Earnings Release – 2Q12

AREZZO &CO

AREZZO

SCHUTZ

Alexandre Birman

ANACAPRI

Earnings Release – 2Q12



Belo Horizonte, August 1, 2012. Arezzo&Co (BM&FBOVESPA: ARZZ3), leader in women's footwear, handbags and accessories in Brazil, releases its results for the 2nd quarter of 2012. Company information, except as otherwise stated, is provided on a consolidated basis, figures, in millions of Reais, as required by the International Financial Reporting Standards (IFRS). All comparisons refer to the same period of 2011 (2Q11), except as otherwise stated.

ARZZ3 quotation on July 31, 2012:
R$32.17

Market Value on July 31, 2012:
R$2,849.9 million

Conference Call:
With simultaneous translation

Thursday, August 2, 2012
11:00 a.m. (Brasília time)

Telephones for connection:
Participants calling from Brazil:
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Password: Arezzo&Co

The presentation of slides and connection via webcast (via internet) will be available 30 minutes before at: www.arezzoco.com.br

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Arezzo&Co reports 31.0% increase in Net Revenue with the opening of 13 stores

HIGHLIGHTS

- Net Revenue in 2Q12 reached R$199.5 million, 31.0% growth compared with 2Q11;
- Company's Gross Margin reached 45.1% in 2Q12, 1.9 p.p. higher than the margin in 2Q11;
- EBITDA in 2Q12 totaled R$34.6 million, representing a 17.4% margin and a 22.4% growth compared with 2Q11;
- Net Profit in 2Q12 totaled R$25.8 million, a 7.2% increment when compared with the same period of the previous year;
- In this quarter, Arezzo&Co opened 13 stores in Brazil: 4 owned stores (1 Arezzo and 3 Schutz) and 9 franchises (5 Arezzo and 4 Schutz). In this same period 4 stores were expanded: 2 owned stores and 2 franchises, adding 212 sq m

Summary of Results	2Q11	2Q12	Growth or Spread(%)	1H11	1H12	Growth or Spread (%)
Net Revenue	152,240	199,468	31.0%	290,835	360,829	24.1%
Gross Profit	65,708	89,935	36.9%	122,153	157,108	28.6%
Gross Margin	43.2%	45.1%	1.9 p.p.	42.0%	43.5%	1.5 p.p.
Ebitda[1]	28,289	34,634	22.4%	49,024	49,302	0.6%
Ebitda Margin[1]	18.6%	17.4%	-1.2 p.p.	16.9%	13.7%	-3.2 p.p.
Net Profit	24,039	25,763	7.2%	38,767	36,615	-5.6%
Net Margin	15.8%	12.9%	-2.9 p.p.	13.3%	10.1%	-3.2 p.p.

Operating Indicators	2Q11	2Q12	Growth or Spread(%)	1H11	1H12	Growth or Spread (%)
# of pairs sold ('000)	1,562	1,907	22.1%	2,994	3,620	20.9%
# of handbags sold ('000)	103	125	21.4%	182	230	26.4%
# of employees	1,755	2,041	16.3%	1,755	2,041	16.3%
# of stores	300	351	17.0%	300	351	17.0%
Owned stores	31	50	61.3%	31	50	61.3%
Franchises	269	301	11.9%	269	301	11.9%
Outsourcing (as % of total production)	83.6%	85.3%	1.7 p.p.	83.6%	85.7%	2.1 p.p.
SSS[2] (franchises - sell-in)	24.2%	14.5%		19.1%	10.4%	
SSS[2] (owned stores - sell-out)	19.2%	11.2%		15.6%	11.6%	

1-EBITDA = Earnings before Net Financial Expenses, Income and Social Contribution Taxes, Depreciation and Amortization. EBITDA is not a measure used in accounting practices adopted in Brazil, does not represent cash flow for the periods presented and should not be considered as an alternative to Net profit as an operating performance indicator, or as an alternative to Cash Flow, as a liquidity indicator. EBITDA does not have a standardized meaning, and the Company's definition of EBITDA may not be comparable to adjusted EBITDA of other companies. Although EBITDA does not provide an operating cash flow measure in accordance with accounting practices adopted in Brazil, Management uses it to measure operating performance. Additionally, the Company understands that certain financial investors and analysts use EBITDA as an indicator of a company's operating performance and/or cash flow.

2- SSS (Same-Store Sales): Stores are included in comparable stores' sales as of the 13th month of operation. Variations in comparable stores' sales in the two periods are based on sales, net of returns, for owned stores, and on gross sales for franchises in operation during both periods under comparison. If a store is included in the calculation of comparable stores' sales for only a portion of one of the periods under comparison, this store will be included in the calculation of the corresponding portion of the other period. When square meters are added to or deducted from a store included in comparable stores' sales, the store is excluded from comparable stores' sales. When a store operation is discontinued, this store's sales are excluded from the calculation of comparable stores' sales for the periods under comparison. From this period, if a franchisee opens a warehouse, its sales will be included in comparable stores' sales if its franchises are operating during both periods under comparison. The so-called "SSS of Franchises – Sell In" refers to comparison of Arezzo&Co's sales with those of each Franchised Store in operation for more than 12 months, serving as a more accurate indicator for monitoring the Group's revenue. On the other hand, "SSS of Owned Stores – Sell Out" is based on the point of sales' performance, which, in the case of Arezzo&Co, is a better indicator of Owned Stores' sales behavior.

