



## FINANCIAL STATEMENTS | 2012 & 2011



## CONTENTS

### **RIO 2016 ORGANISING COMMITTEE FOR THE OLYMPIC AND PARALYMPIC GAMES**

#### **FINANCIAL STATEMENTS**

**As of 31 December 2012 and 2011**

1   Report by independent auditors on the financial statements (original Portuguese version)	3
2   Report by independent auditors on the financial statements (English translation)	5
3   Financial Statements	7
4   Notes by Management to the financial statements for the years ended 31 December 2012 and 2011, and 01 January 2011	12





## Relatório dos auditores independentes sobre as demonstrações contábeis

Aos Administradores do  
Comitê Organizador dos Jogos Olímpicos Rio 2016  
Rio de Janeiro – RJ

Examinamos as demonstrações contábeis do Comitê Organizador dos Jogos Olímpicos Rio 2016 (Entidade), que compreendem os balanços patrimoniais em 31 de dezembro de 2012 e de 2011 e as respectivas demonstrações do déficit, das mutações do patrimônio social e dos fluxos de caixa para os exercícios findos naquelas datas, assim como o resumo das principais práticas contábeis e demais notas explicativas.

### **Responsabilidade da Administração sobre as demonstrações contábeis**

A Administração da Entidade é responsável pela elaboração e adequada apresentação das demonstrações contábeis, de acordo com as práticas contábeis adotadas no Brasil, aplicáveis a entidades sem fins lucrativos, assim como pelos controles internos que ela determinou como necessários para permitir a elaboração destas demonstrações contábeis livres de distorção relevante, independentemente se causada por fraude ou erro.

### **Responsabilidade dos auditores independentes**

Nossa responsabilidade é a de expressar uma opinião sobre essas demonstrações contábeis com base em nossa auditoria, conduzida de acordo com as normas brasileiras e internacionais de auditoria. Essas normas requerem o cumprimento de exigências éticas pelos auditores e que a auditoria seja planejada e executada, com o objetivo de obter segurança razoável de que as demonstrações contábeis estão livres de distorção relevante.

Uma auditoria envolve a execução de procedimentos selecionados para obtenção de evidência a respeito dos valores e das divulgações apresentados nas demonstrações contábeis. Os procedimentos selecionados dependem do julgamento do auditor, incluindo a avaliação dos riscos de distorção relevante nas demonstrações contábeis, independentemente se causada por fraude ou erro. Nessa avaliação de riscos, o auditor considera os controles internos relevantes para a elaboração e adequada apresentação das demonstrações contábeis da Entidade para planejar os procedimentos de auditoria que são apropriados nas circunstâncias, mas não para fins de expressar uma opinião sobre a eficácia desses controles internos da Entidade. Uma auditoria inclui, também, a avaliação da adequação das práticas contábeis utilizadas e a razoabilidade das estimativas contábeis feitas pela Administração, bem como a avaliação da apresentação das demonstrações contábeis tomadas em conjunto.

Acreditamos que a evidência de auditoria obtida é suficiente e apropriada para fundamentar nossa opinião.

**Opinião sobre as demonstrações contábeis**

Em nossa opinião, as demonstrações contábeis, acima referidas apresentam adequadamente, em todos os aspectos relevantes, a posição patrimonial e financeira do Comitê Organizador dos Jogos Olímpicos Rio 2016 em 31 de dezembro de 2012 e de 2011, o desempenho de suas operações e os seus fluxos de caixa para os exercícios findos naquelas datas, de acordo com as práticas contábeis adotadas no Brasil, aplicáveis a entidades sem finalidade de lucros.

**Ênfase**

Conforme mencionado na Nota Explicativa nº 1, a Administração do Comitê Organizador dos Jogos Olímpicos Rio 2016 tem até o ano de 2023 como prazo final de encerramento das suas atividades, como consequência, na avaliação e registro de seus ativos e passivos, a referida descontinuidade das operações está sendo refletida adequadamente nas demonstrações contábeis da Entidade, para que no encerramento das suas operações, previstas no Estatuto, todos e quaisquer ajustes decorrentes desse encerramento, estejam adequadamente contabilizados, de forma que a Entidade realize seus ativos e efetue a liquidação de seus passivos de acordo com as práticas contábeis adotadas no Brasil, aplicáveis a entidades sem fins lucrativos, com período de término de suas operações. Nossa opinião não está ressalvada em decorrência deste assunto.

**Outros assuntos**

Conforme mencionado na Nota Explicativa nº 2.4, em decorrência da mudança quanto ao critério do reconhecimento de receita com patrocínio e como consequência, das comissões a pagar aos órgãos relacionados a organização e realização dos Jogos Olímpicos e Paralímpicos, bem como da reavaliação interna quanto a premissas e estimativas na constituição de provisões trabalhistas para dissolução do quadro de pessoal ao final dos jogos e o reconhecimento do direito de uso da marca dos Jogos Paralímpicos, a Administração do Comitê Organizador dos Jogos Olímpicos Rio 2016, decidiu reapresentar e reemitir as demonstrações contábeis referentes ao exercício findo em 31 de dezembro de 2011, apresentadas para fins de comparação, as quais foram ajustadas e estão sendo reapresentadas e reemitidas como previsto na NBC TG 23 (práticas contábeis, mudanças de estimativa e retificação de erro). Nossa opinião não contém modificação relacionada a esse assunto. As demonstrações contábeis originalmente apresentadas, descritas na referida nota explicativa, referentes ao exercício findo em 31 de dezembro de 2011, antes da realização dos referidos ajustes, foram auditadas por outros auditores independentes que emitiram relatório, sem modificação, em 03 de fevereiro de 2012.

As demonstrações contábeis do Comitê Organizador dos Jogos Olímpicos Rio 2016, referentes ao exercício findo em 31 de dezembro de 2010, utilizadas como saldo de abertura, apresentadas para fins de comparação, foram examinadas por outros auditores independentes, que emitiram relatório, sem modificações, em 21 de março de 2011.

Rio de Janeiro, 22 de março de 2013.



Ana Cristina Linhares Arcosa  
Contadora CRC RJ-081.409/O-3

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CRC SP-025.583/O-1 "S" – RJ

A translation from Portuguese to English of the report by independent auditors on the financial statements prepared in accordance with accounting practices adopted in Brazil.

## Report by independent auditors on the financial statements

To the Administrators of the  
Rio 2016 Organising Committee for the Olympic and Paralympic Games  
Rio de Janeiro, RJ

We have examined the financial statements of the Rio 2016 Organising Committee for the Olympic and Paralympic Games (Entity), which consist of the balance sheets as of 31 December 2012 and 2011, and the respective statements of deficit, changes in equity and cash flow for the financial years ended on those dates, as well as a summary of main accounting practices and related notes.

### Management's responsibility for the financial statements

The Entity's Management is responsible for the preparation and adequate presentation of the financial statements, in accordance with the accounting practices adopted in Brazil, applicable to non-profit entities, as well as the internal controls that it has deemed necessary to permit the production of these financial statements free of material misstatement, whether caused by fraud or error.

