

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

**Financial statements
December 31, 2010 and 2009**

*(An English language version of the financial statements in
Portuguese, prepared in accordance with accounting practices
adopted in Brazil, presented in a manner intended to facilitate
understanding by foreign readers.)*

Instituto do Homem e Meio Ambiente da Amazônia -
IMAZON

Financial statements

December 31, 2010 and 2009

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Independent auditors' report on the financial statements

(An English language version of the financial statements in Portuguese, prepared in accordance with accounting practices adopted in Brazil, presented in a manner intended to facilitate understanding by foreign readers. The auditors' opinion relates to the financial statements in Brazilian Real (R\$) only. The U.S. Dollar (USD) amounts are presented solely for the convenience of the reader and represent the translation of the R\$ amounts into USD at the exchange rate of R\$ 1.6662 per US\$ 1.00 as of December 31, 2010 (R\$ 1.7412 in 2009)).

To
The Management of
Instituto do Homem e Meio Ambiente da Amazônia - IMAZON
Belém - PA

Introduction

1 We have examined the financial statements of Instituto do Homem e Meio Ambiente da Amazônia – IMAZON (the “Institute”) presented in Brazilian Real, which comprise the balance sheet as at December 31, 2010 and the related statements of surplus, changes in equity and cash flows for the year then ended, and a summary of the main accounting practices and other notes to the financial statements.

Management responsibility for the financial statements

2 The Institute’s management is responsible for the preparation and adequate presentation of these financial statements in accordance with accounting practices adopted in Brazil and for the internal controls that they consider necessary to ensure the financial statements are prepared free of significant distortions, irrespective of whether or not these are caused by fraud or errors.

Independent auditors’ responsibility

3 Our responsibility is to express an opinion on these financial statements based on our audit, undertaken in accordance with Brazilian auditing standards. These standards require compliance with ethical requirements by the auditors and that the audit be planned and executed with the objective of obtaining reasonable assurance that the financial statements are free from material distortions.



- 4 An audit involves the execution of procedures selected to obtain evidence for the values and disclosures presented in the financial statements. The procedures selected depend on the auditor's judgment, including an evaluation of the risks of significant distortions in the financial statements, irrespective of whether these are caused by fraud or errors. For this risk evaluation the auditor considers the internal controls relevant for the preparation and adequate presentation of the Institute's financial statements to plan the audit procedures that are appropriate in the circumstances, but not for purposes of expressing an opinion on the effectiveness of these internal controls.

An audit also includes an evaluation of the adequacy of the accounting practices adopted and the reasonableness of the accounting estimates made by management, and an evaluation of the presentation of the financial statements taken as a whole.

- 5 We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion on the financial statements

- 6 In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Instituto do Homem e Meio Ambiente da Amazônia – IMAZON as at December 31, 2010, the results of its operations, and its cash flows for the year then ended, in conformity with accounting practices adopted in Brazil.

Belém, June 06, 2011

KPMG Assurance Services Ltda.
CRC 2SP023228/O-4-S-PA

Luciano Medeiros
Accountant CRC 1SP138148/O-3 T-AM S-PA

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

Balance sheets

December 31, 2010 and 2009

(Expressed in Brazilian Real - R\$ and US Dollar - US\$)

Assets	Note	R\$		US\$		Liabilities	Note	R\$		US\$	
		2010	2009	2010	2009			2010	2009	2010	2009
Cash and cash equivalents	4	530,083	5,244	318,139	3,012	Suppliers		80,900	42,387	48,554	24,344
Funds tied to projects	5	1,813,115	2,999,907	1,088,174	1,722,896	Labor and social security liabilities	9	710,699	486,767	426,539	279,558
Advances paid	6	192,115	255,038	115,301	146,473	Tax liabilities		19,915	54,135	11,952	31,091
Credits from contracts and terms of cooperations		147,740	115,283	88,669	66,209	Advances received	10	45,751	76,126	27,458	43,720
Prepaid expenses		9,974	9,048	5,986	5,196	Liabilities from project funds	11	2,862,176	3,453,264	1,717,787	1,983,267
Total current assets		<u>2,693,027</u>	<u>3,384,520</u>	<u>1,616,269</u>	<u>1,943,786</u>	Total current liabilities		<u>3,719,441</u>	<u>4,112,679</u>	<u>2,232,290</u>	<u>2,361,980</u>
Property, plant and equipment	7	1,290,955	879,112	774,790	504,889	Equity	14				
Intangible assets	8	654,019	596,914	392,521	342,818	Equity		747,867	708,900	448,846	407,133
Total non current assets		<u>1,944,974</u>	<u>1,476,026</u>	<u>1,167,311</u>	<u>847,706</u>	Surplus for the year		<u>170,693</u>	<u>38,967</u>	<u>102,444</u>	<u>22,379</u>
Total assets		<u><u>4,638,001</u></u>	<u><u>4,860,546</u></u>	<u><u>2,783,580</u></u>	<u><u>2,791,492</u></u>	Total equity		<u>918,560</u>	<u>747,867</u>	<u>551,290</u>	<u>429,512</u>
						Total liabilities and equity		<u><u>4,638,001</u></u>	<u><u>4,860,546</u></u>	<u><u>2,783,580</u></u>	<u><u>2,791,492</u></u>

See the accompanying notes to the financial statements

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

Statement of surpluses

Years ended December 31, 2010 and 2009

(Expressed in Brazilian Real - R\$ and US Dollar - US\$)

	Note	R\$		US\$	
		2010	2009	2010	2009
Income	15	3,519,358	3,613,171	2,112,206	2,075,104
Costs					
Costs from services rendered		(933,976)	(1,715,650)	(560,543)	(985,326)
Salaries and social security charges	16	(1,170,422)	(857,008)	(702,450)	(492,194)
		<u>(2,104,398)</u>	<u>(2,572,658)</u>	<u>(1,262,992)</u>	<u>(1,477,520)</u>
Gross surplus		1,414,960	1,040,513	849,214	597,584
Expenses from services		(346,756)	(71,999)	(208,112)	(41,350)
Administrative expenses	17	(1,034,722)	(762,476)	(621,007)	(437,903)
Other income		214,848	1,342	128,945	771
		<u>248,330</u>	<u>207,380</u>	<u>149,040</u>	<u>119,102</u>
Results before net financial expenses					
Financial income	18	3,903	12,985	2,342	7,458
Financial expenses	18	(81,540)	(181,398)	(48,938)	(104,180)
Net financial expenses		<u>(77,637)</u>	<u>(168,413)</u>	<u>(46,595)</u>	<u>(96,722)</u>
Surplus for the year		<u>170,693</u>	<u>38,967</u>	<u>102,444</u>	<u>22,379</u>

See the accompanying notes to the financial statements

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

Statements of changes in quotaholders' equity

Years ended December 31, 2010 and 2009

(Expressed in Reais - R\$)

	R\$		
	Equity	Surplus for the year	Total
Balances at December 31, 2008	444,411	264,489	708,900
Incorporation of surplus	264,489	(264,489)	-
Surplus for the year	<u>-</u>	<u>38,967</u>	<u>38,967</u>
Balances at December 31, 2009	<u>708,900</u>	<u>38,967</u>	<u>747,867</u>
Incorporation of surplus	38,967	(38,967)	-
Surplus for the year	<u>-</u>	<u>170,693</u>	<u>170,693</u>
Balances at December 31, 2010	<u><u>747,867</u></u>	<u><u>170,693</u></u>	<u><u>918,560</u></u>

