3Q11 Results

AREZZO &CO

AREZZO

SCHUTZ

Alexandre Birman

ANACAPRI

Earnings Release – 3Q11

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Alexandre Birman

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Belo Horizonte, November 09, 2011. Arezzo&Co (BM&FBOVESPA ticker: ARZZ3), leader in the women's footwear, handbags, and accessories in Brazil, releases its results for the third 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 (3Q10), except as otherwise stated.

ARZZ3 price on November 8, 2011:
R$22.70

Market cap on November 8, 2011:
R$2,009.9 million

Earnings conference call:
With simultaneous translation

Thursday, November 10, 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.

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Arezzo&Co records growth of 63.3% in net income and 18.9% in net revenues compared to 3Q10

HIGHLIGHTS

- Net revenues in 3Q11 totaled R$188.9 million, up 18.9% from 3Q10;
- The Company's gross margin stood at 41.8% in 3Q11, 2.1 percentage points higher than in 3Q10;
- EBITDA in 3Q11 amounted to R$35.5 million, with margin of 18.8%, growing 47.5% over 3Q10;
- Net income in 3Q11 was R$25.9 million, 63.3% higher than in the same period of the previous year;
- In 3Q11, Arezzo&Co expanded its store network with the opening of 11 points of sale: eight Arezzo stores (six franchise stores and two owned stores) and three Schutz stores (one franchise store and two owned stores).

Summary of Results (R$'000)	3Q10	3Q11	Growth or Spread(%)	9M10	9M11	Growth or Spread (%)
Net Revenue	158,829	188,901	18.9%	396,741	479,736	20.9%
Gross Profit	63,114	78,925	25.1%	163,464	201,078	23.0%
Gross Margin	39.7%	41.8%	2.1 p.p.	41.2%	41.9%	0.7 p.p.
Ebitda¹	24,093	35,535	47.5%	64,488	84,559	31.1%
Ebitda Margin¹	15.2%	18.8%	3.6 p.p.	16.3%	17.6%	1.3 p.p.
Net Profit	15,890	25,945	63.3%	43,032	64,712	50.4%
Net Margin	10.0%	13.7%	3.7 p.p.	10.8%	13.5%	2.7 p.p.

Operating Indicators	3Q10	3Q11	Growth or Spread(%)	9M10	9M11	Growth or Spread (%)
# of pairs sold ('000)	1,893	2,213	16.9%	4,446	5,206	17.1%
# of handbags sold ('000)	95	129	35.6%	231	312	35.2%
# of emplyees	1,531	1,746	14.0%	1,531	1,746	14.0%
# of stores	280	311	11.1%	280	311	11.1%
Owned stores	27	36	33.3%	27	36	33.3%
Franchises	253	275	8.7%	253	275	8.7%
Outsourcing (as % of total production)	85.7%	87.6%	1.9 p.p.	82.7%	85.4%	2.7 p.p.
SSS² (franchises - sell-in)	25.8%	11.6%		34.5%	15.6%	
SSS² (owned stores - sell-out)	26.5%	0.4%		25.8%	9.6%	

1-EBITDA = Earnings before net financial expenses, income tax and social contribution on net income, depreciation and amortization. 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 owned 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	3Q10	3Q11	Growth or spread%	9M10	9M11	Growth or spread%
Total Gross Revenue	**197,998**	**238,461**	**20.4%**	**494,010**	**606,819**	**22.8%**
Exports market	**13,402**	**11,549**	**-13.8%**	**36,465**	**31,281**	**-14.2%**
Domestic market	**184,596**	**226,912**	**22.9%**	**457,545**	**575,538**	**25.8%**
By brand						
Arezzo	135,724	159,222	17.3%	329,802	399,512	21.1%
Schutz	44,259	59,311	34.0%	119,419	155,822	30.5%
Other brands¹	4,613	8,379	81.6%	8,324	20,204	142.7%
Domestic market	**184,596**	**226,912**	**22.9%**	**457,545**	**575,538**	**25.8%**
By channel						
Franchises	103,238	120,976	17.2%	247,600	300,356	21.3%
Multibrand retail stores	48,745	69,248	42.1%	132,372	177,056	33.8%
Owned stores²	29,199	34,647	18.7%	72,463	93,331	28.8%
Others³	3,414	2,041	-40.2%	5,110	4,795	-6.2%

(1) Includes the Alexandre Birman and Anacapri brands only in the domestic market.
(2) Owned Stores: includes the Schutz web commerce sales channel.
(3) Includes domestic-market revenues not specifically generated by the distribution channels.

