workplace health and safety. It was noted that this legislation covers all workers on APNIC premises, irrespective of which organization employs these workers. The EC was briefed on the measures taken by APNIC relating to workplace health and safety, including training, professional services relating to physical and mental health, building safety and fitting and furnishing safety. The EC is to be provided with the most recent APNIC WH&S Audit Report.

The EC has an obligation to take reasonably practical steps to avoid injuries at the workplace, and exercise due diligence in their role as it relates to workplace health and safety at APNIC. It is proposed that the EC undertake its obligations of due diligence in this area by reviewing a regular report on workplace health and safety in terms of potential risks and steps taken to prevent injury and ill-health at the workplace. The D-G will provide this regular OH&S report to the EC as part of the D-G's report.

6. EC Election Process

The EC reviewed the 2012 EC Election procedures (attached).

The EC resolved to adopt these procedures with the associated appointments of: Mr. Hasanul Haq Inu, a member of the Bangladesh National Parliament, as Election Chair, Mr George Kuo and Ms Connie Chan of the APNIC Secretariat as Election Officers, and Ms Anna Mulingbayan, Mr Chanpika Wjayatunga and Mr Vivek Nigam as Election Tellers.

Motion to approve the EC Election Procedures proposed by James Spenceley, seconded by Kenny Huang.

EC Members Akinori Maemura, Che-Hoo Cheng and Ma Yan abstained from voting.

7. India NIR Update

The EC reviewed progress on this matter. The DG noted that there have been major efforts in the part of NIXI in terms of development of support systems for the NIR function.

The EC formed an Evaluation Subcommittee of Kenny Huang, James Spenceley and Gaurab Raj Upadhaya. This subcommittee was tasked to conduct a site visit to NIXI on Tuesday 28 February to review the current state of technical preparedness of NIXI and report to the EC on progress.

8. NIR Membership Agreement

The EC reviewed comments received on the draft NIR Membership Agreement during the comment period. At the close of the comment period APNIC received comments from three APNIC members. The comments received noted concerns relating to conditions in the agreement concerning termination of the agreement, the conditions relating to governmental endorsement and the conditions relating ability for LIRs to choose between APNIC and NIR registration services, as they relate to applicable public legislation.

The EC requested the Secretariat consider these comments and seek further input to clarify the background to these comments as appropriate. The EC will consider a revised version

of this draft agreement that, to the extent practicable, resolves these comments to mutual agreement.

The EC considered the matter of the terms and conditions relating to potential future NIR applications.

The EC resolved to impose a moratorium on accepting any new NIR applications while the EC evaluates the future of the NIR program, without prejudice to existing NIRs and to the existing NIR applicant.

Motion to impose a moratorium on accepting any new NIR applications proposed by Kenny Huang, seconded by: James Spenceley

EC Member Akinori Maemura abstained from voting.

9. Electronic Votes

The following vote was conducted electronically prior to this meeting, and is recorded in these minutes according to the EC's electronic voting procedures.

On 7 February 2012, the EC passed a motion to accept the [Membership Agreement](#) and [Definitions Document](#) of January 2012 (attached), as the current official documents for APNIC.

Motion to accept the Membership Agreement proposed by Paul Wilson

EC members Akinori Maemura and Wendy Zhao abstained from voting.

10. AOB

APNIC Working Groups Followup Actions

The EC considered the status of followup actions relating to the Voting and Government Engagement Working Group Reports.

It was reported that with respect to the Voting WG report a number of questions relating to voting have been incorporated into the 2012 membership and Stakeholder survey.

With respect to the Government Engagement WG recommendations, the D-G has communicated an invitation to the Chair of the ICANN GAC, and requested that the invitation be circulated to GAC members from the APNIC region. The D-G reported that no responses to this invitation had been received.

Next Scheduled Meeting

15 March, 2012 (Teleconference)

Meeting closed: 1:20 pm (UTC+0530) Monday 27 February 2012

ATTACHMENTS

2011 Audited Financial Report

APNIC Pty Ltd
ABN: 42 081 528 010

Special Purpose Financial Report
31 December 2011

DIRECTOR'S REPORT

Your director presents his report on the Company for the year ended 31 December 2011.

Director

The following person was a director of APNIC Pty Ltd during the whole of the financial year and up to the date of this report:

Paul Byron Wilson

Principal activities

The Company's principal activity during the year was to act as a non-profit internet registry organization for the Asia-Pacific region.

There were no significant changes in the nature of the activities of the Company during the year.

Dividends - APNIC Pty Ltd

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

Review of operations

The operating profit after income tax amounted to \$2,563,488 (2010: \$250,556).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the financial year ended 31 December 2011.

Matters subsequent to the end of the financial year

There have been no matters of significance subsequent to the end of the year.

Likely developments and expected results of operations

Information on likely developments in the company's operations and the expected results of operations have not been included in this report because the director believes it would be likely to result in unreasonable prejudice to the company.

Environmental regulation

The Company is not subject to significant environmental regulation.

Shares under option

No shares of APNIC Pty Ltd were issued under option at the date of this report.

Insurance of officers

During the financial year, the Company paid a premium of \$23,800 (2010: \$23,800) to insure the director, officeholders (including executive council) and staff of the Company.

The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

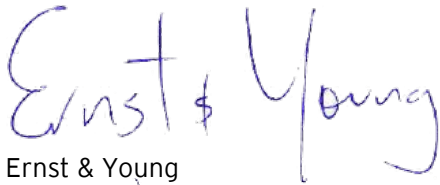


Paul Byron Wilson
Director

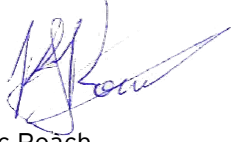
9 February 2012

Auditor's Independence Declaration to the Director of APNIC Pty Ltd

In relation to our audit of the financial report of APNIC Pty Ltd for the financial year ended 31 December 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in blue ink that reads 'Ernst & Young' in a cursive, stylized font.

Ernst & Young

A handwritten signature in blue ink, appearing to read 'Ric Roach', written in a cursive style.

Ric Roach
Partner
Brisbane
9 February 2012

APNIC Pty Ltd

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2011

	<i>Notes</i>	<i>2011</i> \$	<i>2010</i> \$
Revenue from continuing operations	2	15,142,717	13,003,206
Other income	3	416,085	446,079
Expenses		57	(18,471)
Foreign exchange gain/(loss)			(18,471)
Communications & meeting expenses		(739,960)	(560,166)
Computer expenses		(397,535)	(328,583)
Contributions to ICANN		(284,889)	(321,172)
Depreciation expense		(875,274)	(788,869)
Employee benefits expense		(7,434,958)	(6,794,091)
Insurance		(120,236)	(116,824)
Gain (loss) on disposal of fixed assets		1,087	(254,386)
Membership fees		(54,261)	(53,663)
Occupancy expenses		(250,351)	(1,432,118)
Professional fees		(605,124)	(554,295)
Travel expenses		(1,576,246)	(1,404,527)
Other expenses		(731,698)	(635,865)
Profit / (Loss) before income tax		<u>2,489,414</u>	<u>186,255</u>
Income tax (expense)/benefit		74,074	64,301
Profit / (Loss) from continuing operations	15(b)	<u>2,563,488</u>	<u>250,556</u>
Other comprehensive income			
Net fair value gain/(loss) on available for sale financial assets	15(a)	(171,088)	(38,671)
Other comprehensive income for the period, net of tax		<u>(171,088)</u>	<u>(38,671)</u>
Total comprehensive income for the period		<u>2,392,400</u>	<u>211,885</u>
Total comprehensive income attributed to APNIC Pty Ltd		<u>2,392,400</u>	<u>211,885</u>