### The independent auditors' responsibility

Our responsibility is to express an opinion about these financial statements based on our audit, conducted in accordance with Brazilian and international audit standards. These standards require compliance with ethical demands by the auditors and that the audit be planned and executed with the aim of obtaining reasonable assurance that the financial statements are free of material misstatement.

An audit involves the execution of selected procedures to obtain evidence about the amounts and disclosures presented in the financial statements. The selected procedures depend on the auditor's judgement, including the assessment of material distortion risks in the financial statements, whether caused by fraud or error. In this risk assessment, the auditor considers the internal controls relevant to the preparation and adequate presentation of the Entity's financial statements to plan the audit procedures that are appropriate in the circumstances, but not for purposes of expressing an opinion about the effectiveness of these internal controls. An audit also includes an assessment of the adequacy of the accounting practices used and the reasonableness of the accounting estimates made by Management, as well as an evaluation of the presentation of the financial statements taken as a whole.

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

## **Opinion about the financial statements**

In our opinion, the aforementioned financial statements fairly present, in all material aspects, the equity and financial position of the Rio 2016 Organising Committee for the Olympic and Paralympic Games as of 31 December 2012 and 2011, the performance of its operations and its cash flows for the financial years ended on these dates, in accordance with the accounting practices adopted in Brazil, applicable to non-profit entities.

## **Emphasis**

As mentioned in Note 1, the Management of the Rio 2016 Organising Committee for the Olympic and Paralympic Games has the year 2023 as its deadline for ending its activities. Consequently, in the assessment and registration of its assets and liabilities, this ending of its operations is adequately reflected in the Entity's financial statements, so that at the ending of its operations, as provided for in its Bylaws, any and all adjustments arising from this ending will be adequately accounted for, with the Entity realising its assets and settling its liabilities in accordance with the accounting practices adopted in Brazil, applicable to non-profit entities, with a period for ending its operations. Our opinion is not qualified with regard to this subject.

## **Other subjects**

As mentioned in Note 2.4, as a result of the change in the criterion for recognising sponsorship revenue and consequently commissions to pay to bodies related to the organising and staging of the Olympic and Paralympic Games, as well as the internal reassessment of the assumptions and estimates in constituting labour provisions to terminate the workforce at the end of the Games and the recognition of the right to use the Paralympic Games brand, the Management of the Rio 2016 Organising Committee for the Olympic and Paralympic Games decided to restate and reissue the financial statements referring to the financial year ended 31 December 2011, presented for reasons of comparison, which have been adjusted and are being restated and reissued as provided for in NBC TG 23 (accounting practices, changes in estimates and rectification of errors). Our opinion does not concern modifications related to this subject. The financial statements originally presented, described in the aforementioned explanatory note, related to the financial year ended 31 December 2011, before the aforementioned adjustments were made, were audited by other independent auditors, which issued a report, without modifications, on 3 February 2012.

The financial statements of the Rio 2016 Organising Committee for the Olympic and Paralympic Games, referring to the financial year ended 31 December 2010, used as the opening balance, presented for comparison purposes, were examined by other independent auditors, which issued a report, without modifications, on 21 March 2011.

Rio de Janeiro, 22 March 2013

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A translation from Portuguese to English of the financial statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil.

## RIO 2016 ORGANISING COMMITTEE FOR THE OLYMPIC AND PARALYMPIC GAMES

### Balance sheets

Years ended 31 December 2012 and 2011, and 01 January 2011

(in reais)

### ASSETS

	Notes	31/12/12	31/12/11 (Restated)	01/01/11
<b>Current assets</b>				
Cash and cash equivalents	3	239,133	1,722,408	12,626,586
Accounts receivable	4	11,779,795	34,835,000	-
Advances	5	2,131,440	-	-
Anticipated expenses	-	187,944	187,944	-
Other accounts receivable	-	317,152	216,450	1,034,320
<b>Total current assets</b>		14,655,464	36,961,802	13,660,906
<b>Non-current assets</b>				
Accounts receivable	4	69,453,581	17,007,632	-
Anticipated expenses	-	751,777	939,721	-
Other accounts receivable	-	1,116,220	-	-
		71,321,578	17,947,353	-
Fixed assets	6	4,154,355	429,742	91,916
Intangible assets	7	17,969,602	21,621,192	29,848
		22,123,957	22,050,934	121,764
<b>Total non-current assets</b>		93,445,535	39,998,287	121,764
<b>Total assets</b>		108,100,999	76,960,089	13,782,670

See the accompanying notes to the financial statements.

# RIO 2016 ORGANISING COMMITTEE FOR THE OLYMPIC AND PARALYMPIC GAMES

## Balance sheets

Years ended 31 December 2012 and 2011, and 01 January 2011

(in reais)

### LIABILITIES AND EQUITY (UNSECURED LIABILITY)

			31/12/11	
	Notes	31/12/12	(Restated)	01/01/11
<b>Current liabilities</b>				
Loans	8	4,350,486	77,322,453	-
Suppliers	9	8,603,604	1,777,753	2,510,372
Accounts payable	10	30,281,764	4,911,316	22,265
Commissions payable	11	28,910,557	12,975,860	-
Taxes and charges	12	1,997,594	1,346,106	297,602
Social contributions	12	2,159,548	957,934	324,380
Labour provisions	13	5,680,054	3,550,622	-
Advances from sponsors	14	11,964,067	-	-
<b>Total current liabilities</b>		<b>93,947,674</b>	<b>102,842,044</b>	<b>3,154,619</b>
<b>Non-current liabilities</b>				
Loans	8	61,305,000	-	33,324,000
Accounts payable	10	13,977,540	30,861,322	-
Commissions payable	11	3,964,579	1,067,155	-
Labour provisions	13	3,470,174	1,316,327	-
Advances from sponsors	14	81,200,000	-	-
<b>Total non-current liabilities</b>		<b>163,917,293</b>	<b>33,244,804</b>	<b>33,324,000</b>
<b>Equity (unsecured liability)</b>				
Equity fund		10,000	10,000	10,000
Accumulated deficit		(149,773,968)	(59,136,759)	(22,705,949)
		<b>(149,763,968)</b>	<b>(59,126,759)</b>	<b>(22,695,949)</b>
<b>Total liabilities and equity (unsecured liability)</b>		<b>108,100,999</b>	<b>76,960,089</b>	<b>13,782,670</b>

See the accompanying notes to the financial statements.