Brands

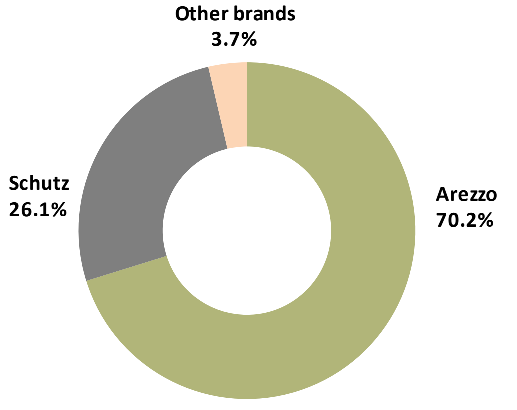
Arezzo&Co has four important brands in its platform: Arezzo, Schutz, Alexandre Birman, and Anacapri, which are distributed by a network of Owned, Franchise, Multi-Brand and Web commerce stores throughout all Brazilian states. The products are also sold in the international market through Franchise, Multi-Brand,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

In each year, third quarter marks the transition from winter to summer collection. In July, the Owned and Franchise Stores of the Group carried out promotional sales of winter products and started selling the summer collection. Since August, store windows have been offering only the summer collection.

The company has expanded, until third quarter of this year, 1,327m² of selling area, of which 391m² result from expansion of existing stores.

Arezzo, the group's main brand by sale, recorded gross revenues of R$159.2 million in 3Q11, growing 17.3% versus 3Q10 and accounting for 70.2% of domestic sales. Moving forward with the strategic inventory initiative, the brand officially launched the Arezzo Classic line at stores in July. The products under this line are now continuously replenished, thus ensuring a higher service level at stores throughout the year.

Gross revenue by brand - 3Q11*



*Domestic market**

Schutz recorded growth of 34.0% in 3Q11 compared with the same period last year, with gross revenues totaling R$59.3 million and accounting for 26.1% of domestic sales. Schutz has launched in this quarter a new store project that places emphasis on the products and brand communication, offering a superior buying experience. An Owned Store under this format was initially opened in the city of São Paulo, and the first pilot franchise store under this format was also opened in the city of Salvador. Additionally, Schutz started selling its products online in 3Q11 through its Web commerce: http://loja.schutz.com.br/.

The Alexandre Birman brand is the first Brazilian footwear brand to share shelf space with the most famous fashion designers at international retail chains in several parts of the world, such as North America, Europe, and Asia. The brand remains on track on its important mission to open new markets for the group outside Brazil. In 3Q11 the brand started offering leather accessories in the Brazilian market, including handbags, belts, and bracelets.

The Anacapri brand continues to improve its products as well as its creation and development process. Such operational improvements have been increasing the product's quality and value perception without a corresponding impact on costs.

Channels

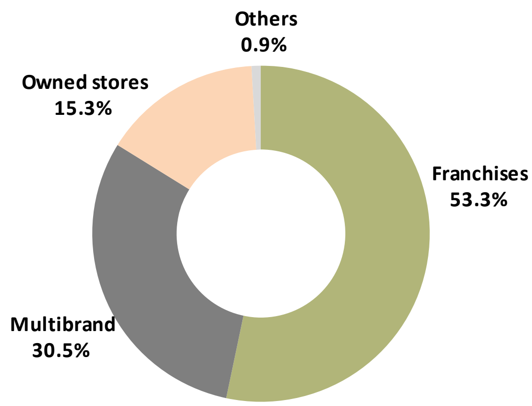
Franchise Store

The franchise distribution model was reinforced with the opening of the first Schutz pilot franchise store in the city of Salvador, State of Bahia.

