

# APNIC EC Meeting Minutes

## Face-to-Face Meeting, Jakarta, Indonesia

Monday, 7 September 2015, 9:05 – 17:00

**Meeting Start:** 9:05 (UTC+7)

### Present

Akinori Maemura  
Che-Hoo Cheng  
Gaurab Raj Upadhaya  
Jessica Shen  
Kenny Huang  
Ma Yan  
Paul Wilson

Craig Ng  
Richard Brown  
Sanjaya  
Connie Chan

### Apologies

James Spenceley

### Agenda

1. Opening of meeting and declaration of quorum
  2. Agenda bashing
  3. Declaration of interests
  4. Review of minutes of last meeting and record of circular resolutions passed since the last meeting
  5. Matters arising from the last meeting
  6. Financial Report
  7. DG Report
  8. Election results announcement
  9. Future NIR framework
  10. Strategic plan preparation
  11. Survey planning
  12. Risk register update
  13. IANA transition update
  14. RIR accountability review
  15. Inter-RIR transfer update
  16. APNIC Foundation update
  17. APNIC 42, 44 and 46 update
  18. NRO Number Council election procedures
  19. 2016 NRO NC appointment
  20. Any other business
  21. Next EC meeting
-

## **Minutes**

### **1. Opening of meeting and declaration of quorum**

The Chair of the Executive Council declared the meeting open at 9:05 (UTC+7) on Monday, 7 September 2015 and noted that a quorum was present.

Kenny Huang was appointed as Chair of the Meeting.

### **2. Agenda Bashing**

The Chair called for comments. There were no changes to the agenda.

### **3. Declaration of interests**

The Chair asked the EC members to declare any potential conflict of interests, and any such declaration is recorded in the minutes.

Akinori Maemura has declared that he is a member of the APIA Fellowship Committee.

Gaurab Raj Upadhaya finished his three-year term on the ICANN Fellowship Committee. He has also declared that he is a director of the Nepal Research and Education Network (NREN).

No other declarations of interest were noted.

**Action item 2015-04:** The Secretariat will update the Register of Interest.

### **4. Review of minutes of past meeting and record of circular resolutions passed since the last meeting**

The following circular resolutions (which require the agreement of all EC members who are entitled to vote on the resolution) were passed by the EC during the period between the last EC meeting and prior to this meeting, and are recorded in these minutes for completeness.

On 25 June 2015, the EC resolved that Taichung be the city selected for APNIC 44, to be announced to the community during APNIC 40 Jakarta.

On 31 August 2015, the EC resolved to adopt the minutes of the EC meetings held on 14 June 2015.

### **5. Matters arising from the last meeting**

The following matters were completed:

**Action item 2015-03:** The Secretariat will carry out further investigations and provide the EC with options and recommendations for the NIR framework a month before the APNIC 40 in Jakarta.

There were no outstanding actions from previous meetings.

## **6. Financial report**

The EC considered the Monthly Financial Report for July 2015 and the Investment Fund Management Report (attached). The EC noted that APNIC is solvent and able to meet all current debts.

The current projected operating surplus for 2015 is \$1.78M, which is higher than forecast in the budget. Membership growth continues to be higher than the budget forecast (tracking at 2% over budget) and expenses are tracking at 2% under budget forecasts.

Membership growth in 2015 continues to be in line with budget. As at the end of July 2015, APNIC had a total of 5,002 Members serving 54 economies, representing a net gain of 384 new Members for the year to date.

APNIC taxation status was discussed. The Secretariat is working with KPMG to submit the new Private Ruling Application in September 2015.

## **7. DG report**

The DG reported on the activities of the Secretariat (attached).

## **8. Election results announcement**

The EC discussed the disclosure requirements for election results. The EC agreed that during both APNIC EC and NRO NC elections, the Election chair would announce the result of the election as follows:

- Total paper ballots counted
- Total valid paper ballots counted
- Total invalid paper ballots counted
- Total vote count for each candidate
- Total aggregate count for online votes
- Total aggregate count for onsite votes

## **9. Future NIR framework**

The EC discussed the future NIR framework.

[Confidential information redacted]

## **10. Strategic plan preparation**

The EC discussed the timeline, method and process of the strategic plan (attached). In addition to the SWOT analysis, it is suggested that other assessment tools could further help assess and adjust the organization's direction in response to a changing environment.

## **11. Survey planning**

The EC was briefed on the progress of the APNIC survey (attached). The next APNIC Survey is due to be launched in February 2016. The survey process and logistical arrangements will be reviewed and approved by the EC during the EC Retreat in December 2015.

## **12. Risk register update**

The EC was briefed on the current work undertaken to date with regards to the APNIC Risk Registry.

A comprehensive review of the Risk Register will be undertaken as part of the EC retreat in December 2015. Craig will be leading the Risk Register workshop.

## **13. IANA transition update**

The DG provided an update of the IANA Stewardship Transition.

The ICG's first transition plan is complete and is open for public review until 8 September. CRISP has produced a response that is also open for public review.

The Review Committee Charter has been drafted which specifies the composition and role of the committee. The Review Committee is expected to be established by the end of 2015, although it will not be required to take action until after the transition.

A second version of the SLA with ICANN has been produced, taking into account comments from the first round of public consultations, and published for a second consultation period.

It is agreed that the Numbers community was well prepared to move forward in the process.

## **14. RIR accountability review**

Craig Ng gave an update on the review of RIR accountability assessment.

[Confidential information redacted]

## **15. Inter-RIR transfer update**

The EC was briefed on the Inter RIR transfer policy discussions and current implementation status.

**2015-15: The EC resolved to lift the temporary moratorium on inter RIR transfers with RIPE NCC.**

Motion proposed by Che-Hoo Cheng, seconded by Akinori Maemura. Passed unanimously.

## **16. APNIC Foundation update**

Duncan Macintosh gave an update on the APNIC Foundation Hong Kong Strategic Rationale Concept Note and legal opinion on governance and tax implications for the establishment of an APNIC Foundation in Hong Kong (attached).

The EC will review the legal documents for the establishment of the APNIC Foundation Hong Kong and consider the implementation and budget plan during the EC Retreat in December 2015.

## **17. APNIC 42, 44, and 46 update**

Tony Smith gave an update on the budget and logistics arrangements being made for APNIC 42 and APNIC 44 (attached).

The EC also discussed a proposal for APNIC 46. As per the APNIC Conference Location Selection procedures, the EC will decide the location of APNIC 46 during APNIC 42 in Dhaka.

## **18. NRO Number Council election procedures**

The EC was briefed on the procedures to be followed for the conduct of the NRO NC Election (attached).

**2015-16: The EC resolved to appoint Ms Sylvia Sumarlin as Election Chair, Mr George Kuo and Ms Connie Chan of the APNIC Secretariat as Election Officers, and Mr Wita Laksono and Mr Zen Ng as Election Tellers and endorsed the NRO NC Election procedures, as described.**

Motion proposed by Akinori Maemura, seconded by Paul Wilson. Passed unanimously

## **19. 2016 NRO NC appointment**

**2015-17: The EC resolved to reappoint Aftab Siddiqui to the NRO Number Council for 2016.**

Motion proposed by Paul Wilson, seconded by Gaurab Raj Upadhaya. Passed unanimously.

## **20. Any other business**

- a. Treasurer's report during AMM

In the absence of the Treasurer, James Spenceley, Kenny Huang will deliver the Treasurer's report during the AMM on 10 September 2015.

## **21. Next EC meeting**

The EC Retreat will be held in conjunction with PacNOG 18/ARM in Guam on 30 November to 2 December 2015.

**Meeting adjourned at 17:00**

### **Attachments:**

- A. Register of interest
- B. July 2015 financial report
- C. July 2015 investment report
- D. Financial reporting presentation
- E. DG report  
[Confidential material redacted]
- G. Strategic planning update
- H. Survey planning update  
[Confidential material redacted]

- L. APNIC Foundation update**
- M. Conferences update**
- N. NRO NC election procedures**

## Agenda Item 3

### Declaration of Interests

## EC Register of Interests

### Declaration of interests of EC members

This register records the interests of EC members, which may conflict with the EC members' duties to APNIC. This register is accurate as at 23 March 2015.

Akinori Maemura declared that he currently holds the following positions:

- Director of JPCERT Coordination Center
- Member of APRICOT-APAN 2015 Japan Executive Committee
- Employee of JPNIC as General Manager, Internet Development Department

James Spenceley declared that he currently holds the following positions:

- Chief Executive Officer and director of Vocus Communications Limited
- Director of FX Networks
- He also has an equity interest in [AmCom](#) ?

Che-Hoo Cheng declared that he currently holds the following positions:

- Secretary of APIX Steering Committee
- Member of the HKNOG Program Committee
- Employee of the Chinese University of Hong Kong as Associate Director (Infrastructure) of IT Services
- Company Secretary of the Hong Kong Internet Exchange Limited

Gaurab Raj Upadhyaya declared that he currently holds the following positions:

- Member of the APRICOT Program Committee
- Member of the ICANN Fellowship Committee
- Employee of Limelight Networks as Director, Network Strategy and Interconnect

Kenny Huang declared that he currently holds the following positions:

- Member of IP Committee of TWNIC
- Board of Director, ISOC Taiwan Chapter
- Member of the Advisory Council of [DotAsia](#) Organization
- Director of Mind Extension Inc.

MA Yan declared that he currently holds the following positions:

- Co-Chair of APAN IPv6 Working Group
- Member of Technical Board, CERNET

Jessica Shen declared that she currently holds the following positions:

- Employee of CNNIC as Director of IP Operation, under the Ministry of the Cyberspace Administration of China

Paul Wilson declared no conflict of interests.



## Agenda Item 6

### Finance report

# Monthly Financial Report

## (in AUD)

July 2015

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# 1 Statement of Financial Position

|  | 31/07/2015        | Year-End 2014     | % Change from 31/12/2014 |
|--|-------------------|-------------------|--------------------------|
| <b>CURRENT ASSETS</b>                      |                   |                   |                          |
| Cash/Term deposits                         | 5,544,988         | 5,420,158         | 2%                       |
| Receivables                                | 1,061,119         | 923,332           | 15%                      |
| Others                                     | 789,816           | 472,950           | 67%                      |
| <b>TOTAL CURRENT ASSETS</b>                | <b>7,395,923</b>  | <b>6,816,440</b>  | <b>9%</b>                |
| <b>NON-CURRENT ASSETS</b>                  |                   |                   |                          |
| Other financial assets                     | 19,232,924        | 17,924,950        | 7%                       |
| Property, plant and equipment              | 8,033,640         | 7,905,732         | 2%                       |
| Deferred tax assets/ liabilities           | 157,749           | 157,749           | 0%                       |
| <b>TOTAL NON-CURRENT ASSETS</b>            | <b>27,424,312</b> | <b>25,988,431</b> | <b>6%</b>                |
| <b>TOTAL ASSETS</b>                        | <b>34,820,236</b> | <b>32,804,871</b> | <b>6%</b>                |
| <b>CURRENT LIABILITIES</b>                 |                   |                   |                          |
| Payables                                   | 881,231           | 1,513,519         | -42%                     |
| Provisions                                 | 1,169,406         | 1,074,692         | 9%                       |
| Unearned revenue                           | 8,614,716         | 8,301,739         | 4%                       |
| <b>TOTAL CURRENT LIABILITIES</b>           | <b>10,665,353</b> | <b>10,889,951</b> | <b>-2%</b>               |
| <b>NON - CURRENT LIABILITIES</b>           |                   |                   |                          |
| Deferred Tax Liabilities                   | 284,963           | 284,963           | 0%                       |
| Provisions                                 | 317,091           | 241,459           | 31%                      |
| <b>TOTAL NON-CURRENT LIABILITIES</b>       | <b>602,054</b>    | <b>526,423</b>    | <b>14%</b>               |
| <b>TOTAL LIABILITIES</b>                   | <b>11,267,408</b> | <b>11,416,374</b> | <b>-1%</b>               |
| <b>NET ASSETS</b>                          | <b>23,552,828</b> | <b>21,388,497</b> | <b>10%</b>               |
| <b>EQUITY</b>                              |                   |                   |                          |
| Share capital                              | 1                 | 1                 | 0%                       |
| Reserves other financial assets investment | 1,006,310         | 614,663           | 64%                      |
| Retained earnings                          | 20,773,833        | 17,684,724        | 17%                      |
| Net Income                                 | 1,772,684         | 3,089,109         | -43%                     |
| <b>TOTAL EQUITY</b>                        | <b>23,552,828</b> | <b>21,388,497</b> | <b>10%</b>               |

Table 1 Statement of Financial Position

## 1.1 Notes to Financial Position

The Statement of Financial Position shows that APNIC's net position has increased by 10% compared to the end of last year.

The Reserves other financial assets investment shows an increase of \$392k over the balance at the end last year, representing the capital growth of the Investment portfolio in 2015.

## 2 Statement of Income

This report incorporates the approved 2015 budget, July expenses are compared to the figures for the YTD Budget and the same period last year. The Forecast figures have been derived from a detailed review of the expected revenues, committed and planned expenditure for 2015, to compare with the budget.

### 2.1 Revenue

| REVENUE (AUD)                | YTD Actual<br>July 2015 | YTD Actual<br>July 2014 | Variance<br>% | Forecast<br>2015  | Budget<br>2015    | Forecast Variation<br>to Budget<br>\$ | Forecast Variation<br>to Budget<br>% |
|------------------------------|-------------------------|-------------------------|---------------|-------------------|-------------------|---------------------------------------|--------------------------------------|
| IP Resource application fees | -18,375                 | 822,500                 | -102%         | -18,375           | 0                 | -18,375                               | 0%                                   |
| Investment income            | 560,604                 | 529,723                 | 6%            | 856,362           | 855,000           | 1,362                                 | 0%                                   |
| Membership fees              | 9,724,780               | 9,161,407               | 6%            | 16,862,000        | 16,450,000        | 412,000                               | 3%                                   |
| Non-members fees             | 143,233                 | 148,973                 | -4%           | 243,090           | 232,000           | 11,090                                | 5%                                   |
| Reactivation fees            | 22,200                  | 38,100                  | -42%          | 32,200            | 24,000            | 8,200                                 | 34%                                  |
| Sign-Up fees                 | 256,000                 | 0                       | 0%            | 431,000           | 380,000           | 51,000                                | 13%                                  |
| Transfer fees                | 37,821                  | 48,846                  | -23%          | 62,821            | 75,000            | -12,179                               | -16%                                 |
| Sundry income                | 58,454                  | 79,920                  | -27%          | 160,954           | 246,000           | -85,046                               | -35%                                 |
| Foreign exchange gain/(loss) | 25,692                  | -12,893                 | -299%         | 0                 | 0                 | 0                                     | 0%                                   |
| <b>TOTAL REVENUE</b>         | <b>10,810,409</b>       | <b>10,816,577</b>       | <b>-0%</b>    | <b>18,630,052</b> | <b>18,262,000</b> | <b>368,052</b>                        | <b>2%</b>                            |

Table 2 Revenue

#### Notes to Revenue:

- **IP Resource application fees** – These credits are related to the reversal of fees charged under the old fee schedule.
- **Investment Income** – A review of the Credit Suisse forecast of investment income and interest on cash deposits will see the final results for 2015 being just above budget estimates. This forecast has been reduced based on more recent updates from the investment advisor.
- **Membership Income** – Membership growth continues to be higher than budget, with members joining at higher tiers than anticipated in the budget and existing members increasing the size of their resource holdings. Based on estimates of the impact of the new fee schedule and increased new member activity, revenue from membership fees is estimated to be \$412k above budget.
- **Non-members Fees** – Although difficult to accurately predict, growth in Non-member accounts is forecast to result in a positive variance of over \$11k in 2015.
- **Signup Fees** – Sign-Up Fees are anticipated to be above budget by the end of the year as new membership growth is tracking slightly above the target of 800 set out in the budget. Based on more recent analysis, new members will likely to achieve close to 900 in 2015.
- **Transfer Fees** – The fees derived from Transfers of APNIC resources will be close to \$12k below budget by the end of 2015 based on the activity so far this year.
- **Sundry Income** – Income budgeted from training receipts and income from meeting registration for APNIC meetings will be well below budget.

## 2.2 Expenses

| EXPENSES (AUD)                      | YTD Actual July 2015 | YTD Actual July 2014 | Variance % | Forecast 2015     | Budget 2015       | Forecast Variation to Budget \$ | Forecast Variation to Budget % |
|-------------------------------------|----------------------|----------------------|------------|-------------------|-------------------|---------------------------------|--------------------------------|
| Bank charges                        | 85,102               | 80,584               | 6%         | 144,352           | 151,950           | -7,598                          | -5%                            |
| Communication expenses              | 324,512              | 273,359              | 19%        | 539,762           | 537,940           | 1,822                           | 0%                             |
| Computer expenses                   | 308,398              | 341,862              | -10%       | 524,693           | 642,172           | -117,479                        | -18%                           |
| Depreciation expense                | 442,787              | 452,310              | -2%        | 761,646           | 762,266           | -620                            | -0%                            |
| Doubtful debt expenses              | -33,870              | 20,332               | -267%      | 0                 | 20,000            | -20,000                         | -100%                          |
| ICANN contract fee                  | 165,368              | 153,889              | 7%         | 284,161           | 282,835           | 1,326                           | 0%                             |
| Insurance expense                   | 74,051               | 77,026               | -4%        | 136,395           | 136,900           | -505                            | -0%                            |
| Meeting and training expenses       | 110,665              | 123,142              | -10%       | 395,081           | 519,400           | -124,319                        | -24%                           |
| Membership fees                     | 25,107               | 33,717               | -26%       | 48,639            | 64,435            | -15,796                         | -25%                           |
| Office operating expenses           | 174,059              | 167,033              | 4%         | 304,645           | 305,107           | -462                            | -0%                            |
| Postage & delivery                  | 24,403               | 20,426               | 19%        | 52,903            | 50,000            | 2,903                           | 6%                             |
| Printing & photocopy                | 21,792               | 26,395               | -17%       | 39,292            | 44,840            | -5,548                          | -12%                           |
| Professional fees                   | 591,356              | 610,580              | -3%        | 1,267,300         | 1,267,300         | 0                               | 0%                             |
| Recruitment expense                 | 65,035               | 69,240               | -6%        | 102,535           | 90,000            | 12,535                          | 14%                            |
| Salaries and personnel expenses     | 5,373,708            | 4,858,772            | 11%        | 9,460,248         | 9,460,248         | 0                               | 0%                             |
| Sponsorship and Publicity expenses  | 79,060               | 79,154               | -0%        | 651,063           | 649,900           | 1,163                           | 0%                             |
| Staff training/ Conference expenses | 84,682               | 92,401               | -8%        | 152,763           | 155,000           | -2,237                          | -1%                            |
| Translation expenses                | 570                  | 11                   | 5,034%     | 25,000            | 25,000            | 0                               | 0%                             |
| Travel expenses                     | 1,120,941            | 1,205,651            | -7%        | 1,854,008         | 1,900,000         | -45,992                         | -2%                            |
| <b>TOTAL EXPENSES</b>               | <b>9,037,725</b>     | <b>8,685,884</b>     | <b>4%</b>  | <b>16,744,486</b> | <b>17,065,293</b> | <b>-320,807</b>                 | <b>-2%</b>                     |

Table 3 Expenses

### Notes to Expenses:

It is forecast that expenses will be less than the original budget approved for 2015. Major variances are:

- **Computer expenses** – The variance in this expenses results from the utilisation of funding from Comcast and ICANN, which will be used to offset expenses incurred by research and development activities.
- **Doubtful debts expenses** – includes a significant write-back of accounts that were outstanding at the end 2014. This credit is offset by a reduction in the Membership Fee income where accounts have been credited and closed.
- **Meeting and training expenses** – Actual costs incurred for the APNIC39 meeting were less than budgeted by nearly \$35k and the use of local hosts to reduce venue and catering costs for training (budgeted at \$72k) have all contributed to this variance.
- **Membership fees expenses** – The ISOC annual membership was reduced from Gold to Silver membership this year resulting in a variance of \$13k.
- **Professional fees** – Professional Fees are not incurred evenly across the year, and it is anticipated that the actuals for the end of the year will be close to budget.
- **Recruitment expenses** – based on recent recruitment activity this stage this expense is forecast to be \$12k more than budget.

- **Travel expenses** – Travel expenses are expected to be slightly below budget at the end of 2015 based on current travel activity planned for the remainder of the year.

