

**CONSERVATION
INTERNATIONAL DO BRASIL**

**BALANCE SHEETS AS OF
DECEMBER 31, 2011 AND 2010**

CONSERVATION INTERNATIONAL DO BRASIL

CNPJ nº 38.737.938/0001-61

BALANCE SHEETS AS OF DECEMBER 31, 2011 AND 2010

(In Brazilian Reais)

ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT ASSETS		
Cash and cash equivalents	8.860.193	8.396.867
Accounts receivable	3.589.918	7.126.088
Advances	112.184	85.514
Taxes recoverable	7.315	7.315
	<u>12.569.610</u>	<u>15.615.784</u>
 NON CURRENT		
Fixed assets	<u>3.305.351</u>	<u>3.362.305</u>
 TOTAL ASSETS	<u><u>15.874.961</u></u>	<u><u>18.978.089</u></u>

The notes are an integral part of the Financial Statements



LIABILITIES

	<u>2011</u>	<u>2010</u>
CURRENT		
Granted donations payable	954.455	1.321.551
Tax obligations and tax	239.919	248.529
Labor and social security obligations	596.211	645.960
Other accounts payable	12.944	-
	<u>1.803.529</u>	<u>2.216.040</u>
 NON CURRENT		
Long-term liability		
Projects to be implemented	5.536.541	8.014.033
Deferred revenues	6.162.041	7.280.347
	<u>11.698.582</u>	<u>15.294.380</u>
 NET WORTH		
Capital	1.467.669	993.657
Gains for the year	905.181	474.012
	<u>2.372.850</u>	<u>1.467.669</u>
 TOTAL LIABILITIES	<u><u>15.874.961</u></u>	<u><u>18.978.089</u></u>

The notes are an integral part of the Financial Statements



STATEMENT OF INCOME FOR THE YEARS ENDED ON
DECEMBER 31, 2011 AND 2010

(In Brazilian Reais)

	<u>2011</u>	<u>2010</u>
REVENUES		
Receipts CI / Washington Corporations	9.342.416	11.985.337
Restricted individual donations	3.674.419	2.672.903
Non - U.S. Governments	152.900	143.300
Selling products/services	530.841	61.183
Financial Income	383.322	58.628
Foundations	245.207	128.211
	827.285	5.079
	<u>15.156.390</u>	<u>15.054.641</u>
EXPENSES		
Granted donations	(2.998.798)	(4.010.242)
Personnel expenses	(6.639.033)	(6.402.244)
General and administrative expenses	(1.912.296)	(1.737.323)
Expenses on projects	(1.603.966)	(1.422.937)
Occupation expenses	(935.106)	(724.342)
Depreciation and Amortization	(162.010)	(165.033)
Equity income	-	(118.508)
	<u>(14.251.209)</u>	<u>(14.580.629)</u>
SURPLUS OPERATIONAL	905.181	474.012
NON OPERATING INCOME	<u>-</u>	<u>-</u>
SURPLUS EXERCISE	<u>905.181</u>	<u>474.012</u>

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STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FOR
THE YEARS ENDED ON DECEMBER 31, 2011 AND 2010

(In Brazilian Reais)

	Capital	Surplus / Deficit Accumulated	Total
Balances as of December 31, 2009	1.316.838	(323.181)	993.657
Incorporation to net worth	(323.181)	323.181	-
Surplus on the year		474.012	474.012
Balances as of December 31, 2010	993.657	474.012	1.467.669
Incorporation to net worth	474.012	(474.012)	-
Surplus on the year		905.181	905.181
Balances as of December 31, 2011	1.467.669	905.181	2.372.850

The notes are an integral part of the Financial Statements



**STATEMENT OF CASH FLOWS FOR THE YEARS ENDED
ON DECEMBER 31, 2011 AND 2010**

(In Brazilian Reais)