# RIO 2016 ORGANISING COMMITTEE FOR THE OLYMPIC AND PARALYMPIC GAMES

## Statement of deficit

Years ended 31 December 2012 and 2011

(in reais)

	Notes	31/12/12	31/12/11 (Restated)
<b>Revenue from operating activities</b>	16	194,799,066	109,608,094
<b>Operating expenses</b>			
Commissions	16	(34,480,050)	(19,925,477)
Personnel expenses	17	(76,866,695)	(43,603,624)
Employment termination provision	13	(2,153,847)	(1,316,327)
General and administrative expenses	18	(82,158,078)	(61,919,442)
Advertising and publicity expenses	-	(4,253,164)	(671,640)
Event expenses	19	(58,546,988)	(2,929,147)
Taxes and charges	-	(5,676,269)	(1,422,638)
Depreciation and amortisation	6 & 7	(4,434,308)	(424,420)
Other revenues	-	2,529	81,742
<b>Deficit before financial income</b>		<u>(73,767,804)</u>	<u>(22,522,879)</u>
Net financial expenses	20	(16,869,405)	(13,907,931)
<b>Deficit for the year</b>		<u><u>(90,637,209)</u></u>	<u><u>(36,430,810)</u></u>

See the accompanying notes to the financial statements.



# RIO 2016 ORGANISING COMMITTEE FOR THE OLYMPIC AND PARALYMPIC GAMES

## Statement of changes in equity Years ended 31 December 2012 and 2011

(in reais)

	<u>Equity</u>	<u>Accumulated deficit</u>	<u>Total</u>
Balance on 01/01/2011	10,000	(22,705,949)	(22,695,949)
Previously stated deficit in financial year	-	(76,561,431)	(76,561,431)
<b>Balance on 31 December 2011 - previously stated</b>	10,000	(99,267,380)	(99,257,380)
Adjustment to restate financial statements	-	40,130,621	40,130,621
<b>Balance on 31 December 2011 - restated</b>	10,000	(59,136,759)	(59,126,759)
Deficit in the financial year	-	(90,637,209)	(90,637,209)
<b>Balance on 31 December 2012</b>	<u>10,000</u>	<u>(149,773,968)</u>	<u>(149,763,968)</u>

See the accompanying notes to the financial statements.



# RIO 2016 ORGANISING COMMITTEE FOR THE OLYMPIC AND PARALYMPIC GAMES

## Statement of cash flow

Years ended 31 December 2012 and 2011

(in reais)

	31/12/12	31/12/11 (Restated)
<b>Cash flow from operating activities</b>		
<b>Deficit for the year</b>	(90,637,209)	(36,430,810)
Depreciation and amortisation	4,434,308	424,420
Unrealised foreign exchange variation	12,805,103	11,947,335
	(73,397,798)	(24,059,055)
<b>Changes in operating assets and liabilities</b>		
Accounts receivable	(29,390,744)	(51,842,632)
Advances	(2,131,440)	-
Anticipated expenses	187,944	(1,127,665)
Other accounts receivable	(1,216,925)	817,872
Taxes and charges	651,488	1,048,504
Social contributions	1,201,614	633,554
Suppliers	4,499,545	(732,619)
Labour provisions	4,283,279	4,318,043
Commissions payable	17,190,521	13,264,215
Advances from sponsors	93,164,067	-
Accounts payable	8,486,668	35,750,371
	96,926,017	2,129,643
<b>Net cash used in operating activities</b>	23,528,219	(21,929,412)
<b>Cash flow from investment activities</b>		
Investment in fixed assets and intangible assets	(4,507,331)	(22,353,590)
	(4,507,331)	(22,353,590)
<b>Cash flow from financing activities</b>		
Loans and financing obtained	(20,504,163)	33,378,824
	(20,504,163)	33,378,824
<b>Reduction in cash and cash equivalents</b>	(1,483,275)	(10,904,178)
<b>Statement of net change</b>		
Cash and cash equivalents at start of financial year	1,722,408	12,626,586
Cash and cash equivalents at end of financial year	239,133	1,722,408
<b>Reduction in cash and cash equivalents</b>	(1,483,275)	(10,904,178)

See the accompanying notes to the financial statements.

# Notes by Management to the financial statements for the years ended 31 December 2012 and 2011, and 01 January 2011

(in reais)

## 1. Operations

The Rio 2016 Organising Committee for the Olympic and Paralympic Games (the “Entity”) was formally established on 8 April 2010, headquartered in the City of Rio de Janeiro, at Rua Ulisses Guimarães, no. 2,016, Cidade Nova.

The Entity operates as a private, non-profit civil society of sports nature, and its principal activity is the promotion, organisation and staging, in the city of Rio de Janeiro, Rio de Janeiro State, in the Federal Districts, and in the Cities of São Paulo, Belo Horizonte and Salvador, in the States of São Paulo, Minas Gerais and Bahia, respectively, of the Olympic Games, in the period from 05 to 21 August 2016, and in the city of Rio de Janeiro, Rio de Janeiro State, of the Paralympic Games, in the period from 07 to 18 September 2016, in accordance with the provisions of the contractual instruments called the Host City Contract, Marketing Programme Agreement and Joint Marketing Programme Agreement, referred to in Article 1, in the Olympic Charter, and also in accordance, when applicable, with the statutory, procedural and regulatory provisions of the International Olympic Committee (IOC), International Paralympic Committee (IPC) and World Anti-Doping Agency, and the provisions of the bylaws of the Brazilian Olympic Committee (COB in Portuguese).

The legal entities that make up the Entity as members are, in addition to the Brazilian Olympic Committee (COB) and Brazilian Paralympic Committee (CPI in Portuguese), the Brazilian Olympic Sports Confederations, provided that their respective sports are included in the programme of the 2016 Olympic Games and they are affiliated with the Brazilian Olympic Committee (COB), and are also affiliated with their respective International Federations, and provided that the said national entities issue an explicit intention of association.

The Entity has the following governing bodies:

- a) General Assembly;
- b) Board of Directors;
- c) Executive Council;
- d) Audit Committee;
- e) Honorary Board.

The Entity’s Executive Council, formed under the exact terms of clause 2 of the Host City Contract, referred to in Article 1, shall be composed of: the Entity’s President; Brazilian members, of any category, of the International Olympic Committee, currently Dr. Carlos Arthur Nuzman and Dr. João Havelange; the Secretary-General of the Brazilian Olympic Committee (COB), or his/her representative, appointed as a substitute by the Executive Board of the Brazilian Olympic Committee, as provided for in §3, Article 28; a representative of the Brazilian Paralympic Committee, appointed

by its President; an Olympic athlete appointed by the Executive Board of the Brazilian Olympic Committee; a representative of the Municipality of Rio de Janeiro, appointed by the Mayor of the Municipality of Rio de Janeiro; a representative of the State of Rio de Janeiro, appointed by the Governor of the State of Rio de Janeiro; and a representative of the Ministry of Sport, appointed by the Minister of Sports. All of these members shall have a single term, for the Entity's period of duration, provided for in Article 2.