As of September 2011, Arezzo&Co had 275 franchise stores. This is the Group's most important sales channel, which accounted for 53.3% of domestic sales in 3Q11.

Sell-in sales (Arezzo&Co's sales to its franchisees) to same Franchise Stores (SSS – Franchise Stores) expanded 11.6% in 3Q11 compared to 3Q10.

Gross revenue by channel - 3Q11*



*Domestic market**

Owned Stores

The Owned Store channel accounts for 15.3% of Arezzo&Co's domestic sales. The Company has 36 Owned Stores: 17 Arezzo stores, 12 Schutz stores, six under the Anacapri brand, and one Alexandre Birman store. Of the total number of stores, 31 are located in São Paulo and Rio de Janeiro.

Same-store sales of the Company's Owned Stores (SSS – Owned Stores) rose 0.4% in 3Q11 compared to 3Q10. The result of Owned Stores in the quarter was affected mainly by a decline in costumer flows and weather conditions. It should be noted that the SSS comparison base in 3Q10 was very high, at 26.5%.

History - Franchises and Owned Stores	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11
Sales area - Total (m²)	**15,317**	**15,799**	**16,700**	**17,558**	**17,554**	**17,953**	**19,280**
Sales area - franchises (m²)	13,175	13,329	13,826	14,591	14,587	14,835	15,466
Sales area - owned stores¹ (m²)	2,142	2,470	2,874	2,967	2,967	3,118	3,814
Total number of stores	**267**	**273**	**280**	**296**	**296**	**300**	**311**
# of franchises	**245**	**248**	**253**	**267**	**267**	**269**	**275**
Arezzo	243	247	252	266	266	268	273
Schutz	1	1	1	1	1	1	2
Others	1	-	-	-	-	-	-
# of owned stores¹	***22***	***25***	***27***	***29***	***29***	***31***	***36***
Arezzo	10	11	13	13	13	14	17
Schutz	9	9	10	10	10	10	12
Alexandre Birman	-	1	1	1	1	1	1
Anacapri	3	4	3	5	5	6	6

1 – Includes five outlet stores with total area of 1,334 m².

Multi-Brand

Sales frequency of the brands of the Group to multi-brand stores has been increasing owing to constant efforts to stimulate storeowners to make purchases in all annual collections and also improved sourcing dynamics and product distribution.

As a result of these adjustments, the summer collection was delivered to the multi-brand channel earlier this year, leading to greater concentration of sales in the quarter within the semester.

In 3Q11, when most winter-collection products are sold, the four brands of the group were distributed through 1,783 stores throughout Brazil.

Main Financial Indicators

Main financial Indicators	3Q10	3Q11	Growth or spread (%)	9M10	9M11	Growth or spread (%)
Net revenue	158,829	188,901	18.9%	396,741	479,736	20.9%
(-) COGS	(95,715)	(109,976)	14.9%	(233,277)	(278,658)	19.5%
Gross profit	63,114	78,925	25.1%	163,464	201,078	23.0%
Gross margin	39.7%	41.8%	2.1 p.p.	41.2%	41.9%	0.7 p.p.
(-) SG&A	(39,701)	(44,440)	11.9%	(100,823)	(119,409)	18.4%
% of Revenues	25.0%	23.5%	-1.5 p.p.	25.4%	24.9%	-0.5 p.p.
(-) Selling expenses	(26,656)	(31,756)	19.1%	(68,188)	(83,006)	21.7%
(-) Owned stores	(9,167)	(10,898)	18.9%	(24,362)	(30,544)	25.4%
(-) Sales, logistics and supply	(17,489)	(20,858)	19.3%	(43,826)	(52,462)	19.7%
(-) General and administrative expenses	(12,706)	(11,871)	-6.6%	(33,409)	(34,171)	2.3%
(-) Other (expenses) and revenues	341	237	-30.5%	2,621	658	-74.9%
(-) Depreciation and amortization	(680)	(1,050)	54.4%	(1,847)	(2,890)	56.5%
EBITDA	24,093	35,535	47.5%	64,488	84,559	31.1%
EBITDA margin	15.2%	18.8%	3.6 p.p.	16.3%	17.6%	1.3 p.p.
Net income	15,890	25,945	63.3%	43,032	64,712	50.4%
Net margin	10.0%	13.7%	3.7 p.p.	10.8%	13.5%	2.7 p.p.
Working capital[1] - % of revenues	19.7%	25.0%	5.3 p.p.	19.7%	25.0%	5.3 p.p.
Invested capital[2] - % of revenues	24.8%	27.9%	3.1 p.p.	24.8%	27.9%	3.1 p.p.
Total debt	37,457	35,065	-6.4%	37,457	35,065	-6.4%
Net debt[3]	18,703	(143,934)	n/a	18,703	(143,934)	n/a
Net debt/EBITDA LTM	0.2 X	-1.2 X	n/a	0.2 X	-1.2 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 dividends payable.

