2Q11 Results

AREZZO &CO

AREZZO

SCHUTZ

Alexandre Birman

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Earnings Release – 2Q11

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SCHUTZ


Alexandre Birman


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Belo Horizonte, August 10, 2011. Arezzo&Co (BM&FBOVESPA ticker: ARZZ3), leader in the women's footwear, handbags, and accessories in Brazil, releases its results for the second quarter of 2011. Company information, except as otherwise stated, is provided on a consolidated basis, in Brazilian currency, as required by the International Financial Reporting Standards (IFRS). All comparisons refer to the same period of 2010 (2Q10), except as otherwise stated.

ARZZ3 price on August 9, 2011:
R$17.67

Market cap on August 9, 2011:
R$ 1,564.5 million

Earnings conference call:
With simultaneous translation

Thursday, August 11, 2011
11:00 a.m. (Brasília time)

Dial-in:
Participants calling from Brazil: (11) 4688-6361
Participants calling from other countries: 1-786-924-6977
Password: Arezzo&Co

The slide presentation and webcast connection (via Internet) will be available 30 minutes before the conference call at: www.arezzoco.com.br

Investor relations:
Thiago Borges
CFO and IR officer

Daniel Maia
IR manager

Contact:
E-mail: ri@arezzoco.com.br
Tel: +55 11 2132-4300

Arezzo&Co records growth of 43.3% in net income and 21.5% in net revenues compared to 2Q10

HIGHLIGHTS

- Net revenues in 2Q11 totaled R$152.2 million, up 21.5% from 2Q10.
- The Company's gross margin stood at 43.2% in 2Q11, 0.4 percentage point higher than in 2Q10.
- EBITDA in 2Q11 amounted to R$28.3 million, with margin of 18.6%, growing 22.9% over 2Q10.
- The net income in 2Q11 was R$24.0 million, 43.3% higher than in the previous year.
- In 2Q11, Arezzo&Co won two awards for excellence in franchise management: ABF[1] Franchising Excellence Seal and The Best Franchise Award in the footwear, clothing, and accessories sector from PEGN[2].

1 – Brazilian Association of Franchises
2 – Pequenas Empresas & Grandes Negócios magazine

Summary of Results	2Q10	2Q11	Growth or spread (%)	1H10	1H11	Growth or spread (%)
Net Revenue	125,302	152,240	21.5%	237,912	290,835	22.2%
Gross Profit	53,597	65,708	22.6%	100,350	122,153	21.7%
Gross Margin	42.8%	43.2%	0.4 p.p.	42.2%	42.0%	-0.2 p.p.
EBITDA[1]	23,019	28,289	22.9%	40,395	49,024	21.4%
EBITDA[1] Margin	18.4%	18.6%	0.2 p.p.	17.0%	16.9%	-0.1 p.p.
Net Income	16,772	24,039	43.3%	27,142	38,767	42.8%
Net Margin	13.4%	15.8%	2.4 p.p.	11.4%	13.3%	1.9 p.p.

Operating Indicators	2Q10	2Q11	Growth or spread (%)	1H10	1H11	Growth or spread (%)
# of pairs sold (in Thousands)	1,309	1,562	19.3%	2,545	2,994	17.6%
# of handbags sold (in Thousands)	66	103	56.0%	135	182	34.8%
# of employees	1,430	1,755	22.7%	1,430	1,755	22.7%
Number of Stores	273	300	9.9%	273	300	9.9%
Owned Stores	25	31	24.0%	25	31	24.0%
Franchises	248	269	8.5%	248	269	8.5%
Outsourcing (as % of total production)	81.5%	83.6%	2.1 p.p.	80.3%	83.6%	3.3 p.p.
SSS[2] (Franchises – sell-in)	32.4%	24.2%		42.4%	19.1%	
SSS[2] (Owned Stores – sell-out)	29.0%	19.2%		25.8%	15.6%	

1-EBITDA = Earnings before net financial expenses, income tax and social contribution on net income, depreciation, amortization, and fixed asset write-offs. The EBITDA is not a measure normally used in the Brazilian accounting practices, is not representative of the cash flow for the periods presented, and should not be considered a substitute for the net income as an indicator of operating performance or a substitute for cash flow as a liquidity indicator. The EBITDA does not have a standard meaning, and the Company's definition of EBITDA may not be comparable to the adjusted EBITDA of other companies. Although the EBITDA is not an indicator of operating cash flow according to the Brazilian accounting standards, Management uses it as a measure of the Company's operating performance. Additionally, the Company believes that certain investors and financial analysts use the EBITDA as an indicator of operating performance and/or cash flow.

