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EXECUTIVE COUNCIL

Maemura Akinori, Chair
General Manager, Internet Development Department, Japan Network Information Center (JPNIC)

Ma Yan, Secretary
Executive Committee Member, Beijing University of Posts and Telecommunications, a member of China Education and Research Network (CERNET)

James Spenceley, Treasurer
CEO, Vocus Group Ltd

Kenny Huang
Board Director, Taiwan Network Information Center, (TWNIC)

Gaurab Raj Upadhaya
Director, International Networking, Limelight Networks

Che-Hoo Cheng
Associate Director (Infrastructure) of IT Services, The Chinese University of Hong Kong

Wei Zhao
Director of Business Development Center, China Network Information Center (CNNIC)

Paul Wilson, Ex-officio
Director General, APNIC
2014 was an eventful and important year for the Internet numbering community, and APNIC in particular.

The continuing decline of available IPv4 address space was highlighted in May by the first allocation from IANA’s Recovered Pool of IPv4 addresses to the Regional Internet Registries. This was triggered when LACNIC’s pool of available IPv4 address space dipped below a /9.

The allocation of a /11 to APNIC meant that organizations in the region could receive another small amount of IPv4 address space, and many Members took the opportunity with the number of delegations by APNIC tripling in June and July. Transfer market activity also increased in 2014 by 68% as IPv4 resources became increasingly scarce.

Policies developed by the APNIC community mean small allocations from the remaining IPv4 address pool can be made for years to come, which is critical for healthy Internet competition and growth into the future.

However, the Internet’s long term prospects rely on IPv6 adoption, and pleasingly in 2014 this doubled from 2.5% to 5% globally (as measured by Google). In the APNIC region, cumulative IPv6 delegations reached 3,338 in 2014, up 17% on 2013.

Clearly, there is still more to be done on IPv6 but this growth trajectory is encouraging.

The second major Internet milestone in 2014 was the start of the long-awaited transition of the IANA functions from the US Government’s stewardship to the Internet community. The NTIA’s announcement in March was followed by a flurry of activity and participation from the Asia Pacific Internet community – including discussion sessions at APNIC conferences and local events; the formation of the CRISP team; and the community-led development of a proposal to the IANA Stewardship Transition Coordination Group.

continues...
Along the way there were other positive developments, with both NetMundial in Brazil and the World Internet Conference in Wuzhen, China, making significant contributions to Internet governance discussions.

The level of engagement from the Asia Pacific Internet community in the IANA transition process throughout the year was high, and demonstrates the commitment of our community in maintaining the health of the Internet.

Finally, the results of the biennial APNIC Survey were announced at APNIC 38, providing the Secretariat with useful guidance for its 2015 and 2016 planning. I was heartened to see the level of satisfaction with APNIC’s performance from Members and the wider community; the team at APNIC works hard for Members and they appreciated the recognition.

However, we certainly don’t take these results for granted, and the Secretariat has already been busy making improvements and launching new initiatives in response to the survey feedback. In particular, the new activity-based plan and budget provides Members with an unprecedented level of transparency and clarity on how APNIC uses its funds. From this year onwards, you will see financial reporting against those discrete activities, and these initiatives are a direct result of community feedback.

The APNIC Secretariat is committed to delivering the best service to our Members, and remaining accessible, responsive, transparent and accountable. With more service improvements on the way, further milestones in the transition to IPv6, and the delivery of the final IANA stewardship proposal to the US Government ahead of us, 2015 promises to be an exciting year. We look forward to serving you.

Paul Wilson
Director General
MESSAGE FROM THE EC CHAIR

It’s always my great honour to provide some notes for the APNIC Annual Report on behalf of the Executive Council. The 2014 Annual Report provides an excellent overview of APNIC’s activities and I hope you will agree it is operating healthily.

2014 was a big year for Internet resource management, with the National Telecommunications and Information Administration of US Department of Commerce (NTIA) making an historic statement in March, which presented the intent to transition its stewardship role in the IANA operations to the global multistakeholder Internet community. This role, which is provided by the IANA functions contract between NTIA and ICANN, has been the keystone of many controversies on the resource management of the global Internet for more than fifteen years, and the March announcement is the biggest ever step towards the end of US Government oversight of IANA. We had a bunch of discussions on how the framework of IANA management should be formed.