See the accompanying notes to the financial statements

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

Statement of cash flows - indirect method

Years ended December 31, 2010 and 2009

(Expressed in Brazilian Real - R\$ and US Dollar - US\$)

	R\$		US\$	
	2010	2009	2010	2009
Cash flows from operational activities				
Surplus for the year	170,693	38,967	102,444	22,379
Adjustments for:				
Depreciation and amortization	220,383	356,021	132,267	204,469
Residual cost of fixed assets sold	135,221	-	81,155	-
	<u>526,297</u>	<u>394,988</u>	<u>315,867</u>	<u>226,848</u>
Changes in assets and liabilities				
Decrease (increase) in advances paid	62,923	(143,061)	37,764	(82,162)
(Increase) decrease in prepaid expenses	(926)	2,878	(556)	1,653
Increase in credits from contracts and terms of cooperations	(32,457)	(102,700)	(19,480)	(58,982)
Increase in suppliers	38,513	4,649	23,114	2,670
Increase (decrease) in labor and social security liabilities	223,932	(27,733)	134,397	(15,928)
Decrease in tax liabilities	(34,220)	(9,378)	(20,538)	(5,386)
Decrease in advances received	(30,375)	(82,389)	(18,230)	(47,317)
Decrease in funds to refund	-	(9,000)	-	(5,169)
(Decrease) increase in liabilities from project funds	<u>(591,088)</u>	<u>135,616</u>	<u>(354,752)</u>	<u>77,887</u>
	<u>(363,698)</u>	<u>(231,118)</u>	<u>(218,280)</u>	<u>(132,735)</u>
Net cash derived from operational activities	<u>162,599</u>	<u>163,870</u>	<u>97,587</u>	<u>94,113</u>
Cash flows from investment activities				
Purchases of fixed assets	(662,421)	(323,557)	(397,564)	(185,824)
Purchases of intangible assets	<u>(162,131)</u>	<u>(367,615)</u>	<u>(97,306)</u>	<u>(211,128)</u>
Net cash used in investment activities	<u>(824,552)</u>	<u>(691,173)</u>	<u>(494,870)</u>	<u>(396,952)</u>
Decrease in cash and cash equivalents	<u>(661,953)</u>	<u>(527,303)</u>	<u>(397,283)</u>	<u>(302,839)</u>
Cash and cash equivalents at January 1 st	<u>3,005,151</u>	<u>3,532,454</u>	<u>1,803,596</u>	<u>2,028,747</u>
Cash and cash equivalents at December 31	<u><u>2,343,198</u></u>	<u><u>3,005,151</u></u>	<u><u>1,406,313</u></u>	<u><u>1,725,908</u></u>

See the accompanying notes to the financial statements

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

Notes to the financial statements

Years ended December 31, 2010 and 2009

(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

1 Operations

The Instituto do Homem e Meio Ambiente da Amazônia – IMAZON (“Institute”) is a non economic, not for profit civil association, constituted according to private law, established on July 10, 1990. The Institute’s mission is to encourage the sustainable development of the Amazon by means of studies, to support the development of public policies, to extensively disclose its results and provide professional training, and its main objectives are:

- Develop studies and research as to the sustainable use of natural resources from the Amazon region;
- Contribute towards the effective adoption of sustainable usage and quality of life in the Amazon region; and
- Offer educational programs and training courses with emphasis on the sustainable development of the region.

The Institute is referred to as a Civil Company of Public Interest (OSCIP), and its activities are undertaken within the academic, cultural and scientific environment, for the purpose of encouraging the involvement of the Brazilian population to seek sustainable development and conservation of the bio-diversity.

The intrinsic characteristics of its social programs are based on the following main factors: (i) obtaining funding to execute the programs by means of contracts for donations and long term international cooperation agreements; and (ii) developing and administering long term program. Within this context, achieving the program’s objectives is directly related to the technical-operational and financial long term planning of these programs and the ability to govern them.

The funding that the Institute received provides sufficient support for the financial administration of the programs vis-à-vis the planning strategies. The existing strategies meet the on-going programs, which continued during 2010 and will continue in subsequent years.

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Notes to the financial statements

(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

Consequently, a surplus and/or deficit from the programs should not be analyzed as being an indicator of the economic-financial viability or otherwise of the program, since they are implemented in the long term and the strategic planning of the Institute takes into consideration the total funding receivable, as well as the transitory moment and how these funds will be spent.

The main risks refer to the Institute's donator base, and the strategic actions adopted seek to minimize these risks through developing this base, by means of institutional actions supported by the transparency of activities, use of financial resources, quality projects, the institutional image towards society, partners and donators and the technical skills of its staff.

In order to extend its activities, the Institute is adapting its operations as follows: (i) strategic planning of each program over a long term horizon, without depending necessarily on a horizon based on fiscal and/or corporate years; and (ii) governability of the programs based on programmed activities aimed at project requirements.

2 Basis for preparing the financial statements

2.1 Declaration of conformity

The financial statements were prepared in accordance with accounting practices adopted in Brazil, which include the Technical Pronouncements, Orientations and Interpretations issued by the Accounting Pronouncements Committee (CPC) and approved by the Federal Accounting Council (CFC).

The statements of comprehensive income are not presented, given that there are no amounts to be presented based on this concept, i.e. the surplus for the year is equal to the total comprehensive income.

Authorization to conclude the financial statements was given by the Institute's Management on June 06, 2011.

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

Notes to the financial statements

(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

2.2 Basis for preparation

The financial statements were prepared based on historic cost.

2.3 Functional currency and currency for presentation purposes

The financial statements are presented in Brazilian Reais, which is the Institute's functional currency.

2.4 Translation of Brazilian real amounts into United States dollars

The translation of Brazilian real amounts in the financial statements into U.S. dollars has been performed at the closing exchange rate at December 31, 2010 of R\$ 1.6662 to US\$ 1.00 (R\$ 1.7412 in 2009) as published by the Brazilian Central Bank, except for capital and reserves. This translation should not be construed as a representation that Brazilian local currency amounts could be translated into U.S. dollars at this or any other rate.

2.5 Use of estimates and judgments

Preparation of financial statements in accordance with CPC norms requires that Management make judgments, estimates and assumptions that affect the application of accounting policies and amounts reported for assets, liabilities, income and expenses. The actual results could differ from these estimates.

The estimates and assumptions are revised on a continual basis. The reviews of the accounting estimate are recognized in the period in which the estimates are revised and in any future periods affected.

3 Significant accounting policies

The accounting policies described in detail below have been applied consistently for all of the years presented in these financial statements, for the purpose of the transition to CPC norms, except when stated otherwise.

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

Notes to the financial statements

(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

The new accounting pronouncements have been implemented, however, adjustments were not made to the financial statements originally presented, except for certain disclosures in the notes.

(a) Foreign currency Transactions

Transactions in foreign currency are converted to the Institute's functional currency at the exchange rate on the dates of each transaction. Monetary assets and liabilities denominated in foreign currencies on the reporting date are retranslated into the functional currency on this date. The foreign currency differences resulting from retranslations are recognized to profit or loss.