2- SSS (same-store sales): The stores are included in the sales of comparable stores as of the 13th month of operation. Differences in the sales of comparable stores between the two periods are attributable to the fact that sales, net of returns, were used for the Company's own stores while gross sales were used for the franchises in operation during both periods compared. When a store is included in the calculation of the sales of comparable stores in only part of one of the two periods compared, then this store will be included in the calculation of the following period. If square meters are added to or deducted from a store included in the sales of comparable stores, then this store is excluded from the sales of comparable stores. If the operations of a store are discontinued, the sales of this store are excluded from the calculation of the sales of comparable stores for the periods compared. From this period, if a franchisee opens a warehouse, the sales will be included in the sales of comparable stores if its franchises are operating during both periods which are being compared. The so-called SSS of franchisees (sell in) refers to a comparison of Arezzo&Co's sales to each franchise store in operation for more than 12 months and is a more accurate indicator to monitor the revenues of the group. The SSS of Owned Stores (sell out) is based on the sales performance of points of sale, which in Arezzo&Co's case is a better indicator of the sales performance of Owned Stores.

Gross Revenue Breakdown	2Q10	2Q11	Growth or spread (%)	1H10	1H11	Growth or spread (%)
Total Gross Revenue	156,779	193,912	23.7%	296,011	368,358	24.4%
Exports Market	11,799	9,921	-15.9%	23,062	19,732	-14.4%
Domestic market	144,980	183,991	26.9%	272,949	348,626	27.7%
By brand						
Arezzo	98,644	125,890	27.6%	194,078	240,290	23.8%
Schutz	44,765	50,361	12.5%	75,159	96,512	28.4%
Other Brands[1]	1,571	7,740	392.7%	3,712	11,824	218.5%
Domestic market	144,980	183,991	26.9%	272,949	348,626	27.7%
By channel						
Franchises	70,510	90,832	28.8%	144,362	179,380	24.3%
Multi-Brand Retail Stores	49,823	60,388	21.2%	83,627	107,808	28.9%
Owned Stores	23,874	31,810	33.2%	43,264	58,684	35.6%
Others[2]	773	961	24.3%	1,696	2,754	62.4%

(1) Includes Alexandre Birman and Anacapri brands only in the domestic market.
(2) Includes domestic-market revenues not specifically from the distribution channels.

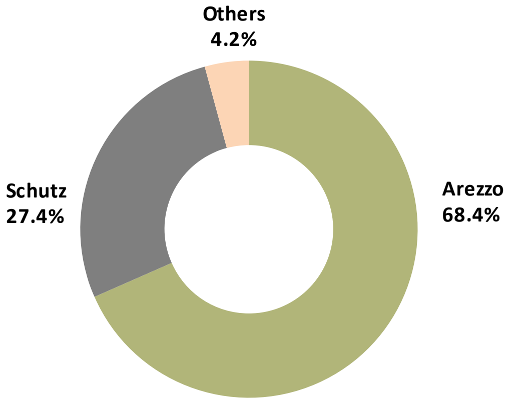
Brands

Arezzo&Co has four important brands in its platform: Arezzo, Schutz, Alexandre Birman, and Anacapri, which are distributed by a network of Owned, Franchises, and Multi-Brand stores throughout all Brazilian states. In the international market, the products are sold also through Franchises, Multi-Brand , and Department Stores.

In the Company's fashion calendar, the second quarter accounts for the bulk of the winter collection sales, with Mothers' Day in May and Valentine's Day in June (in Brazil) being the most important drivers.

Arezzo, the group's main brand by sales, recorded gross revenues of R$125.9 million in 2Q11, growing 27.6% versus 2Q10 and accounting for 68.4% of domestic sales. The strategic inventories continued during Arezzo's winter collection. The early production of boots and handbags provided the Company with greater agility in replacing inventory at both its Owned and Franchise stores. This initiative had a positive impact on stores' productivity, however, several measures aimed at improving the model are still being implemented.

Breakdown by brand - 2Q11*



** Domestic Market*

Schutz recorded growth of 12.5% in 2Q11 compared with the same period a last year, with gross revenues totaling R$50.4 million, 27.4% of domestic sales. The brand has been reinforcing its communication actions through social networks and other CRM actions. As an example, Schutz's flagship store on Rua Oscar Freire in São Paulo sold more than R$200 thousand in only one day, seven times more than its daily average.

Alexandre Birman brand is the first Brazilian brand to have shelf space at large international retail chains, such as: Saks, Neiman Marcus, Bergdorf Goodman, and Printemps. The brand remains on track on its important goal to open new markets for the group outside Brazil. In 2Q11 the brand's distribution was expanded into Russia, Turkey, China, and other Asian countries through renowned department stores.

