

APNIC EC Meeting Minutes

Teleconference
Thursday, 21st October 2010

Meeting Start: 12:10 pm (UTC +1100)

Present

Akinori Maemura
Ma Yan
Che-Hoo Cheng
Paul Wilson
James Spenceley
Hyun-Joon Kwon

Geoff Huston
Connie Chan
Richard Brown
Irene Chan

Apologies

Jian Zhang

Agenda

1. Agenda Bashing
2. Review of Minutes and Actions
3. Financial Report
4. DG Report
5. AOB

Minutes

The Chair of the Executive Council called the meeting to order at 12:10 UTC+1100.

1. Agenda Bashing

There were no changes to the agenda.

2. Review of Minutes and Actions

The minutes of the face-to-face meeting held on 24 August 2010 were approved.

The minutes of the meeting held on 10 September 2010 were approved.

Action ec-10-020: Secretariat to publish minutes of the 24 August and 10 September meetings.

3. Financial Report

The August 2010 and September 2010 Financial Reports were considered by the EC (attached). The EC noted that the Balance Sheet included consideration of financial settlement of the Cordelia St Office. Total reserves, including cash, managed funds and property are valued at some \$9.5M. The operating position for APNIC for 2010 year to date is a surplus of \$391,039.

Membership is currently at 2,413 members, with a net increase of 38 members for the month of September.

The EC approved the August and September 2010 Financial Reports.

4. D-G report

The D-G reported on a number of current and forthcoming activities for APNIC:

- The Plenipot session of the ITU was drawing to a close after 3 weeks. Resolutions 101 and 102 still contain bracketed text, but there are no major surprises expected. APNIC did not send a large contingent to the meeting, and opted for a lower profile in terms of meeting participation.
- APNIC will review its level of involvement with APT, with a view to increasing its level of participation in this body's activities.
- APNIC will attend the APECTELMIN meeting in Japan in late October, with an opportunity to present to the meeting. This represents the culmination of the workshops held at APECTEL meetings with APNIC's support over 2009 and 2010.
- APNIC will also be attending a meeting of law enforcement officers in New Zealand in the first week of November as part of the ongoing effort in strengthening the levels of liaison with law enforcement in this region.
- APNIC will commit funds to sponsor the opening reception at IETF 79 in Beijing in November, using underspent funds from the professional services budget for 2010.
- APNIC has offered to coordinate up to one day's material for the Beijing Summer School on Internet Governance.

The D-G reported that there has been no response received from the EC letter to NIXI of the 4th June. The D-G reported that NIXI is currently undertaking a tender process for the provision of technical services to the proposed India NIR.

5. AOB

No items of AOB.

Next Scheduled Meeting

18 November 2010

Meeting closed: 2:00 pm (UTC+1100)

Summary of Action Items

- Action ec-10-003:** Secretariat to proceed with implementation of the non-member fee schedule, with an adoption date of 1 January 2011
Underway
- Action ec-10-006:** Review of the current APNIC EC election procedures.
Underway
- Action ec-10-017:** EC to respond to the Election Review Panel's report.
- Action ec-10-020:** Secretariat to publish minutes of the 24 August and 10 September meetings



APNIC

Monthly financial report

(in AUD)

For the month ending August 2010

Asia Pacific Network Information Centre

1. Balance Sheet

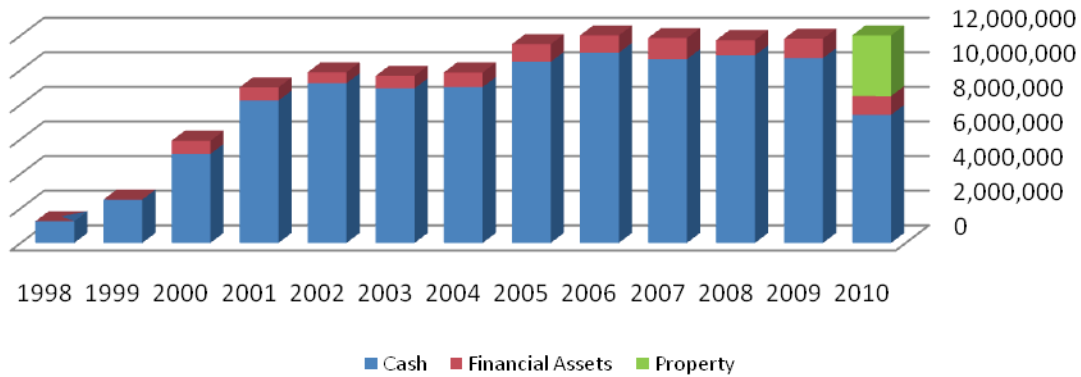
Statement of Financial Position (AUD)					
	31/08/2010	% of Total Asset or Liab+Equity	% change 31/12/2009	Year-End 2009	Year-End 2008
CURRENT ASSETS					
Cash	5,709,372	33%	-14.6%	6,686,084	6,844,414
Term deposit investment	0	0%	-100.0%	2,300,000	2,300,000
Receivables	811,679	5%	63.4%	496,734	1,518,540
Others	1,547,375	9%	43.0%	1,081,905	540,688
TOTAL CURRENT ASSETS	8,068,426	47%	-23.6%	10,564,723	11,203,642
NON-CURRENT ASSETS					
Other financial assets	1,080,474	6%	-4.2%	1,127,796	883,201
Property, plant and equipment *	6,393,044	37%	297.6%	1,607,819	1,708,216
Long term deposit investment	1,700,000	10%	0.0%	1,700,000	1,700,000
TOTAL NON-CURRENT ASSETS	9,173,518	53%	106.8%	4,435,615	4,291,417
TOTAL ASSETS	17,241,944	100%	14.9%	15,000,337	15,495,060
CURRENT LIABILITIES					
Payables	431,823	3%	-57.3%	1,010,114	629,650
Provisions	1,100,648	6%	4.3%	1,055,625	989,847
Unearned revenue	5,830,366	34%	41.1%	4,130,987	5,383,679
TOTAL LIABILITIES	7,362,837	43%	18.8%	6,196,726	7,003,177
EQUITY					
Share capital	1.00	0%	0.0%	1.00	1.00
Reserves other financial assets investment *	75,027	0%	0.0%	166,675	0
Retained earnings	9,804,078	57%	13.5%	8,636,936	8,491,882
TOTAL EQUITY	9,879,107	57%	12.2%	8,803,612	8,491,883
TOTAL LIABILITIES & EQUITY	17,241,944	100%	14.9%	15,000,337	15,495,060

