

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 2009, 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, 2009 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, 3rd March 2010.

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, 2009
(In U.S. Dollars)

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
ASSETS		
CURRENT ASSETS		
CASH AND BANKS (Note 2.6)		
Cash	897	571
Banks	339.236	167.960
	<u>340.133</u>	<u>168.531</u>
SHORT TERM INVESTMENTS (Note 2.9 y 4)		
Investments	432.231	313.795
	<u>432.231</u>	<u>313.795</u>
ACCOUNTS RECEIVABLE (Note 2.7)		
Trade Debtors	885.683	713.039
Less:		
Deferred Income	(240.511)	(180.077)
Allowance for Doubtful Accounts (Note 2.8)	(18.022)	(18.279)
	<u>627.150</u>	<u>514.683</u>
OTHER RECEIVABLES		
Guaranty Deposits (Note 11)	60.284	12.044
Insurance to Fall Due	3.674	3.165
Other receivables	64.681	18.092
	<u>128.639</u>	<u>33.301</u>
TOTAL CURRENT ASSETS	<u>1.528.153</u>	<u>1.030.310</u>
NON CURRENT ASSETS		
FIXED ASSETS (Note 2.10 and Appendix I)		
Property, Plant and Equipment	1.908.861	1.896.054
Less: Accumulated Depreciation	(146.721)	(114.468)
	<u>1.762.140</u>	<u>1.781.586</u>
INTANGIBLES (Note 2.10 and Appendix I)		
Intangibles	16.808	20.415
Less: Accumulated Depreciation	(15.050)	(18.886)
	<u>1.758</u>	<u>1.529</u>
TOTAL NON CURRENT ASSETS	<u>1.763.898</u>	<u>1.783.115</u>
TOTAL ASSETS	<u>3.292.051</u>	<u>2.813.425</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 ASSETS AND LIABILITIES
AS OF DECEMBER 31, 2009
(In U.S. Dollars)

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
LIABILITIES		
CURRENT LIABILITIES (Note 2.11)		
COMMERCIAL DEBTS		
Accounts Payable	33.181	42.413
	<u>33.181</u>	<u>42.413</u>
FINANCIAL DEBTS		
Bank Loans (Note 6)	159.359	153.393
	<u>159.359</u>	<u>153.393</u>
OTHER DEBTS		
Provisions for Employee Benefits	56.252	48.800
Benefits for Staff Retirement	11.640	5.407
Advanced Collections	60.827	82.123
Other Debts	181.933	26.960
	<u>310.652</u>	<u>163.290</u>
TOTAL CURRENT LIABILITIES	<u>503.192</u>	<u>359.096</u>
NON-CURRENT LIABILITIES		
FINANCIAL DEBTS		
Bank Loans (Note 6)	476.934	639.943
	<u>476.934</u>	<u>639.943</u>
TOTAL NON-CURRENT LIABILITIES	<u>476.934</u>	<u>639.943</u>
TOTAL LIABILITIES	<u>980.126</u>	<u>999.039</u>
EQUITY		
RETAINED EARNINGS		
Accumulated Surplus	1.789.190	1.380.835
Net Income of the Year	522.735	433.551
	<u>2.311.925</u>	<u>1.814.386</u>
TOTAL EQUITY	<u>2.311.925</u>	<u>1.814.386</u>
TOTAL LIABILITIES AND EQUITY	<u>3.292.051</u>	<u>2.813.425</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)
PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2009
(In U.S. Dollars)

	Year ended 2009	Year ended 2008
OPERATING REVENUES		
Net Operating Revenues	2.345.164	2.040.649
	2.345.164	2.040.649
SELLING AND ADMINISTRATIVE EXPENSES		
Salaries and Contributions for Retirement	(736.181)	(650.833)
Travel and Training	(428.232)	(370.687)
Hired Services	(208.611)	(150.171)
Cooperation, Contributions and Memberships	(139.538)	(178.162)
Correspondence and Communications	(71.474)	(70.116)
Fixed Assets Depreciation	(67.644)	(52.918)
Dissemination Expenses	(143.053)	(64.567)
Stationery and Other Office Supplies	(24.534)	(33.849)
Electric Power and Water	(12.244)	(11.670)
Insurance	(17.383)	(4.408)
Other Expenses	(19.378)	(28.928)
	(1.868.272)	(1.616.309)
OTHER RESULTS		
Other Results	55.711	63.661
	55.711	63.661
FINANCIAL RESULTS		
Interest Paid	(72.518)	(39.685)
Interest Income	33.350	12.500
Differences of Investment Valuation	33.762	(32.829)
Exchange Differences	(4.462)	5.564
	(9.868)	(54.450)
NET INCOME OF THE YEAR	522.735	433.551

