

finance & administration area

HR Matters

During the year, a unit was setup to handle our Human Resources (HR) activities. We have started to formalize all our HR policies and a new HR management software was acquired to help in the process.

Our staff consolidation process started with the relocation of Ernest Byaruhanga from our South Africa office to Mauritius. This function will also be responsible for staff training, staff welfare and other staff related matters.

STAFF :

During the year, Patrick Deesse joined AfriNIC as the Finance & Administration Manager.



Financial year ended December 2007

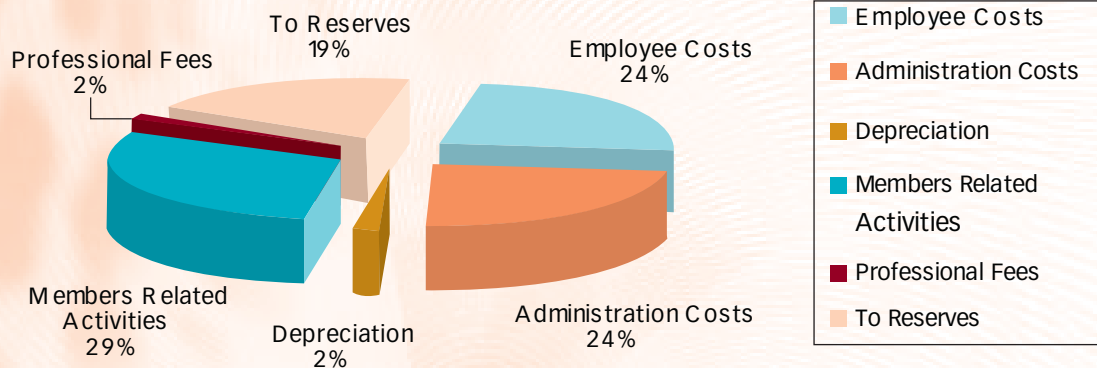
The growth experienced in the previous year was maintained in the year under review with an increase of 61.7% recorded in our membership fees from \$832,132 to \$1,346,027. However, there was a marked reduction of 40% in grants compared to the previous year.



Our Total Reserves grew by 30.4% from \$962,025 to \$1,254,802. This is in line with our objective to build up our reserves to the equivalent of two years operating costs. Whilst our interest income increased by 99% over last year, the strength of the Mauritian Rupees against the Dollar, had a negative impact on our overall results for the year.

The growth was also reflected in our operating costs which increased by 67.3% from \$623,425 to \$1,042,925. One main focus in 2007 was the consolidation of our Human Resources in order to position ourselves to better serve the growing community. As at the end of December 2007, the staff complement stood at 8 (2006, 5). There was also an increase in membership related activities, such as LIR training, outreach, sponsorship, travel and advertising. Our technical operations based in South Africa once again benefited from the funding from the Department of Communication (DoC).

Utilization of membership fee



During the year under review, \$31,195 (2006, \$62,537) was used on infrastructure to enhance and strengthen our existing capacity.

The Financial Statements was audited by Ernst and Young and a copy of their report is appended.

Prospects:

The risk associated with the strength of the Mauritian Rupee against the USD is something we are going to watch closely during the forthcoming year. The coming year will be characterised by an increased effort in IPv6 training in the region. Given the good results of the past year, which reflected members' confidence, AfriNIC is well positioned to make 2008 yet another successful year.



AUDITORS' REPORT TO THE MEMBERS OF AIRINDC LTD

Report on the Financial Statements

We have audited the financial statements of AirINDC LTD (on pages 5 to 14) which comprise the balance sheet as at December 31, 2007 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements (on pages 5 to 14) give a true and fair view of the financial position of the Company as at December 31, 2007 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

AUDITORS' REPORT TO THE MEMBERS OF ARINC LTD

Report on the Financial Statements (continued)

Our opinion

This report, including the opinion, has been prepared for and only for the Company's members as a body, in accordance with Section 709 of the Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person or whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

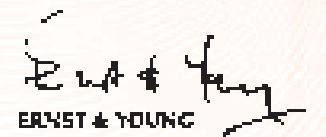
Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with or interest in the Company other than in our capacity as auditors and dealings with the Company in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.



ERNST & YOUNG



ANSHU LAKSHMI LOKSHI, A.C.A.

For Ernst & Young

Date: 07 February 2008

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AFRINIC LIMITED

INCOME STATEMENT - YEAR ENDED DECEMBER 31, 2007

	Notes	2007	2006
		Rs	Rs
Income	8	<u>41,526,851</u>	<u>31,295,651</u>
Administrative expenses		(17,052,620)	(10,803,263)
Distribution expenses		(12,661,351)	(9,657,563)
Total expenses		<u>(29,713,971)</u>	<u>(20,460,826)</u>
Surplus of income over expenditure	9	11,812,880	10,834,825
Finance income/(Cost)	11	(4,010,312)	3,246,399
Surplus for the year		<u>7,802,568</u>	<u>14,081,224</u>

