

**CONSERVATION
INTERNATIONAL DO BRASIL**

**Financial Statements
as of December 31, 2008 and 2007**

CONSERVATION INTERNATIONAL DO BRASIL
CNPJ[Brazilian Directory of Legal Entities] nº 38.737.938/0001-61

BALANCE SHEET ON DECEMBER 31st, 2008 AND 2007
(in Brazilian Reais)

ASSETS

	<u>2008</u>	<u>2007</u>
CURRENT ASSETS		
Cash	4,600	4,600
Banks – Checking account	2,099,697	1,192,697
Accounts receivable	853,635	1,089,088
Advances	54,751	2,760
	<u>3,012,683</u>	<u>2,289,145</u>
NON-CURRENT ASSETS		
Investments	215,458	296,609
Property, plant and equipment	3,325,551	3,378,936
	<u>3,541,009</u>	<u>3,675,545</u>
TOTAL ASSETS	<u>6,553,692</u>	<u>5,964,690</u>

The explanatory notes are an integral part of the financial statements



LIABILITIES

	<u>2008</u>	<u>2007</u>
CURRENT LIABILITIES		
Stock Exchange/Payable donations given	2,312,526	2,080,056
Social duties	1,052,514	748,300
	<u>3,365,040</u>	<u>2,828,356</u>
NON-CURRENT LIABILITIES		
Advances from clients	<u>1,871,814</u>	<u>1,089,004</u>
SHAREHOLDER'S EQUITY		
Shareholder's equity	2,047,330	3,222,726
Deficit for the fiscal year	(730,492)	(1,175,396)
	<u>1,316,838</u>	<u>2,047,330</u>
TOTAL LIABILITIES	<u>6,553,692</u>	<u>5,964,690</u>

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STATEMENT OF INCOME FOR THE YEARS ENDED ON DECEMBER 31st
2008 AND 2007
(in Brazilian Reais)

	2008	2007
INCOME		
Foundations	11,135,529	12,291,588
Corporations	2,464,764	544,588
Restricted individual donations	13,896	-
Non-U.S. Government	12,511	302,551
Financial income	131,209	106,434
Other income	84,000	180,474
	13,841,909	13,425,635
EXPENSES		
Donations given	(5,412,895)	(5,804,772)
Expenses with personnel	(5,765,456)	(5,171,054)
Administrative general expenses	(1,648,960)	(2,043,002)
Travels and events	(835,183)	(626,651)
Expenses with occupation	(647,324)	(617,924)
Depreciation and amortization	(200,381)	(245,105)
Equity method result	(81,150)	(123,231)
	(14,591,349)	(14,631,739)
OPERATING DEFICIT	(749,440)	(1,206,104)
NON-OPERATING RESULT	18,948	30,708
DEFICIT FOR THE FISCAL YEAR	(730,492)	(1,175,396)

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STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE YEARS
ENDED ON DECEMBER 31st, 2008 AND 2007
(in Brazilian Reais)

	Shareholder's Equity	Accumulated Deficit	TOTAL
Balances on December 31st, 2006	3,553,811	(331,085)	3,222,726
Transfer of shareholder's equity Deficit for the fiscal year	(331,085)	331,085 (1,175,396)	- (1,175,396)
Balances on December 31st, 2007	3,222,726	(1,175,396)	2,047,330
Transfer of shareholder's equity Deficit for the fiscal year	(1,175,396)	1,175,396 (730,492)	- (730,492)
Balances on December 31st, 2008	2,047,330	(730,492)	1,316,838

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CASH FLOW STATEMENTS FOR THE YEARS ENDED ON DECEMBER 31st
2008 AND 2007
(in Brazilian Reais)

	<u>2008</u>	<u>2007</u>
DEFICIT FOR THE FISCAL YEAR	(730,492)	(1,175,396)
Adjustments (non-cash expenses and income)		
Depreciation	200,382	245,105
Equity method	81,150	123,231
Residual amount for the sale of property, plant and equipment	11,052	141,700
Total adjustments	<u>292,584</u>	<u>510,036</u>
Gross Cash Flow from Operating Activities	<u>(437,908)</u>	<u>(665,360)</u>
Vacation from Operating Assets		
(Increase) / Reduction from Accounts Receivable	235,454	(366,010)
(Increase) / Reduction from Advances	(51,992)	4,890
	<u>183,462</u>	<u>(361,120)</u>
Vacation from Operating Liabilities		
Increase / (Reduction) from Payable Donations	232,470	761,135
Increase / (Reduction) from Payable Taxes	74,809	92,365
Increase / (Reduction) from Accounts Payable	17,060	(58,348)
Increase / (Reduction) from Payable Contributions	159,820	17,210
Increase / (Reduction) from Payable Provisions	52,524	(90,972)
	<u>536,683</u>	<u>721,390</u>
1. Net Cash Flow from Operating Activities	<u>282,237</u>	<u>(305,090)</u>
Increase / (Reduction) Reserve Fund for Projects	782,810	897,137
2. Cash Flow from Financing Activities	<u>782,810</u>	<u>897,137</u>
Purchase of Property, plant and equipment	(158,047)	(111,307)
Investments in Controlled Company	-	(160,000)
3. Cash Flow from Investment Activities	<u>(158,047)</u>	<u>(271,307)</u>
Net Generation of Cash Equivalents (1 + 2 + 3)	<u>907,000</u>	<u>320,740</u>
Initial Balance of Cash Equivalents	1,197,297	876,557
Final Balance of Cash Equivalents	<u>2,104,297</u>	<u>1,197,297</u>
Variation of Cash Equivalents	<u>907,000</u>	<u>320,740</u>