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, 2009
(In U.S. Dollars)

	Year ended December 31,	Year ended December 31,
1 - Cash Flow for Operating Activities		
Net Income of the Year	522.735	433.551
Adjustments:		
Fixed Assets Depreciation	67.644	52.917
Fixed Assets Adjustment	11.277	6.052
Retained Earnings Adjustments	(25.196)	
Changes in Assets and Liabilities		
Increase of Commercial Debts and Other Debts	138.130	(57.272)
Increase of Accounts Receivable and Other Current Assets	(159.565)	(132.283)
Net Cash Provided by Operating Activities	<u>555.025</u>	<u>302.965</u>
2 - Cash Flow from Investment Activities		
Increase of Investments	(118.436)	(311.110)
Increase of Guaranty Deposits	(48.240)	420.582
Sale of Fixed Assets	12.000	
Increase in Fixed Assets	(71.704)	(847.700)
Net Cash In Investment Activities	<u>(226.380)</u>	<u>(738.228)</u>
3 - Cash Flow from Financial Activities		
Bank Loans Obtained	-	600.000
Bank Loans Paid	(157.043)	(114.079)
Net Cash Used in Financial Activities	<u>(157.043)</u>	<u>485.921</u>
4 - Cash Increase	171.602	50.658
5 - Cash and Cash Equivalents at the Beginning of the Year	<u>168.531</u>	<u>117.873</u>
6 - Cash and Cash Equivalents at the End of the Year	<u><u>340.133</u></u>	<u><u>168.531</u></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 CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2009
(In U.S. Dollars)

	Capital	Reserves	Retained Earnings	Total Equity
1 - OPENING BALANCES - 01.01.2009				
Retained Earnings			1.814.386	1.814.386
SUBTOTAL	-	-	1.814.386	1.814.386
2 - MOVEMENTS OF OPENING BALANCE (Note 8)			(25.196)	(25.196)
3 - BALANCE OF ADJUSTED BEGINNING (1+2)	-	-	1.789.190	1.789.190
4 - MOVEMENTS DURING THE YEAR				
5 - NET PROFIT OF THE YEAR			522.735	522.735
SUBTOTAL (4+5)	-	-	522.735	522.735
6 - FINAL BALANCES				
Retained Earnings	-	-	2.311.925	2.311.925
Final Balances at 31.12.2009	-	-	2.311.925	2.311.925
Final Balances at 31.12.2008			1.814.386	1.814.386

Registro Regional de Direcciones IP para America Latina y Caribe (LACNIC)
STATEMENT OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2009
(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 31.12.2009	NET VALUES 31.12.08
FIXED ASSETS											
Office Equipment	51,952	2,580	(299)	54,233	14,886	157	10,00	5,194	19,923	34,310	37,066
Communication Equipment	11,455	710	(8,519)	3,646	8,729	7,368	20,00	553	1,914	1,732	2,726
Computers	129,151	16,288	(30,680)	114,759	66,839	23,280	33,33	30,673	74,232	40,527	62,312
Other Equipment	30,858	7,871		38,729	3,465		33,33	11,787	15,252	23,477	27,393
Vehicles	15,000	24,999	(15,000)	24,999	1,150	2,650	10,00	1,500	-	24,999	13,850
Real Estate (Plot of Land)	872,453	-		872,453	-		-	-	-	872,453	872,453
Real Estate (Building)	785,185	14,857		800,042	19,399		2,00	16,001	35,400	764,642	765,786
Total Fixed Assets	1,896,054	67,305	(54,498)	1,908,861	114,468	33,455		65,708	146,721	1,762,140	1,781,586
INTANGIBLES											
Software	20,415	4,399	(8,006)	16,808	18,886	5,772	33,33	1,936	15,050	1,758	1,529
Total	1,916,469	71,704	(62,504)	1,925,669	133,354	39,227		67,644	161,771	1,763,898	1,783,115