2 – Invested capital: Working capital plus fixed assets and other long-term assets, less deferred income tax and social contribution.

3 – The net debt corresponds to the company's total interest-bearing debt at the end of a period, less cash, cash equivalents, and short-term investments.

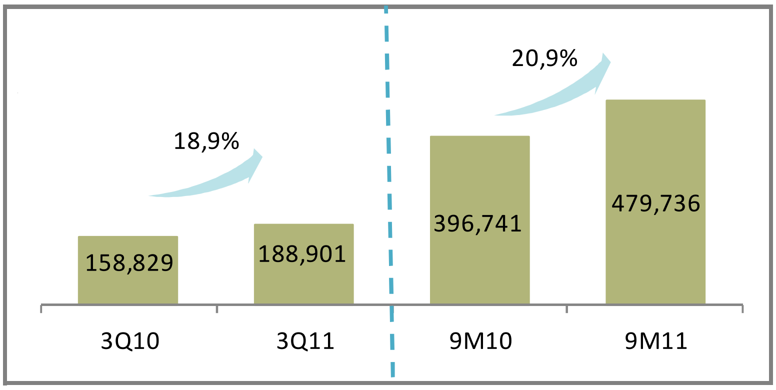
Net Revenue

The Company's revenues totaled R$188.9 million in the quarter, up 18.9% from R$158.8 million in 3Q10. The main drivers of this growth were the following:

i) Expansion of 15.1% in selling space compared to 3Q10. Selling space of Owned Stores increased 32.7%;

ii) Growth of 11.6% in same-store sales of Franchise Stores;

iii) Strong growth of the Multi-Brand channel.



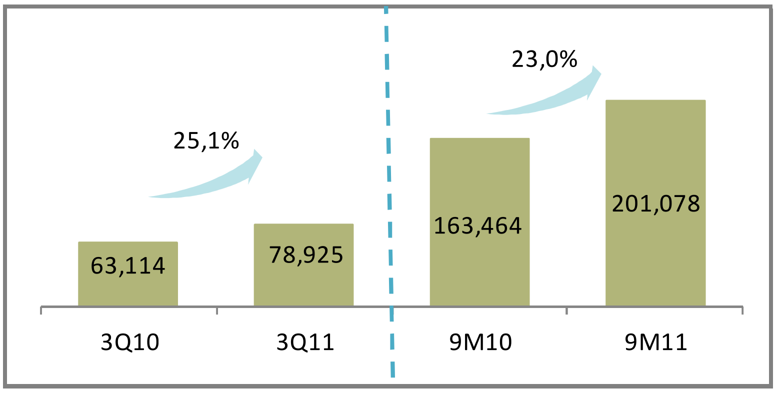
In the first nine months of 2011 the net income reached R$479.7 million, growing 20.9% versus the same period of the previous year.

Gross Profit

Gross profit in 3Q11 increased 25.1% compared to 3Q10, totaling R$78.9 million, leading to a gross margin of 41.8%.

The higher gross profit in the quarter is mainly a reflection of an increase in revenues of 18.9% in the quarter.

Gross margin in the quarter was 2.1 percentage points higher than in the same period of the previous year, owing primarily to a change in the distribution channel mix and a higher share of imported handbags in the product mix.