Note *:

- Property, plant and equipment – balances have increased significantly compared to last year due to the settlement of the APNIC office building in May 2010.
- Reserves on other financial assets investment – This balance is due to the revaluation of our investment in unit trusts and was based on the market valuation as at the end of June 2010. These investments are revalued on a quarterly basis.

1.1 APNIC Reserve

By the end of August, APNIC has maintained \$8.5 million cash reserves. 87% of the reserve has been invested in a range long and short term deposits, whilst 13% remains invested in managed funds. 37% of the APNIC cash reserve was used to purchase the office building at 6 Cordelia Street, South Brisbane in May. During the second half of 2010 more of the cash reserve will be used to fund the new office refurbishment. The following chart tracks the value and the allocation of these reserves over time.



2. Income Statement

2.1 Expenses

This report incorporates the year to date actual, budget and projected estimates. The Year to Date August figures are compared to figures for the same period last year. The Projected Actual figures are based on forecast estimates of expenditure and include allowances for costs associated with the new building refurbishment and relocation.

EXPENSES (AUD)	YTD Aug-10	YTD Aug-09	Variance %	Budget 2010	Projected Actual	Budget Variation %
Bank charges	53,858	47,965	12.3%	79,202	80,787	2.0%
Communication expenses	156,322	102,190	53.0%	327,376	324,484	-0.9%
Computer expenses	229,009	260,226	-12.0%	511,120	493,513	-3.4%
Depreciation expense *	469,309	477,004	-1.6%	783,975	805,194	2.7%
Sponsorship and Publicity expenses	120,464	82,204	46.5%	183,787	180,696	-1.7%
Doubtful debt expenses	0	1,804	-100.0%	4,791	4,791	0.0%
ICANN contract fee *	214,114	239,131	-10.5%	306,000	321,172	5.0%
Insurance expense	78,477	89,973	-12.8%	135,900	117,715	-13.4%
Meeting and training expenses *	135,424	56,488	139.7%	287,400	318,424	10.8%
Membership fees	35,565	43,212	-17.7%	55,660	53,348	-4.2%
Miscellaneous expenses	680	4,605	-85.2%	6,850	1,019	-85.1%
Office operating expenses	102,343	82,722	23.7%	140,160	153,515	9.5%
Postage & delivery	19,321	15,479	24.8%	34,550	28,981	-16.1%
Printing & photocopy	16,155	17,562	-8.0%	26,260	24,232	-7.7%
Professional fees	319,245	446,574	-28.5%	933,300	928,867	-0.5%
Recruitment expense *	83,848	58,523	43.3%	80,000	105,772	32.2%
Relocation/ new office expenses *	12,178	0	0.0%	0	147,626	0.0%
Rent and outgoings *	423,969	392,808	7.9%	608,753	632,743	3.9%
Salaries and personnel expenses	4,010,206	3,770,300	6.4%	6,725,352	6,671,773	-0.8%
Staff training/conference expenses *	123,115	52,282	135.5%	150,155	175,672	17.0%
Tax expense	0	0	0.0%	103,464	103,464	0.0%
Translation expenses	0	15,448	-100.0%	25,000	25,000	0.0%
Travel expenses *	892,411	902,756	-1.1%	1,518,750	1,410,617	-7.1%
TOTAL EXPENSES	7,496,013	7,159,257	4.7%	13,027,805	13,109,405	0.6%

2.2 Revenue

Revenue (AUD)	YTD Aug-10	YTD Aug-09	Variance %	Budget 2010	Projected Actual	Budget Variation %
Interest income *	254,095	487,537	-47.9%	460,555	287,585	-37.6%
IP Resource application fees	819,236	830,278	-1.3%	1,442,149	1,228,854	-14.8%
Membership fees *	6,298,318	5,154,021	22.2%	9,944,932	10,103,815	1.6%
Non-members fees	94,893	84,223	12.7%	137,357	142,340	3.6%
Per Allocation fees *	991,000	1,073,877	-7.7%	688,926	991,000	43.8%
Reactivation fees	16,500	7,608	116.9%	13,101	24,750	88.9%
Sundry income	180,282	203,141	-11.3%	191,320	185,282	-3.2%
Foreign exchange gain/(loss)	8,832	(27,214)	-132.5%	0	13,247	0.0%
TOTAL REVENUE	8,663,156	7,813,471	10.9%	12,878,340	12,976,872	0.8%

