



Fundo Amazônia
(Administered by Banco Nacional de Desenvolvimento
Econômico e Social - BNDES)
(A translation of the original report in Portuguese as published
in Brazil containing financial statements prepared in
accordance with accounting practices adopted in Brazil
applicable to nonprofit entities)

Financial statements
December 31, 2012 and 2011



KPMG Auditores Independentes
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Independent auditors' report on the financial statements

(A translation of the original report in Portuguese as published in Brazil containing financial statement prepared in accordance with accounting practices adopted in Brazil applicable to nonprofit entities)

To
The Administrator
Fundo Amazônia
Brasília - DF

We have audited the accompanying financial statements of Fundo Amazônia ("Fund"), which comprise the balance sheet as of December 31, 2012 and the related statements of income, changes in shareholders' equity and cash flows for the year then ended, as well as a summary of significant accounting policies and other notes to the financial statements.

Management's Responsibility for the Financial Statements

The Fund's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil applicable to nonprofit entities in accordance with the provisions of CFC Resolution 1409/2012 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Independent Auditors

Our responsibility is to express an opinion on these financial statements based on our audit, conducted in accordance with Brazilian and International Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Fundo Amazônia at December 31, 2012 and the results of its operations and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil applicable to nonprofit entities in accordance with the provisions of CFC Resolution 1409/2012.

Other Matters***Audit of the Amounts Corresponding to the Previous Year***

The amounts corresponding to the year ended December 31, 2011, presented for comparison purposes, were previously audited by other independent auditors, who issued a report dated April 20, 2012, which did not contain any qualification.

Rio de Janeiro, April 24, 2013

KPMG Auditores Independentes
CRC SP-014428/O-6 F-RJ

Carlos Eduardo Munhoz
Accountant/CRC 1SP138600/O-7

FUNDO AMAZÔNIA
(Administered by Banco Nacional de Desenvolvimento
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BALANCE SHEETS
December 31, 2012 and 2011
(In thousands of reais)

ASSETS	Note	2012	2011
CURRENT ASSETS			
Cash and cash equivalents	4	<u>90,888</u>	<u>41,200</u>
Total assets		<u>90,888</u>	<u>41,200</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Project funds	5	90,885	39,934
SHAREHOLDERS' EQUITY			
Accumulated surplus		<u>3</u>	<u>1,266</u>
Total liabilities and shareholders' equity		<u>90,888</u>	<u>41,200</u>

See the accompanying notes to the financial statements.

FUNDO AMAZÔNIA
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STATEMENTS OF INCOME
December 31, 2012 and 2011
(In thousands of reais)

	Note	2012	2011
INCOME			
Income from donations for investments	5	71,206	59,740
Income from donations for support	4	3,566	219
Financial income	4	7,052	8,344
EXPENSES			
Expenses with donations for investment	5	(71,206)	(59,740)
Expenses with remuneration of project funds	5	(6,855)	(8,184)
Administrative expenses	6	(5,026)	(713)
DEFICIT FOR THE YEAR		(1,263)	(334)

See the accompanying notes to the financial statements.

FUNDO AMAZÔNIA
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STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
December 31, 2012 and 2011
(In thousands of reais)

	Accumulated surplus
Balance at December 31, 2010	<u>1,600</u>
Deficit for 2011	(334)
Balance at December 31, 2011	1,266
Deficit for 2012	(1,263)
Balance at December 31, 2012	<u>3</u>

See the accompanying notes to the financial statements.

FUNDO AMAZÔNIA
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STATEMENTS OF CASH FLOWS
December 31, 2012 and 2011
(In thousands of reais)

	Note	2012	2011
OPERATING ACTIVITIES			
Deficit for the year		(1,263)	(334)
Expenses with remuneration of project resources	5	<u>6,855</u>	<u>8,184</u>
Proceeds from operating activities		5,592	7,850
FINANCING ACTIVITIES			
Funds raised for projects	5	115,302	7,096
Funds invested in projects	5	<u>(71,206)</u>	<u>(59,740)</u>
Funds provided by (used in) financing activities		<u>44,096</u>	<u>(52,644)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>49,688</u>	<u>(44,794)</u>
Cash and cash equivalents at beginning of year		41,200	85,994
Cash and cash equivalents at end of year	4	<u>90,888</u>	<u>41,200</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>49,688</u>	<u>(44,794)</u>

See the accompanying notes to the financial statements.