Gross profit in the first nine months of 2011 reached R$201.1 million, growing 23.0% versus the same period of the previous year. Gross margin in the first nine months of 2011 was 41.9%, or 0.7 percentage point higher than the 41.2% gross margin of 2010.

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 Stores:
- Include only the Owned Store (sell-out) expenses.

In 3Q11, the selling expenses rose 19.1% to R$31.8 million compared to R$26.7 million in the same quarter a year ago. This rise was driven by new Owned Stores, whose expenses totaled R$10.9 million this quarter, up 18.9% from the same quarter last year, due to the opening of eight Owned Stores over the past 12 months. The selling, logistics, and supplies expenses totaled R$20.9 million, 19.3% higher compared to 3Q10, as a result of additions to the sales teams of the Anacapri and Schultz brands.

In the first nine months of the year, the selling expenses totaled R$83.0 million, recording growth of 21.7% versus the same period of 2010. The expenses for Owned Stores rose 25.4% to R$30.5 million compared to the first nine months of 2010, while the selling, logistics, and supplies expenses amounted to R$52.5 million, 19.7% higher than in the same period last year.

General and Administrative Expenses

In 3Q11, the general and administrative expenses totaled R$11.9 million versus R$12.7 million in the same quarter of the previous year, reduction of 6.6% as a result of several efforts to control expenses, despite the continued structuring of the Company's support areas during 2010 and 2011.

The general and administrative expenses amounted to R$34.2 million in the first nine months of 2011, 2.3% higher than in the same period of the previous year.

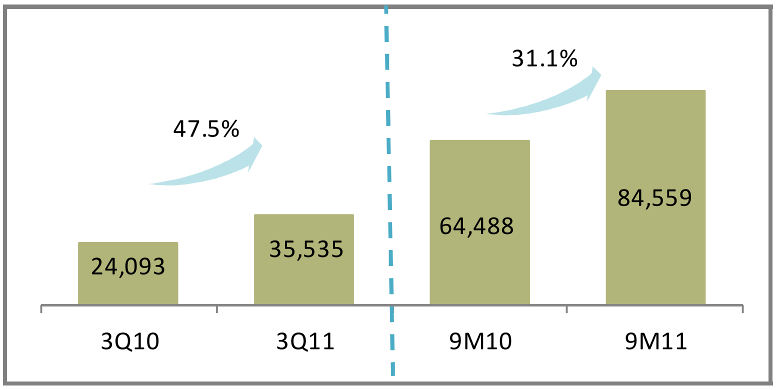
EBITDA and EBITDA Margin (%)

The Company's EBITDA grew 47.5% in 3Q11 versus 3Q10, amounting to R$35.5 million. The EBITDA margin in 3Q11 was 18.8% compared to 15.2% in 3Q10. The main drivers of the EBITDA growth in the quarter were the following:

i) Growth of 18.9% in the net revenues;

ii) Expansion of the gross margin by 2.1 percentage points;

iii) Dilution of selling, general, and administrative expenses from 25.0% to 23.5%.



In the first nine months of 2011, Arezzo&Co posted EBITDA of R$84.6 million, a 31.1% growth compared to the first nine months of 2010, and margin of 17.6%, higher than the 16.3% margin recorded in the same period last year.

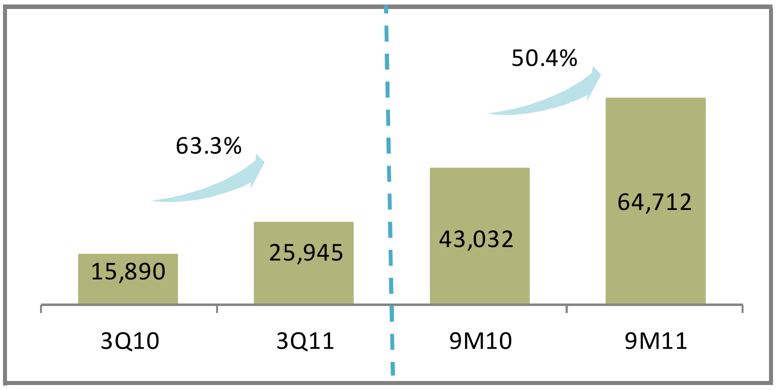
Ebitda reconciliation	3Q10	3Q11	9M10	9M11
Net income	15,890	25,945	43,032	64,712
(-) Income tax and social contribution	(5,961)	(12,909)	(16,726)	(25,808)
(-) Financial result	(1,562)	4,369	(2,883)	8,851
(-) Depreciation and amortization	(680)	(1,050)	(1,847)	(2,890)
Ebitda	24,093	35,535	64,488	84,559