2.3 Operating Profit/ Loss

REVENUE and EXPENSES (AUD)	YTD Aug-10	YTD Aug-09	Variance %	Budget 2010	Projected Actual	Budget Variation %
Total Revenue	8,663,156	7,813,471	10.9%	12,878,340	12,976,872	0.8%
Total Expenses	7,496,013	7,159,257	4.7%	13,027,805	13,109,405	0.6%
OPERATING PROFIT/(LOSS)	1,167,143	654,214		(148,465)	(132,532)	

Notes:

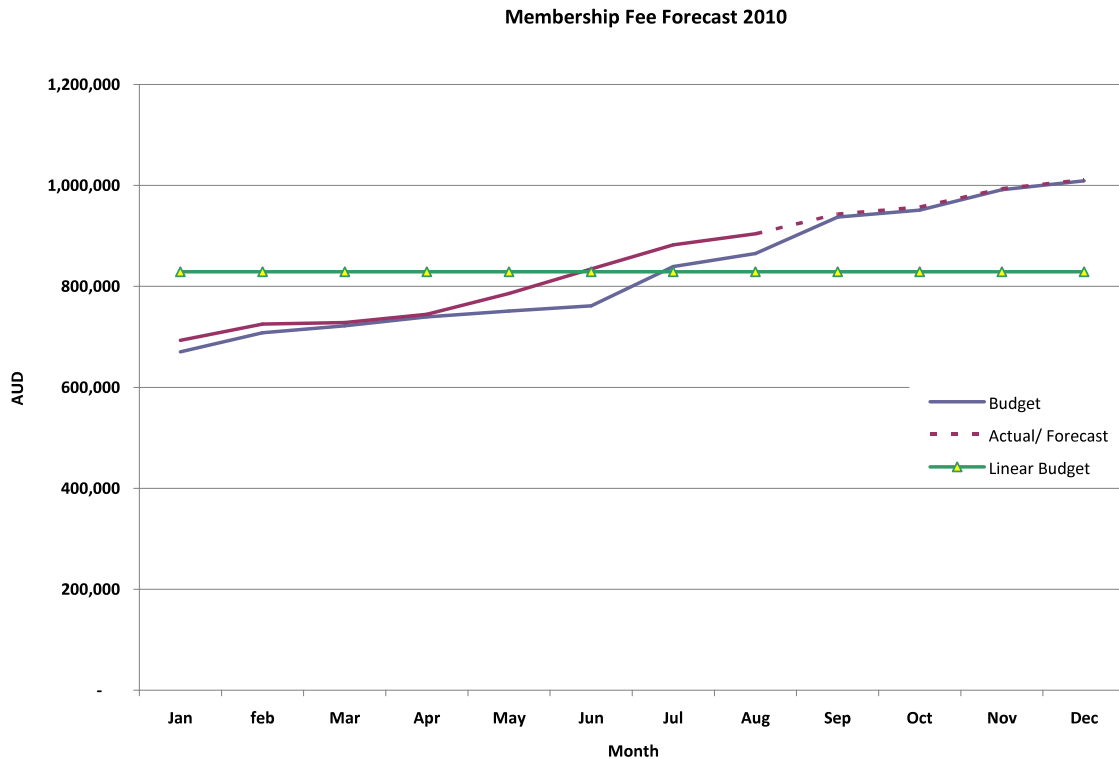
The major factors causing the variance between the budgeted and forecast operating position were similar to previous month:

1. Expenses

- **Depreciation expenses** - Includes the estimated capital allowance and depreciation for the new office building, which were not budgeted
- **ICANN contract fee** - Recalculated according to revised APNIC proportion of NRO expenses, which was not available during budget process
- **Meeting and training expenses** - Includes higher costs for APNIC 30 meeting, which are offset by similar savings in travel expenses (below)
- **Recruitment expenses** - Includes extraordinary expenses associated with overseas recruitments during 2010
- **Relocation/ new office expenses** - Includes office relocation expenses planned for December (further expenses will be incurred in 2011)
- **Rent and outgoings** - Includes provision for "make good" costs related to the current lease (as requested in 2009 Audit report), these costs were not included in the budget
- **Staff Training** - Exceeds budget by \$23,000 do to unbudgeted expenses for training of staff in "Agile Programming" methodologies which have been adopted by Software Unit
- **Travel expenses** - Includes savings resulting from relocation of APNIC 30 to the Gold Coast

2. Revenue

- **Interest Income** – APNIC utilized cash from term deposits for the property purchase in May, and a further reduction in cash deposits will occur relating to the office refurbishment expenses, this will result in a reduction in interest income earned for the rest of the year when compared to the original budget.
- **Membership fees** - The new membership fee schedule was implemented from 1 Jan 2010, as each member reaches their new anniversary date they will be invoiced under the new fee schedule. There will be large negative variance for the first half of the year when compared to the linear budget (Full Year/12). The graph below shows the Membership fees forecast that includes actuals up until the end of August is tracking closely to the phased budget estimates.