Gross Revenue	2Q11	2Q12	Growth or spread%	1H11	1H12	Growth or spread%
Total Gross Revenue	**193,912**	**258,725**	**33.4%**	**368,358**	**467,555**	**26.9%**
Exports market	**9,921**	**9,697**	**-2.3%**	**19,732**	**17,242**	**-12.6%**
Domestic market	**183,991**	**249,028**	**35.3%**	**348,626**	**450,313**	**29.2%**
By brand						
Arezzo	125,890	155,333	23.4%	240,290	285,559	18.8%
Schutz	50,361	81,927	62.7%	96,512	144,993	50.2%
Other brands[1]	7,740	11,768	52.0%	11,824	19,761	67.1%
By channel						
Franchises	90,832	111,792	23.1%	179,380	209,345	16.7%
Multibrand retail stores	60,388	74,030	22.6%	107,808	129,755	20.4%
Owned stores[2]	31,810	60,216	89.3%	58,684	104,690	78.4%
Others[3]	961	2,990	211.1%	2,754	6,523	136.9%

(1) Alexandre Birman and Anacapri brands are included in the internal market only.
(2) Owned stores: includes web commerce channel
(3) Internal market revenues which are not specific to the distribution channel are included.

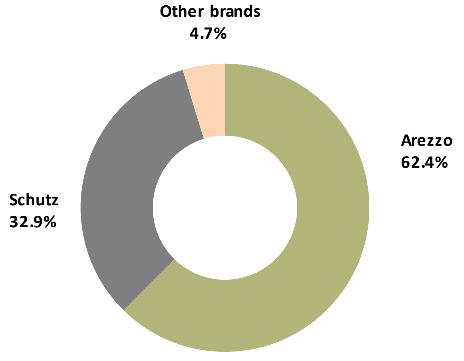
Brands

Arezzo&Co platform includes 4 important brands: Arezzo, Schutz, Alexandre Birman and Anacapri, which are distributed through a network of Owned Stores, Franchises and Multi-brand Stores present in all Brazilian states. Products are also sold internationally through Franchises, Multi-brand Stores and Department Stores.

According to the Company's sell-out collection calendar, the winter collection sales are mostly concentrated in the second quarter, and the primary dates of sales are Mother's Day, in May, and Valentine's Day, which in Brazil is celebrated in June.

Arezzo, the group's leading brand in sales, recorded gross revenue of R$155.3 million in 2Q12, a 23.4% increase compared with 2Q11, accounting for 62.4% of domestic sales. Intensified launches of new shoe models contributed to the result for the period, especially the launch of the *sneakers* line, which gave great exposure to Arezzo in the media.

Gross revenue by brand - 2Q12*



*Domestic market**

Schutz grew by 62.7% in 2Q12 against the same period of 2011, totaling gross revenue of R$81.9 million, accounting for 32.9% of domestic sales. The reopening of Schutz primary Flagship store at Oscar Freire Street in São Paulo, under a new architectural format with 280 sq m of sales area, 64 sq m of which dedicated to non-footwear sales, strengthens its initiative to develop new product categories.

Anacapri continued an ongoing process of development and consolidation in 2Q12. Its presence at the Francal Fair, in June, was really successful, confirming its consistency in the Brazilian multi-brand channel. The retail operation continues presenting positive and growing results.

Alexandre Birman is the first Brazilian footwear brand to operate side-by-side with major fashion names in renowned retail chains, such as: Saks, Neiman Marcus, Bergdorf Goodman, Printemps, among others. Aiming to strengthen the international presence, which represents the greatest part of the brand's sales, its head office is moving to New York, USA, gradually transferring sales, marketing and public relations functions.

Channels

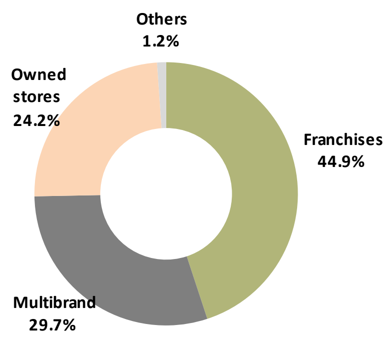
Franchises

As of June 30, 2012, Arezzo&Co had 301 franchises. This is the group's most important sales channel and represented 44.9% of domestic sales in 2Q12.