Net Profit and Net Margin (%)

The Company kept a high conversion rate of EBITDA (margin of 18.8% in 3Q11) into net profit (margin of 13.7% in 3Q11), reflecting low use of capital for PP&E and therefore low depreciation.

The net income in 3Q11 totaled R$25.9 million versus R$15.9 million in 3Q10, a rise of 63.3%.

The net income in the first nine months of 2011 totaled R$64.7 million, up 50.4% from R$43.0 million in the same period of 2010.



Operating Cash Generation

In 3Q11, Arezzo&Co disbursed R$8.0 million of Company's operating cash. According to the calendar of deliveries, the Company manufactures and distributes the summer collection during the quarter to its several channels. Accordingly, the level of accounts receivable saw an increase.

Cash flows from operating activity	3Q10	3Q11	Growth or spread	9M10	9M11	Growth or spread
Income before income taxes	21,851	38,854	17,003	59,758	90,520	30,762
Depreciation and amortization	680	1,050	370	1,847	2,890	1,043
Others	499	(1,680)	(2,179)	548	(7,943)	(8,491)
Decrease (increase) in current assets / liabilities	(15,848)	(38,949)	(23,101)	(22,406)	(28,200)	(5,794)
Trade accounts reveivable	(30,203)	(51,314)	(21,111)	(8,461)	(27,418)	(18,957)
Inventories	(13,003)	(3,983)	9,020	(30,193)	(22,820)	7,373
Suppliers	16,350	12,778	(3,572)	14,285	21,306	7,021
Change in other current assets and liabilities	11,008	3,570	(7,438)	1,963	732	(1,231)
Change in other non current assets and liabilities	2,215	(946)	(3,161)	4,074	(2,119)	(6,193)
Tax and contributions	(10,686)	(6,363)	4,323	(12,766)	(14,703)	(1,937)
Net cash generated by operating activities	(1,289)	(8,034)	(6,745)	31,055	40,445	9,391

Investments – CAPEX

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

Total capex in 3Q11 rose substantially compared to 3Q10, attributable mainly to the opening of five stores, purchase of points of sale for future store openings, and expansion in selling area of existing stores.

Comparing the first nine months of 2011 with the same period last year, overall Capex increased 81.7% owing to investments in store expansions and in the Company's corporate structure.

Sumary of investments (R$ 'm)	3Q10	3Q11	Growth or spread (%)	9M10	9M11	Growth or spread (%)
Total Capex	**2.8**	**9.6**	**242.9%**	**9.3**	**16.9**	**81.7%**
Stores - expansion and reforming	1.4	7.9	464.3%	5.2	12.2	134.6%
Corporate	1.1	1.5	36.4%	2.8	4.0	42.9%
Others	0.3	0.2	-33.3%	1.3	0.7	-46.2%

Cash Position and Indebtedness

The Company ended 3Q11 with a net cash position of R$143.9 million. The indebtedness policy remained conservative, with the following main characteristics:

- Indebtedness totaled R$35.1 million in 3Q11 versus R$32.3 million in 2Q11;
- Long-term debt stood at 53.6% in 3Q11 versus 61.1% in 2Q11;
- The weighted-average cost of the Company's total debt in 3Q11 remained very low.

Cash position and indebtedness	3Q10	2Q11	3Q11
Cash and cash equivalents	18,754	199,339	178,999
Total indebtedness	37,457	32,276	35,065
Short term	17,288	12,547	16,270
As % of total debt	*46.2%*	*38.9%*	*46.4%*
Long term	20,169	19,729	18,795
As % of total debt	*53.8%*	*61.1%*	*53.6%*
Net debt	18,703	(167,063)	(143,934)

ROIC (Return on Invested Capital)

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

The return on invested capital (ROIC) was 42.7% in this quarter versus 55.9% in 3Q10, reflecting the higher level of capital invested in the operation.