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

APNIC Pty Ltd

Statement of Financial Position

AS AT 31 DECEMBER 2011

	<i>Notes</i>	<i>2011</i>	<i>2010</i>
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	4	9,048,267	5,886,958
Restricted cash	5	-	66,891
Trade and other receivables	6	1,077,330	878,766
Other current assets	7	604,932	838,841
Total current assets		<u>10,730,529</u>	<u>7,671,456</u>
Non-current assets			
Property, plant and equipment	9	8,436,968	8,390,656
Deferred tax assets		60,985	-
Other financial assets	8	986,920	1,137,515
Total non-current assets		<u>9,484,873</u>	<u>9,528,171</u>
Total assets		<u>20,215,402</u>	<u>17,199,627</u>
LIABILITIES			
Current liabilities			
Trade and other payables	10	333,807	416,262
Unearned income		7,171,080	6,074,216
Current tax liabilities / (receivables)	12	(112,811)	(101,990)
Provisions	11	1,200,280	1,321,113
Total current liabilities		<u>8,592,356</u>	<u>7,709,601</u>
Non-current liabilities			
Deferred tax liabilities		-	13,089
Provisions	13	215,149	461,440
Total non-current liabilities		<u>215,149</u>	<u>474,529</u>
Total liabilities		<u>8,807,505</u>	<u>8,184,130</u>
Net Assets		<u>11,407,897</u>	<u>9,015,497</u>
Equity			
Contributed equity	14	1	1
Reserves	15(a)	(43,085)	128,003
Retained profits	15(b)	11,450,981	8,887,493
Total equity		<u>11,407,897</u>	<u>9,015,497</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

APNIC Pty Ltd

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 \$	2010 \$
Total equity at the beginning of the financial year	9,015,497	8,803,612
Changes in the fair value of available-for-sale financial assets, net of tax	(171,088)	(38,671)
Profit (Loss) for the year	2,563,488	250,556
Total recognized income and expense for the year	2,392,400	211,885
Total equity at the end of the financial year	11,407,897	9,015,497

The above statement of changes in equity should be read in conjunction with the accompanying notes.

APNIC Pty Ltd

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2011

	<i>Notes</i>	<i>2011</i>	<i>2010</i>
		\$	\$
Cash flows from operating activities			
Receipts from customers		16,282,229	14,859,277
Payments to suppliers and employees		(12,738,321)	(12,227,309)
		3,543,908	2,631,968
Interest received		324,020	528,573
Income tax received (paid)		213,744	(76,925)
Net cash inflow from operating activities	18	<u>4,081,672</u>	<u>3,083,616</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(921,439)	(7,829,216)
Proceeds from sale of property, plant and equipment		940	3,125
Net cash (outflow) inflow from investing activities		<u>(920,499)</u>	<u>(7,826,091)</u>
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of year		3,161,173	(4,742,475)
Decrease in term deposits maturing in the next three months		5,886,958	7,201,988
Effects of exchange rate changes on cash and cash equivalents		-	3,417,206
		136	10,239
Cash and cash equivalents at end of year	4	<u>9,048,267</u>	<u>5,886,958</u>

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

Notes to the Financial Statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report was recognized for issue by a director's resolution dated 9 February 2012.

(a) Basis of preparation

In the director's opinion, the Company is not a reporting entity because there are no users dependent on general purpose financial reports.

This is a special purpose financial report that has been prepared at the request of the Executive Council for the interest of APNIC members and to comply with the *Corporations Act 2001* requirements to prepare and distribute a financial report to the members and must not be used for any other purpose. The director has determined that the accounting policies adopted are appropriate to meet the needs of the members.

The requirements of Accounting Standards and other financial reporting requirements in Australia do not have mandatory applicability to APNIC Pty Ltd because it is not a "reporting entity". However, the director has determined that in order for the financial report to give a true and fair view of the company's performance, cash flows and financial position, the requirements of Accounting Standards and other professional reporting requirements relating in Australia to the measurement and recognition of assets, liabilities, revenues, expenses and equity should be complied with.

Accordingly, the director has prepared the financial report in accordance with Accounting Standards and other professional reporting requirements in Australia with the following exceptions in relation to disclosures:

AASB 7	Financial Instruments: Disclosures;
AASB 112	Income Taxes;
AASB 116	Property, Plant and Equipment;
AASB 124	Related Party Disclosures;
AASB 132	Financial Instruments: Disclosures and Presentation;
AASB 136	Impairment of Assets; and
AASB 137	Provisions, Contingent Liabilities and Contingent Assets.

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

(b) Foreign currency translation

(i) Functional and presentation currency

The financial statements are presented in Australian dollars, which is APNIC Pty Ltd's functional and presentation currency.

(ii) 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 year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Notes to the Financial Statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue is recognized for the major business activities as follows:

(i) *Member fees*

Member fees are recognized on an accrual basis over the period of membership.

(ii) *Interest Income*

Interest income is recognized as control of a right to receive consideration for the provision of, or investment in, assets has been attained.

(d) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

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 consolidated financial statements. However, the deferred income tax is 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 reporting date and are expected to apply when the related deferred income tax asset is recognized or the deferred income tax liability is settled.

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

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 recognize the asset and settle the liability simultaneously.

(e) Cash and cash equivalents

For cash flow statement presentation purposes, 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. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(f) Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial recognized, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognized in the statement of comprehensive income in other expenses.

(g) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Notes to the Financial Statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Investments and other financial assets

The Company classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

The units in the managed investment funds are classified as “available-for-sale” financial assets and are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognized in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as gains and losses from investment securities.

Fair value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment

The Company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the statement of comprehensive income. Impairment losses recognized in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

(i) Property, plant and equipment

Acquisition

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

Property related assets include land, buildings, fixtures & fittings, furniture and office equipment.

Depreciation

Items of property, plant and equipment acquired prior to 1 January 2000 are depreciated over their estimated useful lives.