For the IP numbering community, all five RIRs discussed it over their autumn meetings and the CRISP team, or Consolidated RIR IANA Stewardship Proposal team, worked tirelessly during the vacation season to develop the final proposal from the IP number community, which deserves applause from the entire community.

For broader Internet Governance issues, the NETmundial Conference, held in Sao Paulo in April, was one-of-a-kind event that saw a tremendous amount of intensive effort from various Internet stakeholders from all over the world. It successfully concluded with the NETmundial Statement, which has been repeatedly noted in various Internet Governance conferences since.

It was not only activities like these in 2014 that had an active discussion, but APNIC’s own operations as well. The active discussion in person in the APNIC Member Meeting at APNIC 37 in Petaling Jaya, and discussions online on the apnic-talk mailing list, demonstrated the increased interest of the Membership and the broader community on how and for what activities APNIC spends Membership fee income. At the Executive Council in 2014, accountability was one of the main focus areas. The EC has employed a number of measures to reinforce accountability, to maintain the integrity of the EC’s work, and to secure the sustainable operation of the APNIC Secretariat. You can learn about these changes from this Annual Report, in the AMM, and in the published EC minutes.

With the increased number of Membership, with the number of those who are connected to the Internet growing, and with the increased concern from various stakeholders of the Internet, the environment in which APNIC and its community operate will never stay as it was, but keep changing. We are having another year of big change in 2015.

APNIC will continue to improve as the environment changes. The Executive Council appreciates your continuous support, concern and input to keep APNIC always serving you well.

Maemura Akinori
VISION
A global, open, stable and secure Internet that serves the entire Asia Pacific community.

MISSION
APNIC...

- **Functions** as the Regional Internet Registry for the Asia Pacific, in the service of the community of Members and others
- **Provides** Internet registry services to the highest possible standards of trust, neutrality and accuracy
- **Provides** information, training and supporting services to assist the community in building and managing the Internet
- **Supports** critical Internet infrastructure to assist in creating and maintaining a robust Internet environment
- **Provides** leadership and advocacy in support of its vision and the community
- **Facilitates** regional Internet development as needed throughout the APNIC community
addressing the Internet in the Asia Pacific

APNIC IN THE INTERNET ECOSYSTEM

Resource distribution
- IP addresses
- AS numbers

Registration services
- reverse DNS
- Internet routing registry
- resource certification
- whois registry

Policy development
Capacity building
- training
- workshops
- conferences
- fellowships
- grants

Infrastructure
- root servers
- IXPs
- engineering assistance

APNIC is one of five RIRs

Original research
Data collection and measurements
Publications
Local/regional/global events
Government outreach
Intergovernmental & technical organizations collaboration
Internet security
ADDRESS RESOURCE MANAGEMENT

- IPv4 delegations increased markedly in 2014 following the first allocations made to APNIC from IANA’s recovered pool. APNIC received a /11 in May and a /12 in September from IANA, and 1,755 delegations were made from these recovered addresses. Total IPv4 delegations made in 2014 was 3,914 – an increase of 158% on 2013’s 1,517 delegations.

- IPv6 delegations continued to grow, with the total number of delegations made since 2004 reaching 3,338 by the end of 2014. Sixty-five per cent of IPv6 delegations made in 2014 were /32s.

- APNIC delegated 646 AS Numbers in 2014, with the majority (448) being 4-byte AS Numbers.

- The number of IPv4 market transfers in the APNIC region in 2014 was 165, an increase of 68% on 2013. Thirty-six of these transfers were between the APNIC and ARIN region.

MEMBER SERVICE IMPROVEMENTS

- MyAPNIC improvements, including
  - A simplified Whois interface in MyAPNIC to make it easier for objects to be updated
  - Ability to update portable delegations directly in MyAPNIC (previously updates needed to be handled by APNIC Hostmasters)
  - A new MyAPNIC web form to report invalid contacts
  - A new EC submission form for Members to submit feedback and questions directly to the APNIC EC
  - Instant web feedback forms to provide suggestions on how APNIC can improve its online user experience

- Refreshed APNIC website design and the new APNIC Blog for easier and clearer communications.

TRAINING

- During 2014, APNIC provided 76 face-to-face training sessions to over 2,352 professionals in 29 locations across 22 economies, and of these, 686 professionals attended IPv6 training. This included conducting APNIC training in the Pacific islands of Kiribati and Tuvalu for the first time.

- APNIC trainers also conducted 141 online courses via their eLearning platform, training 534 professionals.