FUNDO AMAZÔNIA
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Notes to the financial statements
Years ended December 31, 2012 and 2011
(In thousands of reais)

1. CONTEXT OF ACTIVITIES

The purpose of Fundo Amazônia created by BNDES Resolution 1640 of September 3, 2008 is to raise donations for non-reimbursable investments in actions for preventing, monitoring and combating deforestation and encouraging the conservation and sustainable use of the forests in the Amazon biome, in the terms of Decree 6527 of August 1, 2008.

Fundo Amazônia supports projects in the following areas:

- Management of public forests and protected areas;
- Environmental control, monitoring and surveillance;
- Sustainable forest management;
- Economic activities arising from the sustainable use of forests;
- Ecological and economic zoning, land use and land tenure;
- Conservation and sustainable use of biodiversity, and
- Recovery of deforested areas.

The Fundo Amazônia is managed by Banco Nacional de Desenvolvimento Econômico e Social - BNDES, which also takes care of the raising of funds, and the contracting and monitoring of the projects and actions that are supported.

Fundo Amazônia has a Steering Committee - COFA which is responsible for determining its guidelines and monitoring the results.

Fundo Amazônia effectively began to operate on October 9, 2009 through receipt of donation funds.

Fundo Amazônia has no legal personality, and its transactions are recorded in specific accounts of Banco Nacional de Desenvolvimento Econômico e Social – BNDES books.

2. PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements were prepared and are being presented in accordance with accounting practices adopted in Brazil for nonprofit entities, in conformity with Brazilian Accounting Standard NBC - 10.19, approved by Resolution 877 of April 18, 2000, issued by the Federal Accounting Council.

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3. DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents include bank deposits and financial investments with high liquidity with the administrator and with an insignificant risk of change in fair value. The yields from the investments made with the administrator are pegged to the variation of the quota of the fund invested as described in Note 4.

3.2 Project funds

It refers to the balance of donations received not yet invested in projects. In conformity with Decree 6527 of August 1, 2008, only 97% of the funds received are allocated to projects. The amounts are recorded as liabilities, since they do not result in an increase or decrease in the Fund's shareholders equity, considering that the Fund is only the collecting and paying agent for execution of the projects.

3.3 Donations for support and administrative expenses

Pursuant to paragraph 3 of Article 1 of Decree 6527/2008, BNDES should separate the amount equivalent to 3% of the value of the donations to cover its operating costs and expenses related to Fundo Amazônia. The portion of the donations for support is posted as revenue in the period when actually received. The procedure for reimbursement of the administrative expenses to BNDES was changed in December 2012, and it now occurs immediately and fully at the time of receipt of the donation. Until then, the reimbursements occurred when the administrative expenses were charged to the Fund by BNDES.

3.4 Statement of Cash Flows

The Fund chose the indirect method for the presentation of this statement. The funds received from projects were treated as financing activities, considering that the Fund only acts as a collecting agent and payer of these funds.

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4. CASH AND CASH EQUIVALENTS

Their breakdown is as follows:

	<u>2012</u>	<u>2011</u>
Funds not invested (*)	3	3
Financial investment with the administrator (**)	90,885	39,934
BNDES resources for support	-	1,263
TOTAL	<u>90,888</u>	<u>41,200</u>

(*) The Fund holds an average of R\$ 3 (three thousand reais), which is not invested, in a current account for any administrative expenses charged by BNDES.

(**) The Administrator maintains the Fund's resources invested in the Fundo de Investimento BB Gaia Fixed Income Investment Fund that has a portfolio concentrated on Brazilian government bonds with a clause for daily liquidity.

In conformity with Decree 6527 of August 1, 2008, the percentage of 97% of the donations received is earmarked for investment in projects. The Fund separates these funds in a specific investment account. The funds are invested by BNDES in Fundo Exclusivo Gaia, managed by Banco do Brasil DTVM, pegged to government bonds and interest is paid based on the yield index of Fundo Gaia.