Property related assets:

Plant and equipment	20 – 40%	reducing balance
Office furniture and fittings	20 – 50%	reducing balance
Computer equipment	20 – 40%	reducing balance

APNIC assets acquired after 1 January 2000 are depreciated on a straight line basis over their expected useful life, as follows:

Property related assets:

Plant and equipment	5 – 40%
Office furniture and fittings	5 – 20%
Buildings	2.5%
Computer equipment	5 – 40%

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, it is company policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Notes to the Financial Statements

(k) Employee benefits

(i) *Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, bonus, annual leave, time of in lieu and accumulating sick leave expected to be settled within 12 months of the reporting date are recognized in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) *Long service leave*

The liability for long service leave is recognized in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Notes to the Financial Statements

	<i>2011</i>	<i>2010</i>
	\$	\$
2 REVENUE		
Membership income	12,968,291	10,199,249
Non-membership income	198,425	149,382
Per allocation fees	-	994,277
IP resource application fees	1,530,500	1,373,986
Reactivation fees	16,200	17,550
Non-member reactivation fees	9,000	6,000
Other revenue	420,301	262,762
	<u>15,142,717</u>	<u>13,003,206</u>
3 OTHER INCOME		
Interest	395,591	397,689
Investment distribution income	20,494	48,390
	<u>416,085</u>	<u>446,079</u>
4 CURRENT ASSETS – CASH ASSETS		
Petty cash	400	400
Cash at bank	676,674	847,676
Short Term Deposits	8,371,223	5,038,882
	<u>9,048,267</u>	<u>5,886,958</u>
5 CURRENT ASSETS – RESTRICTED CASH		
Cash at bank	-	66,891

Restricted cash at bank represents the remaining funds for the ISIF Grant program.

Notes to the Financial Statements

	<i>2011</i>	<i>2010</i>
	\$	\$
6 CURRENT ASSETS - TRADE AND OTHER RECEIVABLES		
Trade receivables	1,090,000	880,872
Provision for doubtful receivables	(12,670)	(2,106)
	<u>1,077,330</u>	<u>878,766</u>
7 CURRENT ASSETS – OTHER CURRENT ASSETS		
Goods and services tax (GST) receivables	-	187,127
Prepaid taxes	18,430	242,995
Other prepayments	316,832	243,537
Deposits	42,985	45,456
Sundry receivables	84,184	48,801
Interest receivable	142,496	70,925
Other assets	5	-
	<u>604,932</u>	<u>838,841</u>
8 NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS		
Units in managed investment funds - at fair value	<u>986,920</u>	<u>1,137,515</u>

Notes to the Financial Statements

9 NON-CURRENT ASSETS-PROPERTY, PLANT AND EQUIPMENT

	<i>Computer equipment</i> \$	<i>Property Related Assets</i> \$	<i>Total</i> \$
Year ended 31 December 2010			
Opening net book amount	1,261,820	345,999	1,607,819
Additions	607,541	7,206,391	7,813,932
Make good provision	-	15,000	15,000
Disposals	(40,393)	(216,833)	(257,226)
Depreciation	(665,317)	(123,552)	(788,869)
Closing net book amount	<u>1,163,651</u>	<u>7,227,005</u>	<u>8,390,656</u>

At 31 December 2010

Cost	3,852,010	7,391,505	11,243,515
Accumulated depreciation	<u>(2,688,359)</u>	<u>(164,500)</u>	<u>(2,852,859)</u>
Net book amount	<u>1,163,651</u>	<u>7,227,005</u>	<u>8,390,656</u>

Year Ended 31 December 2011

Opening net book amount	1,163,651	7,227,005	8,390,656
Additions	641,541	282,718	924,259
Disposals	(2,071)	(602)	(2,673)
Depreciation	(633,682)	(241,592)	(875,274)
Closing net book amount	<u>1,169,439</u>	<u>7,267,529</u>	<u>8,436,968</u>

At 31 December 2011

Cost	4,441,114	7,670,418	12,111,531
Accumulated depreciation	<u>(3,271,675)</u>	<u>(402,889)</u>	<u>(3,674,563)</u>
Net book amount	<u>1,169,439</u>	<u>7,267,529</u>	<u>8,436,968</u>

10 CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	<i>2011</i> \$	<i>2010</i> \$
Trade payables	165,808	156,953
Accrued expenses	142,952	125,193
Goods and services tax (GST) payable	25,090	-
ISIF Grant	(43)	134,116
	<u>333,807</u>	<u>416,262</u>

Notes to the Financial Statements

	2011 \$	2010 \$		
11 CURRENT LIABILITIES – PROVISIONS				
Make good provision	62,032	115,000		
Onerous lease	198,886	408,741		
Employee benefits – annual leave	424,791	443,431		
Employee benefits – long service leave	366,982	353,941		
Employee benefits – Bonus provision	111,870	-		
Employee benefits – Time in lieu leave	35,719	-		
	<u>1,200,280</u>	<u>1,321,113</u>		
The onerous lease provision comprises the operating lease payments of the previous office space which are considered as onerous by the director.				
12 CURRENT LIABILITIES – CURRENT TAX LIABILITIES				
Income tax payable/(receivable)	(112,811)	(101,990)		
	<u>(112,811)</u>	<u>(101,990)</u>		
13 NON-CURRENT LIABILITIES – PROVISIONS				
Onerous lease	54,624	321,144		
Employee benefits – long service leave	160,525	140,296		
	<u>215,149</u>	<u>461,440</u>		
The onerous lease provision comprises the operating lease payments of the previous office space which are considered as onerous by the director.				
14 CONTRIBUTED EQUITY				
	<i>2011 Shares</i>	<i>2010 Shares</i>	<i>2011 \$</i>	<i>2010 \$</i>
(a) Share Capital				
Fully paid	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
15 RESERVES AND RETAINED PROFITS				
			<i>2011 \$</i>	<i>2010 \$</i>
(a) Reserves				
Reserves – Available for Sale Investment Revaluation Reserve			(43,085)	128,003
			<u>(43,085)</u>	<u>128,003</u>
Movements:				
Reserves – Available for Sale Investment Revaluation Reserve				
Balance 1 January			128,003	166,674
Revaluation, net of tax			(171,088)	(38,671)
Balance 31 December			<u>(43,085)</u>	<u>128,003</u>

Notes to the Financial Statements

	2011 \$	2010 \$
15 RESERVES AND RETAINED PROFITS		
(b) Retained profits		
Movements in retained profits were as follows:		
Balance 1 January	8,887,493	8,636,937
Net profit (loss) for the year	2,563,488	250,556
Balance 31 December	11,450,981	8,887,493

16 REMUNERATION OF AUDITORS

Amounts received or due and receivable by Ernst & Young

Audit of financial reports and other audit work under the *Corporations Act 2001*

Other services

Total remuneration for assurance services

31,500	30,000
-	-
31,500	30,000

17 COMMITMENTS AND CONTINGENCIES

(i) Operating leases

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within one year

Later than one year but not later than five years

198,886	408,741
54,624	321,144
253,510	729,885

The operating lease commitment has been recognised as onerous lease (refer note 11 and 13)

Notes to the Financial Statements

	2011	2010
	\$	\$
RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM		
18 OPERATING ACTIVITIES		
Profit (Loss) for the year	2,563,488	250,556
Depreciation and amortization	875,274	788,869
Provision for onerous lease	-	729,885
Net Profit(Loss) on sale of property, plant and equipment	(1,087)	254,385
Bad debts	-	2,106
Investment distribution income	(20,494)	(48,390)
Net exchange differences	(136)	(10,239)
Change in operating assets and liabilities:		
(Increase) Decrease in restricted cash	66,891	78,324
(Increase) Decrease in trade and other debtors	(22,000)	(381,015)
(Decrease) in provision for doubtful debts	10,564	(1,017)
(Increase) in interest receivables	(71,571)	130,884
(Increase) Decrease in deposits and prepayments	(106,213)	(91,097)
(Decrease) in trade and other creditors	(82,456)	(381,727)
Increase (Decrease) in GST payable	-	(140,041)
Decrease in provision for onerous contract	(476,375)	-
Increase (Decrease) in provision for unearned income	1,096,866	1,942,837
(Decrease) Increase in income tax payable	(10,821)	(127,660)
(Decrease) in deferred tax provisions	(74,074)	3,626
Increase (decrease) in prepaid taxes	224,565	
Increase in provision for employee entitlements	109,251	83,330
Net cash inflow from operating activities	<u>4,081,672</u>	<u>3,083,616</u>

19 SUBSEQUENT EVENTS

There were no subsequent events that occurred after the date of this report.

