

Report on the Financial Statements

We have audited the financial statements of Afrinic Ltd on pages 5 to 14 which comprise the balance sheet at 31 December, 2006 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 Mauritian 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. Those 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 auditors' judgement, 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 auditors consider 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.

Report on the Financial Statements (Continued)*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 at 31 December 2006 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 Mauritian Companies Act 2001.

Other matter

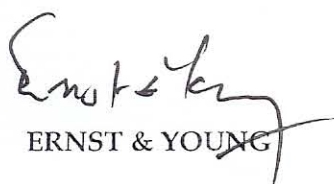
This report, including the opinion, has been prepared for and only for the Company's members, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to 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 interests 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 appears from our examination of those records.


ERNST & YOUNG
ANDRE LAI WAN LOONG, A.C.A
Signing Partner

Port Louis
Mauritius

Date..... 12 APR 2007

AfriNIC Limited
YEAR ENDED DECEMBER 31, 2006
FINANCIAL SUMMARY
PROFIT AND LOSS STATEMENT
Annex (USD Comparative figures)

	Year ended 31 December 2006		Year ended 31 December 2005	
	MRU	US\$	MRU	US\$
Income				
Membership fees	24,963,924	832,131	13,720,070	457,336
Grants	6,331,727	209,250	7,497,119	249,904
	<u>31,295,651</u>	<u>1,041,381</u>	<u>21,217,190</u>	<u>707,240</u>
Administrative expenses				
Human Resources	7,031,494	214,244	5,723,698	190,790
Telephone & Communications	593,310	18,078	247,889	8,263
Computer expenses	113,099	3,446	40,535	1,351
Office expenses	1,309,038	39,885	904,161	30,139
Motor vehicle expenses	133,870	4,079	7,000	233
Insurance	58,992	1,797	11,755	392
Printing, postage & stationery	302,294	9,211	96,121	3,204
Bank charges	284,984	8,683	91,378	3,046
Auditors fees	90,000	2,742	65,000	2,167
Depreciation	556,787	16,965	181,953	6,065
Legal & Consulting fees	329,395	10,036	63,316	2,111
Total Administrative expenses	<u>10,803,263</u>	<u>329,167</u>	<u>7,432,807</u>	<u>247,760</u>
Distribution expenses				
Advertising expenses	176,751	5,385	130,605	4,354
Bad debts	667,500	20,338	151,925	5,064
Meeting and seminars expenses	2,689,150	81,936	749,173	24,972
Projects Sponsorship	843,343	25,696	225,789	7,526
Travelling & Accomodation expense:	4,747,589	144,655	2,621,013	87,367
Entertaining expenses	27,945	851	37,168	1,239
Car rental	87,069	2,653	133,442	4,448
Rent	-	-	337,902	11,263
Computer expenses	418,216	12,743	772,139	25,738
Total Distribution expenses	<u>9,657,563</u>	<u>294,258</u>	<u>5,159,155</u>	<u>171,972</u>
Total Operating expenses	<u>20,460,826</u>	<u>623,426</u>	<u>12,591,963</u>	<u>419,732</u>
Other income				
Interest Received	1,109,095	33,793	283,672	9,456
Exchange gain difference	2,137,304	17,625	1,588,347	-
Total other income	<u>3,246,399</u>	<u>51,418</u>	<u>1,872,019</u>	<u>9,456</u>
Surplus for the period	<u>14,081,224</u>	<u>469,374</u>	<u>10,497,246</u>	<u>296,963</u>

AfriNIC Limited
YEAR ENDED DECEMBER 31, 2006

STATEMENT OF ASSETS AND LIABILITIES
Annex (USD Comparative figures)

ASSETS	Year ended 31 December 2006		Year ended 31 December 2005	
	MRU	US\$	MRU	US\$
Non-current assets				
Property, plant and equipment	2,224,566	74,152	903,629	30,421
Current assets				
Trade and other receivables	850,953	28,365	231,729	7,801
Cash in hand and at bank	30,629,425	1,020,981	15,729,676	529,547
	31,480,378	1,049,346	15,961,405	537,349
Total assets	33,704,944	1,123,498	16,865,034	567,770
EQUITY AND LIABILITIES				
Other reserves	18,681,500	622,717	-	-
Grant	4,222,569	140,752	5,135,336	172,884
Revenue reserves	5,956,686	198,556	10,556,962	355,405
Total equity	28,860,755	962,025	15,692,298	528,289
Current liabilities				
Trade and other payables	4,844,189	161,473	1,172,736	39,481
	4,844,189	161,473	1,172,736	39,481
Total equity and liabilities	33,704,944	1,123,498	16,865,034	567,770