

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

***Financial Statements for the year ended
December 31st, 2013***

March, 2014



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 2013, 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 accounting standards in force in the Republic of Uruguay, pursuant to the general rules set forth by Decrees N° 103/91, 266/07, 99/09 and 104/12 and complementary. 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.

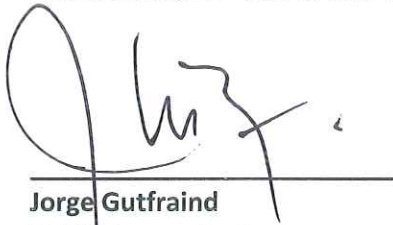


4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, either due to fraud 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, 2013 and the results of its operations, the changes in its shareholders' equity and its cash flows for the year then ended, in accordance with with accounting standards in force in the Republic of Uruguay, pursuant to the general rules set forth by Decrees Nº 103/91, 266/07, 99/09, 104/12 and complimentary.

Montevideo, 11th March 2014.



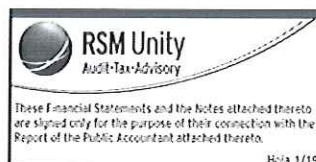
Jorge Gutfraind
Public Accountant
C.P. 32.922



Registro Regional de Direcciones IP para America Latina y Caribe (LACNIC)
 STATEMENT OF ASSETS AND LIABILITIES
 AS OF DECEMBER 31, 2013
 (In U.S. Dollars)

	December 31, 2013	December 31, 2012
ASSETS		
CURRENT ASSETS		
CASH AND BANKS (Note 3.1 and 3.4)		
Cash	2.949	2.103
Banks	321.695	185.144
	324.644	187.247
SHORT TERM INVESTMENTS (Notes 3.2 and 3.4)		
Investments	1.587.940	1.647.045
Interest	14.259	14.549
	1.602.199	1.661.594
ACCOUNTS RECEIVABLE (Notes 3.2, 3.3 and 3.4)		
Trade Debtors	2.055.873	1.967.093
Less:		
Deferred Income	(441.594)	(428.482)
Allowance for Doubtful Accounts	(30.146)	(36.914)
	1.584.133	1.501.697
OTHER RECEIVABLES		
Guaranty Deposits (Note 12)	8.954	4.256
Other Credits	164.937	71.004
Allowance for Other Credits	-	(9.273)
	173.891	65.987
TOTAL CURRENT ASSETS	3.684.867	3.416.525
NON CURRENT ASSETS		
FIXED ASSETS (Note 3.6 and Appendix I)		
Property, Plant and Equipment	3.523.359	3.351.677
Less: Accumulated Depreciation	(527.771)	(393.466)
	2.995.588	2.958.211
INTANGIBLES (Note 3.6 and Appendix I)		
Intangibles	235.117	217.585
Less: Accumulated Depreciation	(175.814)	(107.327)
	59.303	110.258
TOTAL NOT CURRENT ASSETS	3.054.891	3.068.469
TOTAL ASSETS	6.739.758	6.484.994
MEMORANDUM ACCOUNTS	-	8.703

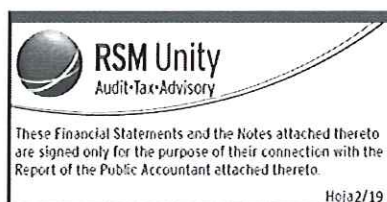
The accompanying notes and appendix are an integral part of the financial statements



Registro Regional de Direcciones IP para America Latina y Caribe (LACNIC)
STATEMENT OF ASSETS AND LIABILITIES
AS OF DECEMBER 31, 2013
(In U.S. Dollars)