Anacapri continued to invest in the Multi-Brand channel in 2Q11. Supported by the Group's commercial expertise, it was able to expand its footprint to approximately 500 points of sale throughout Brazil, which helped promote the brand and improve its positioning.

Channels

Franchises

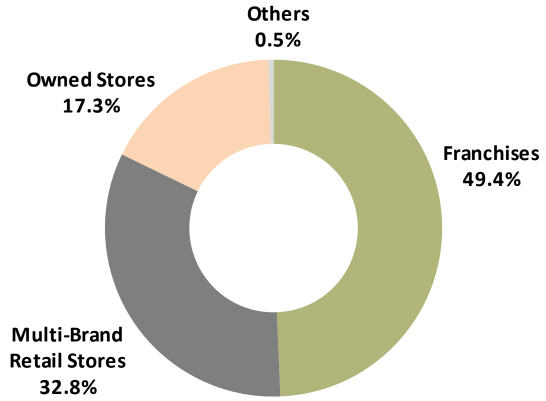
During 2Q11, Arezzo&Co's franchise model received two of the main industry awards for its management excellence: The Franchising Excellence Seal from the Brazilian Association of Franchises and the Best Franchise Award in the footwear, clothing, and accessories sector from the PEGN magazine.

As of June 2011, Arezzo&Co had 269 franchises. This is the most important sales channel of the group accounting for 49.4% of domestic sales in 2Q11.

Sell-in sales (Arezzo&Co's sales to its franchisees) to same franchises (SSS – franchises) expanded 24.2% in 2Q11 compared to 2Q10.

This year, the emphasis on the campaign for the Cruise Collection 2011, which offers clients a summer collection preview at the end of June, positively impacted sell-in performance in the second quarter when compared to the same quarter last year.

Breakdown by channels - 2Q11*



** Domestic Market*

Owned Stores

The Owned Store channel accounts for 17.3% of Arezzo&Co's domestic sales. The Company has 31 Owned Stores: 14 Arezzo stores, 10 Schutz stores, 6 under the Anacapri brand, and one Alexandre Birman store. Of the total number of stores, 28 are located in São Paulo and Rio de Janeiro.

Same-store sales of the Company's Owned Stores (SSS – Owned Stores) rose 19.2% in 2Q11 versus 2Q10, boosted mainly by an increase in the volume of products sold.

The good performance of same-store sales is a reflection of the positive results of Arezzo&Co in all regions where it operates as well as its appropriate product mix and inventory turnover for the last winter collection. It should be noted that the comparative base of June last year was affected by the World Cup Event.

History – Franchises and Owned Stores	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
Sales Area – Total (m²)	**15,317**	**15,799**	**16,700**	**17,558**	**17,554**	**17,953**
Sales Area – Franchises (m²)	13,175	13,329	13,826	14,591	14,587	14,835
Sales Area – Owned Stores (m²)	2,142	2,470	2,874	2,967	2,967	3,118[1]
# of Owned Stores	**267**	**273**	**280**	**296**	**296**	**300**
# of Franchises	**245**	**248**	**253**	**267**	**267**	**269**
Arezzo	243	247	252	266	266	268
Schutz	1	1	1	1	1	1
Others	1	-	-	-	-	-
# of Owned Stores	**22**	**25**	**27**	**29**	**29**	**31**
Arezzo	10	11	13	13	13	14[1]
Schutz	9	9	10	10	10	10
Alexandre Birman	-	1	1	1	1	1
Anacapri	3	4	3	5	5	6

1 – Includes three outlet stores with a total area of 936 m²

Multi-Brand

In June we presented the brands Arezzo, Schutz a Anacapri at *Feira Francal 2011*, an industry trade fair where the main Brazilian brands present their summer collection. This trade fair, together with *Feira Couro Moda* (winter products) - in the beginning of the year - account for an important part of the industry's annual sales of footwear and accessories to Multi-Brand stores.

Anacapri was presented to Brazilian Multi-Brand clients for the second time during *Feira Francal*, and more than two-thirds of the retailers that had purchased Anacapri products during the previous trade fair purchased Anacapri shoes and handbags again. This is a good indicator of the acceptance of the brand in the country.

In 2Q11, when mostly winter-collection products are sold, the four brands of the group were distributed through 1,612 stores throughout Brazil.

