

(A free translation of the original in Portuguese)

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

**Financial Statements at
December 31, 2007 and 2006
and Report of Independent Auditors**

**Instituto do Homem e Meio Ambiente
da Amazônia - IMAZON**

Balance Sheets at December 31

In reais

(A free translation of the original in Portuguese)

Assets and net capital deficiency	<u>2007</u>	<u>2006</u> (Note 10(c))	Liabilities and equity	<u>2007</u>	<u>2006</u> (Note 10(c))
Current assets			Current liabilities		
Available funds (Note 4)	470,180	234,039	Suppliers	12,044	58,812
Financial investments (Note 5)	794,087	811,294	Labor legislation liabilities (Note 8)	324,774	317,675
Advances (Note 6)	355,938	77,200	Tax liabilities (Note 9)	24,957	54,141
Prepaid expenses	15,273	15,990	Obligations related to project resources (Note 11)	1,837,919	1,779,004
Other receivables	37,537	69,501		<u>2,199,694</u>	<u>2,209,632</u>
	<u>1,673,015</u>	<u>1,208,024</u>	Non-current liabilities		
Non-current assets			Equity (Note 10)		
Long-term receivables			Capital	505,118	
Advances (Note 6)	135,221	135,221	Accumulated deficit	(60,707)	
Permanent assets				<u>444,411</u>	
Fixed assets (Note 7)	835,869	724,686			
Total assets	<u>2,644,105</u>	<u>2,067,931</u>			
Net capital deficiency (Note 10(c))					
Negative equity		164,785			
Surplus for the year		(23,084)			
		<u>141,701</u>			
Total assets and net capital deficiency	<u><u>2,644,105</u></u>	<u><u>2,209,632</u></u>	Total liabilities and equity	<u><u>2,644,105</u></u>	<u><u>2,209,632</u></u>

The accompanying notes are an integral part of these financial statements.

**Instituto do Homem e Meio Ambiente
da Amazônia - IMAZON**

**Statements of Surplus (Deficit)
Years Ended December 31**

In reais

(A free translation of the original in Portuguese)

	<u>2007</u>	<u>2006</u> (Note 10(c))
Operating revenues		
Administrative fees of projects and programs (Note 12)	1,082,813	1,208,284
Services rendered (Note 13)	630,149	396,910
Publications and advertising	282	2,011
Donations	22,122	18,636
	<u>1,735,366</u>	<u>1,625,841</u>
Operating costs		
Salaries and social charges (Note 14)	(632,314)	(598,583)
Cost of services rendered (Note 13)	(357,233)	(281,826)
	<u>(989,547)</u>	<u>(880,409)</u>
Gross surplus	<u>745,819</u>	<u>745,432</u>
Operating expenses		
Third-party services	(104,761)	(113,205)
Travel	(20,961)	(28,534)
Events	(9,690)	(288)
Maintenance	(8,820)	(24,641)
Depreciation	(236,751)	(211,103)
Rental	(109,406)	(104,000)
Utilities and services	(129,583)	(133,624)
Administrative expenses	(58,549)	(116,977)
Financial result	(132,708)	(47,460)
	<u>(811,229)</u>	<u>(779,832)</u>
Operating deficit	<u>(65,410)</u>	<u>(34,400)</u>
Non-operating result (Note 15)	4,703	57,484
Surplus (deficit) for the year	<u>(60,707)</u>	<u>23,084</u>

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**Instituto do Homem e Meio Ambiente
da Amazônia - IMAZON**

Statements of Changes in Equity

In reais

(A free translation of the original in Portuguese)

	<u>Equity</u>	<u>Accumulated surplus (deficit)</u>	<u>Total</u>
At December 31, 2005	2,621	35,204	37,825
Prior year adjustments (Note 10(c))		(202,610)	(202,610)
Adjusted opening balance (Note 10(c))	<u>2,621</u>	<u>(167,406)</u>	<u>(164,785)</u>
Incorporation of deficit to equity	(167,406)	167,406	
Surplus for the year			
Originally presented		29,595	29,595
Adjustments identified in 2007, related to 2006 (Note 10(c))		<u>(6,511)</u>	<u>(6,511)</u>
Surplus for 2006, adjusted		<u>23,084</u>	<u>23,084</u>
At December 31, 2006	(164,785)	23,084	(141,701)
Incorporation of surplus to equity	23,084	(23,084)	
Balances of projects which ended in 2007 (Note 11)	646,819		646,819
Deficit for 2007		<u>(60,707)</u>	<u>(60,707)</u>
At December 31, 2007	<u>505,118</u>	<u>(60,707)</u>	<u>444,411</u>

