ANNUAL REPORT

AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD

FOR THE YEAR ENDED

DECEMBER 31, 2008

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AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008

1. The directors have pleasure in submitting their Annual Report to the members together with the financial statements for the year ended 31 December 2008.

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 1 2 2009 and signed on its behalf by:-

)
) DIRECTORS
)

Date: 12/05/09

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.

Per V D Chetty.

Date May 1 2 2009

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 21 which comprise the balance sheet as at December 31, 2008 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. 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 21 give a true and fair view of the financial position of the Company as at December 31, 2008 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 AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD

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

ANDRE LAI WAN LOONG, A.C.A.

Port Louis, Mauritius

Date: 13 MAY 2009

AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD
BALANCE SHEET AS AT DECEMBER 31, 2008

	Notes	2008	2007
		Rs	Rs Restated
ASSETS			
Non-current assets			
Plant and equipment	3	2,332,575	2,244,231
Intangible assets	4	73,115	110,389
		2,405,690	2,354,620
Current assets			
Trade and other receivables	5	6,194,863	1,907,496
Deposits	6	31,755,000	27,874,000
Cash and cash equivalents	7	10,899,242	7,878,721
		48,849,105	37,660,217
Total assets		51,254,795	40,014,837
RESERVES AND LIABILITIES			
Revenue reserve		1,519,796	4,566,754
Other reserve		39,693,750	27,874,000
Grant		2,397,035	3,309,802
Net assets attributable to members		43,610,581	35,750,556
Current liabilities			
Trade and other payables	8	7,644,214	4,264,281
Total reserves and liabilities		51,254,795	40,014,837

These financial statements have been approved by the board of directors on May 12 2009

Name of directors — Signature

(1) Mr PADAYATCHY T. Viveganandа ....

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

The notes on pages 9 to 21 form an integral part of these financial statements.
Auditors' report on pages 3 and 4.

	Notes	2008	2007
		Rs	Rs Restated
Income	9	42,895,849	41,526,851
Administrative expenses		(14,907,261)	(22,978,623)
Distribution expenses		(20,393,906)	(12,661,351)
		(35,301,167)	(35,639,974)
Surplus of income over expenditure	10	7,594,682	5,886,877
Finance revenue	12	1,178,110	1,915,691
Surplus for the year		8,772,792	7,802,568

The notes on pages 9 to 21 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, 2008

	Revenue Reserve	Other Reserves	Grant Capital	Grant Operational	Total
	Rs	Rs	Rs	Rs	Rs
At January 1, 2007	5,956,686	18,681,500	66,621	4,155,948	28,860,755
Released during the year	-	-	(22,207)	(890,560)	(912,767)
Transfer	(9,192,500)	9,192,500	-	-	-
Surplus for the year	7,802,568	-	-	-	7,802,568
At December 31, 2007	4,566,754	27,874,000	44,414	3,265,388	35,750,556
At January 1, 2008	4,566,754	27,874,000	44,414	3,265,388	35,750,556
Released during the year	-	-	(22,207)	(890,560)	(912,767)
Transfer	(11,819,750)	11,819,750	-	-	-
Surplus for the year	8,772,792	-	-	-	8,772,792
At December 31, 2008	1,519,796	39,693,750	22,207	2,374,828	43,610,581

The notes on pages 9 to 21 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, 2008

	Note	2008	2007
		Rs	Rs Restated
Operating activities			
Surplus for the year		8,772,792	7,802,568
Adjustments to reconcile profit before tax to net cash flows			
Non-cash:			
Depreciation on plant and equipment		849,596	676,806
Amortisation of intangible assets		42,265	41,267
Loss on sale of plant and equipment		32,321	40,653
Release of grant		(912,767)	(912,767)
Other gains and losses:			
(Gain)/loss on revaluation of deposit		(3,881,000)	4,774,386
Interest income		(1,178,110)	(1,915,691)
		3,725,097	10,507,222
Working capital adjustments:			
Trade and other receivables		(4,287,367)	(1,056,543)
Trade and other payables		3,379,933	(579,908)
Net cash flow from operating activities		2,817,663	8,870,771
Investing activities			
Purchase of property, plant and equipment		(970,261)	(819,144)
Acquisition of intangible assets		(4,991)	(69,636)
Movement in deposit		-	(11,986,848)
Interest income		1,178,110	1,915,691
Net cash from/(used in) investing activities		202,858	(10,959,937)
Net movement in cash and cash equivalents		3,020,521	(2,089,166)
Cash and cash equivalent as at January 01,		7,878,721	9,967,887
Cash and cash equivalent as at December 31,	7	10,899,242	7,878,721