- Three training and information sessions were held with Law Enforcement Agencies (LEAs) in New Zealand, Brunei and Indonesia.

training.apnic.net
COMMUNITY DEVELOPMENT

- APNIC launched the Technical Assistance service, offering network operators specialized technical help (on projects such as IPv6 deployment) on a cost recovery basis. Technical Assistance projects were completed in Bhutan, Laos, Tuvalu and Vanuatu in 2014.
- APNIC signed an MoU with ICANN to help distribute L-root servers in the AP region.
- 14 Fellowships were supported for APNIC 38.
- New Youth Fellowship Program launched at APNIC 38.

apnic.net/community

NETWORK OPERATOR GROUP (NOG) SUPPORT

- In 2014, APNIC participated in 14 NOG events in the region by sharing resource registration insights, presenting on Internet technology trends, conducting training sessions, and providing Hostmaster support to answer Member queries. Where appropriate, APNIC also provided sponsorship support.
- APNIC delivered training at PacNOG, SANOG, MyNOG, NZNOG and SGNOG, as well as the newly established NOGs in Bangladesh (bdNOG) and Bhutan (BTNOG).

IPV6 IN THE REGION

- APNIC is committed to promoting IPv6 and initiatives which help increase its adoption. In 2014, that activity included:
  - Presenting at 24 industry events in the region on IPv6.
  - Holding joint IPv6 workshops with the ITU in Thailand and Laos.
  - Continued support to the Asia Pacific IPv6 Task Force (APIIPv6TF).
  - Media interviews which sparked 26 pieces of news coverage to raise awareness of IPv6.

apnic.net/ipv6

LABS RESEARCH

- Labs deployed a new data access model to unify the views of both IPv6 and DNS-related measurements and provides statistical breakdowns by UN region, and inside each economy by AS holders.

labs.apnic.net

TECHNICAL INFRASTRUCTURE

- Whois query nodes are now operating in Tokyo, London, and California, as well as the set of nodes in Brisbane to improve responsiveness and resilience.
- Improved server scalability and business continuity / disaster recovery arrangements with migration of all servers to a new VMware and Puppet configuration management platform.
IANA STEWARDSHIP TRANSITION SUPPORT

- The Number Resource Organization (NRO) selected APNIC’s Paul Wilson (along with AFRINIC’s Adiel Akplogan) to represent the NRO on the IANA Stewardship Transition Coordination Group (ICG)

- Community members Izumi Okutani (Chair) and Dr. Govind, along with APNIC staff member, Craig Ng, were nominated as members of the Consolidated RIR IANA Stewardship Proposal Team (CRISP)

- The extensive community consultation process included an open discussion session at APNIC 38, a dedicated public mailing list (ianaxfer) and telephone briefing sessions. The CRISP team participated in 15 open teleconferences and provided two draft proposals for community comments in late 2014 (final proposal submitted to the ICG in January 2015)

2014 APNIC SURVEY

- The 2014 APNIC Survey received 1,039 valid responses, from developed (24.6%), developing (57.9%) and least developed economies (17.4%) in the region. APNIC Account Holders comprised 64.7% of the total

- APNIC Members are satisfied with APNIC’s performance, the quality of APNIC’s services (rated at 6.15/7), and the value of services and membership (rated at 5.91/7)

ISIF ASIA AWARDS AND GRANTS

- In 2014, five awards of AUD 3,000 were given to projects aiming to help address issues such as educational resources for people with disabilities, maternal health, access to remote islands and skills development for disadvantaged groups

- 12 projects from nine economies in the region were selected for grants of up to AUD 30,000

COLLABORATING WITH THE INTERNET COMMUNITY

- APNIC participated in forums including NETmundial Conference in São Paulo, Brazil (where APNIC EC Chair, Akinori Maemura, participated as a representative of the Executive Multistakeholder Committee), and the ITU’s 19th Plenipotentiary Conference in Busan, South Korea

- Coordination with the four other RIRs - AFRINIC, ARIN, LACNIC and RIPE NCC - as an active member of the Number Resource Organization (NRO), including participation at the Ninth Annual Internet Governance Forum (IGF 2014), held in Istanbul, Turkey
As at 31 December 2014, APNIC had a total of 4,618 Members, an increase of 12.27% from 2013.
The majority of IPv6 delegations have been a /32 (65%) which is the default allocation size for service providers, followed by /48s (32%) which is the default assignment size for end-sites.
IPv4 delegations increased in 2014 following the first allocations made to APNIC from IANA’s recovered pool. Total IPv4 delegations made in 2014 was 3,914 - an increase of 158% on 2013.
The number of IPv4 market transfers in the APNIC region in 2014 was 165, an increase of 68% on 2013. Thirty-six of these transfers were between the APNIC and ARIN region.
Acceptance of 4-byte ASNs is high in the APNIC region. 69% of ASNs distributed in 2014 were 4-byte, with a return rate of only 3%.
POLICY DEVELOPMENT PROCESS