- **Per allocation fees** charged for allocations to the NIR's were significantly higher than expected due to large requests from NIRs during the first half of 2010. As at the end of August, all NIRs have renewed under the 2010 fee schedule, and the Per allocation fee will no longer be charged. The budget estimates were based on analysis of NIR member anniversary dates and analysis of historical NIR allocation activity.

3. Other Important Considerations

- No adjustment is included in these accounts in respect of APNIC's current dealings with the Australian Taxation office, our advice is that our objection is to be upheld.
- The final projected amount related to the building refurbishment in relation to the capital cost and future operating expenses will be provided when Capital Allowance and Depreciation schedules are available from the Quantity Surveyor.

Note: Accounts are projected base on the following:-

- *pro-rata from the actual figures and projected until end of year*
- *year to date figures will be used if further expenses are not expecting*
- *budget figures, or*
- *other updated information on hand.*

3. Membership

3.1 Membership Statistics

At the end of August 2010, APNIC had a total of 2,375 members serving 52 economies. There was a net growth of 26 members, with 38 new members, whilst 12 member accounts were closed during August.

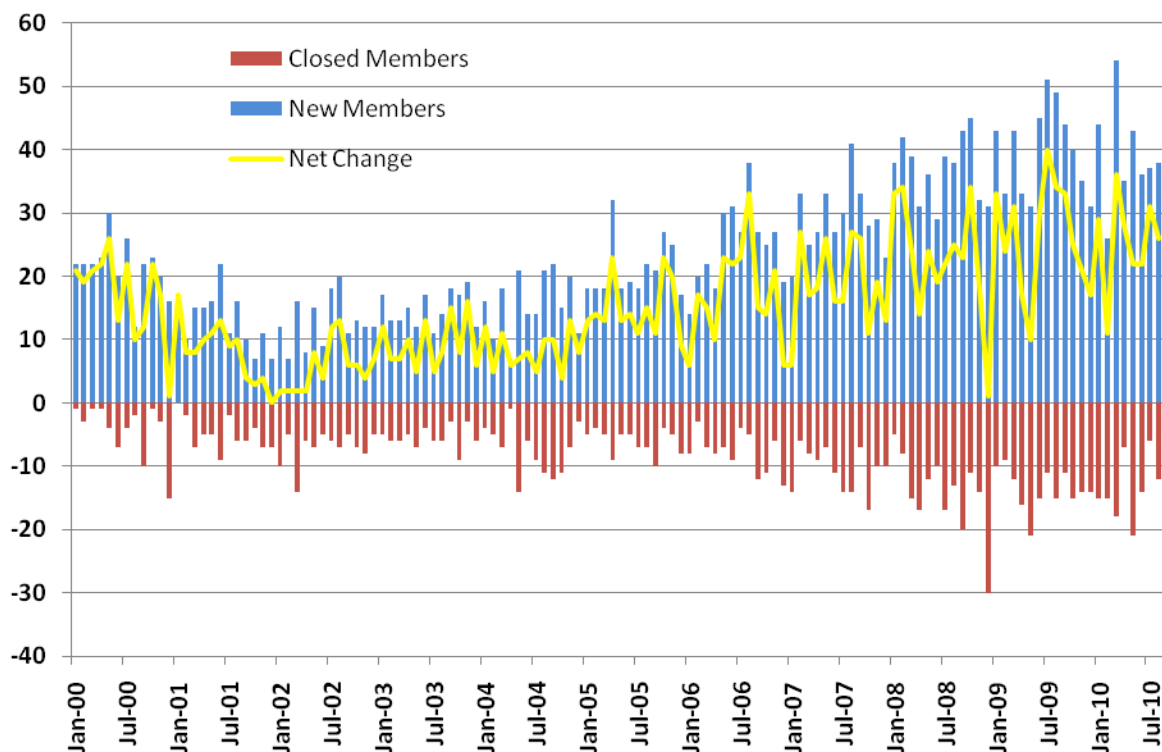
3.1.1 Membership by Category

The following table shows the monthly changes in membership and provides an analysis of APNIC's membership tiers. The majority of APNIC members remain in the Small membership tier.

Membership	Total Jul-10	New Aug-10	(Closed) Aug-10	Size Change Aug-10	Total YTD Aug-10	Total YTD (%) Aug-10
Extra Large	15	0	0	0	15	1%
Very Large	33	0	0	0	33	1%
Large	124	0	0	0	124	5%
Medium	297	0	0	12	309	13%
Small	834	0	(4)	10	840	35%
Very Small	554	0	(2)	16	568	24%
Associate	492	38	(6)	(38)	486	20%
TOTAL	2349	38	(12)	0	2375	100%