In order to achieve its final objective, the committee has the following main tasks:

- a) To promote, organise and stage, in any city in Brazilian territory, sports events involving the participation of Brazilian and/or foreign athletes, or other events of any nature, including test and preparatory events for the 2016 Olympic and Paralympic Games;
- b) To promote, organise and stage, in any city in Brazilian territory, in the period before the 2016 Olympic and Paralympic Games, events of any nature, sporting or otherwise, whose rights shall be independently commercialised, respecting the rights of third parties, contracted with the International Olympic Committee and/or the Entity, including but not limited to the Olympic Torch relay, the cultural programme, and test and preparatory events, related to said Games;
- c) To interact with the entities of the federal, state and/or municipal public administration, partially state-owned companies, public entities and/or agencies, private entities and individuals;
- d) To hire the parties referred to in letter c) above and/or any others to perform construction work, provide services and acquire goods of any kind, movable and immovable, and to transfer resources through the signing of respective agreements and contracts;
- e) To license, within Brazilian territory, the use of the brands that it possesses, registered with the competent national bodies, and/or brands ceded to it, and/or any other rights that it holds in any way, in order to generate revenues.

The Entity's operations directly linked to the Games are planned to end by 31 December 2016. In accordance with its bylaws, the Entity's final date of existence is 31 December 2023, although this may be moved to an earlier date through a proposal by the President of the Entity, to be submitted to the examination and deliberation of the General Assembly.

The Entity's financial statements were approved at the board meeting held on 22 March 2013.

## 2. Basis for preparing and presenting the financial statements

### 2.1. Basis of preparation

The Entity's financial statements for the financial years ended 31 December 2012 and 2011, and 01 January 2011 were prepared in accordance with the accounting practices adopted in Brazil, applicable to non-profit entities, considering General Technical Interpretation (ITG) 2002, approved by Resolution CFC 1,409/2012, as well as the pronouncements issued by the Accounting Pronouncements Committee (CPC) and approved by the Federal Accounting Council (CFC).

The Entity's functional currency is the Brazilian real (plural "reais"). All values presented in these financial statements are expressed in reais, except when otherwise indicated.

### 2.2. Main accounting practices

#### a) Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other short-term, highly liquid investments, with original maturities of up to three months, and with insignificant risk of changing in value.

#### b) Accounts receivable

Sponsorship accounts receivable, including those whose consideration received by the Entity comes in the form of service provision or the sale of products by the counterpart, better known as Value In Kind (VIK), are recognised in accordance with the revenue recognition policy described in item j) below.

#### c) Fixed assets

Fixed assets are recorded at the cost of acquisition, net of accumulated depreciation. Depreciation is calculated using the linear method, based on the estimated working life of each good, limited to the Entity's duration of existence. The fixed assets balance includes all spending allocable to goods during their construction phase.

#### d) Intangible assets

Intangible assets with a defined working life, separately acquired, are recorded at cost less amortisation. Amortisation is recognised linearly based on the estimated working life of assets, limited to the Entity's duration of existence.

#### e) Provisions for tax, civil and labour risks

Provisions for tax, civil and labour risks are recognised when the Entity has a legal or constructive obligation as a result of past events, and it is probable that disbursements will be required to settle the obligation, and its value can be reliably estimated. The provisions are updated up to the dates of the balance sheets to cover estimated probable losses, based on their nature and the opinion of the Entity's external lawyers. On 31 December 2012 and 2011, and 01 January 2011, the Entity did not have any contingencies in the civil, labour and tax spheres.

**f) Employment termination provision**

The termination of employment provision is recognised by the amount estimated by the Entity's Management to make the termination payments to its employees when the Entity is dissolved. The provisions are updated up to the dates of the balance sheets to cover estimated probable future disbursements, based on their nature.

**g) Financial instruments**

The financial assets and liabilities held by the Entity include cash and cash equivalents, accounts receivable, loans, suppliers, commissions payable and accounts payable.

Such instruments are classified as basic financial instruments, measured by the amortisation cost method using the effective interest rate method, less any reductions in recoverable value.

During the financial years ended 31 December 2012 and 2011, and 01 January 2011, the Entity did not operate with any derivative financial instruments.

**h) Foreign currency**

Transactions in foreign currency are converted using the exchange rate on the date of each transaction and the balances of monetary assets and liabilities in foreign currency are converted into the functional currency using the exchange rate on the closing date. Gains and losses arising from changes in the exchange rates concerning monetary assets and liabilities are recognised in the income statement.

**i) Other assets and liabilities (current and non-current)**

An asset is recognised on the balance sheet when it is probable that its future economic benefits will be generated in favour of the Entity and its cost or value can be reliably measured. A liability is recognised on the balance sheet when the Entity has a legal or constructive obligation as a result of a past event and it is probable that a disbursement will be required to settle the obligation. When applicable, the corresponding charges and monetary or exchange rate variations that have occurred are added. The provisions are recorded based on the best estimates of the risks involved.

Assets and liabilities are classified as current when their realisation or settlement is likely to occur in the next 12 months; otherwise, they are recorded as non-current.

**j) Revenue recognition**

Revenues arising from the assignment of brand usage rights and commission on the sale of licensed products, observing the moment when the Entity transfers to the sponsor the benefits inherent to each contract, are recognised in linear form, provided that they can be reliably estimated. The consideration involved in these contracts is provided in the form of Value In Kind (VIK) services or financial resources.

The revenue sums, including net monetary adjustments, net of instalments already received, are recorded as accounts receivable or advances from sponsors, if the recognition of revenue is less than the amount already received, whether as financial resources or Value In Kind (VIK).

**k) Tax obligations**

As it is a non-profit institution, the Entity is exempt from paying Corporation Tax (Imposto sobre a Renda, IRPJ) and Net Profit Contribution (Contribuição Social sobre o Lucro Líquido, CSLL), under the terms of Article 15 and the subsequent articles of Law 9,532 of 10 December 1997.

The Entity has been contributing to PIS by applying a rate of 1% on its monthly payroll, in accordance with Article 13 of Provisional Measure 2,158-35 of 24 August 2001.

Also in accordance with Provisional Measure 2,158-35 of 24 August 2001, Article 14, the Entity is exempt from COFINS in relation to revenues arising from its own activities, although this benefit excludes revenues arising from other activities unrelated to the Entity's purpose, even if such revenues are used to maintain its main purpose.

**l) Adjustment to the present value of assets and liabilities**

When applicable, monetary assets and liabilities are adjusted to their present value when a transaction is initially recorded, taking into consideration contractual cash flows and explicit or implicit interest rates, based on the rates prevailing in the market for similar transactions to those of the respective assets and liabilities. Subsequently, these effects are reallocated on the "Revenues" or "Financial expenses" lines in the financial statements by using the discount rate considered and the amortised cost method. In the financial years ended 31 December 2012 and 2011, no assets and liabilities subject to present value adjustments were identified.

**m) Assessment of asset impairment**

Every year, the Entity analyses - in particular for Value in Kind (VIK) operations - whether there is evidence that the accounting value of an asset will not be recovered. On 31 December 2012 and 2011, and on 1 January 2011, the Entity did not identify any asset impairment evidence.

## **2.3. Key accounting estimates and judgements**

The preparation of financial statements requires the use of assumptions and estimates by the Entity's Management, affecting the assets and liabilities balances. As Management's judgement involves the determination of estimates related to the probability of future events, the real results may differ from these estimates. The settlement of transactions involving these estimates may result in values significantly different from those recorded in the financial statements due to the probabilistic treatment inherent to the estimation process. The Entity reviews its estimates and assumptions on an annual basis.