## 2.3 Operating Surplus/ Deficit

| REVENUE and EXPENSES (AUD)         | YTD Actual July 2015 | YTD Actual July 2014 | Variance %  | Forecast 2015    | Budget 2015      | Forecast Variation to Budget \$ | Forecast Variation to Budget % |
|------------------------------------|----------------------|----------------------|-------------|------------------|------------------|---------------------------------|--------------------------------|
| Total Revenue                      | 10,810,409           | 10,816,577           | 0%          | 18,630,052       | 18,262,000       | 368,052                         | 2%                             |
| Total Expenses                     | 9,037,725            | 8,685,884            | 4%          | 16,744,486       | 17,065,293       | -320,807                        | -2%                            |
| <b>OPERATING SURPLUS/(DEFICIT)</b> | <b>1,772,684</b>     | <b>2,130,693</b>     | <b>-17%</b> | <b>1,885,566</b> | <b>1,196,707</b> | <b>688,859</b>                  | <b>58%</b>                     |

Table 4 Operating Surplus/ Deficits

## 3 Capital Expenditure

Table below provide the overview of budget remaining on capital expenditure as of July 2015. Capital expenditure is anticipated to finish 2015 close to the budget estimates.

| CAPITAL (AUD)                    | YTD Actual July 2015 | Budget 2015      | Utilized % | Budget Remaining \$ |
|----------------------------------|----------------------|------------------|------------|---------------------|
| Equipment & Software             | 556,403              | 1,215,883        | 46%        | -659,480            |
| Office Furniture & Fittings      | 14,291               | 28,500           | 50%        | -14,209             |
| <b>TOTAL CAPITAL EXPENDITURE</b> | <b>570,695</b>       | <b>1,244,383</b> | <b>46%</b> | <b>-673,688</b>     |

Table 5 Capital Expenditure

## 4 Activity Reporting

### 4.1 Expense by Activity Code

The APNIC budget for 2015 was complimented with a detailed Activity Plan, breaking down APNIC's core activities into Activity Codes. The actual figures have been allocated to these codes and the following table/charts provide an analysis of the expenses for each activity against budget.

| EXPENSES (AUD)                      | YTD Actual<br>July 2015 | YTD Budget<br>July 2015 | Budget<br>Variance \$ | Variance % |
|-------------------------------------|-------------------------|-------------------------|-----------------------|------------|
| Facilities                          | 262,175                 | 253,753                 | 8,422                 | 3%         |
| Finance & Administration            | 781,685                 | 753,431                 | 28,254                | 4%         |
| Human Resource Management           | 526,982                 | 541,422                 | -14,440               | -3%        |
| Legal & Governance                  | 360,154                 | 409,189                 | -49,035               | -12%       |
| <b>Total - Corporate</b>            | <b>1,930,996</b>        | <b>1,957,795</b>        | <b>-26,799</b>        | <b>-1%</b> |
| Global Research                     | 213,515                 | 202,175                 | 11,340                | 6%         |
| Global Technical Community          | 544,311                 | 405,769                 | 138,542               | 34%        |
| Inter-governmental Outreach         | 264,675                 | 255,381                 | 9,294                 | 4%         |
| <b>Total - Global Collaboration</b> | <b>1,022,501</b>        | <b>863,325</b>          | <b>159,176</b>        | <b>18%</b> |
| APNIC Conferences                   | 602,742                 | 633,308                 | -30,566               | -5%        |
| Community Engagement                | 660,609                 | 696,437                 | -35,828               | -5%        |
| Regional Technical Development      | 467,136                 | 530,445                 | -63,309               | -12%       |
| <b>Total - Regional Development</b> | <b>1,730,487</b>        | <b>1,860,190</b>        | <b>-129,703</b>       | <b>-7%</b> |
| Registration Services               | 632,652                 | 732,724                 | -100,072              | -14%       |
| Customer Service                    | 1,594,405               | 1,742,332               | -147,927              | -8%        |
| Member Training                     | 515,511                 | 599,193                 | -83,682               | -14%       |
| Technical Infrastructure            | 1,611,174               | 1,628,292               | -17,118               | -1%        |
| <b>Total - Serving Members</b>      | <b>4,353,741</b>        | <b>4,702,541</b>        | <b>-348,800</b>       | <b>-7%</b> |
| <b>TOTAL EXPENSES</b>               | <b>9,037,725</b>        | <b>9,383,851</b>        | <b>-346,126</b>       | <b>-4%</b> |

Table 6 Expense by Activity Code



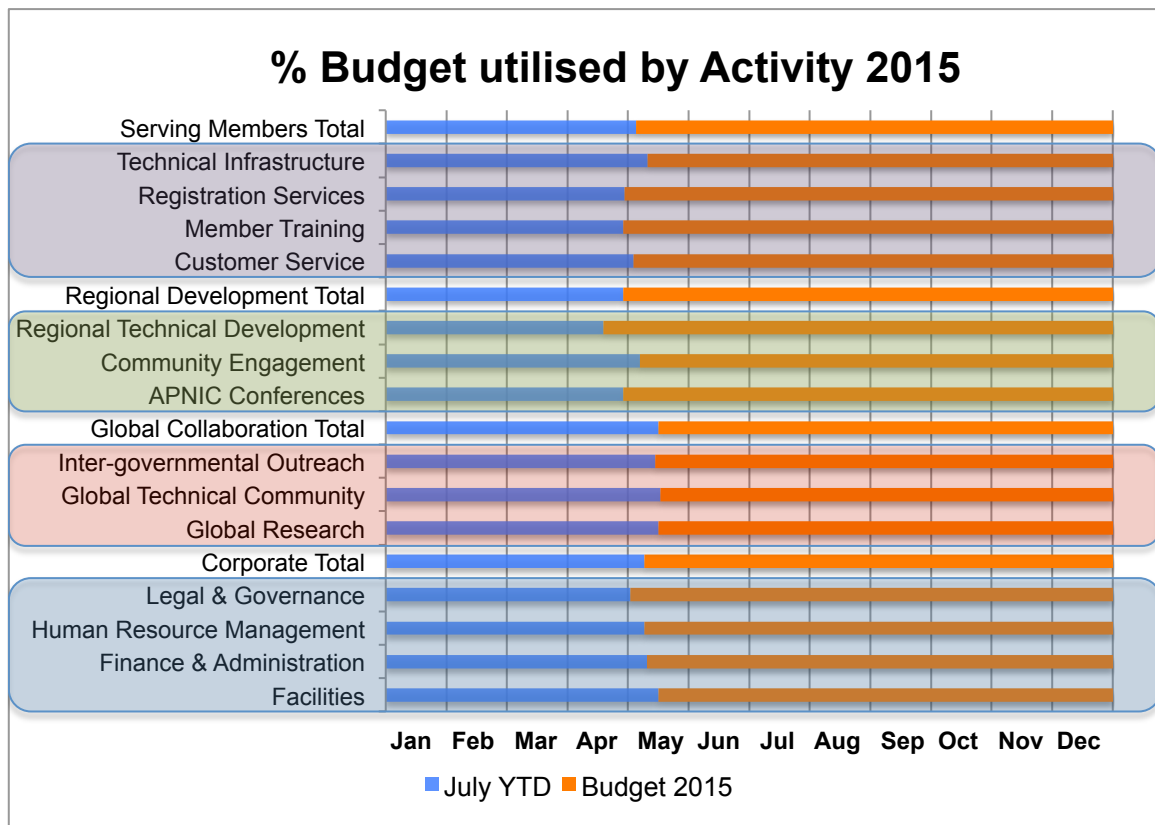
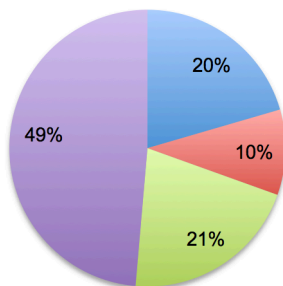


Figure 4.1 Expenses by Activity Code

Budget Expenses 2015



■ Corporate ■ Global Collaboration ■ Regional Development ■ Serving Members

July YTD Actual Expenses

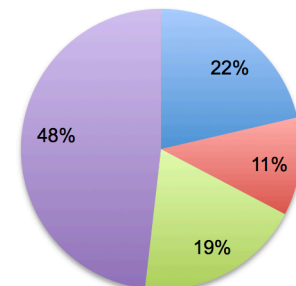


Chart Area

■ Corporate ■ Global Collaboration ■ Regional Development ■ Serving Members

## 4.2 Capital Expenditure by Activity Code

| CAPITAL (AUD)                       | YTD Actual<br>July 2015 | YTD Budget<br>July 2015 | Budget<br>Variance \$ | Variance<br>% |
|-------------------------------------|-------------------------|-------------------------|-----------------------|---------------|
| Facilities                          | 14,291                  | 16,625                  | -2,334                | -14%          |
| Finance & Administration            | 2,028                   | 3,500                   | -1,472                | -42%          |
| <b>Total - Corporate</b>            | <b>16,319</b>           | <b>20,125</b>           | <b>-3,806</b>         | <b>-19%</b>   |
| Global Research                     | 33,004                  | 46,375                  | -13,371               | -29%          |
| Global Technical Community          | 754                     | 0                       | 754                   | 0%            |
| <b>Total - Global Collaboration</b> | <b>33,758</b>           | <b>46,375</b>           | <b>-12,617</b>        | <b>-27%</b>   |
| APNIC Conferences                   | 10,190                  | 16,044                  | -5,854                | -36%          |
| Regional Technical Development      | 21,527                  | 105,000                 | -83,473               | -79%          |
| <b>Total - Regional Development</b> | <b>31,717</b>           | <b>121,044</b>          | <b>-89,327</b>        | <b>-74%</b>   |
| Registration Services               | 6,218                   | 3,500                   | 2,718                 | 78%           |
| Customer Service                    | 89,173                  | 44,919                  | 44,254                | 99%           |
| Member Training                     | 12,106                  | 40,831                  | -28,725               | -70%          |
| Technical Infrastructure            | 381,404                 | 449,106                 | -67,702               | -15%          |
| <b>Total - Serving Members</b>      | <b>488,901</b>          | <b>538,356</b>          | <b>-49,455</b>        | <b>-9%</b>    |
| <b>TOTAL CAPITAL EXPENDITURE</b>    | <b>570,695</b>          | <b>725,900</b>          | <b>-155,205</b>       | <b>-21%</b>   |

Table 7 Capital Expenditure by Activity Code

## 5 APNIC Reserve

### 5.1 Cash Flow Statement

This report shows the draft cash flow status for the year as at the end of July.

| Accounts                                  | YTD July 2015 |
|---|---------------|
| <b>Operating Activities</b>               |               |
| Net Income                                | 1,772,684     |
| <b>Adjustments to Profit/(Loss)</b>       |               |
| Accounts Receivable                       | -46,647       |
| Other Current Asset                       | -408,006      |
| Accounts Payable                          | -62,284       |
| Sales Tax Payable                         | -12,042       |
| Other Current Liabilities                 | -150,271      |
| <b>Total Adjustments to Profit/(Loss)</b> | -679,250      |
| <b>Total Operating Activities</b>         | 1,093,434     |
| <b>Investing Activities</b>               |               |
| Fixed Asset                               | -127,908      |
| Other Asset                               | -1,307,974    |
| <b>Total Investing Activities</b>         | -1,435,882    |
| <b>Financing Activities</b>               |               |
| Long Term Liabilities                     | 75,631        |
| Other Equity                              | 391,647       |
| <b>Total Financing Activities</b>         | 467,278       |
| <b>Net Change in Cash for Period</b>      | 124,830       |
| <b>Cash at Beginning of Period</b>        | 5,420,158     |
| <b>Cash at End of Period</b>              | 5,544,988     |

Table 8 Cash Flow Statement

## 5.2 APNIC Capital Reserve

The APNIC Reserve is diversified between Cash Investments, Investment Portfolio, and Property (APNIC Office). At the end of July, APNIC maintained \$5.5M in cash reserves, \$19.2M has been invested in the investment portfolio, and \$6.5M invested in the APNIC Property. Figure 5.1 below tracks the value and the allocation of these reserves over time and also tracks the operating expenses for each year for comparison:

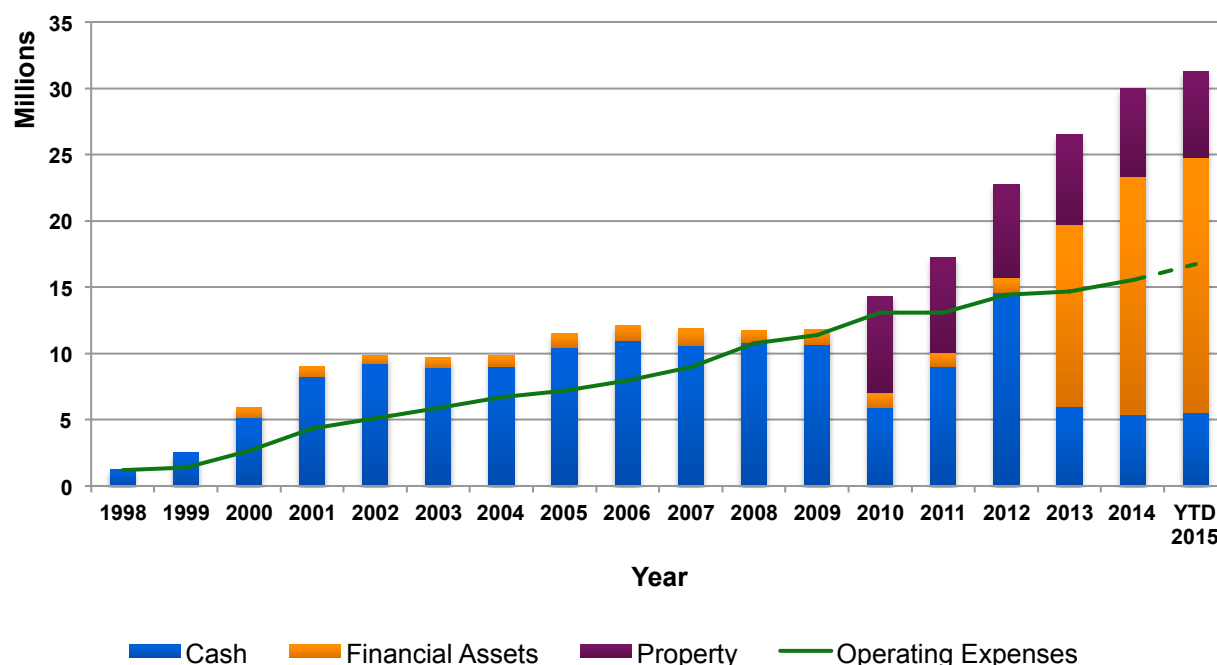


Figure 5.1 Reserve

## 5.3 APNIC Investment Policy

The amount of \$19.2M comprising invested funds, capital growth and reinvested returns invested in the Credit Suisse investment management account at the end of July. \$500k of cash surplus in the operating account was transferred to the investment portfolio in July. Please refer to the attached investment report outlining the portfolio.

## 5.4 APNIC's Equity and Reserves

By comparing APNIC's Total Equity (including retained earnings and unrealised capital gains) to the daily operating costs, the number of month's coverage of operational expenses is set out below:

|   | 31/07/2015   | 2014         | 2013         |
|---|--------------|--------------|--------------|
| Total Equity  | \$23,552,828 | \$21,388,497 | \$17,826,296 |
| % Equity covered by Cash and/or Equivalents           | 113.1%       | 115.7%       | 119.0%       |
| Forecast/Actual Daily Operating Expenses              | \$45,875     | \$42,558     | \$39,959     |
| <b>Number of Months of expenses covered by Equity</b> | <b>16.88</b> | <b>16.52</b> | <b>14.67</b> |

## 6 Membership

### 6.1 Membership Statistics

As at the end of July 2015, APNIC had a total of 5,002 Members serving 54 economies.

### 6.2 Membership by Category

The table below shows the monthly changes in membership. Majority of APNIC Members remain in the Very Small and Small membership tiers. It is anticipated that the majority of Associate members will transition to higher tiers by the end of 2015.

| Membership   | Total Jun-15 | New Jul-15 | Reactivate Jul-15 | (Closed) Jul-15 | Size Change Jul-15 | Total YTD Jul-15 | % Total     |
|--------------|--------------|------------|-------------------|-----------------|--------------------|------------------|-------------|
| Extra Large  | 21           | 0          | 0                 | 0               | 0                  | 21               | 0%          |
| Very Large   | 42           | 0          | 0                 | 0               | 0                  | 42               | 1%          |
| Large        | 140          | 0          | 0                 | 0               | 0                  | 140              | 3%          |
| Medium       | 415          | 0          | 0                 | 0               | 3                  | 418              | 8%          |
| Small        | 1,716        | 40         | 1                 | -11             | 39                 | 1,785            | 36%         |
| Very Small   | 2,071        | 53         | 3                 | -16             | 24                 | 2,135            | 43%         |
| Associate    | 526          | 4          | 0                 | -3              | -66                | 461              | 9%          |
| <b>TOTAL</b> | <b>4,931</b> | <b>97</b>  | <b>4</b>          | <b>-30</b>      | <b>0</b>           | <b>5,002</b>     | <b>100%</b> |

Table 9 Membership by Category

### 6.3 Membership by Economy

Figure 6.1 illustrates the APNIC membership distribution by economy.

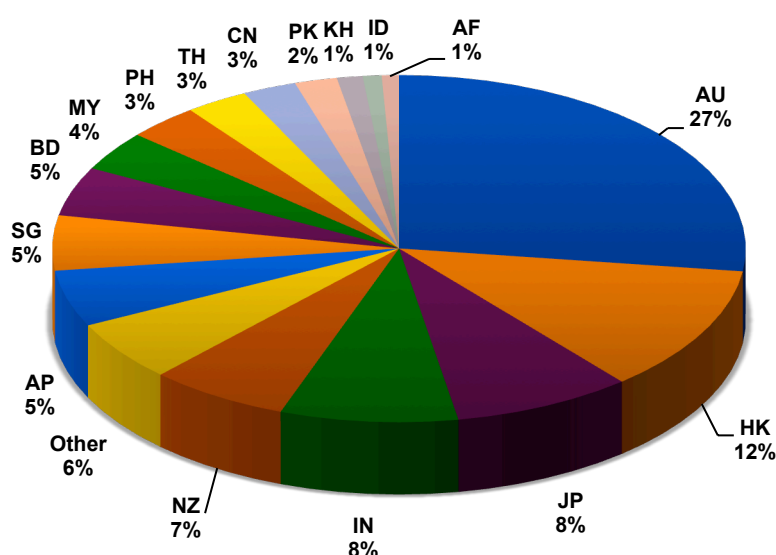


Figure 6.1 Membership by Economy

## 6.4 Membership Growth

APNIC membership monthly movements are illustrated at Figure 6.2 below. Membership growth budgeted for 2015 has been incorporated in this graph to track monthly growth against monthly budget growth. There were 97 new members in July and APNIC's membership reached a milestone of 5000 members.

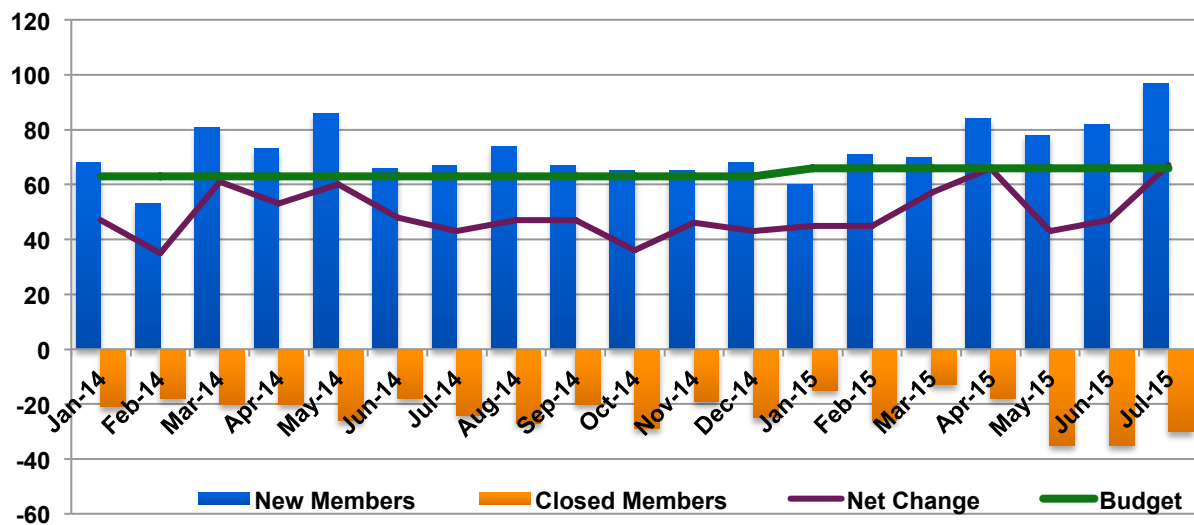


Figure 6.2 Monthly Growth Analysis

Figure 6.3 below illustrates APNIC membership growth by membership tier:

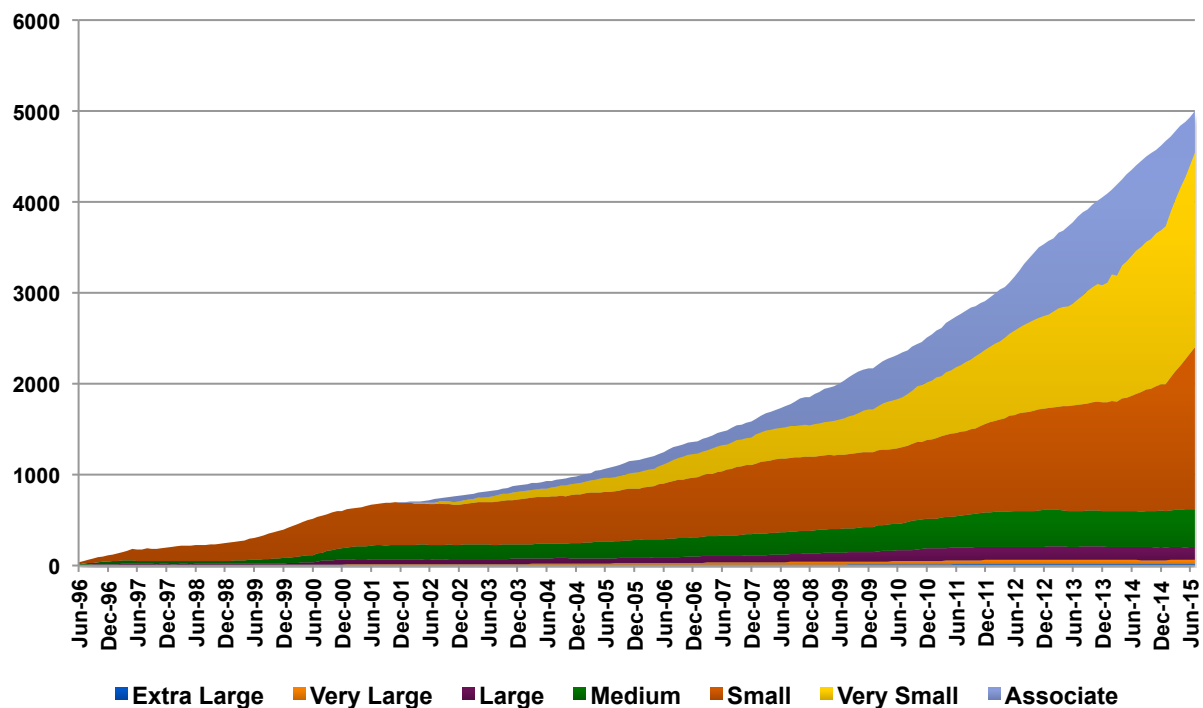


Figure 6.3 Total membership

## 6.5 Year-to-Date Membership Movement by Economy

Figure 6.4 below shows new and closed membership movement by economy as at end of July 2015.

