# Asia Pacific Internet Development Trust and its controlled entity

Financial Report

for the period ended 30 June 2021

# Contents

# Trustees' report

## For the period ended 30 June 2021

The directors of the Trustee company APIDTT Pty Ltd (the "Trustee") present their report on behalf of Asia Pacific Internet Development Trust (the "Trust") and its controlled entity (the "Group") for the period ended 30 June 2021.

The Trust was established by Trust Deed on 13 January 2020.

### Trustees

The names of the Trustee's directors in office during the financial period from the date of formation of the Trust until the date of this report are set out below. Directors were in office for this entire period, unless otherwise stated.

| | |
|---|---|
| Jun Murai | (Appointed: 10 January 2020) |
| Paul Byron Wilson | (Appointed: 10 January 2020) |

### Principal activities

The principal activities of the Group are to fund internet development initiatives in the Asia Pacific region, including technical skills development and capacity building, improvements to critical internet infrastructure, supporting research and development and improving the community's capability to build an open, global, stable and secure internet.

There were no significant changes in the nature of these activities during the period.

### Review of operations

The net profit after tax of the Group for period ended 30 June 2021 was $432,416,155.

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020.

We have not seen a significant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business. The scale and duration of these developments remain uncertain as at the date of this report however they may have an impact on our earnings, cash flow and financial condition.

It is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments' varying efforts to combat the outbreak and support businesses. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the Group at this time.

### Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the period.

### Significant events after the reporting period

Subsequent to year end, the Group disposed of the remaining assets held for sale for $24,772,608.

There were no other significant events occurring after the reporting period which may affect either the Group's operations or results of those operations or the Group's state of affairs.

### Likely developments and expected results

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

### Environmental regulation and performance

The Group is not subject to any particular or significant environmental regulation under laws of the Commonwealth or of a State or Territory.

# Trustees' report (continued)

## For the period ended 30 June 2021

### Indemnification and insurance of directors

The Trust holds Management liability insurance in respect of its Directors and executive management of the business. The insurance contract prohibits disclosure of the insurance premium.

### Indemnification of auditor

To the extent permitted by law, the Trust has agreed to indemnify its auditors, KPMG, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify KPMG during or since the financial period.

Signed in accordance with a resolution of the Trustee.

Director of the Trustee

Date: 24-Feb-2022

# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

## To the Trustee of Asia Pacific Internet Development Trust and its controlled entity:

I declare that, to the best of my knowledge and belief, in relation to the audit of Asia Pacific Internet Development Trust and its controlled entity for the period ended 30 June 2020 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG
Brisbane

B Lovell
Partner
24 February 2022

# Consolidated statement of profit or loss

## For the period ended 30 June 2021

| | Notes | For the period from 13 January 2020 to 30 June 2021 US$ |
|---|---|---|
| Donation income | 4.1 | 440,716,493 |
| Other income | 4.2 | 4,635,125 |
| Grant payments | | (5,497,647) |
| Impairment of assets held for sale | | (2,798,387) |
| Loss on sale of intangible assets - held for sale | | (3,785,360) |
| Administrative expenses | | (820,931) |
| Other expenses | 4.3 | (105,395) |
| Finance income | 4.4 | 72,257 |
| **Profit for the period** | | **432,416,155** |
| Other comprehensive income | | - |
| **Total comprehensive income** | | **432,416,155** |

