ANNUAL REPORT

AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD

FOR THE YEAR ENDED

DECEMBER 31, 2010

INDEX

Page

1. The directors have pleasure in submitting their Annual Report to the members together with the financial statements for the year ended December 31, 2010.

2. All board members have agreed by way of unanimous resolution date ...., that the Annual Report need not comply with the paragraphs (a), and (d) to (i) of Section 221 (1) of the Companies Act 2001.

Approved by the Board of Directors on May 2 7 2011 and signed on its behalf by:-

)
) DIRECTORS
)

AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD
CERTIFICATE FROM THE COMPANY SECRETARY

I certify that, to the best of any knowledge and belief, the company has lodged with the Registrar of Companies all such returns as are required of the company under the Companies Act 2001.

....
Company Secretary
EXECUTIVE SERVICES LTD

....
Date
May 2 7 2011

ERNST & YOUNG

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD

Report on the Financial Statements

We have audited the financial statements of African Network Information Centre (AfriNIC) Ltd on pages 5 to 22 which comprise the statement of financial position as at December 31, 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Opinion

In our opinion, the financial statements on pages 5 to 22 give a true and fair view of the financial position of the Company as at December 31, 2010 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD (CONTINUED)

Report on the Financial Statements (Continued)

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 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 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

ERNST & YOUNG
Ebène, Mauritius

ANDRE LAI WAN LOONG, A.C.A.

Date: 27 MAY 2011

AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2010

	Notes	2010	2009
		Rs	Rs
ASSETS			
Non-current assets			
Plant and equipment	3	10,271,310	2,226,931
Intangible assets	4	115,053	89,910
		10,386,363	2,316,841
Current assets			
Trade and other receivables	5	6,179,008	9,512,630
Bank deposit	6	18,283,500	-
Cash and cash equivalents	7	22,085,572	38,119,091
		46,548,080	47,631,721
Total assets		56,934,443	49,948,562
RESERVES AND LIABILITIES			
Revenue reserve		3,124,943	1,944,514
Other reserve		39,693,750	39,693,750
Grant		593,708	1,484,268
Net assets attributable to members		43,412,401	43,122,533
Current liabilities			
Trade and other payables	8	13,522,042	6,826,029
Total liabilities		13,522,042	6,826,029
Total reserves and liabilities		56,934,443	49,948,562

These financial statements have been approved by the board of directors on May 27 2011

Name of directors | Signature

(1) Mr PADAYATCHY T. Vivegananda ....

(2) Mr AKPLOGAN A.Adiel ....

The notes on pages 9 to 22 form an integral part of these financial statements.
Auditors' report on pages 3 and 4.

AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD
STATEMENT OF COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2010

	Notes	2010	2009
		Rs	Rs
Income	9	71,647,672	57,206,732
Distribution expenses		(24,587,747)	(22,434,049)
Administrative expenses		(46,126,321)	(34,795,197)
		(70,714,068)	(57,229,246)
Surplus/(loss) of income over expenditure	10	933,604	(22,514)
Finance revenue	11	246,825	447,232
Surplus for the year		1,180,429	424,718

The notes on pages 9 to 22 form an integral part of these financial statements.
Auditors' report on pages 3 and 4.

AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD
STATEMENT OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2010

	Revenue Reserve	Other Reserves	Grant		Total
			Capital	Operational	
	Rs	Rs	Rs	Rs	Rs
At January 1, 2009	1,519,796	39,693,750	22,207	2,374,828	43,610,581
Released during the year	-	-	(22,207)	(890,560)	(912,767)
Surplus for the year	424,718	-	-	-	424,718
At December 31, 2009	1,944,514	39,693,750	-	1,484,268	43,122,532
At January 1, 2010	1,944,514	39,693,750	-	1,484,268	43,122,532
Released during the year	-	-	-	(890,560)	(890,560)
Surplus for the year	1,180,429	-	-	-	1,180,429
At December 31, 2010	3,124,943	39,693,750	-	593,708	43,412,401

The notes on pages 9 to 22 form an integral part of these financial statements.
Auditors' report on pages 3 and 4.

AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD
STATEMENT OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2010

	Notes	2010	2009
		Rs	Rs
Operating activities			
Surplus for the year		1,180,429	424,718
Adjustments to reconcile profit before tax to net cash flows			
Non-cash:			
Depreciation on plant and equipment		2,181,361	1,000,461
Amortisation of intangible assets		43,458	57,265
Assets written off		160,348	-
Release of grant		(890,560)	(912,767)
Other gains and losses:			
Loss on revaluation of deposit		55,500	411,782
Interest income	11	(246,825)	(447,232)
		2,483,711	534,227
Working capital adjustments:			
Trade and other receivables		3,333,622	(2,180,876)
Trade and other payables		6,696,012	(1,955,075)
Net cash flow from/(used in) operating activities		12,513,345	(3,601,724)
Investing activities			
Purchase of property, plant and equipment		(10,386,088)	(894,817)
Acquisition of intangible assets		(68,601)	(74,060)
(Increase)/decrease in deposit		(18,339,000)	31,343,218
Interest income	11	246,825	447,232
Net cash from investing activities		(28,546,864)	30,821,573
Net movement in cash and cash equivalents		(16,033,519)	27,219,849
Cash and cash equivalent as at January 01,		38,119,091	10,899,242
Cash and cash equivalent as at December 31,	7	22,085,572	38,119,091

The notes on pages 9 to 22 form an integral part of these financial statements.
Auditors' report on pages 3 and 4.

1. CORPORATE INFORMATION

African Network Information Centre (AfriNIC) Ltd, (the "Company") is a private company limited by guarantee incorporated in the Republic of Mauritius. Its registered address and place of business is situated at 11th Floor Raffles Tower, Cyber City, Ebène. The principal activity has remained unchanged during the year and consists of managing internet resources in the African Regions. The Company is a not-for-profit making organisation.

The financial statements of the Company for the year ended December 31, 2010 were authorised for issue in accordance with a resolution of the directors on ....

2.1 BASIS OF PREPARATION

The financial statements of AfriNIC Limited have been prepared on a historical basis. The financial statements are presented in Mauritian rupees ("Rs").

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year except that the Company has adopted the following new and amended IFRS and IFRIC interpretations as of January 1, 2010:

- IFRS 2 - Share-based Payment: Group Cash-settled Share-based Payment Transactions effective 1 January 2010
- IFRS 3 - Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 July 2009.
- IAS 39 - Financial Instruments: Recognition and Measurement - Eligible Hedged Items effective 1 July 2009
- IFRIC 17 - Distributions of Non-cash Assets to Owners effective 1 July 2009
- Improvements to IFRSs (May 2008)
- Improvements to IFRSs (April 2009)

The principal effects of these changes are as follows:

IFRS 2 Share-based Payment (Revised)

The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for cash-settled share-based payment transactions. The Company adopted this amendment as of 1 January 2010. It did not have an impact on the financial position or performance of the company.

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)

IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after becoming effective. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) affect acquisitions or loss of control of subsidiaries and transactions with non-controlling interests after 1 January 2010.

The change in accounting policy did not have an impact on the financial position or performance of the Company.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

IAS 39 - Financial Instruments: Recognition and Measurement - Eligible Hedged Items

The amendment clarifies that an entity is permitted to designate a portion of their fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Company has concluded that the amendment will have no impact on the financial position or performance of the Company, as the Company has not entered into any such hedges.

IFRIC 17 Distribution of Non-cash Assets to Owners

This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividend. The interpretation has no effect on either, the financial position or performance of the Company.

Improvements to IFRSs

In May 2008 and April 2009 the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Company.

Issued in May 2008

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: clarifies that when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a controlling interest after the sale transaction. The amendment has no impact on the financial position or performance of the Company.

Issued in April 2009

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: clarifies that disclosure required in respect of non-current assets and disposal groups classified as held for sale or discontinue operations are only those set out in IFRS 5. The disclosure requirements of other IFRS only apply if specifically required for such non-current assets or discontinued operations. The amendment has no impact on the financial position or performance of the Company.
- IFRS 8 Operating segments: clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measure that are used by the chief operating decision maker. The amendment has no impact on the financial position or performance of the Company.
- IAS 7 Statement of Cash Flows: states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment will impact the presentation in the statement of cash flows.
- IAS 36 Impairment of Assets: The amendment clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment has no impact on the Company as the annual impairment test is performed before aggregation.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Company:

- IFRS 2 Share-based payment
- IAS 1 Presentation of Financial Statements
- IAS 17 Leases
- IAS 38 Intangible Assets
- IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 16 Hedge of an Net Investment in a Foreign Operation