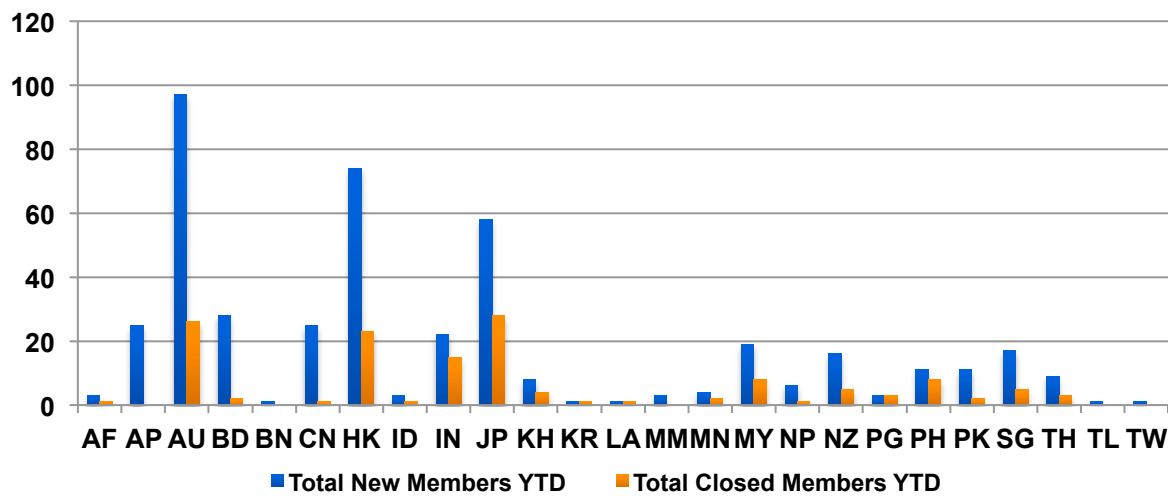


Figure 6.4 New and Closed Members Analysis

Figure 6.5 below provides an analysis of the 168 Membership closures as at the end of July. There were 4 members transfer to NIR in July, 72% of the accounts closures relate to accounts closed due to the failure to establish contact or the business is no longer operating and resource holdings are returned to APNIC.

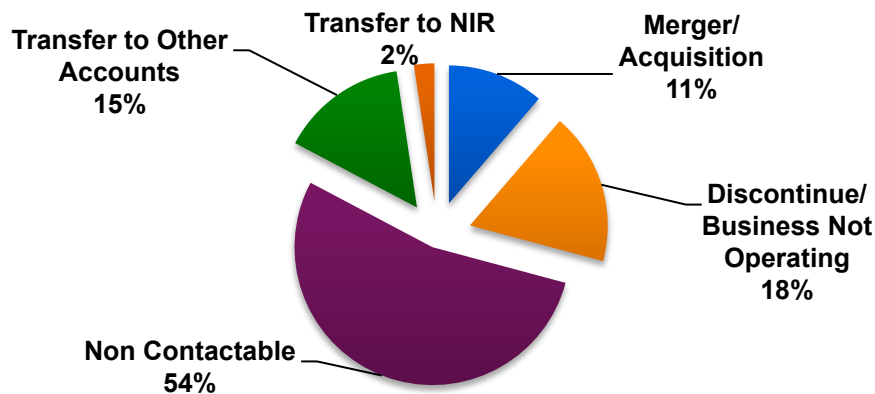


Figure 6.5 Closure Analysis

APNIC PTY LTD  
PO BOX 3646  
SOUTH BRISBANE, QLD 4101  
AUSTRALIA



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Private Banking

## Investment Report 1.7.2015 – 31.7.2015

### APNIC PTY LTD

Portfolio Group: 3000039

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Private Banking

## Investment Report 1.7.2015 – 31.7.2015

Portfolio Group 3000039

In the Name of APNIC PTY LTD

Produced on 1.8.2015  
Reporting Currency AUD

Relationship Manager Andrew Page  
Phone +61 2 8205 4416

APNIC PTY LTD  
PO BOX 3646  
SOUTH BRISBANE, QLD 4101  
AUSTRALIA

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001970938 012 058

### Scope of Analysis as of 31.7.2015

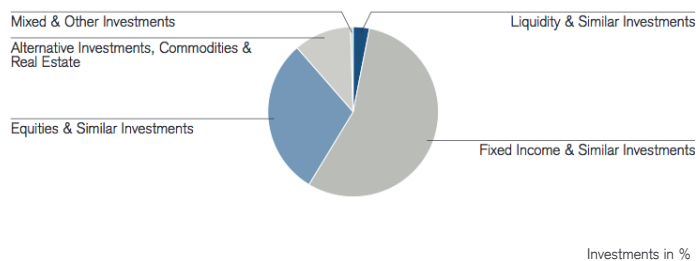
| Components                   | Portfolio  | Asset Value in AUD | Discretionary<br>Mandate | Opened     | Closed |
|------------------------------|------------|--------------------|--------------------------|------------|--------|
| Portfolio Group: 3000039     |            |                    |                          |            |        |
| Investment related Positions |            |                    |                          |            |        |
| AUD Portfolio                | 3000039-10 | 208                |                          | 16.08.2013 |        |
| AUD Portfolio                | 3000039-70 | 19,232,924         | Yes                      | 16.08.2013 |        |
| Total Investments            |            | 19,233,133         |                          |            |        |
| Total Wealth                 |            | 19,233,133         |                          |            |        |

## 1. Overview

### 1.1. Asset Allocation

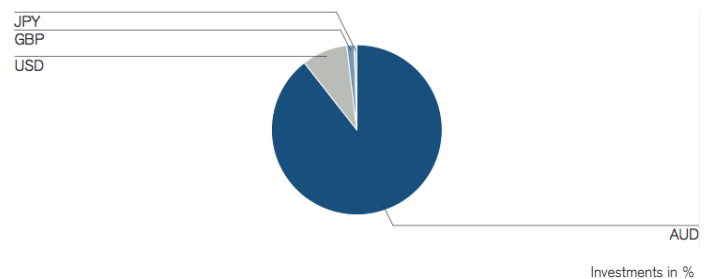
Asset Allocation by Asset Category  
Period 1.7.2015 - 31.7.2015

|   | Beginning of Period<br>in AUD | Change  | End of Period<br>in AUD | End of Period<br>Proportion |
|---|-------------------------------|---------|-------------------------|-----------------------------|
| ■ Liquidity & Similar Investments                       | 634,410                       | -42,637 | 591,773                 | 3.08%                       |
| ■ Fixed Income & Similar Investments                    | 10,348,245                    | 343,421 | 10,691,666              | 55.59%                      |
| ■ Equities & Similar Investments                        | 5,230,892                     | 524,782 | 5,755,674               | 29.93%                      |
| ■ Alternative Investments, Commodities &<br>Real Estate | 2,174,514                     | -76,323 | 2,098,191               | 10.91%                      |
| ■ Mixed & Other Investments                             | 0                             | 95,829  | 95,829                  | 0.50%                       |
| <b>Total Investments</b>                                | <b>18,388,060</b>             |         | <b>19,233,133</b>       | <b>100.00%</b>              |



Asset Allocation by Currency  
Period 1.7.2015 - 31.7.2015

|                           | Beginning of Period<br>in AUD | Change  | End of Period<br>in AUD | End of Period<br>Proportion |
|---------------------------|-------------------------------|---------|-------------------------|-----------------------------|
| ■ AUD - Australian Dollar | 16,520,331                    | 696,369 | 17,216,700              | 89.52%                      |
| ■ USD - US Dollar         | 1,542,809                     | 121,882 | 1,664,691               | 8.66%                       |
| ■ GBP - Pound Sterling    | 245,166                       | 23,610  | 268,776                 | 1.40%                       |
| ■ JPY - Japanese Yen      | 79,754                        | 3,212   | 82,966                  | 0.43%                       |
| <b>Total Investments</b>  | <b>18,388,060</b>             |         | <b>19,233,133</b>       | <b>100.00%</b>              |



### 1.2. Income and Activity

Income Summary  
Period 1.7.2015 - 31.7.2015

|                      | Current Period<br>in AUD | Year to Date<br>in AUD |
|----------------------|--------------------------|------------------------|
| Cash Dividend        | 155,799                  | 464,820                |
| Coupon Received/Paid | 0                        | 0                      |
| Interest Earned/Paid | 1,387                    | 7,371                  |
| <b>Net Income</b>    | <b>157,185</b>           | <b>472,191</b>         |

Activity Summary  
Period 1.7.2015 - 31.7.2015

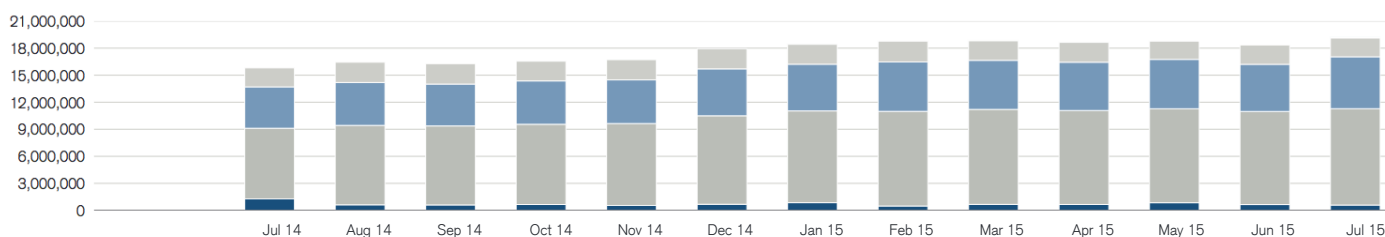
|                          | Current Period<br>in AUD | Year to Date<br>in AUD |
|--------------------------|--------------------------|------------------------|
| Asset Inflows            | 1,000,000                | 1,000,000              |
| Asset Outflows           | -500,000                 | -500,000               |
| <b>Total Asset Flows</b> | <b>500,000</b>           | <b>500,000</b>         |

## 2. Analyses

### 2.1. Asset Allocation

Asset Allocation by Asset Category Details  
Period 1.7.2014 - 31.7.2015

|  | Jul 14            | Aug 14            | Sep 14            | Oct 14            | Nov 14            | Dec 14            | Jan 15            | Feb 15            | Mar 15            | Apr 15            | May 15            | Jun 15            | Jul 15            |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| ■ Liquidity & Similar Investments                    | 1,273,716         | 616,970           | 604,392           | 648,839           | 552,517           | 680,838           | 852,037           | 487,490           | 666,637           | 657,060           | 846,920           | 643,932           | 591,773           |
| ■ Fixed Income & Similar Investments                 | 7,841,238         | 8,811,784         | 8,764,441         | 8,904,622         | 9,084,191         | 9,814,453         | 10,184,183        | 10,499,138        | 10,536,651        | 10,423,981        | 10,430,579        | 10,330,930        | 10,691,666        |
| ■ Equities & Similar Investments                     | 4,587,248         | 4,759,789         | 4,645,388         | 4,808,850         | 4,841,350         | 5,202,209         | 5,180,053         | 5,482,236         | 5,442,791         | 5,355,023         | 5,473,674         | 5,230,585         | 5,755,674         |
| ■ Alternative Investments, Commodities & Real Estate | 2,103,287         | 2,244,925         | 2,262,399         | 2,184,297         | 2,239,957         | 2,239,223         | 2,200,904         | 2,305,215         | 2,158,797         | 2,198,991         | 2,022,874         | 2,142,334         | 2,098,191         |
| ■ Mixed & Other Investments                          |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   | 95,829            |
| <b>Total Ending Market Value in AUD</b>              | <b>15,805,489</b> | <b>16,433,468</b> | <b>16,276,620</b> | <b>16,546,609</b> | <b>16,718,015</b> | <b>17,936,723</b> | <b>18,417,176</b> | <b>18,774,080</b> | <b>18,804,876</b> | <b>18,635,055</b> | <b>18,774,047</b> | <b>18,347,781</b> | <b>19,233,133</b> |



Investments in AUD

## 3. Positions

### 3.1. Investment Related Positions as of 31.7.2015

| Number/                                | Nominal      | Description  | Identification<br>ISIN<br>Valoren Number<br>Ticker | Cost Valuation<br>Price<br>Exchange Rate | Current Valuation<br>Price/ Type<br>Date | Value in AUD<br>of which Accrued Interest<br>Proportion in % | Profit/ Loss<br>Unrealized in AUD<br>of which Instrument<br>of which Forex | P/L<br>Unreal. in %<br>Instr. in %<br>FX in % |
|--|--------------|--|--|--|--|--|--|---|
| Liquidity & Similar Investments        |              |  |  |  |  |  |  |   |
| Accounts                               |              |  |  |  |  |  |  |   |
| AUD                                    | 208.32       | Current Account -2300003910945<br>AUD Portfolio: 3000039-10                  |  | 1.000                                    |  | 208  |  |   |
| AUD                                    | 591,238.46   | Current Account -2300003970945<br>AUD Portfolio: 3000039-70                  |  | 1.000                                    |  | 591,238  |  |   |
|  |              |  |  |  |  | 3.07%  |  |   |
| GBP                                    | 0.43         | Current Account -2300003970089<br>AUD Portfolio: 3000039-70                  |  | 1.000<br>2.1395 GBP/AUD                  |  | 1  |  |   |
| USD                                    | 237.70       | Current Account -2300003970780<br>AUD Portfolio: 3000039-70                  |  | 1.000<br>0.7297 AUD/USD                  |  | 325  | 0  | -0.15%  |
|  |              |  |  |  |  |  | 0  | -0.15%  |
| Total Liquidity & Similar Investments  |              |  |  |  |  | 591,773<br>3.08%   |  |   |
| Fixed Income & Similar Investments     |              |  |  |  |  |  |  |   |
| Fixed Income & Similar Investments AUD |              |  |  |  |  |  |  |   |
| AUD                                    | 3,500,630.19 | UNITS BLACKROCK INDEXED AUSTRALIAN<br>BOND FUND<br>AUD Portfolio: 3000039-70 | AU60BGL01056<br>2244170                            | 1.025                                    | 1.045 BID<br>30.07.2015                  | 3,657,623  | 70,202<br>70,202   | 1.96%<br>1.96%                                |
|  |              |  |  |  |  | 19.02%   |  |   |
| AUD                                    | 2,018,699.05 | UNITS ABERDEEN AUSTRALIAN FIXED<br>INCOME FUND<br>AUD Portfolio: 3000039-70  | AU60CRS00041<br>1739745                            | 1.144                                    | 1.170 NAV<br>30.07.2015                  | 2,362,484  | 53,458<br>53,458   | 2.32%<br>2.32%                                |
|  |              |  |  |  |  | 12.28%   |  |   |

| Number/ Nominal                                     | Description   | Identification<br>ISIN<br>Valoren Number<br>Ticker | Cost Valuation<br>Price<br>Exchange Rate | Current Valuation<br>Price/ Type<br>Date | Value in AUD<br>of which Accrued Interest<br>Proportion in % | Profit/ Loss<br>Unrealized in AUD<br>of which Instrument<br>of which Forex | P/L<br>Unreal. in %<br>Instr. in %<br>FX in % |
|---|---|--|--|--|--|--|---|
| AUD   | 1,367,857 UNITS PIMCO AUSTRALIAN BOND FUND CLASS -A-<br>AUD Portfolio: 3000039-70             | AU60ETL01152<br>3432899                            | 1,111.324                                | 1,125.685 NAV<br>30.07.2015              | 1,539,777<br>8.01%   | 19,644<br>19,644   | 1.29%<br>1.29%                                |
| AUD   | 171,323.45 UNITS GOLDMAN SACHS GLOBAL STRATEGIC BOND FUND<br>AUD Portfolio: 3000039-70        | AU60JBW00976<br>23326554                           | 1.025                                    | 1.007 BID<br>29.07.2015                  | 172,471<br>0.90%   | -3,206<br>-3,206   | -1.83%<br>-1.83%                              |
| AUD   | 2,592,249.24 UNITS VANGUARD AUSTRALIAN FIXED INTEREST INDEX FUND<br>AUD Portfolio: 3000039-70 | AU60VAN00014<br>1653500                            | 1.123                                    | 1.142 NAV<br>30.07.2015                  | 2,959,312<br>15.39%  | 48,163<br>48,163   | 1.65%<br>1.65%                                |
| <b>Total Fixed Income &amp; Similar Investments</b> |   |  |  |  | <b>10,691,666</b><br><b>55.59%</b>                           |  |   |

**Equities & Similar Investments**

Equities &amp; Similar Investments AUD

|     |  |                                   |        |                          |                  |                    |                    |
|-----|--|-----------------------------------|--------|--------------------------|------------------|--------------------|--------------------|
| AUD | 6,266 SHS AMP LIMITED<br>AUD Portfolio: 3000039-70                               | AU000000AMP6<br>917234<br>AMP.AX  | 6.479  | 6.610 CLO<br>31.07.2015  | 41,418<br>0.22%  | 818<br>818         | 2.02%<br>2.02%     |
| AUD | 4,906 SHS AUSTRALIA & NEW ZEALAND BANKING GROUP LTD<br>AUD Portfolio: 3000039-70 | AU000000ANZ3<br>640139<br>ANZ.AX  | 31.884 | 32.680 CLO<br>31.07.2015 | 160,328<br>0.83% | 3,903<br>3,903     | 2.50%<br>2.50%     |
| AUD | 5,774 STAPLED SECURITY APA GROUP<br>AUD Portfolio: 3000039-70                    | AU000000APA1<br>1083439<br>APA.AX | 6.352  | 9.070 CLO<br>31.07.2015  | 52,370<br>0.27%  | 15,692<br>15,692   | 42.78%<br>42.78%   |
| AUD | 4,656 SHS BHP BILLITON LTD<br>AUD Portfolio: 3000039-70                          | AU000000BHP4<br>640390<br>BHP.AX  | 33.965 | 26.450 CLO<br>31.07.2015 | 123,151<br>0.64% | -34,990<br>-34,990 | -22.13%<br>-22.13% |

3. Positions / 3.1. Investment Related Positions

7/17

001970938 012 058

| Number/ Nominal | Description  | Identification<br>ISIN<br>Valoren Number<br>Ticker | Cost Valuation<br>Price<br>Exchange Rate | Current Valuation<br>Price/ Type<br>Date | Value in AUD<br>of which Accrued Interest<br>Proportion in % | Profit/ Loss<br>Unrealized in AUD<br>of which Instrument<br>of which Forex | P/L<br>Unreal. in %<br>Instr. in %<br>FX in % |
|-----------------|--|--|--|--|--|--|---|
| AUD             | 8,782 SHS BORAL LTD<br>AUD Portfolio: 3000039-70                       | AU000000BLD2<br>1050991<br>BLD.AX                  | 5.501                                    | 6.640 CLO<br>31.07.2015                  | 58,312<br>0.30%  | 10,004<br>10,004   | 20.71%<br>20.71%                              |
| AUD             | 9,457 SHS BRAMBLES LTD<br>AUD Portfolio: 3000039-70                    | AU000000BXB1<br>2373150<br>BXB.AX                  | 8.786                                    | 10.880 CLO<br>31.07.2015                 | 102,892<br>0.53%   | 19,799<br>19,799   | 23.83%<br>23.83%                              |
| AUD             | 2,421 SHS COMMONWEALTH BANK OF AUSTRALIA<br>AUD Portfolio: 3000039-70  | AU000000CBA7<br>646758<br>CBA.AX                   | 76.577                                   | 87.560 CLO<br>31.07.2015                 | 211,983<br>1.10%   | 26,591<br>26,591   | 14.34%<br>14.34%                              |
| AUD             | 1,260 SHS CSL LTD<br>AUD Portfolio: 3000039-70                         | AU000000CSL8<br>241548<br>CSL.AX                   | 68.486                                   | 98.960 CLO<br>31.07.2015                 | 124,690<br>0.65%   | 38,397<br>38,397   | 44.50%<br>44.50%                              |
| AUD             | 790 SHS FLIGHT CENTRE TRAVEL GROUP LTD<br>AUD Portfolio: 3000039-70    | AU000000FLT9<br>90307<br>FLT.AX                    | 48.119                                   | 35.620 CLO<br>31.07.2015                 | 28,140<br>0.15%  | -9,874<br>-9,874   | -25.97%<br>-25.97%                            |
| AUD             | 2,513 STAPLED SECURITIES LEND LEASE GROUP<br>AUD Portfolio: 3000039-70 | AU000000LLC3<br>641373<br>LLC.AX                   | 15.604                                   | 15.590 CLO<br>31.07.2015                 | 39,178<br>0.20%  | -36<br>-36   | -0.09%<br>-0.09%                              |
| AUD             | 131,764 STAPLED SECURITY MIRVAC GROUP<br>AUD Portfolio: 3000039-70     | AU000000MGR9<br>821911<br>MGR.AX                   | 1.760                                    | 1.890 CLO<br>31.07.2015                  | 249,034<br>1.29%   | 17,162<br>17,162   | 7.40%<br>7.40%                                |
| AUD             | 1,766 SHS MACQUARIE GROUP LTD<br>AUD Portfolio: 3000039-70             | AU000000MQG1<br>3422370<br>MQG.AX                  | 55.326                                   | 82.150 CLO<br>31.07.2015                 | 145,077<br>0.75%   | 47,371<br>47,371   | 48.48%<br>48.48%                              |