*The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.*

# Consolidated statement of financial position

## As at 30 June 2021

| | Notes | 2021<br>US$ |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash and cash equivalents | 6 | 51,649,930 |
| Other receivables | 7 | 32,001 |
| Prepayments | | 33,799 |
| Intangible assets - held for sale | 5 | 24,772,608 |
| **Total current assets** | | 76,488,338 |
| | | |
| **Non-current assets** | | |
| Financial assets | 8 | 354,459,273 |
| Right-of-use assets | 9 | 1,578,099 |
| **Total non-current assets** | | 356,037,372 |
| **Total assets** | | **432,525,710** |
| | | |
| **Liabilities** | | |
| **Current liabilities** | | |
| Trade and other payables | 10 | 109,480 |
| **Total current liabilities** | | 109,480 |
| | | |
| **Non-current liabilities** | | |
| **Total non-current liabilities** | | - |
| **Total liabilities** | | **109,480** |
| | | |
| **Net assets** | | **432,416,230** |
| | | |
| **Trust funds and reserves** | | |
| Trust funds | | 75 |
| Retained surplus | | 432,416,155 |
| **Total trust funds and reserves** | | **432,416,230** |

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

# Consolidated statement of changes in trust funds and reserves

## For the period ended 30 June 2021

| | Trust funds | Retained surplus | Total trust funds and reserves |
|---|---|---|---|
| | US$ | US$ | US$ |
| **At 13 January 2020** | **-** | **-** | **-** |
| Comprehensive income for the period | - | 432,416,155 | 432,416,155 |
| Other comprehensive income | - | - | - |
| Total comprehensive income for the period | - | 432,416,155 | 432,416,155 |
| Issue of trust funds | 75 | - | 75 |
| **At 30 June 2021** | **75** | **432,416,155** | **432,416,230** |

*The above consolidated statement of changes in trust funds and reserves should be read in conjunction with the accompanying notes.*

# Consolidated statement of cash flows

## For the period ended 30 June 2021

| | Note | For the period from 13 January 2020 to 30 June 2021 US$ |
|---|---|---|
| **Operating activities** | | |
| Payments to suppliers | | (635,804) |
| Grant payments | | (5,497,647) |
| **Net cash flows used in operating activities** | | **(6,133,451)** |
| | | |
| **Investing activities** | | |
| Receipts from sale of intangible assets | | 409,360,138 |
| Purchase of financial assets | | (350,000,100) |
| Interest received | | 44,140 |
| **Net cash flows from investing activities** | | **59,404,178** |
| | | |
| **Financing activities** | | |
| Settlement sum received | | 75 |
| Payment of principal portion of lease liabilities | | (1,620,872) |
| **Net cash flows used in financing activities** | | **(1,620,797)** |
| | | |
| Net increase in cash and cash equivalents | | 51,649,930 |
| Cash and cash equivalents at 13 January 2020 (date of establishment) | | - |
| **Cash and cash equivalents at 30 June** | 6 | **51,649,930** |

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

# Notes to the consolidated financial statements

## For the period ended 30 June 2021

### 1. Corporate information

The consolidated financial statements of Asia Pacific Internet Development Trust and its controlled entity (the "Trust") and its subsidiary (collectively, the "Group") for the period ended 30 June 2021 were authorised for issue in accordance with a resolution of the Trustees on 24 February 2022.

APIDTT Pty Ltd as corporate Trustee (the "Trustee") for Asia Pacific Internet Development Trust and its controlled entity is a company limited by shares incorporated in Australia.

The registered office and principal place of business of the Trust is 6 Cordelia Street, South Brisbane, QLD 4101.

The Trust was established by a Trust Deed on 13 January 2020. The consolidated financial statements cover the period from 13 January 2020 to 30 June 2021 and it is the first consolidated financial statements prepared by the Group. As such, no comparatives are presented.

Further information on the nature of the operations and principal activities of the Group is provided in the Trustees' report. Information on other related party relationships of the Group is provided in Note 12.

### 2. Significant accounting policies

### 2.1 Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Australian Accounting Standards - Simplified Disclosure Requirements* and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis except for financial assets which are measured at fair value.

The financial report is presented in United States dollars and all values are rounded to the nearest dollar ($), unless otherwise stated.

The Group has opted to adopt AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-For-Profit Tier 2 Entities* ahead of its mandatory effective date of 1 July 2021.