Sell-in sales (sales made by Arezzo&Co to its franchisees) had an expansion in the same Franchised-stores of 14.5% (SSS – Franchises) in 2Q12 compared with 2Q11. As the winter collection calendar was two weeks longer in 2012, Sell-in sales were positively impacted in the quarter.

The channel showed good performance in this quarter, especially taking into account the strong comparison base of the previous year. In 2Q11, SSS Sell-in reported 24.2% growth.

Gross revenue by channel - 2Q12*



*Domestic market**

Owned Stores

Owned Stores channel represents 24.2% of domestic sales. Out of the 50 Owned Stores, 19 are Arezzo's, 22 are Schutz's, 8 are Anacapri's and 1 is Alexandre Birman's. And, 39 of all stores are located in São Paulo and Rio de Janeiro.

Sales at Same Owned Stores (SSS – Owned Stores) increased by 11.2% in 2Q12 against 2Q11, especially as a result of an increase in the volume of products sold.

Sales at Same Owned Stores performance reflects the good results in all cities where Arezzo&Co operates due to the correct product mix decisions and the good winter collection sell-through level. It is worth mentioning that, due to several expansions and recent openings, Schutz accounted for only a small portion of the store base assessed by SSS metrics.

The relevant increase of 89.3% in Owned Stores gross revenue in 2Q12 when compared with 2Q11 also reflects the 19 openings in the last twelve months, as well as the 6 refurbishments followed by expansion of sales area.

History - Franchises and Owned Stores[1]	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12
Sales area - Total (m²)	**17,554**	**17,953**	**19,280**	**21,366**	**21,629**	**22,625**
Sales area - franchises (m²)	14,587	14,835	15,466	16,680	16,875	17,518
Sales area - owned stores[2] (m²)	2,967	3,118	3,814	4,686	4,754	5,107
Total number of stores	**296**	**300**	**311**	**334**	**338**	**351**
# of franchises	**267**	**269**	**275**	**289**	**292**	**301**
Arezzo	266	268	273	288	290	295
Schutz	1	1	2	1	2	6
# of owned stores	***29***	***31***	***36***	***45***	***46***	***50***
Arezzo	13	14	17	19	18	19
Schutz	10	10	12	17	19	22
Alexandre Birman	1	1	1	1	1	1
Anacapri	5	6	6	8	8	8

1 – Domestic Market
2 - Includes 5 Outlet stores, with a total area of 1,334 sq m

Multi-brands

In June, Arezzo, Schutz and Anacapri brands have participated at the 2012 Francal Fair, a major industry event in which summer collections from main Brazilian brands are exhibited. Together with the Couromoda Fair (winter products), which is held in the beginning of each year, it concentrates an important portion of annual footwear and leather accessories industry total sales for the multi-brand channel.

The 22.6% growth in 2Q12 and the 20.4% growth in 1H12 against the same period of the previous year, were due to the increase in the number of stores, especially in areas not covered by mono-brand stores.

Schutz, Arezzo&Co's leading brand in sales for this channel, continue to deliver strong growth due to the commercial alignment between owned stores and franchises within the multi-brand channel. In some cases 2 channels coexist healthily in the same shopping mall. Despite that, with the development of mono-brand stores throughout the country, a reduction on Schutz growth capacity in multi-brand is expected, consequently impacting Arezzo&Co consolidated growth for the channel.

In 2Q12, when winter collection products represent the greatest portion of products sold, the Group's four brands were distributed across 2,224 stores throughout Brazil compared with 1,612 in 2Q11.

Main financial Indicators	2Q11	2Q12	Growth or spread (%)	1H11	1H12	Growth or spread (%)
Net revenue	152,240	199,468	31.0%	290,835	360,829	24.1%
(-) COGS	(86,532)	(109,533)	26.6%	(168,682)	(203,721)	20.8%
Gross profit	65,708	89,935	36.9%	122,153	157,108	28.6%
Gross margin	43.2%	45.1%	1.9 p.p.	42.0%	43.5%	1.5 p.p.
(-) SG&A	(38,380)	(57,050)	48.6%	(74,969)	(110,972)	48.0%
% of Revenues	25.2%	28.6%	3.4 p.p.	25.8%	30.8%	5.0 p.p.
(-) Selling expenses	(26,085)	(40,895)	56.8%	(51,250)	(75,152)	46.6%
(-) Owned stores	(10,163)	(18,543)	82.5%	(19,647)	(34,042)	73.3%
(-) Sales, logistics and supply	(15,922)	(22,352)	40.4%	(31,603)	(41,110)	30.1%
(-) General and administrative expenses	(11,397)	(14,209)	24.7%	(22,300)	(25,808)	15.7%
(-) Other operating revenues (expenses)[1]	63	(197)	n/a	421	(6,846)	n/a
(-) Depreciation and amortization	(961)	(1,749)	82.0%	(1,840)	(3,166)	72.1%
EBITDA	28,289	34,634	22.4%	49,024	49,302	0.6%
Ebitda Margin	18.6%	17.4%	-1.2 p.p.	16.9%	13.7%	-3.2 p.p.
Net income	24,039	25,763	7.2%	38,767	36,615	-5.6%
Net margin	15.8%	12.9%	-2.9 p.p.	13.3%	10.1%	-3.2 p.p.
Working capital[2] - % of revenues	20.9%	21.8%	0.9 p.p.	20.9%	21.8%	0.9 p.p.
Invested capital[3] - % of revenues	24.5%	29.4%	4.9 p.p.	24.5%	29.4%	4.9 p.p.
Total debt	32,276	51,117	58.4%	32,276	51,117	n/a
Net debt [4]	(167,063)	(154,702)	-7.4%	(167,063)	(154,702)	n/a
Net debt/EBITDA LTM	-1.6 X	-1.3 X	n/a	-1.6 X	-1.3 X	n/a

