

**ASSOCIAÇÃO DIREITOS
HUMANOS EM REDE
CNPJ (Corporate TIN) 04.706.954/0001-75**

**FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2012 AND 2011**

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

ASSOCIAÇÃO DIREITOS HUMANOS EM REDE
CNPJ 04.706.954/0001-75

FINANCIAL STATEMENTS AS OF DECEMBER 31, 2012 AND 2011

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To the Directors and Management of
Associação Direitos Humanos em Rede

We have examined the financial statements of Associação Direitos Humanos em Rede. (the "Entity"), which consist of the balance sheet as of 31 December 2012 and the related statements of income and changes in shareholders' equity and cash flows for the year then ended, as well as a summary of the significant accounting practices and other notes.

Management's responsibility for the financial statements

The Entity's management is responsible for the preparation and presentation of the financial statements in accordance with the Brazilian accounting practices applicable to small and mid-sized enterprises (NBC 1000) and for the internal controls considered necessary to allow the preparation of financial statements free of material misstatement, whether due to fraud or error.

Independent auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit, conducted in accordance with Brazilian and international auditing standards. Such standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit includes performing procedures to obtain evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the preparation and fair presentation of the Entity's 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 controls. 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 financial statement presentation.

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To the Directors and Management of
Associação Direitos Humanos em Rede

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 financial statements referred to above present fairly, in all material aspects, the financial position of Associação Direitos Humanos em Rede as of December 31, 2012, and the result of its operations and its cash flows for the year then ended, in conformity with Brazilian accounting practices applicable to small and mid-sized enterprises (NBC TG 1000).

São Paulo, March 13, 2013.

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



WALDEMAR NAMURA JUNIOR
ACCOUNTANT - CRC-1SP154938/O-0

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ASSOCIAÇÃO DIREITOS HUMANOS EM REDE

EXHIBIT 1 - BALANCE SHEET AS OF DECEMBER 31

(In Brazilian reais)

ASSETS	Note	2012	2011	LIABILITIES	Note	2012	2011
CURRENT ASSETS				CURRENT LIABILITIES			
Cash and cash equivalents	4	3,363,799	671,652	Accounts payable		2,456	5,491
Other receivables		48,534	24,884	Payroll-related obligations		10,860	9,746
		<u>3,412,333</u>	<u>696,536</u>	Tax payable		349	79
				Other payables		-	38,863
				Anticipated donations	6 and 8	<u>2,508,890</u>	<u>425,381</u>
						<u>2,522,555</u>	<u>479,560</u>
NONCURRENT ASSETS				NONCURRENT LIABILITIES			
PERMANENT ASSETS				SHAREHOLDERS' EQUITY			
Property, plant and equipment	5	60,179	57,059	Corporate assets	7	274,035	718,736
				Surplus (deficit) of the year		<u>675,922</u>	<u>(444,701)</u>
						<u>949,957</u>	<u>274,035</u>
TOTAL ASSETS		<u>3,472,512</u>	<u>753,595</u>	TOTAL LIABILITIES		<u>3,472,512</u>	<u>753,595</u>

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

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ASSOCIAÇÃO DIREITOS HUMANOS EM REDE

EXHIBIT II - STATEMENT OF INCOME FOR THE YEARS ENDED DECEMBER 31
(In Brazilian reais)

	<u>2012</u>	<u>2011</u>
REVENUE		
Domestic donations	402,920	193,468
Foreign donations	2,773,961	1,423,381
REVENUE FROM DONATIONS	<u>3,176,881</u>	<u>1,616,849</u>
EXPENSES		
Administrative expenses (note 8)	(2,625,035)	(2,132,513)
Tax expenses	(36,046)	(44,767)
Expense recovery	46,039	28,602
Other expenses	(7,573)	(11,726)
EXPENSES RELATED TO THE ACTIVITIES	<u>(2,622,615)</u>	<u>(2,160,404)</u>
SURPLUS (DEFICIT) BEFORE FINANCIAL RESULTS	<u>554,266</u>	<u>(543,555)</u>
Financial results (note 9)	121,656	98,854
SURPLUS (DEFICIT) OF THE YEAR	<u><u>675,922</u></u>	<u><u>(444,701)</u></u>

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ASSOCIAÇÃO DIREITOS HUMANOS EM REDE

EXHIBIT III - STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(In Brazilian reais)

	Corporate assets	Accumulated Surplus (deficit)	Total
AS OF DECEMBER 31, 2010	404,981	313,755	718,736
Transference of funds to corporate assets	313,755	(313,755)	-
Deficit of the year	-	(444,701)	(444,701)
AS OF DECEMBER 31, 2011	718,736	(444,701)	274,035
Transference of funds to corporate assets	(444,701)	444,701	-
Surplus of the year	-	675,922	675,922
AS OF DECEMBER 31, 2012	274,035	675,922	949,957