(b) Financial instruments

(i) Non derivative financial assets

The Institute initially recognizes loans, receivables and deposits on the date they originated. All other financial assets are initially recognized on the date of the negotiations when the Institute became one of the parties to the contractual rulings for the instrument.

The Institute no longer recognizes a financial asset when the contractual rights from the cash flows from the asset have expired, or when the Institute transfers the rights to receive the contractual cash flows from a financial asset under a transaction in which essentially all of the risks and benefits of ownership to the financial asset have been transferred.

Financial assets and liabilities are compensated and the net value reported in the balance sheet when, and only when, the Institute has the legal right to compensate the amounts and intends to liquidate on a net base or to realize the asset and liquidate the liability simultaneously.

(ii) Non derivative financial liabilities

The non derivative financial liabilities are initially recognized on the date of the negotiations when the Institute became one of the parties to the contractual rulings for the instrument. The Institute writes off a financial liability when its contractual obligations have been withdrawn, cancelled or expired.

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

Notes to the financial statements

(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

Financial assets and liabilities are compensated and the net value reported in the balance sheet when, and only when, the Institute has the legal right to compensate the amounts and intends to liquidate on a net base or to realize the asset and liquidate the liability simultaneously.

The Institute has the following non derivative financial liabilities: suppliers, and liabilities from project funding.

These financial liabilities are initially recognized at fair value plus any attributable transaction costs. After the initial recognition, these financial liabilities are stated at amortized cost using the effective interest rate method.

(c) Cash and cash equivalents

Refers mainly to short term financial investments, which are highly liquid and readily convertible into known cash amounts.

(d) Property, plant and equipment

(i) Recognition and measurement

The Institute's fixed assets include assets acquired through partnership contracts aimed exclusively to be used to execute projects. These are classified separately to the entity's noncurrent assets, as "assets for specific use".

Fixed asset items are stated at historic acquisition or construction cost, less accumulated depreciation and accumulated impairment losses, when applicable.

The cost includes those that are directly attributable to the acquisition of an asset.

Gains and losses on the sale of fixed asset items are calculated by comparing the proceeds from the sale with the book value of the fixed asset item, and are recognized net to other income, to profit or loss.

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

Notes to the financial statements

(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

(ii) Subsequent costs

The reposition cost of a fixed asset item is recognized for the book value of the item if it is probable that the economic benefits incorporated to the component will flow to the Institute and that the cost can be reliably measured. The book value of a component that has been replaced by another is written off. The daily maintenance costs for a fixed asset are recognized to profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated on the depreciable value, which is the cost of an asset, or other amount that replaces cost, less residual value.

Depreciation is recognized to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, since this method best reflects the standard usage of the future economic benefits incorporated to the asset. Assets allocated exclusively for the execution of projects are depreciated over the period of the project. Land is not depreciated.

The estimated useful lives for the current and comparative periods are presented in note 7.

The depreciation methods, useful lives and residual values are revised at the reporting date of the financial statements and any adjustments are recognized as changed to accounting estimates.

(e) Intangible assets

Refers to software acquired by the Institute, which is amortized over the estimated useful life of the asset, which is reported in note 8. Intangible assets also include brands and patents, which have indefinite useful lives.

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Notes to the financial statements

(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

(f) Reduction to recoverable values (impairment)

The book values of the Institute's financial assets are reviewed at each reporting date to determine if there is objective evidence that there has been a loss to the recoverable values. If there is evidence of such, the recoverable value of the asset is calculated. The recoverable value of an asset is the greater between the value in use and the fair value less selling expenses. An impairment loss is recognized if the book value of an asset exceeds its estimated recoverable value. Any loss in value is recognized to profit or loss.

Management did not identify any situation that represented a loss in the recoverable value of its financial assets. Consequently, it was not necessary to estimate the recoverable value of its assets.

(g) Employee benefits

Employee short term benefits

Liabilities from short term benefits due to employees are stated on a non discounted base and incurred as expenses when the related services are provided.

(h) Provisions

A provision is recognized, as a result of a past event, if the Institute has a legal or constituted obligation that can be estimated in a reliable manner and it is probable that economic resources will be required to settle the obligation.

(i) Operational income

Services rendered

Income from services rendered is recognized to profit or loss based on the stage of concluding the service at the reporting date for the financial statements. The stage of conclusion is evaluated by reference to research into the work undertaken.

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

Notes to the financial statements

(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

(j) Financial income and expenses

Financial income includes interest earned on funds invested and variations in the fair value of financial assets, stated at fair value through profit or loss.

Exchange gains and losses are reported net.

4 Cash and cash equivalents

	<u>R\$</u>		<u>US\$</u>	
	2010	2009	2010	2009
Financial resources available				
Fixed fund	500	500	300	287
Banks	<u>529,583</u>	<u>4,744</u>	<u>317,839</u>	<u>2,725</u>
	<u>530,083</u>	<u>5,244</u>	<u>318,139</u>	<u>3,012</u>

5 Funds tied to projects

	<u>R\$</u>		<u>US\$</u>	
	2010	2009	2010	2009
Banks	756,092	1,032,923	453,782	593,225
Financial investments	<u>1,057,023</u>	<u>1,966,984</u>	<u>634,391</u>	<u>1,129,671</u>
	<u>1,813,115</u>	<u>2,999,907</u>	<u>1,088,174</u>	<u>1,722,896</u>

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

Notes to the financial statements

(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

The use of the financial resources tied to projects is restricted to the projects, as provided in the contractual rulings.

The financial investments refer mainly to certificates of bank deposits and fixed income funds, remunerated at rates that vary between 95% and 100% of Interbank Certificates of Deposits (CDI).

	<u>R\$</u>		<u>US\$</u>	
	2010	2009	2010	2009
Financial investment fund	1,046,790	1,887,466	628,250	1,084,003
Certificated bank deposits	8,713	78,255	5,229	44,943
Savings	<u>1,520</u>	<u>1,263</u>	<u>912</u>	<u>725</u>
	<u>1,057,023</u>	<u>1,966,984</u>	<u>634,391</u>	<u>1,129,671</u>

Management adopts a conservative policy towards its cash management, investing its available funds in financial investment funds indexed to the CDI, savings and CDBs, redeemable in the short term, with top line Brazilian financial institutions, when permitted by the donators. Income from these financial investments is reinvested in the Institute.

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Notes to the financial statements

(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

6 Advances paid

Refers to advances to employees, suppliers and partners, as presented below:

	R\$		US\$	
	2010	2009	2010	2009
Advances to employees – vacation and 13th salary	33,018	29,463	19,816	16,921
Advances to suppliers	93,896	110,582	56,353	63,509
Advances to project partners (a)	6,627	48,202	3,977	27,684
Travel advances	<u>58,574</u>	<u>66,791</u>	<u>35,154</u>	<u>38,359</u>
	<u>192,115</u>	<u>255,038</u>	<u>115,301</u>	<u>146,473</u>

(a) The research sponsors have adopted the practice of “consortium”, whereby a group of research institutions is created and one of the members is elected as the lead institution, assuming all of the rights and obligations of the consortium towards the financier. One of the obligations of the lead member is to receive in full the funds for research and transfer to the partners the amounts previously agreed, and accompanying the technical and financial execution of such. at December 31, 2010, IMAZON reported obligations for transfers with the following institutions:

Financer	Partners	R\$		US\$	
		2010	2009	2010	2009
Serviço Florestal Brasileiro	IFT	-	4,716	-	2,709
WRI - World Resources Institute	ICV	6,183	-	3,711	-
Gordon and Betty Moore Foundation	IMAFLOA	<u>444</u>	<u>43,486</u>	<u>266</u>	<u>24,975</u>
		<u>6,627</u>	<u>48,202</u>	<u>3,977</u>	<u>27,684</u>

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 IMAZON

Notes to the financial statements

(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

7 Property, plant and equipment

	R\$					US\$					
	31/12/2009	Additions	Disposals	Transfers	31/12/2010	31/12/2009	Additions	Disposals	Transfers	Currency Adjustments	31/12/2010
<i>Changes in cost</i>											
Land	135,221	-	(135,221)	-	-	77,660	-	(81,155)	-	3,496	-
Improvements and facilities	89,261	141,385	(2,275)	(934)	227,437	51,264	84,855	(1,365)	(561)	2,308	136,500
Vehicles	9,005	54,000	-	-	63,005	5,172	32,409	-	-	233	37,814
Machinery and equipment	175,625	34,839	(7,464)	(37,686)	165,314	100,864	20,909	(4,480)	(22,618)	4,540	99,216
Communication equipment	-	52,775	-	35,862	88,637	-	31,674	-	21,523	-	53,197
Computer equipment	1,301,107	207,410	(60,904)	1,824	1,449,437	747,247	124,481	(36,553)	1,095	33,636	869,906
Furniture and fixtures	86,148	172,012	(1,088)	934	258,006	49,476	103,236	(653)	561	2,227	154,847
	<u>1,796,367</u>	<u>662,421</u>	<u>(206,952)</u>	<u>-</u>	<u>2,251,836</u>	<u>1,031,683</u>	<u>397,564</u>	<u>(124,206)</u>	<u>-</u>	<u>46,439</u>	<u>1,351,480</u>
<i>Changes in depreciation</i>	<i>Rates p.a.</i>										
Improvements and facilities	4 to 17%	(26,642)	9,293	2,275	-	(15,074)	5,577	1,365	-	(689)	(9,047)
Vehicles	20%	(8,936)	(6,244)	-	-	(15,180)	(3,747)	-	-	(231)	(9,111)
Machinery and equipment	9 to 17%	(57,083)	(9,409)	7,464	-	(59,028)	(5,647)	4,480	-	(1,476)	(35,427)
Communication equipment	10 to 20%	-	(18,872)	-	-	(18,872)	(11,326)	-	-	-	(11,326)
Computer equipment	9 to 50%	(794,530)	(61,043)	60,905	-	(794,668)	(36,636)	36,553	-	(20,540)	(476,934)
Furniture and fixtures	9 to 20%	(30,064)	(29,083)	1,088	-	(58,059)	(17,266)	653	-	(777)	(34,845)
		<u>(917,255)</u>	<u>(115,358)</u>	<u>71,732</u>	<u>-</u>	<u>(960,881)</u>	<u>(526,795)</u>	<u>43,051</u>	<u>-</u>	<u>(23,712)</u>	<u>(576,690)</u>
		<u>879,112</u>	<u>547,063</u>	<u>(135,220)</u>	<u>-</u>	<u>1,290,955</u>	<u>504,889</u>	<u>(81,155)</u>	<u>-</u>	<u>22,726</u>	<u>774,790</u>

Instituto do Homem e Meio Ambiente da Amazônia -
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(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

	R\$				US\$				
	31/12/2009	Additions	Transfers	31/12/2010	31/12/2009	Additions	Transfers	Currency Adjustments	31/12/2010
<i>Assets with restrictions on use</i>									
<i>Changes in cost</i>									
Improvements and facilities	10,728	14,734	-	25,462	6,161	8,843	-	277	15,281
Vehicles	-	54,000	-	54,000	-	32,409	-	-	32,409
Machinery and equipment	48,176	14,085	(26,570)	35,691	27,668	8,453	(15,946)	1,245	21,421
Communication equipment	-	75,392	-	75,392	-	45,248	-	-	45,248
Computer equipment	473,246	215,168	26,570	714,984	271,793	129,137	15,946	12,234	429,111
Furniture and fixtures	14,686	129,001	-	143,687	8,434	77,422	-	380	86,236
	<u>546,836</u>	<u>502,380</u>	<u>-</u>	<u>1,049,216</u>	<u>314,057</u>	<u>301,512</u>	<u>-</u>	<u>14,137</u>	<u>629,706</u>
	Rates								
	p.a.								
<i>Changes in depreciation</i>									
Improvements and facilities	9 to 17%	(1,536)	(1,871)	(3,407)	(882)	(1,123)	-	(40)	(2,045)
Vehicles	17%	-	(7,982)	(7,982)	-	(4,791)	-	-	(4,791)
Machinery and equipment	9 to 17%	(4,807)	(3,325)	(8,132)	(2,761)	(1,996)	-	(124)	(4,881)
Communication equipment	9 to 17%	-	(12,580)	(12,580)	-	(7,550)	-	-	(7,550)
Computer equipment	9 to 50%	(130,402)	(79,512)	(209,914)	(74,892)	(47,721)	-	(3,371)	(125,984)
Furniture and fixtures	9 to 20%	(2,370)	(29,506)	(31,876)	(1,361)	(17,709)	-	(61)	(19,131)
		<u>(139,115)</u>	<u>(134,776)</u>	<u>(273,891)</u>	<u>(79,896)</u>	<u>(80,888)</u>	<u>-</u>	<u>270,295</u>	<u>(164,381)</u>
		<u>407,721</u>	<u>367,604</u>	<u>775,325</u>	<u>234,161</u>	<u>220,624</u>	<u>-</u>	<u>(764,785)</u>	<u>465,325</u>

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Notes to the financial statements

(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

Changes in property, plant and equipment between January 01, 2009 to December 31, 2009, are presented below:

	R\$			US\$			
	31/12/2008	Additions	31/12/2009	31/12/2008	Additions	31/12/2009	
Changes in cost							
Land	135,221	-	135,221	77,660	-	77,660	
Improvements and facilities	86,672	2,589	89,261	49,777	1,487	51,264	
Vehicles	9,005	-	9,005	5,172	-	5,172	
Machinery and equipment	139,593	36,032	175,625	80,171	20,694	100,864	
Computer equipment	1,024,955	276,152	1,301,107	588,649	158,599	747,247	
Furniture and fixtures	<u>77,363</u>	<u>8,785</u>	<u>86,148</u>	<u>44,431</u>	<u>5,045</u>	<u>49,476</u>	
	1,472,809	323,558	1,796,367	845,859	185,825	1,031,683	
	Rates						
	p.a.						
Changes in depreciation							
Improvements and facilities	10%	(17,987)	(8,655)	(26,642)	(10,330)	(4,971)	(15,301)
Vehicles	20%	(8,875)	(61)	(8,936)	(5,097)	(35)	(5,132)
Machinery and equipment	10%	(41,741)	(15,342)	(57,083)	(23,973)	(8,811)	(32,784)
Computer equipment	20%	(621,368)	(173,162)	(794,530)	(356,862)	(99,450)	(456,312)
Furniture and fixtures	10%	<u>(22,862)</u>	<u>(7,202)</u>	<u>(30,064)</u>	<u>(13,130)</u>	<u>(4,136)</u>	<u>(17,266)</u>
		(712,833)	(204,422)	(917,255)	(409,392)	(117,403)	(526,795)
Total property, plant and equipment		<u>759,976</u>	<u>119,136</u>	<u>879,112</u>	<u>436,467</u>	<u>68,422</u>	<u>504,889</u>

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

Notas explicativas às demonstrações financeiras

(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

Useful lives and depreciation rates

The economic useful lives of assets with restrictions on their use are the duration of the project. This results from the fact that these assets are acquired only for use in these projects, and are not characterized as “maintaining the Institute’s activities or used for this purpose, including those arising from operations that transfer benefits to them”. The maximum possible is to attribute control of the assets to the Institutes.