The main accounting judgements and estimates are presented below:

**a) Revenue recognition**

To make this judgement, Management took into consideration the detailed criterion for recognising revenue arising from assignment of brand usage rights and commission on the sale of licensed products and, in particular, whether the Entity had transferred to the buyer the main risks and benefits of the ownerships of the products. Following thorough analysis and measurement, the Management concluded that the main risks and benefits inherent to each operation has been transferred and that, as a consequence, it would be appropriate to recognise the revenues in linear form.

The initial recognition of this revenue is based on the Management's judgement, considering that all the VIK detailed in sponsorship contracts will be fully used during the contract term.

**b) Provisions for contingencies**

Provisions are constituted for all risks related to legal processes that represent probable losses estimated with a determined degree of certainty. The evaluation of the probability of losses includes an assessment of available evidence, the hierarchy of laws, precedents, the most recent decisions of courts and relevance in the legal system, as well as an evaluation by external lawyers.

**c) Employment termination provision**

The termination of employment provision is constituted with regard to the estimated sum of additional termination payments that the Entity must make to terminate the current workforce when the Entity is dissolved. This provision is reviewed once per year.

**d) Useful life of fixed and intangible assets**

Every year, the Entity reviews the estimated useful life, residual values and depreciation or amortisation method for its fixed and intangible assets, at the end of each reporting period. The estimated useful life is compared with the Entity's duration of existence and the shorter period is used.

## 2.4. Restatement of 31 December 2011

As a result of the change in the criterion for revenue recognition for sponsorship revenues and its respective applicable commissions, based on Technical Pronouncement CPC 30 adopted during the year 2012 and with retroactive effects on the opening balances for the 2011 financial year, as well as the internal reassessment of assumptions and estimates in constituting labour provisions to terminate the workforce at the end of the Games and the recognition of the right to use the Paralympic Games brand, the financial statements corresponding to the year ended 31 December 2011, presented for reasons of comparison, were adjusted and are being restated as provided for in CPC 23.

This note presents the adjustments made by the Entity to restate the balance sheet for 31 December 2011, corresponding to the financial year then ended, in complete accordance with the accounting practices adopted in Brazil, applicable to non-profit entities.

**a) Balance sheet as of 31 December 2011 - restated**

Assets	Balances originally presented as of 31/12/2011	Adjustments	Legend	Adjusted balances as of 31/12/2011
<b>Current</b>				
Cash and cash equivalents	1,722,408	-		1,722,408
Accounts receivable	1,800,000	33,035,000	(a), (b)	34,835,000
Anticipated expenses	-	187,944	(b)	187,944
Contracts in progress	28,471,007	(28,471,007)	(b)	-
Other accounts receivable	216,448	-		216,448
<b>Total current</b>	<b>32,209,863</b>	<b>4,751,937</b>		<b>36,961,800</b>
<b>Non-current</b>				
Accounts receivable	7,200,000	9,807,632	(a), (b)	17,007,632
Contracts in progress	151,121,459	(151,121,459)	(b)	-
Anticipated expenses	-	939,721	(b)	939,721
Fixed assets	429,742	-		429,742
Intangible assets	246,635	21,374,557	(c)	21,621,192
<b>Total non-current</b>	<b>158,997,836</b>	<b>(118,999,549)</b>		<b>39,998,287</b>
<b>Total assets</b>	<b>191,207,699</b>	<b>(114,247,612)</b>		<b>76,960,087</b>
<b>Liabilities</b>				
<b>Current</b>				
Loans abroad	77,322,453	-		77,322,453
Taxes and charges to collect	1,346,106	-		1,346,106
Commissions to pay	-	12,975,860	(b), (d)	12,975,860
Social contributions to collect	957,934	-		957,934
Suppliers	773,913	1,003,840	(b)	1,777,753
Contracts to pay	47,149,078	(47,149,078)	(b)	-
Accounts payable	183,234	4,728,081	(b), (c)	4,911,315
Labour provisions	3,550,622	-		3,550,622
Advances from sponsors	1,800,000	(1,800,000)	(b)	-
<b>Total current</b>	<b>133,083,340</b>	<b>(30,241,297)</b>		<b>102,842,043</b>
<b>Non-current</b>				
Commissions to pay	-	1,067,155	(b), (d)	1,067,155
Labour provisions	-	1,316,327	(e)	1,316,327
Contracts to pay	150,181,739	(150,181,739)	(b)	-
Accounts payable	-	30,861,321	(b), (c)	30,861,321
Advances from sponsors	7,200,000	(7,200,000)	(b)	-
<b>Total non-current</b>	<b>157,381,739</b>	<b>(124,136,936)</b>		<b>33,244,803</b>
<b>Equity</b>				
Equity fund	10,000	-		10,000
Accumulated surplus (deficit)	(99,267,380)	40,130,621		(59,136,759)
<b>Total equity</b>	<b>(99,257,380)</b>	<b>40,130,621</b>		<b>(59,126,759)</b>
<b>Total liabilities and equity</b>	<b>191,207,699</b>	<b>(114,247,612)</b>		<b>76,960,087</b>



## b) Statement of deficit as of 31/12/2011 - restated

	Balances originally presented as of 31/12/2011	Adjustments	Legend	Adjusted balances as of 31/12/2011
Gross revenues	58,125,462	51,482,632	(a)	109,608,094
Commissions	(10,723,876)	(9,201,601)	(d)	(19,925,477)
<b>Net revenues</b>	<b>47,401,586</b>	<b>42,281,031</b>		<b>89,682,617</b>
Personnel expenses	(43,603,624)	-		(43,603,624)
Termination of employment provision	-	(1,316,327)	(e)	(1,316,327)
General and administrative expenses	(65,520,229)	-		(65,520,229)
Taxes and charges	(1,422,638)	-		(1,422,638)
Depreciation and amortisation expenses	(68,177)	(356,243)	(c)	(424,420)
Other revenues	81,742	-		81,742
<b>(Deficit) surplus before financial income</b>	<b>(63,131,340)</b>	<b>40,608,461</b>		<b>(22,522,879)</b>
<b>Net financial income</b>	<b>(13,430,091)</b>	<b>(477,840)</b>	<b>(a), (c) and (d)</b>	<b>(13,907,931)</b>
<b>Surplus (deficit) in financial year</b>	<b>(76,561,431)</b>	<b>40,130,621</b>		<b>(36,430,810)</b>

### Legend:

- (a) Adjustment due to change in the revenue recognition criteria, which is now recorded on a linear basis during the contract term;
- (b) The Entity recorded contractual commitments in terms of both assets and liabilities. The procedure was modified and the sums recorded on the adjusted balance sheet refer only to obligations payable, commissions payable and other accounts payable;
- (c) Adjustment to recognise the acquisition of the right to use the brand of the International Paralympic Committee (IPC) on 26 November 2011;
- (d) Adjustment for the calculation of commissions on revenues following the adoption of a new revenue recognition criterion;
- (e) Recognition of the employment termination provision.

