



## **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 31<sup>st</sup> December 2012, 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.

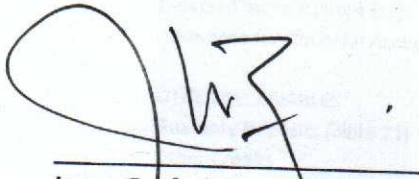


5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**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 31<sup>st</sup>, 2012 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.

Montevideo, 13<sup>rd</sup> March 2013.



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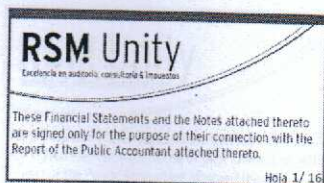
Jorge Gutfraind  
Public Accountant  
C.P. 32.922

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Registro Regional de Direcciones IP para America Latina y Caribe (LACNIC)  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AS OF DECEMBER 31, 2012**  
(In U.S. Dollars)

	December 31, 2012	December 31, 2011
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
CASH AND BANKS (Note 3.1)		
Cash	2,103	867
Banks	185,144	301,730
	187,247	302,597
SHORT TERM INVESTMENTS (Notes 3.4 and 5)		
Investments	1,647,045	1,113,474
Interest	14,549	-
	1,661,594	1,113,474
ACCOUNTS RECEIVABLE (Note 3.2)		
Trade Debtors	1,967,093	1,611,496
Less:		
Deferred Income (Note 3.2)	(428,482)	(328,932)
Allowance for Doubtful Accounts (Note 3.3)	(36,914)	(23,148)
	1,501,697	1,259,416
OTHER RECEIVABLES		
Guaranty Deposits (Note 11)	4,256	100,784
Other Credits	71,003	76,326
Allowance for Other Credits	(9,273)	(9,273)
	65,986	167,837
<b>TOTAL CURRENT ASSETS</b>	<b>3,416,524</b>	<b>2,843,324</b>
<b>NON CURRENT ASSETS</b>		
FIXED ASSETS (Note 3.5 and Appendix I)		
Property, Plant and Equipment	3,351,677	2,725,457
Less: Accumulated Depreciation	(393,466)	(295,911)
	2,958,211	2,429,546
INTANGIBLES (Note 3.5 and Appendix I)		
Intangibles	217,585	166,349
Less: Accumulated Depreciation	(107,327)	(52,155)
	110,258	114,194
<b>TOTAL NOT CURRENT ASSETS</b>	<b>3,068,469</b>	<b>2,543,740</b>
<b>TOTAL ASSETS</b>	<b>6,484,994</b>	<b>5,387,064</b>
<b>MEMORANDUM ACCOUNTS</b>		
	<b>39,476</b>	<b>33,611</b>

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

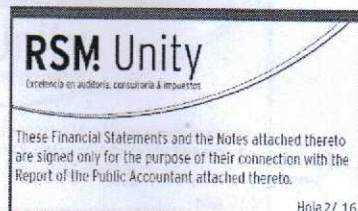


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Registro Regional de Direcciones IP para America Latina y Caribe (LACNIC)  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AS OF DECEMBER 31, 2012**  
(In U.S. Dollars)

	December 31, 2012	December 31, 2011
<b>LIABILITIES</b>		
CURRENT LIABILITIES (Note 3.6)		
COMMERCIAL DEBTS		
Accounts Payable	91,385	53,663
FINANCIAL DEBTS		
Bank Loans (Note 7)	253,836	254,088
OTHER DEBTS		
Provisions for Employee Benefits	115,956	53,156
Benefits for Staff Retirement	50,538	15,326
Advanced Collections	326,651	210,355
Other Debts	-	2,636
	493,145	281,473
<b>TOTAL CURRENT LIABILITIES</b>	<b>838,366</b>	<b>589,224</b>
NON-CURRENT LIABILITIES		
FINANCIAL DEBTS		
Bank Loans (Note 7)	439,950	691,350
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>439,950</b>	<b>691,350</b>
<b>TOTAL LIABILITIES</b>	<b>1,278,316</b>	<b>1,280,574</b>
<b>EQUITY</b>		
RETAINED EARNINGS		
Accumulated Surplus	4,106,490	2,908,639
Net Income of the Year	1,100,188	1,197,851
	5,206,678	4,106,490
<b>TOTAL EQUITY</b>	<b>5,206,678</b>	<b>4,106,490</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>6,484,994</b>	<b>5,387,064</b>
<b>MEMORANDUM ACCOUNTS</b>	<b>39,476</b>	<b>33,611</b>

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)