### 2.2 Changes in accounting policies and disclosures

#### New and amended standards and interpretations

The new and amended Australian Accounting Standards and Interpretations that apply for the first time in 2021 do not materially impact the financial statements of the Group.

**Accounting Standards and Interpretations issued but not yet effective**

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2021. Other than the early adoption of *Australian Accounting Standards-Simplified Disclosures,* the Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. The Group intends to adopt the new or amended standards or interpretations when they become effective.

# Notes to the consolidated financial statements (continued)

## For the period ended 30 June 2021

### 2. Significant accounting policies (continued)

### 2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiary as at 30 June 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of a subsidiary to bring their accounting policies in line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

# Notes to the consolidated financial statements (continued)

## For the period ended 30 June 2021

### 2. Significant accounting policies (continued)

### 2.4 Summary of significant accounting policies

### a) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

### b) Foreign currencies

The Group's consolidated financial statements are presented in United States dollars, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

***Transactions and balances***

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in other comprehensive income ('OCI') until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

# Notes to the consolidated financial statements (continued)

## For the period ended 30 June 2021

### 2. Significant accounting policies (continued)

### 2.4 Summary of significant accounting policies (continued)

#### c) Finance income

Interest income is recorded using effective interest rate (EIR) method. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the consolidated statement of profit or loss.

#### d) Taxes

***Current income tax***

Under current legislation, the Trust is not subject to income tax as it is an income tax exempt charity.

***Goods and services tax (GST)***

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

#### e) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

***Group as a lessee***

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

***(i) Right-of-use assets***

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

| | |
|---|---|
| Cable line | 15 years |

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.4(f) Impairment of non-financial assets.

# Notes to the consolidated financial statements (continued)

## For the period ended 30 June 2021

### 2. Significant accounting policies (continued)

### 2.4 Summary of significant accounting policies (continued)

### e) Leases (continued)

***(ii) Lease liabilities***

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

***(iii) Short-term leases and leases of low-value assets***

The Group applies the short-term lease recognition exemption to its short-term leases of 12 months or less (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### f) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five periods. A long-term growth rate is calculated and applied to project future cash flows after the fifth period.

Impairment losses of are recognised in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

# Notes to the consolidated financial statements (continued)

## For the period ended 30 June 2021

### 2. Significant accounting policies (continued)

### 2.4 Summary of significant accounting policies (continued)

### g) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

***(i) Financial assets***

**Initial recognition and measurement**

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

**Subsequent measurement**

***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

Dividends on equity investments are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established.

The Group has a portfolio of equity instruments in listed companies which it has elected to recognise as financial assets at fair value through profit or loss .

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

***(ii) Financial liabilities***

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as payables.

# Notes to the consolidated financial statements (continued)

## For the period ended 30 June 2021

### 2. Significant accounting policies (continued)

### 2.4 Summary of significant accounting policies (continued)

### g) Financial instruments (continued)

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables.

**Subsequent measurement**

***Trade and other payables***

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

### h) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash, as defined above.

### i) Increase/decrease in net assets

Income not distributed is included in net assets. Movements in net assets are recognised in profit or loss.

### j) Fair value measurement

The Group measures certain financial instruments and non-financial assets at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

# Notes to the consolidated financial statements (continued)

## For the period ended 30 June 2021

### 2. Significant accounting policies (continued)

### 2.4 Summary of significant accounting policies (continued)

#### j) Fair value measurement (continued)

External valuers are involved for valuation of significant assets, such as investment properties and unquoted financial assets, and significant liabilities, such as contingent consideration.

#### k) Assets held for sale

The Group classifies assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one period from the date of the classification.

Intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

# Notes to the consolidated financial statements (continued)

## For the period ended 30 June 2021

### 3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### Estimates and assumptions

There were no critical accounting estimates and judgements exercised during the period by management.

