CONSERVATION INTERNATIONAL DO BRASIL

FINANCIAL STATEMENTS ON DECEMBER 31, 2012 AND 2011



CONSERVATION INTERNATIONAL DO BRASIL CNPJ nº 38.737.938/0001-61

BALANCE SHEETS AS OF DECEMBER 31, 2012 AND 2011 (In Brazilian Reais)

ASSETS

		2012	2011
CURRENT ASSETS Cash and cash equivalents Accounts receivable Advances Taxes recoverable	4 5	9.592.010 1.435.601 60.068 	8.860.193 3.589.918 112.184 7.315 12.569.610
NON CURRENT Fixed assets	6	3.306.970	3.305.351
TOTAL ASSETS		14.394.649	15.874.961



LIABILITIES

		2012	2011
CURRENT			
Granted donations payable	7	331.316	954.455
Fiscal and tax obligations		308.027	239.919
Labor and social security obligations		768.371	596.211
Other accounts payable		_	12.944
		1.407.714	1.803.529
NON CURRENT			
Projects to be implemented	8	3.179.609	5.536.541
Deferred revenues	9	6.112.079	6.162.041
		9.291.688	11.698.582
NET WORTH			
Capital	10	2.372.850	1.467.669
Gains for the year	10	1.322.397	905.181
	9	3.695.247	2.372.850
TOTAL LIABILITIES	,	14.394.649	15.874.961



STATEMENT OF INCOME FOR THE YEARS ENDED ON DECEMBER 31, 2012 AND 2011 (In Brazilian Reais)

	_	2012	2011
REVENUES			
Receipts CI / Washington		8.902.872	9.342.416
Corporations		5.402.371	3.674.419
Restricted individual donations		242.561	152.900
Non - U.S. Governments		553.628	530.841
Selling products/services		152.606	383.322
Financial Income		195.858	245.207
Foundations/ONG		812.561	827.285
Others Revenues	<u></u>	10.500	
	_	16.272.957	15.156.390
EXPENSES Granted donations Personnel expenses General and administrative expenses Projects' Expenses Ocupation expenses		(1.125.135) (7.827.186) (2.886.458) (2.005.905) (939.656)	(1.912.296) (1.603.966) (935.106)
Depreciation and Amortization	-	(166.220) (14.950.560)	(162.010) (14.251.209)
	-	(14.930.360)	(14.251.209)
SURPLUS FOR DE YEAR	_	1.322.397	905.181



STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FOR THE YEARS ENDED ON DECEMBER 31, 2012 AND 2011 (In Brazilian Reais)

_	Capital	Surplus Accumulated	Total
Balances as of December 31, 2010	993.657	474.012	1.467.669
Incorporation to net Worth Surplus on the year	474.012	(474.012) 905.181	905.181
Balances as of December 31, 2011	1.467.669	905.181	2.372.850
Incorporation to net Worth Surplus on the year	905.181	(905.181) 1.322.397	1.322.397
Balances as of December 31, 2012	2.372.850	1.322.397	3.695.247



STATEMENT OF CASH FLOWS FOR THE YEARS ENDED ON DECEMBER 31, 2012 AND 2011 (In Brazilian Reais)

	2012	2011
Cash flow from operating activities		
Surplus on the year	1.322.397	905.181
Depreciation	166.220	162.010
Residual value of fixed asset sales	59.876	8.650
	1.548.493	1.075.841
(Increase) decrease in assets		
Account receivable	2.154.317	3.536.170
Advances	52.116	(26.670)
Taxes recoverable	7.315	-
	2.213.748	3.509.500
Increase (decrease) in liabilities		
Donations to pay	(623.139)	(367.096)
Tax obligations and tax	68.108	(8.610)
Labor and social security obligations	172.160	(49.749)
Projects to implemented	(2.356.932)	(2.477.492)
Other accounts payable	(12.944)	12.944
	(2.752.747)	(2.890.003)
Net cash provided by operating activities	1.009.494	1.695.338
Cash flow from investing activities		
Additions to fixed assets	(227.715)	(113.706)
Receipt from appeal for projects	(49.962)	(1.118.306)
Net cash in investing activities	(277.677)	(1.232.012)
Increase in cash equivalents	731.817	463.326
At beginning of year	8.860.193	8.396.867
At end of year	9.592.010	8.860.193
Increase in cash equivalents	731.817	463.326



