Quarterly Financial Information (unaudited)

Manabi Holding S.A.

September 30, 2011
with Independent Auditor's Review Report

MANABI HOLDING S.A.

Quarterly Financial Information (unaudited)
September 30, 2011

Summary

Independent auditors' review report

Shareholders, management and officers,
Manabi Holding S.A.
Rio de Janeiro

Introduction

We have reviewed the individual and consolidated interim financial information of Manabi Holding S.A., contained in the quarterly information form (ITR), for the quarter ended September 30, 2011, comprising the balance sheet and the related income statements for the three-month period ended September 30, 2010, and for the period from March 10, 2011 (date of the Company's incorporation) to September 30, 2011, and statements of changes in equity and cash flows for the period from March 10, 2011 (date of the Company's incorporation) to September 30, 2011, including explanatory notes.

Management is responsible for the preparation of the individual interim financial information in accordance with Accounting Pronouncement CPC 21- Interim Financial Statements, and consolidated interim financial information in accordance with CPC 21 and International Accounting Standard no. 34 (IAS 34) - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, mainly to the professionals responsible for financial and accounting issues and the application of analytical and other review procedures. A review is significantly less in scope than an audit conducted in accordance with auditing standards and, accordingly, does not allow us to obtain assurance that we became aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on individual interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the quarterly information referred to above was not prepared, in all material aspects, in accordance with CPC 21 applicable to the preparation of Quarterly Financial Information (ITR) and presented consistently with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Conclusion on consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial information referred to above was not prepared, in all material aspects, in accordance with CPC 21 and IAS34 applicable to the preparation of Quarterly Financial Information (ITR), and presented consistently with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Emphasis paragraphs

As described in Note 2, the individual financial information was prepared in accordance with accounting practices adopted in Brazil. In the case of Manabi Holding S.A. these practices differ from IFRS applicable to separate financial statements, solely relating the recognition of investment in subsidiaries by the equity method, while according to IFRS, this would be recognized at cost or fair value.

As described in Note 1, the Company and its subsidiaries will continue developing business in the mining segment and the investments necessary for implementation of the business plan are significant. Currently, the Company does not have cash-generating activities or sufficient funds to implement its investment plan and, accordingly, shall depend on funds from shareholders or third parties to implement its business plan.

Other matters

Interim statements of value added

We have also reviewed the individual and consolidated interim statements of value added (DVA), for the period from March 10, (date of the Company's incorporation) to September 30, 2011, whose presentation in the interim financial information is required by standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable for the preparation of Quarterly Financial Information (ITR) and is considered supplementary information under IFRS, which does not require the presentation of such statement of value added. These statements were submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that the interim statements of value added were not prepared, in all material aspects, in accordance with the individual and consolidated interim financial information taken as a whole.

Rio de Janeiro, November 01, 2011

ERNST & YOUNG TERCO
Auditores Independentes S.S.
CRC - 2SP 015.199/O-6 - F - RJ

Wilson J. O. Moraes Accountant CRC - 1RJ 107.211/O-1	Fernando Alberto S. de Magalhães Accountant CRC - 1SP 133.169/O-0-S-RJ

MANABI HOLDING S.A.

Balance sheet (unaudited)
September 30, 2011
(In thousands of reais)

	Note	Parent Company	Consolidated
Assets			
Current assets			
Cash and cash equivalents	5	204,073	204,077
Recoverable taxes		159	159
Other		428	429
Total current assets		204,660	204,665
Non-current assets			
Deferred income tax and social contribution	9	5,484	5,484
Advance for future capital increase	10	674	-
Investments	6	585,344	-
Fixed assets	7	990	6,509
Intangibles	8	-	586,081
Total non-current assets		592,492	598,074
Total assets		797,152	802,739
Liabilities and equity			
Current liabilities			
Suppliers		426	426
Vacation pay and 13th salaries and charges		228	228
Tax and social security obligations		367	449
Accounts payable	7	-	4.682
Other		-	823
Total current liabilities		1,021	6,608
Equity	11		
Capital		789,077	789,077
Capital reserve		1	1
Retained earnings		7,053	7,053
Total equity		796,131	796,131
Total liabilities and equity		797,152	802,739

See accompanying notes.

