

***REGISTRO REGIONAL DE DIRECCIONES IP PARA
AMERICA LATINA Y EL CARIBE (LACNIC)***

***Financial Statements for the year ended
December 31st, 2010***

March, 2011

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 2010, 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, 2010 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, 9th March 2011.

Cr. Jorge Gutfraind
UNITY – RSM International
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, 2010
(In U.S. Dollars)

	December 31, 2010	December 31, 2009
ASSETS		
CURRENT ASSETS		
CASH AND BANKS (Note 2.6)		
Cash	701	897
Banks	483.218	339.236
	483.919	340.133
SHORT TERM INVESTMENTS (Note 2.9 y 4)		
Investments	1.322.551	432.231
ACCOUNTS RECEIVABLE (Note 2.7)		
Trade Debtors	917.538	885.683
Less:		
Deferred Income	(248.300)	(240.511)
Allowance for Doubtful Accounts (Note 2.8)	(9.929)	(18.022)
	659.309	627.150
OTHER RECEIVABLES		
Guaranty Deposits (Note 11)	71.796	60.284
Insurance to Fall Due	87.362	68.355
	159.158	128.639
TOTAL CURRENT ASSETS	2.624.937	1.528.153
NON CURRENT ASSETS		
FIXED ASSETS (Note 2.10 and Appendix I)		
Property, Plant and Equipment	2.012.867	1.908.861
Less: Accumulated Depreciation	(222.617)	(146.721)
	1.790.250	1.762.140
INTANGIBLES (Note 2.10 and Appendix I)		
Intangibles	103.241	16.808
Less: Accumulated Depreciation	(19.411)	(15.050)
	83.830	1.758
TOTAL NOT CURRENT ASSETS	1.874.080	1.763.898
TOTAL ASSETS	4.499.017	3.292.051

The accompanying notes and appendix 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, 2010
(In U.S. Dollars)

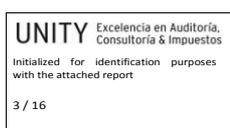
	December 31, 2010	December 31, 2009
LIABILITIES		
CURRENT LIABILITIES (Note 2.11)		
COMMERCIAL DEBTS		
Accounts Payable	96.002	33.181
FINANCIAL DEBTS		
Bank Loans (Note 6)	275.614	159.359
OTHER DEBTS		
Provisions for Employee Benefits	39.711	56.252
Benefits for Staff Retirement	8.356	11.640
Advanced Collections	94.061	60.827
Other Debts	93.890	181.933
	236.018	310.652
TOTAL CURRENT LIABILITIES	607.634	503.192
NON-CURRENT LIABILITIES		
FINANCIAL DEBTS		
Bank Loans (Note 6)	912.527	476.934
TOTAL NON-CURRENT LIABILITIES	912.527	476.934
TOTAL LIABILITIES	1.520.161	980.126
EQUITY		
RETAINED EARNINGS		
Accumulated Surplus	2.302.386	1.789.190
Net Income of the Year	676.470	522.735
	2.978.856	2.311.925
TOTAL EQUITY	2.978.856	2.311.925
TOTAL LIABILITIES AND EQUITY	4.499.017	3.292.051

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

Registro Regional de Direcciones IP para America Latina y Caribe (LACNIC)
PROFIT AND LOSS STATEMENT
AS OF DECEMBER 31, 2010
(In U.S. Dollars)

	Year ended December 31, 2010	Year ended December 31, 2009
OPERATING REVENUES		
Net Operating Revenues	2.939.588	2.345.164
 SELLING AND ADMINISTRATIVE EXPENSES		
Salaries and Contributions for Retirement	(887.781)	(736.181)
Travel and Training	(512.422)	(428.232)
Hired Services	(244.536)	(208.611)
Cooperation, Contributions and Memberships	(124.520)	(139.538)
Correspondence and Communications	(88.804)	(71.474)
Fixed Assets Depreciation	(80.256)	(67.644)
Dissemination Expenses	(155.327)	(143.053)
Stationery and Other Office Supplies	(47.082)	(24.534)
Electric Power and Water	(16.847)	(12.244)
Insurance	(9.900)	(17.383)
Other Expenses	(71.407)	(19.378)
	(2.238.882)	(1.868.272)
 OTHER RESULTS		
Other Income		63.839
Other Expenses	(1.250)	(8.128)
	(1.250)	55.711
 FINANCIAL RESULTS		
Interest Paid	(57.254)	(72.518)
Interest Income	43.453	33.350
Differences of Investment Valuation	16.710	33.762
Exchange Differences	(25.895)	(4.462)
	(22.986)	(9.868)
 NET INCOME OF THE YEAR	 676.470	 522.735