STATEMENT OF VALUE ADDED FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011 (In Brazilian Reais)

	2012	-	2011	
REVENUE Donations received Revenue from consulting services	16.066.598 15.913.993 152.605		14.911.183 14.527.861	
SUPPLIES PURCHASED BY THIRD PARTIES (includes taxes)	5.760.511		383.322 6.418.391	
Donations granted (Partnerships) Costs of statutory activities (Evironmental	1.125.135		2.998.798	
Conservationl) Materials, energy, and other outsourced services	2.005.905 2.629.471		1.603.966 1.815.627	
GROSS VALUE ADDED	10.306.087		8.492.792	
RETENTIONS Depreciation, amortization and depletion	166.220 166.220		162.010 162.010	
VALUE ADDED NET PRODUCED BY THE ENTITY	10.139.867		8.330.782	
VALUE ADDED RECEIVED BY TRANSFER Financial income	195.858		245.207	
	195.858		245.207	
TOTAL VALUE ADDED TO DISTRIBUTION	10.335.725		8.575.989	
Personal and charges Tax and contributions (Government) Interest and rents Surplus on the year	10.335.725 5.613.883 2.459.789 939.656 1.322.397	100% 54,3% 23,8% 9,1% 12,8%	8.575.989 4.647.338 2.104.819 918.651 905.181	100 % 54,2% 24,5% 10,7% 10,6%



NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2012 AND 2011

(In Brazilian Reais)

1. OPERATING CONTEXT

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.

The financial statements were approved by the Board and authorized for issue on May 6, 2013

<u>Functional currency and presentation currency</u>

The financial statements are presented in Brazilian Reais (R\$), which is the functional currency of the entity.

3. MAIN ACCOUNTING PRACTICES ADOPTED

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



a) Cash and cash equivalents

The entity considers cash equivalents: (i) a financial investment that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, and / or (ii) an investment when you have short-term maturities, for example, three months or less from the date of hire.

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 strarght-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. When 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 in force on the dates of the transactions. 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 stimates

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.

j) 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.



4. CASH AND CASH EQUIVALENTS

	2012	2011
Caixa Banco Itaú – Savings Banco Itaú Banco Itaú – Campo Grande Banco Itaú – BH Fubio Banco Itaú – Rio de Janeiro Banco do Brasil – Embaixada Noruega Banco do Brasil – Brasília Banco do Brasil – Caravelas Banco do Brasil – Belém	84.229 9.111.055 76.925 - 259.159 21.722 - 17.279 12.156	5.300 8.181.036 486.329 2.896 25.176 9.649 94.410 1.987 3.082
Banco do Brasil - Bunge	-	861
Banco do Brasil – Belém	12.156 9.233	13.295
Banco do Brasil - 3297 - 2/5030-x	252 9.592.010	36.172 8.860.193

5. ACCOUNTS RECEIVABLE

	2012	2011
SEMA – Secretaria do Meio Ambiente Natura Cosméticos Monsanto do Brasil Ministério da Pesca e Aquicultura Fundo Brasileiro de Biodiversidade ATE V – Londrina Transmissora de Ene Vale – Contrato nº 245061 Vale – Contrato nº 045021 Vale – Contrato n 245151 Agropalma Recofarma Ind. do Amazonas	104.716 210.000 - 176.089 298.012 248.784 - - 398.000 - - - - 1.435.601	2.421.926 176.089 326.671 - 300.938 262.332 - 100.436 1.526 3.589.918

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



6. NON CURRENT ASSETS

Fixed Assets

	Fees	2012		2011		
Description	annual Depreciation	С	ost	Depreciation	Net	Net
Land and building Furniture & equipment	- 10% e 20%	1.6	00.000 02.432	(1.143.744)	2.800.000 458.688	456.114
Vehicles	20% _		11.216 13.648	(62.934) (1.206.678)	48.282 3.306.970	49.237 3.305.351