# Notes to the consolidated financial statements (continued)

## For the period ended 30 June 2021

### 4. Income and expenses

### 4.1 Donation income

| | For the period from 13 January 2020 to 30 June 2021 |
|---|---|
| | US$ |
| Donation in kind | **440,716,493** |

### 4.2 Other income

| | For the period from 13 January 2020 to 30 June 2021 |
|---|---|
| | US$ |
| Fair value gain on financial assets held at fair value through profit or loss | 4,179,054 |
| Dividend income | 456,071 |
| | **4,635,125** |

### 4.3 Other expenses

| | For the period from 13 January 2020 to 30 June 2021 |
|---|---|
| | US$ |
| Depreciation expense (Note 9) | 42,773 |
| Foreign exchange losses (net) | 16,238 |
| Maintenance expense | 46,384 |
| | **105,395** |

### 4.4 Finance income

| | For the period from 13 January 2020 to 30 June 2021 |
|---|---|
| | US$ |
| Interest income | **72,257** |

# Notes to the consolidated financial statements (continued)

## For the period ended 30 June 2021

### 5. Assets held for sale

On 19 March 2020, The Trust received a donation of IP addresses from the WIDE Project at a value of US$440,716,493 in order for them to offer these for sale to fund its initiatives.

Up until 30 June 2021, the Group has sold the majority of these with the intention to sell the remainder within the next 12 months. Subsequent to year end, all remaining IP addresses have been disposed off.

Impairment of $2,798,387 was recognised during the financial period to reduce the carrying amount of the assets to their fair value less costs to sell.

| | **2021** |
|---|---|
| | **US$** |
| ***Assets*** | |
| Intangible assets | 24,772,608 |
| **Assets held for sale** | **24,772,608** |

### 6. Cash and cash equivalents

| | **2021** |
|---|---|
| | **US$** |
| Cash on hand | 183 |
| Cash in bank | 51,649,747 |
| | **51,649,930** |

### 7. Other receivables

| | **2021** |
|---|---|
| | **US$** |
| GST receivable | **32,001** |

### 8. Financial assets

| | **2021** |
|---|---|
| | **US$** |
| Equity investments at fair value through profit or loss | **354,459,273** |

The fair values of the listed equity investments are based on price quotations at the reporting date.

# Notes to the consolidated financial statements (continued)

## For the period ended 30 June 2021

### 8. Financial assets (continued)

### Fair value measurement

The following table provides the fair value measurement hierarchy of the Trust's assets.

### Fair value measurement hierarchy for assets as at 30 June 2021:

| | | | Fair value measurement : | | |
|---|---|---|---|---|---|
| | Date of valuation | Total | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| | | US$ | US$ | US$ | US$ |
| **Assets measured at fair value:** | | | | | |
| Equity investment at fair value through profit and loss | 30 June 2021 | 354,459,273 | 354,459,273 | - | - |

### 9. Leases

### Group as a lessee

The Group has a lease arrangement which provides the Group the right of use of an extensive fibre cable system. The Group made an upfront payment for the entire lease period on the date of inception of the lease and hence has no lease liability outstanding. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

| | Right-of-use assets |
|---|---|
| | US$ |
| **As at 13 January 2020** | - |
| Additions | 1,620,872 |
| Depreciation expense | (42,773) |
| **As at 30 June 2021** | **1,578,099** |

There were no expenses relating to short-term leases and leases of low-value assets recognised in profit or loss during the period ended 30 June 2021.

### 10. Trade and other payables

| | 2021 |
|---|---|
| **Current** | US$ |
| Trade payables | 5,759 |
| Accrued expenses | 103,721 |
| | **109,480** |

# Notes to the consolidated financial statements (continued)

## For the period ended 30 June 2021

### 11. Subsidiaries

The consolidated financial statements of the Group include:

| Name | Country of incorporation | % Equity interest 2021 |
|---|---|---|
| APIDT Infrastructure Pty Ltd | Australia | 100% |

The subsidiary was acquired on incorporation on 18 September 2020.