Main Financial Indicators	2Q10	2Q11	Growth or spread (%)	1H10	1H11	Growth or spread (%)
Net Revenue	125,302	152,240	21.5%	237,912	290,835	22.2%
(-) COGS	(71,705)	(86,532)	20.7%	(137,562)	(168,682)	22.6%
Gross Profit	53,597	65,708	22.6%	100,350	122,153	21.7%
Gross Margin	42.8%	43.2%	0.4 p.p.	42.2%	42.0%	-0.2 p.p.
(-) SG&A	(31,137)	(38,380)	23.3%	(61,122)	(74,969)	22.7%
% of Revenues	24.8%	25.2%	0.4 p.p.	25.7%	25.8%	0.1 p.p.
(-) Selling expenses	(21,717)	(26,085)	20.1%	(41,533)	(51,250)	23.4%
(-) Owned Stores	(7,905)	(10,163)	28.6%	(15,195)	(19,647)	29.3%
(-) Sales, Logistics and Supplies	(13,811)	(15,922)	15.3%	(26,338)	(31,603)	20.0%
(-) General and Administrative Expenses	(10,896)	(11,396)	4.6%	(20,703)	(22,299)	7.7%
(-) Other (Expenses) and Revenues	2,033	63	-96.9%	2,280	421	-81.5%
(-) Depreciation	(559)	(961)	71.9%	(1,167)	(1,840)	57.7%
EBITDA	23,019	28,289	22.9%	40,395	49,024	21.4%
EBITDA Margin	18.4%	18.6%	0.2 p.p.	17.0%	16.9%	-0.1 p.p.
Net Income	16,772	24,039	43.3%	27,142	38,767	42.8%
Net Margin	13.4%	15.8%	2.4 p.p.	11.4%	13.3%	1.9 p.p.
Working Capital[1] - % of Revenues	18.6%	20.9%	2.3 p.p.	18.6%	20.9%	2.3 p.p.
Invested Capital[2] - % of Revenues	21.5%	24.5%	3.0 p.p.	21.5%	24.5%	3.0 p.p.
Total Debt	42,677	32,276	-24.4%	42,677	32,276	-24.4%
Net Debt[3]	(6,280)	(167,063)	n/a	(6,280)	(167,063)	n/a
Net Debt/EBITDA LTM	-0.1 X	-1.6 X	n/a	-0.1 X	-1.6 X	n/a

1 – Working capital: Current assets less cash, cash equivalents, and financial investments deducted from the current liabilities, less loans and financing and interests on equity payable.
2 – Invested Capital: Net Working Capital plus Fixed Asset and Other Long Term Assets less Deferred Income and Social Contribution Taxes.
3 – Net Debt: Total Interest-Bearing Debt minus Cash, Cash Equivalents and Short Term Investments.

Net Revenue

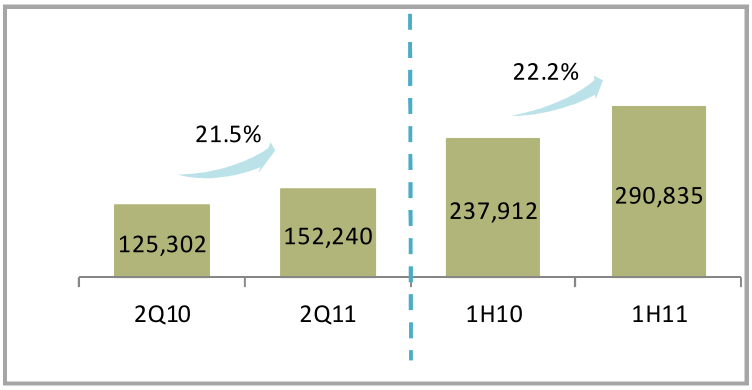
The Company's revenues totaled R$152.2 million in the quarter, up 21.5% from R$125.3 million in 2Q10. The main drivers of growth:

i) Sales area expansion: 13.6% versus 2Q10;

ii) Strong sales of the winter collection, good product turnover, and improvement in inventory replacement at stores;

iii) Increased store productivity by the same-store sales concept (SSS): Franchises (24.2%) and Owned Stores (19.2%);

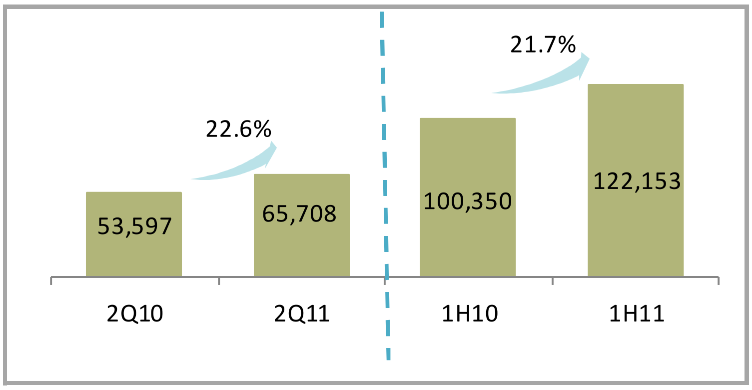
iv) Growth in sales through the Multi-Brand channel.



