

(Convenience Translation into English from the Original Previously
Issued in Portuguese)

**ASSOCIAÇÃO DIREITOS
HUMANOS EM REDE
CNPJ No. 04.706.954/0001-75**

FINANCIAL STATEMENTS AS OF
DECEMBER 2011 AND 2010

ASSOCIAÇÃO DIREITOS HUMANOS EM REDE
CNPJ No. 04.706.954/0001-75

FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 AND 2010

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Convenience translation into English from the Independent Auditors' Report issued on the financial statements prepared under accounting practices adopted in Brazil and in Brazilian currency.

INDEPENDENT AUDITORS' REPORT

To the Counselors and Management of
Associação Direitos Humanos em Rede

We have audited the accompanying balance sheet of Associação Direitos Humanos em Rede as of December 31, 2011 and the related statements of income, changes in corporate assets, and statement of cash flow for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and presentation of these financial statements in accordance with the accounting policies adopted in Brazil and the internal controls established by the company as necessary to permit preparation of financial statements free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and 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 entity'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 taken as a whole.

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

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INDEPENDENT AUDITORS' REPORT

To the Counselors and Management of
Associação Direitos Humanos em Rede

Opinion

In our opinion, the financial statements above mentioned, present fairly, in all material respects, the financial position of Associação Direitos Humanos em Rede as of December 31, 2011, and the results of its operations, the statements of cash flow for the year then ended, in accordance with accounting practices adopted in Brazil.

São Paulo, April 30, 2012.

BAKER TILLY BRASIL
AUDITORES INDEPENDENTES S/S
CRC-2SP016754/O-1



MAURO AKIO SAKANO
ACCOUNTANT – CRC-1SP143589/O-9

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 **BAKER TILLY**
BRASIL
AUDITORES & CONSULTORES

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ASSOCIAÇÃO DOS DIREITOS HUMANOS EM REDE

EXHIBIT I - BALANCE SHEETS AS OF DECEMBER 31

(In Brazilian reais)

| ASSETS | Note | 2011 | 2010 | LIABILITIES | Note | 2011 | 2010 |
|---------------------------|-------------|----------------|----------------|--------------------------------|-------------|----------------|----------------|
| CURRENT ASSETS | | | | CURRENT LIABILITIES | | | |
| Cash and cash equivalents | 4 | 671.652 | 627.874 | Accounts payable | | 5.491 | - |
| Other receivables | | 24.884 | 53.539 | Payroll-related obligations | | 9.746 | 11.783 |
| | | 696.536 | 681.413 | Taxes payable | | 79 | 48 |
| | | | | Other obligations | | 38.863 | - |
| | | | | Anticipated donations | 6 and 8 | 425.381 | - |
| | | | | | | 479.560 | 11.831 |
| NONCURRENT ASSETS | | | | NONCURRENT LIABILITIES | | | |
| | | | | CORPORATE ASSETS | | | |
| Fixed assets | 5 | 57.059 | 49.154 | | 7 | | |
| | | | | Corporate assets | | 718.736 | 404.981 |
| | | | | Surplus (deficit) for the year | | (444.701) | 313.755 |
| | | | | | | 274.035 | 718.736 |
| TOTAL ASSETS | | 753.595 | 730.567 | TOTAL LIABILITIES | | 753.595 | 730.567 |

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

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ASSOCIAÇÃO DOS DIREITOS HUMANOS EM REDE

EXIBIT II – STATEMENT OF SURPLUS (DEFICIT) FOR THE YEARS ENDED DECEMBER 31
(In Brazilian reais)

| | <u>2011</u> | <u>2010</u> |
|--|-------------------------|-----------------------|
| REVENUES | | |
| Domestic donations | 193.468 | 207.728 |
| Foreign donations | 1.423.381 | 2.345.047 |
| REVENUE FROM DONATIONS | <u>1.616.849</u> | <u>2.552.775</u> |
| EXPENSES | | |
| Administrative | (2.132.513) | (2.284.836) |
| Tax expenses | (44.767) | (34.998) |
| Recovery expenses | 28.602 | - |
| Other expenses | (11.726) | - |
| EXPENSES FROM THE ACTIVITIES | <u>(2.160.404)</u> | <u>(2.319.834)</u> |
| SURPLUS (DEFICIT) BEFORE FINANCIAL RESULTS | <u>(543.555)</u> | <u>232.941</u> |
| Financial results | 98.854 | 80.814 |
| SURPLUS (DEFICIT) FOR THE YEAR | <u>(444.701)</u> | <u>313.755</u> |