## 3. Cash and cash equivalents

	31/12/2012	31/12/2011 (restated)	01/01/2011
Cash and bank deposits	239,133	493,214	895,301
<b>Cash equivalents assessed at fair value through income</b>			
Investment in Bank Deposit Certificates (CDBs)	-	1,229,194	11,731,285
<b>Total cash and cash equivalents</b>	<b>239,133</b>	<b>1,722,408</b>	<b>12,626,586</b>

Financial investments in Bank Deposit Certificates (Certificados de Depósitos Bancários, CDBs) were remunerated at a rate of 101% of the Inter-Bank Deposit Certificate (Certificado de Depósito Interbancário, CDI) in the years ended 31 December 2011 and 01 January 2011.

## 4. Accounts receivable

The Entity's balance of accounts receivable on 31 December 2012 and 2011 is composed exclusively of values to receive from its sponsors in cash and Value In Kind (VIK). When applicable, these sums are updated for inflation by the IPCA index, under the conditions established in the contract signed with the respective sponsor. The breakdown is provided below:

	31/12/2012	31/12/2011 (restated)	01/01/2011
Accounts receivable - sponsorship	81,233,376	51,842,632	-
<b>Total accounts receivable</b>	<b>81,233,376</b>	<b>51,842,632</b>	-
Current	11,779,795	34,835,000	-
Non-current	69,453,581	17,007,632	-
<b>Total accounts receivable</b>	<b>81,233,376</b>	<b>51,842,632</b>	-

## 5. Advances

	31/12/2012	31/12/2011 (restated)	01/01/2011
Commission advances to COB (1)	1,077,488	-	-
Vacation pay advances	1,053,952	-	-
<b>Total</b>	<b>2,131,440</b>	-	-

(1) Amount advanced by the Entity to COB as brand usage right commission for the portion of sponsorship payments effectively received, whose payment form and conditions are established in the Joint Marketing Programme Agreement, mentioned in Note 1.

## 6. Fixed assets

a) Details of the Entity's fixed assets are shown in the following table.

	31/12/2012	31/12/2011 (restated)	01/01/2011
Machines and equipment	191,154	170,910	46,587
IT equipment	154,154	142,805	9,240
Furniture and fixtures	101,834	110,757	30,199
Facilities	4,650	5,270	5,890
Telephony	1,455	-	-
Recording equipment	3,319	-	-
Construction under way (1)	3,697,789	-	-
<b>Total</b>	<b>4,154,355</b>	<b>429,742</b>	<b>91,916</b>

(1) Refers to expenditure on constructing the Entity's new headquarters, to be completed by the end of 2013.

**b) Changes in fixed assets**

Cost	Machines and equipment	Furniture and fixtures	Facilities	IT equipment	Telephony	Recording equipment	Construction under way	Total
On 1 January 2011	47,835	31,236	6,200	9,817	-	-	-	95,088
Additions	135,229	88,265	-	153,577	-	-	-	377,071
On 31 December 2011 (restated)	183,064	119,501	6,200	163,394	-	-	-	472,159
Additions	39,915	3,223	-	54,678	1,680	3,688	3,705,619	3,808,803
Write-downs				(7,830)				(7,830)
On 31 December 2012	222,979	122,724	6,200	210,242	1,680	3,688	3,705,619	4,273,132

Depreciation	Machines and equipment	Furniture and fixtures	Facilities	IT equipment	Telephony	Recording equipment	Construction under way	Total
On 1 January 2011	(1,248)	(1,037)	(310)	(577)	-	-	-	(3,172)
Additions	(10,906)	(7,707)	(620)	(20,012)	-	-	-	(39,245)
On 31 December 2011 (restated)	(12,154)	(8,744)	(930)	(20,589)	-	-	-	(42,417)
Additions	(19,671)	(12,146)	(620)	(35,499)	(225)	(369)	(7,830)	(76,360)
On 31 December 2012	(31,825)	(20,890)	(1,550)	(56,088)	225	369	7,830	118,777

The Management uses 31 December 2016 as the deadline of the useful life of fixed assets, in line with the ending of operational activities directly linked to the Games.

## 7. Intangible assets

### a) Balance breakdown

	Net		
	31/12/2012	31/12/2011 (restated)	01/01/2011
<b>With defined working life</b>			
Software usage rights	869,956	246,635	29,848
PIC brand usage rights (i)	17,099,646	21,374,557	-
<b>Total</b>	<b>17,969,602</b>	<b>21,621,192</b>	<b>29,848</b>

(i) Refers to the amount contracted with the IPC in order to use its brand. The payable sum related to this right is presented in Note 10.

### b) Changes in balances

With defined working life	Software usage rights	Image rights	Total
<b>Balances on 01 January 2011</b>	<b>29,848</b>	<b>-</b>	<b>29,848</b>
Additions	245,719	21,730,800	21,976,519
Amortisation	(28,932)	(356,243)	(385,175)
<b>Balances on 31 December 2011 (restated)</b>	<b>246,635</b>	<b>21,374,557</b>	<b>21,621,192</b>
Additions	706,358	-	706,358
Amortisation	(83,036)	(4,274,911)	(4,357,948)
<b>Balances on 31 December 2012</b>	<b>869,956</b>	<b>17,099,646</b>	<b>17,969,602</b>

The Management uses 31 December 2016 as the deadline of the useful life of intangible assets, in line with the ending of operational activities directly linked to the Games.

## 8. Loans

This refers to loans for working capital and secured accounts, shown as follows:

Acquisition	Institution / entity	Purpose	Interest rate (%)	Currency	31/12/2012	31/12/2011 (restated)	01/01/2011
12/2012	Bradesco	Credit line	CDI + 3.04% p.a.	Real	2,345,896	-	-
01/2012	International Olympic Committee (i)	Working capital	3.25% p.a. + fixed rate of 0.25% p.a.	US dollar	63,309,590	-	-
04/2011	International Olympic Committee (ii)	Working capital	3.50% p.a. + fixed rate of 0.25% p.a.	US dollar	-	38,451,331	-
06/2010	International Olympic Committee (ii)	Working capital	3.25% p.a. + fixed rate of 0.25% p.a.	US dollar	-	38,871,122	33,324,000
<b>Total</b>					<b>65,655,486</b>	<b>77,322,453</b>	<b>33,324,000</b>

(i) The loan taken out from the International Olympic Committee (IOC) is scheduled to have all its principal paid back in 2014 and its interest is paid annually. There is a covenant in the loan agreement regarding the early payment of the remaining loan balance if the Entity does not make its payments on the pre-established dates. As of the date of authorisation for the issuing of these financial statements, the Entity was in compliance with this covenant;

(ii) Paid in September 2012.