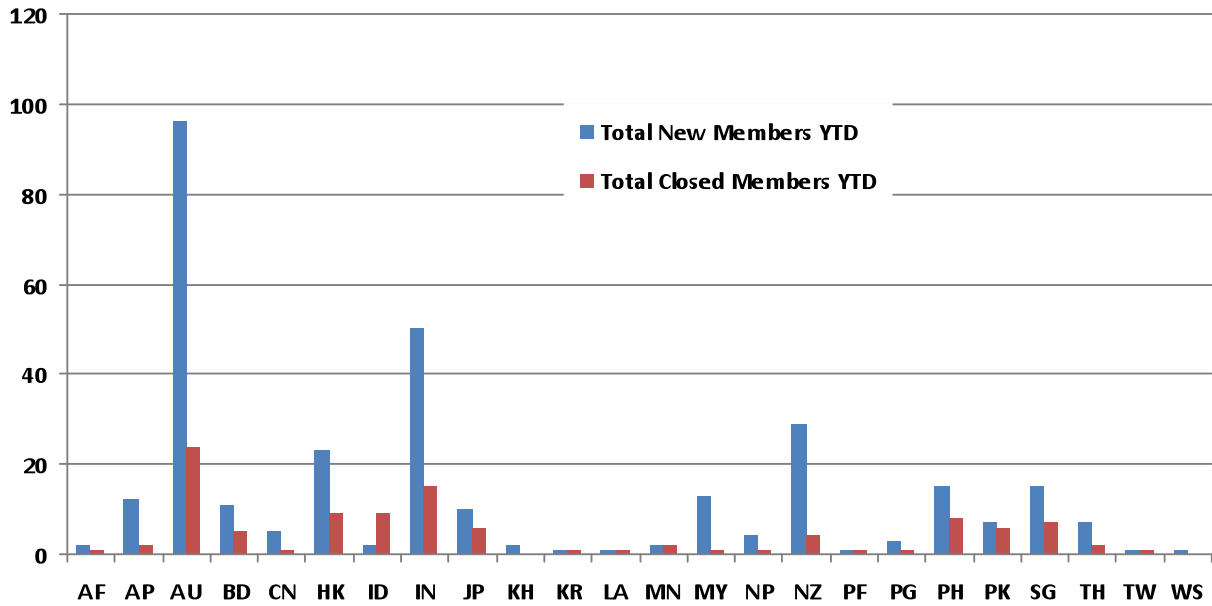
3.1.2 Membership Movement

The following graph illustrates monthly movements of APNIC membership since 2000.



3.1.3 YTD Membership Movement - Economy

The graph below illustrates membership movement by economy, the year to date number of new members who have joined APNIC and the number who have closed accounts. Australia has the highest number of both new and closed members, followed by India and New Zealand.





APNIC

Quarterly financial report

(in AUD)

For the month ending September 2010

Asia Pacific Network Information Centre

1. Balance Sheet

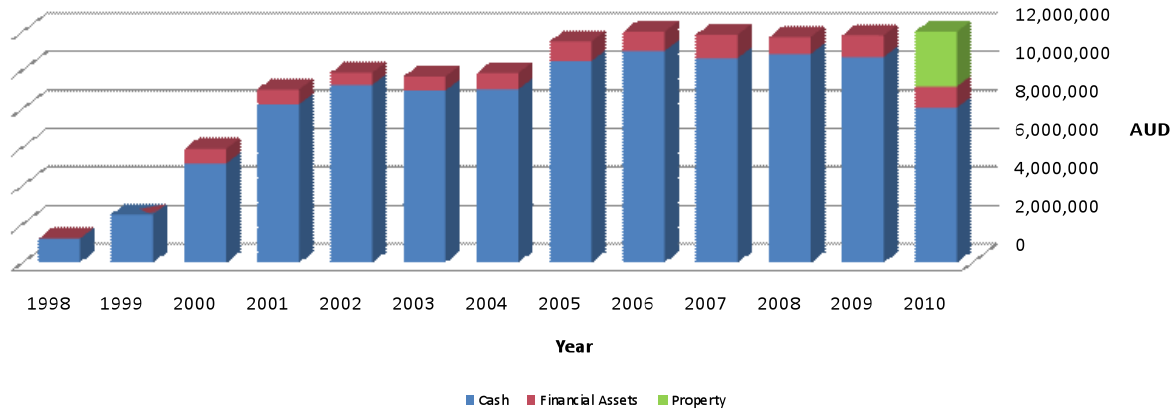
Statement of Financial Position (AUD)					
	30/09/2010	% of Total Asset or Liab+Equity	% change 31/12/2009	Year-End 2009	Year-End 2008
CURRENT ASSETS					
Cash	6,347,263	35%	-5.1%	6,686,084	6,844,414
Term deposit investment	0	0%	-100.0%	2,300,000	2,300,000
Receivables	1,176,121	6%	136.8%	496,734	1,518,540
Others	1,036,387	6%	-4.2%	1,081,905	540,688
TOTAL CURRENT ASSETS	8,559,771	47%	-19.0%	10,564,723	11,203,642
NON-CURRENT ASSETS					
Other financial assets	1,104,352	6%	-2.1%	1,127,796	883,201
Property, plant and equipment *	6,790,562	37%	322.3%	1,607,819	1,708,216
Long term deposit investment	1,700,000	9%	0.0%	1,700,000	1,700,000
TOTAL NON-CURRENT ASSETS	9,594,914	53%	116.3%	4,435,615	4,291,417
TOTAL ASSETS	18,154,685	100%	21.0%	15,000,337	15,495,060
CURRENT LIABILITIES					
Payables	953,352	5%	-5.6%	1,010,114	629,650
Provisions	1,125,384	6%	6.6%	1,055,625	989,847
Unearned revenue	6,121,483	34%	48.2%	4,130,987	5,383,679
TOTAL LIABILITIES	8,200,219	45%	32.3%	6,196,726	7,003,177
EQUITY					
Share capital	1.00	0%	0.0%	1.00	1.00
Reserves other financial assets investment *	97,998	1%	0.0%	166,675	0
Retained earnings	9,856,468	54%	14.1%	8,636,936	8,491,882
TOTAL EQUITY	9,954,466	55%	13.1%	8,803,612	8,491,883
TOTAL LIABILITIES & EQUITY	18,154,685	100%	21.0%	15,000,337	15,495,060