In the first half of 2011 the net revenue reached R$290.8 million, growing 22.2% versus the same period of the previous year.

Gross Profit

Gross profit in 2Q11 increased 22.6% compared to 2Q10, totaling R$65.7 million, and reaching a gross margin of 43.2%.



The growth in gross profit was primarily driven by an increase in revenues of 21.5% in the quarter.

The 0.4 percentage point improvement in gross margin was mainly attributable to an increase of Owned Stores in the sales channel mix (which has higher margins). Despite the change in the mix, there has been no change in the pricing policy, and no significant changes in the gross margin are therefore expected.

In the first half of 2011, gross profit amounted to R$122.2 million, up 21.7% from the result recorded in the first half of last year. This semester's gross margin was 42.0%, remaining at a level similar to that of 2010, when gross margin reached 42.2%.

SG&A

Selling Expenses

The Company's selling expenses may be broken down into two main groups:

i) Selling, Logistics, and Supplies:
- Include expenses for the sell-in and sell-out operations;

ii) Owned Store:
- Include only the Owned Store (sell-out) expenses;

The selling expenses rose 20.1% in 2Q11 to R$26.1 million compared to R$21.7 million in 2Q10. This rise was driven mainly by an increase in store expenses, which totaled R$10.2 million this quarter, up 28.6% from the same quarter a year, due to the opening of six Owned Stores over the past 12 months. The selling, logistics, and supplies expenses totaled R$15.9 million, 15.3% higher compared to 2Q10.

In the first half of this year, the selling expenses totaled R$51.3 million, recording growth of 23.4% versus the same period of 2010. The expenses for Owned Stores rose 29.3% to R$19.6 million compared to 1H10, while the selling, logistics, and supplies expenses amounted to R$31.6 million, 20.0% higher than 1H10.

General and Administrative Expenses

In 2Q11, the general and administrative expenses totaled R$11.4 million versus R$10.9 million in the same quarter of the previous year, a rise of 4.6%, reflecting the continued structuring of the Company's support areas during 2010 and 2011.

General and administrative expenses amounted to R$22.3 million in the first half of 2011, 7.7% higher than in the first half of the previous year.

Other Operating Revenues and Expenses

In 2Q11 the Company recorded other operating revenues of R$63 thousand compared to R$2.0 million in 2Q10, when it had a non-recurring revenue for the reversal of a tax provision.

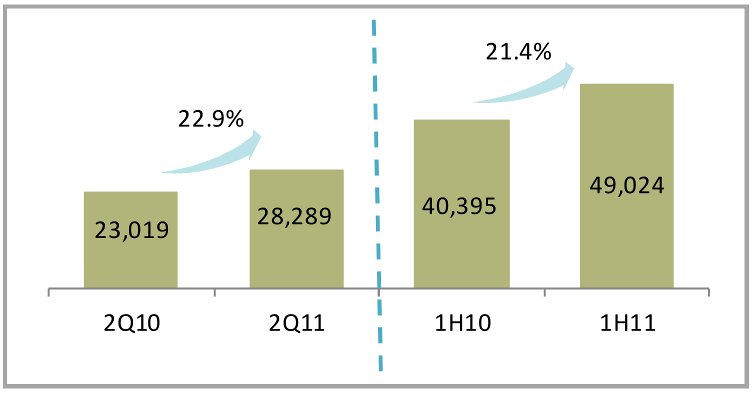
EBITDA and EBITDA Margin (%)

The Company's EBITDA grew 22.9% in 2Q11 versus 2Q10, amounting to R$28.3 million. The EBITDA margin in 2Q11 was 18.6%. The main drivers of the EBITDA growth in the quarter were the following:

i) 21.5% growth in net revenues;

ii) Expansion of the gross margin by 0.4 percentage point.

In the first half of 2011, Arezzo&Co posted EBITDA of R$49.0 million, a 21.4% growth compared to the first half of 2010, and margin of 16.9%, similar to the 17.0% margin recorded in the same period last year.

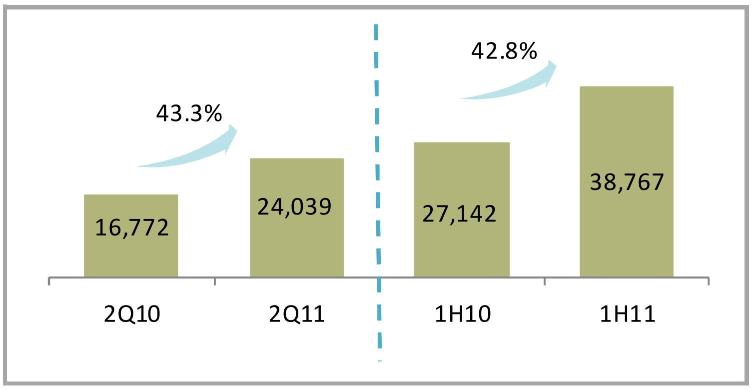


EBITDA Reconciliation	2Q10	2Q11	1H10	1H11
Net Income	16,772	24,039	27,142	38,767
(-) Income Tax and Social Contribution	(5,428)	(6,306)	(10,765)	(12,899)
(-) Financial Results	(260)	3,017	(1,321)	4,482
(-) Depreciation and amortization	(559)	(961)	(1,167)	(1,840)
EBITDA	23,019	28,289	40,395	49,024