Below we present a breakdown of loans between current and non-current:

	31/12/2012	31/12/2011 (restated)	01/01/2011
Current	4,350,486	77,322,453	-
Non-current	61,305,000	-	33,324,000
<b>Total</b>	<b>65,655,486</b>	<b>77,322,453</b>	<b>33,324,000</b>

## 9. Suppliers

The account balance is mainly composed of infrastructure, Games technology and general services suppliers.

## 10. Accounts payable

As of 31 December 2012 and 2011, and 01 January 2011, the accounts payable balance is broken down as follows:

	31/12/2012	31/12/2011 (restated)	01/01/2011
Values to pay - IOC (i)	24,598,842	13,079,803	-
Values to pay - IPC (ii)	19,617,600	22,509,600	-
Other accounts payable	42,862	183,234	22,265
<b>Total</b>	<b>44,259,304</b>	<b>35,772,637</b>	<b>22,265</b>
Current	30,281,764	4,911,316	22,265
Non-current	13,977,540	30,861,321	-
<b>Total</b>	<b>44,259,304</b>	<b>35,772,637</b>	<b>22,265</b>

- (i) This refers to payments for Games technology services and international brand protection, paid by the IOC and charged to the Entity in foreign currency. The payment of this amount is planned for 2013;
- (ii) This refers to the acquisition of IPC brand usage rights, as described in Note 7. The original amount is US\$12,000,000.00 (R\$24,522,000 as of 31 December 2012) consisting of nine fixed instalments, paid every six months until 2016.

## 11. Commissions payable

This refers to commissions calculated on recognised sponsorship and licensing revenues, as established in the contracts specified in Note 1, and updated for inflation as established in the respective contracts. The balance is composed as follows:

	31/12/2012	31/12/2011 (restated)	01/01/2011
Commissions payable - IOC (i)	21,026,334	7,714,030	-
Commissions payable - COB (ii)	11,848,802	6,328,985	-
<b>Total</b>	<b>32,875,136</b>	<b>14,043,015</b>	<b>-</b>
Current	28,910,557	12,975,860	-
Non-current	3,964,579	1,067,155	-
<b>Total</b>	<b>32,875,136</b>	<b>14,043,015</b>	<b>-</b>

- (i) As established in the Marketing Programme Agreement, all cash commissions on the effective receipt of sponsorship payments by the Entity must be transferred to the IOC on a quarterly basis. Commissions on Value In Kind (VIK) revenues will be transferred in two payments during the 2016 financial year;
- (ii) As established in the Joint Marketing Programme Agreement, all cash commissions on the effective receipt of sponsorship payments by the Entity must be transferred to COB on a six-monthly basis. Commissions on Value In Kind (VIK) revenues will be transferred in accordance with COB's need to use the product or service.

## 12. Taxes, charges and social contributions

The balance for taxes, changes and social contributions to collect is broken down as follows:

Taxes and charges	31/12/2012	31/12/2011 (restated)	01/01/2011
IRRF to collect	1,904,262	1,111,680	242,238
CIDE to collect	-	10,829	37,833
PIS/COFINS/CSLL and other contributions	93,332	223,597	17,531
<b>Total</b>	<b>1,997,594</b>	<b>1,346,106</b>	<b>297,602</b>

Social contributions	31/12/2012	31/12/2011 (restated)	01/01/2011
INSS	1,528,814	918,778	313,808
PIS on payroll	84,985	39,156	10,572
FGTS on payroll	545,749	-	-
<b>Total</b>	<b>2,159,548</b>	<b>957,934</b>	<b>324,380</b>

### 13. Labour provisions

	31/12/2012	31/12/2011 (restated)	01/01/2011
Salaries payable	41,464	-	-
Provision for vacation	4,121,776	2,595,484	-
INSS on provision for vacation	1,145,854	721,545	-
FGTS on provision for vacation	329,742	207,638	-
PIS on provision for vacation	41,218	25,955	-
Employment termination provision	3,470,174	1,316,327	-
<b>Total</b>	<b>9,150,228</b>	<b>4,866,949</b>	<b>-</b>

	31/12/2012	31/12/2011 (restated)	01/01/2011
Current	5,680,054	3,550,622	-
Non-current	3,470,174	1,316,327	-
<b>Total</b>	<b>9,150,228</b>	<b>4,866,949</b>	<b>-</b>

### 14. Advances from sponsors

	31/12/2012
Advances - sponsorship (i)	11,964,047
Advances - broadcast rights (ii)	81,200,000
<b>Total</b>	<b>93,164,047</b>
Current	11,964,047
Non-current	81,200,000
<b>Total</b>	<b>93,164,047</b>

- (i) This refers to the amount received by sponsors in cash, whose revenue will be recognised in subsequent periods, as described in item “j” of Note 2.2;
- (ii) This refers to the advance granted by the IOC to the Entity for rights that it holds to broadcast the Olympic and Paralympic Games. The revenue from these rights will be recognised when the Games start.



## 15. Risk management and financial instruments

### a) General considerations and policies

The Entity contracts operations involving financial instruments, all recorded in equity accounts, designated to meet its operational and financial needs. Basically, financial investments and loans are contracted.

#### Financial investments

In accordance with the established financial investment policy, the Entity's Management selects financial institutions considered first-class by the market.

#### Loans

Loans are recorded based on the contractual interest rates in each operation, as shown in Note 8.

#### Policies for contracting derivative financial instruments

As of 31 December 2012 and 2011, and 1 January 2011, the Entity did not have any operations involving derivative financial instruments.

### b) Financial risk factors

#### i) Exchange rate risk

On 31 December 2012, the Entity had the following contractual obligations to the International Olympic Committee (IOC) and International Paralympic Committee (IPC) in foreign currency:

		R\$
Loans - IOC	Explanatory Note 8	63,309,590
Accounts payable - IOC	Explanatory Note 10	24,598,842 (a)
Accounts payable - IPC	Explanatory Note 10	19,617,600

(a) Settled on 8 February 2013.

The Entity has an exchange rate hedging policy, already approved, which will be implemented starting in April 2013.

#### ii) Interest rate risk

The Entity's Management considers that, as of 31 December 2012, its interest rate risk is mitigated by the following facts:

- a) The Entity had a credit line (secured account) to maintain its working capital amounting to R\$2,345,896 (as presented in Note 8). This obligation was fully discharged on 02 February 2013, and there are now no other remaining financial obligations of this nature in national currency.
- b) The loan in foreign currency amounts to R\$63,309,590. In accordance with Note 8, it is indexed at an interest rate of 3.25% p.a. + a fixed rate of 0.25% p.a., below the rate practiced in the national market.