The Institute has to present its accounts to its financiers, and in general, this involves providing evidence of the acquisition and actual use of each asset included in each project that receives a specific donation.

This requirement reinforces the fact that the economic useful life of the asset is tied to the duration of the project. Estimated useful lives for the current and comparative period:

	As from 01/01/10		As from 01/01/09	
	<i>Useful life - years</i>	<i>Rate</i>	<i>Useful life - years</i>	<i>Rate</i>
<i>Items with no restriction on use</i>				
Improvements and facilities	25	4%	10	10%
Vehicles	5	20%	5	20%
Machinery and equipment	10	10%	10	10%
Communication equipment	5	20%	-	-
Servers, Desktops and accessories	5	20%	5	20%
Notebooks	3	33%	-	-
Printers / Scanner	2	50%	-	-
Fixtures and fittings	5	20%	10	10%
<i>Items with restrictions on use</i>				
Moore fixed assets	7	14%	-	-
Moore 2 fixed assets	6	17%	-	-
Moore 3 fixed assets	5	20%	-	-
ADT fixed assets	11	9%	-	-
CE connected to parts	11	9%	-	-
Usaid Fortis	8	13%	-	-
IEB/CE	11	9%	-	-

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

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(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

	As from 01/01/10		As from 01/01/09	
	Useful life - years	Rate	Useful life - years	Rate
Packard 2008	6	17%	-	-
Defra Fundiário	2	50%	-	-
WRI Norad	8	13%	-	-
Vale Fund	6	17%	-	-
Ford Fundiário	5	20%	-	-
Skoll	7	14%	-	-
Pórticus Municipals	6	17%	-	-
Avina Forum	5	20%	-	-
CLUA	5	20%	-	-

As from 2010, management from the Institute registers depreciation of items with restrictions on their use, based on an independent report prepared by specialists.

8 Intangible assets

Changes in intangible assets between January 01, 2010 and December 31, 2010, are presented below:

	Amortization Rate p.a. %	R\$			US\$		
		31/12/2009	Additions	31/12/2010	31/12/2009	Additions	31/12/2010
Software	20%	1,051,912	162,099	1,214,011	631,324	97,287	728,611
Patents and brands registered	undefined	814	31	845	489	19	508
Amortization		<u>(455,812)</u>	<u>(105,025)</u>	<u>(560,837)</u>	<u>(273,564)</u>	<u>(63,034)</u>	<u>(336,598)</u>
Currency adjustments					<u>(15,431)</u>	<u>15,431</u>	<u>-</u>
		<u>596,914</u>	<u>57,105</u>	<u>654,019</u>	<u>342,818</u>	<u>49,703</u>	<u>392,521</u>

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

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(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

	Amortization rate % p.a.	R\$			US\$		
		31/12/2009	Additions	31/12/2010	31/12/2009	Additions	31/12/2010
<i>Assets with restricted use</i>							
Software		209,316	258,060	467,376	125,625	154,879	280,504
Amortization	20%	<u>(34,544)</u>	<u>(69,498)</u>	<u>(104,042)</u>	<u>(20,732)</u>	<u>(41,710)</u>	<u>(62,443)</u>
Currency adjustments					<u>(4,519)</u>	<u>4,519</u>	<u>-</u>
		<u>174,772</u>	<u>188,562</u>	<u>363,334</u>	<u>100,374</u>	<u>117,668</u>	<u>218,061</u>

Changes in intangible assets between January 01, 2009 and December 31, 2009, are presented below:

	Amortization rate % p.a.	R\$			US\$		
		31/12/2008	Additions	31/12/2009	31/12/2008	Additions	31/12/2009
Software	20%	684,297	367,615	1,051,912	393,003	211,127	604,130
Patents and registered brands	undefined	814	-	814	467	-	467
Amortization		<u>(304,213)</u>	<u>(151,599)</u>	<u>(455,812)</u>	<u>(174,715)</u>	<u>(87,066)</u>	<u>(261,780)</u>
		<u>380,898</u>	<u>216,016</u>	<u>596,914</u>	<u>218,756</u>	<u>124,062</u>	<u>342,818</u>

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

Notes to the financial statements

(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

9 Labor and social security charges

	R\$		US\$	
	2010	2009	2010	2009
Provisions for vacation and social security charges	689,882	474,738	414,045	272,650
Others	<u>20,817</u>	<u>12,029</u>	<u>12,494</u>	<u>6,908</u>
	<u>710,699</u>	<u>486,767</u>	<u>426,539</u>	<u>279,558</u>

10 Advances received

The research sponsors have adopted the practice of “consortium”, whereby a group of research institutions is created and one of the members is elected as the lead institution, assuming all of the rights and obligations of the consortium towards the financier. One of the obligations of the lead member is to receive in full the funds for research and transfer to the partners the amounts previously agreed, and accompanying the technical and financial execution of such. At December 31, IMAZON reported obligations for transfers with the following institutions:

Financer	Partners	R\$		US\$	
		2010	2009	2010	2009
European Union	FASE	45,751	45,751	27,458	26,276
WRI - World Resources Institute	ICV	<u>-</u>	<u>30,375</u>	<u>-</u>	<u>17,445</u>
		<u>45,751</u>	<u>76,126</u>	<u>27,458</u>	<u>43,720</u>

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

Notes to the financial statements

(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

11 Liabilities from project fund

The funds from contracts and agreements that include the specific allocation of such to execute projects are classified, when received, as “Liabilities from project funds – receiving of funds”, to current liabilities. The related expenses incurred are registered to the same account, as “use of funds” as a reduction against the liability. The Institute’s indirect expenses are allocated between the projects as provided in each agreement or contract. The expenses are segregated by donator, considering the use of human resources and materials, and no transfers are made between donators.