Director's Declaration

In accordance with a resolution of the director of APNIC Pty Ltd, I state that:

In the opinion of the director:

- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards to the extent set out in Note 1 and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Director

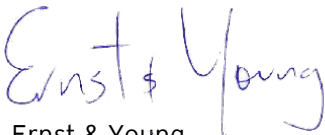
Brisbane
09 February 2012

Disclaimer on additional financial information

The additional financial information, being the attached Operating Statement, has been compiled by the management of APNIC Pty Ltd.

No audit or review has been performed by us and accordingly no assurance is expressed.

To the extent permitted by law, we do not accept liability for any loss or damage which any person, other than APNIC Pty Ltd may suffer arising from any negligence on our part. No person should rely on the additional financial information without having an audit or review conducted.

A handwritten signature in blue ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink, likely belonging to Ric Roach.

Ric Roach
Partner
Brisbane
09 February 2012

APNIC Pty Ltd

Operating Statement

FOR THE YEAR ENDED 31 DECEMBER

	2011	2010
	\$	\$
INCOME		
Membership fees	12,968,291	10,199,249
Per allocation fees	-	994,277
IP resource application fee	1,530,500	1,373,986
Interest	395,591	397,689
Non-membership income	198,425	149,382
ISIF grant received	142,138	105,392
Reactivation fees	16,200	17,550
Other revenue	307,657	211,762
Total	15,558,802	13,449,287
Less Expenses		
Administration expenses (refer schedule)	13,069,388	13,263,032
Total expenses	13,069,388	13,263,032
Net Trading Income (Loss)	2,489,414	186,255
INCOME (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX	2,489,414	186,255

This operating statement does not form part of the audited financial report

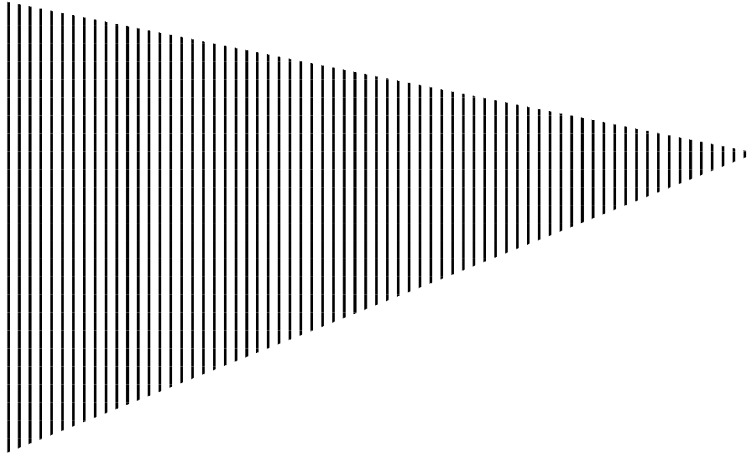
APNIC Pty Ltd

Operating Statement

FOR THE YEAR ENDED 31 DECEMBER

	2011 \$	2010 \$
SCHEDULE OF ADMINISTRATION EXPENSES		
Salaries and wages	5,606,394	5,085,916
Travel	1,576,246	1,404,527
Depreciation	875,274	788,869
Employees' entitlements	622,075	586,814
Superannuation contributions – employees	543,545	497,550
Computer costs – other	397,535	328,583
Communication expenses	385,819	339,964
Meeting expenses	354,142	220,201
Professional fees – consulting	333,188	218,774
Payroll tax	325,152	294,782
ICANN	284,889	321,172
Office expenses	151,995	72,028
ISIF grant expense	142,138	105,392
Donations	138,453	97,269
Recruitment	123,485	140,220
Insurance – other	120,236	116,824
Professional fees – R&D	111,759	180,315
Staff training	107,752	146,287
Bank charges – general	102,974	81,607
Professional fees – legal	92,317	82,101
Sponsorship fees	85,449	108,718
Gifts and promotions	69,133	46,195
Electricity	60,180	27,825
Staff amenities	56,995	16,906
Membership fees	54,261	53,663
Printing and stationery	37,515	21,618
Fringe benefits tax	36,861	14,716
Cleaning	33,188	11,151
Postage	32,842	27,394
Auditor's remuneration fees	31,500	30,000
Deductable entertainment	29,927	21,905
Professional fees – accountancy/management	28,366	34,986
Rent and make good	28,134	1,247,460
Books and periodicals	17,335	14,982
Repairs and maintenance	14,515	73,655
Equipment hire	13,945	7,295
Doubtful debts	12,808	2,106
Worker's compensation	12,697	10,901
Translation expenses	10,297	14,498
Professional fess – project management	7,994	8,120
Administration fees	1,173	992
Miscellaneous expenses	49	40
Parking expenses	-	85,854
Foreign exchange (gain)/loss	(57)	18,471
Loss (gain) on sale of fixed assets	(1,087)	254,386
Total expenses	13,069,388	13,263,032

2011 Auditor's Closing Report



Audit Closing Report for APNIC Pty Ltd

31 December 2011

8 February 2012

The Executive Council
APNIC Pty Ltd
6 Cordelia Street
South Brisbane QLD 4001

Attention: Paul Wilson

Dear Paul

Audit Closing Report - 31 December 2011

We have completed our audit of the special purpose financial statements of APNIC Pty Ltd for the financial year ended 31 December 2011 and are pleased to present the results of our audit.

This report includes all matters and issues arising from our audit which we consider appropriate for consideration by the Executive Council.

This report is intended solely for the information and use of the director, Executive Council and management. It is not intended to be and should not be used by anyone other than the specified parties.

We received full co-operation and assistance from APNIC personnel in completing our audit procedures.

Please call me to discuss any queries in relation to the enclosed report or our audit.