	<u>2011</u>	<u>2010</u>
Cash flow from operating activities		
Surplus on the year	905.181	474.012
Ajustments		
Depreciation	162.010	165.033
Residual value of fixed asset sales	8.650	-
Equity Results	-	118.508
	<u>1.075.841</u>	<u>757.553</u>
(Increase) decrease in assets		
Account receivable	3.536.170	155.474
Advances	(26.670)	2.090
Taxes recoverable	-	(7.315)
	<u>3.509.500</u>	<u>150.249</u>
Increase (decrease) in liabilities		
Donations to pay	(367.096)	87.792
Tax obligations and tax	(8.610)	12.908
Labor and social security obligations	(49.749)	141.408
Projects to implemented	(2.477.492)	(1.182.320)
Other accounts payable	12.944	-
	<u>(2.890.003)</u>	<u>(940.212)</u>
Net cash provided by (used in) operating activities	<u>1.695.338</u>	<u>(32.410)</u>
Cash flow from investing activities		
Additions to fixed assets	(113.706)	(230.937)
Low investments	-	46.413
Receipt from appeal for projects	(1.118.306)	7.280.347
Net cash in investing activities	<u>(1.232.012)</u>	<u>7.095.823</u>
Increase in cash equivalents	<u>463.326</u>	<u>7.063.413</u>
At beginning of year	8.396.867	1.333.454
At end of year	8.860.193	8.396.867
Increase in cash equivalents	<u>463.326</u>	<u>7.063.413</u>

The notes are an integral part of the Financial Statements



STATEMENT OF VALUE ADDED FOR THE YEARS
ENDED 31 DECEMBER 2011 AND 2010

(In Brazilian Reais)

	<u>2011</u>		<u>2010</u>	
REVENUE	14.911.183		14.926.430	
Donations received	14.527.861		14.867.802	
Revenue from consulting services	383.322		58.628	
SUPPLIES PURCHASED BY THIRD PARTIES (includes taxes)	6.418.391		7.073.398	
Donations granted (Partnerships)	2.998.798		4.010.243	
Costs of statutory activities (Environmental Conservation)	1.603.966		1.422.937	
Materials, energy, and other outsourced services	1.815.627		1.640.218	
GROSS VALUE ADDED	8.492.792		7.853.032	
RETENTIONS	162.010		165.033	
Depreciation, amortization	162.010		165.033	
VALUE ADDED NET PRODUCED BY THE ENTITY	8.330.782		7.687.999	
VALUE ADDED RECEIVED BY TRANSFER	245.207		9.703	
Equity income	-		(118.508)	
Financial income	245.207		128.211	
TOTAL VALUE ADDED TO DISTRIBUTION	8.575.989		7.697.702	
DISTRIBUTION OF VALUE ADDED	8.575.989	100 %	7.697.702	100 %
Personal and charges	4.647.338	54,2%	4.446.646	57,8%
Tax and contributions (Government)	2.104.819	24,5%	2.056.467	26,7%
Interest and rents	918.651	10,7%	720.577	9,4%
Surplus on the year	905.181	10,6%	474.012	6,2%

The notes are an integral part of the Financial Statements



NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2011 AND 2010
(In Brazilian Reais)

1. OPERATIONS

Conservation International in Brazil is a civil non-profit organization that aims to devote themselves to efforts to integrate biodiversity conservation with those that promote the improvement of human life, through demonstration of the feasibility of sustained development model.

The mission of Conservation International is to promote human welfare by strengthening society as responsible and sustainable care for nature - our global biodiversity - supported on a solid foundation of science, partnerships and field experience.

We imagine a prosperous and healthy world in which the society have the commitment to care for nature - our global biodiversity - and to value it for the permanent well-being of people and all forms of life on Earth.

2. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared and are presented in accordance with accounting practices adopted in Brazil, which include the Brazilian corporate law, the pronouncements, guidelines and interpretations issued by the CPC - Accounting Pronouncements Committee and are presented in Brazilian Reais.

On December 28, 2007 Law 11.638 was enacted, amending, revoking and adding new provisions to Law 6.404/76, whose primary purpose of these amendments and introductions was to update the Brazilian corporate law to allow the convergence of accounting practices adopted in Brazil to international accounting practices defined by the standards issued by the "International Accounting Standards Board - IASB."