The accompanying notes are an integral part of these financial statements

**Instituto do Homem e Meio Ambiente
da Amazônia - IMAZON**

Statements of Changes in Financial Position
In reais

(A free translation of the original in Portuguese)

	<u>2007</u>	<u>2006</u> (Note 10(c))
Financial resources were provided by		
Operations		
Surplus (deficit) for the year	(60,707)	23,084
Expenses not affecting working capital		
Depreciation	236,751	211,103
Balances of projects which ended in 2007	646,819	
Write-off of fixed assets	6,937	84,100
	<u>829,800</u>	<u>318,287</u>
Total funds provided		
Financial resources were used for		
Additions to fixed assets	354,871	129,109
Decrease in long-term liabilities		69,858
Increase in long-term receivables		62,362
	<u>354,871</u>	<u>261,329</u>
Total funds used		
Increase in working capital	<u>474,929</u>	<u>56,958</u>
Current assets		
At the end of the year	1,673,015	1,208,024
At the beginning of the year	1,208,024	2,707,366
	<u>464,991</u>	<u>(1,499,342)</u>
Current liabilities		
At the end of the year	2,199,694	2,209,632
At the beginning of the year	2,209,632	3,765,932
	<u>(9,938)</u>	<u>(1,556,300)</u>
Increase in working capital	<u>474,929</u>	<u>56,958</u>

The accompanying notes are an integral part of these financial statements.

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Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

Notes to the Financial Statements at December 31, 2007 and 2006

All amounts in reais unless otherwise indicated

1 Operations

IMAZON ("The Institute") is a civil, not-for-profit and non-commercial association, regulated by private law, which was established on July 10, 1990, with its head office at Rua Domingos Marreiros, 2020, Bairro de Fátima, CEP 66060-160, Belém, State of Pará. The mission of the Institute is to generate and propagate strategic knowledge on the sustainable use of natural resources and the quality of life in the Amazon region. Its main objectives are:

- . to develop studies and research on the sustainable use of the natural resources in the Amazon region;
- . to contribute to the effective adoption of sustainable uses and quality of life in the Amazon region; and
- . to promote educational programs and training courses focused on the sustainable development of the region.

The Institute is commonly referred to as a Non-Governmental Organization (NGO) and its activities are carried out in the academic, cultural and scientific areas, for the purpose of fostering the involvement of the Brazilian civil society in the search for sustainable development and biodiversity conservation.

The intrinsic characteristics of the social programs are based on the following main factors: (i) obtaining financial resources to carry out programs through donation contracts and long-term international cooperation agreements and (ii) developing and managing long-term programs. In this context, the achievement of the goals of the programs is directly related to the long-term technical, operational and financial planning and to their governance.

The financial resources the Institute has received are sufficient for the financial management of the programs considering its planning strategies. The existing strategies guide the ongoing programs, which will continue in 2008.

For this reason, the surplus or deficit of the programs should not be interpreted as an indication of their feasibility, as these programs are to be implemented in the long-term and the Institute's strategic planning considers the totality of the financial resources to be received by it, as well as the timing and physical manner in which these resources will be spent.

The main risks are related to the Institute's donor base. The Institute's strategic actions aim at reducing such risks to a minimum through the expansion of this base, through institutional actions, which are guided by the transparency of activities, the use of financial resources, the quality of the projects, the Institute's image before society, its partners and donors and the technical expertise of all collaborators.

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In order to expand its activities, the Institute is adapting its actions as follows: (i) preparing the strategic plan for each program considering the long term, without necessarily considering the fiscal and/or social year; (ii) assuring program governability by programming the activities according to the needs of the projects.

At December 31, 2007, the main open donation contracts were: (i) the international cooperation agreement entered into with Instituto Internacional de Educação do Brasil - International Institute of Education of Brazil (IEB); (ii) an agreement signed with the Gordon and Betty Moore Foundation; and (iii) a cooperation agreement referring to a consortium financed with resources from the European Community (CEE).

