

INDEPENDENT AUDITORS' REPORT

**To
Directors and Members of the General Meeting of
Registro Regional de Direcciones IP para América
Latina y el Caribe (LACNIC)
Montevideo - Uruguay**

Report on the Financial Statements

1. We have audited the enclosed Statements of Assets and Liabilities of **Registro Regional de Direcciones IP para América Latina y el Caribe (LACNIC)** as of 31st December 2008, and the related Statement of Profit and Loss, Changes in Shareholders' Equity and Cash Flows, stated in United States Dollars for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements.

2. Management of **Regional de Direcciones IP para América Latina y el Caribe (LACNIC)** is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining an internal control relevant to the preparation and fair presentation of the financial statements that should be free from material misstatement, either due to fraud or to error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

3. 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 that the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, either due to fraud or to error. In making those risks assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, the financial statements present fairly, in all material aspects, the financial position of **Registro Regional de Direcciones IP para América Latina y el Caribe (LACNIC)** as of December 31st, 2008 and the results of its operations, the changes in its shareholders' equity and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Limitation of Use

7. This report is only for information and use of the Management of **Registro Regional de Direcciones IP para América Latina y el Caribe (LACNIC)** and it must not be used for any other purpose.

Montevideo, 2nd March 2009.

Cr. Jorge Gutfraind
mri – Contadores Públicos
C.P. 32.922

Professional stamp
in original copy

Registro Regional de Direcciones IP para America Latina y Caribe (LACNIC)
STATEMENT OF ASSETS AND LIABILITIES
AS OF DECEMBER 31, 2008
(In U.S. Dollars)

	December 31, 2008	December 31, 2007
ASSETS		
CURRENT ASSETS		
CASH AND BANKS (Note 2.6)		
Cash	571	305
Banks	167.960	117.568
	168.531	117.873
SHORT TERM INVESTMENTS (Note 2.9 y 4)		
Investments	313.795	2.685
	313.795	2.685
ACCOUNTS RECEIVABLE (Note 2.7)		
Trade Debtors	713.039	633.728
Less:		
Deferred Income	(180.077)	(242.395)
Allowance for Doubtful Accounts (Note 2.8)	(18.279)	(26.554)
	514.683	364.779
OTHER RECEIVABLES		
Guaranty Deposits (Note 9)	12.044	432.626
Payments in Advance	-	5.779
Insurance to Fall Due	3.165	2.293
Other receivables	18.092	30.806
	33.301	471.504
TOTAL CURRENT ASSETS	1.030.310	956.841
NON CURRENT ASSETS		
ACCOUNTS RECEIVABLE (Note 2.7)		
Trade Debtors	-	3.400
Deferred Income	-	(3.400)
	-	-
FIXED ASSETS (Note 2.10 and Appendix I)		
Property, Plant and Equipment	1.896.054	1.073.797
Less: Accumulated Depreciation	(114.468)	(82.086)
	1.781.586	991.711
INTANGIBLES (Note 2.10 and Appendix I)		
Intangibles	20.415	18.357
Less: Accumulated Depreciation	(18.886)	(15.684)
	1.529	2.673
TOTAL NON CURRENT ASSETS	1.783.115	994.384
TOTAL ASSETS	2.813.425	1.951.225

The accompanying notes and appendixes are an integral part of the financial statements

Registro Regional de Direcciones IP para America Latina y Caribe (LACNIC)
STATEMENT OF ASSETS AND LIABILITIES
AS OF DECEMBER 31, 2008
(In U.S. Dollars)

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
LIABILITIES		
CURRENT LIABILITIES (Note 2.11)		
COMMERCIAL DEBTS		
Accounts Payable	42.413	28.817
	<u>42.413</u>	<u>28.817</u>
FINANCIAL DEBTS		
Bank Loans (Note 6)	153.393	118.527
	<u>153.393</u>	<u>118.527</u>
OTHER DEBTS		
Provisions for Employee Benefits	48.800	46.274
Benefits for Staff Retirement	5.407	30.572
Advanced Collections	82.123	21.941
Payroll	-	8.675
Other Debts	26.960	118.396
	<u>163.290</u>	<u>225.858</u>
TOTAL CURRENT LIABILITIES	359.096	373.202
NON-CURRENT LIABILITIES		
FINANCIAL DEBTS		
Bank Loans (Note 6)	639.943	188.888
	<u>639.943</u>	<u>188.888</u>
OTHER DEBTS		
Advanced Collections	-	8.300
	<u>-</u>	<u>8.300</u>
TOTAL NON-CURRENT LIABILITIES	639.943	197.188
TOTAL LIABILITIES	999.039	570.390
EQUITY (Appendix II)		
RETAINED EARNINGS		
Accumulated Surplus	1.380.835	965.032
Net Income of the Year	433.551	415.803
	<u>1.814.386</u>	<u>1.380.835</u>
TOTAL EQUITY	1.814.386	1.380.835
TOTAL LIABILITIES AND EQUITY	2.813.425	1.951.225

The accompanying notes and appendixes are an integral part of the financial statements

Registro Regional de Direcciones IP para America Latina y Caribe (LACNIC)
PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2008
(In U.S. Dollars)