The notes on pages 9 to 21 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 Ebène Cyber Tower, Office 0383, 3rd Floor, 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 non-profit making organisation.

The financial statements of the Company for the year ended December 31, 2008 were authorised for issue in accordance with a resolution of the directors on .....12 MAY 2009

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 as

The company has adopted the following new and amended IFRS and IFRIC interpretations during the year. Adoption of these required standards and interpretation did not have any effect on the financial performance and position of the company. They did however give rise to additional disclosures, including in some cases revisions to accounting policies:

- IFRIC 11 / IFRS 2 Group and Treasury Share Transactions
- IFRIC 12 Service Concession Arrangements
- IFRIC 14 / IAS 19 The limit on Defined Benefit Assets Minimum Funding Requirements and their interaction
- IAS 39/IFRS 7 - October 2008 (Amendments) - Reclassification of Financial assets

- IFRIC 11 / IFRS 2 Group and Treasury Share Transactions

This interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed. The company has not issued instruments caught by this interpretation.

- IFRIC 12 Service Concession Arrangements

This interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. This interpretation has no impact on the company.

- IFRIC 14 / IAS 19 The limit on Defined Benefit Assets Minimum Funding Requirements and their interaction

The limit on a defined benefit asset, minimum funding requirements and their interaction provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset under IAS 1 Employee Benefits. It also explains how the pension asset or liability may be affected by a statutory of contractual minimun funding requirement. This interpretation does not have any impact on the Company's financial statement, as the Company has not defined benefit asset.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

IAS 39/IFRS 7 - October 2008 (Amendments) - Reclassification of Financial Assets

These amendments allow reclassifcations of certain financial instruments held-for-trading to either held-to-maturiy, loans and receivables or available-for-sale categories. The amendments also allow the transfer of certain insruments from available-for-sale to loans and receivables. The Company did not make use of these amendments to reclassify any of its financial instruments between the effective date of these amendments which is July 1, 2008, and December 31, 2008.

2.3 ACCOUNTING STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

- IFRIC 13 Customer Loyalty Programmes
- IFRIC 15 Agreements for the Construction of Real Esate
- IFRIC 16 Hedges of Net Investment in a Foreign Operation
- IFRIC 18 Transfer of Assets from Customers
- IFRS I and IAS 27 Cost of an Investment in a Subsidiary, Joint Ventures or Associates (Amendments)
- IFRS 2 Share Based Payment - Vesting Conditions and Cancellations (Amendments)
- IFRS 8 Operating Segments
- IAS 1 Presentation of IFRS (Revised)
- IAS 32 and IAS 1 Puttable Financial Instruments and Operations arising on Liquidation
- IFRS 1 First-time adoption of International Financial Reporting Standards (Revised May 2008)
- IFRS 3 Business Combinations (Revised)
- IFRS 5 Non-current Assets Held for sale and Discontinued Operations (Revised May 2008)
- IAS 1 Presentation of Financial Statements (Revised May 2008)
- IAS 16 Property, Plant and Equipment (Revised May 2008)
- IAS 19 Employee Benefits (Revised May 2008)
- IAS 20 Government Grants and Disclosure of Government Assistance (Revised May 2008)
- IAS 23 Borrowings Costs (Revised May 2008)
- IAS 27 Consolidated and separate Financial statements (Revised May 2008)
- IAS 28 Investments in Associates
- IAS 29 Financial Reporting in Hyperinflationary Economies Revised May 2008)
- IAS 31 Interests in Joint Ventures (Revised May 2008)
- IAS 32 Financial Instruments: Presentation (Revised May 2008)
- IAS 36 Impairment of Assets (Revised May 2008)
- IAS 38 Intangible Assets (Revised May 2008)
- IAS 39 Financial Instruments: Recognition and Measurement (Revised May 2008)
- IAS 40 Investment Property (Revised May 2008)
- IAS 41 Agriculture (Revised May 2008)