A core function of APNIC is the development of community led, bottom-up policies, which guides how IP addresses and AS numbers (referred to as Internet number resources) are managed. Following an established Policy Development Process, which is open to all, the APNIC community can propose and discuss policies through participation on dedicated mailing lists and at APNIC Conferences.

During 2014 the following policies were discussed.

- **PROP-105**: Distribution of returned IPv4 address blocks
  
  This proposal was discussed at APNIC 36 and reached consensus. It was implemented on 27 May 2014.

- **PROP-107**: AS number transfer policy proposal
  
  This proposal was discussed at APNIC 36 and reached consensus after some modification. It was implemented on 16 April 2014.

- **PROP-109**: Allocate 1.0.0.0/24 and 1.1.0.0/24 to APNIC Labs as Research Prefixes
  
  This proposal reached consensus at the APNIC 37 Policy SIG and again at the APNIC Member Meeting. It was implemented on 7 May 2014.

- **PROP-110**: Designate 1.2.3.0/24 as Anycast to support DNS Infrastructure
  
  This proposal reached consensus at the APNIC 37 Policy SIG. It then failed to reach consensus at the APNIC Member Meeting. It was returned to the APNIC Policy SIG mailing list for further consideration, but was later abandoned.

- **PROP-111**: Request-based expansion of IPv6 default allocation size
  
  This proposal did not reach consensus at the APNIC 37 Policy SIG and was returned to the author for further development. Version 4 was discussed again at APNIC 38, but it did not reach consensus and was abandoned.

At APNIC 38, the Secretariat piloted a new electronic tool for measuring consensus, referred to as **CONFER: CONsensus FEedback in Realtime**. The tool was built in response to the Policy SIG Chair’s and community’s request for a system to more accurately gauge support for policy proposals, especially for those participating remotely. There was support for continued development and use of the tool at future Policy SIGs.

The **APNIC Policy SIG Co-Chair election** was also held at APNIC 38, and the term of Masato Yamanishi was extended for a further two years.

[apnic.net/policy](http://apnic.net/policy)
ISO 9001:2008 CERTIFICATION AUDIT

APNIC gained ISO9001:2008 accreditation for its quality management system in 2013 and the annual certification audit was completed in August 2014. The audit found APNIC continues to comply with its quality management system, while at the same time identifying further improvement opportunities. The philosophy of continual improvement is practiced within APNIC by a well-motivated and professional team.

EC MEETING SCHEDULE

The APNIC EC conducts four face-to-face meetings per year. In 2014, the EC met at APRICOT 2014 in February (Petaling Jaya), RIPE 68 in May (Warsaw), APNIC 38 in September (Brisbane), and a dedicated EC Retreat in November (Singapore) with one to two days of discussion at each event.

APNIC SURVEY 2014

APNIC conducted its biennial survey of Members and the wider APNIC community in 2014 to help inform its planning and priorities for the next two years. The results of the survey were presented to the community at APNIC 38 and the survey report, plus the EC response, are available on the APNIC website. In addition, the community can track the progress of activities which the Secretariat will undertake in direct response to survey feedback via the website.

TRANSPARENCY

The transparency page on the APNIC website provides links to all documentation related to APNIC’s planning, strategy, financials, by-laws, policy, Executive Council (EC) meeting minutes, and more.

ACTIVITY PLAN AND BUDGET

During 2014, APNIC Members requested greater visibility of APNIC’s planned activities and resource allocation to gain a better understanding of its operations. The 2015 budget submission included a comprehensive Activity Plan to provide this visibility, including resource allocations. The plan is available to view on the APNIC website.
NEW FEE SCHEDULE FOR 2015

Following the commitment made by the APNIC EC at APNIC 38 to review fees, a new fee schedule was developed in 2014 to be introduced with effect from 1 January 2015.