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AFRINIC LIMITED

BALANCE SHEET AS AT DECEMBER 31, 2007

	Notes	2007	2006
ASSETS		Rs	Rs
Non-current assets			
Property, plant and equipment	4	<u>2,354,620</u>	<u>2,224,566</u>
Current assets			
Trade and other receivables	5	1,907,496	850,953
Cash and short-term deposit		35,752,721	30,629,425
		<u>37,660,217</u>	<u>31,480,378</u>
Total assets		<u>40,014,837</u>	<u>33,704,944</u>
EQUITY AND LIABILITIES			
Other reserves		27,874,000	18,681,500
Revenue reserves		4,566,754	5,956,686
Grant		<u>3,309,802</u>	<u>4,222,569</u>
Total equity		<u>35,750,556</u>	<u>28,860,755</u>
Current liabilities			
Trade and other payables	7	4,264,281	4,844,189
Total equity and liabilities		<u>40,014,837</u>	<u>33,704,944</u>

AfriNIC Limited

YEAR ENDED 31 DECEMBER 2007, FINANCIAL SUMMARY

PROFIT AND LOSS STATEMENT

Annex (USD comparatives)

	Year ended 31 December		Year ended 31 December	
	2007		2006	
	MRU	US\$	MRU	US\$
Income				
Membership fees	38,349,650	1,346,027	24,963,924	832,131
Grants	3,177,201	111,516	6,331,727	209,250
	<u>41,526,851</u>	<u>1,457,543</u>	<u>31,295,651</u>	<u>1,041,381</u>
Administrative expenses				
Human Resources	(9,779,666)	(343,255)	(7,031,494)	(214,244)
Telephone & Communications	(1,098,041)	(38,540)	(593,310)	(18,078)
Computer expenses	(120,527)	(4,230)	(113,099)	(3,446)
Office expenses	(1,060,674)	(37,228)	(1,309,038)	(39,885)
Motor Vehicles expenses	(128,325)	(4,504)	(133,870)	(4,079)
Insurances	(65,052)	(2,283)	(58,992)	(1,797)
Printing, postage & stationery	(761,402)	(26,724)	(302,294)	(9,211)
Bank charges	(319,461)	(11,213)	(284,984)	(8,683)
Audit fees	(90,000)	(3,159)	(90,000)	(2,742)
Depreciation	(715,324)	(25,107)	(556,787)	(16,965)
Legal & Consulting fees	(623,083)	(21,869)	(329,395)	(10,036)
Sponsorship	(1,764,234)	(61,922)		
LIR Training	(526,830)	(18,491)		
Total Administration expenses	<u>(17,052,620)</u>	<u>(598,527)</u>	<u>(10,803,263)</u>	<u>(329,167)</u>

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AfriNIC Limited

YEAR ENDED 31 DECEMBER 2007, FINANCIAL SUMMARY
PROFIT AND LOSS STATEMENT
Annex (USD comparatives)

	Year ended 31 December 2007		Year ended 31 December 2006	
	MRU	US\$	MRU	US\$
Distribution expenses				
Advertising expenses	(425,577)	(14,937)	(176,751)	(5,385)
Bad debts	(470,102)	(16,500)	(667,500)	(20,338)
Meeting and seminars expenses	(2,596,070)	(91,119)	(2,689,150)	(81,936)
Projects Sponsorships	0	0	(843,343)	(25,696)
Contribution	(1,715,548)	(60,214)	0	0
Travelling & Accommodation expenses	(6,014,610)	(211,106)	(4,747,589)	(144,655)
Entertaining expenses	(22,345)	(784)	(27,945)	(851)
Car rental	(250,799)	(8,803)	(87,069)	(2,653)
Discounts Allowed	(1,166,300)	(40,936)	0	0
Computer expenses	0	0	(418,216)	(12,743)
Total Distribution expenses	(12,661,351)	(444,398)	(9,657,563)	(294,258)
Total Operating expenses	(29,713,971)	(1,042,925)	(20,460,826)	(623,425)
Other Income/Expenses				
Interest income	1,915,691	67,238	1,109,095	33,793
Exchange (Loss)/Gain	(5,926,003)	(207,996)	2,137,304	17,625
Total Other Income/Expenses	(4,010,312)	(140,757)	3,246,399	51,418
Surplus for the period	7,802,568	273,861	14,081,224	469,374

AfriNIC Limited

YEAR ENDED 31 DECEMBER 2007, FINANCIAL SUMMARY

STATEMENT OF ASSETS AND LIABILITIES

Annex (USD comparatives)

	Year ended 31 December 2007		Year ended 31 December 2006	
	MRU	US\$	MRU	US\$
ASSETS				
Non-current assets				
Property, plant and equipment	2,354,620	82,644	2,224,566	74,152
Current assets				
Trade and other receivables	1,907,496	66,951	850,953	28,365
Cash and short-term deposit	35,752,721	1,254,878	30,629,425	1,020,981
	37,660,217	1,321,829	31,480,378	1,049,346
Total assets	40,014,837	1,404,473	33,704,944	1,123,498
EQUITY AND LIABILITIES				
Other reserves	27,874,000	978,344	18,681,500	622,717
Revenue reserves	4,566,754	160,288	5,956,686	140,752
Grant	3,309,802	116,170	4,222,569	198,556
Total equity	35,750,556	1,254,802	28,860,755	962,025
Current liabilities				
Trade and other payables	4,264,281	149,671	4,844,189	161,473
	4,264,281	149,671	4,844,189	161,473
Total equity and liabilities	40,014,837	1,404,473	33,704,944	1,123,498