1 – Incudes non-recurring expense for 1Q12 recorded under Other Operating Expenses and Revenues: Arezzo&Co terminated an agreement with Star Export Assessoria e Exportação Ltda. ("Star"), which provided technical support and advisory services for agency and inspection of independent factories and ateliers contracted for manufacturing the products. Accordingly, a payment in the amount of R$8 million was made, and a 5 year non-competition agreement was imposed on Star. On the same date, an agreement was entered into with another company with equal technical qualification and type of service, under different business conditions to reduce expenses, while keeping the same quality of services.
2 – Working Capital: Current Assets less Cash, Cash Equivalents and Financial Investments less Current Liabilities, Loans and Financing and Dividends payable.
3 – Invested Capital: Working Capital plus Permanent Assets and other Long-term Assets less deferred Income and Social Contribution Taxes.
4 – Net Debt is equivalent to the total interest-bearing debt at the end of a period, less cash and cash equivalents and short-term cash investments.

Net Revenue

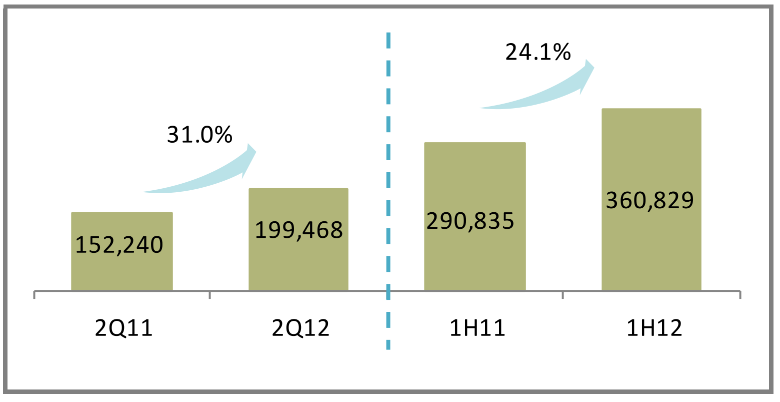
The Company's net revenue totaled R$199.5 million in this quarter, a 31.0% growth against R$152.2 million recorded in 2Q11. Some of the primary factors leading to this growth are:

i) Expansion in sales areas: 26.0% against 2Q11;

ii) Opening of 19 Owned Stores in the last 12 months and expansion of 6 owned stores in the same period;

iii) Increase in stores' productivity, Same-Store Sales (SSS) concept: Franchises (14.5%) and Owned Stores (11.2%);

iv) Increase in multi-brand sales.



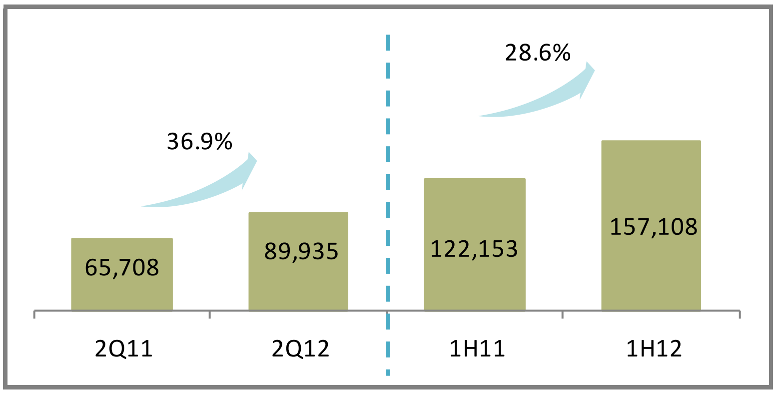
In the first half of 2012, net revenue totaled R$360.8 million, a 24.1% growth against the same period of the previous year.

Gross Profit

Gross Profit in 2Q12 increased by 36.9% against 2Q11, totaling R$89.9 million, and 45.1% gross margin.

The increase in Gross Profit is primarily due to an increase in revenue by 31.0%.

The increase in gross margin by 1.9 percentage points is mainly a reflection of an increase in Owned Store sales (with greater margins). Despite the increase in margin, the pricing policy remained unchanged and therefore, there was no variation in gross margin levels per channel.



