

AUDITOR'S REPORT (Free translation of the original document in Spanish)

To the Board of Directors of LACNIC
(Latin American and Caribbean Internet Address Registry)

1. We have audited the accompanying balance sheet of the Latin American and Caribbean Internet Address Registry (LACNIC) as at December 31, 2005 and the related statement of profit and loss for the year then ended, with their attached notes and appendixes, expressed in Uruguayan pesos. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in Uruguay. Those standards require that we plan and perform the audit to obtain reasonable assurance of whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures contained in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

3. In our opinion, the financial statements referred to above, expressed in Uruguayan pesos, are a fair representation, in all material respects, of the financial position of the Latin American and Caribbean Internet Address Registry (LACNIC) as at December 31, 2005 and the result of its operations for the year then ended, in conformity with the accounting principles generally accepted in Uruguay.

4. Without affecting our opinion, as detailed under Note 12 of the financial statements, at the date this report is issued it is not possible to determine with a reasonable degree of certainty the time and manner in which the validity of the fiscal exemptions established in Article 69 of the Uruguayan Constitution will be resolved. Because the Institution believes that the resolution will be favorable to its interests, no provisions have been included in this sense.

5. As mentioned under Note 2.1, during the fiscal year ended on December 31, 2005, for the preparation of its financial statements the Organization began applying for the first time the adjustment that considers inflation. The impact of this modification implied, in the financial statements as at December 31, 2004, an increase of \$30,387 under the item "intangibles" and an increase of \$1,781 under the item "long term investments," with the corresponding adjustments to the shareholder's equity.

6. Our audit was conducted with the purpose of forming an opinion on the statements of account, expressed in Uruguayan pesos, considered as a whole. The accounting information expressed in U.S. dollars is presented as additional information. Said information has been subjected to the auditing procedures applied during our audit of the financial statements considered as a whole. In our opinion, the additional information expressed in U.S. dollars has been appropriately converted according to the criteria detailed under Note 2.3 of the financial statements.

7. This report is intended to be used exclusively by the Board of Directors and members of the Organization, and should be used for no other purpose.

Montevideo, February 22, 2006