MANABI HOLDING S.A.

Income statement (unaudited)
From March 10 (Company's incorporation date) to September 30, 2011
(In thousands of reais)

		Period from March 10, 2011, (date of Company's incorporation) to September 30, 2011		Period from July 1, 2011 to September 30, 2011	
	Note	Parent Company	Consolidated	Parent Company	Consolidated
Operating expenses					
Payroll		**(2,119)**	**(2,119)**	(2,012)	(2,012)
Services rendered		**(3,542)**	**(3,542)**	(1,362)	(1,362)
General and administrative		**(691)**	**(691)**	(586)	(586)
Depreciation		**(5)**	**(5)**	(5)	(5)
Tax		**(80)**	**(80)**	(29)	(29)
		(6,437)	**(6,437)**	(3,994)	(3,994)
Financial result					
Financial income		**8,053**	**8,053**	6,555	6,555
Financial expenses		**(47)**	**(47)**	(37)	(37)
		8,006	**8,006**	6,518	6,518
Income before taxes		**1,569**	**1,569**	2,524	2,524
Income tax and social contribution	**9**	**5,484**	**5,484**	4,178	4,178
Income for the period		**7,053**	**7,053**	6,702	6,702
Profit per share (basic and diluted)		**8.82**		8.38	

See accompanying notes.

MANABI HOLDING S.A.

Statement of changes in equity (unaudited)
From March 10 (Company's incorporation date) to September 30, 2011
(In thousands of reais)

	Capital		Equity	Capital reserve		
	Subscribed	To be paid	raising costs	- subscription bonus	Retained earnings	Total
Company's incorporation - March 10, 2011	**1**	**(1)**	**-**	**-**	**-**	**-**
Payment of capital previously subscribed	**-**	**1**	**-**	**-**	**-**	**1**
Capital increase (Note 11)	**806,789**		**(17,713)**		**-**	**789,076**
Subscription bonus (Note 11)	**-**	**-**	**-**	**1**	**-**	**1**
Income for the period	**-**	**-**	**-**	**-**	**7,053**	**7,053**
At September 30, 2011	**806,790**	**-**	**(17,713)**	**1**	**7,053**	**796,131**

See accompanying notes.

MANABI HOLDING S.A.

Cash flow statement (unaudited)
From March 10 (Company's incorporation date) to September 30, 2011
(In thousands of reais)

	Parent Company	Consolidated
Cash flows from operating activities		
Profit for the period before income tax and social contribution	**1,569**	**1,569**
Adjustments to reconcile the loss to the cash arising from operating activities		
Depreciation	**5**	**5**
Changes in assets and liabilities		
Recoverable taxes	**(159)**	**(159)**
Other	**(428)**	**(429)**
Suppliers	**426**	**426**
Vacation pay and 13th salaries and charges	**228**	**228**
Tax and social security obligations	**367**	**449**
Accounts payable		**(32,958)**
Other	**(1)**	**(1)**
Net cash and cash equivalents invested in operating activities	**2,007**	**(30,870)**
Cash flows from investing activities		
Advance for future capital increase	**(674)**	**-**
Acquisitions of fixed assets	**(995)**	**(6,514)**
Acquisitions of intangible	**-**	**(741)**
Capital payment in subsidiaries	**(38,475)**	**(12)**
Acquisition of mining assets	**(546,868)**	**(546,868)**
Cash and cash equivalents applied in investing activities	**(587,012)**	**(554,135)**
Cash flows from financing activities		
Capital increases	**789,077**	**789,077**
Capital subscription bonus	**1**	**1**
Net cash and cash equivalents arising from financing activities	**789,078**	**789,078**
Net increase in cash and cash equivalents	**204,073**	**204,073**
Cash and cash equivalents at the beginning of the period	**-**	**4**
Cash and cash equivalents at the end of the period	**204,073**	**204,077**

See accompanying notes.

MANABI HOLDING S.A.