### 12. Related party disclosures

APNIC Pty Ltd and WIDE Research Institute Co., Ltd are the joint-guardians of the Trustee. APNIC Pty Ltd and WIDE Research Institute Co., Ltd have legal control of the Trust, but have no beneficial interest in the assets of the Trust.

***Related party transactions***

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period.

| | | Donation income | Expenses paid |
|---|---|---|---|
| | | US$ | US$ |
| APNIC Pty Ltd | 2021 | - | 31,497 |
| WIDE Research Institute Co., Ltd. | 2021 | 440,716,493 | 25,128 |

***Terms and conditions of transactions with related parties***

There have been no guarantees provided or received for any related party receivables or payables. For the period ended 30 June 2021, the Group recognised provision for expected credit losses of $nil relating to amounts owed by related parties.

#### Compensation of key management personnel of the Group

There was no compensation expense of key management personnel during the period ended 30 June 2021.

### 13. Commitments and contingencies

#### Commitments

The Group had no commitments as at 30 June 2021.

#### Contingencies

The Group had no contingent assets or contingent liabilities as at 30 June 2021.

# Notes to the consolidated financial statements (continued)

## For the period ended 30 June 2021

### 14. Events after the reporting period

Subsequent to year end, the Group disposed of the remaining assets held for sale for $24,772,608.

There were no other significant events occurring after the reporting period which may affect either the Group's operations or results of those operations or the Group's state of affairs.

### 15. Auditor's remuneration

The auditor of Asia Pacific Internet Development Trust and its controlled entity is KPMG.

| | **For the period from 13 January 2020 to 30 June 2021** |
|---|---|
| | **US$** |
| *Amounts received or due and receivable by KPMG for:* | |
| An audit of the financial report of the Group | 15,309 |
| Other services | 47,270 |
| | **62,579** |

### 16. Information relating to Asia Pacific Internet Development Trust

| | **2021** |
|---|---|
| | **US$** |
| Current assets | 76,484,334 |
| **Total assets** | **432,645,981** |
| | |
| Current liabilities | (105,544) |
| **Total liabilities** | **(105,544)** |
| | |
| **Net assets** | **432,540,437** |
| | |
| Profit of the Parent | 432,540,362 |
| Total comprehensive income of the Parent | 432,540,362 |

The Parent did not have any commitments as at 30 June 2021.

The Parent entity did not have any contingencies as at 30 June 2021.

# Trustees' declaration

In accordance with a resolution of the Trustees of Asia Pacific Internet Development Trust and its controlled entity, I state that:

In the opinion of the Trustees:

(a) the consolidated financial statements and notes of Asia Pacific Internet Development Trust and its controlled entity for the financial period ended 30 June 2021 are:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the period ended on that date; and

(ii) complying with *Australian Accounting Standards - Simplified Disclosures;*

(b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

On behalf of the board

Director of the Trustee

Date: 24-Feb-2022

# Independent Auditor's Report

## To the Trustee of Asia Pacific Internet Development Trust

## Opinion

We have audited the ***Financial Report***, of the Asia Pacific Internet Development Trust and its controlled entity (the Group).

In our opinion, the accompanying Financial Report of the Group presents fairly, in all material respects the Group's financial position as at 30 June 2021, and of its financial performance and its cash flows for the period then ended, in accordance with the basis of preparation described in Notes 1 to 3 to the Financial Report.

The ***Financial Report*** comprises

- Statement of financial position as at 30 June 2021;
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the period then ended;
- Notes including a summary of significant accounting policies; and
- Trustees' declaration of the Group.

## Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

## Other information

Other Information is financial and non-financial information in the entity's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. Trustee's committee members are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Trustees for the Financial Report

The Trustees are responsible for:

i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosures Requirements and the ACNC.

ii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

iii. Assessing the Group's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and

ii. to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

ii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Group's internal control.

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees committee members.

iv. Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the registered Group to cease to continue as a going concern.

v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

KPMG

Brisbane

24 February 2022