2 Presentation of the Financial Statements

The financial statements presented are the responsibility of the Institute's management and were prepared in accordance with accounting practices adopted in Brazil, particularly with the Brazilian Accounting Standard (NBC) T 10 - "Specific Accounting Aspects in Diverse Entities, item 10.19 - Not-for-profit Entities".

Due to the change in the previously adopted accounting practice, as described in Note 10(c), the financial statements for 2006 are being represented duly corrected, in accordance with the terms prescribed in Accounting Standards and Procedures - NPC No. 12 - Accounting Practices, Changes in Estimates and Correction of Errors. This correction affected assets, equity and the result for the year, in the amount indicated in Note 10(c).

3 Significant Accounting Practices

(a) Determination of results

Revenues and expenses are recorded on the accrual basis of accounting.

The Institute recognizes in results the administrative fees of the projects and the revenues from services rendered. The resources which have no restrictions as to utilization, received through donations, are recorded as operating income upon receipt. The costs and expenses which have no obligations with the donors are also recognized in results as the resources are utilized by the Institute to cover its costs with own administrative personnel and infrastructure.

As the Institute is a Civil Society of Public Interest (OSCIP), it is exempt from paying taxes and contributions on its results, except for the Services Tax (ISS), Social Integration Program (PIS) and Social Contribution on Revenues (COFINS) on invoices issued and earnings on financial investments arising from private funds.

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(b) Current and non-current assets

The rights are stated at realizable values, including the accrued earnings and monetary or exchange variations, net of the related unearned revenues, when applicable.

(c) Permanent assets

Fixed assets are stated at cost less the related depreciation, which is calculated on the straight-line basis, at the annual rates mentioned in Note 7.

(d) Current and non-current liabilities

These liabilities are stated at known or estimated amounts, plus the corresponding charges, when applicable. The resources received from donors or third parties for the carrying out of the programs and which require the rendering of accounts are recorded in current liabilities upon receipt.

The resources arising from partnerships, contracts and agreements which have a specific destination linked to the carrying out of the projects are recorded upon receipt in the account "Obligations related to project resources", in current liabilities. Similarly, the expenses incurred with the implementation of the projects are classified as a reduction of liabilities as "Expenses with management of projects". The Institute's indirect costs are apportioned between the programs based on the budget of each partnership, contract and agreement, in accordance with their relevance. All costs are segregated by donor, considering the utilization of human and material resources for each donor. No cost transfers are made between donors.

(e) Equity

Equity is represented by the capital of the Institute, increased or decreased by the annual surplus or deficit, as applicable.

4 Available Funds

IMAZON deposits its financial resources in current accounts managed by Banco do Brasil S.A. and the Federal Savings and Loan Bank (CEF).

**Instituto do Homem e Meio Ambiente
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at December 31, 2007 and 2006**

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	<u>2007</u>	<u>2006</u>
Fixed fund	500	500
Banco do Brasil	337,902	90,652
Federal Savings and Loan Bank (CEF)	131,748	142,887
Banco da Amazônia	30	
	<u>470,180</u>	<u>234,039</u>

5 Financial Investments

Management adopts a conservative cash management policy and invests available resources with first-rate Brazilian financial institutions, in financial investment funds linked to the Interbank Deposit Certificate (CDI), in savings accounts and in Bank Deposit Certificates (CDBs) redeemable in the short term, whenever permitted by the donors. The revenues arising from these financial investments are reinvested in the Institute itself.

	<u>2007</u>	<u>2006</u>
Financial Investment Fund	606,016	27,319
Bank Deposit Certificates	188,000	778,830
Savings accounts	71	5,145
	<u>794,087</u>	<u>811,294</u>

6 Advances

This balance comprises advances made to employees, suppliers and partners, as follows:

	<u>2007</u>	<u>2006</u>
Advances to employees (a)	12,586	14,653
Advances to suppliers	13,002	2,591
Advances to project partners (b)	292,973	57,942
Travel advances	37,377	2,014
Advance - land to be capitalized (c)	135,221	135,221
	<u>491,159</u>	<u>212,421</u>
Current	355,938	77,200
Non-current	135,221	135,221

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- (a) Refers to advances for vacation pay, 13th month salary and researchers' travel and loans granted to employees.
- (b) Research sponsors have adopted the utilization of a "Consortium", where a group of research institutions is formed and one of them is appointed as the lead institution. The lead institution assumes all the rights and obligations of the Consortium before the Sponsor. One of the obligations of the leader is to receive the integral amount of the research resources and to distribute the previously agreed amounts to the partners. The leader also monitors the technical and financial use of the resources. In December 2007, AMAZON had advances from the following institutions:

Sponsor	Partners	2007	2006
European Union	Comitê Porto de Moz	6,000	
European Union	IEB	2,196	45,230
European Union	FASE	115,421	(3,967)
Gordon and Betty Moore Foundation	IMAFLOA	169,356	
David and Lucile Packard Foundation	ICV		10,679
International Tropical Timber Organization	FASE	1	6,000
		292,973	57,942

- (c) On November 3, 2006, the Institute signed a Purchase and Sale Agreement in order to acquire two building lots for the construction of its headquarters.

Management is currently evaluating whether it should continue to participate in this enterprise, as well as its financial and economic feasibility. The Institute had spent the amount of R\$ 135,221 up to December 31, 2007.

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**Notes to the Financial Statements
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7 Fixed Assets

	2007		2006		Annual depreciation rates %
	Cost	Accumulated depreciation	Net	Net	
Facilities	43,857	(12,363)	31,494	35,655	10
Vehicles	9,005	(8,814)	191	7,764	20
Machinery and equipment	96,679	(30,247)	66,432	81,881	10
Software use rights	541,411	(185,317)	356,094	201,079	20
IT equipment	824,029	(464,522)	359,507	377,167	20
Furniture and fixtures	40,203	(18,476)	21,727	21,052	10
Other - accessories	424		424	88	20
	<u>1,555,608</u>	<u>(719,739)</u>	<u>835,869</u>	<u>724,686</u>	

The fixed assets of IMAZON include assets acquired through sponsor contracts destined exclusively for the carrying out of projects. These are classified separately in the fixed assets of the Institute as "Fixed Assets for specific use".

Fixed assets for specific use

	2007		2006		Annual depreciation rates %
	Cost	Accumulated depreciation	Net	Net	
Facilities	9,387	(2,274)	7,114	35,191	10
Vehicles	305	(114)	191	252	20
Machinery and equipment	14,265	(2,627)	11,638	57,557	10
Software use rights	34,144	(9,555)	24,589	174,334	20
IT equipment	325,549	(124,919)	200,630	365,992	20
Furniture and fixtures	12,856	(2,328)	10,527	18,182	10
Other - accessories					20
	<u>396,506</u>	<u>(141,817)</u>	<u>254,689</u>	<u>651,508</u>	

**Instituto do Homem e Meio Ambiente
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**Notes to the Financial Statements
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8 Labor Legislation Liabilities

	<u>2007</u>	<u>2006</u>
Provisions for vacation pay and social charges	317,994	288,359
National Institute of Social Security (INSS)	5,794	2,936
Government Severance Indemnity Fund for Employees (FGTS)	0	21,940
Other	986	4,440
	<u>324,774</u>	<u>317,675</u>

9 Tax Liabilities

	<u>2007</u>	<u>2006</u>
Withholding Income Tax (IRRF)	11,696	41,360
Services Tax (ISS)	8,276	2,783
Social Integration Program (PIS)/Social Contribution on Revenues (COFINS)/Social Contribution on Net Income (CSLL)	4,985	9,998
	<u>24,957</u>	<u>54,141</u>

10 Equity

(a) Capital

The Institute's capital is altered based on the incorporation of the surplus and/or deficit for each year, after the approval of the Audit Committee.

(b) Accumulated surplus (deficit)

This balance comprises the surplus or deficit for the current year. After the approval of the Audit Committee, these amounts are transferred to the Institute's equity, which is to be reinvested in social actions, as provided for in the Institute's by-laws.

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(c) Prior year adjustments

Prior year adjustments were identified related to a change in accounting practices, in the balances of assets and liabilities, in the net amount of R\$ 209,121, of which R\$ 6,511 referred to 2006 and R\$ 202,610 to prior years.