	R\$		US\$	
	2010	2009	2010	2009
Opening balance	3,453,264	3,317,647	2,072,539	1,905,380
Funds Received	9,566,990	7,424,439	5,741,802	4,263,978
(-) salaries, charges and benefits from the project	<u>(6,711,226)</u>	<u>(5,139,584)</u>	<u>(4,027,863)</u>	<u>(2,951,748)</u>
	6,309,028	5,602,502	3,786,477	3,217,610
Consulting and services	(694,343)	(412,919)	(416,722)	(237,146)
Travel expenses	(819,920)	(768,694)	(492,090)	(441,474)
Publications / Advertising / Events	(377,344)	(380,401)	(226,470)	(218,471)
Maintenance expenses	(48,386)	(17,682)	(29,040)	(10,155)
Rents	(266,018)	(207,552)	(159,656)	(119,201)
Utilities and services	(262,363)	(77,595)	(157,462)	(44,564)
Freights	(958)	(5,456)	(575)	(3,133)
Other canteen expenses	(43,933)	(30,740)	(26,367)	(17,654)
Taxes	(218,371)	(9,275)	(131,059)	(5,327)
Financial income	136,351	116,875	81,834	67,123
Financial expenses	(102,342)	(49,449)	(61,422)	(28,399)
Insurance expense	(27,458)	(23,084)	(16,479)	(13,258)
Communication charges	(312,280)	(177,061)	(187,420)	(101,689)

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

Notes to the financial statements

(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

	<u>R\$</u>		<u>US\$</u>	
	2010	2009	2010	2009
Materials	(65,337)	(69,056)	(39,213)	(39,660)
Other operational expenses	(4,209)	-	(2,526)	-
Depreciation (a)	(139,356)	-	(83,637)	-
Investments	<u>(200,585)</u>	<u>(37,149)</u>	<u>(120,385)</u>	<u>(21,335)</u>
Total project administration costs	(3,446,852)	(2,149,238)	(2,068,690)	(1,234,343)
Closing balance	<u>2,862,176</u>	<u>3,453,264</u>	<u>1,717,787</u>	<u>1,983,267</u>

Given that the economic useful lives of “assets with restricted use” are tied to the duration of the contract, it was concluded that there is no reason to recognize the depreciation charge from these assets to the Institute’s profit or loss .

Therefore, the depreciation charges on these assets have been recorded as a deduction against the account “liabilities from project funds”.

12 Legal processes and contingencies

The Institute is not party to any legal processes or administrative processes with any government bodies or courts, involving labor questions or civil aspects or other issues.

13 Related parties

Remuneration of key management staff

Remuneration of key management staff, including salaries, fees and short term variable benefits amounted to R\$ 418,488 – US\$ 251,163 in 2010 (R\$ 325,927 – US\$ 187,185 in 2009).

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Notes to the financial statements

(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

14 Equity

a. Equity

The changes in the Institute's equity result from incorporating the surpluses and/or deficits for each year, after approval from the Statutory Audit Committee and Director.

b. Accumulated surplus

They refer to the surplus for the current year. After the amount has been approved by the director and fiscal statutory counsel, it is incorporated to the Institute's equity to be reinvested in social actions, as provided in the Statutes

15 Income

		R\$		US\$	
		2010	2009	2010	2009
Administration fee for projects and programs	(I)	2,617,801	1,385,753	1,571,121	795,861
Income from services rendered		981,959	2,481,902	589,340	1,425,397
(-) COFINS		(29,459)	(74,457)	(17,680)	(42,762)
(-) ISS		(49,098)	(124,095)	(29,467)	(71,270)
(-) Discounts		<u>(1,845)</u>	<u>(55,932)</u>	<u>(1,107)</u>	<u>(32,123)</u>
Net income		<u>3,519,358</u>	<u>3,613,171</u>	<u>2,112,206</u>	<u>2,075,104</u>

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(Expressed in Reals - R\$ and US dollars - US\$)

(I) Administration fee of projects and programs

Description	Notes	Valor Global	Start date	Term	Rate	R\$	
						2010	2009
European Union / Friends of the Earth- Amazônia Brasileira (ii)		EUR 255,713	4/1/2005	4 years	7%	-	101,515
European Union (ii)		EUR 2,296,300	7/1/2005	4 years	7%	-	46,920
International Tropical Timber Organization – ITTO (i)		US\$ 277,560	11/1/2005	5 years	0%	-	3,322
USAID / IEB (i)	(e)	US\$ 890,341	10/1/2006	5 years	0%	135,549	39,086
Gordon and Betty Moore Foundation (ii)	(b)	RS 6,307,418	6/28/2007	3 years	10%	-	266,647
US Depart of Agriculture Forest Service (i)		US\$ 142,000	2/13/2008	8 months	24%	56,836	42,938
Avina Stiftung Foundation(ii)		RS 315,000	4/1/2008	16 months	17%	-	20,588
CI - Conservation International Foundation (iii)		US\$ 19,964	6/1/2008	5 months	24%	29,802	9,775
South Dakota State University (iii)		US\$ 122,000	6/1/2008	2 years	24%	15,001	32,700
Blue Moon Foundation (ii)		US\$ 200,000	9/1/2008	2 years	13%	13,732	25,179
TNC - The Nature Conservancy (iii)		US\$ 119,307	11/14/2008	13 months	24%	-	32,627
Usaid / TNC (ii)		US\$ 110,198	12/15/2008	2 months	16%	-	32,109
European Union/ IEB (ii)	(d)	EUR 650,367	1/1/2009	4 years	7%	186,433	109,899
ICV - Instituto Centro de Vida (iii)		US\$ 17,350	1/1/2009	5 months	24%	-	9,068
David and Lucile Packard foundation (ii)		US\$ 500,000	4/1/2009	1 year	15%	103,695	156,722
Sebrae Amazonas (i)		RS 156,200	5/27/2009	17 months	0%	14,509	4,269
Serviço Florestal Americyear - USFS (i)		US\$ 50,000	5/28/2009	-	0%	-	13,260
GTZ - German Cooperation for Development (ii)		RS 182,754	6/1/2009	17 months	11%	17,224	3,837
WRI - World Resources Institute's		US\$ 300,000	8/1/2009	22 months	10%	116,490	34,176
British Embassy (ii) - Defra Fundiário_Brenda		£ 112,796,66	8/1/2009	2 years	10%	82,821	86,090
Vale Association for Sustainable Development (ii)	(a)	RS 4,193,680	8/15/2009	3 years	15%	960,032	270,797
Conservation International do Brasil (i)		RS 200,574	8/28/2009	1 year	0%	-	6,322
Ford foundation - Brazil office- Regul. Fundiária PA (ii)		US\$ 350,000	10/1/2009	25 months	9%	45,777	3,667
Skoll Foundation (ii)	(c)	US\$ 765,000	1/3/2010	3 years	8%	188,506	-
Pórticus Latin América - Support of Deforesting of Munic. of Amazon (iii)		EUR 70,000	3/16/2010	1 year	24%	44,619	-
Avina Américas Foundation (ii) - Objectives of Milênio & Municípios Verdes		US\$ 132,000	4/15/2010	1 year	17%	40,483	-
Avina Américas Foundation (ii) - Strengthening of Forum for the Sustainable Amazon		US\$ 67,200	4/15/2010	1 year	17%	20,259	-
Ford Foundation- Brazil office - Forum (ii)		US\$ 100,000	5/1/2010	1 year	15%	21,040	15,210
Climate Works foundation(ii)	(f)	US\$ 494,628	7/2/2010	1 year	15%	134,326	-
Avina Américas foundation (ii) - Centro de Geotecnologia do Imazon (CGI)		US\$ 110,335	7/19/2010	11 months	17%	30,943	-
Gordon and Betty Moore Foundation (ii)	(b)	US\$ 1,149,009	8/1/2010	1 year	13%	294,684	-
Pórticus Latin América - Free Areas protected in the Amazon (ii)		EUR 75,000	9/8/2010	1 year	18%	22,106	-
Pórticus Latin América - Trein Habil Norte PA/AP - Não Madeireiros		EUR 70,000	11/17/2010	1 year	19%	8,075	-
Pórticus Latin América - Public free protected areas - Calha Norte (ii)		EUR 70,000	11/17/2010	1 year	20%	4,494	-
Other (i)					0%	30,365	19,030
						<u>2,617,801</u>	<u>1,385,753</u>