Statement of value added (unaudited)
From March 10 (Company's incorporation date) to September 30, 2011
(In thousands of reais)

	Parent Company	Consolidated
Inputs acquired from third parties		
Services rendered by third parties	(3,542)	(3,542)
Gross value added	(3,542)	(3,542)
Depreciation	(5)	(5)
Net value added	(3,547)	(3,547)
Value added received in transfer		
Financial income	8,053	8,053
Deferred income tax and social contribution	5,484	5,484
Total value added distributable	9,990	9,990
Distribution of value added		
Personnel	2,119	2,119
General and administrative	691	691
Tax	80	80
Financial expenses	47	47
Income for the period	7,053	7,053
Withholding value added	9,990	9,990

See accompanying notes.

MANABI HOLDING S.A.

Explanatory notes to Quarterly Financial Information (unaudited)
September 30, 2011
(In thousands of reais, unless otherwise stated)

1. Operations

Manabi Holding S.A. (“Manabi” or “Company”), incorporated on March 10, 2011, is a public company, headquartered in Rio de Janeiro, State of Rio de Janeiro, engaged directly or indirectly by means of subsidiaries in the following activities: (i) to prospect, develop, and negotiate business opportunities in exploitation, development, mining, extraction, production, and sale of iron ore and other ore deposits in Brazil, and (ii) to invest, to hold interest and to operate assets and companies in iron ore and other ore deposit exploitation industries, including logistics, transportation, industrial plants and other infrastructure related to such business opportunities, assets, and companies.

At September 30, 2011, the Company holds full control of the companies Morro do Pilar Minerais S.A. (“MOPI”), Morro Escuro Minerais S.A. (“MOES”) and Manabi Logística S.A. (“Manabi Log”). MOPI and MOES were acquired on June 8, 2011, which are engaged in the (a) research, exploitation, mining, processing and transportation of goods and mineral products; (b) provision of geological services; (c) provision of intermediary services related to the activities and matter above; (d) interest in the capital of other companies, either in Brazil or abroad; (e) rental of vehicles, drills and equipment for drilling and mining; and (f) provision of drilling services for mining.

Manabi Log was acquired on August 9, 2011 to be used to consolidate efficient logistics for the production of iron ore, with relation to a possible development of a port terminal to export iron ore. At the moment, Manabi Log only holds the land where the port will possibly be built.

The Company does not have an operating history; therefore, it will face challenges and uncertainties in financial and operational planning to carry out its business plans. However, considering the market heating up in mining, logistics, transportation, and infrastructure industries in general, the Company expects to fundraise opportunities to expand and finance its investments. Global supply of iron ore has grown to meet the increasing demand, driven by global growth, having China accountable for main demand. Management understands that the increasing urbanization and industrialization of China and other nations, particularly in Asia, will continue to maintain a proper balance between supply and demand for commodities.

1. **Operations** (Continued)

Development and implementation of an integrated project for the production and marketing of iron ore is capital intensive. Accordingly, Management believes that the funds raised are sufficient for the next 12 months of operation. In the future, Management will study different forms of capitalization of the Company, as needed.

In accordance with Company's current budget approved by its shareholders, for the next 12 months, the Company intends to invest particularly in (i) deepening its knowledge of mining assets with exploitation and research, drilling, characterization, and modeling reports, (ii) own engineering, (iii) obtaining licenses necessary to the operation, (iv) logistics structure, (v) agreement negotiations with potential buyers, and (vi) qualified personnel recruitment for Company's activities. During the quarter ended on September 30, 2011, the Company started to hire renowned companies to provide environmental, engineering, mining pipelines and port concepts.

On September 12, 2011, Company's application for registration of a publicly-traded company with Brazilian Securities and Exchange Commission (CVM) and BOVESPA was approved. Such application was made so the Company may make an initial public offering in the future for the primary distribution of common shares issued thereby under Instruction No. 400, issued by CVM, on December 29, 2003, and subsequent amendments.

2. Basis for preparation and presentation of the quarterly financial information

The individual and consolidated quarterly financial information were prepared and are presented in accordance with accounting practices adopted in Brazil, which include provisions of the Brazilian Corporation Law and accounting standards and procedures issued by the CVM and Brazilian Accounting Pronouncements Committee (CPC), which is in accordance with the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB"), except for the recognition of investments in subsidiaries, which is accounted for by equity method, as required by the ICPC 09, while, according to IFRS, it should be accounted for at cost or fair value.

The Company's quarterly financial information for the period from March 10 (Company's incorporation date) to September 30, 2011, was issued in accordance with CPC 21 - Interim Financial Statements and IAS 34 - Interim Financial Reporting.

