

REPORT OF INDEPENDENT AUDITORS

(Free translation from the original in Spanish)

To the Board of Directors of
Registro Regional de Direcciones IP para América Latina y
Caribe (LACNIC)

1. We have audited the accompanying balance sheet of Registro Regional de Direcciones IP para América Latina y Caribe (LACNIC) as of December 31, 2004 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 Institution'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 generally accepted auditing standards in Uruguay. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures 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 financial statement presentation. 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, present fairly, in all material respects, the financial position of Registro Regional de Direcciones IP para América Latina y Caribe (LACNIC) as of December 31, 2004 and the result of its operations for the year then ended, in conformity with generally accepted accounting principles in Uruguay.

4. Without qualifying our opinion we draw attention to Note 9 to the financial statements. At this moment it is not possible to determine with reasonable degree of certainty the moment and the way of application of fiscal exemptions -according to Article 69 of the Uruguayan Constitution-, and no provision for any liability that may result has been made in the financial statements since management considers that there will be a favourable resolution.

5. Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The financial statements expressed in US dollars are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, the financial statements were translated into United States dollars following the criteria mentioned in Note 2.2 of the financial statements.

6. This report is intended solely to be used exclusively by the Board of Directors and members of the Institution, and is not intended to be and should not be used by anyone other than these specified parties.

Montevideo, February 17, 2005

Signed for identification purposes only

REPORT OF THE FISCAL COMMISSION

(Free translation from the original in Spanish)

According to the provisions of Article 27, Item (c) of the approved and valid Bylaws of the LATIN AMERICAN AND CARIBBEAN INTERNET ADDRESS REGISTRY (LACNIC), a meeting of the Control Organ is held, with the presence of Cassio Vecchiatti, Sebastián Bellagamba and Adriana Ibarra Vázquez.

In view of the above, a report is issued in reference to the Accounting Statements corresponding to the term ended on December 31, 2004.

ONE.- The results of the report prepared by Ernst & Young, in their capacity as external auditors, in relation to the Accounting Statements corresponding to the term ended on December 31, 2004, were verified. The results of said verification were favorable.

TWO.- Based on the analysis of the external auditor's report performed by the Control Organ and the documentation submitted by LACNIC, it is our conclusion that the information we have been presented reflects the true situation of the facts that have occurred and that the distribution of expenditures is consistent with the organization's objectives, and therefore we advise its approval on the part of the General Assembly.

THREE.- Based on the analysis performed by the Control Organ, we recommend considering the debts that have exceeded a considerable period of indebtedness as uncollectible, and subjecting them to the corresponding accounting treatment.

FOUR.- Considering the recommendation issued on February 25, 2004, and with the aim of increasing the predictability and stability of LACNIC, we recommend using part of the reserve funds for acquiring a real estate property that will function as the organization's head office, thus increasing LACNIC's patrimony and the possibility of providing new services to the community.

March 11, 2005

Cassio Vecchiatti
Sebastián Bellagamba
Adriana Ibarra Vázquez