	December 31, 2013	December 31, 2012
LIABILITIES		
CURRENT LIABILITIES (Note 3.7)		
COMMERCIAL DEBTS		
Accounts Payable	72.357	91.385
FINANCIAL DEBTS		
Bank Loans (Note 7)	253.836	253.836
OTHER DEBTS		
Provisions for Employee Benefits	128.843	115.956
Benefits for Staff Retirement	12.838	50.538
Advanced Collections	235.511	326.651
	<u>377.192</u>	<u>493.145</u>
TOTAL CURRENT LIABILITIES	703.385	838.366
NON-CURRENT LIABILITIES		
FINANCIAL DEBTS		
Bank Loans (Note 3.4 and 7)	188.550	439.950
TOTAL NON-CURRENT LIABILITIES	188.550	439.950
TOTAL LIABILITIES	891.935	1.278.316
EQUITY		
RETAINED EARNINGS (Note 8)		
Accumulated Surplus	5.073.856	4.106.490
Net Income of the Year	773.967	1.100.188
	<u>5.847.823</u>	<u>5.206.678</u>
TOTAL EQUITY	5.847.823	5.206.678
TOTAL LIABILITIES AND EQUITY	6.739.758	6.484.994
MEMORANDUM ACCOUNTS	-	8.703

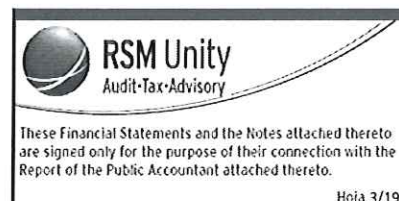
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Registro Regional de Direcciones IP para America Latina y Caribe (LACNIC)
PROFIT AND LOSS STATEMENT
AS OF DECEMBER 31, 2013
(In U.S. Dollars)

	Year ended December 31, 2013	Year ended December 31, 2012
OPERATING REVENUES		
Net Operating Revenues (Note 9)	5.644.688	4.940.947
SELLING AND ADMINISTRATIVE EXPENSES		
Salaries and Contributions for Retirement	(1.647.505)	(1.382.982)
Travel and Training Staff	(671.602)	(564.273)
Cooperation, Contributions and Memberships	(553.708)	(271.071)
Hired Services	(464.917)	(392.522)
Dissemination Expenses	(384.263)	(500.284)
Travel fellows and exhibitors	(292.912)	(259.376)
Fixed Assets Depreciation (Appendix I)	(209.775)	(152.727)
Maintenance service	(168.065)	(143.678)
Communications	(159.476)	(130.853)
Other expenses	(76.880)	(70.561)
Training	(64.100)	(34.388)
Stationery and Other Office Supplies	(54.124)	(38.663)
Electric Power and Water	(42.234)	(35.695)
Doubtful accounts	6.768	(13.766)
Bad debts	(4.782.793)	(3.990.839)
OTHER RESULTS		
Other Expenses	-	-
FINANCIAL RESULTS		
Interest Paid	(80.237)	(89.455)
Interest Income	112.016	98.385
Differences of Investment Valuation	(27.563)	120.922
Exchange Differences	(92.144)	20.228
	(87.928)	150.080
NET INCOME OF THE YEAR	773.967	1.100.188

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Registro Regional de Direcciones IP para America Latina y Caribe (LACNIC)

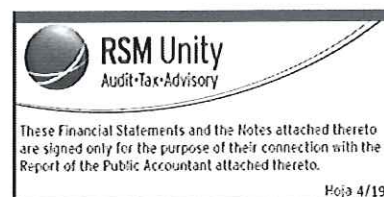
STATEMENT OF CHANGES IN CASH FLOW

AS OF DECEMBER 31, 2013

(In U.S. Dollars)

	Year ended December 31, 2013	Year ended December 31, 2012
1 - Cash Flow for Operating Activities		
Net Income of the Year	773.967	1.100.188
Adjustments:		
Fixed Assets Depreciation	209.775	152.727
Constitution(reversal) of foresight for Bad Debts	(6.768)	13.766
Changes in Assets and Liabilities		
Increase of Accounts Receivable and Other Current Assets	(311.696)	(250.723)
Increase of Commercial Debts and Other Debts	(134.981)	249.391
Net Cash Provided by Operating Activities	530.297	1.265.349
2 - Cash Flow from Investment Activities		
Increase of Investments	59.395	(548.120)
Decrease of Guaranty Deposits	(4.698)	96.528
Increase in Fixed Assets	(196.197)	(677.455)
Net Cash In Investment Activities	(141.500)	(1.129.047)
3 - Cash Flow from Financial Activities		
Bank Loans Paid	(251.400)	(251.652)
Net Cash Used in Financial Activities	(251.400)	(251.652)
4 - Cash Increase	137.397	(115.350)
5 - Cash and Cash Equivalents at the Begining of the Year	187.247	302.597
6 - Cash and Cash Equivalents at the End of the Year	324.644	187.247