3. Positions / 3.1. Investment Related Positions

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| Number/ Nominal | Description  | Identification<br>ISIN<br>Valoren Number<br>Ticker | Cost Valuation<br>Price<br>Exchange Rate | Current Valuation<br>Price/ Type<br>Date | Value in AUD<br>of which Accrued Interest<br>Proportion in % | Profit/ Loss<br>Unrealized in AUD<br>of which Instrument<br>of which Forex | P/L<br>Unreal. in %<br>Instr. in %<br>FX in % |
|-----------------|--|--|--|--|--|--|---|
| AUD             | 3,557 SHS NATIONAL AUSTRALIA BANK LTD<br>AUD Portfolio: 3000039-70   | AU000000NAB4<br>641643<br>NAB.AX                   | 34.370                                   | 34.770 CLO<br>31.07.2015                 | 123,677<br>0.64%   | 1,421<br>1,421   | 1.16%<br>1.16%                                |
| AUD             | 13,207 SHS ORORA LTD<br>AUD Portfolio: 3000039-70  | AU000000ORA8<br>22750502<br>ORA.AX                 | 2.234                                    | 2.330 CLO<br>31.07.2015                  | 30,772<br>0.16%  | 1,263<br>1,263   | 4.28%<br>4.28%                                |
| AUD             | 893 SHS RAMSAY HEALTH CARE LTD<br>AUD Portfolio: 3000039-70  | AU000000RHC8<br>646740<br>RHC.AX                   | 42.438                                   | 66.880 CLO<br>31.07.2015                 | 59,724<br>0.31%  | 21,827<br>21,827   | 57.60%<br>57.60%                              |
| AUD             | 1,267 SHS RIO TINTO LTD<br>AUD Portfolio: 3000039-70   | AU000000RIO1<br>603520<br>RIO.AX                   | 63.692                                   | 52.860 CLO<br>31.07.2015                 | 66,974<br>0.35%  | -13,724<br>-13,724   | -17.01%<br>-17.01%                            |
| AUD             | 2,616 CHESS DEPOSITARY INTERESTS RESMED INC<br>ON A RATIO OF 10 CDIS PER ORD.SH<br>AUD Portfolio: 3000039-70 | AU000000RMD6<br>1058638<br>RMD.AX                  | 5.509                                    | 8.000 CLO<br>31.07.2015                  | 20,928<br>0.11%  | 6,515<br>6,515   | 45.20%<br>45.20%                              |
| AUD             | 74,136 STAPLED SECURITY SCENTRE GROUP<br>AUD Portfolio: 3000039-70   | AU000000SCG8<br>23931192<br>SCG.AX                 | 3.470                                    | 3.960 CLO<br>31.07.2015                  | 293,579<br>1.53%   | 36,291<br>36,291   | 14.11%<br>14.11%                              |
| AUD             | 101,527 STAPLED SECURITY SHOPPING CENTRES<br>AUSTRALASIA PROPERTY GROUP<br>AUD Portfolio: 3000039-70         | AU000000SCP9<br>19791333<br>SCP.AX                 | 1.593                                    | 2.140 CLO<br>31.07.2015                  | 217,268<br>1.13%   | 55,501<br>55,501   | 34.31%<br>34.31%                              |
| AUD             | 38,446 UNITS SPDR S&P/ASX 200 LISTED PROPERTY<br>FUND EXCHANGE TRADED FUND<br>AUD Portfolio: 3000039-70      | AU000000SLF1<br>1377855<br>SLF.AX                  | 9.759                                    | 11.950 CLO<br>31.07.2015                 | 459,430<br>2.39%   | 84,216<br>84,216   | 22.44%<br>22.44%                              |

3. Positions / 3.1. Investment Related Positions

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| Number/ Nominal | Description  | Identification<br>ISIN<br>Valoren Number<br>Ticker | Cost Valuation<br>Price<br>Exchange Rate | Current Valuation<br>Price/ Type<br>Date | Value in AUD<br>of which Accrued Interest<br>Proportion in % | Profit/ Loss<br>Unrealized in AUD<br>of which Instrument<br>of which Forex | P/L<br>Unreal. in %<br>Instr. in %<br>FX in % |
|-----------------|--|--|--|--|--|--|---|
| AUD             | 9,514 UNITS SPDR S&P/ASX 200 FUND ETF<br>AUSTRALIAN EQUITY EXCHANGE TRADED<br>FUNDS<br>AUD Portfolio: 3000039-70 | AU000000STW9<br>1285707<br>STW.AX                  | 51.615                                   | 53.160 CLO<br>31.07.2015                 | 505,764<br>2.63%   | 14,700<br>14,700   | 2.99%<br>2.99%                                |
| AUD             | 4,221 SHS SUNCORP GROUP LTD<br>AUD Portfolio: 3000039-70   | AU000000SUN6<br>588679<br>SUN.AX                   | 13.627                                   | 14.270 CLO<br>31.07.2015                 | 60,234<br>0.31%  | 2,715<br>2,715   | 4.72%<br>4.72%                                |
| AUD             | 3,933 STAPLED SECURITY TRANSURBAN GROUP<br>AUD Portfolio: 3000039-70   | AU000000TCL6<br>444655<br>TCL.AX                   | 7.793                                    | 9.970 CLO<br>31.07.2015                  | 39,212<br>0.20%  | 8,562<br>8,562   | 27.93%<br>27.93%                              |
| AUD             | 22,170 SHS TELSTRA CORPORATION LTD<br>AUD Portfolio: 3000039-70  | AU000000TLS2<br>720464<br>TLS.AX                   | 5.113                                    | 6.490 CLO<br>31.07.2015                  | 143,883<br>0.75%   | 30,529<br>30,529   | 26.93%<br>26.93%                              |
| AUD             | 5,613 SHS WESTPAC BANKING CORP<br>AUD Portfolio: 3000039-70  | AU000000WBC1<br>642372<br>WBC.AX                   | 32.959                                   | 34.860 CLO<br>31.07.2015                 | 195,669<br>1.02%   | 10,668<br>10,668   | 5.77%<br>5.77%                                |
| AUD             | 1,166 SHS WESFARMERS LTD<br>AUD Portfolio: 3000039-70  | AU000000WES1<br>642397<br>WES.AX                   | 44.613                                   | 42.450 CLO<br>31.07.2015                 | 49,497<br>0.26%  | -2,523<br>-2,523   | -4.85%<br>-4.85%                              |
| AUD             | 799 SHS WOOLWORTHS LTD<br>AUD Portfolio: 3000039-70  | AU000000WOW2<br>81350<br>WOW.AX                    | 34.789                                   | 28.600 CLO<br>31.07.2015                 | 22,851<br>0.12%  | -4,945<br>-4,945   | -17.79%<br>-17.79%                            |
| AUD             | 931 SHS WOODSIDE PETROLEUM LTD<br>AUD Portfolio: 3000039-70  | AU000000WPL2<br>642429<br>WPL.AX                   | 40.307                                   | 35.650 CLO<br>31.07.2015                 | 33,190<br>0.17%  | -4,336<br>-4,336   | -11.55%<br>-11.55%                            |

3. Positions / 3.1. Investment Related Positions

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| Number/ Nominal                          | Description  | Identification<br>ISIN<br>Valoren Number<br>Ticker  | Cost Valuation<br>Price<br>Exchange Rate | Current Valuation<br>Price/ Type<br>Date | Value in AUD<br>of which Accrued Interest<br>Proportion in % | Profit/ Loss<br>Unrealized in AUD<br>of which Instrument<br>of which Forex | P/L<br>Unreal. in %<br>Instr. in %<br>FX in %          |
|--|--------------|---|--|--|--|--|--|
| AUD                                      | 52,553.17980 | UNITS ABERDEEN EMERGING OPPORTUNITIES FUND<br>AUD Portfolio: 3000039-70   | AU60ETL00329<br>2220820                  | 2.121                                    | 2.412 NAV<br>30.07.2015                                      | 126,753<br>0.66%   | 15,293<br>15,293<br>13.72%                             |
| AUD                                      | 24,918.0863  | UNITS IRONBARK KARARA AUSTRALIAN SMALL COMPANIES FUND CLASS -A-<br>AUD Portfolio: 3000039-70                                  | AU60PAT00021<br>2879000                  | 2.843                                    | 2.968 BID<br>30.07.2015                                      | 73,962<br>0.38%  | 3,116<br>3,116<br>4.40%                                |
| AUD                                      | 74           | SHS -PT (AUD)- ALLIANZ GLOBAL INVESTORS FUND SICAV - ALLIANZ EUROPE EQUITY GROWTH CAPITALISATION<br>AUD Portfolio: 3000039-70 | LU0757889166<br>18233884                 | 1,444.994                                | 2,052.120 NAV<br>31.07.2015                                  | 151,857<br>0.79%   | 44,927<br>44,927<br>42.02%                             |
| AUD                                      | 4,172        | SHS OIL SEARCH LTD<br>AUD Portfolio: 3000039-70   | PG0008579883<br>809900<br>OSH.AX         | 8.284                                    | 7.470 CLO<br>31.07.2015                                      | 31,165<br>0.16%  | -3,395<br>-3,395<br>-9.82%                             |
| Total Equities & Similar Investments AUD |              |   |  |  | 4,042,961<br>21.02%  |  |  |
| Equities & Similar Investments GBP       |              |   |  |  |  |  |  |
| GBP                                      | 18,815       | SHS ISHARES PLC - ISHARES CORE FTSE 100 UCITS ETF (DIST) EXCHANGE TRADED FUND<br>GBP<br>AUD Portfolio: 3000039-70             | IE0005042456<br>1083749<br>ISF.L         | 6.612<br>1.7590 GBP/AUD                  | 6.687 OFF<br>31.07.2015                                      | 268,775<br>1.40%   | 49,964<br>3,028<br>46,937<br>22.83%<br>1.14%<br>21.70% |
| Total Equities & Similar Investments GBP |              |   |  |  | 268,775<br>1.40%   |  |  |

3. Positions / 3.1. Investment Related Positions

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| Number/ Nominal                          | Description | Identification<br>ISIN<br>Valoren Number<br>Ticker  | Cost Valuation<br>Price<br>Exchange Rate | Current Valuation<br>Price/ Type<br>Date | Value in AUD<br>of which Accrued Interest<br>Proportion in % | Profit/ Loss<br>Unrealized in AUD<br>of which Instrument<br>of which Forex | P/L<br>Unreal. in %<br>Instr. in %<br>FX in %            |
|--|-------------|---|--|--|--|--|--|
| Equities & Similar Investments JPY       |             |   |  |  |  |  |  |
| JPY                                      | 359         | UNITS NIKKEI 225 EXCHANGE TRADED FUND<br>AUD Portfolio: 3000039-70  | JP3027650005<br>1264151<br>1321.T        | 15,265.142<br>93.6016 AUD/JPY            | 20,930.000 CLO<br>31.07.2015                                 | 82,966<br>0.43%  | 24,418<br>22,455<br>1,962<br>41.71%<br>37.11%<br>4.60%   |
| Total Equities & Similar Investments JPY |             |   |  |  | 82,966<br>0.43%  |  |  |
| Equities & Similar Investments USD       |             |   |  |  |  |  |  |
| USD                                      | 369         | ACCUM.PTG.SH ISHARES VII PLC - ISHARES NASDAQ 100 UCITS ETF EXCHANGE TRADED FUND USD<br>AUD Portfolio: 3000039-70 | IE00B53SZB19<br>10737617<br>CSNDX.S      | 185.143<br>0.9196 AUD/USD                | 251.250 CLO<br>31.07.2015                                    | 126,868<br>0.66%   | 52,580<br>33,381<br>19,200<br>70.78%<br>35.71%<br>35.07% |
| USD                                      | 426         | SHS -I- VONTOBEL FUND SICAV - EMERGING MARKETS EQUITY CAPITALISATION<br>AUD Portfolio: 3000039-70                 | LU0278093082<br>2870698                  | 163.174<br>0.9246 AUD/USD                | 165.730 NAV<br>29.07.2015                                    | 96,612<br>0.50%  | 21,432<br>1,490<br>19,942<br>28.51%<br>1.57%<br>26.94%   |
| USD                                      | 1,804       | SHS DBX ETF TRUST DEUTSCHE X-TRACKERS MSCI JAPAN HEDGED EQUITY ETF<br>AUD Portfolio: 3000039-70                   | US2330515071<br>13179474<br>DBJP.P       | 36.222<br>0.9269 AUD/USD                 | 42.630 CLO<br>31.07.2015                                     | 105,238<br>0.55%   | 34,740<br>15,820<br>18,921<br>49.28%<br>17.69%<br>31.59% |
| USD                                      | 4,321       | SHS DBX ETF TRUST DEUTSCHE X-TRACKERS MSCI EUROPE HEDGED EQUITY ETF<br>AUD Portfolio: 3000039-70                  | US2330518539<br>22178054<br>DBEU.P       | 28.368<br>0.8027 AUD/USD                 | 27.980 CLO<br>31.07.2015                                     | 165,444<br>0.86%   | 12,736<br>-2,295<br>15,031<br>8.34%<br>-1.37%<br>9.71%   |
| USD                                      | 974         | SHS ISHARES GLOBAL HEALTHCARE ETF<br>AUD Portfolio: 3000039-70  | US4642873255<br>1352444<br>IXJ.P         | 93.648<br>0.9188 AUD/USD                 | 112.860 CLO<br>31.07.2015                                    | 150,424<br>0.78%   | 51,149<br>25,606<br>25,543<br>51.52%<br>20.51%<br>31.01% |

3. Positions / 3.1. Investment Related Positions

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| Number/ Nominal                                    |             | Description   | Identification<br>ISIN<br>Valoren Number<br>Ticker | Cost Valuation<br>Price<br>Exchange Rate | Current Valuation<br>Price/ Type<br>Date | Value in AUD<br>of which Accrued Interest<br>Proportion in % | Profit/ Loss<br>Unrealized in AUD<br>of which Instrument<br>of which Forex | P/L<br>Unreal. in %<br>Instr. in %<br>FX in % |
|--|-------------|---|--|--|--|--|--|---|
| USD  | 2,487       | TRUST UNITS SPDR S&P 500 ETF TRUST<br>AUD Portfolio: 3000039-70   | US78462F1030<br>45088<br>SPY.P                     | 184.082<br>0.9077 AUD/USD                | 210.500 CLO<br>31.07.2015                | 716,386<br><br>3.72%   | 212,033<br>89,908<br>122,124   | 42.04%<br>14.35%<br>27.69%                    |
| Total Equities & Similar Investments USD           |             |   |  |  |  | 1,360,972<br>7.08%   |  |   |
| Total Equities & Similar Investments               |             |   |  |  |  | 5,755,674<br>29.93%  |  |   |
| Alternative Investments, Commodities & Real Estate |             |   |  |  |  |  |  |   |
| Hedge Funds  |             |   |  |  |  |  |  |   |
| AUD  | 400,138.511 | UNITS GMO SYSTEMATIC GLOBAL MACRO<br>TRUST CLASS -B-<br>AUD Portfolio: 3000039-70   | AU60GMO00067<br>3375604                            | 0.999                                    | 1.004 NAV<br>29.07.2015                  | 401,619<br><br>2.09%   | 1,855<br>1,855   | 0.46%<br>0.46%                                |
| AUD  | 281,149.1   | UNITS BLACKROCK GLOBAL ALLOCATION<br>FUND (AUST) CLASS -D- WHOLESALE<br>AUD Portfolio: 3000039-70   | AU60MAL00181<br>3379478                            | 1.236                                    | 1.325 BID<br>28.07.2015                  | 372,457<br><br>1.94%   | 24,892<br>24,892   | 7.16%<br>7.16%                                |
| AUD  | 232,578     | RED.PTG.SHS -A1- AHL (CAYMAN) SPC AUD<br>CLASS A EVOLUTION SEGREGATED<br>PORTFOLIO<br>AUD Portfolio: 3000039-70   | KYG012291145<br>22393979                           | 1.138                                    | 1.423 NAV<br>30.06.2015                  | 330,935<br><br>1.72%   | 66,184<br>66,184   | 25.00%<br>25.00%                              |
| AUD  | 3,602       | SHS -AUD E (ACC)- MERRILL LYNCH<br>INVESTMENT SOLUTIONS SICAV - YORK<br>EVENT-DRIVEN UCITS FUND CAPITALISATION<br>125 of which is pending settlement<br>AUD Portfolio: 3000039-70 | LU1150219159<br>26301179                           | 104.480                                  | 100.660 NAV<br>29.07.2015                | 362,577<br><br>1.89%   | -13,761<br>-13,761   | -3.66%<br>-3.66%                              |
| Total Hedge Funds                                  |             |   |  |  |  | 1,467,589<br>7.63%   |  |   |

3. Positions / 3.1. Investment Related Positions

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| Number/ Nominal  | Description  | Identification<br>ISIN<br>Valoren Number<br>Ticker | Cost Valuation<br>Price<br>Exchange Rate | Current Valuation<br>Price/ Type<br>Date | Value in AUD<br>of which Accrued Interest<br>Proportion in % | Profit/ Loss<br>Unrealized in AUD<br>of which Instrument<br>of which Forex | P/L<br>Unreal. in %<br>Instr. in %<br>FX in % |
|--|--|--|--|--|--|--|---|
| Commodities & Precious Metals                            |  |  |  |  |  |  |   |
| AUD  | 2,309 ETC SECURITY ETFS METAL SECURITIES<br>AUSTRALIA LTD 2003-WITHOUT FIXED<br>MATURITY ON GOLD COMMODITY<br>AUD Portfolio: 3000039-70  | AU00000GOLD7<br>1583458<br>GOLD.AX                 | 136.791                                  | 141.710 CLO<br>31.07.2015                | 327,208<br>1.70%   | 11,359<br>11,359   | 3.60%<br>3.60%                                |
| USD  | 266 UBS ETC UBS AG, LONDON BRANCH 2007-<br>OPEN END ON UBS BLOOMBER CMCI<br>COMPOSITE TOTAL RETURN<br>AUD Portfolio: 3000039-70  | CH0031794263<br>3179426<br>TCMCI.S                 | 1,179.643<br>0.9255 AUD/USD              | 833.500 CLO<br>31.07.2015                | 303,394<br>1.58%   | -35,662<br>-125,996<br>90,334  | -10.52%<br>-29.34%<br>18.82%                  |
| Total Commodities & Precious Metals                      |  |  |  |  | 630,602<br>3.28%   |  |   |
| Total Alternative Investments, Commodities & Real Estate |  |  |  |  | 2,098,191<br>10.91%  |  |   |
| Mixed & Other Investments                                |  |  |  |  |  |  |   |
| AUD  | 958 PTG.SHS LEGG MASON GLOBAL FUNDS PLC<br>- LEGG MASON WESTERN ASSET MACRO<br>OPPORTUNITIES BOND FUND PREMIER<br>CLASS DISTRIBUTING (S) HEDGED AUD<br>AUD Portfolio: 3000039-70 | IE00BYYQZZ17<br>28828240                           | 100.000                                  | 100.030 NAV<br>29.07.2015                | 95,829<br>0.50%  | 29<br>29   | 0.03%<br>0.03%                                |
| Total Mixed & Other Investments                          |  |  |  |  | 95,829<br>0.50%  |  |   |
| Total Investments  |  |  |  |  | 19,233,133<br>100.00%  |  |   |
| of which Accrued Interest                                |  |  |  |  | 0  |  |   |

3. Positions / 3.1. Investment Related Positions

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## 4. Appendix

### 4.1. Explanations

#### Accrued Interest

Accrued interest is not displayed for financial instruments with variable interest rate or frequency within the same interest period, except for Floating Rate Notes. For FINER Revexus, the accrued interest displayed is based on the deposit currency for reference purpose only. Entitlement to the accrued interest depends on the product features. All accrued interests are displayed in the reporting currency of the portfolio and are calculated recognizing trades end of day. The FX conversion rates (reflected below) are used to convert the amount from original currency to reporting currency. The accrued interest payable/receivable is displayed as the net amount on Current Account balances. As a result of the foregoing and other factors, the accrued interest is only an estimate and may not reflect the actual interest accrued, if any.

#### Activity Summary

The asset inflows and outflows include client-instructed transactions as well as non-investment related transactions such as loans which do not contribute to the performance of client's account. Such asset inflows and outflows do not include fees and taxes.

#### Analyses

Values displayed for the respective month labels are as of month-end dates. If the report end period is not a month-end, the report period end month label will show the values as of the report period end date.

#### Asset Classification

If an instrument is classified as 'not classifiable', the instrument is pending its proper classification. As soon this is available in the system, the instrument will reflect the correct classification.

#### Cost Valuation Exchange Rates

For the Positions section, the cost valuation exchange rate displayed is always the instrument currency against the portfolio currency.

For the Transactions section, the cost valuation exchange rate displayed is always between the instrument currency and reporting currency. For execution of FX purchase/sale transactions, the transaction valuation is based on the end of day exchange rate on the value date and the cost valuation is based on the FX contract rate.

#### Duration

Modified duration is a change in the price of a bond arising from a change in market yields. Modified duration is expressed as an approximate percentage. The investment report displays the Modified Duration method for all Fixed Income instruments.

#### Income Summary

Coupon received and coupon paid, as well as interest earned and interest paid, does not include accrued or unpaid coupon or interest.

Year to date figures include the addition of the monthly figures inclusive of any backdated income processing/ adjustments.

Figures shown can be gross or net depending on the specific country and market practice. Non-Investment related Income is included in the Income Summary.

#### Market Value

The values stated as begin of period are asset values as of the last reported statement period. The values stated as beginning/ ending market values are asset values that are inclusive of most updated market prices and backdated transactions.

#### Non-Investment Related Positions

Non-Investment Related Positions are displayed in the Scope of Analysis and in the Non-Investment Related Positions section. However, they are not included in any other analyses.