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ASSOCIAÇÃO DOS DIREITOS HUMANOS EM REDE

**EXHIBIT III – STATEMENT OF CHANGES IN CORPORATE ASSETS
(In Brazilian reais)**

| | <u>Corporate assets</u> | <u>Accumulated surplus (deficit)</u> | <u>Total</u> |
|---|-----------------------------|--|-----------------------|
| AS OF DECEMBER 31, 2009 | 384.797 | 20.184 | 404.981 |
| Transference of funds to corporate assets | 20.184 | (20.184) | - |
| Surplus for the year | - | 313.755 | 313.755 |
| AS OF DECEMBER 31, 2010 | <u>404.981</u> | <u>313.755</u> | <u>718.736</u> |
| Transference of funds to corporate assets | 313.755 | (313.755) | - |
| Deficit for the year | - | (444.701) | (444.701) |
| AS OF DECEMBER 31, 2011 | <u>718.736</u> | <u>(444.701)</u> | <u>274.035</u> |

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

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ASSOCIAÇÃO DOS DIREITOS HUMANOS EM REDE

**EXHIBIT IV - STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31
(In Brazilian reais)**

| | <u>2011</u> | <u>2010</u> |
|---|----------------------|-----------------------|
| OPERATING ACTIVITIES | | |
| Surplus (deficit) for the year | (444.701) | 313.755 |
| Adjusted by: | | |
| - Depreciation | 13.263 | 13.563 |
| | <u>(431.438)</u> | <u>327.318</u> |
| CHANGES IN ASSETS AND LIABILITIES | | |
| Other receivables | 28.655 | 83.975 |
| Accounts payable | 5.491 | (4.200) |
| Payroll-related obligations | (2.037) | (9.751) |
| Taxes payable | 31 | (23) |
| Other obligations | 38.863 | (41.097) |
| Anticipated donations | 425.381 | - |
| Net cash provided in operating activities | <u>64.946</u> | <u>356.222</u> |
| INVESTMENT ACTIVITIES | | |
| Purchase of property, plant and equipment | (21.168) | (18.915) |
| Net funds used in investments | <u>(21.168)</u> | <u>(18.915)</u> |
| INCREASE IN CASH AND CASH EQUIVALENTS | <u>43.778</u> | <u>337.307</u> |
| STATEMENT OF CHANGES IN CASH AND CASH EQUIVALENTS | | |
| Cash and cash equivalents at beginning of year | 627.874 | 290.567 |
| Cash and cash equivalents at end of year | 671.652 | 627.874 |
| INCREASE IN CASH AND CASH EQUIVALENTS | <u>43.778</u> | <u>337.307</u> |

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

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ASSOCIAÇÃO DIREITOS HUMANOS EM REDE
CNPJ No. 04.706.954/0001-75

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 AND 2010
(In Brazilian reais)

1. OPERATIONS

The Institution is governed by Law 9.790/99 and is engaged in promoting, supporting, monitoring and evaluating human rights projects, both in Brazil and abroad.

2. PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with accounting practices adopted in Brazil, based on corporate legislation Law 6.404/76, which incorporated the changes introduced by Law 11.638/07 and Law 11.941/09, complemented by the technical pronouncements issued by Accounting Pronouncements Committee (CPC), having adopted the Technical pronouncement for Small and Medium-sized entities CPC- PME – accounting policies for Small and Medium-sized entities, approved by resolutions of the Federal Accounting Council (CFC).

The preparation of the financial statements requires the management to use estimates for certain assets, liabilities and transactions. Significant items subject to these estimates and assumptions include the selection of the useful life of the fixed assets and their recoverability in operations, the evaluation of financial assets both at fair value and adjustment to present value, as well as the analysis of other risks to determine other provisions, including the provision for contingencies and other similar ones. The settlement of the transactions involving those estimates can result in amounts different from the estimated ones, due to inherent imprecision of the determination process.