3. SIGNIFICANT ACCOUNTING PRACTICES ADOPTED

The principal accounting policies adopted in the preparation of these financial statements were as follows:



a) Results of Operations

The results of operations are determined in accordance with the accrual basis of accounting.

The elements of the assets and liabilities arising from operations of long-term or short term, have no material effect to be adjusted to present value based on discount rates that reflect the best market assessments of the value of money over time and the specific risks of the assets and liabilities in their original dates.

b) Accounts receivable

Accounts receivable are valued at the initial moment the present value, less allowance for doubtful accounts, if applicable. The provision for doubtful debts is established when there is objective evidence that the company will not be able to collect all amounts due under the original terms of receivables. The allowance is the difference between book value and recoverable value.

c) Inventories

Inventories are stated at cost, less than the market. Cost is determined using the weighted average cost method.

d) Other current assets

Are valued at cost of acquisition or issue, updated as statutory or contractual provisions, adjusted to realizable value when it is lower.

e) Fixed assets

These are stated at cost of acquisitions, net of respective accumulated depreciation, computed based on the straight-line method, in accordance with the useful life of assets.

f) Reduction the recoverable value of assets

Property and equipment is annually reviewed to identify evidence of impairment, or even whenever events or changes in circumstances indicate that the carrying value may not be recoverable. While there are an estimated loss, it is recognized by the amount by which the asset's carrying amount exceeds its recoverable value, which is the higher of net



selling price and value in use of an asset.

g) Provisions

Provisions are recognized when the entity has a present obligation, legal or not formalized as a result of past events and it is probable that an outflow of resources is necessary to settle the obligation and a reliable estimate of the amount can be made.

h) Foreign currency translation

Transactions in foreign currencies are translated into brazilian reais using the exchange rates prevailing at the transaction dates. The balances of balance sheet accounts are translated at the exchange rate at balance sheet date.

Gains and losses arising on the settlement of these transactions and the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the results of the exercises.

i) Use of estimates

In applying the accounting policies of the entity, management must make judgments and develop estimates regarding the carrying values of assets and liabilities for which are not easily obtained from other sources. The estimates and associated assumptions are based on experience and other factors deemed relevant. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed continuously. The effects of revisions are recognized during the period they are reviewed, if the revision affects only that period, or in later periods, if the revision affects both current period as future periods.



4. CASH AND CASH EQUIVALENTS

	<u>2011</u>	<u>2010</u>
Caixa	5.300	3.800
Banco Itaú – Savings	8.181.036	7.038.907
Banco Itaú	486.329	1.118.333
Banco Itaú – Campo Grande	2.896	1.990
Banco Itaú – BH Fubio	25.176	-
Banco Itaú – Rio de Janeiro	9.649	-
Banco do Brasil - Embaixada Noruega	94.410	81.419
Banco do Brasil – Brasília	1.987	7.787
Banco do Brasil – Caravelas	3.082	(199)
Banco do Brasil – Belém	13.295	4.709
Banco do Brasil - Bunge	861	112.921
Banco do Brasil - 3297 - 2/5030-x	36.172	27.200
	<u>8.860.193</u>	<u>8.396.867</u>

5. ACCOUNTS RECEIVABLE

	<u>2011</u>	<u>2010</u>
Fondation d'Entreprise Alstom	-	220.773
Monsanto do Brasil	2.421.926	4.343.300
Ministério da Pesca e Agricultura	176.089	176.089
Fundo Brasileiro de Biodiversidade	326.671	29.227
The Graces Jóias	-	5.000
São Paulo Alpargatas	-	80.859
Agropecuária Santana do Nordeste	-	2.200.000
Vale S/A – Contrato nº 245061	300.938	-
Vale S/A – Contrato nº 045021	262.332	-
Agropalma S/A	100.436	70.840
Recofarma Ind. do Amazonas	1.526	-
	<u>3.589.918</u>	<u>7.126.088</u>

Refers to donations to be received and applied in projects aimed at the development of biodiversity from the contracts signed.