2.3 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Standard issued but not yet effective up to the date of issuance of the Company's financial statements are listed below:

- IAS 24 - Related Party Disclosure effective as of 1 January 2011
- IAS 32 - Financial Instruments: Presentation-classification of rights issue - effective as of 1 February 2010
- IFRS 9 - Financial Instruments: Classification and measurement - effective as of 1 January 2013
- IFRIC 14 - Prepayments of a minimum funding requirement - effective as of 1 January 2011
- IFRIC 19 - Extinguishing financial liabilities with equity instruments - effective as of 1 July 2010

Improvements to IFRS

The IASB issued improvements to IFRS, an omnibus of amendments to its IFRS standard. The amendments have not been adopted as they become effective for annual periods on or after either 1 July 2010 or 1 January 2011. The amendments listed below are considered to have a reasonable possible impact on the Company:

- IFRS 3 - Business combinations
- IFRS 7 - Financial Instruments: Disclosures
- IAS 1 - Presentation of Financial Statements
- IAS 27 - Consolidated and Separate Financial Statements
- IAS 34 - Interim Financial Reporting
- IFRIC 13 - Customer Loyalty Programmes

The Company however, expect no impact from the adoption of the amendments on its financial position or performance

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgement

In the process of applying the Company's accounting policies, management has not had to apply any judgements, which has any effect on the amounts recognised in the financial statements.

Estimation and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed below.

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation and assumptions (Continued)

(i) Estimated useful lives and residual values of plant and equipment

Determining the carrying amounts of plant and equipment requires the estimation of the useful lives and residual values of these assets. Certain plant and equipment of the Company are separated into their significant parts and estimates of the useful lives and residual values thereof are made for the purposes of calculating depreciation. The estimates of useful lives and residual values carry a degree of uncertainty. The Directors have used historical information relating to the Company and the relevant industries in which the latter operate in order to best determine the useful lives and residual values of plant and equipment.

(ii) Estimation of recoverable amounts on trade and other receivables

In preparing those financial statements, the Directors have made estimates of the recoverable amounts of trade and other receivables and impaired those receivables where the carrying amounts exceeded recoverable amounts. The estimation of recoverable amounts involve an assessment of the financial condition of the debtors concerned and an estimate of the timing and the extent of cash flows likely to be received by the Company.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Plant and equipment

Plant and equipment is stated at historical cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any impairment in value. Cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met. The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation is calculated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life. Residual value is the estimated amount that the Company would currently obtain from disposal of the asset after deducting the estimated cost of disposal and if the asset were already of the age and in the condition expected at the end of its useful life.

The principal annual rates of depreciation are:

	%
Computer equipment	20
Motor vehicles	20
Office equipment	20
Fixtures and fittings	10
Building Improvements	10

A full year depreciation is charged in the year of purchase and none in the year of disposal.

All plant and equipment have a nil residual value.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised. On disposal of revalued assets, amount in revaluation is transfered to retained earnings.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Plant and equipment (Continued)

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

(b) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any,

Intangible assets of the Company have been assessed as having finite lives and are therefore amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on the intangible assets is recognised in profit or loss in the expense category consistent with the function of the intangible asset. Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss when the asset is derecognised. The estimated useful life of computer software is 5 years.

(c) Grants

Grants received are analysed between capital and operational grants.

(i) Capital grants

The value of fixed assets donated is credited to a capital grant account and released into income using the same method as adopted for depreciation.

(ii) Operational grants

The value of income donated is credited to an operational grant account and released into income to match the expenses incurred for the year.

The amount of operational grant currently recognised in the financial statements is the excess amount received for the setting up of the company and is released to income at a rate of 15% annually. Other operational grants include rent and assistance in the form of human resources from various governments in the Africa region.

(d) Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Company has become a party to the contractual provisions of the instrument. Financial assets in the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (Continued)

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when and only when the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the assets and to settle the liability simultaneously.

The Company's accounting policies for subsequent measurement of financial instruments are set out below:

(i) Trade and other receivables

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated recoverable amounts.

(ii) Trade payables

Trade payables are stated at their nominal value which approximates fair value.

(iii) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and cash in hand.

(iv) Equity instruments

Equity instruments are recorded at the proceeds received, net of direct issue costs.