	<u>2006 original</u>	<u>Adjustment</u>	<u>2006 adjusted</u>
Assets			
Cash and banks	234,014	25	234,039
Advances (Current)	76,788	412	77,200
Other credits	76,474	(6,973)	69,501
Fixed assets	717,649	7,037	724,686
Other accounts	962,505		962,505
Net capital deficiency		141,701	141,701
	<u>2,067,430</u>	<u>142,202</u>	<u>2,209,632</u>
Liabilities			
Suppliers	58,837	(25)	58,812
Obligations related to projects resources	1,569,357	209,647	1,779,004
Other accounts	371,816		371,816
Equity	67,420	(67,420)	
	<u>2,067,430</u>	<u>142,202</u>	<u>2,209,632</u>
Result			
Administrative expenses	(110,466)	(6,511)	(116,977)
Other accounts	140,061		140,061
	<u>29,595</u>	<u>(6,511)</u>	<u>23,084</u>

(i) - The adjustment identified refers to the balances of the resources of the project IEB/USAID, which were received in 2004 and recorded in the result (unaudited), and which were partially reverted in 2006, with a corresponding entry to the account "obligations related to projects resources".

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All amounts in reais unless otherwise indicated

11 Obligations Related to Project Resources

This account accumulates the resources received through partnerships, contracts and agreements to be executed on behalf of third parties, subject to the rendering of accounts (resources with restrictions).

	2007													
Description	Gordon and Betty Moore Foundation	Banco da Amazônia S.A.	The Nature Conservancy - TNC	Cifor	USAID/IEB	European Community	David and Lucile Packard Foundation	Avina Foundation	European Union - Friends of the Earth	Ford Foundation	European Union - Albert Ludwigs	ITTO	The Kingdom of the Netherlands Embassy	Total
Opening balance	1,445,290	-	-	-	172,292	105,100	64,068	47,682	(51,549)	(110,921)	29,414	17,062	60,566	1,779,004
Receipts	2,281,247	25,245	29,953	4,155	612,727	1,554,463	572,512	251,421	116,765	-	-	123,146	67,098	5,638,732
(-) Salaries, social charges and benefits of the projects	(1,641,781)	-	(18,600)	-	(501,049)	(729,369)	(358,386)	(123,295)	(130,575)	(280)	(2,400)	(55,164)	(105,341)	(3,666,240)
	2,084,756	25,245	11,353	4,155	283,970	930,194	278,194	175,808	(65,359)	(111,201)	27,014	85,044	22,323	3,751,496
(-) Expenses with management of projects														
Consulting and services	(96,472)	-	-	-	(15,005)	(83,874)	(93,284)	(1,866)	-	50	-	(56,770)	-	(347,221)
Travel	(56,463)	(512)	(1,276)	-	(17,377)	(82,084)	(26,024)	(1,830)	(962)	(488)	-	(3,942)	(6,712)	(197,670)
Publication/advertising/events	(66,820)	(25,520)	-	-	(3,150)	(46,390)	(10,119)	(3,008)	-	-	-	(6,127)	(12,526)	(173,660)
Maintenance	(16,490)	-	-	-	(750)	(351)	(687)	(538)	-	(28)	-	-	(783)	(19,627)
Occupation	(35,347)	-	-	-	(2,132)	(23,923)	(35,197)	(24,240)	-	(39)	-	(4,196)	(489)	(125,563)
Utilities and services	(75,341)	-	-	-	(7,367)	(41,632)	(23,099)	(45,681)	386	(534)	-	(10,711)	(15,128)	(219,107)
Freight	(1,079)	-	-	-	(611)	-	(30)	-	-	-	-	-	-	(1,720)
General	(67,228)	-	-	-	(41,334)	(84,656)	(12,904)	(43,883)	(4,917)	140,511	1	167	(10,033)	(124,276)
Taxes and fees	(102)	-	-	-	-	(287)	(1,059)	(16)	-	(390)	-	(4)	(25)	(1,883)
Financial expenses	(23,126)	-	(316)	-	(4,135)	(11,421)	(3,754)	(2,802)	(1,048)	(185)	(243)	(1,422)	(831)	(49,283)
Other	0	-	-	-	-	(30)	-	-	-	-	-	-	-	(30)
Equipment for general use	(564)	-	-	-	11,663	(3,815)	(14,002)	-	-	-	-	-	-	(6,718)
	(439,032)	(26,032)	(1,592)	-	(80,198)	(378,463)	(220,159)	(123,864)	(6,541)	138,897	(242)	(83,005)	(46,527)	(1,266,758)
Transfer to Equity	(515,525)	-	-	-	-	-	(58,094)	(53,957)	-	(27,696)	-	-	8,453	(646,819)
Result by project	1,130,199	(787)	9,761	4,155	203,772	551,731	(59)	(2,013)	(71,900)	-	26,772	2,039	(15,751)	1,837,919