6. NON CURRENT ASSETS

6.1. Equity Investments in Subsidiary

	<u>2011</u>	<u>2010</u>
Rio Negro Com. Serviços e Turismo Ltda.	-	-
<u>Data relating to the subsidiary:</u>		
Capital	-	-
Shareholders' equity	-	-
Net income (loss) for the year	-	-
Number share held	-	-
Participation percentage	-	-
Initial Investment	-	164.921
Low Investment	-	(46.413)
Equity Income (loss)	-	(118.508)

6.2. Fixed Assets

Description	Fees annual Depreciation	2011			2010
		Cost	Depreciation	Net	Net
Land and building	-	2.800.000	-	2.800.000	2.800.000
Furniture & equipment	10% e 20%	1.468.180	(1.012.066)	456.114	513.199
Vehicles	20%	109.630	(60.393)	49.237	49.106
		4.377.810	(1.072.459)	3.305.351	3.362.305

According to the CPC 27 - Fixed Assets and ICPC 10 - Interpretation on the Initial Applications of Fixed Assets and Property to Investment of Pronouncements Technical CPC 27, 28, 37 and 43, the entity decided not to use the cost assigned by the fact that understanding the carrying amounts reported are consistent with their fair values. Another issue addressed by these normative concerns the revision of the rate of depreciation of fixed assets. The entity believes that the rates currently used accurately reflect the useful life of these assets.



7. GRANTED DONATIONS PAYABLE

	<u>2011</u>	<u>2010</u>
Fundação Instituto Desenvolvimento Amazônia	-	392.022
Centro de Pesquisas Ambientais do Nordeste - CEPAN	170.517	169.674
Fundação de Amparo e Desenv. de Pesquisa - FADESP	-	160.920
Associação para Proteção da Mata Atlântica – AMANE	128.800	123.167
Instituto do Homem e Meio Ambiente da Amazônia - IMAZON	-	95.976
Instituto Bio Atlântica - IBIO	-	92.926
Instituto de Manejo e Certificação Florestal - IMAFLORA	-	60.827
Instituto Amigos da Reserva Biosfera	1.402	46.866
Instituto Raoni	26.187	38.755
Ecologia e Ação – ECOA	-	20.724
Sociedade para Preservação do Muriqui	-	19.771
Conservação Estratégica - CSF Brasil	-	15.500
Biodiversitas	-	14.244
Instituto e Estudos Sócio-Ambientais do Sul da Bahia	-	12.389
Marília Previero	-	11.700
Marlon Lima	-	10.400
Tatiane dos Santos Cardoso	-	10.400
André Ferreira	-	10.400
Tarciso Cotrim Carneiro Leão	9.750	-
Antonio Robério Gomes Freire	9.100	-
Igor Inforzato Martins	9.100	-
Pollyanna Silva Campos	9.100	-
Fabiana Calacina da Cunha	11.700	-
Luiza Pestes de Souza	11.700	-
Liliane Bezerra Passos da Silva	18.000	-
Associação dos Amigos do INPA-ASSAI	-	9.690
Cristiane Lacena Barbosa	-	5.200
Fundação Amazônica de Defesa da Biosfera	50.097	-
Gambá Grupo Ambientalista da Bahia	103.375	-
Instituto Lina Galvani	130.138	-
Fundação Getúlio Vargas	29.383	-
Associação dos proprietários de RPPN's do MS	12.040	-
Fundação Flora de Apoio a Botânica	3.000	-
Instituto Onça Pintada	221.066	-
	<u>954.455</u>	<u>1.321.551</u>



8. PROJECTS TO IMPLEMENTED

	<u>2011</u>	<u>2010</u>
Alcoa Fundation	203.494	688.151
Agropalma S/A	134.611	-
Monsanto do Brasil	3.983.456	5.981.511
Wal Mart *BR*	138.333	481.333
Vale S/A	263.335	-
Fundation Dentrepise Alstrom	12.652	351.884
São Paulo Alpargatas	310.391	174.911
Ministério da Pesca e Agricultura	158.216	292.748
Fundo Brasileiro Biodiversidade	332.053	43.495
	<u>5.536.541</u>	<u>8.014.033</u>

It refers to resources, from signed contract, to be invested in projects aimed at developing and sustaining biodiversity.