(Amounts in thousands, unless otherwise stated)

2. Basis for preparation and presentation of the quarterly financial information (Continued)

The Company was incorporated on March 10, 2011, therefore comparative information is not applicable.

The following interpretations are applicable from January 01, 2011: IAS 24 - Disclosure Requirements to Governmental Entities and Related Party Definitions (revised); IFRIC 14 - Minimal Financing Prepayments; and IFRIC 19 - Derecognition of Finance Liabilities with Capital Instruments. The adoption of these interpretations did not impact the Company's quarterly financial information at September 30, 2011.

Company's management authorized the completion of this quarterly financial information on November 01, 2011.

3. Summary of significant accounting practices

This quarterly financial information is presented in accordance with the same accounting policies described in Note 3 of the June 30, 2011 audited financial statements.

4. Business combination

On June 8, 2011, the Company acquired 100% of MOPI and MOES' shares, which hold certain mining rights and have been developing studies and research in order to explore iron ore.

The acquisitions made are summarized as follows:

		MOPI	MOES
Net assets acquired at book value		8	4
Excess paid, allocated to intangible assets acquired	(a)	491,427	55,441
Consideration transferred	(b)	491,435	55,445

(a) Intangible assets acquired are represented by prospecting rights and mineral reserves from the entities acquired. Measurement of fair values was made by an expert by means of estimated discounted cash flows related to mineral reserves. Companies acquired presented in their balance sheets R$ 38,471 inherent in prospecting rights and capitalized expenses and, according to Management assessments, the total fair value of intangible assets amounted to R$ 585,339. Accordingly, all the excess paid was allocated to intangible assets, as above.

(b) The consideration transferred was made entirely in cash on the date of acquisition, on June 8, 2011.

(Amounts in thousands, unless otherwise stated)

4. Business combination (Continued)

On the August 9, 2011, the Company also acquired control of company Thuin Participações S.A., which was renamed to Manabi Logística S.A. This entity did not have any operations or assets when it was acquired, therefore, in accordance to CPC 15 – Business Combinations, this acquisition is not a business combination.

5. Cash and cash equivalents

	Parent Company	Consolidated
Cash and banks	**56**	**60**
Short-term investments		
Bank Deposit Certificates (CDBs)	**98,318**	**98,318**
Repurchase debentures agreements	**105,699**	**105,699**
	204,017	**204,017**
	204,073	**204,077**

Income from short-term investments is related to changes in the Interbank Deposit Certificate (CDI), generating remuneration between 101.00% and 101.70% of CDI, with high liquidity (redeemable within 90 days), low credit risk, and are available to be used in operations of the Company and its subsidiaries.

Investments in repurchase debentures agreements are as follows:

Issuer	Beginning of the operation	Maturity of the operation	CDI Index	Parent Company and Consolidated
Itaú BBA	6/8/2011	5/29/2013	101.0%	**64,669**
Bradesco	6/8/2011	5/29/2013	101.7%	**41,030**
				105,699

Although operations mature in 2013, banks guarantee the repurchase of securities without any loss of value and at any moment as requested by Management.

(Amounts in thousands, unless otherwise stated)

6. Investments

Investments in the subsidiaries MOPI and MOES were acquired on June 8, 2011, as detailed in Note 4. On the same date, the Company increased the capital of the investees by R$ 30,653 and R$ 7,811, respectively, and the funds were fully used for the payment of debts of same amounts.

At September 30, 2011, investments are as follows:

Book value of equity of subsidiaries at September 30, 2011	
MOPI	**30,661**
MOES	**7,815**
	38,476
Excess paid in the acquisition of investments	
MOPI	**491,427**
MOES	**55,441**
	546,868
	585,344

Other information on investments

Breakdown of capital	Morro do Pilar	Morro Escuro
Number of shares		
Total common shares	**3,066,060,942**	**781,455,405**
Held by Manabi Holding S.A.:		
Total common shares	**3,066,060,942**	**781,455,405**
Interest in capital	**100%**	**100%**