Yours sincerely

Ric Roach

Partner

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1. Overview

Status of the Audit	<p>We have completed the audit of the special purpose financial report of APNIC Pty Ltd (“APNIC” or “the Company”) for the financial year ended 31 December 2011.</p> <ul style="list-style-type: none"> ▶ Our audit was performed in accordance with Australian Auditing Standards in order to provide reasonable assurance that the financial report is free of material misstatement. ▶ Subject to the resolution of the outstanding matters outlined at Section 3 of this report, we anticipate issuing an unqualified audit opinion (refer Appendix B). ▶ Materiality was assessed at \$112,500. ▶ Listed in Appendix A are the adjusted audit differences noted during the course of the audit. All differences identified that were assessed as material, have been adjusted by management. ▶ Ernst & Young's independence has been confirmed by all team members and a draft Auditor's Independence Declaration has been included in this report (refer Appendix C).
Significant Accounting and Audit Matters	<p>We have identified the following matters for consideration by the Board of Directors prior to adopting the financial report:</p> <ul style="list-style-type: none"> ▶ Valuation of investment in managed funds; ▶ Onerous lease provision; ▶ Make good provision; and ▶ Depreciation of buildings. <p>Please refer to the detailed discussion at section 2 on each of these matters. We request you review these and other audit and accounting matters set out in this report to ensure:</p> <ul style="list-style-type: none"> ▶ There are no residual further considerations or matters that could impact these issues; ▶ You concur with the resolution of the issues; and ▶ There are no further significant issues you are aware of to be considered before the financial report is finalised.
Internal Control Environment	<p>Our review of the company's system of internal controls is carried out to assist us in expressing an opinion on the accounts of APNIC as a whole. This work is not primarily directed towards the discovery of weaknesses or the detection of fraud or other irregularities (other than those which would influence us in forming that opinion) and should not therefore be relied upon to show that no other weaknesses exist. We note that no issues in relation to the internal control environment have come to our attention to report to you.</p>

2. Significant accounting and audit issues

We wish to highlight the following audit and accounting issues noted during our audit:

Issue	Key Accounting and Audit Matter
Valuation of Investment in Managed Funds	<p>Summary of matter:</p> <ul style="list-style-type: none"> ▶ APNIC held investments in managed funds aggregating approximately \$986k as at 31 December 2011. ▶ These investments (i.e. equity instruments) have been classified as available for sale securities in accordance with AASB 139, <i>Financial Instruments</i>. ▶ The market value of these investments decreased by \$171k in the current year. The change in market value has been recorded as a decrease in the investments account with a corresponding decrease to the available for sale investment revaluation reserve account. <p>Audit findings:</p> <ul style="list-style-type: none"> ▶ As part of our audit procedures, we confirmed the balances directly with the fund managers and did not note any exceptions. Management has recognised the decrease in market value through the available for sale investment revaluation reserve account. We concur with the accounting treatment.
Onerous lease provision	<p>Summary of matter:</p> <ul style="list-style-type: none"> ▶ APNIC relocated its corporate office to the new premises in December 2010. ▶ APNIC still has lease commitments on the old office premises until March 2013. ▶ Accounting standards require that a provision be made in the financial report to account for lease obligations arising under onerous lease contracts. APNIC has secured sub-lessees for certain space in the old office premises. The sub-lease agreement took effect on 1 March 2011. ▶ As a consequence of this, management has recorded an onerous lease provision for the shortfall in the remaining rental lease obligations to March 2013. <p>Audit Findings:</p> <ul style="list-style-type: none"> ▶ APNIC has recorded a provision for onerous lease of \$253k at 31 December 2011 in accordance with accounting standard AASB 137, <i>Provisions, contingent liabilities and contingent assets</i>. We have considered the approach taken by management and extent of provisioning made, and accept the position as reasonable.
Make good provision	<p>Summary of matter:</p> <ul style="list-style-type: none"> ▶ At the end of the lease term, APNIC is required under the lease agreement for the old office premises to restore its previous leased office facility to its original condition. ▶ During 2010, management obtained an independent third party assessment and the estimated cost to complete the "make good" to the previous leased office was in the order of \$115k. ▶ Actual costs for the make good of the sub-lease portion for the 685 m2 were \$90k. ▶ At 31 December 2011 a provision amounting to \$62k for the remaining space of 453m2 has been provided for based on the cost per sqm of the sub-leased portion.

Issue	Key Accounting and Audit Matter
	<p>Audit Findings:</p> <ul style="list-style-type: none"> ▶ APNIC has recorded a make good provision of \$62k at 31 December 2011 in accordance with accounting standard AASB 137, <i>Provisions, contingent liabilities and contingent assets</i>. We accept management's accounting treatment as reasonable.
Depreciation of Buildings	<p>Summary of matter:</p> <ul style="list-style-type: none"> ▶ In December 2010 APNIC relocated to the refurbished premises in South Brisbane ▶ In January and February 2011 the final costs associated with the refurbishment of the premises were capitalised. ▶ APNIC used the tax depreciation schedule provided by the Quantity Surveyors as the basis of its depreciation calculation. <p>Audit findings:</p> <ul style="list-style-type: none"> ▶ The schedule used did not include the entire portion of the building as part of the basis of the calculation of accounting depreciation, due to differences in the definition of identifiable assets for tax and accounting purposes. ▶ Therefore \$1.7m of assets had not yet been depreciated for the 2011 year. ▶ APNIC performed an adjustment for the depreciation using a rate of 2.5% (40years) in line with the depreciation used by KPMG ▶ This led an adjusted audit difference of \$48k.

3. Outstanding Matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

- ▶ Executive Committee minutes for January 2012;
- ▶ Update of subsequent events to the date of signing our audit report;
- ▶ Board of Directors adoption and signing of the financial statements;
- ▶ Receipt of signed management representation letter (due at time of signing the financial statements).

4. Appendices

Appendix A - Listing of Audit Differences

Appendix B - Draft Audit Opinion

Appendix C - Draft Auditor's Independence Declaration

Appendix A : Listing of Audit Differences

Adjusted audit differences

Summarised below are the audit differences identified during the audit which were adjusted by management.

Account		Balance sheet A\$		Income Statement A\$		Other
		Dr	Cr	Dr	Cr	
1	Depreciation Expense - Building			42,888		
	Accumulated Depreciation - Building		42,888			
	<i>To record the depreciation for the building not recorded for tax depreciation</i>					
			42,888	42,888		

Unadjusted audit differences

There are no unadjusted audit differences.

Appendix B : Draft audit opinion

Independent auditor's report to the members of APNIC Pty Ltd

We have audited the accompanying financial report, being a special purpose financial report of APNIC Pty Ltd, which comprises the statement of financial position as at 31 June 2011, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the director's declaration.

Director's responsibility for the financial report

The director of the company is responsible for the preparation of the financial report and has determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members.

The director's responsibility also includes such internal controls as the directors determine are necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the director of the company a written Auditor's Independence Declaration, a copy of which is included in the director's report.

Opinion

In our opinion the financial report of APNIC Pty Ltd is in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis of accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

Ernst & Young

Ric Roach
Partner
Brisbane
9 February 2012

Appendix C : Auditor's Independence Declaration

Auditor's Independence Declaration to the Director of APNIC Pty Ltd

In relation to our audit of the financial report of APNIC Pty Ltd for the year ended 31 December 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ric Roach
Partner
Brisbane

9 February 2012

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EC Election Procedures

EC Election Procedures for APNIC 33

General Principles

The Executive Council (EC) serves as the governing body of APNIC, as defined in the APNIC By-laws. It holds formal elections for the appointment of members of the EC. Elections are held by secret ballot of the membership.