The Company expects that adoption of these pronouncements listed above will have no impact on the Company's financial statements in the period of initial application but additional disclosures will be required.

The Company is still evaluating the effect that these new or revised standards and interpretations on the presentation of its financial statements

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 balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(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

All plant and equipment have a nil residual value.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Plant and equipment (Cont'd)

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 the income statement in the year the asset is derecognised. On disposal of revalued assets, amounts in revaluation are transferred to retained earnings.

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 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 amotisation 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 the income statement in the expense category consistent with the function of the intangible asset. The estimated useful life of computer software

(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 balance sheet 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.

2. ACCOUNTING POLICIES (CONT'D)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (Cont'd)

All regular way purchases and sales of financial assets are recognised on the trade date, i.e. the date the Company commits to purchase the asset. Regular way purchases or sales are the purchases or sales of financial assets that require delivery of assets within the period generally established by regular or convention in the market place.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet 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 balance sheet comprise cash at bank and 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. 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. ACCOUNTING POLICIES (CONT'D)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) **Derecognition of financial assets and liabilities (Cont'd)**

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 income statement.

(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 the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity 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 the income statement 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 balance sheet date whether 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. ACCOUNTING POLICIES (CONT'D)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(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. 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, not of Value Added Taxes.

(ii) Interest income

Revenue is recognised as interest accrues (using the effective interest method). Interest income is included in finance revenue in the Income Statement.

(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 balance sheet date. 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 balance sheet comprise cash at bank and on hand, short-term deposit with an original maturity of three months or less and fixed deposit of twelve months or less.

(k) Taxes

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

3. PLANT AND EQUIPMENT

	Buildings Improvements	Computer Equipment	Motor Vehicles	Office Equipment	Fixtures & Fittings	Total
	Rs	Rs	Rs	Rs	Rs	Rs
COST						
At January 1, 2007	27,500	746,088	1,625,000	59,248	398,921	2,856,757
Additions	-	486,338	-	214,500	118,306	819,144
Disposals	(27,500)	-	-	(38,913)		(66,413)
At December 31, 2007	-	1,232,426	1,625,000	234,835	517,227	3,609,488
Additions	-	750,015	-	76,621	143,625	970,261
Disposal	-	(29,997)	-	(32,901)	-	(62,898)
At December 31, 2008	-	1,952,444	1,625,000	278,555	660,852	4,516,851
DEPRECIATION						
	5,500	262,237	325,000	19,633	101,841	714,211
Charge for the year	2,750	246,485	325,000	50,945	51,626	676,806
Disposals	(8,250)	-	-	(17,510)	-	(25,760)
At December 31, 2007	-	508,722	650,000	53,068	153,467	1,365,257
Charge for the year		396,488	325,000	62,023	66,085	849,596
Disposals		(23,997)	-	(6,580)	-	(30,577)
At December 31, 2008	-	881,213	975,000	108,511	219,552	2,184,276
NET BOOK VALUE						
At December 31, 2008	-	1,071,231	650,000	170,044	441,300	2,332,575
At December 31, 2007	-	723,704	975,000	181,767	363,760	2,244,231

4. INTANGIBLE ASSETS

	Computer Software
	Rs
COST	
At January 1, 2007	136,700
Additions	69,636
At December 31, 2007	206,336
Additions	4,991
At December 31, 2008	211,327
DEPRECIATION	
At January 1, 2007	54,680
Charge for the year	41,267
At December 31, 2007	95,947
Charge for the year	42,265
At December 31, 2008	138,212
NET BOOK VALUE	
At December 31, 2008	73,115
At December 31, 2007	110,389

5. TRADE AND OTHER RECEIVABLES

	2008	2007
	Rs	Rs
Trade receivables	3,147,671	377,506
Other receivables	3,047,192	1,529,990
	6,194,863	1,907,496

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.