	Year ended 2008	Year ended December 31, 2007
OPERATING REVENUES		
Net Operating Revenues	2,040,649	1,709,539
	2,040,649	1,709,539
 SELLING AND ADMINISTRATIVE EXPENSES		
Salaries and Contributions for Retirement	(650,833)	(481,148)
Travel and Training	(370,687)	(307,308)
Hired Services	(150,171)	(189,529)
Cooperation, Contributions and Memberships	(178,162)	(145,274)
Correspondence and Communications	(70,116)	(52,328)
Fixed Assets Depreciation	(52,918)	(34,646)
Dissemination Expenses	(64,567)	(30,964)
Stationery and Other Office Supplies	(33,849)	(13,901)
Electric Power and Water	(11,670)	(11,039)
Insurance	(4,408)	(5,601)
Loss for Bad Debts	(11,000)	(2,572)
Other Expenses	(17,928)	(10,849)
	(1,616,309)	(1,285,159)
 OTHER RESULTS		
Other Results	63,661	14,461
	63,661	14,461
 FINANCIAL RESULTS		
Interest Paid	(39,685)	(44,210)
Interest Income	12,500	17,482
Differences of Investment Valuation	(32,829)	11,636
Exchange Differences	5,564	(7,946)
	(54,450)	(23,038)
 NET INCOME OF THE YEAR	433,551	415,803

The accompanying notes and appendixes are an integral part of the financial statements

Registro Regional de Direcciones IP para America Latina y Caribe (LACNIC)
STATEMENT OF CHANGES IN CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2008
(In U.S. Dollars)

	Year ended December 31, 2008	Year ended December 31, 2007
1 - Cash Flow for Operating Activities		
Net Income of the Year	433.551	415.803
Adjustments:		
Fixed Assets Depreciation	52.917	34.646
Fixed Assets Adjustment	6.052	(5.514)
Retained Earnings Adjustments		(37.998)
Movements of Non Funds		(9.064)
Changes in Assets and Liabilities		
Increase of Commercial Debts and Other Debts	(132.283)	194.433
Increase of Accounts Receivable and Other Current Assets	(57.272)	103.672
Net Cash Provided by Operating Activities	<u>302.965</u>	<u>695.978</u>
2 - Cash Flow from Investment Activities		
Decrease of Investments	(311.110)	2.632
Decrease of Guaranty Deposits	420.582	(394.774)
Increase in Fixed Assets	<u>(847.700)</u>	<u>(173.880)</u>
Net Cash In Investment Activities	<u>(738.228)</u>	<u>(566.022)</u>
3 - Cash Flow from Financial Activities		
Bank Loans Obtained	600.000	-
Bank Loans Paid	<u>(114.079)</u>	<u>(114.807)</u>
Net Cash Used in Financial Activities	485.921	(114.807)
4 - Cash Increase	50.658	15.149
5 - Cash and Cash Equivalents at the Beginning of the Year	117.873	102.724
6 - Cash and Cash Equivalents at the End of the Year	<u>168.531</u>	<u>117.873</u>

The accompanying notes and appendixes are an integral part of the financial statements

Registro Regional de Direcciones IP para America Latina y Caribe (LACNIC)
STATEMENT OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2008
(In U.S. Dollars)

	HISTORICAL AND REVALUED VALUES			DEPRECIATIONS				NET			
	Values at the beginning of the year	Increases	Decreases	Values at the end of the year	Values at the beginning of the year	Decreases	Rate (%)	Depreciation of the year	Accumulated at the end of the year	NET VALUES 31.12.2008	NET VALUES 31.12.07
FIXED ASSETS											
Office Equipment	41,455	10,497		51,952			10,00	4,229	14,886	37,066	30,798
Communication Equipment	11,305	150		11,455	7,298		20,00	1,431	8,729	2,726	4,007
Computers	88,194	58,117	(17,160)	129,151	60,015	(17,160)	33,33	23,984	66,839	62,312	28,179
Other Equipment	9,957	20,901		30,858	-		33,33	3,465	3,465	27,393	9,957
Vehicles	-	15,000		15,000	-		10,00	1,150	1,150	13,850	-
Real Estate (Plot of Land)	368,679	503,774		872,453	-		-	-	-	872,453	368,679
Real Estate (Building)	548,243	236,942		785,185	4,116		2,00	15,283	19,399	765,786	544,127
Works in Progress	5,964		(5,964)	-						-	5,964
Total Fixed Assets	1,073,797	845,381	(23,124)	1,896,054	82,086	(17,160)		49,542	114,468	1,781,586	991,711
INTANGIBLES											
Software	18,357	2,319	(261)	20,415	15,684	(173)	33,33	3,375	18,886	1,529	2,673
Total	1,092,154	847,700	(23,385)	1,916,469	97,770	(17,333)		52,917	133,354	1,783,115	994,384

Registro Regional de Direcciones IP para America Latina y Caribe (LACNIC)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2008
(In U.S. Dollars)

	Capital	Reserves	Retained Earnings	Total Equity
1 - OPENING BALANCES - 01.01.2007				
Retained Earnings			1.380.835	1.380.835
SUBTOTAL	-	-	1.380.835	1.380.835
2 - MOVEMENTS OF OPENING BALANCE (Note 10)				-
3 - BALANCE OF ADJUSTED BEGINNING (1+2)	-	-	1.380.835	1.380.835
4 - MOVEMENTS DURING THE YEAR				
5 - NET PROFIT OF THE YEAR			433.551	433.551
SUBTOTAL (4+5)	-	-	433.551	433.551
6 - FINAL BALANCES				
Retained Earnings	-	-	1.814.386	1.814.386
Final Balances at 31.12.2008	-	-	1.814.386	1.814.386
Final Balances at 31.12.2007			1.380.835	1.380.835