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(Expressed in Reals - R\$ and US dollars - US\$)

(I) Administration fee of projects and programs

Description	Notes	Valor Global	Start date	Term	Rate	US\$	
						2010	2009
European Union / Friends of the Earth- Amazônia Brasileira (ii)		EUR 255,713	4/1/2005	4 years	7%	-	58,302
European Union (ii)		EUR 2,296,300	7/1/2005	4 years	7%	-	26,947
International Tropical Timber Organization – ITTO (i)		US\$ 277,560	11/1/2005	5 years	0%	-	1,908
USAID / IEB (i)	(e)	US\$ 890,341	10/1/2006	5 years	0%	81,352	22,448
Gordon and Betty Moore Foundation (ii)	(b)	R\$ 6,307,418	6/28/2007	3 years	10%	-	153,140
US Depart of Agriculture Forest Service (i)		US\$ 142,000	2/13/2008	8 months	24%	34,111	24,660
Avina Stiftung Foundation(ii)		R\$ 315,000	4/1/2008	16 months	17%	-	11,824
CI - Conservation International Foundation (iii)		US\$ 19,964	6/1/2008	5 months	24%	17,886	5,614
South Dakota State University (iii)		US\$ 122,000	6/1/2008	2 years	24%	9,003	18,780
Blue Moon Foundation (ii)		US\$ 200,000	9/1/2008	2 years	13%	8,242	14,461
TNC - The Nature Conservancy (iii)		US\$ 119,307	11/14/2008	13 months	24%	-	18,738
Usaid / TNC (ii)		US\$ 110,198	12/15/2008	2 months	16%	-	18,441
European Union/ IEB (ii)	(d)	EUR 650,367	1/1/2009	4 years	7%	111,891	63,117
ICV - Instituto Centro de Vida (iii)		US\$ 17,350	1/1/2009	5 months	24%	-	5,208
David and Lucile Packard foundation (ii)		US\$ 500,000	4/1/2009	1 year	15%	62,234	90,008
Sebrae Amazonas (i)		R\$ 156,200	5/27/2009	17 months	0%	8,708	2,452
Serviço Florestal Americyear - USFS (i)		US\$ 50,000	5/28/2009	-	0%	-	7,615
GTZ - German Cooperation for Development (ii)		R\$ 182,754	6/1/2009	17 months	11%	10,337	2,204
WRI - World Resources Institute's		US\$ 300,000	8/1/2009	22 months	10%	69,914	19,628
British Embassy (ii) - Defra Fundiário_Brenda		£ 112,796,66	8/1/2009	2 years	10%	49,707	49,443
Vale Association for Sustainable Development (ii)	(a)	R\$ 4,193,680	8/15/2009	3 years	15%	576,181	155,523
Conservation International do Brasil (i)		R\$ 200,574	8/28/2009	1 year	0%	-	3,631
Ford foundation - Brazil office- Regul. Fundiária PA (ii)		US\$ 350,000	10/1/2009	25 months	9%	27,474	2,106
Skoll Foundation (ii)	(c)	US\$ 765,000	1/3/2010	3 years	8%	113,135	-
Pórticus Latin América - Support of Deforesting of Munic. of Amazon (iii)		EUR 70,000	3/16/2010	1 year	24%	26,779	-
Avina Américas Foundation (ii) - Objectives of Milênio & Municípios Verdes		US\$ 132,000	4/15/2010	1 year	17%	24,297	-
Avina Américas Foundation (ii) - Strengthening of Forum for the Sustainable Amazon		US\$ 67,200	4/15/2010	1 year	17%	12,159	-
Ford Foundation- Brazil office - Forum (ii)		US\$ 100,000	5/1/2010	1 year	15%	12,628	8,735
Climate Works foundation(ii)	(f)	US\$ 494,628	7/2/2010	1 year	15%	80,618	-
Avina Américas foundation (ii) - Centro de Geotecnologia do Imazon (CGI)		US\$ 110,335	7/19/2010	11 months	17%	18,571	-
Gordon and Betty Moore Foundation (ii)	(b)	US\$ 1,149,009	8/1/2010	1 year	13%	176,860	-
Pórticus Latin América - Free Areas protected in the Amazon (ii)		EUR 75,000	9/8/2010	1 year	18%	13,267	-
Pórticus Latin América - Trein Habil Norte PA/AP - Não Madeireiros		EUR 70,000	11/17/2010	1 year	19%	4,846	-
Pórticus Latin América - Public free protected areas - Calha Norte (ii)		EUR 70,000	11/17/2010	1 year	20%	2,697	-
Other (i)					0%	18,224	10,929
						<u>1,571,121</u>	<u>795,861</u>

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(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

The administrative fees are characterized as follows:

- (i) Fees not provided – In this case the donator permits the allocation of certain expenses, and these are allocated to the heading “Other direct and indirect costs”;
- (ii) Mixed fees – these are provided in the contracts and also the specification of certain expenses to the heading “Other direct and indirect costs”; and
- (iii) Fees provided – Administrative costs charged only by means of the “overhead” fee.

The projects provide the flexibility to use funds above the amount provided in the categories, for approximately 10%, which is a fee normally accepted by the financers, provided it does not exceed the amount budgeted for the project. The timetable for the projects is different from the fiscal year, consequently, one fiscal year may include two financial periods for the same project.

Notes on the administration fees:

(a) Vale Association for Sustainable Development

Amazon Sustainable Project: Monitoring the Amazon, Support for Consolidating the State Conservation Units for *Calha Norte do Pará* and for the initiative *Paragominas Município Verde*.

(b) Gordon and Betty Moore Foundation

Contract for the preservation and conservation of national forests using mapping systems for identifying conservation areas.

(c) Skoll Foundation

International award for social enterprising - Imazon

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(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

(d) International Institute for Education in Brazil – IEB

A Sub-donation agreement, derived from the donation contract signed between the European Community and the IEB, to implement the Forest Frontiers Project: Encouraging the social-environmental inclusion of the populations in occupational zones in the Brazilian Amazon by means of territorial management and adopting sustainable handling practices of forest resources.

(e) USAID – IEB

Financial assistance granted within the ambit of the Initiative to Conserve the Amazon Basin of USAID and entitled "Challenging the advances of the deforesting frontier: Strengthening local institutions aimed at social justice and sustainable living conditions in the Brazilian Amazon".

(f) Climate Works Foundation

Monitoring and Deforesting in the Amazon in municipals considered "hotspots".

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Notes to the financial statements

(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

16 Salaries and social security charges

	R\$		US\$	
	2010	2009	2010	2009
Salaries	551,373	425,871	330,916	244,585
INSS	168,293	134,014	101,004	76,966
Vacation	72,520	62,089	43,524	35,659
FGTS	69,065	60,205	41,451	34,577
Medical assistance	59,308	41,886	35,595	24,056
13th salaries	55,364	47,397	33,228	27,221
Meal tickets	51,582	-	30,958	-
Bonus	41,824	22,861	25,101	13,129
PIS	39,077	28,647	23,453	16,452
Bonuses	37,981	22,884	22,795	13,143
Life insurance	14,362	8,552	8,620	4,912
Training	4,410	190	2,647	109
Transport tickets	2,745	1,330	1,647	764
Medical examinations and medicines	1,283	979	770	562
Trainee remuneration	643	-	386	-
Uniforms	592	103	355	59
	<u>1,170,422</u>	<u>857,008</u>	<u>702,450</u>	<u>492,194</u>

In 2010 the number of staff employed at the Institute increased, consequently, the expenses for salaries, social security charges and benefits also increased. At the same time, the costs of services reduced significantly during the same period.