According to the CPC 27 - Fixed Assets and ICPC 10 - Interpretation on the Initial Aplications 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

	2012	2011
Centro de Pesquisas Ambientais do Nordeste – CEPAN	50	170.517
Associação para Proteção da Mata Atlântica - AMANE	-	128.800
Instituto Amigos da Reserva Biosfera	-	1.402
Instituto Raoni	-	26.187
Centro de pesquisas ambientais do Nordeste – CEPAN	132.192	-
Fundação Neotropica	44.452	_
Instituto Lina Galvani	109.772	-
Mariana Afonso Abade Couceiro	1.950	-
Marina Shulz Cristo	9.100	=
Ana Beatriz Moraes	9.100	-
Fabricio Fernandes	9.100	-
Carol Fortunato Oliveira	6.500	-
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
Maria Joana da Silva Specht	7.800	-
Juliana dos Santos Ribeiro	1.300	-
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 N	ns -	12.040
Fundação Flora de Apoio a Botânica	-	3.000
Instituto Onça Pintada		221.066
	331.316	954.455

8. PROJECTS TO IMPLEMENTED

	2012	2011
Alcoa Fundation	1.397	203.494
Agropalma	_	134.611
Monsanto do Brasil	902.029	3.983.456
Monsanto do Brasil -TEEB	191.884	_
Londrina Transmissora de Energia	202.724	_
City Foundation	139.216	_
Fundo Brasileiro de Biodiversidade	557.172	_
Natura Cosméticos	198.800	_
Banco Santander	53.743	_
Wal Mart *BR*	-	138.333
Vale	-	263.335
Fundation Dentrepise Alstrom	_	12.652
SEMA - Secretaria do Meio Ambiente	179.415	-
Instituto Walmart	179.034	_
Vale - TEEB 245081	126.783	
Vale - VALE MAIS 245151	271.323	-
São Paulo Alpargatas	_	310.391
Ministério da Pesca e Aquicultura	176.089	158.216
Fundo Brasileiro Biodiversidade	-	332.053
	3.179.609	5.536.541

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



9. DEFERRED REVENUE

	2012	2011
Fazenda Rio Negro	5.997.016	5.588.573
Giz – Contrato nº 45071	109.113	-
Giz – Contrato nº 45081	5.950) –
Vale – Contrato nº 045041	-	193.468
Vale – Contrato nº 245081	-	360.000
Abragel – Contrato nº 0245091	-	20.000
	6.112.079	6.162.041

Fazenda Rio Negro

Balance arising from alienation in 2010, approved in minutes, which will feature for the application in the conservation and sustainable use of biodiversity in the Pantanal biome.

Giz - Contrato nº 45071

Resources available to implement projects aimed at the protection and management of indigenous lands - Systematic biodiversity - Latin America.

Giz - Contrato nº 45081

Resources available for use in the project aiming to develop concept proposed CISA - International Centre for Sustainability of the Amazon.

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 of Brazil maintains insurance to cover potential claims of miscellaneous nature, and the insured amounts are deemed sufficient by Management of the entity.



12. CONTINGENCIES

The administration of the entity adopts the practice of periodically reviewing their external legal consultants the evolution of each of the cases in which the entity engages in reason of its activities. In the present review on December 31, 2012 the administration concluded that it is unnecessary to set up any provisions for contingencies.

The provision for contingencies and risks, December 31, 2012, classified as possible loss, is presented below:

Labor Civil

2012	2011	
30.000	10.983	
5.375.545	4.917.921	
5.405.545	4.928.904	

Board of Directors

José Alexandre Felizola Diniz Filho President

Viviane Ude de Sousa Junqueira
Operations Director

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





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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, 2012, 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.

Independent Auditors' Liability

Our responsibility is to express an opinion on these financial statements based on our audit conducted in accordance with the brazilian and international auditing standards. 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 presented 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



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financial statements taken as a whole.

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

Opnion

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, 2012, 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, May 06, 2013

SOLTZ, MATTOSO & MENDES

Auditores Independentes

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

José Roberto de Almeida Mendes Accountant CRCMG 19.932/O-9

Isaias Rotstein Soltz
Accountant CRCMG 18/253/O-6