In March 2010 the EC commissioned an independent panel to review the EC election process and make recommendations as appropriate. The APNIC EC has adopted the recommendations made by the panel.

These recommendations included:

- The appointment of an Election Chair
- The use of Secretariat staff to serve as Election Officers to manage the elections process and Election Tellers to count the ballots
- The appointment of independent Scrutineers to observe the vote counting
- The documentation of the EC Election procedure

APNIC EC members

Each EC member serves a two-year term of office and is eligible for re-election at the end of each term.

Each member serves as an individual, not as a representative of any other party or APNIC Member, and must act at all times in the best interests of APNIC.

APNIC 2012 EC election

For the 2012 EC election, there are three vacant seats open for election. Each seat serves a two-year term, starting from 2 March 2012. The call for nominations opens on 6 January 2012 and closes on 10 February 2012.

Voting entitlement

Only APNIC Members can vote in these elections.

APNIC Members are entitled to a number of votes according to their Membership Tier:

Membership Tier	IPv4 prefix	IPv6 prefix	Votes
Associate	None	None	1 vote
Very Small	Up to and including /22	Up to and including /35	2 votes
Small	>/22, up to and including /19	>/35, up to and including /32	4 votes
Medium	>/19, up to and including /16	>/32, up to and including /29	8 votes
Large	>/16, up to and including /13	>/29, up to and including /26	16 votes
Very Large	>/13, up to and including /10	>/26, up to and including /23	32 votes
Extra Large	>/10	>/23	64 votes

Voting

APNIC Members can vote online through MyAPNIC, or on site at the APNIC Member Meeting (AMM).

Online voting

Online voting is only available to APNIC Members via MyAPNIC. Users need a valid APNIC certificate when voting and must fill out specific forms that validate submitted votes.

This system preserves anonymity, storing a record of who has voted and a separate record of votes cast.

Voting entitlements are only available to:

- Corporate Contacts, or
- Authorized contacts with voting rights given by the Corporate Contact

The voting period starts on 15 February 2012 and ends at 09:00 (UTC +5:30) on 29 February 2012.

Proxy appointment

Corporate Contacts may appoint a proxy to vote on their behalf. The proxy holder need not be from the Member organization, but must be registered to attend the APNIC Member Meeting in person.

The proxy appointment period starts on 15 February 2012 and ends on 29 February 2012 at 09:00 (UTC +5:30).

Proxy Appointment Procedure

Proxies can be submitted to the APNIC Secretariat:

- Online, via MyAPNIC, or
- By printing and signing a Proxy Appointment Form and faxing it or

emailing a scanned copy to the APNIC Secretariat

In processing proxy voting authorities, the APNIC Secretariat:

- Validates the current status of the Member lodging the proxy authority
- Validates that the status of the person who appointed the proxy is a Corporate Contact

The proxy appointment is valid only when confirmed by the APNIC Secretariat.

Confirmation emails are sent to both the Corporate Contact and the appointed proxy once the proxy appointment is verified.

On-site voting

The on-site voting period starts at around 09:00 (UTC +5:30), when announced by the Election Chair of the APNIC Member Meeting, and ends at 14:00 (UTC +5:30) on 2 March 2012.

Corporate Contact(s), contacts with voting rights, or appointed proxies can collect ballot papers from the Voting desk until 14:00 (UTC +5:30) on 2 March 2012.

On-site voting ballot paper

Ballot papers can be collected from the Voting desk. They provide clear instructions on how to fill them out and will be marked with a unique stamp.

Bulk ballot papers with 1, 2, 4, 8, and 16 votes are to be used in the election. The ballot paper is worth the number of votes your Membership tier entitles you to:

Associate:	1 vote
Very Small:	2 votes
Small:	4 votes
Medium:	8 votes
Large:	16 votes
Very Large:	16 votes x 2
Extra Large:	16 votes x 4

Members who wish to split their vote may exchange their ballot paper at the Voting desk for a set of single-vote papers equal to the member's total voting entitlement.

For a vote to be valid the ballot paper must be marked with an 'x' in the box against the names of up to three candidates.

A ballot paper is invalid if:

- No boxes are marked
- More than three boxes are marked
- There is ambiguous marking
- It does not bear a validation stamp

On-site voting logistics

The Voting desk is set up outside the meeting room.

When the Election Chair announces the opening of the on-site voting, the ballot box will be opened and shown to the delegates in the AMM before it is moved to the Voting Desk and sealed by the Election Officers, to be ready for ballot collection. The ballot box is supervised by the Election Tellers at all times.

Any enquiries regarding on-site voting should be directed to the Election Officers who will be available at the Voting desk.

Election Chair

The APNIC EC appoints the Election Chair. The Chair's responsibilities are to:

- Oversee the election process
- Appoint the Election Scrutineers
- Declare the election results
- Resolve disputes

Election Officers

The APNIC EC appoints the Election Officers from the APNIC Secretariat staff.

Their responsibilities are to:

- Administer the call for nominations
- Manage the online and on-site voting processes
- Supervise the ballot paper collection
- Perform the vote counting with the Election Tellers
- Retrieve the online voting reports

Election Tellers

The APNIC EC also appoints the Election Tellers from the APNIC Secretariat staff.

Their responsibilities are to:

- Supervise the ballot box
- Issue the ballot papers on-site
- Validate and count the votes
- Report the results to the Election Chair

Election Scrutineers

The Election Chair appoints the Election Scrutineers from the staff of other RIRs, ICANN, and ISOC who are present at this meeting. Election Scrutineers do not vote, and must be independent from any APNIC Member or candidate.

Their responsibilities are to:

- Observe the Election Tellers in counting the votes
- Not handle or touch the ballot papers
- Notify the Election Chair in case any anomaly or issue is identified

Counting Procedures

The Election Tellers count the votes in the presence of the Election Scrutineers.

The counting procedures are as follows:

- Checking that all ballot papers are valid, printed on coloured paper, and have been stamped with a unique stamp
- Tally forms are used to count, record, and verify the total number of check marks for each candidate
- The tally forms are validated and checked by multiple Tellers
- Online voting reports are printed during vote count
- The total vote for each candidate are calculated by combining the total votes from online and on-site votes

Dispute resolution

Notice of dispute

Any complaint regarding the conduct of the election must be lodged in writing with the Election Chair at the Meeting. Such notices must be lodged no later than one hour before the scheduled time of the Declaration of the Election, as contained in the agenda of the meeting.

Only Members may lodge notices of a dispute through their authorized voting representatives.

Resolving disputes

The Election Chair shall resolve the dispute at his or her discretion. The Election Chair shall provide notice of all lodged disputes and the Election Chair's decision at the Declaration of the Election.