The changes reduce fees for Members and Non-Members from 2015, including:

- Changes to the fee calculation formula
- The minimum (base) Member fee is reduced from AUD 1,180 to AUD 1,050
- The minimum Non-Member fee is reduced from AUD 1,357 to AUD 1,200
- The current ‘IP Resource Application fee’ is replaced with a reduced, once-only ‘Sign-Up fee’ for all new Member and Non-Member accounts

For new Members, the Sign Up fee is AUD 500 (compared to the old IP Resource Application fee of AUD 1,750)

For new Non-Members, the Sign Up fee is AUD 575 (compared to the old IP Resource Application fee of AUD 2,000)

New Members requesting resources no longer join as Associate Members, but instead automatically join as a tiered Member and pay the Annual Membership fee based on their approved resource delegation size.

All current Associate Members will become a tiered Member when receiving their initial resource delegation and will pay their Annual Membership Fee based on the size of the delegation. Their Membership renewal date will be changed to the date they receive the resources.

Reactivation fees are reduced from AUD 2,700 to AUD 1,000 for Members, and reduced from AUD 3,000 to AUD 1,200 for Non-Members.

Existing account holders and new Members from Least Developed Countries (LDCs) will still be eligible for a 50% discount on the published fees.

There is no change to the National Internet Registry (NIR) / Confederation Premium.
### Statement of Financial Position

Notes: For a better understanding of APNIC Pty Ltd’s financial position and performance, as represented by the results of its operations for the financial year ended 31 December 2014, the statement of financial position, and statement of income, should be read in conjunction with the annual statutory financial report and the audit report contained therein.

#### Assets

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<th>2014 (AUD)</th>
<th>2013 (AUD)</th>
<th>% change from 2013</th>
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<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1,062,097</td>
<td>943,980</td>
<td>13%</td>
</tr>
<tr>
<td>Short-term deposits</td>
<td>3,600,000</td>
<td>3,814,795</td>
<td>-6%</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>758,061</td>
<td>1,243,756</td>
<td>-39%</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>977,609</td>
<td>1,012,143</td>
<td>-3%</td>
</tr>
<tr>
<td>Other current assets</td>
<td>486,032</td>
<td>471,135</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>6,883,799</td>
<td>7,485,809</td>
<td>-8%</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available-for-sale financial assets</td>
<td>17,924,950</td>
<td>13,736,690</td>
<td>30%</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>7,905,733</td>
<td>8,000,431</td>
<td>-1%</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>157,749</td>
<td>127,006</td>
<td>24%</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>25,988,432</td>
<td>21,864,127</td>
<td>19%</td>
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<tr>
<td><strong>Total assets</strong></td>
<td>32,872,231</td>
<td>29,349,936</td>
<td>12%</td>
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#### Liabilities

<table>
<thead>
<tr>
<th></th>
<th>2014 (AUD)</th>
<th>2013 (AUD)</th>
<th>% change from 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>1,215,729</td>
<td>2,093,431</td>
<td>-42%</td>
</tr>
<tr>
<td>Provisions</td>
<td>1,374,701</td>
<td>1,202,791</td>
<td>14%</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>8,366,881</td>
<td>7,880,508</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>10,957,311</td>
<td>11,176,730</td>
<td>-2%</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>284,963</td>
<td>81,187</td>
<td>251%</td>
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<tr>
<td>Provisions</td>
<td>241,459</td>
<td>265,723</td>
<td>-9%</td>
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<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>526,422</td>
<td>346,910</td>
<td>52%</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td>11,483,733</td>
<td>11,523,640</td>
<td>-0%</td>
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</table>

#### Net Assets

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<thead>
<tr>
<th></th>
<th>2014 (AUD)</th>
<th>2013 (AUD)</th>
<th>% change from 2013</th>
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</thead>
<tbody>
<tr>
<td><strong>Net Assets</strong></td>
<td>21,388,498</td>
<td>17,826,296</td>
<td>20%</td>
</tr>
</tbody>
</table>

#### Equity

<table>
<thead>
<tr>
<th></th>
<th>2014 (AUD)</th>
<th>2013 (AUD)</th>
<th>% change from 2013</th>
</tr>
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<tbody>
<tr>
<td>Share capital</td>
<td>1</td>
<td>1</td>
<td>0%</td>
</tr>
<tr>
<td>Reserves</td>
<td>614,664</td>
<td>141,571</td>
<td>334%</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>20,773,833</td>
<td>17,684,724</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>21,388,498</td>
<td>17,826,296</td>
<td>20%</td>
</tr>
</tbody>
</table>
## STATEMENT OF INCOME