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

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ASSOCIAÇÃO DIREITOS HUMANOS EM REDE

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

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus (deficit) of the year	675,922	(444,701)
Adjusted by:		
- Depreciation	16,129	13,263
	<u>692,051</u>	<u>(431,438)</u>
(Increase) decrease in assets:		
Other receivables	(23,650)	28,655
Increase (decrease) in liabilities:		
Accounts payable	(3,035)	5,491
Wages and related charges	1,114	(2,037)
Taxes payable	270	31
Other payables	(38,863)	38,863
Anticipated donations	2,083,509	425,381
Net cash provided by operating activities	<u>2,711,396</u>	<u>64,946</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(19,249)	(21,168)
Net funds used in investments	<u>(19,249)</u>	<u>(21,168)</u>
NET INCREASE IN CASH AND CASH AND EQUIVALENTS	<u>2,692,147</u>	<u>43,778</u>
STATEMENT OF CHANGES IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of year	671,652	627,874
Cash and cash equivalents at end of year	3,363,799	671,652
NET INCREASE IN CASH AND CASH AND EQUIVALENTS	<u>2,692,147</u>	<u>43,778</u>

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

ASSOCIAÇÃO DIREITOS HUMANOS EM REDE
CNPJ 04.706.954/0001-75

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2012 AND 2011
(In Brazilian reais)

1. THE ENTITY'S OPERATIONS

The provisions of Law 9.790/99 govern the Entity. It is engaged in promoting, supporting, monitoring and evaluating human rights projects in Brazil and worldwide.

Starting 2011, the Entity has implemented an improvement to its corporate governance and transparency policies, in alignment with the best current market practices. As part of such process, it has prepared a study to change the method of hiring employees. Its objective is terminating the existing service agreements with legal entities and individuals, which could be questioned and generate tax and labor liabilities for the Entity. The conclusion of the recruiting process according to the standards established in labor laws began in 2012 and is projected to finish in the first half of the year 2014.

2. BASIS OF PRESENTATION

The financial statements have been prepared according to Brazilian accounting practices issued by the Brazilian Federal Accounting Council (CFC), applicable to small and mid-sized enterprises (NBC TG 1000).

Financial reporting requires the use of estimates to account for certain assets, liabilities and other transactions. Therefore, the financial statements include various estimates. Among them, those referring the determination of useful lives of property, plant and equipment and their recoverability in operations, the valuation of financial assets at fair value and under the method of discount to present value, as well as risk analysis in the determination of the allowance for doubtful accounts, in addition to an analysis of other risks in the determination of other necessary provisions for contingent liabilities, tax provisions and similar ones. Actual values may differ from estimated amounts.

The Entity's Board of Directors authorized the issuance of the financial statements on February 22, 2013.

3. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

The significant accounting practices adopted in the preparation of these financial statements are the following:

(a) Presentation currency

The financial statements are presented in Brazilian reais, the Entity's functional currency. All cents were eliminated, except where otherwise indicated.

(b) Financial assets and liabilities

The Entity handles non-derivative financial instruments, such as cash and cash equivalents, other receivables and accounts payable.

It has not had operations involving financial instruments to reduce its exposure to market, currency and interest rate risks. It has not executed transactions involving financial instruments with speculative purposes either.

In compliance with Technical Pronouncement CPC - PME, the Entity has classified its financial instruments as follows:

- Cash and cash equivalents are classified as held to maturity. They are carried at cost, plus earnings obtained until the balance sheet date, where applicable.
- Financial assets are carried at fair value in the statement of income when they are trading financial instruments or booked at fair value in the statement of income when they are purchased.

As of December 31, 2012 and 2011, the Entity did not have any balances of trading financial instruments or booked at fair value in the statement of income.

Financial assets are tested for impairment at balance sheet date, except for those carried at fair value in the statement of income. They are considered impaired when there is evidence that, as a result of one or more events occurred after initial recognition, the estimated future cash flows from the investment were affected.

(c) Financial investments

Financial investments are recorded at cost, plus yield earned until balance sheet date up to their market value, according to the rates agreed with financial institutions.

(d) Other assets

Other assets are stated at the lower between cost, including yield and monetary variation, and realizable value, where applicable.

(e) Property, plant and equipment

They are carried at purchase cost, less accumulated adjusted depreciation. They are depreciated under the straight-line method according to the rates described in note 5.

An Impairment test is executed based on Technical Pronouncement CPC No. 1 – Asset Impairment, approved by Decision CVM No. 527 of November 1, 2007, where applicable. Based on the tests the Entity has carried out, there are no assets booked at amounts higher than what can be recovered through use or sale.