(e) Derecognition of financial assets and liabilities

(i) Financial assets

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired;

- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or

- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the company also recognises an associated liability. The transfered asset and the associated liability are measured on a basis that reflects the right and obligations that the company 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 Company could be required to repay.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Derecognition of financial assets and liabilities (continued)

Where 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

(f) Impairment

(i) Non financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and 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. Where the carrying amount of an asset 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 to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset is impaired.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

(h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of whether payment is being made. Revenue is measured at the fair value of consideration received or receivable, taking into account contracting defined terms of payment and excluding taxes and duty. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rendering of services

Revenue from services is recognised upon providing of services and customer acceptance, net of Value Added Taxes. The Company provides services which spans over more than one year. The consideration received is then deferred over the duration of the contract.

(ii) Interest income

Revenue is recognised as interest accrues (using the effective interest method). Interest income is included in finance revenue in profit or loss.

(i) Foreign currency translations

The financial statements are presented in rupees, which is the Company's functional and presentation currency. Items included in the financial statements of the Company are measured using the functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss. Tax charges and credit attributable to exchange difference on those monetary items are also recorded in other comprehensive income. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as 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 was determined.

(j) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand, short-term deposit with an original maturity of three months or less.

(k) Taxes

The company has been exempted of income tax by the tax authorities.

AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD
NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2010

3. PLANT AND EQUIPMENT

	Computer Equipment	Motor Vehicles	Office Equipment	Fixtures & Fittings	Building Improvements	Total
	Rs	Rs	Rs	Rs	Rs	Rs
COST						
At January 1, 2009	1,952,444	1,625,000	278,555	660,852	-	4,516,851
Additions	376,869	-	320,910	197,038	-	894,817
At December 31, 2009	2,329,313	1,625,000	599,465	857,890	-	5,411,668
Additions	1,444,280	-	955,517	361,846	7,624,445	10,386,088
Disposal	-	-	(148,620)	(263,750)	-	(412,370)
At December 31, 2010	3,773,593	1,625,000	1,406,362	955,986	7,624,445	15,385,386
DEPRECIATION						
At January 1, 2009	881,213	975,000	108,511	219,552	-	2,184,276
Charge for the year	462,199	325,000	126,473	85,789	-	1,000,461
At December 31, 2009	1,344,412	1,300,000	234,984	305,341	-	3,184,737
Charge for the year	656,360	325,000	315,812	121,744	762,445	2,181,361
Disposal	-	-	(110,152)	(141,870)	-	(252,022)
At December 31, 2010	2,000,772	1,625,000	440,644	285,215	762,445	5,114,076
NET BOOK VALUE						
At December 31, 2010	1,772,821	-	965,718	670,771	6,862,000	10,271,310
At December 31, 2009	984,901	325,000	364,481	552,549	-	2,226,931

4. INTANGIBLE ASSETS

	Computer Software
	Rs
COST	
At January 1, 2009	211,327
Additions	74,060
At December 31, 2009	285,387
Additions	68,601
At December 31, 2010	353,988
DEPRECIATION	
At January 1, 2009	138,212
Charge for the year	57,265
At December 31, 2009	195,477
Charge for the year	43,458
At December 31, 2010	238,935
NET BOOK VALUE	
At December 31, 2010	115,053
At December 31, 2009	89,910

5. TRADE AND OTHER RECEIVABLES

	2010	2009
	Rs	Rs
Trade receivables	2,532,187	6,053,337
Other receivables	3,646,821	3,459,293
	6,179,008	9,512,630

Trade receivables are non-interest bearing and are generally on 30-90 days' terms.

Other receivables are non-interest bearing and are generally on 30-60 days' terms and are neither past due nor impaired.

The ageing analysis of trade receivables is as follows:

	Total	Neither past due nor impaired	< 30 days	Past due but not impaired 30 - 60 days	61 - 90 days	> 90 days
	Rs	Rs	Rs	Rs	Rs	Rs
2010	2,532,187	140,112	-	33,520	-	2,358,555
2009	6,053,337	232,671	-	-	-	5,820,666

6. BANK DEPOSIT

	2010	2009
	Rs	Rs
Fixed deposit	18,283,500	-

The deposit this year is in USD for a period of twelve months, and earns interest at the rate of 2.65% per annum.

7. CASH AND CASH EQUIVALENTS

	2010	2009
	Rs	Rs
Cash at bank and on hand	22,085,572	38,119,091

Cash at bank earn interest at floating rates based on daily bank deposit rates.