## 16. Revenues and commissions

### a) Breakdown

Sponsorship revenues and commissions had the following breakdown as of 31 December:

Revenues	31 December 2012			31 December 2011 (restated)		
	Revenues	Commissions	Net	Revenues	Commissions	Net
Sponsorship	193,862,592	(34,345,841)	159,516,751	109,608,094	(19,925,477)	89,682,617
Licensing	936,474	(134,209)	802,265	-	-	-
<b>Total</b>	<b>194,799,066</b>	<b>(34,480,050)</b>	<b>160,319,016</b>	<b>109,608,094</b>	<b>(19,925,477)</b>	<b>89,682,617</b>

### b) Revenues contracted as of 31 December 2012

Modality	31 December 2012		
	Contracted	Recognised	To recognise
Sponsorship - cash	699,300,000	(204,642,105)	494,657,895
Sponsorship - Value In Kind (VIK)	442,400,000	(98,828,581)	343,571,419
Licensing - cash	936,474	(936,474)	-
<b>Total</b>	<b>1,142,636,474</b>	<b>(304,407,160)</b>	<b>838,229,314</b>

## 17. Personnel expenses

Breakdown of personnel expenses as of 31 December:

	31/12/2012	31/12/2011 (restated)
Salaries and wages	44,066,751	24,059,585
Employer's INSS contribution	14,062,852	7,553,664
13 <sup>th</sup> salary	3,972,494	2,096,654
Provision for vacation	5,272,958	3,017,297
FGTS	4,436,877	2,221,829
INSS on holiday pay (provision)	464,185	761,723
PIS	520,197	266,980
Meal vouchers	2,310,058	1,213,670
Medical assistance	1,238,603	963,973
Other	521,720	1,448,249
<b>Total</b>	<b>76,866,695</b>	<b>43,603,624</b>

## 18. General and administrative expenses

Breakdown of general and administrative expenses as of 31 December:

	31/12/2012	31/12/2011 (restated)
Services provided (i)	58,650,701	48,212,839
IT/software	5,975,389	709,598
Travel and representation expenses	5,882,818	3,489,032
Lawyers' fees	4,823,596	3,680,775
Rent and condominium charges	2,166,429	1,574,773
Other administrative expenses	4,659,145	4,252,425
	<b>82,158,078</b>	<b>61,919,442</b>

- (i) This refers to the hiring by the Entity of services in the national and international markets, the main ones being: infrastructure integration and database consulting services; Olympic brand protection services; advisory services in various organisational areas provided through Value In Kind (VIK); and Games technology consulting services.

## 19. Event expenses

This refers to expenses related to events held by the Entity with the aim of propagating the Olympic spirit, in particular the creation of a space in London to promote Brazil during the 2012 Olympic and Paralympic Games (Casa Brasil), the organising of the Olympic and Paralympic Flag Handovers during the aforementioned Games' Closing Ceremony, and the staging of Games experience debriefing sessions by the Committee.

## 20. Financial result

The breakdown of the Entity's financial income as of 31 December 2012 and 2011 is shown below:

	31/12/2012	31/12/2011 (restated)
<b>Financial revenues</b>		
Income - CDB	2,407,668	2,539,262
Exchange rate variations	22,661,918	-
Monetary variation on revenues	6,559,700	360,000
Other financial revenues	8,478	16,937
	<b>31,637,764</b>	<b>2,916,199</b>
<b>Financial expenses</b>		
Interest and bank charges	(4,871,062)	(2,352,216)
Foreign exchange losses	(41,616,244)	(11,947,335)
Monetary variation on commissions	(1,196,210)	(59,040)
Taxes on investments and loans	(673,434)	(2,465,539)
Other financial expenses	(150,219)	-
	<b>(48,507,169)</b>	<b>(16,824,130)</b>
<b>Net financial expenses</b>	<b>(16,869,405)</b>	<b>(13,907,931)</b>

## 21. Remuneration of key Management members

The Entity does not pay members of its General Assembly, Board of Directors, Executive Council, Audit Committee and Honorary Board. Only members of the executive management team are paid. This remuneration is covered by the Brazilian Consolidated Labour Laws (CLT). By 31 December 2012, the Entity had paid these executives the sum of R\$3,136,004 as salaries (up from R\$2,710,746 in 2011).

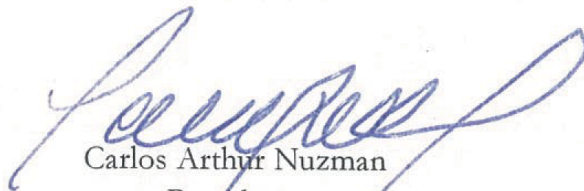
## 22. Commitments

The Entity has assumed various commitments to different bodies related to the organisation and staging of the Olympic and Paralympic Games in 2016, governed by the following main contracts:

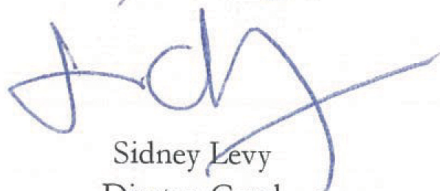
- a) The Host City Contract, the document signed by the City of Rio de Janeiro following its election as host of the Olympic and Paralympic Games. This agreement specifies in detail the rights and obligations of all parties involved in organising the two events, establishing the basis for the partnership underpinning the work of the Entity's Organising Committee with the International Olympic Committee, the International Paralympic Committee and their partners;
- b) Marketing Programme Agreement and Joint Marketing Programme Agreement, documents that establish the different sources of revenues arising from the event and the national and international Olympic and Paralympic committees' share of the commissions for the use of their respective brands.

To enable it to meet its commitments, the Entity is supported not only by its local sponsors, but also by international sponsors (Top Sponsors) - sponsors with a direct contractual relationship with the International Olympic Committee, providing resources to the host cities of the Olympic and Paralympic Games. Notably, the delivery of the Olympic Games is of national interest, as is the Games' positive visibility on the global stage. Consequently, the government has undertaken to provide resources so that Rio 2016 can meet its objectives (documented in the Host City Contract).

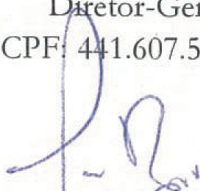
\* \* \*



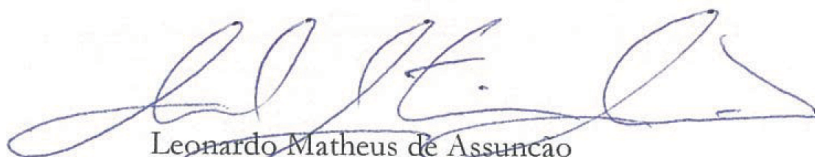
Carlos Arthur Nuzman  
Presidente  
CPF: 007.994.247-49



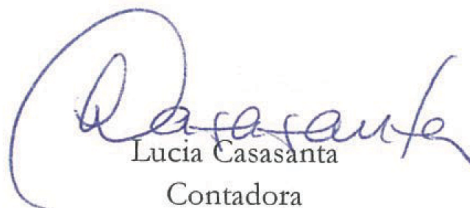
Sidney Levy  
Diretor-Geral  
CPF: 441.607.557-04



Marcos Beaklini  
Gerente-Geral de Finanças  
CPF: 822.632.487-49



Leonardo Matheus de Assunção  
Gerente de Controladoria  
CPF: 072.486.297-82



Lucia Casasanta  
Contadora  
CRC RJ-076210/ O-2

04.2013

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Rio 2016™ Organising Committee for the  
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