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STATEMENT OF ADDED VALUE FOR THE YEARS ENDED ON DECEMBER
31st, 2008 AND 2007
(in Brazilian Reais)

	<u>2008</u>	<u>2007</u>
INCOME	13,729,648	13,349,909
Donations received	13,555,226	13,319,201
Income from Management consulting	155,474	-
Non-operating	18,948	30,708
INPUT ACQUIRED FROM THIRD PARTIES (including taxes)	7,799,515	8,474,425
Donations given (Partnerships)	5,412,895	5,804,772
Costs of statutory activities (Environmental preservation)	835,183	626,651
Material, [electrical] energy, service from third parties and others	1,551,437	2,043,002
GROSS ADDED VALUE	5,930,134	4,875,484
WITHHOLDING	200,381	245,105
Depreciations, amortization and depletion	200,381	245,105
NET ADDED VALUE PRODUCED BY THE ENTITY	5,729,753	4,630,379
ADDED VALUE RECEIVED IN TRANSFER	50,060	(16,797)
Result of equity method	(81,150)	(123,231)
Financial income	131,210	106,434
TOTAL ADDED VALUE TO BE DISTRIBUTED	5,779,812	4,613,582
DISTRIBUTION OF ADDED VALUE	5,779,812	4,613,582
Personnel and charges	3,869,149	3,070,142
Taxes, fees and contributions (Government)	2,051,700	2,327,385
Interests and Rents	589,455	391,451
Deficit for the fiscal year	(730,492)	(1,175,396)

The explanatory notes are an integral part of the financial statements



EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AS OF
DECEMBER 31st, 2008 AND 2007
(in Brazilian Reais)

1. OPERATING CONTEXT

Conservation International do Brasil is a non-profit civil society organization, which is dedicated to the integration of efforts for the biodiversity conservation with those who promote Man's life improvement, through the demonstration of viability of sustained development models.

2. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements were prepared based on the accounting practices adopted in Brazil, in compliance with the accounting guidelines derived from Brazilian Corporate Legislation, Law No. 6.404/76, adopting for the first time the Law No. 11.638/07 and the Provisional Measure No. 449/08.

The accounting practices adopted due to the initial adoption of Law No. 11.638/07 and Provisional Measure No. 449/08 did not cause any effects on the result and on the shareholder's equity that could jeopardize its comparability.

3. MAIN ACCOUNTING PRACTICES ADOPTED

a) Determination of the result

Determined through accrual basis.

b) Active and passive operations

Active and passive operations are stated through the realization values including, when applicable, the income and monetary variations received.

c) Property, plant and equipment

Stated at acquisition cost, net from depreciation determined through straight-line method, according to appraised useful-economic life of properties.



d) Vacation provision

The due and proportional vacation, including one third additional and respective charges, are provisioned in compliance with the accrual basis.

4. BANKS – CHECKING ACCOUNT

	<u>2008</u>	<u>2007</u>
Banco Itaú – Savings	1,570,077	503,424
Banco Itaú	201,827	46,097
Banco Itaú – Campo Grande	8,270	-
Banco Itaú - Salvador	3,717	-
Banco Bradesco - Campo Grande	-	14,543
Banco Bradesco – Salvador	-	4,635
Banco Bradesco - Belo Horizonte	247	6,725
Banco do Brasil – Mucuri	9,397	84,349
Banco do Brasil – Brasília	22,095	15,564
Banco do Brasil – Caravelas	4,129	4,416
Banco do Brasil – Belém	9,005	23,168
Banco do Brasil	12,146	3,038
Banco do Brasil - 5030-X	1	203
Banco do Brasil – Bunge	258,786	486,535
	<u>2,099,697</u>	<u>1,192,697</u>

5. PERMANENT

5.1. Investments/Interests in Controlled Company

	<u>2008</u>	<u>2007</u>
Rio Negro Com. Serviços e Turismo Ltda.	<u>215,458</u>	<u>296,609</u>
<u>Data related to controlled company:</u>		
Capital stock	1,308,930	1,308,930
Shareholder's equity	215,458	296,609
Income for the year	(81,150)	(123,231)
Quantity of quotas held	1,308,927	1,308,927
Interest percentage	99.9997%	99.9997%
Initial Investment	1,308,927	1,148,927
Capital increase	-	160,000
Equity method result	<u>(81,150)</u>	<u>(123,231)</u>



5.2. Property, plant and equipment

Description	2008			2007	Annual Depreciation Taxes
	Cost	Depreciation	Net	Net	
Lands and Construction	2,800,000	-	2,800,000	2,800,000	-
Furniture and equipment	1,392,610	(907,692)	484,918	533,398	10%
Vehicles	231,911	(191,278)	40,633	45,538	20%
	4,424,521	(1,098,970)	3,325,551	3,378,936	