Operating Result	3Q09	3Q10	3Q11	Growth or Spread (%)
EBIT (LTM)		83,238	111,848	34.4%
(+) Income tax and social contribution (LTM)		(15,892)	(33,756)	112.4%
NOPLAT		**67,346**	**78,092**	**16.0%**
Working capital[1]	57,425	105,221	163,375	55.3%
Permanent assets	17,418	30,840	49,466	60.4%
Other long term assets	22,379	7,615	9,170	20.4%
Invested capital	**97,222**	**143,676**	**222,011**	**54.5%**
Average invested capital[3]		**120,449**	**182,844**	**51.8%**
ROIC[4]		**55.9%**	**42.7%**	**-13.2 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	3Q10	2Q11	3Q11
Current assets	**191,633**	**389,423**	**423,739**
Cash and cash equivalents	14,506	3,261	6,229
Short-term investments	4,248	196,078	172,770
Trade accounts receivables	111,692	108,576	159,889
Inventories	51,398	67,699	71,941
Taxes recoverable	3,389	6,196	3,647
Other receivables	6,400	7,613	9,263
Non current assets	**57,199**	**63,117**	**72,282**
Long-term assets	**26,359**	**21,785**	**22,816**
Financial investments	99	66	78
Taxes recoverable	2,993	3,170	3,170
Deferred income and social contribution taxes	18,744	13,432	13,646
Other receivables	4,523	5,117	5,922
Investments	-	-	-
Property, plant and equipment	**18,460**	**22,904**	**24,901**
Intangible assets	**12,380**	**18,428**	**24,565**
Total assets	**248,832**	**452,540**	**496,021**

Liabilities	3Q10	2Q11	3Q11
Current liabilities	**84,946**	**79,068**	**97,635**
Loans and financing	17,288	12,547	16,270
Trade accounts payable	43,359	37,272	50,050
Dividends and interest on equity capital payable	-	7,177	-
Other liabilities	24,299	22,072	31,315
Non-current liabilities	**27,206**	**26,365**	**25,697**
Loans and financing	20,169	19,729	18,795
Related parties	2,066	762	894
Other liabilities	4,971	5,874	6,008
Equity	**136,680**	**347,107**	**372,689**
Capital	21,358	40,917	40,917
Capital reserve	71,019	238,086	237,723
Income reserves	6,177	37,779	37,779
Proposed additional dividends	-	-	-
Retained Earnings	38,126	30,325	56,270
Total liabilities and shareholders' equity	**248,832**	**452,540**	**496,021**

Income Statement – IFRS

Income statement - IFRS	3Q10	3Q11	Growth or spread (%)	9M10	9M11	Growth or spread (%)
Net operating revenue	**158,829**	**188,901**	**18.9%**	**396,741**	**479,736**	**20.9%**
Cost of sales and services	(95,715)	(109,976)	14.9%	(233,277)	(278,658)	19.5%
Gross profit	**63,114**	**78,925**	**25.1%**	**163,464**	**201,078**	**23.0%**
Operating income (expenses):	**(39,701)**	**(44,440)**	**11.9%**	**(100,823)**	**(119,409)**	**18.4%**
Selling	(26,955)	(32,203)	19.5%	(68,964)	(84,203)	22.1%
Administrative and general	(13,087)	(12,474)	-4.7%	(34,480)	(35,864)	4.0%
Other operating income, net	341	237	-30.5%	2,621	658	-74.9%
Income before financial results	**23,413**	**34,485**	**47.3%**	**62,641**	**81,669**	**30.4%**
Financial income (expenses)	(1,562)	4,369	-379.7%	(2,883)	8,851	-407.0%
Income before income taxes	**21,851**	**38,854**	**77.8%**	**59,758**	**90,520**	**51.5%**
Income and social contribution taxes	**(5,961)**	**(12,909)**	**116.6%**	**(16,726)**	**(25,808)**	**54.3%**
Current	(7,171)	(12,936)	80.4%	(15,773)	(20,201)	28.1%
Deferred	1,210	27	-97.8%	(953)	(5,607)	488.4%
Net income for the year	**15,890**	**25,945**	**63.3%**	**43,032**	**64,712**	**50.4%**
Income per share	**0.2031**	**0.2930**	**44.3%**	**0.5499**	**0.7416**	**34.8%**