8. TRADE AND OTHER PAYABLES

	2010	2009
	Rs	Rs
Trade payables	6,114,800	2,130,908
Other payables	7,407,242	4,695,121
	13,522,042	6,826,029

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normaly settled on 30-day terms.
- Other payables are non-interest bearing and have an average term of six months.

9. INCOME

	2010	2009
	Rs	Rs
Members fees	67,766,020	52,647,062
Grants	3,433,762	4,122,745
Other Income	447,890	436,925
	71,647,672	57,206,732

10. SURPLUS/(LOSS) OF INCOME OVER EXPENDITURE

	2010	2009
The surplus/(loss) is arrived at after :	Rs	Rs
crediting:		
Grants released to statement of comprehensive income:		
- Capital	-	22,207
- Operational	890,560	890,560
Grants received	2,543,202	3,209,978
and charging :		
Depreciation on property, plant and equipment	2,181,361	1,000,461
Amortisation of intangible assets	43,458	57,265
Staff cost	25,232,221	18,842,699
Staff cost is analysed as follows:		
Salaries	23,135,644	18,524,711
Social security costs	2,096,577	317,988

11. FINANCE REVENUE

	2010	2009
	Rs	Rs
Bank interest received	246,825	447,232

12. RELATED PARTY TRANSACTIONS

(a) There were no amounts receivable or amounts payable to related parties.

(b) Transactions of key management personnel of the company:

	2010	2009
	Rs	Rs
Total remuneration paid to key management personnel	4,207,353	3,716,849

13. FINANCIAL INSTRUMENTS

Fair value of instruments

Fair value is defined as the amount for which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arms-length transaction, other than in a forced or liquidation sale. The fair values of the Company's financial instruments, which principally comprise bank and cash balances, trade receivables, and trade and other payables approximate their statement of financial position carrying values.

	Carrying amount		Fair value	
	2010	2009	2010	2009
	Rs	Rs	Rs	Rs
Financial assets:-				
Bank deposit	18,283,500	-	18,283,500	-
Cash and cash equivalents	22,085,572	38,119,091	22,085,572	38,119,091
Trade and other receivables	6,179,008	9,512,630	6,179,008	9,512,630
Financial liabilities:-				
Trade and other payables	13,522,042	6,826,029	13,522,042	6,826,029

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables and cash which arise directly from its operations.

The main risks arising from the Company's financial instruments are liquidity risk, foreign currency risk and credit risk. The Board of directors reviews and agrees policies for managing each of these risks which are summarised below.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company operates internationally and is exposed to foreign exchange risks arising from various currency exposures primarily with respect to US dollars. A significant number of customers are therefore invoiced in US dollars. While protecting the Company against any fall in the parity of the Mauritian Rupee, it exposes it to a fall in revenue should the Rupee appreciate against the US dollar.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk (continued)

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates, with all other variables held constant, on the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). There is no impact on the Company's equity.

	Foreign currency denomination	Change in exchange rate	Effect on profit before tax
		%	Rs
2010	USD	+10	3,319,286
	EUR	+10	138,473
	USD	-10	(3,319,286)
	EUR	-10	(138,473)
2009	USD	+10	4,243,542
	EUR	+10	127,211
	USD	-10	(4,243,542)
	EUR	-10	(127,211)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities, primarily for trade receivables and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

The Company trades with recognised, creditworthy third parties only. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

The Company only deposits cash surpluses with major banks of high quality credit standing.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. The Company aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below summarises the maturity profile of the Company's financial liabilities at year end based on contractual undiscounted payments.

	3 to 12 months	Less than 3 months	Total
	Rs	Rs	Rs
December 31, 2010			
Trade and other payables	6,592,235	6,929,807	13,522,042
December 31, 2009			
Trade and other payables	3,979,520	2,846,509	6,826,029

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize net assets attributable to members.

The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company aims to transfer part of its revenue reserve to a fixed deposit every year. No changes were made in the objectives, policies or processes during the year ended December 31, 2010. The Company manages the following as its capital:

	2010	2009
	Rs	Rs
Reserve revenue	3,124,943	1,944,514
Other reserve	39,693,750	39,693,750
Grant	593,708	1,484,268
	43,412,401	43,122,532
Trade and other payables	13,522,042	6,826,029