#### Profit/ Loss Calculation

Realized and unrealized profit and loss are calculated by comparing the market or transaction value with the average cost value. For every trade date the system computes the average cost, first processing investments before disinvestments. Transaction costs are included in both realized and unrealized profit/loss calculation.

Unrealized profit/ loss displayed in the Positions section are calculated as of the reporting date. FX conversion rates used in the computation of the unrealized profit/loss is the derived rate based on the average price as of the individual transaction date.

#### Rating

Rating refers to the rating of an investment product and is either based on information available to the Bank or is obtained from sources believed to be reliable by the Bank as of the investment report date.

#### Yield

The investment report displays Yield for all Fixed Income instruments and is displayed per market price.

#### Abbreviations

BID = Bid Price  
CLO = Closing Price  
NAV = Net Asset Value  
OFF = Official Price

#### Rounding logic

Values in this investment report are calculated with exact numbers, however when presenting the data, values are rounded and therefore minor rounding differences might occur.

#### Large Numbers

The figures are consolidated and shown in denominations of thousands, millions and billions where applicable. If a value is too long to be displayed in the report itself, e.g. 1,526,555,333.26 the figure is consolidated and displayed as 1,526,555.33 in thousands in the report. If the value exceeds the column limit, a further division will take place and the phrase in millions/in billions will be displayed.

#### Conversion Rates as of 31.7.2015

AUD 1.0000 = JPY 90.5660  
AUD 1.0000 = USD 0.7308  
GBP 1.0000 = AUD 2.1363

#### 4.2. Legal Information

According to the Account Opening Terms and Conditions, this investment report shall be conclusive and binding if the Bank does not receive your objection in writing to any matters contained in this investment report within 14 days from the issue date.

Deposits with Credit Suisse are not subject to Division 2 of the Banking Act - Protection of Depositors.

If your account is booked with Credit Suisse AG, Sydney Branch or if your Relationship Manager (RM) or Investment Consultant is located in Australia, please refer to the Important Notice on Sales Disclosure to Investors for sales related information including information on monetary benefits received by the Bank where it distributes an investment product to you.

The Bank provides price indications for financial derivatives transactions, structured products and non-listed financial instruments based upon available market reference prices believed to be reliable. The Bank does not make any representation as to the accuracy or completeness of price indications for transactions nor the guarantee to buy/sell at the price indicated. The Bank does not accept liability for any loss arising from the client's use of, or reliance on, such price indications. The price indications of the initial purchase price may be different from the actual purchase price.

In the absence of reliable market reference prices, the Bank may assign a nominal value or make an appropriate comment on your investment report. As a result, the investment report may contain price indications or comments as the Bank sees appropriate in the prevailing circumstances. If you have any queries in this respect, please contact your Relationship Manager.

The Bank will, at the time of printing this investment report, use the last price indications available to it. Due to the time differences between the Asia Pacific region and markets in other regions, the price indications reflected in the Bank's investment report will not always reflect the price indications available on the last business day of the month in certain markets.

The Bank may use either an onshore or offshore CNY rate for FX conversion to reporting currency depending on the asset. Please note that there may be a differential between the onshore and offshore rate. Please refer to your RM if you need further information on the FX conversion rate applied in relation to your CNY positions.

The information in this investment report does not constitute legal or tax advice. You should consult your legal and/or tax experts if you need any such advice. The investment report does not take tax rules and regulations into consideration, and thus it cannot be used for tax reporting purposes.

This investment report is an electronically generated report and does not require a signature.

# Financial Performance

7 Months to July 2015

# Statement of Income - Revenue

| REVENUE (AUD)                | YTD Actual<br>July 2015 | YTD Actual<br>July 2014 | Variance<br>% | Forecast<br>2015  | Budget<br>2015    | Forecast<br>Variation<br>to Budget<br>\$ | Forecast<br>Variation<br>to Budget<br>% |
|------------------------------|-------------------------|-------------------------|---------------|-------------------|-------------------|--|---|
| IP Resource application fees | -18,375                 | 822,500                 | -102%         | -18,375           | 0                 | -18,375                                  | 0%                                      |
| Investment income            | 560,604                 | 529,723                 | 6%            | 856,362           | 855,000           | 1,362                                    | 0%                                      |
| Membership fees              | 9,724,780               | 9,161,407               | 6%            | 16,862,000        | 16,450,000        | 412,000                                  | 3%                                      |
| Non-members fees             | 143,233                 | 148,973                 | -4%           | 243,090           | 232,000           | 11,090                                   | 5%                                      |
| Reactivation fees            | 22,200                  | 38,100                  | -42%          | 32,200            | 24,000            | 8,200                                    | 34%                                     |
| Sign-Up fees                 | 256,000                 | 0                       | 0%            | 431,000           | 380,000           | 51,000                                   | 13%                                     |
| Transfer fees                | 37,821                  | 48,846                  | -23%          | 62,821            | 75,000            | -12,179                                  | -16%                                    |
| Sundry income                | 58,454                  | 79,920                  | -27%          | 160,954           | 246,000           | -85,046                                  | -35%                                    |
| Foreign exchange gain/(loss) | 25,692                  | -12,893                 | -299%         | 0                 | 0                 | 0  | 0%                                      |
| <b>TOTAL REVENUE</b>         | <b>10,810,409</b>       | <b>10,816,577</b>       | <b>-0%</b>    | <b>18,630,052</b> | <b>18,262,000</b> | <b>368,052</b>                           | <b>2%</b>                               |

All amounts in AUD – Australian Dollars

# Revenue Highlights:

Based on an analysis of current revenue trends, it is forecast that the actual revenue will achieve around \$368k above budget at the end of 2015. The major variances are:

- **IP Resource application fees** – These credits are related to the reversal of fees charged under the old fee schedule.
- **Investment Income** – A review of the Credit Suisse forecast of investment income and interest on cash deposits will see the final results for 2015 being just above budget estimates. This forecast has been reduced based on more recent updates from the investment advisor.
- **Membership Income** – Membership growth continues to be higher than budget, with members joining at higher tiers than anticipated in the budget and existing members increasing the size of their resource holdings. Based on estimates of the impact of the new fee schedule and increased new member activity, revenue from membership fees is estimated to be \$412k above budget.
- **Non-members Fees** – Although difficult to accurately predict, growth in Non-member accounts is forecast to result in a positive variance of over \$11k in 2015.
- **Signup Fees** – Sign-Up Fees are anticipated to be above budget by the end of the year as new membership growth is tracking slightly above the target of 800 set out in the budget. Based on more recent analysis, new members will likely to achieve close to 900 in 2015.
- **Transfer Fees** – The fees derived from Transfers of APNIC resources will be close to \$12k below budget by the end of 2015 based on the activity so far this year.
- **Sundry Income** – Income budgeted from training receipts and income from meeting registration for APNIC meetings will be well below budget.

# Statement of Income - Expenses

| EXPENSES (AUD)                      | YTD<br>Actual<br>July 2015 | YTD<br>Actual<br>July 2014 | Variance<br>% | Forecast<br>2015  | Budget<br>2015    | Forecast<br>Variation<br>to Budget<br>\$ | Forecast<br>Variation<br>to Budget<br>% |
|-------------------------------------|----------------------------|----------------------------|---------------|-------------------|-------------------|--|---|
| Bank charges                        | 85,102                     | 80,584                     | 6%            | 144,352           | 151,950           | -7,598                                   | -5%                                     |
| Communication expenses              | 324,512                    | 273,359                    | 19%           | 539,762           | 537,940           | 1,822                                    | 0%                                      |
| Computer expenses                   | 308,398                    | 341,862                    | -10%          | 524,693           | 642,172           | -117,479                                 | -18%                                    |
| Depreciation expense                | 442,787                    | 452,310                    | -2%           | 761,646           | 762,266           | -620                                     | -0%                                     |
| Doubtful debt expenses              | -33,870                    | 20,332                     | -267%         | 0                 | 20,000            | -20,000                                  | -100%                                   |
| ICANN contract fee                  | 165,368                    | 153,889                    | 7%            | 284,161           | 282,835           | 1,326                                    | 0%                                      |
| Insurance expense                   | 74,051                     | 77,026                     | -4%           | 136,395           | 136,900           | -505                                     | -0%                                     |
| Meeting and training expenses       | 110,665                    | 123,142                    | -10%          | 395,081           | 519,400           | -124,319                                 | -24%                                    |
| Membership fees                     | 25,107                     | 33,717                     | -26%          | 48,639            | 64,435            | -15,796                                  | -25%                                    |
| Office operating expenses           | 174,059                    | 167,033                    | 4%            | 304,645           | 305,107           | -462                                     | -0%                                     |
| Postage & delivery                  | 24,403                     | 20,426                     | 19%           | 52,903            | 50,000            | 2,903                                    | 6%                                      |
| Printing & photocopy                | 21,792                     | 26,395                     | -17%          | 39,292            | 44,840            | -5,548                                   | -12%                                    |
| Professional fees                   | 591,356                    | 610,580                    | -3%           | 1,267,300         | 1,267,300         | 0  | 0%                                      |
| Recruitment expense                 | 65,035                     | 69,240                     | -6%           | 102,535           | 90,000            | 12,535                                   | 14%                                     |
| Salaries and personnel expenses     | 5,373,708                  | 4,858,772                  | 11%           | 9,460,248         | 9,460,248         | 0  | 0%                                      |
| Sponsorship and Publicity expenses  | 79,060                     | 79,154                     | -0%           | 651,063           | 649,900           | 1,163                                    | 0%                                      |
| Staff training/ Conference expenses | 84,682                     | 92,401                     | -8%           | 152,763           | 155,000           | -2,237                                   | -1%                                     |
| Translation expenses                | 570                        | 11                         | 5,034%        | 25,000            | 25,000            | 0  | 0%                                      |
| Travel expenses                     | 1,120,941                  | 1,205,651                  | -7%           | 1,854,008         | 1,900,000         | -45,992                                  | -2%                                     |
| <b>TOTAL EXPENSES</b>               | <b>9,037,725</b>           | <b>8,685,884</b>           | <b>4%</b>     | <b>16,744,486</b> | <b>17,065,293</b> | <b>-320,807</b>                          | <b>-2%</b>                              |

All amounts in AUD – Australian Dollars

# Expenses Highlights:

It is forecast that expenses will be less than the original budget approved for 2015 resulting in a favourable variance of around \$321k. Major expenses variances are:

- **Computer expenses** – The variance in this expenses results from the utilisation of funding from Comcast and ICANN, which will be used to offset expenses incurred by research and development activities.
- **Doubtful debts expenses** – includes a significant write-back of accounts that were outstanding at the end 2014. This credit is offset by a reduction in the Membership Fee income where accounts have been credited and closed.
- **Meeting and training expenses** – Actual costs incurred for the APNIC39 meeting were less than budgeted by nearly \$35k and the use of local hosts to reduce venue and catering costs for training (budgeted at \$72k) have all contributed to this variance.
- **Membership fees expenses** – The ISOC annual membership was reduced from Gold to Silver membership this year resulting in a variance of \$13k.
- **Professional fees** – Professional Fees are not incurred evenly across the year, and it is anticipated that the actuals for the end of the year will be close to budget.
- **Recruitment expenses** – based on recent recruitment activity this stage this expense is forecast to be \$12k more than budget
- **Travel expenses** – Travel expenses are expected to be slightly below budget at the end of 2015 based on current travel activity planned for the remainder of the year.



# Operating Surplus

| REVENUE and EXPENSES (AUD)         | YTD Actual July 2015 | YTD Actual July 2014 | Variance %  | Forecast 2015    | Budget 2015      | Forecast Variation to Budget \$ | Forecast Variation to Budget % |
|------------------------------------|----------------------|----------------------|-------------|------------------|------------------|---------------------------------|--------------------------------|
| Total Revenue                      | 10,810,409           | 10,816,577           | 0%          | 18,630,052       | 18,262,000       | 368,052                         | 2%                             |
| Total Expenses                     | 9,037,725            | 8,685,884            | 4%          | 16,744,486       | 17,065,293       | -320,807                        | -2%                            |
| <b>OPERATING SURPLUS/(DEFICIT)</b> | <b>1,772,684</b>     | <b>2,130,693</b>     | <b>-17%</b> | <b>1,885,566</b> | <b>1,196,707</b> | <b>688,859</b>                  | <b>58%</b>                     |

Surplus for 2014 reported at \$3,089k

All amounts in AUD – Australian Dollars

# Capital Expenditure

| CAPITAL (AUD)                    | YTD Actual<br>July 2015 | Budget 2015      | Utilized % | Budget<br>Remaining \$ |
|----------------------------------|-------------------------|------------------|------------|------------------------|
| Equipment & Software             | 556,403                 | 1,215,883        | 46%        | -659,480               |
| Office Furniture & Fittings      | 14,291                  | 28,500           | 50%        | -14,209                |
| <b>TOTAL CAPITAL EXPENDITURE</b> | <b>570,695</b>          | <b>1,244,383</b> | <b>46%</b> | <b>-673,688</b>        |

Capital expenditure is anticipate to finish 2015 close to the budget estimates

All amounts in AUD – Australian Dollars

# Statement of Financial Position

|  | 31/07/2015        | Year-End 2014     | % Change from 31/12/2014 |
|--|-------------------|-------------------|--------------------------|
| <b>CURRENT ASSETS</b>                      |                   |                   |                          |
| Cash/Term deposits                         | 5,544,988         | 5,420,158         | 2%                       |
| Receivables                                | 1,061,119         | 923,332           | 15%                      |
| Others                                     | 789,816           | 472,950           | 67%                      |
| <b>TOTAL CURRENT ASSETS</b>                | <b>7,395,923</b>  | <b>6,816,440</b>  | <b>9%</b>                |
| <b>NON-CURRENT ASSETS</b>                  |                   |                   |                          |
| Other financial assets                     | 19,232,924        | 17,924,950        | 7%                       |
| Property, plant and equipment              | 8,033,640         | 7,905,732         | 2%                       |
| Deferred tax assets/ liabilities           | 157,749           | 157,749           | 0%                       |
| <b>TOTAL NON-CURRENT ASSETS</b>            | <b>27,424,312</b> | <b>25,988,431</b> | <b>6%</b>                |
| <b>TOTAL ASSETS</b>                        | <b>34,820,236</b> | <b>32,804,871</b> | <b>6%</b>                |
| <b>CURRENT LIABILITIES</b>                 |                   |                   |                          |
| Payables                                   | 881,231           | 1,513,519         | -42%                     |
| Provisions                                 | 1,169,406         | 1,074,692         | 9%                       |
| Unearned revenue                           | 8,614,716         | 8,301,739         | 4%                       |
| <b>TOTAL CURRENT LIABILITIES</b>           | <b>10,665,353</b> | <b>10,889,951</b> | <b>-2%</b>               |
| <b>NON - CURRENT LIABILITIES</b>           |                   |                   |                          |
| Deferred Tax Liabilities                   | 284,963           | 284,963           | 0%                       |
| Provisions                                 | 317,091           | 241,459           | 31%                      |
| <b>TOTAL NON-CURRENT LIABILITIES</b>       | <b>602,054</b>    | <b>526,423</b>    | <b>14%</b>               |
| <b>TOTAL LIABILITIES</b>                   | <b>11,267,408</b> | <b>11,416,374</b> | <b>-1%</b>               |
| <b>NET ASSETS</b>                          | <b>23,552,828</b> | <b>21,388,497</b> | <b>10%</b>               |
| <b>EQUITY</b>                              |                   |                   |                          |
| Share capital                              | 1                 | 1                 | 0%                       |
| Reserves other financial assets investment | 1,006,310         | 614,663           | 64%                      |
| Retained earnings                          | 20,773,833        | 17,684,724        | 17%                      |
| Net Income                                 | 1,772,684         | 3,089,109         | -43%                     |
| <b>TOTAL EQUITY</b>                        | <b>23,552,828</b> | <b>21,388,497</b> | <b>10%</b>               |

All amounts in AUD – Australian Dollars

# Statement of Financial Position

## Current Assets:

- Increase in cash from membership renewals of \$674k compared to Dec 2014
- APNIC USD Bank account reduced from \$327k in Dec to \$92k at the end of July
- Payments from the SIDA Trust account reduced the Dec balance by \$331k to \$304k at the end of July.
- Compared to 2014, there was a increase in the value of prepaid deferred expenses of \$318k.

## Non-Current Assets

- Other financial assets which includes the Investment portfolio have increased by \$1.3M since the end of 2014, comprising transfers from the operating account and increases in the value of investments.
  - A total of \$500k was transferred from the operating surplus, capital growth reported was \$392k and \$499k in investment distributions was reinvested.

## Current Liabilities

- Payables have reduced by \$632k since the end of 2014; the primary contributor to this variance is the distribution of funds under the grants programs for SIDA(\$335k), and IDRC(\$134k).
- Unearned Revenue that represents the prepaid portion of annual membership fees was \$313k above the December 2014 balance reflecting increases in APNIC's membership and the timing of membership renewals during the calendar year.

## Equity

- APNIC's equity position has increased by 10% from \$21.4M to \$23.6M over the period, including the operating surplus of \$1.78M reported for the year to date July 2015.

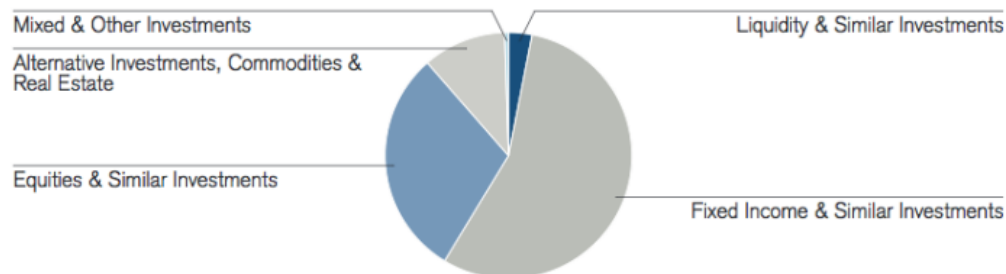
# APNIC's Investment funds

- The amount of \$19.2M invested in the Credit Suisse investment management account at the end of July compared to \$17.9M at the end of 2014.
- \$500k of cash surplus in the operating account was transferred to the investment portfolio in July.
- Capital growth reported was \$392k and up until the end of July there was \$499k in investment distributions
- Please refer to the attached investment report outlining the portfolio.

# APNIC's Investment funds

Asset Allocation by Asset Category  
Period 1.7.2015 - 31.7.2015

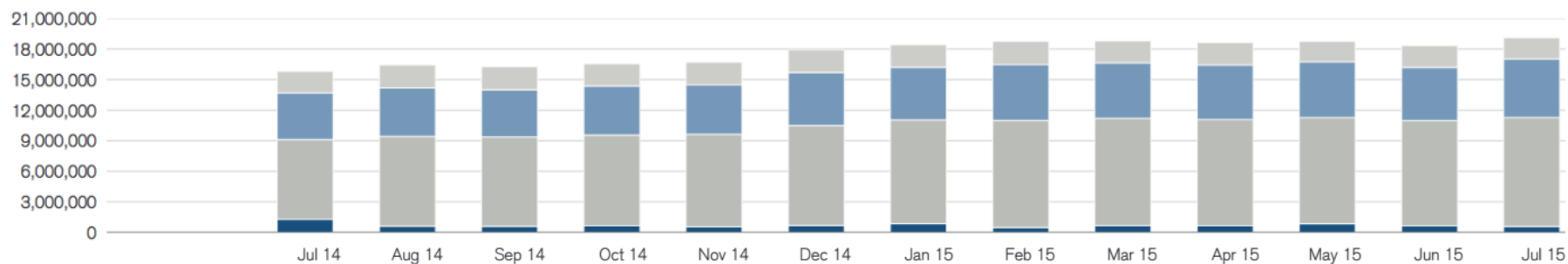
|   | Beginning of Period<br>in AUD | Change  | End of Period<br>in AUD | End of Period<br>Proportion |
|---|-------------------------------|---------|-------------------------|-----------------------------|
| ■ Liquidity & Similar Investments                       | 634,410                       | -42,637 | 591,773                 | 3.08%                       |
| ■ Fixed Income & Similar Investments                    | 10,348,245                    | 343,421 | 10,691,666              | 55.59%                      |
| ■ Equities & Similar Investments                        | 5,230,892                     | 524,782 | 5,755,674               | 29.93%                      |
| ■ Alternative Investments, Commodities &<br>Real Estate | 2,174,514                     | -76,323 | 2,098,191               | 10.91%                      |
| ■ Mixed & Other Investments                             | 0                             | 95,829  | 95,829                  | 0.50%                       |
| <b>Total Investments</b>                                | <b>18,388,060</b>             |         | <b>19,233,133</b>       | <b>100.00%</b>              |