The changes in cash and cash equivalents are as follows:

	<u>2012</u>		
	<u>Total</u>	<u>Funds for projects (Fundo Gaia)</u>	<u>Funds for support</u>
Balance at December 31, 2011	41,200	39,934	1,266
Yield	7,052	6,855	197
Administrative expense	(5,026)	-	(5,026)
Funds released	(71,206)	(71,206)	-
Donations received	118,868	115,302	3,566
Balance at December 31, 2012	<u>90,888</u>	<u>90,885</u>	<u>3</u>

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	2011		
	Total	Funds for Projects (Fundo Gaia)	Funds for support
Balance at December 31, 2010	85,994	84,394	1,600
Yield	8,344	8,184(*)	160
Administrative expense	(713)	-	(713)
Funds released	(59,740)	(59,740)	-
Donations received	7,315	7,096	219
Balance at December 31, 2011	41,200	39,934	1,266

(*) This figure includes R\$ 11 (eleven thousand reais) referring to an adjustment of remuneration on early payment of funds by BNDES, recorded in 2010.

5. PROJECT FUNDS

The balance of project funds was received from the following donors: the Norwegian Ministry of Foreign Affairs, KFW and Petrobras and are earmarked for the projects supported by Fundo Amazônia.

The changes in the project funds are as follows:

	2012
Balance at December 31, 2011	39,934
Yields	6,855
Funds released	(71,206)
Donations received	115,302
Total	90,885
	2011
Balance at December 31, 2010	84,394
Yields	8,184
Funds released	(59,740)
Donations received in 2011	7,096
Total	39,934

The amount of R\$ 71,206 in 2012 (R\$ 59,740 in 2011) is recorded in the income statement as Income from donations for investments and Expenses with donations for investments, canceling each other out due to the fact that Fundo Amazônia is a nonprofit entity.

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Project funds are remunerated based on the same rate as for restatement of cash and cash equivalents.

Since the start of its activities until December 31, 2012, Fundo Amazônia has received funds from the following donors:

Donor	Up to 2012	
	97%	100%
Norwegian Ministry of Foreign Affairs	198,174	204,303
KFW	6,444	6,643
Petrobrás	7,692	7,929
Total	212,310	218,875

Donor	Up to 2011	
	97%	100%
Norwegian Ministry of Foreign Affairs	83,468	86,049
KFW	6,444	6,643
Petrobrás	7,096	7,315
Total	97,008	100,008

The amounts released for projects are presented in the table below:

Abbreviated name of the Project	Contracted	Released until 2011	Released 2012	Total Released	Balance to be released
ACRE, STATE	60,000	31,557	0	31,557	28,443
ALTA FLORESTA/MT	2,782	2,352	347	2,699	83
AMAZON, STATE	20,000	1,129	14,138	15,267	4,733
ANAPU/PA	432	0	0	0	432
FIRE BRIGADE AC I	13,281	0	5,835	5,835	7,446
FIRE BRIGADE MT-III	12,625	0	579	579	12,046
FIRE BRIGADE RO I	15,041	0	0	0	15,041
FIRE BRIGADE TO I	5,000	0	1,700	1,700	3,300
CARLINDA/MT	1,870	1,160	207	1,367	503
FAS /2009-2013	19,170	7,110	3,643	10,753	8,417
FASE	9,347	590	0	590	8,757
FBB-Amazon Fund Year I	15,000	0	0	0	15,000
FUNBIO/ARPA - PHASE II	20,000	4,999	10,000	14,999	5,001