Gross Profit in 1H12 totaled R$157.1 million, a 28.6% growth against the first half of the previous year. The gross margin for this half-year totaled 43.5%, 1.5 percentage points higher than the same period of 2011.

SG&A

Selling Expenses

The Company's Selling Expenses could be divided into two primary groups:

i) Selling, Logistics and Supply Expenses:
- Include sell-in and sell-out operating expenses;

ii) Owned Store Expenses:
- Include only Owned Store (sell-out) expenses.

In 2Q12, Selling Expenses increased by 56.8% against 2Q11, totaling R$40.9 million in this quarter compared with R$26.1 million in the same period of the previous year. This increase is mainly due to greater store expenses, which totaled R$18.5 million in 2Q12, an 82.5% increase against the same quarter of the previous year, when the increase in owned store sales totaled 89.3%. Pre-operating expenses relating to the opening of 4 Owned Stores and the expansion in sales areas of 2 stores in 2Q12 also contributed to this increase.

Selling, logistics and supply expenses totaled R$22.4 million, a 40.4% increase compared with 2Q11, reflecting the continuous structuring of Schutz and Anacapri commercial areas throughout 2H11 and 1H12.

In the first half of this year, Selling Expenses totaled R$75.2 million, a 46.6% growth from the same period of 2011. Owned Store expenses increased by 73.3% compared with 1H11, totaling R$34.0 million, while selling, logistics and supply expenses totaled R$41.1 million, a 30.1% increase compared with the same period of the previous year.

General and Administrative Expenses

General and Administrative Expenses in 2Q12 totaled R$14.2 million compared with R$11.4 million in the same quarter of the previous year, a 24.7% increase. This growth is mainly due to an increase in R&D expenses, when the creation of new products and categories was intensified.

General and Administrative Expenses totaled R$25.8 million in the first half of 2012, a 15.7% increase against the first half of the previous year.

Other Operating Revenues and Expenses

The Company's Other Operating Expenses in 2Q12 totaled R$197 thousand compared with revenues of R$63 thousand in 2Q11, a R$260 thousand increase compared with the same period of the previous year.

Other Operating Expenses in 1H12 totaled R$6.8 million, a R$7.3 million negative variation, which was mainly due to the termination of an agreement with its supply agent, resulting in an R$8.0 million non-recurring expense. The termination imposes a 5 year non-competition clause. Additionally, this expenditure should be offset by no later than 3 years, with the decrease in expenses arising from a new agreement with a company with the same technical qualification and under better commercial terms.

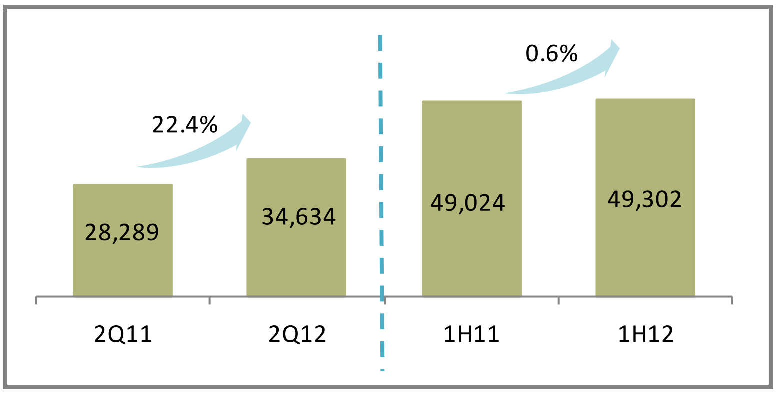
EBITDA and EBITDA Margin (%)

The Company's EBITDA increased by 22.4% in 2Q12 compared with 2Q11, totaling R$34.6 million. EBITDA Margin in 2Q12 totaled 17.4%. The key factors leading to EBITDA increase in this half year were:

i) Increase in Net Revenue by 31.0%;

ii) Expansion in Gross Margin by 1.9 percentage points;

iii) Increase in G&A by 48.6%.



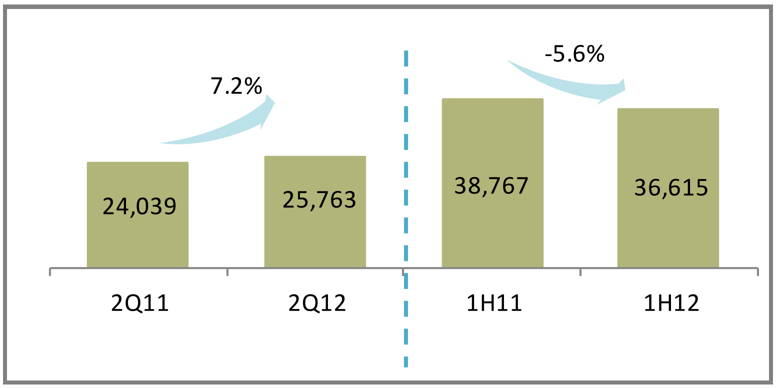
In the first half year of 2012, Arezzo&Co generated R$49.3 million EBITDA, which is almost in line with the first half of 2011, and recorded a 13.7% margin, down by 3.2 percentage points against the margin for the same period of the previous year.

