

SITAWI

Independent Auditor's Report

**Account Statements
As of December 31, 2012**

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**Account Statements
As of December 31, 2012**

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Tel.: +55 11 3848 5880
Fax: + 55 11 3045 7363
www.bdobrazil.com.br

Rua Major Quedinho 90
Consolação - São Paulo, SP - Brasil
01050-030

INDEPENDENT AUDITOR'S REPORT OF THE FINANCIAL STATEMENTS

The Administration of
SITAWI
Rio de Janeiro – RJ

Introduction

We have audited the financial statements of **SITAWI (“Entity”)**, which comprise of the balance sheet as of December 31, 2012, and the related statements of income, comprehensive income, retained earnings and cash flows for the year, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility of the Financial Statements

The Entity’s management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil and for such internal controls as management determines is necessary to enable the preparation of financial statements free from material misstatement, irrespectively, whether caused by fraud or errors.

Independent Auditor’s Responsibility

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

An audit involves the execution of procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, irrespectively, whether caused by fraud or error. In this risk assessment, the auditor considers internal controls relevant to the preparation and fair presentation of the financial statements of the Entity to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal controls . An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements taken as a whole.



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

Opinion on the Financial Statements

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Entity on December 31, 2012, the performance of its operations and its cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil.

Other Issues

Audit of Financial Statements of the Previous Period

We did not audit the financial statements ending on December 31, 2011, nor were they audited by other independent auditors; these values are represented for comparative purposes, and hence we did not issue the audit report. Furthermore, additional tests resulting from a first audit regarding the transactions and values that comprise the balances as of December 31, 2011, were not sufficient enough to ensure that such balances did not have significant effects on the outcome of the exercise, the changes in equity, and the cash flows for the year ending on December 31, 2012.

Rio de Janeiro, June 13, 2013.



BDO RCS Auditores Independentes SS
CRC 2 SP 013846/O-1 - S - RJ

Julian Clemente
Contador CRC 1SP 197232/O-6 - S - RJ

João Paulo Linhares Areosa
Contador CRC 1 RJ 094462/O-8

SITAWI

Balance Sheet

Year Ending December 31, 2012

(Amounts Expressed in Brazilian Reais)

Assets				Liabilities and Equity			
	Explanatory Note	2012	2011 (Not Audited)		Explanatory Note	2012	2011 (Not Audited)
Current Assets				Current Liabilities			
Cash and cash equivalents	3	1,739,308	335,798	Onlending liabilities	6	802,624	927
Recoverable Taxes		12,186	11,578	Tax liabilities		4,795	2,052
Social and environmental loans	4	78,155	184,252	Payroll liabilities	7	14,789	10,829
Prepaid expenses		4,788	0	Accounts payable		9,756	5,596
Total Current Assets		1,834,437	531,628	Total Current Liabilities		831,964	19,404
Long-term Assets				Long-term Liabilities			
Social and environmental loans	4	57,699	135,853	Onlending liabilities	6	800,348	114,000
Fixed	5	4,457	6,831	Total Long-term liabilities		800,348	114,000
Total Long-term Assets		62,156	142,684	Social Equity			
					9		
				Social fund		422,044	422,044
				Accumulated deficit/surplus		(157,764)	118,864
				Total Social Equity		264,280	540,908
Total Assets		1,896,592	674,311	Total Liabilities and Net Assets		1,896,592	674,311

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

SITAWI

Statement of Deficit / Surplus Year Ending December 31, 2012 (Amounts Expressed in Brazilian Reais)

	Explanatory Note	2012	2011 (Not Audited)
Operating Revenue			
Private grants	10	398,392	453,427
		<u>398,392</u>	<u>453,427</u>
Operating Expenses			
Direct labor expenses	12	(206,097)	(154,538)
General and administrative expenses (G&A)	14	(482,870)	(182,385)
Other operating and income expenses	11	3,970	29,778
Financial income and expenses	15	9,977	7,061
		<u>(675,020)</u>	<u>(300,084)</u>
(=) Period Surplus (Deficit)		<u><u>(276,628)</u></u>	<u><u>153,344</u></u>

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

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Statement of Comprehensive Income Year Ending December 31, 2012 (Amounts Expressed in Brazilian Reais)

	<u>2012</u>	<u>2011</u>
Period Surplus (Deficit)	(276,628)	(Not Audited) 153,344
Total comprehensive income	<u>(276,628)</u>	<u>153,344</u>

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

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Statement of Changes in Shareholders' Equity Year Ending December 31, 2012 (Amounts Expressed in Brazilian Reais)

	Social fund	Accumulated deficit	Total
Balances as of December 31, 2010 (Not Audited)	422,044	(34,480)	387,564
Period surplus		153,344	153,344
Balances as of December 31, 2010 (Not Audited)	422,044	118,864	540,908
<i>Period deficit</i>		(276,628)	(276,628)
Balances as of December 31, 2012 (Not Audited)	422,044	(157,764)	264,280

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

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Statement of Cash Flow Year Ending December 31, 2012 (Amounts Expressed in Brazilian Reais)

	2012	2011
		(Not Audited)
Cash flow from operating activities		
<i>Period surplus (deficit)</i>	(276,628)	153,955
Depreciation and amortization	2,374	2,065
	<u>(274,254)</u>	<u>156,020</u>
Increase (Decrease) in operating assets		
Recoverable taxes	(608)	(2,048)
Accounts receivable	184,251	102,628
Pre-paid expenses	(4,788)	
	<u>178,855</u>	<u>100,580</u>
Increase (Decrease) in operating liabilities		
Onlending liabilities	1,488,045	648
Tax liabilities	2,743	(38)
Payroll liabilities	3,960	8,173
Other liabilities		114,000
Other payables	4,160	(115,584)
	<u>1,498,908</u>	<u>7,200</u>
Net cash from operating activities	<u>1,403,510</u>	<u>263,800</u>
Cash flow from investing activities		
Additions to fixed assets		(2,098)
Net cash generated from (consumed in) investing activities		<u>(2,098)</u>
Increase (Decrease) in cash and cash equivalents	<u>1,403,510</u>	<u>261,702</u>
Cash		
Cash and cash equivalents at beginning of year	335,798	74,096
Cash and cash equivalents at end of year	1,739,308	335,798
Increase (Decrease) in cash and cash equivalents	<u>1,403,510</u>	<u>261,702</u>

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