(f) Current liabilities

Current liabilities are stated at their known or estimated amounts, plus corresponding charges and monetary variation incurred, as established in the agreements or in the prevailing law.

(g) Result of operations

The surplus (deficit) is determined under the accrual basis.

The criterion for recognizing donations received for specific social projects of the Entity was changed in 2011. They are now booked in current liabilities under the heading "Anticipated Donations," and are recognized as revenue along the period as the procedures determined in those donations are accomplished (expenditures/liabilities).

(h) Financial income and expenses

Financial income comprises interest gain from financial investments. Income from interest is recognized in the statement of income under the effective interest rate method.

Financial expenses relate to bank fees.

(i) Discount to present value

Monetary assets and liabilities are valued and discounted to present value, when necessary and relevant. That considers cash flows and explicit or implicit interest rates.

(j) Income and social contribution taxes

For being a non-profit institution, the Entity is entitled to exemption in relation to income and social contribution taxes on surplus.

4. CASH AND CASH EQUIVALENTS

	<u>2012</u>	<u>2011</u>
Cash in banks	528,107	110,000
Short-term financial investments	2,835,692	561,652
	<u>3,363,799</u>	<u>671,652</u>

The financial investment relates to Bank Certificates of Deposit (CDBs).

5. PROPERTY, PLANT AND EQUIPMENT

	Annual depreciation rate (%)	<u>2012</u>			<u>2011</u>
		Cost	Depreciation	Residual value	Residual value
Furniture and fixtures	10	46,093	(21,748)	24,345	24,412
IT equipment	20	79,926	(52,347)	27,579	24,297
Software	20	7,240	(4,940)	2,300	3,157
Telecommunication equipment	20	6,905	(2,402)	4,503	5,193
Electronic equipment	20	1,669	(217)	1,452	-
		<u>141,833</u>	<u>(81,654)</u>	<u>60,179</u>	<u>57,059</u>

Changes

	<u>2011</u>	<u>2012</u>		
	Cost	Additions	Write-offs	Cost
Furniture and fixtures	41,722	4,371	-	46,093
IT equipment	115,952	13,209	(49,235)	79,926
Software	7,240	-	-	7,240
Telecommunication equipment	6,905	-	-	6,905
Electronic equipment	-	1,669	-	1,669
	<u>171,819</u>	<u>19,249</u>	<u>(49,235)</u>	<u>141,833</u>

6. ANTICIPATED DONATIONS

The Entity has received donations with the purpose of maintaining and implementing the social projects it is responsible for.

From the total funds received in 2012, corresponding to R\$5,685,771 (R\$2,042,230 in 2011), R\$3,176,881 (R\$1,616,849 in 2011) were used this year and R\$2,508,890 (R\$425,381 in 2012) will be used in 2013 to continue the projects.

In October 2012, the Entity received a donation of R\$2,018,670 from *Fundação Ford*. Such contribution is significantly higher than the donations previously received, and implies in an increase in activities.

7. SHAREHOLDERS' EQUITY

Shareholders' equity is presented at adjusted amounts and comprises initial equity, adjusted by surplus and deficit.

In the event the Entity is terminated, its assets will be obligatorily destined for a non-profit entity or entities with similar purposes, qualified under the terms of Law 9.790/99.

If the Entity loses the qualification established in Law 9.790/99, the respective assets available, obtained with public funds during the period the qualification lasted, will be transferred to another legal entity qualified under the provisions of Law 9.790/99, preferably with the same activity purpose.

8. MANAGEMENT EXPENSES

	2012	2011
Services rendered by legal entities	(1,142,161)	(717,602)
Services rendered by individuals	(376,954)	(297,678)
Personnel expenses	(248,505)	(220,004)
Traveling expenses	(488,343)	(530,517)
Other expenses	(369,072)	(366,712)
	<u>(2,625,035)</u>	<u>(2,132,513)</u>

9. FINANCIAL INCOME (EXPENSES)

	2012	2011
Financial investment yield	123,302	93,308
Other financial income	1,887	10,070
Bank expenses	(3,297)	(4,475)
Other financial expenses	(236)	(49)
	<u>121,656</u>	<u>98,854</u>

10. FINANCIAL INSTRUMENTS AND DERIVATIVES

Financial instruments

Existing financial operations involve assets and liabilities usual to the Entity's economic activities, particularly short-term financial investments and accounts payable. Those transactions are presented in the balance sheet at cost, plus the respective appropriation of income and expenses that are close to their market values, considering the nature of the transactions and their maturities.

Derivative financial instruments

As of December 31, 2012 and 2011, the Entity had not executed any transactions involving derivatives.

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