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Notes to the financial statements

(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

17 Administrative expenses

	R\$		US\$	
	2010	2009	2010	2009
Travel	23,745	14,389	14,251	8,264
Events	22,319	20,418	13,395	11,726
Maintenance	34,799	13,913	20,885	7,990
Rents	261,712	115,906	157,071	66,567
Utilities and services	156,735	64,587	94,067	37,093
Canteen	43,328	30,367	26,004	17,440
Taxes	29,588	8,183	17,758	4,700
Depreciation and amortization	177,858	356,021	106,745	204,469
Insurance	33,285	30,983	19,977	17,794
Communications	199,760	58,145	119,890	33,394
Materials	46,955	48,401	28,181	27,797
Other administrative expenses	<u>4,638</u>	<u>1,163</u>	<u>2,784</u>	<u>668</u>
	<u>1,034,722</u>	<u>762,476</u>	<u>621,007</u>	<u>437,903</u>

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

Notes to the financial statements

(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

18 Financial income and expenses

	R\$		US\$	
	2010	2009	2010	2009
<i>Financial income</i>				
Interest on financial investments	3,504	3,985	2,103	2,289
Exchange variations	399	9,000	239	5,169
	3,903	12,985	2,342	7,458
<i>Financial expenses</i>				
Interest and bank charges	(59,626)	(29,857)	(35,786)	(17,147)
IRRF on financial investments	(20,035)	(18,271)	(12,024)	(10,493)
Exchange variations	(1,879)	(133,270)	(1,128)	(76,539)
	(81,540)	(181,398)	(48,938)	(104,180)
<i>Net financial expenses</i>	(77,637)	(168,413)	(46,595)	(96,722)

19 Tax benefits and exemptions

Since the Entity is a Civil Company of Public Interest (OSCIP), it benefits from certain tax exemptions, such as:

- Corporate Income Tax - IRPJ;
- Social Contribution on Net Profit - CSLL;
- COFINS sales tax on own income; and
- ISSQN (service tax) on own income.

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

Notes to the financial statements

(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

20 Contracts and donation terms

The Institute has contracts and terms for donations signed with partners that guarantee the transfers of funds subsequent to December 31, 2010, as presented below:

Donators/contracting entities	R\$		Total
	2011 Remittances	Subsequent to 2011 Remittances	
Vale Association for sustainable development (a)	4,898,453	1,493,290	6,391,743
BNDES - Fundo Amazônia (b)	3,288,115	4,660,130	7,948,245
Gordon and Betty Moore Foundation (c)	1,734,986	-	1,734,986
Climate Works Foundation	903,982	-	903,982
Skoll Foundation	680,504	-	680,504
IEB - Inst. internacional de educação do Brasil	383,138	200,780	583,918
United States depart. of agriculture forest service	285,719	285,770	571,489
British Embassy	91,096	-	91,096
Martins Agropecuária S/A	43,982	147,882	191,864
Hobart & William Smith Colleges	14,326	-	14,326
	<u>12,324,301</u>	<u>6,787,852</u>	<u>19,112,153</u>

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

Notes to the financial statements

(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

Donators/contracting entities	US\$		
	2011 Remittances	Subsequent to 2011 Remittances	Total
Vale Association for sustainable development (a)	2,939,895	896,225	3,836,120
BNDES - Fundo Amazônia (b)	1,973,422	2,796,861	4,770,283
Gordon and Betty Moore Foundation (c)	1,041,283	-	1,041,283
Climate Works Foundation	542,541	-	542,541
Skoll Foundation	408,417	-	408,417
IEB - Inst. internacional de educação do Brasil	229,947	120,502	350,449
United States depart. of agriculture forest service	171,479	171,510	342,989
British Embassy	54,673	-	54,673
Martins Agropecuária S/A	26,397	88,754	115,151
Hobart & William Smith Colleges	<u>8,598</u>	<u>-</u>	<u>8,598</u>
	<u>7,396,652</u>	<u>4,073,852</u>	<u>11,470,504</u>

(a) Vale Association for Sustainable Development

Amazon Sustainable Project: Monitoring the Amazon, Support for Consolidating the State Conservation Units for *Calha Norte do Pará* and for the initiative *Paragominas Município Verde*.

(b) BNDES – Fundo Amazônia

Amazon Fund Project - Contribute towards the mobilization of local actors from 11 municipals in the State of Pará, in order to obtain environmental and agrarian data from rural properties and accelerate the process to include the properties in the Rural Environment Register, monitor the deforesting in these municipals, based on satellite images, assist in planning the landscape and restoring degraded areas in the Uraim River basin in Paragominas - PA .

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

Notes to the financial statements

(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

(c) Gordon and Betty Moore Foundation

Contract for the preservation and conservation of national forests using mapping systems for identifying conservation areas.

21 Financial instruments

Credit risk

The book value of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date for the financial statements was:

		R\$		US\$	
	Note	2010	2009	2010	2009
<i>Cash and cash equivalents</i>					
Cash and bank	4	530,083	5,244	318,139	3,012
<i>Funds tied to projects</i>					
Bank	5	756,092	1,032,923	453,782	593,225
Financial investments	5	1,057,023	1,966,984	634,391	1,129,671
<i>Other liabilities</i>					
Liabilities from project funding	11	2,862,176	3,453,264	1,717,787	1,983,267

As reported in Note 3(b), with respect to the short term financial investments, the Institute only undertakes operations with low risk financial institutions.

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

Notes to the financial statements

(Expressed in Brazilian Real - R\$ and US Dollars - US\$)

Liquidity risk

Given that an entity's net exposure to operational risk can be measured by its gains compared to expenditure in a strong currency, we have concluded that the Institute's exposure is zero, since it does not spend more than it receives from the foreign currency contracts, i.e., even if the amount received, converted into reais, is less than that provided in the proposal, expenditure is incurred up to the limit of the amount received.

At December 31, 2010, the Institute did not have any foreign currency obligations with third parties.

22 Insurance coverage

The Institute's policy is to contract insurance coverage for assets subject to risks for amounts considered sufficient to cover possible damages, considering the nature of its activity. The risk assumptions adopted, given their nature, are not part of an audit of financial statements and, accordingly, were not examined by our independent auditors.

At December 31, 2010, insurance coverage of the building which is the registered office of the Institute, amounted to R\$ 1,800,000 against fire, lightening, explosions, smoke and falling aircraft; R\$ 500,000 for fixed expenses (3 months); R\$ 90,000 for loss and payment of rent; R\$ 80,000 for electrical damage; R\$ 100,000 for storms, cyclones and tornados; R\$ 100,000 for electronic equipment; R\$ 50,000 for robbery and qualified theft of assets; R\$ 10,000 for breakages of windows and illuminated announcements and R\$ 100,000 for civil liability.

* * *

Management of the Institute

Brenda Brito do Carmo
Executive Secretary

Ana Cláudia F. Rodrigues
Accountant - CRC/PA 9444