7. Fixed assets

	Parent Company			Consolidated		
	Additions	**Accumulated depreciation**	**Total**	**Additions**	**Accumulated depreciation**	**Total**
Land	-	-	-	5.519	-	5.519
Furniture	313	(2)	311	313	(2)	311
IT equipment	149	(3)	146	149	(3)	146
Communication equipment	31	-	31	31	-	31
Software	9	-	9	9	-	9
Developments in third party properties	463	-	463	493	-	493
Balance as at September 30, 2011	995	(5)	990	6.514	(4)	6.509

7. Fixed assets (Continued)

On September 14, 2011, through its subsidiary Manabi Log, the Company acquired 3,390,034 square meters of land, located in Degredo - Suruaca, district of Regência, coast of the state of Espírito Santo, where the Company assesses the possibility to develop a port terminal. This acquisition is in line with the Company's strategy to develop the logistic side of the project, which includes the transportation of goods and mining products and the development of a private port terminal to exportation and storage of iron ore from MOPI and MOES, as well as other goods as required and authorized by the National Agency of Water Transportation (Agência Nacional de Transportes Aquaviários - ANTAC), according to the applicable legislation.

The purchase price was R$ 5,320, fixed and not adjustable. The amount of R$ 638 was paid in September 2011 and the remaining amount of R$ 4,682 is recorded in current liabilities as accounts payable, and was fully paid in October 2011.

8. Intangibles

Intangibles were acquired mainly via business combination on June 8, 2011, which is composed of existing mineral reserves and prospecting rights in the subsidiaries MOPI and MOES, amounting to R$ 522,733 and R$ 63,348, respectively.

Intangibles are represented by 67 mining rights and corresponding reserves and exploration assets, located in the State of Minas Gerais, which are, basically, under the phase of authorization for research. The Company is taking the necessary actions to fully assign the ownership of such mining rights with the regulator.

9. Income tax and social contribution

At September 30, 2011, the tax loss carryforward and negative basis of social contribution was amounted to R$ 16,129. Deferred income tax and social contribution assets were recorded, amounting to R$ 5,484, based on projections of taxable income of the Company. There are no tax loss carryforward and negative basis of social contribution in the subsidiaries.

Management expects that these credits will be used within one year after the beginning of operations, which are expected to begin in 2015.

Tax losses generated in Brazil do not expire and offset future taxable income, however, limited to 30% in each year.

10. Transactions with related parties

The Company is under prospection and there are no current operational transactions with related parties.

Key management personnel remuneration

The Company considers all current officers as Key management personnel. At September 30, 2011, the remuneration of such officers amounted to R$ 847, including salaries, fees, and social charges. Management fees amounting R$ 3,480 for 2011 were established at a General Meeting.

Share-based payment

The Company's shareholders approved, at the General Meeting held on July 21, 2011, the adoption of a compensation plan for officers, directors, and employees by means of a stock option plan. The plan will be managed by the Board of Directors, which will determine the eligible professionals and appropriate terms. This plan has not yet been implemented.

Other transactions

The Company borrowed R$ 167 from the shareholder Ricardo Antunes to pay its initial expenses as it had no funds for such. The amount borrowed was adjusted by 100% of CDI and fully paid in May and September 2011.

Additionally, the Company paid to the shareholder Fabrica Holding S.A. R$ 128 inherent in fees for rendering advisory services. There are no recurring services or outstanding fees related to this service.

The Company made payments up to September 30, 2011 on behalf of its subsidiaries MOPI and Manabi Log, amounting to R$ 14 and R$ 660, respectively. These disbursements are basically related to the purchase of land in Espírito Santo, drillings, environmental studies and surveys, registration, assessment, negotiation, and document regularization of future areas of the project. These payments are accounted for as advance for future capital increase - AFAC, capitalization of which shall occur within 1 year.