Ebitda reconciliation	2Q11	2Q12	1H11	1H12
Net income	24,039	25,763	38,767	36,615
(-) Income tax and social contribution	(6,306)	(7,932)	(12,899)	(12,716)
(-) Financial result	3,017	810	4,482	3,195
(-) Depreciation and amortization	(961)	(1,749)	(1,840)	(3,166)
Ebitda	28,289	34,634	49,024	49,302

Excluding the impact from non-recurring expense in 1Q12, the Company's EBITDA in 1H12 would have increased by 16.9%, totaling R$57.3 million, with a 15.9% margin.

Net Profit and Net Margin (%)

The Company maintained a good conversion rate of EBITDA, 17.4% margin in 2Q12, into Net Profit, 12.9% margin in 2Q12, which reflects reduced capital investment in property, plant and equipment and, consequently, low depreciation. Distribution of interest on shareholders' equity in the amount of R$11.3 million also contributed to the result.



Net Profit for 2Q12 totaled R$25.8 million against R$24.0 million in 2Q11, a 7.2% increase compared with the same period of the previous year.

Net Profit in 1H12 totaled R$36.6 million against R$38.8 million, a 5.6% reduction compared with the same period of the previous year. Excluding impact from the non-recurring expense in 1Q12, the Company's Net Profit in 1H12 would have increased by 8.1%, totaling R$41.9 million, and an 11.6% margin.

Operating Cash Generation

The Company's operating cash generation in 2Q12 totaled R$37.9 million. The Company maintained its strong operating cash generation in the quarter. The balance of Accounts Payable slightly stretched due to the greater importance of the Owned Store channel in the sales mix.

Cash flows from operating activies	2Q11	2Q12	Growth or spread	1H11	1H12	Growth or spread
Income before income taxes	30,345	33,695	3,350	51,666	49,331	(2,335)
Depreciation and amortization	961	1,749	788	1,840	3,166	1,326
Others	(4,395)	(1,518)	2,877	(6,263)	(5,647)	616
Decrease (increase) in current assets / liabilities	22,815	16,544	(6,271)	10,747	26,519	15,772
Trade accounts reveivable	42,262	22,801	(19,461)	23,896	28,795	4,899
Inventories	(3,114)	(108)	3,006	(18,837)	(8,687)	10,150
Suppliers	(13,629)	(12,798)	831	8,528	6,042	(2,486)
Change in other current assets and liabilities	(2,704)	6,649	9,353	(2,840)	369	3,209
Change in other non current assets and liabilities	(908)	(928)	(21)	(1,171)	(1,628)	(457)
Tax and contributions	(5,974)	(11,652)	(5,678)	(8,340)	(11,652)	(3,312)
Net cash generated by operating activities	42,844	37,890	(4,955)	48,479	60,089	11,610

Investments – CAPEX

The Company's investments can be broken down into 3 types: 1) investment in expansion or renovation of owned points of sale; 2) corporate investments including IT, facilities, showrooms and offices; and 3) other investments, which are primarily related to modernization of its industrial operations.

When comparing 2Q12 with 2Q11, Capex increased substantially due to the opening of Owned Stores and the expansion of existing stores' sales areas. In the period, 4 Owned Stores were opened, 2 Owned Stores were refurbished and expanded and 6 other investments have started for future store openings.

Additionally, corporate investments increased due to the refurbishment for modernization and readjustment of a building which was leased to house Company's new head office, in Campo Bom, State of Rio Grande do Sul. The new space gather many departments of Arezzo&Co, as well as R&D and product development, in a single address, bringing in back office synergies and operational agility.

Sumary of investments	2Q11	2Q12	Growth or spread (%)	1H11	1H12	Growth or spread (%)
Total Capex	3,578	14,462	304.2%	7,316	31,799	334.7%
Stores - expansion and reforming	2,133	7,415	247.6%	4,339	20,993	383.8%
Corporate	1,213	6,775	458.5%	2,526	10,328	308.9%
Others	232	272	17.2%	451	478	6.0%

Cash Position and Indebtedness

The Company ended 2Q12 with net cash of R$154.7 million net cash. The indebtedness policy remained conservative, with the following primary characteristics :

- Total indebtedness of R$51.1 million in 2Q12 compared with R$30.8 million in 1Q12;
- Long-term indebtedness of 50.0% in 2Q12 compared with 54.4% in 1Q12;
- The Company's weighted average cost of total debt in 2Q12 remained low.