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Abbreviated name of the Project	Contracted	Released until 2011	Released 2012	Total Released	Balance to be released
FUNBIO/KAYAPO	16,900	0	7,196	7,196	9,704
IFT	7,449	1,726	2,392	4,118	3,331
IMAZON	9,736	3,576	3,000	6,576	3,160
IOV SEMENTES DO PORTAL	5,433	3,358	1,580	4,938	495
IPAM	24,939	0	4,492	4,492	20,447
ISPN	12,843	0	579	579	12,264
JACUNDA/PA	792	0	0	0	792
MARCELANDIA/MT - REC. APP	669	0	0	0	669
MUSA	8,455	2,437	0	2,437	6,018
PORTO DOS GAUCHOS/MT	134	121	0	121	13
DEPT. OF THE ENVIRONMENT, PARA	15,923	3,216	6,408	9,624	6,299
TNC BRASIL	16,000	6,773	4,840	11,613	4,387
UEA CARTOGRAFIA SOCIAL	4,615	741	1,309	2,050	2,565
UFPA BIODIVERSITY	4,640	0	0	0	4,640
UFPA BIOACTIVE COMPOUNDS	1,352	0	0	0	1,352
UFPA MANGROVE FORESTS	1,982	0	1,080	1,080	902
UFPA ISLANDS OF BELEM	1,139	0	621	621	518
UFPA/NAEA AMAZON FORUM	2,704	0	1,260	1,260	1,444
Overall total	330,253	70,845	71,206	142,051	188,202

6. ADMINISTRATIVE EXPENSES

The procedure for reimbursement of expenses to BNDES was changed in December 2012, and they are fully realized immediately at the time of receipt of the donation. Until then, the funds were transferred to BNDES in the measure that the administrative costs were charged to the Fund by BNDES. As a result, it was necessary to fully write off the amount of R\$ 2,332 (recorded as "other expenses") in the cash and cash equivalents for support, except for the amount of R\$ 3 to cover any bank charges. The breakdown of administrative expenses in 2012 and 2011 is as follows:

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	<u>2012</u>	<u>2011</u>
Travel and <i>per diem</i> expenses	526	510
Audit	176	113
Committees	22	8
Seminars and events	71	16
Publicity	1,872	55
Other expenses	<u>2,359</u>	<u>11</u>
Total	<u>5,026</u>	<u>713</u>

7. TAXES

All tax obligations that perchance exist on account of transactions in the sphere of Fundo Amazônia are the responsibility of BNDES, as the Fund does not have its own legal personality, and its transactions are recorded in specific bookkeeping accounts of BNDES.

PIS and COFINS

Pursuant to Article 1 of Law 11828, of November 20, 2008, the levy of PIS-PASEP and the Contribution for Social Security Financing (COFINS) are suspended on donations in-kind received by public financial institutions controlled by the federal government and earmarked for preventing, monitoring and combating deforestation and promoting conservation and sustainable use of Brazilian biomes and in other tropical countries.

Paragraph 1 of Article 1 of this law establishes that the effects of the suspension include donations whose distribution is carried out within two years as from the month following the receipt of the donation.

According to the sole paragraph of this regulation, if there is no distribution of the funds in the period which is addressed by paragraph 1 of article 1, the public financial institution controlled by the federal government is obliged to collect the unpaid contributions, plus interest and a fine on arrears, as required by law.

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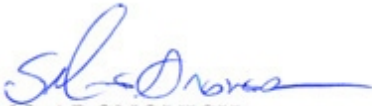
Notes to the financial statements
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Income tax and social contribution

There is no income to be presented for taxation of income tax (IRPJ) and social contribution tax (CSLL) as donation income is recognized at the same time as the recognition of operating expenses with projects envisioned within the sphere of Fundo Amazônia, as approved by the solution to request for a ruling 59 SRRF07/Disit of 06/08/2009, made by BNDES to the Federal Revenue Department.

8. RELATED PARTY TRANSACTIONS

The Fundo Amazônia has a relationship with Banco Nacional do Desenvolvimento Econômico e Social – BNDES, which is authorized to distribute the value of donations received in kind, for realizing non-reimbursable investments in actions for preventing, monitoring, and combating deforestation and promoting conservation and sustainable use of the Amazon biome. This relationship refers to the amounts corresponding to “cash and cash equivalents” (in accordance with note 4), which are encountered in bank accounts, held by BNDES.



SELMO ARONOVICH
Deputy Managing Director of Financial Division



CARLOS FREDERICO RANGEL DE CARVALHO SILVA
Head of Accounting Department
Accountant
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GUILHERME NARCISO DE LACERDA
Director