3. MAIN ACCOUNTING PRACTICES

The main accounting policies adopted in preparing the financial statements are the following:

(a) Translation of foreign currency

The functional currency of the Company is the Brazilian Real, the same currency used in the preparation and presentation.

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(b) Financial assets and liabilities

The association has non-derivative financial instruments such cash and cash equivalents, other receivables and accounts payable.

The association has not executed transactions involving financial instruments to manage their exposure to market, currency and interest rates risks. Besides, no transactions were executed involving financial instruments with speculative purposes.

In compliance with the Technical Pronouncement CPC - PME, the company made an assessment of its financial instruments:

- Cash and cash equivalents: are classified as held to maturity. They are valued at cost plus income earned to the balance sheet date, if applicable.

Financial assets are recognized at fair value through profit and loss when they are held for trading or those designated at fair value through profit and loss when acquired.

The association as of December 31, 2010 and 2009 did not have balances of financial assets held for trading or designated at fair value through profit and loss.

Financial assets, except those recognized at fair value through profit or loss are measured by indicators of impairment at the balance sheet date. They are considered impaired when there is evidence that as a result of one or more events occurring after their initial recognition, the estimated future cash flows of investment have been impacted.

(c) Short-term financial investments

The Short-term financial investments they are recorded at cost, plus yield earned through the balance sheet date, according to the rates agreed with financial institutions, not exceeding market values.

(d) Other assets

The other assets they are presented at the lower between cost, including yield and monetary variation incurred, and realizable amounts.

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(e) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided for as operating expenses, over the estimated useful lives using the straight-line method at the rates described in Note 5. Property, plant and equipment is tested for impairment whenever there is any objective evidence or indication that these assets may be impaired as defined by the Technical Pronouncement - CPC 01, approved by CVM Resolution n. 527 of November 1st, 2007.

(f) Current liabilities

The current liabilities they are demonstrated at known or estimated values, plus corresponding charges and the monetary variations incurred established in contract or legally provided, where applicable.

(g) Determination of surplus (deficit)

Surplus (deficit) is determined under the accrual basis of accounting.

To de year of 2011, the criteria of recognition of donations was changed to specific allocation for social projects of the Association, which were recorded in current liabilities on "Anticipated Donations" and are recognized as revenue over the period that the allocations are carried out (spend / obligations) specified in these donations.

4. CASH AND CASH EQUIVALENTS

They are represented mainly by funds in domestic currency, deposited with financial institutions operating in Brazil, as follows:

| | <u>2011</u> | <u>2010</u> |
|---------------------------------|-----------------------|-----------------------|
| Cash | - | 22 |
| Cash in banks | 110.000 | 13.215 |
| Short-term financial investment | <u>561.652</u> | <u>614.637</u> |
| | <u>671.652</u> | <u>627.874</u> |

The financial investment is in Bank Deposit Certificates (CDBs)

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5. FIXED ASSETS

| | Annual depreciation rates (%) | 2011 | | | 2010 |
|------------------------------|-------------------------------------|----------------|------------------|---------------|---------------|
| | | Costs | Depreciation | Residual | Residual |
| Furniture and Fixtures | 10 | 41.722 | (17.310) | 24.412 | 20.946 |
| IT Equipment | 20 | 115.952 | (91.655) | 24.297 | 21.290 |
| Softwares | 20 | 7.240 | (4.083) | 3.157 | 1.034 |
| Telecommunications Equipment | 20 | 6.905 | (1.712) | 5.193 | 5.884 |
| | | 171.819 | (114.760) | 57.059 | 49.154 |

6. ANTICIPATED DONATIONS

The Association received donations for the purpose of maintenance and programming of the social projects under their responsibility.

Of the total funds received in 2011 in the amounting of R\$ 2.042.230, R\$ 1.616.849 were applied this year and R\$ 425.381 will be invested in 2012 in the continuity of projects.

7. CORPORATE ASSETS

Corporate assets is presented at adjusted amounts and comprises initial equity plus the amount of surplus less losses incurred.

8. CHANGE IN ACCOUNTING POLICY

As described in Note 3 (g) and 6, the donations received in 2011 amounting to R\$ 425,381, which will be used only on projects from 2012 were recorded as donations to meet the accrual basis of accounting. Thus, if these donations were used at the time of receipt, the system of recognition of revenue per cash basis, the deficit would be R\$ 19,320.

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