Note *:

- Property, plant and equipment – balances have increased significantly compared to last year due to the settlement of the APNIC office building in May 2010.
- Reserves on other financial assets investment – This balance is due to the revaluation of our investment in unit trusts and was based on the market valuation as at the end of September 2010. These investments are revalued on a quarterly basis.

1.1 APNIC Reserve

By the end of September, APNIC has maintained \$9 million in cash reserves, since May, part of APNIC's cash reserve has been utilized to purchase the office building. 88% of the reserve has been invested in a range long and short term deposits, whilst 12% remains invested in managed funds. The following chart tracks the value and the allocation of these reserves over time.



2. Income Statement

2.1 Expenses

This report incorporates the year to date actual, budget and projected estimates. In addition to the "Year to Date" expenses report, a report comparing quarterly expenses is now also included below. The Year to Date September values are compared to figures for the same period last year. The Projected Actual values are based on forecast estimates of expenditure and include allowances for costs associated with the new building refurbishment and relocation.

2.1.1 Year to Date Expenses - Budget Comparison

EXPENSES (AUD)	YTD Sep-10	YTD Sep-09	Variance %	Budget 2010	Projected Actual	Budget Variation %
Bank charges	61,571	54,518	12.9%	79,202	82,095	3.7%
Communication expenses *	184,714	117,527	57.2%	327,376	294,714	-10.0%
Computer expenses *	253,518	288,564	-12.1%	511,120	358,023	-30.0%
Depreciation expense *	526,338	536,963	-2.0%	783,975	757,854	-3.3%
Sponsorship and Publicity expenses	141,989	123,054	15.4%	183,787	189,319	3.0%
Doubtful debt expenses	0	1,804	-100.0%	4,791	5,881	22.7%
ICANN contract fee *	240,879	269,022	-10.5%	306,000	321,172	5.0%
Insurance expense	87,612	100,204	-12.6%	135,900	116,816	-14.0%
Meeting and training expenses	233,266	128,672	81.3%	287,400	263,266	-8.4%
Membership fees	40,090	48,700	-17.7%	55,660	53,453	-4.0%
Miscellaneous expenses	785	4,901	-84.0%	6,850	1,047	-84.7%
Office operating expenses	115,874	94,546	22.6%	140,160	154,499	10.2%
Postage & delivery	19,761	27,416	-27.9%	34,550	26,348	-23.7%
Printing & photocopy	17,070	18,766	-9.0%	26,260	22,760	-13.3%
Professional fees *	438,102	463,484	-5.5%	933,300	798,102	-14.5%
Recruitment expense *	91,287	60,663	50.5%	80,000	121,287	51.6%
Relocation/ new office expenses *	17,465	0	0.0%	0	346,465	0.0%
Rent and outgoings *	476,162	441,768	7.8%	608,753	632,743	3.9%
Salaries and personnel expenses *	4,523,538	4,219,965	7.2%	6,725,352	6,544,780	-2.7%
Staff training/conference expenses *	92,091	67,491	36.4%	150,155	152,788	1.8%
Tax expense	0	0	0.0%	103,464	108,726	5.1%
Translation expenses	0	15,637	-100.0%	25,000	14,500	-42.0%
Travel expenses	1,050,638	1,069,409	-1.8%	1,518,750	1,472,851	-3.0%
TOTAL EXPENSES	8,612,750	8,153,074	5.6%	13,027,805	12,839,487	-1.4%

2.1.2 Quarterly Expenses – Progressive

EXPENSES (AUD)	Quarter 1 (Jan – Mar 10)	Quarter 2 (Apr - Jun 10)	Quarter 3 (Jul – Sep 10)	Quarter 4 Projected (Oct - Dec 10)
Bank charges	18,193	18,992	24,386	20,524
Communication expenses	53,706	62,104	68,903	110,000
Computer expenses	101,315	77,752	74,451	104,506
Depreciation expense	182,236	174,722	169,381	231,516
Sponsorship and Publicity expenses	41,534	48,550	51,906	47,330
Doubtful debt expenses	264	(264)	0	5,881
ICANN contract fee	76,500	84,086	80,293	80,293
Insurance expense	32,799	27,407	27,407	29,204
Meeting and training expenses	45,632	5,114	182,521	30,000
Membership fees	13,306	13,306	13,477	13,363
Miscellaneous expenses	427	45	314	262
Office operating expenses	32,374	50,676	32,824	38,625
Postage & delivery	8,982	7,179	3,599	6,587
Printing & photocopy	7,042	4,907	5,120	5,690
Professional fees	241,819	69,674	126,608	360,000
Recruitment expense	11,572	44,344	35,371	30,000
Relocation/ new office expenses	0	5,138	12,326	329,000
Rent and outgoings	146,880	172,702	156,580	156,580
Salaries and personnel expenses	1,307,220	1,666,641	1,549,677	2,021,243
Staff training/conference expenses	11,351	37,766	42,974	60,697
Tax expense	0	0	0	108,726
Translation expenses	0	0	0	14,500
Travel expenses	337,986	356,432	356,219	422,213
TOTAL EXPENSES	2,671,140	2,927,274	3,014,335	4,226,738

2.2 Revenue

In addition to the "Year to Date" revenue report, a comparison of the quarterly revenue is now also included below.