Net Profit and Net Margin (%)

The Company kept a high conversion rate of EBITDA (margin of 18.6% in 2Q11) into Net Profit (margin of 15.8% in 2Q11), reflecting low use of capital for PP&E and therefore low depreciation. The result was also favorably impacted by the distribution of interest on equity, other tax incentives, and also the financial income of R$3.0 million.

The net income in 2Q11 totaled R$24.0 million versus R$16.8 million in 2Q10, a rise of 43.3%. Excluding the non-recurring effects of other operating revenues, the net income in 2Q11 exceeded that of 2Q10 by 62.7%.



The net income in the first half of 2011 totaled R$38.8 million versus R$27.1 million compared to the same period of 2010, a growth of 42.8%. Excluding the non-recurring effects of other operating revenues, the net income in 1H11 exceeded that of 1H10 by 54.2%.

Operational Cash Generation

In 2Q11, the Company generated operating cash flow of R$42.8 million. In this quarter, a significant portion of the Company's cash flow was the result of a reduction in the accounts receivable, since all balances for the summer collection of the previous year and a significant portion of the balances for the winter collection are received during Q2.

Cash flows from operating activities	2Q10	2Q11	Growth or Spread (%)	1H10	1H11	Growth or Spread (%)
Income before income taxes	22,200	30,345	8,145	37,907	51,666	13,759
Depreciation and amortization	559	961	402	1,167	1,840	673
Other	(45)	(4,395)	(4,350)	49	(6,263)	(6,312)
Decrease (increase) in current assets / liabilities	11,848	22,814	10,966	(6,579)	10,747	17,326
Trade accounts receivable	41,805	42,262	457	21,742	23,896	2,154
Inventories	(7,920)	(3,114)	4,806	(17,190)	(18,837)	(1,647)
Suppliers	(20,170)	(13,629)	6,541	(2,065)	8,528	10,593
Change in other current assets and liabilities	(1,867)	(2,705)	(838)	(9,066)	(2,840)	6,226
Change in other non current assets and liabilities	(718)	(907)	(189)	1,880	(1,171)	(3,051)
Tax and contributions	(1,224)	(5,974)	(4,750)	(2,080)	(8,340)	(6,260)
Net cash generated by operating activities	32,620	42,844	10,224	32,344	48,479	16,135

Investments – CAPEX

The Company's investments may be divided into three types: (1) investments in the expansion or renovation of its Owned Stores; (2) corporate investments, including IT, installations, showrooms, and offices; and (3) other investments, mainly related to the modernizations of the industrial operations.

Comparing 2Q11 with 2Q10, overall capex remained at very similar levels and were mainly concentrated in the opening and expansion of stores' sales area.

Total capex increased 12.3% in 1H11 versus 1H10 due to investments in sales area expansions and investments in the Company's corporate structure.

Summary of investments (R$'m)	2Q10	2Q11	Growth or Spread (%)	1H10	1H11	Growth or Spread (%)
CAPEX - total	4.0	3.6	-10.0%	6.5	7.3	12.3%
Stores – expansion and reforming	2.1	2.1	0.0%	3.8	4.3	13.2%
Corporate	1.0	1.2	20.0%	1.7	2.5	47.1%
Others	0.9	0.2	-77.8%	1.0	0.5	-50.0%

Cash Position and Indebtedness

The Company ended 2Q11 with a net cash position of R$167.1 million. The indebtedness policy remained conservative, with the following main characteristics:

- Indebtedness totaled R$32.3 million in 2Q11 versus R$33.6 million in 1Q11;
- Long-term debt relevance stood at 61.1% in 2Q11 versus 61.9% in 1Q11;
- The weighted-average cost of the Company's total debt in 2Q11 remained very low.