9. DEFERRED REVENUE

	<u>2011</u>	<u>2010</u>
Fazenda Rio Negro	5.588.573	7.280.347
Vale S/A – Contrato nº 045041	193.468	-
Vale S/A – Contrato nº 245081	360.000	-
Abragel – Contrato nº 0245091	20.000	-
	<u>6.162.041</u>	<u>7.280.347</u>

Fazenda Rio Negro

Balance on the sales in 2010, approved in minutes, which will feature for the application in the conservation and sustainable use of biodiversity in the wetland biome.

Vale S/A and Abragel

Resources available to implement projects for the development and sustainability.

10. SOCIAL EQUITY

The Social Equity consists of founder's initial contributions, increased or decreased, respectively, of the surplus or deficit inherent to the entity's



activities at the end of each fiscal year.

11. INSURANCE

Conservation International do Brasil maintains insurance to cover potential claims of miscellaneous nature, and the insured amounts deemed sufficient by the Management.

12. CONTINGENCIES

The administration of the entity adopts the practice of periodically reviewing its external legal consultant, evolution of each of the cases in which the entity engages in view of their activities. In the present review on December 31, 2011 the administration concluded that it is unnecessary to set up any provisions for contingencies.

The composition of the consolidated figures under discussion in various fora of processes, whose expected losses are possible on 31 December 2011 was as follows:


<u>Labor</u>	<u>Fiscal</u>	<u>Total</u>
10.983	4.917.921	4.928.904

13. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board and authorized for issue on April 20, 2012.

Board of Directors


José Alexandre Felizola Diniz Filho
President


Viviane Ude de Sousa
Operations Director


Responsável Técnico
José Augusto Rocha Magalhães
Accounting Manager and Partnerships
CRC MG 39.937/O-2



INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Bord of
CONSERVATION INTERNATIONAL DO BRASIL
Belo Horizonte – MG (State of Minas Gerais)

We have audited the financial statements of **CONSERVATION INTERNATIONAL DO BRASIL**, which comprise the balance sheet at December 31, 2011, and the related statements of income, changes in equity, cash flows and value added for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for financial statements

The entity's management is responsible for the preparation and fair presentation of financial statements in accordance with accounting practices adopted in Brazil and the internal controls established by it as necessary to permit preparation of financial statements free of material misstatement, whether due to fraud or error.

Liability of auditors

Our responsibility is to express an opinion on these financial statements based on our audit conducted in accordance with auditing standards and international auditing. Those standards require that we comply with ethical requirements by auditors and that the audit is planned and implemented in order to obtain reasonable assurance that whether the financial statements are free of material misstatement.

An audit involves performing procedures selected to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's trial, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In this risk assessment, the auditor considers internal control relevant to the preparation and fair presentation of financial statements of the entity to plan the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal controls the entity. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates prepared by management, as well as evaluating the overall presentation of the financial statements taken as a whole.



**SOLTZ, MATTOSO
& MENDES**

We believe that the audit evidence obtained is sufficient and appropriate to base our opinion.


Opinion


In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **CONSERVATION INTERNATIONAL DO BRASIL** on December 31, 2011, the performance of its operations, its cash flows and value added for the year then ended in accordance with accounting practices adopted in Brazil.

Belo Horizonte, April 20, 2012

SOLTZ, MATTOSO & MENDES
Auditores Independentes

CRCMG (Regional Accountanting Council for the State of Minas Gerais) No. 2.684/O
LICENSE CRCMG No 1189


Fernando Antonio Lopes Matoso
Accountant CRCMG 11.628/O-3


Isaias Rotstein Soltz
Accountant CRCMG 18.253/O-6