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	2006										
Description	Gordon and Betty Moore Foundation	USAID/IEB	European Community	David and Lucile Packard Foundation	Avina Foundation	European Union - Friends of the Earth	Ford Foundation	European Union - Albert Ludwigs	ITTO	The Kingdom of the Embassy of Netherlands	Total
Opening balance	1,473,403	306,016	907,632	629,258	56,313	4,931	(70,830)	50,486	44,382	-	3,401,591
Receipts	1,562,390	1,150,472	21	2,018	231,425	135,240	174,042	-	45,954	65,680	3,367,242
(-) Salaries, social charges and benefits of the projects	(1,124,672)	(1,024,909)	(512,396)	(318,261)	(181,823)	(127,991)	(183,162)	(13,764)	(37,457)	(350)	(3,524,785)
	1,911,121	431,579	395,257	313,015	105,915	12,180	(79,950)	36,722	52,879	65,330	3,244,048
(-) Expenses with management of projects											
Consulting and services	(153,715)	(42,596)	(61,281)	(59,482)	(3,701)	(1,500)	(3,430)	-	(622)	-	(326,327)
Travel	(46,879)	(56,830)	(65,923)	(40,186)	(4,825)	(6,707)	(2,495)	(5,514)	(11,969)	(279)	(241,607)
Publication/advertising/events	(30,755)	(7,808)	(2,870)	(3,298)	(372)	(1,273)	(7,845)	(844)	(1,100)	-	(56,165)
Maintenance	(4,321)	(9,489)	(1,275)	(2,958)	(3,429)	(1,839)	(47)	-	(20)	(545)	(23,923)
Occupation	(47,086)	(29,232)	(16,156)	(23,148)	(1,588)	(6,507)	(881)	-	(7,808)	(24)	(132,430)
Utilities and services	(60,634)	(33,404)	(13,140)	(17,345)	(14,428)	(30,963)	(1,780)	(590)	(5,221)	(422)	(177,927)
Freight	(179)	(366)	(108)	(149)	(265)	-	-	-	-	-	(1,067)
General	(58,919)	(47,916)	(93,424)	(65,370)	(26,802)	(3,655)	(12,279)	(30)	(7,986)	(3,451)	(319,832)
Taxes and fees	(4,468)	(3,866)	(614)	(585)	(870)	(101)	(624)	(36)	(13)	(18)	(11,195)
Financial expenses	(15,506)	(5,699)	(7,113)	(2,602)	(1,953)	(1,116)	(1,590)	(294)	(1,078)	(25)	(36,976)
Equipment for general use	(43,369)	(22,081)	(28,253)	(33,824)	-	(10,068)	-	-	-	-	(137,595)
	(465,831)	(259,287)	(290,157)	(248,947)	(58,233)	(63,729)	(30,971)	(7,308)	(35,817)	(4,764)	(1,465,044)
Result by project	1,445,290	172,292	105,100	64,068	47,682	(51,549)	(110,921)	29,414	17,062	60,566	1,779,004

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at December 31, 2007 and 2006**

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12 Operating Revenues - Projects and Programs

Description	Notes	Total value	Initial date	Period	Rate	R\$	
						2007	2006
Gordon and Betty Moore Foundation (ii)	(a)	US\$ 2,190,000	01/08/2004	3 years	12.5%	449,498	500,623
European Union (ii)	(b)	EUR 2,296,300	01/07/2005	4 years	7%	242,786	84,191
USAID/IEB (i)	(c)	US\$ 1,732,923	01/09/2003	4 years	0%	126,705	378,618
David and Lucile Packard Foundation (ii)	(d)	US\$ 340,354	01/11/2005	2 years	13%	95,581	86,404
European Union / Friends of the Earth - Brazilian Amazon (ii)	(e)	EUR 255,713	01/04/2005	4 years	7%	58,735	71,308
Avina Foundation (ii)	(f)	R\$ 572,646	01/02/2005	3 years	11%	52,417	51,781
Embassy of the Kingdom of the Netherlands (ii)		R\$ 82,100	01/06/2006	10 months	7%	39,915	4,697
International Tropical Timber Organization - ITTO (i)		US\$ 277,560	01/11/2005	3 years	0%	14,547	17,850
Ford Foundation - Brazilian Office (ii)		US\$ 160,000	01/04/2005	2 years	11%	2,069	12,473
Other (i)		EUR 125,200	01/01/2005	3 years	0%	560	339
						<u>1,082,813</u>	<u>1,208,284</u>

The administrative fees have the following characteristics: (i) Fees not forecast - in this case, the donor permits the allocation of certain expenses, which are recorded as "Other direct and indirect costs", and (ii) Mixed fees - these fees are forecast in the contracts together with the specification of certain expenses recorded in "Other direct and indirect costs".