Cash Position and Indebtness	2Q10	1Q11	2Q11
Cash and cash equivalents	48,957	187,293	199,339
Total Debt	42,677	33,586	32,276
Short Term Debt	21,998	12,813	12,547
As % of Total Debt	*51.5%*	*38.1%*	*38.9%*
Long Term Debt	20,679	20,773	19,729
As % of Total Debt	*48.5%*	*61.9%*	*61.1%*
Net Debt	(6,280)	(153,707)	(167,063)

ROIC (Return on Invested Capital)

In line with the Company's strategic positioning, the amount of capital invested in 2011 is higher than in the previous year, notably for the working capital initiatives.

As a result of the increase in the capital invested in the operation, the return on invested capital (ROIC) was 48.4% in 2Q11 versus 61.0% in 2Q10, or a drop of 12.6 percentage points.

Return On Invested Capital (ROIC)	2Q09	2Q10	2Q11	Growth or spread (%)
EBIT (LTM)		77,119	100,857	30.8%
(+) Income Tax and Social Contribution (LTM)		(13,238)	(26,889)	103.1%
NOPLAT LTM		**63,881**	**73,968**	**15.8%**
Working Capital[1]	57,425	90,844	130,740	43.9%
Permanent Assets	17,418	28,740	41,332	43.8%
Other Long Term Assets[2]	9,254	5,622	8,353	48.6%
Invested Capital	**84,097**	**125,206**	**180,425**	**44.1%**
Avg. Invested Capital[3]		**104,652**	**152,816**	**46.0%**
ROIC[4]		**61.0%**	**48.4%**	**-12.6 p.p.**

1 - Working capital: Current assets less cash, cash equivalents, and financial investments deducted from the current liabilities, less loans and financing and interests on equity payable.
2 - After deferred income tax and social contribution.
3 - Average of invested capital in the period and in the same period of the previous year.
4 - ROIC: Noplat from the last 12 months divided by the average invested capital

Balance Sheet – IFRS

Assets	2T10	1T11	2T11
Current assets	**183,429**	**419,920**	**389,423**
Cash and cash equivalents	44,139	6,809	3,261
Short-term investments	4,818	180,484	196,078
Trade accounts receivable	81,548	150,836	108,576
Inventories	38,395	64,585	67,699
Taxes recoverable	7,921	8,889	6,196
Other receivables	6,608	8,317	7,613
Non-current assets	**51,217**	**60,977**	**63,117**
Long-term assets	**22,477**	**22,025**	**21,785**
Financial investments	103	96	66
Taxes recoverable	1,360	3,774	3,170
Deferred income and social contribution taxes	16,855	14,440	13,432
Other receivables	4,159	3,715	5,117
Investments	**-**	**-**	**-**
Property, plant and equipment	**16,840**	**22,134**	**22,904**
Intangible assets	**11,900**	**16,818**	**18,428**
Total assets	**234,646**	**480,897**	**452,540**

Liabilities	2T10	1T11	2T11
Current liabilities	**65,626**	**103,256**	**79,068**
Loans and financing	21,998	12,813	12,547
Trade accounts payable	27,009	50,901	37,272
Dividends and interest on equity capital payable	-	11,964	7,177
Other liabilities	16,619	27,578	22,072
Non-current liabilities	**27,902**	**30,069**	**26,365**
Loans and financing	20,679	20,773	19,729
Related parties	2,367	2,079	762
Other liabilities	4,856	7,217	5,874
Equity	**141,118**	**347,572**	**347,107**
Capital	21,358	40,917	40,917
Capital reserve	71,019	238,086	238,086
Income reserves	25,069	37,779	37,779
Proposed additional dividends	-	16,062	-
Retained Earnings	23,672	14,728	30,325
Total liabilities and shareholders' equity	**234,646**	**480,897**	**452,540**

Income Statement – IFRS

Income statement - IFRS	2Q10	2Q11	Growth (%)	1H10	1H11	Growth (%)
Net operating revenue	**125,302**	**152,240**	**21.5%**	**237,912**	**290,835**	**22.2%**
Cost of sales and services	(71,705)	(86,532)	20.7%	(137,562)	(168,682)	22.6%
Gross profit	**53,597**	**65,708**	**22.6%**	**100,350**	**122,153**	**21.7%**
Operating income (expenses):	**(31,137)**	**(38,380)**	**23.3%**	**(61,122)**	**(74,969)**	**22.7%**
Selling	(21,865)	(26,476)	21.1%	(42,009)	(52,000)	23.8%
Administrative and general	(11,305)	(11,967)	5.9%	(21,393)	(23,390)	9.3%
Other operating income, net	2,033	63	-96.9%	2,280	421	-81.5%
Income before financial results	**22,460**	**27,328**	**21.7%**	**39,228**	**47,184**	**20.3%**
Financial income (expenses)	(260)	3,017	-1260.4%	(1,321)	4,482	-439.3%
Income before income taxes	**22,200**	**30,345**	**36.7%**	**37,907**	**51,666**	**36.3%**
Income and social contribution taxes	**(5,428)**	**(6,306)**	**16.2%**	**(10,765)**	**(12,899)**	**19.8%**
Current	(3,767)	(5,298)	40.6%	(8,602)	(7,265)	-15.5%
Deferred	(1,661)	(1,008)	-39.3%	(2,163)	(5,634)	160.5%
Net income for the year	**16,772**	**24,039**	**43.3%**	**27,142**	**38,767**	**42.8%**
Income per share	**0.2143**	**0.2715**	**26.7%**	**0.3468**	**0.4473**	**29.0%**