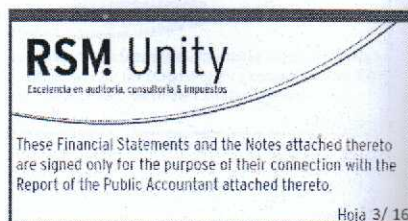
PROFIT AND LOSS STATEMENT

AS OF DECEMBER 31, 2012

(In U.S. Dollars)

	Year ended December 31, 2012	Year ended December 31, 2011
<b>OPERATING REVENUES</b>		
Net Operating Revenues (Note 8)	4,940,947	4,133,243
<b>SELLING AND ADMINISTRATIVE EXPENSES</b>		
Salaries and Contributions for Retirement	(1,382,982)	(1,143,562)
Travel and Training	(858,037)	(740,074)
Hired Services	(536,200)	(271,581)
Bad Debts	(13,766)	-
Cooperation, Contributions and Memberships	(271,071)	(167,363)
Correspondence and Communications	(130,853)	(107,896)
Fixed Assets Depreciation (Appendix I)	(152,727)	(106,038)
Dissemination Expenses	(500,284)	(215,258)
Stationery and Other Office Supplies	(38,663)	(49,210)
Electric Power and Water	(35,695)	(22,167)
Insurance	(12,827)	(6,526)
Other Expenses	(57,734)	(56,100)
	<u>(3,990,839)</u>	<u>(2,885,775)</u>
<b>OTHER RESULTS</b>		
Other Expenses	-	(333)
	-	<u>(333)</u>
<b>FINANCIAL RESULTS</b>		
Interest Paid	(89,455)	(80,455)
Interest Income	98,385	74,591
Differences of Investment Valuation	120,922	(55,439)
Exchange Differences	20,228	12,019
	<u>150,080</u>	<u>(49,284)</u>
<b>NET INCOME OF THE YEAR</b>	<u><u>1,100,188</u></u>	<u><u>1,197,851</u></u>

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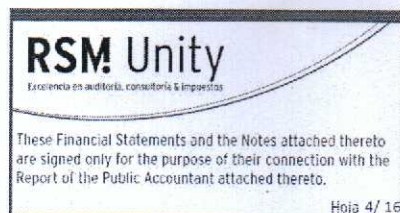


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Registro Regional de Direcciones IP para America Latina y Caribe (LACNIC)  
**STATEMENT OF CHANGES IN CASH FLOW**  
**AS OF DECEMBER 31, 2012**  
(In U.S. Dollars)

	Year ended December 31, 2012	Year ended 2011
<b>1 - Cash Flow for Operating Activities</b>		
Net Income of the Year	1,100,188	1,197,851
Adjustments:		
Fixed Assets Depreciation	152,727	106,038
Bad Debts	13,766	-
Retained Earnings Adjustments	-	(70,217)
Changes in Assets and Liabilities		
Increase of Accounts Receivable and Other Current Assets	(250,724)	(579,798)
Increase of Commercial Debts and Other Debts	249,392	3,116
Net Cash Provided by Operating Activities	<u>1,265,349</u>	<u>656,990</u>
<b>2 - Cash Flow from Investment Activities</b>		
Increase of Investments	(548,120)	209,077
Decrease of Guaranty Deposits	96,528	(28,988)
Increase in Fixed Assets	(677,455)	(775,698)
Net Cash In Investment Activities	<u>(1,129,047)</u>	<u>(595,609)</u>
<b>3 - Cash Flow from Financial Activities</b>		
Bank Loans Obtained		
Bank Loans Paid	(251,652)	(242,703)
Net Cash Used in Financial Activities	<u>(251,652)</u>	<u>(242,703)</u>
<b>4 - Cash Increase</b>	<b>(115,350)</b>	<b>(181,322)</b>
<b>5 - Cash and Cash Equivalents at the Beging of the Year</b>	<b>302,597</b>	<b>483,919</b>
<b>6 - Cash and Cash Equivalents at the End of the Year</b>	<b><u>187,247</u></b>	<b><u>302,597</u></b>

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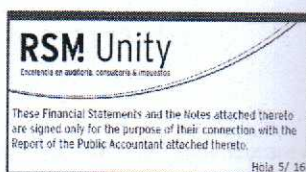


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Registro Regional de Direcciones IP para America Latina y Caribe (LACNIC)  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**AS OF DECEMBER 31, 2012**  
(In U.S. Dollars)