### Revenue

<table>
<thead>
<tr>
<th></th>
<th>2014 (AUD)</th>
<th>2013 (AUD)</th>
<th>% change from 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>IP resource application fees</td>
<td>1,323,250</td>
<td>1,420,625</td>
<td>-7%</td>
</tr>
<tr>
<td>Investment income</td>
<td>754,563</td>
<td>585,522</td>
<td>29%</td>
</tr>
<tr>
<td>Membership fees</td>
<td>15,903,111</td>
<td>15,074,781</td>
<td>5%</td>
</tr>
<tr>
<td>Non-member fees</td>
<td>254,706</td>
<td>240,224</td>
<td>6%</td>
</tr>
<tr>
<td>Reactivation fees</td>
<td>67,800</td>
<td>37,050</td>
<td>83%</td>
</tr>
<tr>
<td>Realisation of available-for-sale financial assets</td>
<td>0</td>
<td>376,729</td>
<td>-100%</td>
</tr>
<tr>
<td>Sundry income</td>
<td>292,872</td>
<td>176,471</td>
<td>66%</td>
</tr>
<tr>
<td>Foreign exchange gain</td>
<td>26,629</td>
<td>33,968</td>
<td>-22%</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td><strong>18,622,931</strong></td>
<td><strong>17,945,370</strong></td>
<td><strong>4%</strong></td>
</tr>
</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
<th></th>
<th>2014 (AUD)</th>
<th>2013 (AUD)</th>
<th>% change from 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication expenses</td>
<td>483,803</td>
<td>490,600</td>
<td>-1%</td>
</tr>
<tr>
<td>Computer expenses</td>
<td>572,528</td>
<td>548,748</td>
<td>4%</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>765,548</td>
<td>753,032</td>
<td>2%</td>
</tr>
<tr>
<td>ICANN contract fees</td>
<td>260,333</td>
<td>136,732</td>
<td>90%</td>
</tr>
<tr>
<td>Meeting and training expenses</td>
<td>374,850</td>
<td>332,820</td>
<td>13%</td>
</tr>
<tr>
<td>Office operating expenses</td>
<td>312,744</td>
<td>300,757</td>
<td>4%</td>
</tr>
<tr>
<td>Professional fees</td>
<td>1,052,757</td>
<td>1,246,373</td>
<td>-16%</td>
</tr>
<tr>
<td>Salaries and personnel expenses</td>
<td>8,731,164</td>
<td>8,298,111</td>
<td>5%</td>
</tr>
<tr>
<td>Sponsorship and publicity expenses</td>
<td>340,946</td>
<td>319,623</td>
<td>7%</td>
</tr>
<tr>
<td>Travel expenses</td>
<td>1,955,471</td>
<td>1,937,230</td>
<td>1%</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>718,286</td>
<td>694,007</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>15,568,430</strong></td>
<td><strong>15,058,033</strong></td>
<td><strong>3%</strong></td>
</tr>
</tbody>
</table>

### Operating surplus

<table>
<thead>
<tr>
<th></th>
<th>2014 (AUD)</th>
<th>2013 (AUD)</th>
<th>% change from 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating surplus before income tax</td>
<td>3,054,501</td>
<td>2,887,337</td>
<td>6%</td>
</tr>
<tr>
<td>Income tax benefit</td>
<td>34,609</td>
<td>96,166</td>
<td>-64%</td>
</tr>
<tr>
<td><strong>Operating surplus after income tax</strong></td>
<td><strong>3,089,110</strong></td>
<td><strong>2,983,503</strong></td>
<td><strong>4%</strong></td>
</tr>
</tbody>
</table>
## Cash flow statement

For the year ended 31 December

<table>
<thead>
<tr>
<th>Cash flows from operating activities</th>
<th>2014 (AUD)</th>
<th>2013 (AUD)</th>
<th>% change from 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from members and customers</td>
<td>18,712,686</td>
<td>19,039,340</td>
<td>-2%</td>
</tr>
<tr>
<td>Payments to suppliers, employees and grantees</td>
<td>(16,195,699)</td>
<td>(16,871,025)</td>
<td>-4%</td>
</tr>
<tr>
<td>Grants received</td>
<td>875,783</td>
<td>1,031,673</td>
<td>-15%</td>
</tr>
<tr>
<td>Interest received</td>
<td>179,033</td>
<td>643,500</td>
<td>-72%</td>
</tr>
<tr>
<td>Income tax received</td>
<td>0</td>
<td>118,422</td>
<td>-100%</td>
</tr>
<tr>
<td><strong>Net cash inflow from operating activities</strong></td>
<td><strong>3,571,803</strong></td>
<td><strong>3,961,910</strong></td>
<td><strong>-10%</strong></td>
</tr>
</tbody>
</table>