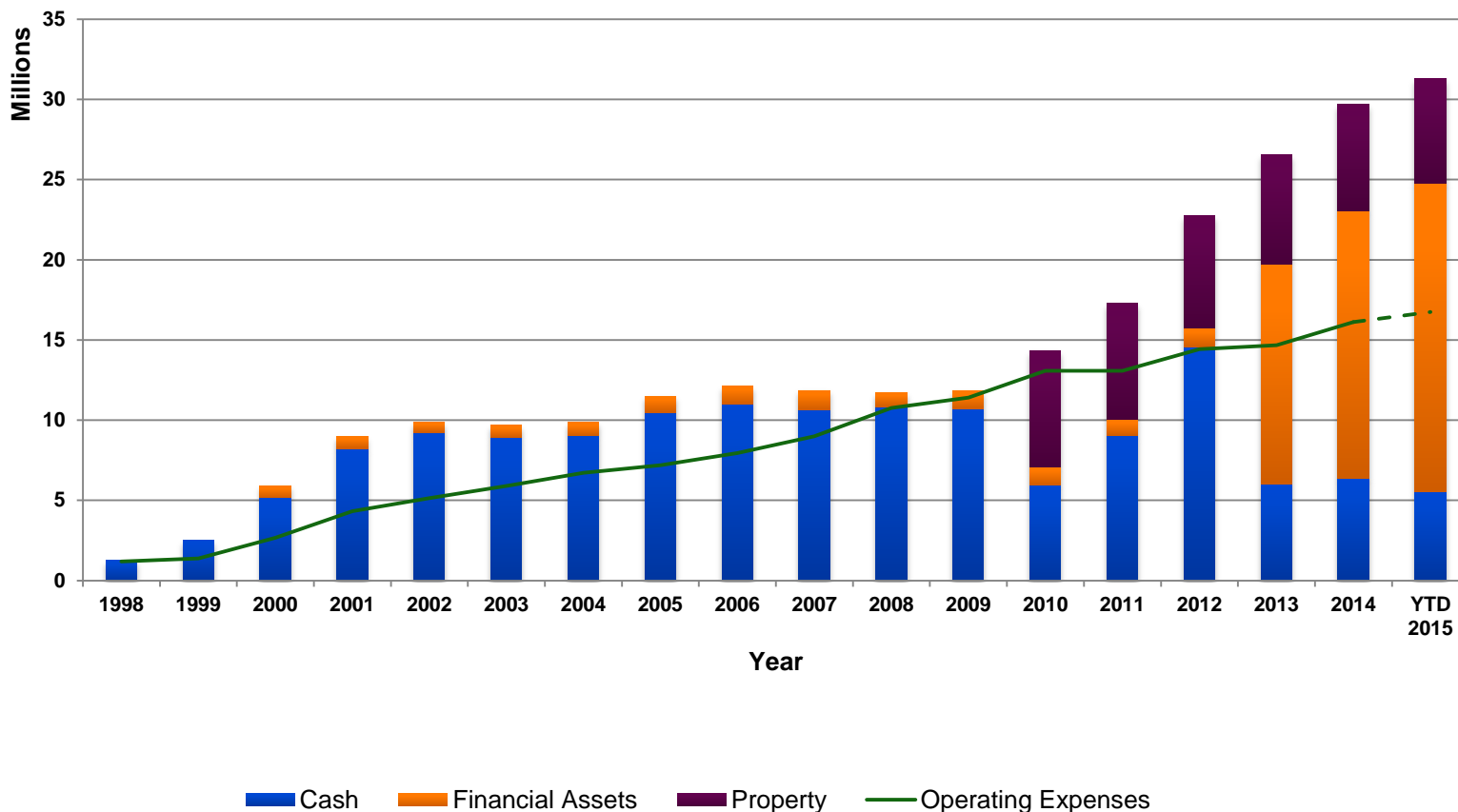
# APNIC's Investment funds

Asset Allocation by Asset Category Details  
Period 1.7.2014 - 31.7.2015

|  | Jul 14     | Aug 14     | Sep 14     | Oct 14     | Nov 14     | Dec 14     | Jan 15     | Feb 15     | Mar 15     | Apr 15     | May 15     | Jun 15     | Jul 15     |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| ■ Liquidity & Similar Investments                    | 1,273,716  | 616,970    | 604,392    | 648,839    | 552,517    | 680,838    | 852,037    | 487,490    | 666,637    | 657,060    | 846,920    | 643,932    | 591,773    |
| ■ Fixed Income & Similar Investments                 | 7,841,238  | 8,811,784  | 8,764,441  | 8,904,622  | 9,084,191  | 9,814,453  | 10,184,183 | 10,499,138 | 10,536,651 | 10,423,981 | 10,430,579 | 10,330,930 | 10,691,666 |
| ■ Equities & Similar Investments                     | 4,587,248  | 4,759,789  | 4,645,388  | 4,808,850  | 4,841,350  | 5,202,209  | 5,180,053  | 5,482,236  | 5,442,791  | 5,355,023  | 5,473,674  | 5,230,585  | 5,755,674  |
| ■ Alternative Investments, Commodities & Real Estate | 2,103,287  | 2,244,925  | 2,262,399  | 2,184,297  | 2,239,957  | 2,239,223  | 2,200,904  | 2,305,215  | 2,158,797  | 2,198,991  | 2,022,874  | 2,142,334  | 2,098,191  |
| ■ Mixed & Other Investments                          |            |            |            |            |            |            |            |            |            |            |            |            | 95,829     |
| Total Ending Market Value in AUD                     | 15,805,489 | 16,433,468 | 16,276,620 | 16,546,609 | 16,718,015 | 17,936,723 | 18,417,176 | 18,774,080 | 18,804,876 | 18,635,055 | 18,774,047 | 18,347,781 | 19,233,133 |



# APNIC's Reserve



All amounts in AUD – Australian Dollars



# Financial Stability Measure

|   | 31/07/2015   | 2014         | 2013         |
|---|--------------|--------------|--------------|
| Total Equity  | \$23,552,828 | \$21,388,497 | \$17,826,296 |
| % Equity covered by Cash and/or Equivalents           | 113.1%       | 115.7%       | 119.0%       |
| Forecast/Actual Daily Operating Expenses              | \$45,875     | \$42,558     | \$39,959     |
| <b>Number of Months of expenses covered by Equity</b> | <b>16.88</b> | <b>16.52</b> | <b>14.67</b> |

Target of 18 months of Operating expenses

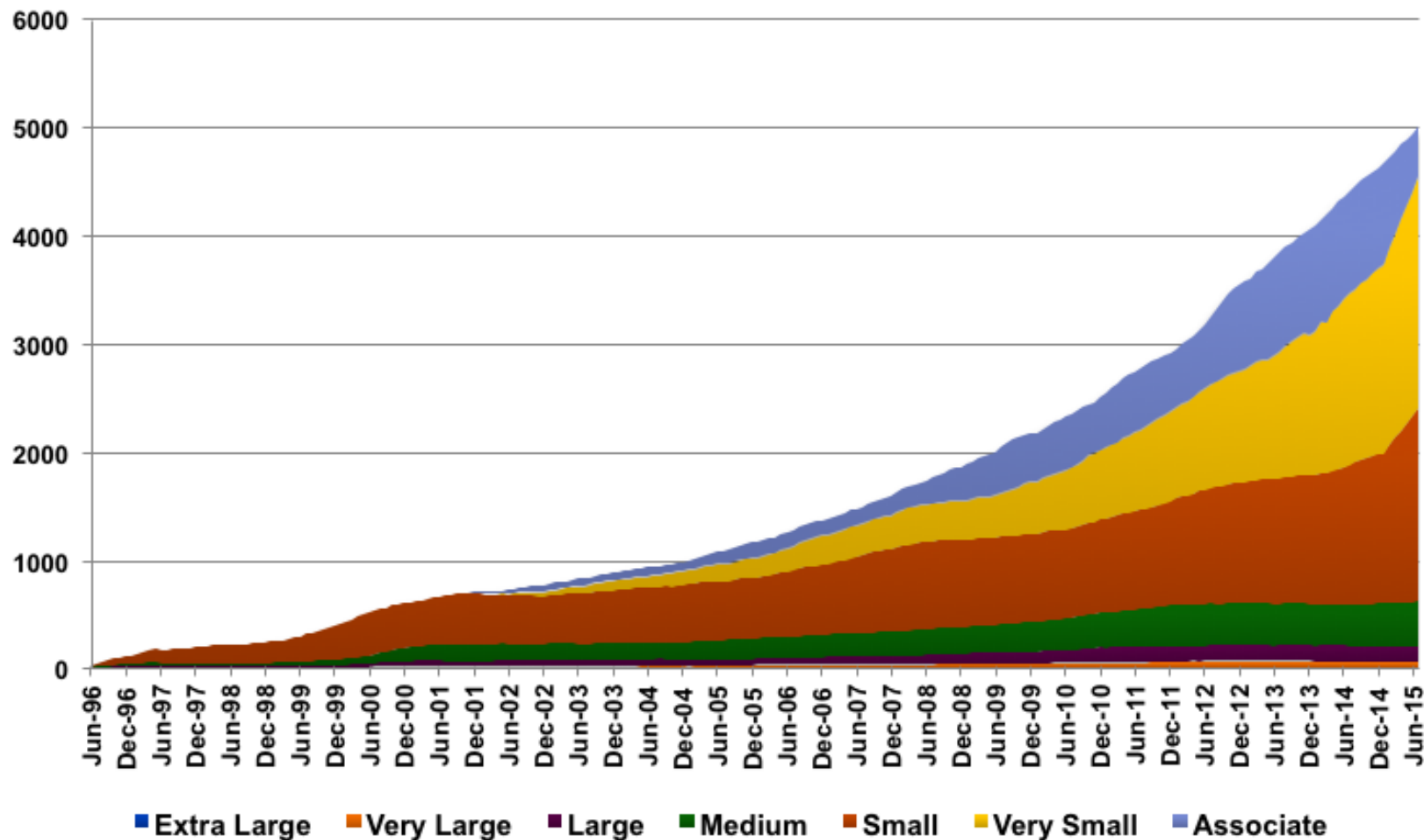
All amounts in AUD – Australian Dollars

# Membership Growth

| Membership                      | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         | YTD Jul 2015 | F'cast 2015  |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Extra Large                     | 13           | 16           | 21           | 20           | 20           | 21           | 21           | 21           |
| Very Large                      | 31           | 33           | 41           | 45           | 43           | 40           | 42           | 42           |
| Large                           | 106          | 141          | 145          | 144          | 147          | 142          | 140          | 140          |
| Medium                          | 276          | 324          | 378          | 402          | 392          | 402          | 418          | 418          |
| Small                           | 823          | 867          | 970          | 1,114        | 1,198        | 1,388        | 1,785        | 2,069        |
| Very Small                      | 472          | 637          | 817          | 1,021        | 1,294        | 1,701        | 2,135        | 2,445        |
| Associate                       | 449          | 503          | 575          | 788          | 957          | 924          | 461          | 130          |
| <b>TOTAL</b>                    | <b>2,170</b> | <b>2,521</b> | <b>2,947</b> | <b>3,534</b> | <b>4,051</b> | <b>4,618</b> | <b>5,002</b> | <b>5,265</b> |
| New                             | 478          | 507          | 615          | 832          | 813          | 805          | 543          | 931          |
| Close                           | 163          | 156          | 189          | 245          | 296          | 250          | 159          | 273          |
| <b>Net Gain</b>                 | <b>315</b>   | <b>351</b>   | <b>426</b>   | <b>587</b>   | <b>517</b>   | <b>555</b>   | <b>384</b>   | <b>658</b>   |
| <b>Average Monthly Net Gain</b> | <b>26</b>    | <b>29</b>    | <b>36</b>    | <b>49</b>    | <b>43</b>    | <b>46</b>    | <b>55</b>    | <b>55</b>    |

- Membership Growth in 2015 continues to be strong with a total membership of 5,002 at the end of July, a net growth of 384, averaging 78 new members per month with around 23 members closing their accounts.
- Strongest growth is seen in; Australia (97), Hong Kong(74), and Japan(58)

# Membership Growth

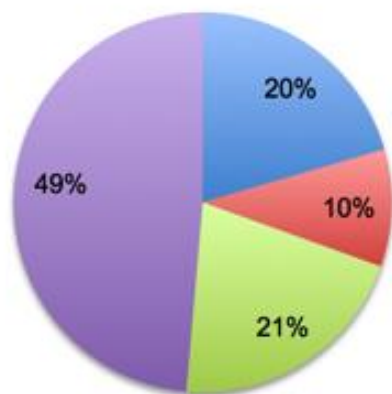


# Activity Reporting

Year to July 2015

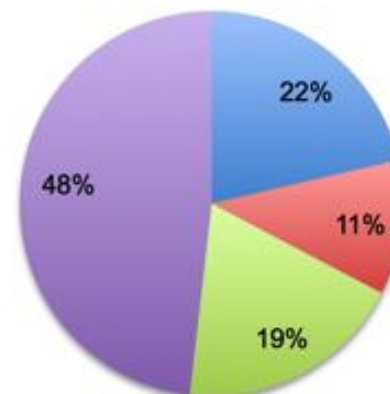
# YTD July Expenses – By Activity

**Budget Expenses 2015**



■ Corporate ■ Global Collaboration ■ Regional Development ■ Serving Members

**July YTD Actual Expenses**



■ Corporate ■ Global Collaboration ■ Regional Development ■ Serving Members

# YTD July Expenses – By Activity

| EXPENSES (AUD)                      | YTD Actual<br>July 2015 | YTD Budget<br>July 2015 | Budget<br>Variance \$ | Variance % |
|-------------------------------------|-------------------------|-------------------------|-----------------------|------------|
| Facilities                          | 262,175                 | 253,753                 | 8,422                 | 3%         |
| Finance & Administration            | 781,685                 | 753,431                 | 28,254                | 4%         |
| Human Resource Management           | 526,982                 | 541,422                 | -14,440               | -3%        |
| Legal & Governance                  | 360,154                 | 409,189                 | -49,035               | -12%       |
| <b>Total - Corporate</b>            | <b>1,930,996</b>        | <b>1,957,795</b>        | <b>-26,799</b>        | <b>-1%</b> |
| Global Research                     | 213,515                 | 202,175                 | 11,340                | 6%         |
| Global Technical Community          | 544,311                 | 405,769                 | 138,542               | 34%        |
| Inter-governmental Outreach         | 264,675                 | 255,381                 | 9,294                 | 4%         |
| <b>Total - Global Collaboration</b> | <b>1,022,501</b>        | <b>863,325</b>          | <b>159,176</b>        | <b>18%</b> |
| APNIC Conferences                   | 602,742                 | 633,308                 | -30,566               | -5%        |
| Community Engagement                | 660,609                 | 696,437                 | -35,828               | -5%        |
| Regional Technical Development      | 467,136                 | 530,445                 | -63,309               | -12%       |
| <b>Total - Regional Development</b> | <b>1,730,487</b>        | <b>1,860,190</b>        | <b>-129,703</b>       | <b>-7%</b> |
| Registration Services               | 632,652                 | 732,724                 | -100,072              | -14%       |
| Customer Service                    | 1,594,405               | 1,742,332               | -147,927              | -8%        |
| Member Training                     | 515,511                 | 599,193                 | -83,682               | -14%       |
| Technical Infrastructure            | 1,611,174               | 1,628,292               | -17,118               | -1%        |
| <b>Total - Serving Members</b>      | <b>4,353,741</b>        | <b>4,702,541</b>        | <b>-348,800</b>       | <b>-7%</b> |
| <b>TOTAL EXPENSES</b>               | <b>9,037,725</b>        | <b>9,383,851</b>        | <b>-346,126</b>       | <b>-4%</b> |

# YTD July CAPEX – By Activity

| CAPITAL (AUD)                       | YTD Actual<br>July 2015 | YTD Budget<br>July 2015 | Budget<br>Variance \$ | Variance<br>% |
|-------------------------------------|-------------------------|-------------------------|-----------------------|---------------|
| Facilities                          | 14,291                  | 16,625                  | -2,334                | -14%          |
| Finance & Administration            | 2,028                   | 3,500                   | -1,472                | -42%          |
| <b>Total - Corporate</b>            | <b>16,319</b>           | <b>20,125</b>           | <b>-3,806</b>         | <b>-19%</b>   |
| Global Research                     | 33,004                  | 46,375                  | -13,371               | -29%          |
| Global Technical Community          | 754                     | 0                       | 754                   | 0%            |
| <b>Total - Global Collaboration</b> | <b>33,758</b>           | <b>46,375</b>           | <b>-12,617</b>        | <b>-27%</b>   |
| APNIC Conferences                   | 10,190                  | 16,044                  | -5,854                | -36%          |
| Regional Technical Development      | 21,527                  | 105,000                 | -83,473               | -79%          |
| <b>Total - Regional Development</b> | <b>31,717</b>           | <b>121,044</b>          | <b>-89,327</b>        | <b>-74%</b>   |
| Registration Services               | 6,218                   | 3,500                   | 2,718                 | 78%           |
| Customer Service                    | 89,173                  | 44,919                  | 44,254                | 99%           |
| Member Training                     | 12,106                  | 40,831                  | -28,725               | -70%          |
| Technical Infrastructure            | 381,404                 | 449,106                 | -67,702               | -15%          |
| <b>Total - Serving Members</b>      | <b>488,901</b>          | <b>538,356</b>          | <b>-49,455</b>        | <b>-9%</b>    |
| <b>TOTAL CAPITAL EXPENDITURE</b>    | <b>570,695</b>          | <b>725,900</b>          | <b>-155,205</b>       | <b>-21%</b>   |

# 2016 Outlook

August 2015





# High Level 2016 Forecast

| Revenue                           | Forecast 2015     | Budget 2015       | Variance       | Var %       | F'cst 2016        | Variance to 2015 | Var %       |
|-----------------------------------|-------------------|-------------------|----------------|-------------|-------------------|------------------|-------------|
| Investment Income                 | 856,362           | 855,000           | 1,362          | 0%          | 894,347           | 37,985           | 4%          |
| Membership Fees Income            | 16,862,000        | 16,450,000        | 412,000        | 3%          | 17,444,751        | 582,752          | 3%          |
| Non - Member Fees Income          | 243,091           | 232,000           | 11,091         | 5%          | 245,000           | 1,909            | 1%          |
| Reactivation Fees                 | 32,200            | 24,000            | 8,200          | 34%         | 33,000            | 800              | 2%          |
| IP Resource Application Fee       | - 18,375          | -                 | - 18,375       | -1%         | -                 | 18,375           | 100%        |
| Sign-Up Fee                       | 431,000           | 380,000           | 51,000         | 13%         | 483,000           | 52,000           | 12%         |
| Transfer Fees                     | 62,821            | 75,000            | - 12,179       | -16%        | 75,000            | 12,179           | 19%         |
| Sundry Income                     | 160,954           | 246,000           | - 85,046       | -35%        | 160,954           | -                |             |
| <b>Gross Revenue</b>              | <b>18,630,052</b> | <b>18,262,000</b> | <b>368,052</b> | <b>2.0%</b> | <b>19,336,052</b> | <b>706,000</b>   | <b>4%</b>   |
| <b>Expenses</b>                   |                   |                   |                |             |                   |                  |             |
| Bank Service Fees                 | 144,352           | 151,950           | 7,598          | -5%         | 148,200           | 3,848            | 3%          |
| Communication Expenses            | 539,762           | 537,940           | - 1,822        | 0%          | 459,021           | - 80,741         | -15%        |
| Computer Expenses                 | 524,693           | 642,172           | 117,479        | -22%        | 592,000           | 67,307           | 13%         |
| Depreciation Expenses             | 761,646           | 762,266           | 620            | 0%          | 785,256           | 23,610           | 3%          |
| ICANN Contract Fees               | 284,161           | 282,835           | - 1,326        | 0%          | 284,161           | -                |             |
| Sponsorship and Publicity Expense | 651,063           | 649,900           | - 1,163        | 0%          | 681,870           | 30,807           | 5%          |
| Doubtful Debt Expenses            | 0                 | 20,000            | 20,000         | -100%       | -                 | -                |             |
| Insurance Expenses                | 136,395           | 136,900           | 505            | 0%          | 139,895           | 3,500            | 3%          |
| Meeting and Training Expenses     | 395,081           | 519,400           | 124,319        | -31%        | 386,290           | - 8,791          | -2%         |
| Membership Fees                   | 48,639            | 64,435            | 15,797         | -32%        | 51,966            | 3,327            | 7%          |
| Office Operating Expenses         | 304,645           | 305,107           | 462            | 0%          | 312,339           | 7,695            | 3%          |
| Postage & Delivery                | 52,903            | 50,000            | - 2,903        | 5%          | 54,403            | 1,500            | 3%          |
| Printing & Photocopy              | 39,292            | 44,840            | 5,548          | -14%        | 39,292            | -                |             |
| Professional Fees                 | 1,267,300         | 1,267,300         | 0              | 0%          | 1,301,629         | 34,329           | 3%          |
| Recruitment Expense               | 102,535           | 90,000            | - 12,535       | 12%         | 107,661           | 5,127            | 5%          |
| Salaries and Personnel Expenses   | 9,460,248         | 9,460,248         | - 0            | 0%          | 10,392,005        | 931,756          | 10%         |
| Staff Training Expense            | 152,763           | 155,000           | - 2,237        | 1%          | 159,263           | 6,500            | 4%          |
| Translation Expense               | 25,000            | 25,000            | 0              | 0%          | 25,570            | 570              | 2%          |
| Travel Expenses                   | 1,854,008         | 1,900,000         | 45,992         | -2%         | 1,959,008         | 105,000          | 6%          |
| <b>Total Expenses</b>             | <b>16,744,486</b> | <b>17,065,293</b> | <b>320,807</b> | <b>-2%</b>  | <b>17,879,829</b> | <b>1,135,343</b> | <b>7%</b>   |
| <b>Surplus</b>                    | <b>1,885,566</b>  | <b>1,196,707</b>  | <b>688,859</b> | <b>58%</b>  | <b>1,456,223</b>  | <b>- 429,344</b> | <b>-23%</b> |

# Taxation Status

August 2015

# Taxation status

KPMG are in the final stages of preparation for the lodging of APNIC's private ruling application.

The application is expected to take the full 56 days as set out in the ATO's guidelines. The outcome should be available by late October, early November.

## Agenda Item 7

### DG report

# APNIC Secretariat Report

APNIC EC meeting, 7 September 2015  
Draft v 1

This is a report of Secretariat activities for the APNC EC meeting to be held on 7 September 2015, in Jakarta, Indonesia. It covers activities during the period since the last EC meeting, but statistics in most cases apply to the calendar year to date, from 1 January 2015.

## 1 Services Area

### 1.1 Service Metrics

Statistics for membership growth, IP resource allocations and transfers, and other activities are contained in the attached presentation file, and will be presented during APNIC 40.

### 1.2 Projects

#### 1.2.1 Instant Feedback

We are developing mechanisms to collect customer feedback after delivery of most (and eventually all) APNIC service transactions. In March 2014, we implemented an automatic email follow-up of all completed RT Helpdesk tickets, allowing customers to choose to fill in a brief survey.