The ageing analysis of trade receivables is as follows:

	Total	Current	Neither past due nor impaired > 30 days	> 60 days	> 90 days	> 120 days
	Rs	Rs	Rs	Rs	Rs	Rs
2008	3,147,671	1,694,129	-	-	20,675	1,432,867
2007	377,506	64,105	-	-	-	313,401

6. DEPOSITS

	2008	2007
	Rs	Rs
Fixed deposit	31,755,000	27,874,000

The deposit is in USD for a period of twelve months, and earn interest at the rate of 1.5% per annum.

7. CASH AND CASH EQUIVALENTS

	2008	2007
	Rs	Rs
Cash at bank and on hand	2,960,492	7,878,721
Short term deposit	7,938,750	-
	10,899,242	7,878,721

Cash at bank earn interest at floating rates based on daily bank deposit rates. Short term deposit is made of three months, and earn interest at the respective short term deposit rates.

8. TRADE AND OTHER PAYABLES

	2008	2007
	Rs	Rs
Trade payables	2,262,010	317,824
Other payables	5,382,204	3,946,457
	7,644,214	4,264,281

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

	2008	2007
	Rs	Rs
Members fees	40,848,507	38,349,650
Grants	1,919,132	2,865,101
Other Income	128,210	312,100
	42,895,849	41,526,851

10. SURPLUS OF INCOME OVER EXPENDITURE

	2008	2007
	Rs	Rs
The surplus is arrived at after :		
crediting:		
Grants released to income statement:		
- Capital	22,207	22,207
- Operational	890,560	890,560
Grants received	1,006,365	1,952,334
and charging :		
Depreciation on property, plant and equipment	849,596	676,806
Amortisation of intangible assets	42,265	41,267
Staff cost	11,829,064	7,441,043
Staff costs is analysed as follows:		
Salaries	11,417,244	7,006,637
Social security costs	411,820	434,406

11. FINANCE REVENUE

	2008	2007
	Rs	Rs
Bank interest receivables	1,178,110	1,915,691

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

	2008	2007
	Rs	Rs
Total remuneration paid to key management personnel	3,405,736	4,017,904

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 balance sheet carrying values.

	Carrying amount		Fair value	
	2008	2007	2008	2007
	Rs	Rs	Rs	Rs
Financial assets:-				
Deposit	31,755,000	27,874,000	31,755,000	27,874,000
Cash and cash equivalents	10,899,242	7,878,721	10,899,242	7,878,721
Trade and other receivables	6,194,863	1,907,496	6,194,863	1,907,496
Financial liabilities:-				
Trade and other payables	7,644,214	4,264,281	7,644,214	4,264,281

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.

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.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

	Foreign Currency Denomination	Change in exchange rate	Effect on profit before tax
		%	Rs
2008	USD	+10	4,145,216
	EUR	+10	(62,037)
	USD	-10	(4,145,216)
	EUR	-10	62,037
2007	USD	+10	3,445,150
	EUR	+10	-
	USD	-10	(3,445,150)
	EUR	-10	-

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, 2008			
Trade and other payables	4,099,567	3,544,647	7,644,214
December 31, 2007			
Trade and other payables	1,950,491	2,313,790	4,264,281

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

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 transfers part of its revenue reserve to a fixed deposit every year. No changes were made in the objectives, policies or processes during the years ended December 31, 2008. The Company manages the following as its capital:

	2008	2007
	Rs	Rs
Reserve revenue	1,519,796	4,566,754
Other reserve	39,693,750	27,874,000
Grant	2,397,035	3,309,802
	43,610,581	35,750,556
Trade and other payables	7,644,214	4,264,281