2.2.1 Year to Date Revenue - Budget Comparison

Revenue (AUD)	YTD Sep-10	YTD Sep-09	Variance %	Budget 2010	Projected Actual	Budget Variation %
Interest income *	312,419	445,971	-29.9%	460,555	388,010	-15.8%
IP Resource application fees	971,486	947,531	2.5%	1,442,149	1,295,315	-10.2%
Membership fees *	7,244,246	5,819,523	24.5%	9,944,932	10,114,782	1.7%
Non-members fees	107,695	94,661	13.8%	137,357	143,594	4.5%
Per Allocation fees *	994,277	1,112,782	-10.6%	688,926	994,277	44.3%
Reactivation fees	16,500	8,876	85.9%	13,101	22,000	67.9%
Sundry income	191,267	149,708	27.8%	191,320	196,267	2.6%
Foreign exchange gain/(loss)	(5,609)	(34,940)	-83.9%	0	(7,479)	0.0%
TOTAL REVENUE	9,832,282	8,544,113	15.1%	12,878,340	13,146,765	2.1%

2.2.2 Quarterly Revenue – Progressive

Revenue (AUD)	Quarter 1 (Jan – Mar 09)	Quarter 2 (Apr - Jun 09)	Quarter 3 (Jul – Sep 09)	Quarter 4 Projected (Oct - Dec 10)
Interest income	106,469	92,315	113,636	75,591
IP Resource application fees	339,405	282,081	350,000	323,829
Membership fees	2,146,749	2,364,922	2,732,576	2,870,535
Non-members fees	33,775	35,360	38,560	35,898
Per Allocation fees	513,971	404,018	76,288	0
Reactivation fees	5,400	8,400	2,700	5,500
Sundry income	33,256	72,510	85,501	5,000
Foreign exchange gain/(loss)	2,869	18,408	(26,886)	(1,870)
TOTAL REVENUE	3,181,893	3,278,014	3,372,375	3,314,483

2.3 Operating Profit/ Loss

2.3.1 Year to Date Operating Position - Budget Comparison

REVENUE and EXPENSES (AUD)	YTD Sep-10	YTD Sep-09	Variance %	Budget 2010	Projected Actual	Budget Variation %
Total Revenue	9,832,282	8,544,113	15.1%	12,878,340	13,146,765	2.1%
Total Expenses	8,612,750	8,153,074	5.6%	13,027,805	12,839,487	-1.4%
OPERATING PROFIT/(LOSS)	1,219,532	391,039		(149,465)	307,277	

2.3.2 Quarterly Operating Position – Progressive

REVENUE and EXPENSES (AUD)	Quarter 1 (Jan – Mar 10)	Quarter 2 (Apr - Jun 10)	Quarter 3 (Jul – Sep 10)	Quarter 4 Projected (Oct - Dec 10)
Total Revenue	3,181,893	3,278,014	3,372,375	3,314,483
Total Expenses	2,671,140	2,927,274	3,014,335	4,203,528
OPERATING PROFIT/(LOSS)	510,753	350,739	358,040	(889,045)

Notes on significant variances:

1. Expenses

- **Communication expenses** – Forecast includes costs related to the Hi-Avail project that will be incurred in the last quarter
- **Computer Expenses** – Forecast includes expense related to Hi-Avail and E-learning project server
- **Depreciation expenses** - Includes the estimated capital allowance and depreciation for the new office building, which were not originally budgeted, these costs will be incurred in the last quarter
- **ICANN contract fee** - Recalculated according to the revised APNIC proportion of NRO expenses, which was not available during budget process
- **Professional Fees** – Consulting fees for the final quarter will increase to account for Audit Fees, Member Survey, Tax Consulting Fees, Research Consulting, Executive coaching, and Change Management consulting.
- **Recruitment expenses** - Includes extraordinary expenses associated with overseas recruitments during 2010
- **Relocation/ new office expenses** - Includes office relocation expenses planned for December
- **Rent and outgoings** - Includes provision for "make good" costs related to the current lease (as requested in 2009 Audit report), these costs were not included in the budget
- **Salaries and Wages** –
 - Large number of salary reviews to be completed in the last quarter
 - The last quarter includes one extra fortnightly pay run
 - YTD actual is low reflecting time taken to appoint new resources
- **Staff training expenses** – Some non-training costs have been reallocated to Professional Fees since last months report

2. Revenue

- **Interest Income** – APNIC utilized cash from term deposits for the property purchase in May, and a further reduction in cash deposits will occur relating to the office refurbishment expenses. This has resulted in a reduction in interest income earned for the rest of the year when compared to the original budget.
- **Membership fees** - The new membership fee schedule was implemented from 1 Jan 2010, as each member reaches their new anniversary date they will be invoiced under the new fee schedule. There will be large negative variance for the first half of the year when compared to the linear budget (Full Year/12).
- **Per allocation fees** – Charges for allocations to the NIR's were significantly higher than expected due to large requests from NIRs during 2010.