Declaration of the election result

The Election Chair will announce the result of the election. This declaration will include:

- The name and total vote count received by each candidate in the election
- The number of valid and invalid ballots
- Notice of any disputes and resolutions
- Disclosure of any communication from the Election Scrutineers regarding the counting of the ballot papers

APNIC Membership Agreement

APNIC Document identity

Title: Standard APNIC Membership Agreement

Short title: membership-agreement
Document ref: membership-agreement
Version: 002
Date of original publication: 1 December 2001
Date of this version: 27 February 2012
Review scheduled: n/a
Obsoletes: APNIC-050
Status: Adopted
Comments:

Standard APNIC Membership Agreement

General details

Member's details

Name of organization: _____

Address for notices and legal correspondence:

a) Street or postal address:

b) Email address:

Following details to be inserted by APNIC Pty Ltd

Account name (as assigned by APNIC Pty Ltd):

Membership date: _____

Renewal dates: _____

Recitals

- A. APNIC Pty Ltd ("the Company") is a non-profit proprietary limited company incorporated under Australian law.
- B. The Company is committed to acting in accordance with the interests and wishes of its membership in pursuing the following objectives:
- * To support APNIC members in fulfilling their responsibilities as managers of Internet resources;
 - * To promote the representation of the APNIC membership and the Internet community of the Asia Pacific region by ensuring open and transparent communications and consensus- driven decision-making processes;

- * To promote responsible management of Internet resources throughout the Asia Pacific region, as well as the responsible development and operation of Internet infrastructures;
 - * To promote and advance technical policy development in relation to APNIC services, and to Internet resource management in general;
 - * To provide high-quality Internet resource management services to APNIC members, namely resource allocation services, registration and database services, and membership administration and support services;
 - * To assist Internet development activities in the Asia Pacific region, relating to the above objectives.
- C. Under the Company's Articles of Association (Article 9.3), the Company has the power to establish, regulate, and delegate certain powers to a Special Committee. The Company has established a Special Committee called APNIC, referred to here as "the Special Committee".
- D. The Special Committee is subject to the Company's Articles of Association and governed by By-laws (created under Article 9.4). The organizational structure of the Special Committee includes Members, General Meetings, an Executive Council (appointed by the Members), and a General Secretariat (the Company's staff).
- E. In consideration of the Company accepting the Member as a member of the Special Committee, and the Member agreeing to pay all relevant Membership Fees, the Company and the Member agree that the following terms will govern their relationship.

1 Definitions

The definitions and interpretation provisions of the APNIC Definitions Document (available at the Company's website at <<http://www.apnic.net>>) apply to this agreement.

2 Term

2.1 Commencement & term

This agreement commences upon the membership date and is effective for one year.

2.2 Renewals

- (a) The Member may renew its membership by paying the Company the renewal fee by the due date. By renewing its membership, the Member will be deemed to have agreed to the terms of the Standard APNIC Membership Agreement as it exists at the time of renewal.
- (b) If the Member fails to renew its membership within 30 days of the due date, then the Company may, by written notice to the Member, revoke all of the Member's rights under the APNIC Documents.

2.3 Termination upon insolvency event

If there is an insolvency event then the Company may by written notice immediately revoke all of the Member's rights under the APNIC Documents and terminate this Membership Agreement.

3 Obligations

3.1 The Company's obligations

The Company must:

- (a) Establish and maintain mechanisms which support open communications within the Asia Pacific Internet community, for the development of policies and procedures relating to Internet resource management;
- (b) Promote and support training and educational activities relating to development of Internet services and responsible management of Internet resources;
- (c) Undertake other activities as required by the Members in support of Internet development within the Asia Pacific region;
- (d) Consider all requests relating to the operations of the Company that are made by members either directly or through the Executive Council;
- (e) Ensure that the Executive Council considers all requests relating to the operations of the Company that are referred to it either by the members directly or through the Company;
- (f) Provide rights and services (including delegated resources) to the Member in accordance with the APNIC Membership Schedule and other APNIC Documents;
- (g) Not disclose to any person (except to the General Secretariat, Internet Administration Authorities, staff and contractors performing necessary work for APNIC who sign a non-disclosure agreement, or as legally required to do so) any confidential information which the Member provides to the Company;
- (h) Maintain the APNIC Documents in accordance with the Document Review Policy, and make all reasonable efforts to keep current versions of those documents publicly available on the Company's website.

3.2 Member's obligations

The Member must:

- (a) Promptly pay all fees and charges due to the Company in accordance with the Fee Schedule;
- (b) Not provide any information to the Company or the Special Committee which is false or misleading;
- (c) Inform the Company as soon as possible of any changes in material information which the Member has previously supplied to the Company or the Special Committee;
- (d) Comply with this agreement and all APNIC Documents.

3.3 Liability and indemnity

The Member and the Company acknowledge that the following clauses 3.3(a) and 3.3(b) are essential in order to protect the membership as a whole and the Company's ability to pursue the aims expressed in Recital B.

- (a) To the extent permitted by law, the Company excludes all liability to the Member arising out of or in connection with this agreement, the APNIC Documents or delegated resources. This exclusion applies, without limitation, to all liability in contract or tort for actions or omissions of the Company or the Special Committee and their employees, agents, and contractors, but does not apply to

liability arising directly from:

- (1) Personal injury, including sickness and death;
- (2) Loss of, or damage to, tangible property (including both the property of the Member and third party property);
- (3) An unintentional infringement of intellectual property rights (other than any passing off, infringement of patent or trade secret, or legal proceedings or enforcement proceedings in the United States and/or Canada in respect to the infringement of intellectual property rights);
- (4) A breach of confidentiality or privacy,

to the extent caused or contributed to by any act or omission of the Company or the Special Committee and their employees, agents, and contractors.

- (b) The Member indemnifies the Company against the full amount of all expenses, losses, damages, and costs that the Company may incur as a result, whether directly or indirectly, of any breach of this agreement or any APNIC Document by the Member, its employees, contractors, or agents.

For clarity, this clause 3.3 survives the termination of this agreement.

4 Notices, responses, and appeals

4.1 Notice

- (a) If the Company reasonably believes that the Member has breached this agreement or any of the APNIC Documents then the Company must send a written notice ("Notice") to the Member.
- (b) The Notice must:
 - (1) Describe the nature of the breach that the Company believes has occurred, and the course of action necessary to remedy the breach;
 - (2) Specify a reasonable period for the Member to provide a response to the breach notice within the terms of clause 4.2, or to take the action necessary to remedy the breach; and
 - (3) Advise the Member of the Company's intended action if the breach is not remedied.

4.2 Response to Notice

The Member must, by the time specified in clause 4.1(b)(2) send the Company a response to the Notice detailing that either:

- (a) The Member has not committed the breach; or
- (b) The Member has remedied the breach in accordance with clause 4.1(b)(1); or
- (c) Exceptional circumstances exist which justify the Company retracting or revising the Notice.

4.3 Subsequent actions

If the period specified in clause 4.1(b)(2) expires and, taking

full account of any responses received under clause 4.2, the Company reasonably believes that the breach has not been remedied then the Company may, in its discretion, either send the Member:

- (a) A subsequent Notice as described in section 4.1(b); or
 - (b) A written notice immediately revoking some or all of the Member's rights under the APNIC Documents (including, without limitation, delegated resources);
- and/or immediately terminating this Membership Agreement.

4.4 Appeal to Executive Council

If the Member believes that the Company has failed to adequately consider all relevant circumstances or has acted unreasonably in sending a revocation notice under clause 4.3(b), then the Member may appeal to the Executive Council, which must consider the appeal within 30 days. If the Executive Council decides that the Member's appeal is justified then the Company will withdraw the revocation notice.