Cash position and indebtedness	2Q11	1Q12	2Q12
Cash and cash equivalents	199,339	166,741	205,819
Total indebtedness	32,276	30,844	51,117
Short term	12,547	14,059	25,548
As % of total debt	*38.9%*	*45.6%*	*50.0%*
Long term	19,729	16,785	25,569
As % of total debt	*61.1%*	*54.4%*	*50.0%*
Net debt	(167,063)	(135,897)	(154,702)

During 2Q12, a new credit line of R$27.4 million was approved within FINEP (in portuguese, Funding for Studies and Projects), out of which R$9.8 million has been already received by Arezzo&Co. This is a long-term contract with a cost of 5.25% per year.

ROIC (Return on Invested Capital)

In line with the Company's strategic direction, Capital investment levels in 2012 are higher than those for the previous year, especially due to the openings of Owned Stores.

Reflecting the increase of capital invested in operating, ROIC totaled 35.8% in 2Q12 compared with 48.4% in 2Q11, a decrease of 12.6 percentage points.

Excluding the impact of non-recurring expense in 1Q12, 2Q12 ROIC would have reached 38.2%, 10.2 percentage points lower than the same period of the previous year.

Operating Result	2Q10	2Q11	2Q12	Growth or Spread (%)
EBIT (LTM)	77,119	100,857	112,623	11.7%
(+) Income tax and social contribution (LTM)	(13,238)	(26,889)	(33,656)	25.2%
NOPLAT	**63,881**	**73,968**	**78,967**	**6.8%**
Working capital[1]	90,844	130,740	163,354	24.9%
Permanent assets	28,740	41,332	89,372	116.2%
Other long term assets[2]	5,622	8,353	7,430	-11.0%
Invested capital	**125,206**	**180,425**	**260,156**	**44.2%**
Average invested capital[3]		**152,816**	**220,291**	**44.2%**
ROIC[4]		**48.4%**	**35.8%**	**-12.6 p.p.**

1 – Working Capital: Current Assets less Cash, Cash Equivalents and Financial Investments less Current Liabilities, Loans and Financing and Dividends payable.
2 – Net of deferred Income and Social Contribution Taxes.
3 – Average capital invested in the period and in the same period of the previous year.
4 - ROIC: Noplat of the last 12 months divided by the average capital invested

Balance Sheet – IFRS

Assets	2Q11	1Q12	2Q12
Current assets	**389,423**	**426,413**	**441,382**
Cash and cash equivalents	3,261	6,213	4,799
Short-term investments	196,078	160,528	201,020
Trade accounts receivables	108,576	173,595	150,687
Inventories	67,699	66,099	65,718
Taxes recoverable	6,196	9,734	7,393
Other receivables	7,613	10,244	11,765
Non current assets	**63,117**	**94,836**	**105,507**
Long-term assets	**21,785**	**17,896**	**16,135**
Financial investments	66	88	98
Taxes recoverable	3,170	350	360
Deferred income and social contribution taxes	13,432	10,473	8,705
Other receivables	5,117	6,985	6,972
Property, plant and equipment	**22,904**	**37,627**	**47,693**
Intangible assets	**18,428**	**39,313**	**41,679**
Total assets	**452,540**	**521,249**	**546,889**

Liabilities	2Q11	1Q12	2Q12
Current liabilities	**79,068**	**103,212**	**107,458**
Loans and financing	12,547	14,059	25,548
Trade accounts payable	37,272	56,126	43,328
Dividends and interest on equity capital payable	7,177	6,117	9,701
Other liabilities	22,072	26,910	28,881
Non-current liabilities	**26,365**	**23,138**	**29,984**
Loans and financing	19,729	16,785	25,569
Related parties	762	879	975
Other liabilities	5,874	5,474	3,440
Equity	**347,107**	**394,899**	**409,447**
Capital	40,917	105,917	105,917
Capital reserve	238,086	172,723	172,830
Income reserves	37,779	105,407	105,407
Retained Earnings	30,325	10,852	25,293
Total liabilities and shareholders' equity	**452,540**	**521,249**	**546,889**

Income Statement – IFRS

Income statement - IFRS	2Q11	2Q12	Growth or spread (%)	1H11	1H12	Growth or spread (%)
Net operating revenue	**152,240**	**199,468**	**31.0%**	**290,835**	**360,829**	**24.1%**
Cost of sales and services	(86,532)	(109,533)	26.6%	(168,682)	(203,721)	20.8%
Gross profit	**65,708**	**89,935**	**36.9%**	**122,153**	**157,108**	**28.6%**
Operating income (expenses):	**(38,380)**	**(57,050)**	**48.6%**	**(74,969)**	**(110,972)**	**48.0%**
Selling	(26,476)	(41,811)	57.9%	(52,000)	(76,818)	47.7%
Administrative and general	(11,967)	(15,042)	25.7%	(23,390)	(27,308)	16.8%
Other operating income, net	63	(197)	n/a	421	(6,846)	n/a
Income before financial results	**27,328**	**32,885**	**20.3%**	**47,184**	**46,136**	**-2.2%**
Financial income (expenses)	3,017	810	-73.2%	4,482	3,195	-28.7%
Income before income taxes	**30,345**	**33,695**	**11.0%**	**51,666**	**49,331**	**-4.5%**
Income and social contribution taxes	**(6,306)**	**(7,932)**	**25.8%**	**(12,899)**	**(12,716)**	**-1.4%**
Current	(5,298)	(6,164)	16.3%	(7,265)	(11,409)	57.0%
Deferred	(1,008)	(1,768)	75.4%	(5,634)	(1,307)	-76.8%
Net income for the year	**24,039**	**25,763**	**7.2%**	**38,767**	**36,615**	**-5.6%**
Income per share	**0.2715**	**0.2910**	**7.2%**	**0.4473**	**0.4135**	**-7.5%**