In the projects, exists the flexibility of utilizing resources in excess of the amount forecast in the categories, of approximately 10%, a rate usually accepted by the financing agents. This flexible rate is permitted providing that it does not exceed the amount budgeted for the project.

The time schedule of the projects differs from the fiscal year. Consequently, there may be situations in which a fiscal year includes two financing periods of the same project.

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(a) Gordon and Betty Moore Foundation

Contract for the preservation and conservation of National Forests through the use of mapping systems and identification of areas of conservation.

(b) European Union

Connecting the parts: land definition, forest handling and markets. General Objective: Contribute to the conservation of the biological diversity of the Amazon, through good practices of MFC to improve the quality of life and well-being of the population dependant on the forest.

**(c) Instituto Internacional de Educação do Brasil - IEB
("International Institute of Education of Brasil")**

The objective of this agreement is to implement a program for the conservation of the environment in the Brazilian Amazon and Atlantic Forest regions.

(d) David and Lucile Packard Foundation

Project to reduce the illegal deforestation in the State of Estado do Mato Grosso, Brazil.

**(e) European Union/Friends of the Earth -
Brazilian Amazon**

Support the consolidation of the Association of Certified Forest Producers in the Amazon and the development of a modular system of forest management.

(f) Avina Foundation

Generate strategic information on the social and environmental situation of Greater Belém and to encourage pioneering actions to improve the quality of life in this metropolis and in other municipalities of the Brazilian Amazon.

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13 Services Rendered

			2007
	Revenues	Costs	Result
Institute of Environment of the State of Acre - IMAC	276,000	(45,338)	230,662
Forum Amazônia Sustentável	132,940	(87,126)	45,814
World Bank	90,863	(153,345)	(62,482)
Public Ministry of the State of Pará	50,600	(34,052)	16,548
PNUD - United Nations Program for Development	34,114	(1,685)	32,429
Avina Foundation Desafio (Challenge) Fund	25,760	(3,911)	21,849
Brazilian Support Service for Small Business (Sebrae) - Roraima State	19,872	(15,984)	3,888
Government of the State of Pará		(15,583)	(15,583)
Sebrae - Acre State		(209)	(209)
	630,149	(357,233)	272,916
			2006
	Revenues	Costs	Result
Government of the State of Pará (a)	210,461	(142,488)	67,973
World Bank (b)	85,456	(61,345)	24,111
Banco da Amazônia S.A. (c)	50,000	(52,008)	(2,008)
WRI - World Resources Institute	29,783	(12,413)	17,370
Secretariat of Environment and Natural Resources (SEMA)	15,000	(10,817)	4,183
Other	6,210	(2,755)	3,455
	396,910	(281,826)	115,084

(a) Government of the State of Pará

Evaluation and identification of areas for forest production in the State of Pará, preparation of studies for the creation of State Forests (FLOTAS) and Environmental Protection Areas for forest purposes, development of a plan of use of forest areas for purposes of concession and advisory services and technical cooperation in public consultations.

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(b) World Bank

Diagnosis of the land status, focused on the trends of allocation of public land in the area for purposes of environmental conservation and sustainable use.

(c) Banco da Amazônia S.A.

Participation in, and organization of, II Feira Brasil Certificado - I Feira Latino-Americana de Produtos Certificados FSC ("Certified Brazilian Fair - I Latin-American Fair of Certified Products").