In a 4-week period, we received 311 responses which rated the services received as follows:

- Overall service quality: 94.4% above average or excellent
- On staff knowledge: 91.6% above average or excellent
- On whether the problem was resolved: 90.0% answered "Yes"

In every case that survey a response indicates any dissatisfaction, Member Services staff follow up to try to resolve any issues or complaints.

#### 1.2.2 Services Roadmap

The following projects on the Services Roadmap have been completed:

1. New web pages for APNIC Services
2. MyAPNIC Survey
3. Training Survey
4. Whois Data Quality Improvement
5. Statistics web page improvements
6. Skype/VOIP phone integration
7. Toll free number investigation

#### 1.2.3 Toll Free Number

There is no single service for toll-free calls in the AP region, and many economies do not support international toll-free calling. All developed economies have a toll-free service, however most LDCs do not.

A Telstra-based service covering 16 economies would cost \$132,000 per year; while services covering fewer economies may cost at least \$30,000 per year.

It is not acceptable that a toll-free service would be offered only to some countries, while those most in need would miss out and effectively subsidise the others.

Therefore the toll-free number will not be pursued. Instead we will continue to promote use of VOIP (and now Skype), and provide an opportunity for members to request a phone call from APNIC if that is needed (for instance through the online chat facility).

## **2 Communications Area**

### **2.1 Events**

#### **2.1.1 APNIC Conferences**

APNIC 42: the new dates for APNIC 42 were confirmed as 29 Sep - 6 Oct, and announced publicly. APTLD has indicated it may not join APNIC 42 in Bangladesh as .bd is not a member of APTLD.

APNIC 44: TWNIC has agreed to be the host for APNIC 44 and the city has been confirmed as Taichung, although this has not yet been announced (the plan is to announce this at APNIC 40).

#### **2.1.2 Regional Meetings**

The second ARM for 2015 was held in Manila on 15 June, alongside the EC meeting. The remaining ARMs for 2015 are tentatively scheduled for Mongolia (28 Sep), Laos (2 Nov), and Guam (30 Nov - with PACNOG).

### **2.2 Publications**

#### **2.2.1 Website**

There are currently two major improvement projects underway for [www.apnic.net](http://www.apnic.net): a review and revamp of the Member Services section, and a redesign of the website home page. The aim is to continue improving the user experience on the APNIC website. Both projects are progressing well and expected to be finalised in early Q4. Further website improvements will continue in Q4 and beyond.

#### **2.2.2 Blog**

The APNIC Blog celebrated its first birthday in August and has exceeded 100,000 views in 2015, averaging 9,000-13,000 views per month. The top ten economies for blog visitors (in order) being US, AU, TH, JP, MY, BD, ID, IN, UK, and PH. In the lead up to APNIC 40, we have run a series of interviews with Indonesian tech community identities ("ID Series"), which has been well-received.

## **3 Technical Area**

### **3.1 Software**

#### **3.1.1 MyAPNIC enhancements**

- 1) 2-Factor Authentication provides easier secure access to certain MyAPNIC features such as voting and RPKI.

- 2) Automation of the NC (Number Council) nominations process reducing workload with a more efficient workflow.
- 3) Whois database “cleanup” to remove unreferenced contacts. This will be completed before APNIC 40 meeting.

### **3.1.2 APNIC Resource Management System (ARMS)**

The current ARMS, written in Perl, is becoming difficult to maintain and is not scalable. The next generation ARMS will be based on the Message Bus architecture, and refactored in Java, moving away from Perl. This high performance system is based on best practise design methodology making it easy to maintain and scale.

The first of three back-end modules have been completed and is currently in system test.

A number of “quick wins” tasks have been identified to help streamline and optimize the resource management process from a user experience perspective. The majority of these tasks have been delivered, with the remaining items to be completed by the end of August.

### **3.1.3 CONFER**

CONFER allows local and remote members to participate in consensus calls in real time. Based on the success at the APNIC39 conference, the tool is being enhanced for APNIC40.

### **3.1.4 Information Security Management System (ISMS)**

Using the ISO27001 specification as reference, APNIC is developing an internal ISMS to make sure all processes and policies are in line with the latest security principles. This project has begun with a goal to develop the framework by the end of this year.

## **3.2 Infrastructure Services**

### **3.2.1 Registration Data Access Protocol (RDAP)**

The RDAP service, solving a number of limitations of WHOIS, was deployed in June 2015. This allows members to query registration data in a way that is consistent across all RIRs, and a standardized query format making it ideal for automated queries. It also supports redirection capabilities to allow seamless referrals to other registries, along global queries to be answered by APNIC’s whois.

### **3.2.2 Backup Infrastructure**

A new SAN (Storage Attached Network) Backup system is being deployed by end September to replace the current storage system which is at end-of-life. The new system is based on best design practices, providing full data recovery of all APNIC internal and external services.

### **3.2.3 Enhanced cooperation with RIRs**

The APNIC tech team recently assisted AFRNIC with test and debug systems, and advice on deployment of RDAP.

We also have advised LACNIC on designing their 2FA service and will share our design and code, and provide tech support where required.

## 4 Strategic Engagement

### 4.1 Major events

#### 4.1.1 Mobile World Congress

In July I delivered a keynote presentation on IPv6 at the Internet of Things Summit during the Mobile World Congress Shanghai. It is a very big conference and exhibition of the mobile industry, expected to rival the annual GSMA event in Barcelona that gathers more than 90,000 participants.

<http://blog.apnic.net/2015/07/28/connecting-mobile-community-to-ipv6-gsma>

#### 4.1.2 Cybersecurity events

At the 27th Annual FIRST Conference, APNIC's Adli Wahid was re-elected as a member of the Board of Directors, charged with overseeing FIRST outreach and fellowships.

I presented on APNIC's Security activities in the Pacific at the Pacific ICT Ministerial meeting in Tonga

APNIC staff conducted training at the Asia-Pacific Information Security Center in Seoul, funded by KrCERT/CC.

We presented on cybersecurity issues at the APriGF and TWCSIRT conferences.

#### 4.1.3 WSIS+10

The two-day high level (intergovernmental) WSIS+10 meeting will be held in December in New York, to discuss questions including the renewal of the IGF. The exact scope of the WSIS+10 review remains to be defined, but there is a risk of moving to a more closed, intergovernmental process. Akinori participated in the first consultation meeting in New York, held on 1 July. The next consultation will be on 19 October, same week of the ICANN meeting in Dublin.

A civil-society-led consultation will be held in Bangkok just prior to APNIC 40 and is being supported by APNIC.

<http://unpan3.un.org/wsis10>

#### 4.1.4 IGF related meetings

The APriGF was held in Macau at the beginning of July, with a good program and good participation. This year's APriGF produced a consensus outcome document, which will hopefully become a regular output of the APriGF and help to drive regional discussions. I continue to be the chairs of the MSG. Elections are coming up to renew the Chair of the MSG. The APriGF still needs strong efforts to remain as a standing annual event for the AP region.

NetHui (New Zealand IGF) was held in Auckland New Zealand on 8-10 July, it is a very good example of an active community and the IGF process can learn a lot from its format and dynamics.

Preparations for the 2015 IGF are ongoing, with some workshops proposed by the NRO, including an NRO Open Forum, and a Best Practice Forum on IPv6 deployment.

### 4.2 IANA transition

The implementation of the CRISP proposal is proceeding with:

- The Review Committee Charter has been drafted and almost agreed after a first round of consultations.



- A second version of the SLA with ICANN has been produced, taking into account comments from the first round of public consultations, and published for a second consultation period.

The ICG's first transition plan is complete and is open for public review until 8 September. CRISP has produced a response which is also open for public review, and the NRO will encourage RIR members to express support for the CRISP response.

APNIC has been very active within the NRO, at EC and CCG level, to provide leadership on the IANA transition work.

APNIC is leading development of IANA services business process mapping (using BPMN), in collaboration with other RIRs and IANA.

Several podcasts have been recorded as part of communications with our community.

<http://soundcloud.com/apnicuser>

### 4.3 External Relations Program

ER will have a stronger and more efficient framework under new manager, Klée Aiken, succeeding Connie's role which was performed on a 50% basis. Full-time support for ER will improve coordination, improve preparation for all external engagements, and make APNIC ER more strategic, transparent and accountable.

In 2015 the ER programme has overseen APNIC staff participation in 85 events so far, excluding training events, of which 57 were held in 20 economies of the AP region.

| Region | Events | Economies |
|--------|--------|-----------|
| APNIC  | 57     | 20        |
| Other  | 28     | 16        |
| Total  | 85     | 36        |

## 5 Development Area

### 5.1 Training

#### 5.1.1 Training in 2015

This table shows Training activity levels so far in 2015 (to 17 August), compared with totals for 2014. On most measures, totals for 2015 will exceed those for 2014.

|                 | Workshops & Tutorials  | eLearning |
|-----------------|--|-----------|
| Courses         | 49 (76)  | 98 (141)  |
| Days            | 105 (219)  | 24 (39)   |
| Locations       | 19 cities (29)<br>17 economies (22)                              | N/A       |
| Participants    | 1,356 (2,352)  | 483 (534) |
| YouTube channel | 265,276 views + 3,749 subscribers<br>(up 89,276 + 1,049 in 2015) |           |

#### 5.1.2 Course Development

In response to previous feedback on outdated course materials, the training team has reviewed all materials in 2015, and updated those for IRR, RPKI, Network Security, and DNS & DNSSEC.

In addition, the RPKI course has been updated with hands-on exercises, and routing training updated with Juniper-based materials and a Juniper training lab.

#### 5.1.3 eLearning

The eLearning timetable and content has been updated with the result of significantly increased participation – so far in 2015 we have exceeded total 2014 attendance.

The 'core' APNIC topics are also being professionally recorded and edited for YouTube channel

Looking at incentives to encourage participation and feedback (e.g. periodic draw for online store vouchers)

Planning collaboration with RIPE NCC to develop self-paced online courses, initially Whois Database and Internet Governance

### 5.2 Community Development

So far in 2015 APNIC has contributed to 11 NOG events, 3 IGF events, and 5 other ICT events.

25 fellowships have been approved for APNIC 40, from a total fellowship fund of \$51,000. In addition, APJII, NIXI and JPNIC are supporting their own fellowship funds for the meeting, giving APNIC 40 the highest fellowship attendance of any APNIC meeting.

APNIC is assisting RIPE NCC in deploying Atlas anchors and probes. So far in 2015, we have supported or coordinated the deployment of 8 anchors (servers located in various IXPs and datacentres) and over 100 probes (distributed during various NOG events).

## **5.3 Technical Assistance**

### **5.3.1 Activities since June 2015**

TAS mission to Bangkok, Thailand in July 2015. Ten APNIC member organizations were visited by an Internet technical expert Dean Pemberton and an APNIC Internet Resource Analyst, Tuan Nguyen.

Collaboration with NSRC on IXP workshops in New Caledonia and Samoa in 2015, on cost-sharing basis. The event in New Caledonia was the first attempt to have an open and multi-stakeholder discussion over an IXP by community members. The workshop in Samoa helped the community preparing the launch of an IXP in Samoa (currently waiting for fiber connectivity before the final launch).

Managing APNIC's support for new root servers, on request from community members. We recently signed an updated MoU with two new hosts:

- Samoa L-Root server procurement (CSL, Samoa)
- Philippines K-Root server procurement (ASTI, Philippines)

Both are currently processing the procurement of hardware.

Maintaining support for APNIC's IPv6 deployment activities, including:

- Developed and coordinated highly participated programs at APRICOT2015/APNIC39
- Collaboration with ITU on IPv6 capacity development in developing economies (ongoing over the past 5 years)
- Coordinating IPv6 related program for APNIC40

## **5.4 Partnerships**

### **5.4.1 Meetings**

We have presented development activities in meetings with the following potential funding partners:

- The Asian Venture Philanthropy conference, Singapore
- Philanthropic foundations in Hong Kong
- The Asian Development Bank, Manila
- Japanese companies and organizations in Tokyo
- The China Foundation Center, Beijing

### **5.4.2 Financial support**

During 2015, the Development Area has had success in raising financial support from:

- World Bank and the Japan International Cooperation Agency (Security workshops)
- ITU (IPv6 workshops and Myanmar technical workshop)

- OPT, New Caledonia (training sponsorship)
- ISOC, Bangalore (training sponsorship)
- PITA (training sponsorship)
- Cook Islands Government (training sponsorship)
- APJII (training sponsorship)
- National Communications Authority, Timor Leste (training sponsorship)

#### 5.4.3 APNIC Foundation

Work is continuing on investigation options and feasibility of candidate locations. Hong Kong is currently being reviewed as the most suitable location so far, and will be presented to the EC in Jakarta.

In addition we are working on an “APNIC Prospectus” brochure to present APNIC’s Internet Development activities to audiences in the development sector.

## 6 Business Area

In 2015 we have implemented the new Member Fee schedule, and also the new schedule of activity codes for finance reporting to members.

We have needed an Insurance review for coverage of events with large numbers of staff and EC members.

The Netsuite ERM now has a new Fixed Assets module, we are reviewing its Adaptive Planning module for 2016 budget preparation and forecast

We have implemented a new “e-Way” merchant facility, providing support for recurring/flexible billing

Our second annual ISO9001 Audit was passed in July 2015, with positive feedback.

The Following activities are still underway, due for completion in 2015:

- Review of banking service providers
- Review of travel providers
- Review of APNIC office facilities, with 5 to 10 year plan
- Finalisation of SIDA and IDRC Grant Program
- Planning and scoping for 2016 APNIC Survey
- Implement flexible billing cycles/Payment Options
- Mutuality private ruling application with KPMG

## 7 Human Resources

[Confidential information redacted]

## Agenda Item 10

### Strategic planning update

# Strategic planning update

2016 – 2019

# Revised Strategic Planning Cycle

|    |        |          | 2016-2019 strategic plan |        |        |          | 2020-2023 strategic plan |        |        |          |
|----|--------|----------|--------------------------|--------|--------|----------|--------------------------|--------|--------|----------|
|    | 2014   | 2015     | 2016                     | 2017   | 2018   | 2019     | 2020                     | 2021   | 2022   | 2023     |
| Q1 |        |          |                          |        |        |          |                          |        |        |          |
| Q2 | Survey |          | Survey                   |        | Survey |          | Survey                   |        | Survey |          |
| Q3 |        |          |                          |        |        |          |                          |        |        |          |
| Q4 |        | Planning |                          | Review |        | Planning |                          | Review |        | Planning |

- 4-year strategic plan cycle
- Better alignment with the 2-yearly survey
- Mid-period review for plan adjustments as needed

# Timeline

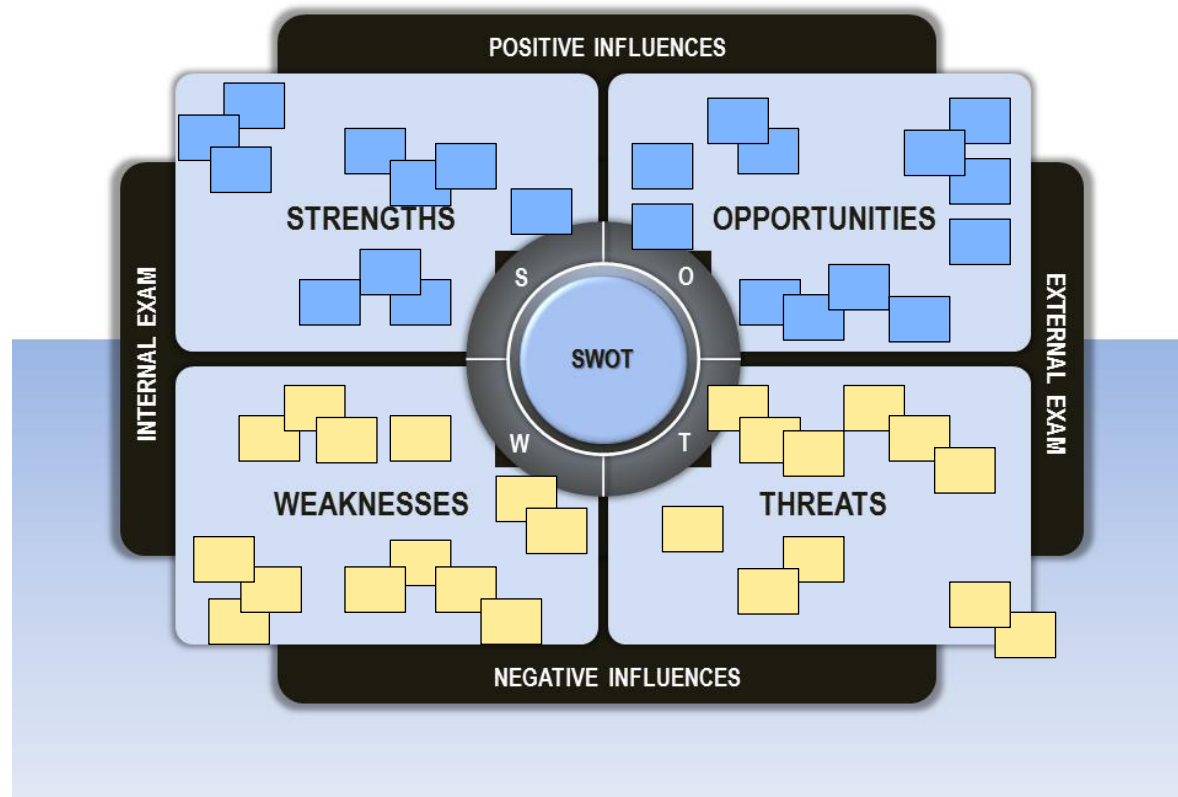
| Date          | Planning session          | Facilitator |
|---------------|---------------------------|-------------|
| August        | Area level                | Sanjaya     |
| End September | Managers/Leaders          | External    |
| 2 November    | Executive Leadership Team | External    |
| 28 November   | Executive Council         | Craig Ng    |



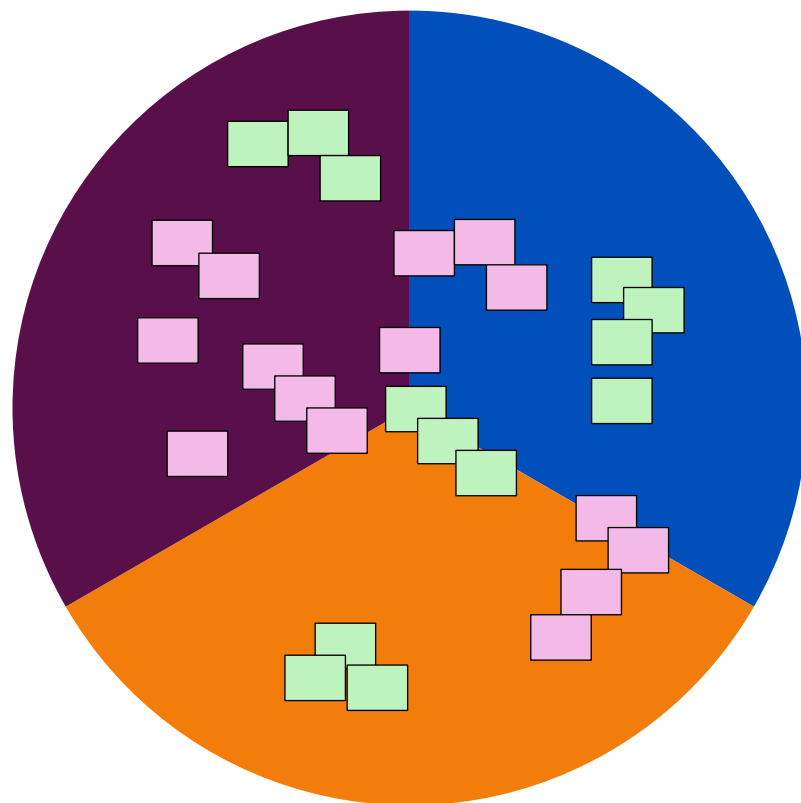
# Area level planning

- 2-hour sessions per area, working lunch from 12 to 2pm
- Schedule
  - Technical 11 Aug ✓
  - Services 13 Aug ✓
  - Comms/ER 14 Aug ✓
  - Business 25 Aug ✓
  - Development 27 Aug ✓
  - HR+ 28 Aug ✓
- Focus on
  - SWOT analysis on the Area's area of expertise
  - Coming up with improvements and innovation ideas

# SWOT Analysis

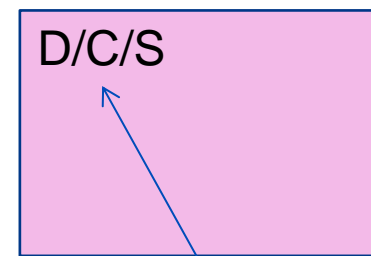


# Innovation and improvement ideas

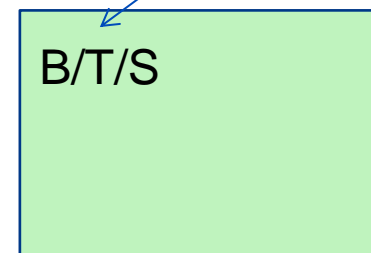


- Serving Members
- AP Internet Development
- Global Collaboration

Improvement card



Examples of involved area



Innovation card

# Next workshops

## Draft agenda: Managers/leaders workshop

| Welcome, overview of process       |   |
|------------------------------------|---|
| <b>Morning A</b>                   | <b>Review previous strategic plan</b><br>Discuss performance relative to plan and identify and celebrate major achievements   |
|                                    | Break   |
| <b>Morning B</b>                   | <b>Key forces impacting APNIC</b><br>Integrate and consolidate Area-level SWOT analyses   |
|                                    | Lunch   |
| <b>Afternoon A</b>                 | <b>Strategic initiatives</b><br>Consider and prioritise improvement and innovation ideas  |
|                                    | Break   |
| <b>Afternoon B</b>                 | <b>Project planning and next steps</b><br>Develop initial project plan for each priority idea including title, basic objective, scope, delivery timeframe and resource requirements |
| Summary of outcomes and next steps |   |