3. Other Important Considerations

- No adjustment is included in these accounts in respect of APNIC's current dealings with the Australian Taxation office, our advice is that our objection is to be upheld.

Note: Accounts are projected base on the following:-

- *pro-rata from the actual figures and projected until end of year*
- *year to date figures will be used if further expenses are not expecting*
- *budget figures, or*
- *other updated information on hand.*

4. APNIC's New Office Cost Analysis

The table below sets out the financial impact of APNIC's purchase and refurbishment of the new office premises at 6 Cordelia Street, South Brisbane:

EC Approved CAPEX	2010 Capital Expenses		\$ 7,500,000
<i>Comprising:</i>			
Purchase Price	Contract Signed:3/12/2009	\$ 4,500,000	
Stamp Duty	Building Settled: 20/05/2010	\$ 245,550	
Title Transfer Fees		\$ 12,794	
Legal and Other Transfer costs		\$ 8,519	
Total Acquisition Costs			\$ 4,766,863
Capital Refurbishment Costs:			
	Total Professional Fees	\$ 182,149	
	External and Internal Construction Costs	\$ 2,148,800	
	Furniture Fittings & Equipment	\$ 216,716	
	Contingency	\$ 85,000	
	Total Construction/FF&E/Contingency		\$ 2,632,665
	Total CAPEX 2010		\$ 7,399,528
	Balance CAPEX Approval		\$ 100,472
EC Approved OPEX:	2010 Transitional Expenses		\$ 700,000
	Moving Costs	\$ 100,000	
	Due Diligence Report	\$ 10,381	
	Write down F&F Park Raod	\$ 200,000	
	Valuation Fees	\$ 3,100	
	Contingency	\$ 35,000	
	Relocation Costs		\$ 348,481
2010 Costs	Operating Costs new Building 2010		
	Rates	\$ 12,500	
	Land Tax	\$ 9,975	
	Depreciation	\$ 9,086	
	Make Good - 33 Park Road	\$ 51,759	
	Capital Allowances	\$ 35,982	
	Other Operating Costs including Contingency	\$ 5,000	
	Total Operating Costs		\$ 124,302
	Total Costs 2010		472,783
	Balance of OPEX Approval 2010		\$ 227,217

3. Membership

3.1 Membership Statistics

At the end of September 2010, APNIC had a total of 2,413 members serving 52 economies. There was a strong net growth of 38 members, with 52 new members, whilst 14 member accounts were closed during September.

3.1.1 Membership by Category

The following table shows the monthly changes in membership and provides an analysis of APNIC's membership tiers. The majority of APNIC members remain in the Small membership tier.

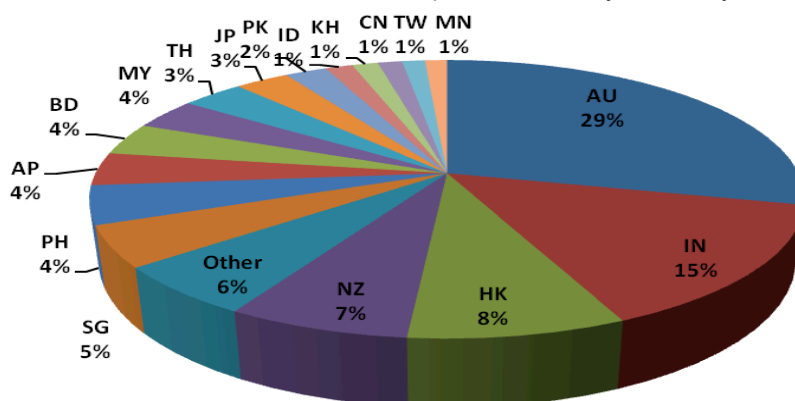
Membership	Total Aug-10	New Sep-10	(Closed) Sep-10	Size Change Sep-10	Total YTD Sep-10	Total YTD (%) Sep-10
Extra Large	15	0	0	0	15	1%
Very Large	33	0	0	1	34	1%
Large	124	0	0	1	125	5%
Medium	309	0	(1)	9	317	13%
Small	840	1	(3)	11	849	35%
Very Small	568	2	(3)	19	586	24%
Associate	486	49	(7)	(41)	487	20%
TOTAL	2375	52	(14)	0	2413	100%

The table below shows membership data as at the end of each quarter. Membership growth remains steady, with the highest member growth during the third quarter of 2010.

Membership	Actual Total EOY 2009	Mar-10	Jun-10	Sep-10
Extra Large	13	14	15	15
Very Large	31	31	33	34
Large	106	116	120	125
Medium	276	287	293	317
Small	823	828	829	849
Very Small	472	505	542	586
Associate	449	465	486	487
TOTAL	2170	2246	2318	2413
Quarterly Net Gain		76	72	95

3.1.2 Membership by Economy

The following chart illustrates the APNIC membership distribution by economy.



3.1.3 Membership Movement

The following graphs illustrate monthly movements of APNIC membership, and total membership.