(Amounts in thousands, unless otherwise stated)

11. Equity

a) Capital

At September 30, 2011, the subscribed and paid-up capital is represented by 800,000 shares, 250,000 of which are registered common shares and 550,000 are preferred shares, without par value, as follows:

	Number of shares			
Shareholders	**Common**	**Preferred**	**Total**	**%**
IronCo LLC	**99,994**	**519,758**	**619,752**	**77.4690%**
Fábrica Holding Ltda.	**150,000**	**3,000**	**153,000**	**19.1250%**
Ingo Gustav Wender	**-**	**20,000**	**20,000**	**2.5000%**
Gerhard Walter Schultz	**-**	**5,000**	**5,000**	**0.6250%**
Ricardo Pinho Lara	**-**	**1,570**	**1,570**	**0.1963%**
TRB Industries LLC	**-**	**672**	**672**	**0.0840%**
Marcos de Campos Ludwig	**1**	**-**	**1**	**0.0001%**
Ines Correa de Souza	**1**	**-**	**1**	**0.0001%**
John Christopher Sheedy	**1**	**-**	**1**	**0.0001%**
Mathew Todd Goldsmith	**1**	**-**	**1**	**0.0001%**
Michael Stephen Vitton	**1**	**-**	**1**	**0.0001%**
Ricardo Antunes Carneiro Neto	**1**	**-**	**1**	**0.0001%**
	250,000	**550,000**	**800,000**	**100%**

Each common and preferred share grants its holder the right to one vote in resolutions of General Meetings.

On June 8, 2011, at the Extraordinary General Meeting of the Company, it was resolved the following:

- Increase of share capital by R$ 759,114, from R$ 1 to R$ 759,115, with the issuance of 99,500 registered common shares, without par value, and 519,258 registered preferred shares, without par value, at issuance price of R$ 1.3 fixed in accordance with Art. 170, First Paragraph, item I, of Corporation Law. This payment was made by the shareholder IronCo LLC, by funds arising from foreign exchange agreements; and

- Additional increase of share capital by R$ 47,673, from R$ 759,115 to R$ 806,789, with the issuance of 30,242 registered preferred shares, without par value, which was paid in national currency, at issuance price of R$ 1.6, also fixed in accordance with Art. 170, First Paragraph, item I, of Corporation Law.

11. **Equity** (Continued)

a) Capital (Continued)

On September 29, 2011, the investment made by the shareholder abroad (IronCo LLC) was converted into portfolio investment, in accordance with Resolution No. 2689/2000 of the Brazilian Board, by its equity value at August 31, 2011. Tax levied on this operation (IOF of 2.38%), amounting to R$ 17,713, was recorded as share issued cost in equity.

b) Capital reserve - Subscription bonus

On June 8, 2011, the Company issued subscription bonuses in favor of shareholders (i) Fábrica Holding Ltda., (ii) Mathew Todd Goldsmith, and (iii) Michael Stephen Vitton. Such bonuses grant their holders the right to subscribe common shares in accordance with the terms and conditions provided for in the subscription bonus certificate, which will be exercisable in whole or in part, at the sole discretion of the holder, upon the occurrence of events established under the agreement. The amount and number of common shares to be issued by the Company, in the event that the option is exercised by holders of subscription bonuses, are established under an agreement.

c) Legal reserve

It shall be set up annually with appropriation of 5% of net profit for the year and it shall not exceed 20% of the capital. The purpose of this reserve is to guarantee the completeness of the capital and may only be used to offset losses or to increase the capital.

d) Dividends

In accordance with provisions of the Articles of Incorporation, the minimum mandatory dividend is 0.001% of net profit for the year adjusted under corporate law, limited to the amount of net profit for the fiscal year realization of which has been carried out, which shall be resolved and approved at a General Meeting.

12. Financial instruments

Financial assets at September 30, 2011 are represented by cash and cash equivalents and are classified and measured at fair value through profit and loss. Financial liabilities are represented by balances of suppliers and accounts payable and are recorded at amortized cost. At September 30, 2011, there were no differences between book values and fair values of financial instruments.

The Company does not have hedge, swap, or any other operations involving derivative financial instruments.

The Company maintains its funds in different financial institutions, all of which with recognized liquidity, and, as policy, limits exposure in each institution.

13. Insurance

At a meeting of the Board of Directors held on June 28, 2011, the Board analyzed and approved the offer submitted by Management on the basis of a business offer of insurance company Chartis Seguros Brasil S.A., consisting of a Officers' and Managers' Civil Liability Insurance, which policy amounts to US$ 25,000, and an annual premium of approximately US$ 116. The insurance contracted by the Company includes (i) indemnification of officers and managers, and (ii) refund to the Company. The Board may discuss at an appropriate time the expansion of the coverage in this policy and/or increase in the total amount insured.