## Draft agenda: ELT workshop

| Welcome, overview of process       |  |
|------------------------------------|--|
| <b>Morning A</b>                   | <b>Review previous strategic plan</b><br>Discuss performance relative to plan and identify and celebrate major achievements  |
|                                    | Break  |
| <b>Morning B</b>                   | <b>Review key forces and identify potential strategic goals</b><br>Review and validate Managers/leaders SWOT analyses  |
|                                    | Develop potential goals/objectives for APNIC, based on inputs submitted by members of the ELT prior to the workshop  |
|                                    | Lunch  |
| <b>Afternoon A</b>                 | <b>Align strategic initiatives with potential goals</b><br>Identify priority FY16 projects based on a review of improvement and innovation idea project plan summaries |
|                                    | Break  |
| <b>Afternoon B</b>                 | <b>Update the Risk Register</b><br>Review the APNIC risk register to consider impact associated with the proposed strategic goals and projects                         |
| Summary of outcomes and next steps |  |

# EC planning session

- Full day workshop at the November meeting in Guam
- Focus on
  - Validating SWOT input by the Secretariat
  - Review and approve updated Risk Register
  - Reviewing and adding to the list of improvement and innovation ideas
  - Setting strategic goals for the 2016 – 2019 period
  - Identifying themes and key issues to explore in the 2016 APNIC survey
- Agenda
  - TBD

# Agenda Item 11

## Survey planning

# APNIC Survey 2016

APNIC 40 EC meeting update  
7 September 2015

# Overview

- Tentative schedule
- Interviews & focus groups
- Online survey
- Coordination with RIPE
- Coordination with NIRs
- 2014 survey retrospective



# Tentative schedule

- Nov 15 – Survey themes and issues set by the EC
- Dec 15 – Appoint consultants & survey analyst
- Mar 16 – Announcement at APRICOT 2016
- Mar/Apr 16 – Interviews & focus groups
- Apr 16 – Design online survey
- May 16 – Interviews & Focus groups draft report submitted
- May 16 – Run online survey
- Jun 16 – Online survey draft report submitted
- Jul 16 – Combined report draft report submitted
- Aug 16 – Final report submitted
- Sep 16 – Final report presented at APNIC 42 Dhaka

# Interviews and focus groups

- Individual interviews
  - Targeted at influential Individuals in all 4 sub-regions
  - Individual interviews report will be submitted to the Secretariat and the EC only
- Focus groups
  - APNIC liaison team will help to identify and invite the participants
  - A separate focus group report will be published to complement the online survey report
- In the process of finding interviewers/facilitators

# Online survey

- Currently investigating prospective online survey partners
  - May raise an RFP if more than one suitable candidates found
- Their primary role is to conduct the online survey in a neutral and professional manner, and to produce the analysis and final report
- Promotion will be done by the APNIC Secretariat

# Coordination with RIPE

- APNIC 2016 will coincide with RIPE-NCC's survey
- Possible opportunities
  - Resource sharing
  - Collaboration in survey design and development of questionnaire
- Possible issues
  - Survey timing
  - Scheduling of shared resources
- Serge and Fergal from RIPE-NCC will visit APNIC on the week of 2 Nov 2015

# Coordination with NIRs

- Will present a heads-up at the APNIC 40 NIR-SIG
- More detailed information sharing at the APNIC 40 NIR hostmaster/technical workshop (invitation only)
- Things to be considered
  - How to involve NIR members
  - Opportunity to translate survey into other languages
  - NIR input to the survey themes and issues
  - Coordinated effort with the NIRs to promote the survey
  - Reporting the survey result back to the NIR's communities

# Next steps

- Finalise survey project plan
  - Schedule & deliverables
  - Interview & focus group facilitators
  - Online survey consultant
- Seek EC approval and obtain EC's input on the themes/issues to be covered in the survey, at the meeting in Guam

## Agenda Item 16

### APNIC Foundation update

# APNIC Foundation Update 4\*

EC meeting - Jakarta

\* “Update 1, 2 and 3” were in Singapore, Fukuoka and Manila

**APNIC**





# The Brisbane Proposal

"The EC invited the Director of Development to develop a proposal **for a developmental funding foundation** for further EC consideration, **including consideration of developmental needs in the region**, and **the means and methods for fulfilling those needs**, noting that APNIC is committed to providing no lesser level of developmental support than is the case today."

# The Singapore Road Map

- Nov 2014 (Singapore)
  - This presentation to APNIC EC\*
- Feb 2015 (Fukuoka)
  - Presentation of Concept Paper\*
- Jun 2015 (EC meeting, Manila)
  - Presentation of options identified\* (HK or Singapore)
- Sep 2015 (Jakarta)
  - Proposal for EC approval\*
- Nov 2015 (EC meeting, TBD)
  - Implementation plan and budget approval\*

\* With go/no-go at each stage

# The Fukuoka proposal

“Seeks EC support to contact the appropriate government agencies in Hong Kong/China and Singapore to assess the level of official support for the establishment of an APNIC Foundation in either nation.

This process will also include an assessment of the potential for other financial and in-kind support outside of the government agencies contacted.”

# Hong Kong visit – 16/4

Met with lawyer specialising in non-profits and charities (information sheets provided):

- Recommended a charity focused on education
- Set-up a non-profit first (company limited by guarantee) and then register as a charity
- 12 to 18 month process to do both
- APNIC Foundation is an acceptable name
- Recommended that EC is provided a legal opinion on governance, tax and other implications

# Manila EC

- The EC agreed to obtain a legal opinion on governance and tax implications for the establishment of an APNIC Foundation in Hong Kong.
- Also provided is “The APNIC Foundation Hong Kong Strategic Rationale Concept Note”

# Beijing visit – 2-6/8

The visit clearly confirmed there is support and interest in China for APNIC's Development services and, once it is established, possibly the APNIC Foundation

## 1) Met with China Foundation Center:

- About 4,000 foundations holding about 100 billion Chinese yuan (A\$21.6 billion) in assets.
- Most – more than half – are focused on education and poverty alleviation.
- Only 20 to 30 give money outside of China.

## 2) The China Internet Development Foundation

# Jakarta documents

1. The APNIC Foundation Hong Kong Strategic Rationale  
Concept Note
2. Legal opinion on governance and tax implications for the  
establishment of an APNIC Foundation in Hong Kong

# Why a Foundation?

- More flexibility to raise and/or manage resources.
- Perform transactions in a more competitive and expeditious manner.
- Manage assets while minimizing risks to APNIC
- Donors assured of mission and focus
- Opportunity to involve business leaders and others in supporting APNIC's goals.



# Why the “APNIC” Foundation?

APNIC has:

- Strong technical focus and knowledge.
- Financial strength and transparency
- Robust regional networks and relationships
- Established and respected reputation

# Why Hong Kong?

- A more visible presence in Asia
- Increased collaborative opportunities
- Improved access to resources

# Jakarta proposal

That APNIC management develop for EC consideration in Guam the necessary legal documents for the establishment of the APNIC Foundation Hong Kong including:

- Memorandum of Association
- Articles of Association
- Business Plan (including budget)

# Thank you

# **The APNIC Foundation Hong Kong**

## **Strategic Rationale**

### **Concept Note**

#### **Introduction**

At the APNIC38 EC meeting it was agreed – based on a “Concept Paper - The APNIC Foundation” - to further investigate the establishment of a “developmental funding foundation” that could support the expansion of APNIC’s development services including:

- Training
- Technical assistance
- Support for community development and engagement activities including NOGs, fellowships and engagement with and support for other AP Internet organizations etc.)
- Infrastructure deployment (root servers, IXPs, anchors and probes)
- Information Society Innovation Fund (ISIF)
- And possibly research (although this falls outside of the development section)

Since then, work has continued successfully on developing new sources of support for these development activities with the World Bank, JICA and the ITU providing either new support or increased levels of support.

In addition to this, trips have also been made to Singapore, Hong Kong and China to gather information on foundations and funding and the legal situation if APNIC was to decide to establish a foundation in any of these places. Efforts also continued to assess the level of support around the region for APNIC’s development activities via events such as the Credit Suisse philanthropy forum, the Asian Venture Philanthropy Network annual conference and visits to Beijing, Manila and Tokyo to meet with a range of organizations.

All of these activities over the past year, have confirmed there is interest and support for APNIC development activities. Based on this work – and acknowledging the legal opinion that will also be provided to the EC at APNIC40 – this Concept Note seeks to answer three key strategic questions:

- 1) Why a foundation?
- 2) Why the APNIC Foundation?
- 3) Why Hong Kong?

#### **Why a foundation?**

Foundations have been set up by universities, companies, organizations and (usually wealthy) individuals for many years in many different economies. They are an accepted, established and successful mechanism for managing resources and achieving strategic goals that generally provide greater flexibility and efficiency that can be provided by a parent organization. That a successful organization such as APNIC is considering establishing a foundation to better manage its resources and

achieve its development goals would be considered by many development professionals as an entirely appropriate and timely step.

There are a range of reasons why organizations consider the establishment of foundations including:

- As tax-exempt organizations, institutionally-related foundations can have more flexibility to raise and/or manage resources than their parent organizations.
- Depending on their structure, they can perform business transactions in a more competitive and expeditious manner.
- They can manage assets that contribute to the mission and resources of the parent organization while minimizing the risks to the parent organization that may be associated with such investments.
- Some donors feel more assured that their support to a foundation will be more appropriately invested, distributed for the intended purposes, and not become confused with the activities of a parent organization.
- A foundation provides an opportunity for a parent organization to involve prominent business leaders, well known community figures and other successful individuals who are willing to commit their time, resources and talent in order to support shared goals.
- Foundation boards can also provide useful long-term perspectives on the needs and priorities of parent organizations without direct involvement or responsibilities.
- Foundation resources can provide a stable and secure source of funding for the parent organization, free of other influences that can shift over time, depending on the business environment of the parent organization.

These are some of the most common reasons for organizations to establish a foundation. There are others that can be specific to an organization (for example, the management of specific assets or gifts). It will be important for APNIC to clearly identify the specific strategic reasons for it to establish a foundation and ensure the foundation is able to satisfy these reasons.

Based on this information, for the APNIC Foundation five strategic reasons are proposed:

1. As a tax-exempt organization with a different legal status to APNIC, the APNIC foundation will have more flexibility to raise and/or manage resources.
2. Depending on its structure, the APNIC foundation should be able to perform business transactions in a more competitive and expeditious manner.
3. The APNIC Foundation should be able to manage assets that contribute to the mission and resources of APNIC while minimizing the risks to APNIC that may be associated with such investments.
4. Some donors will feel more assured that their support to the APNIC foundation will be more appropriately invested, distributed for the intended purposes, and will not become confused with the activities of APNIC.

5. The APNIC foundation will provide an opportunity for APNIC to involve prominent business leaders, well known community figures and other successful individuals who are willing to commit their time, resources and talent in order to support APNIC's goals.

### **Why the APNIC Foundation?**

Once the decision has been made to establish a foundation and its activities have been clearly defined, another key strategic question is what to call it, as its name will help define who it is. Over the past 12 months, we have used the name the APNIC Foundation and it is recommended that this continue and remain the name of the foundation.

To understand why it should be called the APNIC Foundation, it is important to understand why APNIC will be receiving support for its development services. For most development agencies and organizations, there are two important steps in deciding what they will support:

- 1) Clearly define what problem they are trying to solve, or the issue they are trying to address
- 2) Identify suitable partners they can work with, or invest in to help them solve these problems or address these issues

Based on this rationale, the APNIC Foundation must be seen as a mechanism that will facilitate support, it will not be the main reason or the motivation for any support. The most important reason that APNIC will receive support is because it is trying to solve the same problems as those that provide the support.

Having said that, the "Concept Paper - The APNIC Foundation" provided to the EC in Brisbane gave four additional reasons why APNIC receives support:

- 1) Its strong technical focus and knowledge.
- 2) Its financial strength and transparency
- 3) Its robust regional networks and relationships
- 4) Its established and respected reputation

It is very important that the APNIC Foundation has direct and clear access to these APNIC assets at all times. Without them, it is unlikely the APNIC Foundation will be able to maximize its support. In summary: APNIC is the brand and the foundation must maximize the use of this brand for its success

### **Why Hong Kong**

The "Concept Paper - The APNIC Foundation" presented in Brisbane suggested the following advantages for basing the APNIC Foundation in Hong Kong:

"A more visible presence in Asia (thus reducing any concerns about APNIC being an Australian-centric organization); increased collaborative opportunities ... and, improved access to resources to support APNIC's Development services."

These remain the most important strategic reasons for establishing a foundation in Hong Kong.

However, the opinions on legal, governance and tax issues being provided to the EC on the APNIC Foundation will provide other important information on where a foundation should be based. For example, it maybe that one economy has higher costs, or a better tax environment, than another.

With this in mind, and to better understand the strategic benefits of a foundation in Hong Kong in more detail, here is a brief summary of the key points:

- *A more visible presence in Asia:* The most important element of this strategic advantage is that it is supported by a strong, clearly focused communications strategy. That the APNIC Foundation is clearly and firmly branded as the APNIC Foundation Hong Kong.

Because it is unlikely the APNIC Foundation Hong Kong would have any offices or staff in Hong Kong, the only way its Hong Kong identity can be conveyed is via communications.

The benefits of such a communications campaign include that Hong Kong is recognized as a low tax, efficient and productive place of work that is centrally located in Asia. It is also seen from within China as being part of China.

- *Increased collaborative opportunities:* Being based in Hong Kong will obviously give the foundation a higher profile than not being based in Hong Kong, as well as China. This profile will be supported by a number of activities ranging from requirements to register as a foundation, to joining events and activities in Hong Kong as a local organization with a regional focus.

Less tangible will be organizations who have a mandate to partner with Asian-based agencies so they can partner with the APNIC Foundation Hong Kong, but not the APNIC Foundation Australia.

- *Improved access to resources to support APNIC's Development services:* While it will take some time to establish the APNIC Foundation as being based in Hong Kong, once it is recognized as a Hong Kong organization, it will be have better access to resources in economies such as China, Japan and Taiwan as well as South East Asia because it is in the region.



# Agenda Item 17

## Conference update

# Conferences Update

## APNIC 42 – 44

# APNIC 42

# APNIC 42, Dhaka

- 29 September – 6 October 2016
- Conference / Workshop Venue: Pan-Pacific Dhaka
- ISPAB confirmed as Host Sponsor
- Co-located events
  - Confirmed: BDN OG 6
  - Potential: FIRST TC
  - Potential: DNS-OARC Workshop



# Update on Key Event Criteria

| Criteria                   | Projected | Actual | Notes   |
|----------------------------|-----------|--------|---|
| Air Route / Ease of Travel | Yellow    | Yellow | Major air hubs – HK, SG, BKK – service Dhaka. Traffic in Dhaka is terrible so central location needed for venue and hotel |
| Internet Infrastructure    | Yellow    | Green  | ISPAB will secure connectivity/bandwidth sponsors from their members  |
| Travel Advisory            | Green     | Yellow | Travel advisories remain cautious following January political violence  |
| Political Stability        | Green     | Yellow | Travel advisories remain cautious following January political violence  |
| Visa Requirement           | Yellow    | Yellow | No change   |

# Update on Key Event Criteria

| Criteria                | Projected | Actual | Notes  |
|-------------------------|-----------|--------|--|
| Venues                  | Yellow    | Green  | Pan Pacific Sonargaon booked for conference and workshops. Central location                            |
| Budget                  | Yellow    | Yellow | Negotiation on venue and accommodation underway  |
| Suppliers               | Yellow    | Yellow | No change. Host will assist  |
| Sponsorship Opportunity | Red       | Yellow | ISPAB confirmed as host. Will provide connectivity, on-site assistance, assist with sponsorship, visas |
| Ease of arranging event | Yellow    | Yellow | No change. Dates changed to avoid Eid al-Adha  |

# APNIC 44

# APNIC 44, Taichung

- 7-14 September 2017
- Conference / Workshop Venue: TBC
- TWNIC confirmed as Host Sponsor
- Potential co-located events
  - APTLD
  - FIRST TC
- APAN 44 may also be a potential co-located event – would require moving APNIC 44 to August



# Update on Key Event Criteria

| Criteria                   | Projected | Actual | Notes   |
|----------------------------|-----------|--------|---|
| Air Route / Ease of Travel | Green     | Green  | Direct flights from HK, CN, VN, KR. High speed train from Taipei (which is served by many major airlines) |
| Internet Infrastructure    | Green     | Green  | TWNIC will arrange connectivity / bandwidth sponsor   |
| Travel Advisory            | Green     | Green  | Low risk  |
| Political Stability        | Green     | Green  | Low risk  |
| Visa Requirement           | Green     | Green  | Visa-free for many economies  |

# Update on Key Event Criteria

| Criteria                | Projected | Actual | Notes   |
|-------------------------|-----------|--------|---|
| Venues                  | Green     | Green  | Venue TBC (but options available to meet requirements)  |
| Budget                  | Green     | Green  | Costs are cheaper outside of Taipei   |
| Suppliers               | Green     | Green  | No issues foreseen  |
| Sponsorship Opportunity | Green     | Green  | City of Taichung will sponsor opening reception, and TWNIC will assist in promotion to potential local sponsors |
| Ease of arranging event | Green     | Green  | TWNIC will assist   |

## Agenda Item 18

NRO NC election procedures

APNIC 40

# NRO Number Council Election



JAKARTA, INDONESIA

3-10 September 2015

#apnic40

# Overview

- About the NRO NC election
- Online voting
- On-site voting
- Counting procedure
- Declaration of result
- Dispute resolution

# Composition of NRO NC

- Defined by NRO MoU
- Three members from each region
  - One member appointed by Board of each RIR
  - Two members selected via regional policy forum of each RIR
- Selection process decided by each RIR
  - <http://www.nro.net/documents/nro-memorandum-of-understanding>

# NRO NC Selection – APNIC

- As determined by the APNIC EC
- One member appointed by the APNIC EC annually, for a one-year term
- Two members elected during the APNIC Policy day
  - One member elected each year, for a two-year term (staggered)
  - Election not governed by the APNIC By-laws, but to be conducted in the general manner described there

# 2015 NRO NC Election

- One vacant seat on NRO NC
  - Two-year term from 1 January 2016 to 31 December 2017
- Call for nominations ended 5 Aug 2015
  - <https://blog.apnic.net/2015/06/10/nominations-now-open-for-number-resource-organization-number-council/>
- Online and on-site voting available
  - <https://blog.apnic.net/2015/08/19/online-voting-for-nro-nc-election-opens-today/>



# Election Chair

- Ms Sylvia Sumarlin, Chair, Indonesia IT Federation
- Responsibilities:
  - Oversee the election process
  - Appoint the Election Scrutineers
  - Resolve disputes
  - Declare the election results

# Election Officers

- George Kuo and Connie Chan
  - Appointed by the APNIC EC
  - Selected from APNIC Secretariat staff
- Responsibilities:
  - 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

- Wita Laksono and Zen Ng
  - Appointed by the APNIC EC
  - Selected from APNIC Secretariat staff
- Responsibilities:
  - Supervise the ballot box
  - Issue ballot papers on site
  - Validate and count the votes
  - Report the results to the Election Chair

# Election Scrutineers

- TBC
  - Appointed by the Election Chair
  - Selected from staff of other RIRs, ICANN, and ISOC who are on site
  - Do not vote and must be independent from any APNIC Member or candidate
- Responsibilities:
  - 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

# Online Voting

- Voting period
  - Started: Monday, 19 August 2015
  - Ended: 9:00 (UTC +7) Tuesday, 8 September 2015
- Online voting is accessible via MyAPNIC
  - Each APNIC Member organization is entitled to one vote via MyAPNIC
  - The system preserves anonymity, storing a record of who has voted, and a separate record of votes cast

# On-site Voting

- Voting period
  - Starts: As announced by the Election Chair
  - Ends: 14:00 (UTC +7) Thursday, 10 September 2015
  - Each registered APNIC 40 attendee is entitled to one vote, as an individual

# On-site Voting Logistics

- The Voting Desk is set up outside the Policy SIG meeting room
- The ballot box is placed at the Voting Desk after the Election Chair announces the opening of on-site voting
- Election Tellers supervise the ballot box at all times
- Enquiries should be directed to the Election Officers at the Voting Desk

# Voting Ballot Paper

- Voting ballot papers provide clear voting instructions and are marked with a unique stamp
- A ballot paper is invalid if:
  - No boxes are marked
  - More than one box is marked
  - It has ambiguous marking
  - It does not bear a validation stamp



# Voting Ballot Paper

# Counting Procedure

- The entire process is supervised by the Election Scrutineers
- Votes are counted by the Tellers
- All ballot papers are checked
- Tally forms are used to count, record, and verify the total number of check marks for each candidate
  - Validated and checked by multiple Tellers
- Online voting reports are printed during the vote count
- Votes for each candidate are calculated by combining the total votes from online and on-site votes

# Declaration of Result

- The Election Chair will announce the election results at around 15:00 (UTC +10) today, 10 September 2015
- This declaration will include:
  - The name and total vote count received by each candidate
  - The total number of valid and invalid ballots
  - Notice of any disputes and resolutions
  - Disclosure of any communication from the Election Scrutineers regarding any anomaly or issue

# Notice of Dispute

- Any complaint regarding the conduct of the election must be lodged in writing with the Election Chair at the Conference
- Such notices must be lodged no later than one hour before the scheduled Declaration of the Election
- Notices may be lodged by:
  - Members through their authorized voting representatives
  - Candidates directly with the Election Chair

# Resolving Disputes

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

# APNIC 40



#apnic40

**JAKARTA, INDONESIA**

3-10 September 2015