14 Salaries and Social Charges

	<u>2007</u>	<u>2006</u>
Salaries	324,681	311,894
National Institute of Social Security (INSS)	112,908	109,434
Vacation pay	46,412	37,989
Health care	34,012	36,988
Government Severance Indemnity Fund for Employees (FGTS)	35,525	34,279
13th month salary	32,255	25,388
Bonuses	19,974	17,934
Consulting services	1,191	9,044
Life insurance	5,692	6,070
Social Integration Program (PIS)	4,200	3,694
Per diems	11,216	3,560
Health examinations/medication	1,715	965
Transportation vouchers	1,633	841
Uniforms	458	503
Courses/training	442	
	<u>632,314</u>	<u>598,583</u>

15 Non-operating Result

In 2007, refers to the profit on sale of two vehicles in the net amount of R\$ 22,062, and losses totaling R\$ 17,359 with taxes incorrectly with held on the issuance of invoices of IMAZON and vacation pay not discounted from the employees and forgiven by the Executive Secretariat (R\$ 57,484 at December 31, 2006).

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

Notes to the Financial Statements at December 31, 2007 and 2006

All amounts in reais unless otherwise indicated

16 Tax Exemptions and Fiscal Incentives

As IMAZON is a Civil Society of Public Interest (OSICIP), it is entitled to some tax exemptions and benefits, namely:

- . Corporate Income Tax (IRPJ);
- . Social Contribution on Net Income (CSLL);
- . Social Contribution on Revenues (COFINS) on own revenues; and
- . Tax on Services of Any Nature (ISSQN) on own revenues.

17 Insurance Coverage

IMAZON contracted the following insurance policies for its activities in 2007:

- . Vehicle insurance - by reference to market value;
- . Equipment insurance;
- . Property insurance.

18 Subsequent Events

IMAZON has already signed donation agreements with partners which ensure remittances subsequent to December 31, 2007, as shown in the table below:

<u>Donors</u>	<u>2008</u> <u>Remittances</u>	<u>After 2008</u> <u>Remittances</u>	<u>Total</u>
Gordon and Betty Moore Foundation	1,750,598	1,222,832	2,973,430
Commission of the European Communities	1,493,063	2,097,218	3,590,281
David and Lucile Packard Foundation	849,264	849,215	1,698,479
Friends of the Earth/EU	524,105		524,105
United States Department of Agriculture (USDA) - Forest Service	241,400		241,400
Instituto Internacional de Educação do Brasil - IEB/USAID	184,187	750,765	934,952
The Nature Conservancy	169,538		169,538
Secretaria de Estado de Meio Ambiente - SEMA-PA (Secretary of State for the Environment)	164,195		164,195
Avina Foundation	140,000		140,000
International Timber Tropical Organization	138,334		138,334

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**Notes to the Financial Statements
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All amounts in reais unless otherwise indicated

<u>Donors</u>	<u>2008</u> <u>Remittances</u>	<u>After 2008</u> <u>Remittances</u>	<u>Total</u>
Embassy of Switzerland	136,000		136,000
Ford Foundation	93,500		93,500
David and Lucile Packard Foundation	51,507		51,507
The Nature Conservancy	29,810		29,810
	<u>5,965,501</u>	<u>4,920,029</u>	<u>10,885,530</u>

* * *

Atenção

**** **Não destacar esta folha do trabalho** ****



Departamento de Traduções - 1o. andar

Dados do Projeto

Cliente **INSTITUTO DO HOMEM E MEIO AMBIENTE DA AMAZÔNIA - AMAZON**
Departamento ABAS/Assurance
Tipo de trabalho DF
Idioma P/I
Nome do arquivo **IMAZON07MNG.DOC**
Código para débito 02012802/0005
Sócio
Gerente
Sócio substituto
Encaminhar para **Fabiano Barbosa**

Andamento - Traduções

	Nome	Data	Observações	
Entrada		23.04.08	<input type="checkbox"/> Track Changes	<input type="checkbox"/> _____
Tradução	MNG	30.04.08	<input type="checkbox"/> Free Translation	_____
FC, FT e "." por ","	Israel	30.04.08	<input type="checkbox"/> Ponto por vírgula	<input type="checkbox"/> _____
Revisão da tradução	IFN	06.05.08	<input type="checkbox"/> Corretor ortográfico	_____
Correções	Israel	06.05.08	<input type="checkbox"/> Montagem ITR	<input type="checkbox"/> _____
Cheque	Yara	07.05.08	<input type="checkbox"/> Formatação	_____
Correções			<input type="checkbox"/> Correções	<input type="checkbox"/> _____
3ª. Revisão			<input type="checkbox"/> OK	_____