Cash Flow Statements – IFRS

Cash Flow Statement - IFRS	2Q10	2Q11	1H10	1H11
Cash flows from operating activities				
Income before income and social contribution taxes	22,200	30,345	37,907	51,666
Adjustments to reconcile to net cash generated by operating activities	**514**	**(3,434)**	**1,216**	**(4,423)**
Depreciation and amortization	559	961	1,167	1,840
Financial Investments	226	(3,396)	1,715	(5,898)
Other	(271)	(999)	(1,666)	(365)
Decrease (increase) in assets	**32,534**	**41,744**	**5,389**	**5,095**
Trade accounts receivable	41,805	42,262	21,742	23,896
Inventories	(7,920)	(3,114)	(17,190)	(18,837)
Taxes recoverable	(1,350)	3,297	(1,551)	2,426
Variation in other current assets	2,079	701	3,169	(658)
Judicial deposits	(2,080)	(1,402)	(781)	(1,732)
(Decrease) increase in liabilities	**(21,404)**	**(19,837)**	**(10,088)**	**4,481**
Trade accounts payable	(20,170)	(13,629)	(2,065)	8,528
Labor liabilities	3,447	(3,670)	(892)	(2,613)
Tax and social liabilities	(4,828)	(2,165)	(6,523)	(1,960)
Change in other liabilities	147	(373)	(608)	526
Paid incomes and social contribution taxes	**(1,224)**	**(5,974)**	**(2,080)**	**(8,340)**
Net cash generated by operating activities	**32,620**	**42,844**	**32,344**	**48,479**
Cash flows from investing activities				
Increase in property, plant and equipment and intangible assets	(3,999)	(3,578)	(6,523)	(7,316)
Short-term investments	-	(56,500)	-	(248,693)
Redemption of short-term investments	(587)	44,732	1,177	64,532
Net cash used in investing activities	**(4,586)**	**(15,346)**	**(5,346)**	**(191,477)**
Cash flows from financing activities with third parties				
Short-term funding	12,122	2,868	27,555	6,804
Loan repayment	(15,656)	(4,575)	(26,089)	(22,283)
Receivables from (payables to) related parties, except shareholders	137	-	-	-
Net cash used in financing activities with third parties	**(3,397)**	**(1,707)**	**1,466**	**(15,479)**
Cash flows from financing activities with shareholders				
Interest on equity capital	(1,724)	-	(3,470)	-
Profit distribution	(20,593)	(28,025)	(20,593)	(28,025)
Receivables (payables) with shareholders	(749)	(1,314)	747	(250)
Capital increase	-	-	-	182,009
Net cash used in financing activities with shareholders	**(23,066)**	**(29,339)**	**(23,316)**	**153,734**
Increase (decrease) in cash and cash equivalents	**1,571**	**(3,548)**	**5,148**	**(4,743)**
Cash and cash equivalents				
Cash and cash equivalents - opening balance	42,568	6,809	38,991	8,004
Cash and cash equivalents - closing balance	44,139	3,261	44,139	3,261
Increase (decrease) in cash and cash equivalents	**1,571**	**(3,548)**	**5,148**	**(4,743)**

Notice

The information herein may include forward-looking statements that reflect management's current perception and view of the macroeconomic and industry conditions, the Company's performance, and financial results. Any declarations, projections, capacities, plans, and prospects provided in this document that do not describe historical facts, such as information about dividend payments, the future conduction of the operations, the implementation of important operating and financial strategies, the investment plan, and the factors or trends that affect the financial condition, liquidity, or results of the operations are deemed to be forward-looking within the meaning set forth in the "U.S. Private Securities Litigation Reform Act" of 1995 and entail several risks and uncertainties. There is no guaranty that such results will be attained. The declarations are based on various factors and expectations, including economic and market conditions, level of competition in the industry, and operational factors. Any changes in such expectations and factors may lead the actual results to materially differ from the current projections.

The Company's consolidated financial information presented herein have been prepared in accordance with the international accounting standards (IFRS) issued by the International Accounting Standards Board (IASB) based on audited financial information. The non-financial information and other operating information have not been audited by the independent auditors.