4.5 Acknowledgment by Member

The Member acknowledges that:

- (a) If the Member receives a notice under clauses 2.2(b) or 4.3(b) then the Member must immediately cease using the delegated resources specified in the notice; and
- (b) If the Member fails to comply with clause 4.5(a), then subject to the court's discretion, the Company may by an injunction or similar remedy restrain the Member from using the relevant delegated resources.

5 General

5.1 APNIC Documents

The Member agrees that:

- (a) The APNIC Documents may be amended from time to time in accordance with the Document Review Policy;
- (b) Any such amendments are binding upon the Member;
- (c) APNIC Documents as they exist from time to time form an integral part of and apply fully to this agreement; and
- (d) If the membership is either terminated or not renewed, the Member shall continue to be bound by the provisions of this agreement and other APNIC Documents to the extent that the provisions relate to the use of resources or disputes arising from this agreement or any other APNIC documents.

5.2 Governing law

- (a) This agreement is governed by the laws of Queensland, Australia.
- (b) Subject to the Dispute Resolution Document, the Member and the Company irrevocably submit to the exclusive jurisdiction of the courts of Queensland, Australia.

5.3 To the extent not excluded by law

The rights, duties and remedies granted or imposed under the

provisions of this agreement operate to the extent not excluded by law.

5.4 Order of precedence

To the extent of any inconsistency, the terms and conditions contained within this agreement will prevail over any other Membership Agreement executed between the parties.

Executed as an agreement:

Signed for
[insert company name of Member]

by its authorized representative:

in the presence of:

Signature of authorized representative

Signature of Witness

Full name of authorized representative
(please print)

Full name of Witness
(please print)

Official company title of authorized representative
(please print)

Signed for
APNIC Pty Ltd

by its authorized representative:

in the presence of:

Signature of authorized representative

Signature of Witness

Full name of authorized representative
(please print)

Full name of Witness
(please print)

Official company title of authorized representative
(please print)

APNIC Definitions Document

APNIC Document identity

Title: APNIC Definition Document

Short title: definition-document
Document ref: definition-document
Version: 002
Date of original publication: 1 December 2001
Date of this version: 27 February 2012
Review scheduled: n/a
Obsoletes: n/a
Status: Adopted
Comments:

APNIC Definition Document

Definitions:

In the APNIC Documents the following words have the corresponding meanings:

Term	Definition
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Allocated Resource	Internet resources which have been allocated by the Company.
APNIC	A special committee established pursuant to Article 9.3 of the Company's Articles of Association, also referred to as the Special Committee.
APNIC Document	The following specified documents: * APNIC Document Review Policies and Procedures * APNIC By-laws * APNIC Definition Document * Fee Schedule * Policies for Address Space Management in the Asia Pacific Region * Provisional IPv6 Assignment and Allocation Policy Document * Standard APNIC Membership Agreement * Standard APNIC NIR Membership Agreement Other documents which are declared APNIC Documents by the consensus of the members.
Applicant	In respect of a Membership, an organization which has applied to be accepted as a Member of APNIC. In respect of a request for resource services, an

organization which has applied to APNIC for allocated resources.

By-laws	The document setting out the By-laws which govern the operation of APNIC (including the meeting procedures and formalities).
Company	APNIC Pty Ltd ACN 081 528 010, a non-profit company incorporated under Australian laws.
Definition Document	Means this document which sets out the meaning of definitions used in the APNIC Documents.
Dispute Resolution Document	Means sections 73 to 81 (inclusive) of the APNIC By-Laws.
Fee Schedule	The document setting out the fees for various categories of Memberships.
General Secretariat	The General Secretariat defined in APNIC's By-laws.
Insolvency Event	One or more of the following: a. The Member ceases or takes steps to cease to conduct its business in the normal manner; b. The Member enters into or resolves to enter into any arrangement, composition or compromise with or assignment for the benefit of its creditors or any class of them; c. The Member is unable to pay its debts when they are due or is deemed under the Corporations Act to be insolvent; d. A liquidator or provisional liquidator is appointed to the Member or a receiver, receiver and manager, administrator, trustee or similar official is appointed over any of the assets or undertakings of the Member; or e. An application or order is made or a resolution is passed for the winding up of the Member.
Member	An Applicant who has been approved by the Company to become a member of APNIC.
Membership	Membership of APNIC.

Membership Agreement	An agreement to become a Member of APNIC.
Membership Date	The date of commencement of a Membership as is inserted by APNIC on page one of that Member's Membership Agreement.
Membership Fee	The membership fees prescribed in the Fee Schedule Document.
Member's rights under the APNIC documents	Includes, without limitation, a licence to use the delegated resources.
Payment Date	The date on which APNIC receives the full and cleared Application Fee, Renewal Fee, or any other fee.
Renewal Date	The date a Membership is renewed according to the provisions of the relevant Membership Agreement.
Renewal Fee	The renewal fees prescribed in the Fee Schedule Document.
Resources	<p>The resources and services which the Company may from time to time provide to a Member or Lessee, including:</p> <ul style="list-style-type: none"> * The leasing of Internet Protocol numbers; * Inverse addressing on Network blocks; * Maintenance of network records; * Administration of Internet Protocol numbers; * Educational services.
Standard APNIC Membership Agreement	The document setting out the standard agreement for Membership between the Company and a Member.
Standard APNIC NIR Membership Agreement	The document setting out the standard agreement for Membership between the Company and a Member which is recognized as an NIR.

Interpretations:

In the APNIC Documents, unless expressed or implied to the contrary:

1. A reference to a person includes a firm, partnership, joint venture, association, corporation or other corporate body, and includes the legal personal representatives, successors and permitted assigns of that person;

2. A reference to any body which no longer exists or has been reconstituted, renamed, replaced or whose powers or functions have been removed or transferred to another body or agency, is a reference to the body which most closely serves the purposes or objects of the first-mentioned body;
3. If a party to a document consists of more than one person, that document binds them jointly and each of them severally;
4. A reference to a statute includes regulations under it and consolidations, amendments, re-enactments or replacements of any of them;
5. A reference to this or other APNIC Document includes the document as varied or replaced from time to time;
6. A reference to a clause, schedule, appendix or annexure is a reference to a clause, schedule, appendix or annexure in or to that particular document, all of which are deemed part of that document;
7. A reference to writing includes all modes of representing or reproducing words in a legible, permanent and visible form;
8. Headings and sub-headings are inserted for ease of reference only and do not affect the interpretation of the document;
9. Where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
10. If a provision in the document is held to be illegal, invalid, void, voidable or unenforceable, that provision must be read down to the extent necessary to ensure that it is not illegal, invalid, void, voidable or unenforceable, and if it is not possible to read down a provision as required in this paragraph, that provision is severable without affecting the validity or enforceability of the remaining part of that provision or the other provisions in the document;
11. A reference to "\$" or "dollars" is a reference to Australian dollars;
12. A reference to the singular includes the plural and vice versa;
13. A reference to a gender includes the other genders.