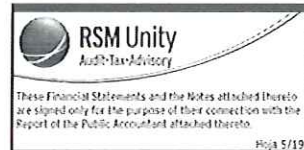
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Registro Regional de Direcciones IP para America Latina y Caribe (LACNIC)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS OF DECEMBER 31, 2013
(In U.S. Dollars)

	Capital	Equity Adjustments	Reserves	Retained Earnings	Total Equity
1 - OPENING BALANCES - 01.01.2013					
Retained Earnings				5.206.678	5.206.678
SUBTOTAL	-	-	-	5.206.678	5.206.678
2 - MOVEMENTS OF OPENING BALANCE					
				(132.822)	(132.822)
3 - BALANCE OF ADJUSTED BEGINNING (1+2)	-	-	-	5.073.856	5.073.856
4 - MOVEMENTS DURING THE YEAR					
5 - NET PROFIT OF THE YEAR				773.967	773.967
SUBTOTAL (4+5)	-	-	-	773.967	773.967
6 - FINAL BALANCES					
Retained Earnings	-	-	-	5.847.823	5.847.823
Final Balances at 31.12.2013	-	-	-	5.847.823	5.847.823

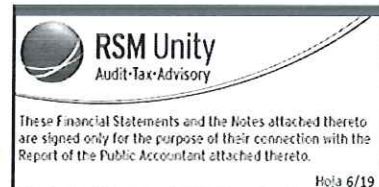
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Registro Regional de Direcciones IP para America Latina y Caribe (LACNIC)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS OF DECEMBER 31, 2012
(In U.S. Dollars)

	Capital	Equity Adjustments	Reserves	Retained Earnings	Total Equity
1 - OPENING BALANCES - 01.01.2012					
Retained Earnings				4.106.490	4.106.490
SUBTOTAL	-	-	-	4.106.490	4.106.490
2 - MOVEMENTS OF OPENING BALANCE				-	-
3 - BALANCE OF ADJUSTED BEGINNING (1+2)	-	-	-	4.106.490	4.106.490
4 - MOVEMENTS DURING THE YEAR					
5 - NET PROFIT OF THE YEAR				1.100.188	1.100.188
SUBTOTAL (4+5)	-	-	-	1.100.188	1.100.188
6 - FINAL BALANCES					
Retained Earnings	-	-	-	5.206.678	5.206.678
Final Balances at 31.12.2012	-	-	-	5.206.678	5.206.678

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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, 2013
(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	VALUES 31.12.13	NET VALUES 31.12.12
FIXED ASSETS											
Office Equipment	66,957	6,649		73,606	39,042		10%	6,158	45,200	28,406	27,915
Communication Equipment	36,497	35,929	(1,559)	72,426	10,913		20%	21,606	34,078	38,348	25,584
Computers	301,988	61,823		363,811	205,681		33%	64,539	270,220	93,591	96,307
Other Equipment	100,673	14,253	21,074	93,852	56,287		33%	7,243	63,530	30,322	44,386
Vehicles	24,999	25,302	24,999	25,302	7,500		10%	2,296	1,254	24,048	17,499
Real Estate (Plot of Land)	872,453	-		872,453	-		0%	-	-	872,453	872,453
Real Estate (Building)	1,948,110	73,799		2,021,909	74,043		2%	39,446	113,489	1,908,420	1,874,067
Building under construction	0	-		-	-			-	-	-	-
Total Fixed Assets	3,351,677	217,755	46,073	3,523,359	393,466	6,983		141,288	527,771	2,995,588	2,958,211
INTANGIBLES											
Software	217,585	17,532		235,117	107,327		33%	68,487	175,814	59,303	110,258
Total	217,585	17,532	-	235,117	107,327	-		68,487	157,814	59,303	110,258
TOTAL	3,569,262	235,287	46,073	3,758,476	500,793	6,983		209,775	703,585	3,054,891	3,068,469

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