	Capital	Equity Adjustments	Reserves	Retained Earnings	Total Equity
<b>1 - OPENING BALANCES - 01.01.2012</b>					
Retained Earnings				4,106,490	4,106,490
<b>SUBTOTAL</b>	-	-	-	4,106,490	4,106,490
<b>2 - MOVEMENTS OF OPENING BALANCE</b>					
<b>3 - BALANCE OF ADJUSTED BEGINNING (1+2)</b>					
	-	-	-	4,106,490	4,106,490
<b>4 - MOVEMENTS DURING THE YEAR</b>					
<b>5 - NET PROFIT OF THE YEAR</b>					
				1,100,188	1,100,188
<b>SUBTOTAL ( 4+5 )</b>	-	-	-	1,100,188	1,100,188
<b>6 - FINAL BALANCES</b>					
Retained Earnings				5,206,678	5,206,678
<b>Final Balances at 31.12.2012</b>	-	-	-	<b>5,206,678</b>	<b>5,206,678</b>

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

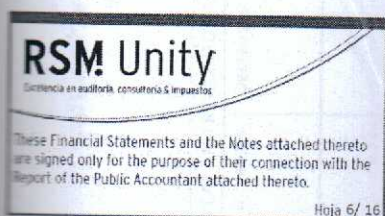


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Registro Regional de Direcciones IP para America Latina y Caribe (LACNIC)  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
 AS OF DECEMBER 31, 2011  
 (In U.S. Dollars)

	Capital	Equity Adjustements	Reserves	Retained Earnings	Total Equity
1 - OPENING BALANCES - 01.01.2011					
Retained Earnings				2,978,856	2,978,856
SUBTOTAL	-	-	-	2,978,856	2,978,856
2 - MOVEMENTS OF OPENING BALANCE				(70,217)	(70,217)
3 - BALANCE OF ADJUSTED BEGINNING (1+2)	-	-	-	2,908,639	2,908,639
4 - MOVEMENTS DURING THE YEAR					
5 - NET PROFIT OF THE YEAR				1,197,851	1,197,851
SUBTOTAL ( 4+5 )	-	-	-	1,197,851	1,197,851
6 - FINAL BALANCES					
Retained Earnings	-	-	-	4,106,490	4,106,490
Final Balances at 31.12.2011	-	-	-	4,106,490	4,106,490

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



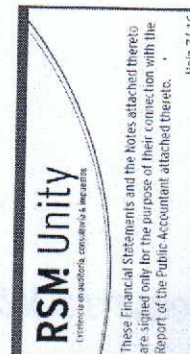
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**STATEMENT OF PROPERTY, PLANT AND EQUIPMENT**  
**AS OF DECEMBER 31, 2012**  
(In U.S. Dollars)

	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	Rate (%)	Depreciation of the year	Accumulated at the end of the year	VALUES 31.12.12	NET VALUES 31.12.11
<b>FIXED ASSETS</b>										
Office Equipment	65,435	1,522		66,957	32,438	10%	6,604	39,042	27,915	32,996
Communication Equipment	28,047	8,450		36,497	4,837	20%	6,076	10,913	25,584	23,209
Computers	233,744	68,244		301,988	154,321	33%	51,360	205,681	96,307	79,423
Other Equipment	50,996	49,677		100,673	41,239	33%	15,048	56,287	44,386	9,757
Vehicles	24,999	-		24,999	5,000	10%	2,500	7,500	17,499	19,999
Real Estate (Plot of Land)	872,453	-		872,453	-	0%	-	-	872,453	872,453
Real Estate (Building)	787,784	1,160,326		1,948,110	58,076	2%	15,967	74,043	1,874,067	729,708
Building under construction	662,000	468,825	1,130,825	-	-	-	-	-	-	662,000
<b>Total Fixed Assets</b>	<b>2,725,458</b>	<b>1,757,044</b>	<b>1,130,825</b>	<b>3,351,677</b>	<b>295,911</b>		<b>97,555</b>	<b>393,466</b>	<b>2,958,211</b>	<b>2,429,546</b>
<b>INTANGIBLES</b>										
Software	166,349	51,236		217,585	52,155	33%	55,172	107,327	110,258	114,194
<b>Total</b>	<b>166,349</b>	<b>51,236</b>	<b>-</b>	<b>217,585</b>	<b>52,155</b>		<b>55,172</b>	<b>107,327</b>	<b>110,258</b>	<b>114,194</b>
<b>TOTAL</b>	<b>2,891,807</b>	<b>1,808,280</b>	<b>1,130,825</b>	<b>3,569,262</b>	<b>348,066</b>		<b>152,727</b>	<b>500,793</b>	<b>3,068,469</b>	<b>2,543,740</b>

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



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