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



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Registro Regional de Direcciones IP para America Latina y Caribe (LACNIC)
STATEMENT OF CHANGES IN CASH FLOW
AS OF DECEMBER 31, 2010
(In U.S. Dollars)

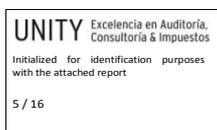
	Year ended December 31, 2010	Year ended December 31, 2009
1 - Cash Flow for Operating Activities		
Net Income of the Year	676.470	522.735
Adjustments:		
Fixed Assets Depreciation	80.257	67.644
Fixed Assets Adjustment		11.277
Retained Earnings Adjustments	(9.539)	(25.196)
Changes in Assets and Liabilities		
Increase of Commercial Debts and Other Debts		
Increase of Accounts Receivable and Other Current Assets	(51.165)	(159.565)
Net Cash Provided by Operating Activities	<u>(11.813)</u>	<u>138.130</u>
	684.210	555.025
2 - Cash Flow from Investment Activities		
Increase of Investments	(890.320)	(118.436)
Increase of Guaranty Deposits	(11.512)	(48.240)
Sale of Fixed Assets		12.000
Increase in Fixed Assets	(190.439)	(71.704)
Net Cash In Investment Activities	<u>(1.092.271)</u>	<u>(226.380)</u>
3 - Cash Flow from Financial Activities		
Bank Loans Obtained	703.126	-
Bank Loans Paid	(151.279)	(157.043)
Net Cash Used in Financial Activities	<u>551.847</u>	<u>(157.043)</u>
4 - Cash Increase	143.786	171.602
5 - Cash and Cash Equivalents at the Beginning of the Year	340.133	168.531
6 - Cash and Cash Equivalents at the End of the Year	<u>483.919</u>	<u>340.133</u>

The accompanying notes and appendix 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
AS OF DECEMBER 31, 2010
(In U.S. Dollars)

	Capital	Equity Adjustments	Reserves	Retained Earnings	Total Equity
1 - OPENING BALANCES - 01.01.2010					
Retained Earnings				2.311.925	2.311.925
SUBTOTAL				2.311.925	2.311.925
2 - MOVEMENTS OF OPENING BALANCE (Note 8)				(9.539)	(9.539)
3 - BALANCE OF ADJUSTED BEGINNING (1+2)				2.302.386	2.302.386
4 - MOVEMENTS DURING THE YEAR					
5 - NET PROFIT OF THE YEAR				676.470	676.470
SUBTOTAL (4+5)				676.470	676.470
6 - FINAL BALANCES					
Retained Earnings				2.978.856	2.978.856
Final Balances at 31.12.2010				2.978.856	2.978.856

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



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Registro Regional de Direcciones IP para America Latina y Caribe (LACNIC)
STATEMENT OF PROPERTY, PLANT AND EQUIPMENT
AS OF DECEMBER 31, 2010
(In U.S. Dollars)

	HISTORICAL AND REVALUED VALUES				DEPRECIATIONS					NET	NET
	Values at the	Increases	Decreases	Values at the end	Values at the	Decreases	Rate	Depreciation	Accumulated at the	VALUES	VALUES
	begining of the year			of the year	begining of the year		(%)	of the year	end of the year	31.12.2010	31.12.09
FIXED ASSETS											
Office Equipment	54.233	10.056		64.289	19.923		10%	4.028	23.951	40.338	34.310
Communication Equipment	3.646	827		4.473	1.914		20%	747	2.661	1.812	1.732
Computers	114.759	69.562		184.321	74.232		33%	39.075	113.307	71014	40.527
Other Equipment	38.729	5.877		44.606	15.252		33%	13.991	29.243	15.363	23.477
Vehicles	24.999			24.999	-			2.299	2.299	22.700	24.999
Real Estate (Plot of Land)	872.453			872.453	-		0%		-	872.453	872.453
Real Estate (Building)	785.185	2.599		787.784	35.400		2%	15.756	51.156	736.628	749.785
Building under construction	14.857	15.085		29.942					-	29.942	14.857
Total Fixed Assets	1.908.861	104.006	-	2.012.867	146.721	-		75.896	222.617	1.790.250	1.762.140
INTANGIBLES											
Software	16.808	86.433		103.241	15.050		33%	4.361	19.411	83.830	1.758
Total	16.808	86.433	-	103.241	15.050	-		4.361	19.411	83.830	1.758

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