Cash Flow Statements – IFRS

Cash Flow Statement - IFRS	2Q11	2Q12	1H11	1H12
Cash flows from operating activities				
Income before income and social contribution taxes	30,345	33,695	51,666	49,331
Adjustments to reconcile to net cash generated by operating activities	**(3,434)**	**231**	**(4,423)**	**(2,481)**
Depreciation and amortization	961	1,749	1,840	3,166
Financial Investments	(3,794)	(2,743)	(6,885)	(6,604)
Interest and FX variation	398	1,336	987	814
Other	(999)	(111)	(365)	143
Decrease (increase) in assets	**41,744**	**23,523**	**5,095**	**22,198**
Trade accounts receivable	42,262	22,801	23,896	28,795
Inventories	(3,114)	(108)	(18,837)	(8,687)
Taxes recoverable	3,297	2,331	2,426	2,796
Variation in other current assets	701	(1,378)	(658)	(65)
Judicial deposits	(1,402)	(123)	(1,732)	(641)
(Decrease) increase in liabilities	**(19,837)**	**(7,907)**	**4,481**	**2,693**
Trade accounts payable	(13,629)	(12,798)	8,528	6,042
Labor liabilities	(3,670)	4,100	(2,613)	1,269
Tax and social liabilities	(2,165)	1,268	(1,960)	(4,347)
Change in other liabilities	(373)	(477)	526	(271)
Paid incomes and social contribution taxes	**(5,974)**	**(11,652)**	**(8,340)**	**(11,652)**
Net cash generated by operating activities	**42,844**	**37,890**	**48,479**	**60,089**
Cash flows from investing activities				
Increase in property, plant and equipment and intangible assets	(3,578)	(14,462)	(7,316)	(31,799)
Short-term investments	(56,500)	(107,781)	(248,693)	(177,201)
Redemption of short-term investments	44,732	70,022	64,532	140,793
Net cash used in investing activities	**(15,346)**	**(52,221)**	**(191,477)**	**(68,207)**
Cash flows from financing activities with third parties				
Borrowings of funds	2,868	26,175	6,804	26,175
Borrowings repayment	(4,575)	(7,238)	(22,283)	(14,531)
Net cash used in financing activities with third parties	**(1,707)**	**18,937**	**(15,479)**	**11,644**
Cash flows from financing activities with shareholders				
Profit distribution	(28,025)	(6,116)	(28,025)	(14,325)
Receivables (payables) with shareholders	(1,314)	96	(250)	70
Shares issuance	-	-	195,588	-
Share issue costs	-	-	(13,579)	-
Net cash used in financing activities with shareholders	**(29,339)**	**(6,020)**	**153,734**	**(14,255)**
Increase (decrease) in cash and cash equivalents	**(3,548)**	**(1,414)**	**(4,743)**	**(10,729)**
Cash and cash equivalents				
Cash and cash equivalents - opening balance	6,809	6,213	8,004	15,528
Cash and cash equivalents - closing balance	3,261	4,799	3,261	4,799
Increase (decrease) in cash and cash equivalents	**(3,548)**	**(1,414)**	**(4,743)**	**(10,729)**

Disclaimer

Information contained in this document may include forward-looking statements and reflect Management's current view and estimates of the evolution of the macroeconomic environment, industry conditions, Company's performance and financial results. Any statements, expectations, capabilities, plans and assumptions contained in this document, which do not describe historical facts, such as information about declaration of dividend payment, future direction of operations, implementation of relevant operating and financial strategies, investment program and factors or trends affecting the financial condition, liquidity or results of operations, are forward-looking statements, as set forth in the "U.S. Private Securities Litigation Reform Act of 1995", and involve several risks and uncertainties. There is no guarantee that these results will occur. Statements are based on several factors and expectations, including economic and market conditions, industry competitiveness and operational factors. Any changes in such expectations and factors may cause the actual result to differ from current expectations.

The Company's consolidated financial statements presented herein are in accordance with the International Financial Reporting Standards - IFRS, issued by the International Accounting Standards Board - IASB, based on the audited financial statements. Non-financial information and other operating information have not been subject to an audit by independent auditors.