6. STOCK EXCHANGE / PAYABLE DONATIONS GIVEN

	2008	2007
Associação Biodiversidade do Trópico Ecotonal do Nordeste	86,724	78,461
Associação dos Propr. Res. Patrim. Natural MS – REPAMS	99,699	35,298
Associação Flora Brasil	140,419	58,285
Associação Floresta Protegida AFP	98,125	111,494
Associação Mico Leão Dourado	18,203	-
Associação Onça D Água	-	15,356
Associação para Proteção da Mata Atlântica do Nordeste AMANE	83,323	27,809
Associação Proprietários RPPN do Mato Grosso do Sul – REPAMS	65,779	61,293
Centro de Pesquisas Ambientais do Nordeste CEPAN	48,523	45,444
Fundação Biodiversidade	86,033	92,228
Fundação de Amparo e Desenvolvimento da Pesquisa – FADESP	226,101	117,000
Fundação Instituto para Desenvolvimento da Amazônia – FIDESA	337,766	510,174
IBIO	104,797	117,712
Instituto Biodiversidade e Desenvol. Sustent. Oeste da Bahia	57,123	19,875
Instituto Biotrópicos	33,172	30,009
Instituto Estudos Sócio Ambientais do Sul da Bahia – IESB	167,040	104,404
Instituto de Pesquisa da Mata atlântica – IPEMA	60,062	76,185
Instituto Peabriu	152,610	40,574
Instituto Raoni	26,975	38,585
OREADES Geo Processamento	189,757	223,036
PEQUI - Pesquisa e Conservação do Cerrado	24,436	14,756
Sociedade para Preservação do Muriqui - Preserve Muriqui	49,315	41,106
Valor Natural	-	45,937
Other Contracts	156,544	175,035
	2,312,526	2,080,056



7. SHAREHOLDER'S EQUITY

The Shareholder's Equity is constituted by the initial contributions of founders, with the increase or decrease, respectively, of surplus or deficit inherent to the Entity's activities in the end of each fiscal year.


8. INSURANCES

Conservation International do Brasil maintains insurance in order to face eventual accidents of several natures. The amounts insured are deemed sufficient by the administrators.

Board of Directors




Roberto Brandão Cavalcanti
President



Carlos Alberto Bouchardet
Vice-President – Operations

Technician in Charge



José Augusto Rocha Magalhães
Controllership and Partnership Manager
CRC MG [Accounting Regional Council in the State of Minas Gerais] 39.937/O-2



INDEPENDENT AUDITORS OPINION

To the Board of Directors of
CONSERVATION INTERNATIONAL DO BRASIL
Belo Horizonte - MG

1. We have audited the balance sheet of **CONSERVATION INTERNATIONAL DO BRASIL** prepared on December 31st, 2008, and the respective statement of income, statement of changes in shareholder's equity, cash flow statement and statement of added value, corresponding to the fiscal year ended on this date, prepared under the responsibility of its administration. It is our responsibility to express an opinion on these financial statements.
2. Our examinations were conducted in accordance with the audit rules applicable in Brazil and included: (a) work planning, taking into account the relevance of the balances, the volume of transactions and the accounting and internal control systems of the entity, (b) the identification, based on tests, of evidences and records that support the amounts and accounting information disclosed, and (c) evaluation of the most representative accounting practices and estimates adopted by the administration of the company and of its controlled societies, as well as the presentation of the financial statements jointly issued.
3. In our opinion, the abovementioned financial statements adequately represent, in all relevant aspects, the patrimonial and financial standing of **CONSERVATION INTERNATIONAL DO BRASIL** on December 31st, 2008, the result of its operations, changes in its shareholder's equity, its cash flows, and the value added in the operations related to the fiscal year ended on this date, according to the accounting practices adopted in Brazil.
4. We audited previously the financial statements regarding the fiscal year ended on December 31st, 2007, which included the balance sheet, the statement of income, the statement of changes in shareholder's equity and the statement of sources and investment of funds for this fiscal year, in addition to the complementary information that includes the cash flow statement, on which we issue an opinion without any notes, dated March 27th, 2008. As mentioned on explanatory note No. 2, the accounting practices adopted in Brazil has undergone changes as of January 1st, 2008. The financial statements regarding the fiscal year ended on December 31st, 2007, jointly presented with the financial statements for 2008, were prepared according to the accounting



practices adopted in Brazil effective up to December 31st, 2007 and, as allowed by the Technical Opinion CPC 13 – Initial Adoption of Law No. 11.638/07 and the Provisional Measure No. 449/08, they are not being presented again with the adjustments for comparison purposes between the fiscal years.

Belo Horizonte, March 06th, 2009

**SOLTZ, MATTOSO & MENDES
Independent Auditors**

CRCMG Nº 2.684/O – PERMIT CRCMG Nº 118/2008



Isaias Rotstein Soltz

Accountant CRCMG 16.253/O-6



Fernando Antonio Lopes Matoso

Accountant CRCMG 11.628/O-3