Cash Flow Statements – IFRS

Cash Flow Statement - IFRS	3Q10	3Q11	9M10	9M11
Cash flows from operating activities				
Income before income and social contribution taxes	21,851	38,854	59,758	90,520
Adjustments to reconcile to net cash generated by operating activities	**1,179**	**(630)**	**2,395**	**(5,053)**
Depreciation and amortization	680	1,050	1,847	2,890
Financial Investments	-	(4,921)	-	(11,806)
Interest and FX variation	296	2,806	2,011	3,793
Other	203	435	(1,463)	70
Decrease (increase) in assets	**(36,021)**	**(55,214)**	**(30,632)**	**(50,119)**
Trade accounts receivable	(30,203)	(51,314)	(8,461)	(27,418)
Inventories	(13,003)	(3,983)	(30,193)	(22,820)
Taxes recoverable	2,899	2,549	1,348	4,975
Variation in other current assets	320	(1,952)	3,489	(2,610)
Judicial deposits	3,966	(514)	3,185	(2,246)
(Decrease) increase in liabilities	**22,388**	**15,319**	**12,300**	**19,800**
Trade accounts payable	16,350	12,778	14,285	21,306
Labor liabilities	5,819	3,766	4,927	1,153
Tax and social liabilities	3,620	(1,106)	(2,903)	(3,066)
Change in other liabilities	(3,401)	(119)	(4,009)	407
Paid incomes and social contribution taxes	**(10,686)**	**(6,363)**	**(12,766)**	**(14,703)**
Net cash generated by operating activities	**(1,289)**	**(8,034)**	**31,055**	**40,445**
Cash flows from investing activities				
Increase in property, plant and equipment and intangible assets	(2,807)	(9,611)	(9,330)	(16,927)
Short-term investments	1,869	(40,620)	1,869	(289,313)
Redemption of short-term investments	(1,177)	68,837	-	133,369
Net cash used in investing activities	**(2,115)**	**18,606**	**(7,461)**	**(172,871)**
Short-term funding	7,381	7,105	34,936	13,909
Loan repayment	(13,087)	(7,122)	(39,176)	(29,405)
Net cash used in financing activities with third parties	**(5,706)**	**(17)**	**(4,240)**	**(15,496)**
Cash flows from financing activities with shareholders				
Interest on equity capital	(1,436)	(8,442)	(4,906)	(8,442)
Profit distribution	(18,892)	1,264	(39,485)	(26,761)
Receivables (payables) with shareholders	(195)	141	552	(109)
Capital increase	-	(550)	-	181,459
Net cash used in financing activities with shareholders	**(20,523)**	**(7,587)**	**(43,839)**	**146,147**
Increase (decrease) in cash and cash equivalents	**(29,633)**	**2,968**	**(24,485)**	**(1,775)**
Cash and cash equivalents				
Cash and cash equivalents - opening balance	44,139	3,261	38,991	8,004
Cash and cash equivalents - closing balance	14,506	6,229	14,506	6,229
Increase (decrease) in cash and cash equivalents	**(29,633)**	**2,968**	**(24,485)**	**(1,775)**

Notice

Statements regarding the Company's future business perspectives and projections of operational and financial results are merely estimates and projections, and as such they are subject to different risks and uncertainties, including, but not limited to, market conditions, domestic and foreign performance in general and in the Company's line of business. These risks and uncertainties cannot be controlled or sufficiently predicted by the Company management and may significantly affect its perspectives, estimates, and projections. Statements on future perspectives, estimates, and projections do not represent and should not be construed as a guarantee of performance. The operational information contained herein, as well as information not directly derived from the financial statements, have not been subject to a special review by the Company's independent auditors and may involve premises and estimates adopted by the management.