| Cash flows from investing activities |  |  |
|--------------------------------------| | |
| Redemption of short-term deposits    | 214,795 | 9,163,950 | -98% |
| Payments for property, plant and equipment | (707,464) | (751,006) | -6% |
| Proceeds from sale of property, plant and equipment | 24,678 | 2,982 | 728% |
| Redemption of available-for-sale financial assets | 0 | 1,427,249 | -100% |
| Purchase of available-for-sale financial assets | (3,008,343) | (13,500,000) | -78% |
| **Net cash outflow from investing activities** | **(3,476,334)** | **(3,656,825)** | **-5%** |

<table>
<thead>
<tr>
<th>Net increase (decrease) in cash and cash equivalents:</th>
<th>95,469</th>
<th>305,085</th>
<th>-69%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents at the beginning of year</td>
<td>943,980</td>
<td>614,385</td>
<td>54%</td>
</tr>
<tr>
<td>Effects of exchange rate changes on cash and cash equivalents</td>
<td>22,648</td>
<td>24,510</td>
<td>-8%</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of year</strong></td>
<td><strong>1,062,097</strong></td>
<td><strong>943,980</strong></td>
<td><strong>13%</strong></td>
</tr>
</tbody>
</table>
APNIC ACKNOWLEDGES AND THANKS THE FOLLOWING ORGANIZATIONS FOR THEIR GENEROUS SUPPORT DURING 2014.

CONFERENCE SUPPORTERS (IN ALPHABETICAL ORDER)

21Vianet
Alcatel-Lucent
APIA
APJII, Asosiasi Penyelenggara Jasa Internet Indonesia
Biglobe
BTI Systems
Cisco
CNISP, China Internet Service Provider Union
CNNIC, China Network Information Centre
Dot. Asia Organisation
Equinix
Extreme Broadband
Fibre Comm Network
Full Route
Google
Hedloc
ICANN
Internet Society
IP Server One
JPIX, Japan Internet Exchange Co Ltd
JPNAP, Japanese Network Access Point
JPNIC, Japan Network Information Centre
KISA, Korea Internet & Security Agency
MCMC (Malaysian Communications and Multimedia Commission)
Microsoft
MyIX, Malaysian Internet Exchange
MYKRIS
MyNOG, Malaysian Network Operators Group
MYREN, Malaysian Research and Education Network
NECTEC (National Electronics and Computer Technology Center)
Network Hardware Resale
NIXI, National Internet Exchange of India
NSRC, Network Startup Resource Centre
NTK System
NTT Communications
OPT Nouvelle-Calédonie
PHCOLO Inc
Softbank
Taylor’s University, School of Computing and IT Technology Core
Telstra Global
TM (Telekom Malaysia)
TRUE (True Corporation)
TWNIC, Taiwan Network Information Centre
V4Escrow
Vocus

TRAINING SUPPORTERS

AFCEA Marianas Chapter, The Armed Forces Communications and Electronics Association Marianas Chapter
AITI, Authority for Info-communications Technology Industry
APJII, Asosiasi Penyelenggara Jasa Internet Indonesia
ASTI, Advanced Science and Technology Institute Institut Teknologi Bandung
interLab/AIT, Internet Education and Research Laboratory / Asian Institute of Technology
ISOC Pakistan Islamabad Chapter
Internet Society Pakistan Islamabad Chapter
LANIC, Lao National Internet Centre
MaxBIT, Maximum Business Information Technology (MaxBIT)
MekongNet
NUST SEECS, National University of Sciences & Technology, School of Electrical Engineering and Computer Science
OGCIO, Vanuatu Office of the Government Chief Information Officer
PITA, Pacific Islands Telecommunications Association
PT IDC Indonesia, PT. Internetindo Data Centre Indonesia
RedLink Communications
TEIN4 Project
Tuvalu Telecom
The European Commission
TSKL, Telecom Services Kiribati Limited
UP ITDC, University of the Philippines Information Technology Development Center
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