Earnings Release – 3Q12

AREZZO &CO

AREZZO

SCHUTZ

Alexandre Birman

ANACAPRI

Earnings Release – 3Q12

Belo Horizonte, October 31, 2012. Arezzo&Co (BM&FBOVESPA: ARZZ3), leader in women's footwear, handbags and accessories in Brazil, releases its earnings for the 3rd quarter of 2012. Company information, except as otherwise stated, is based on consolidated figures, in thousands of *Reais*, as required by the International Financial Reporting Standards (IFRS). All comparisons refer to the same period of 2011 (3Q11), except as otherwise stated.

ARZZ3 quotation on Oct. 30, 2012:
R$35.95

Market Value on Oct. 30, 2012:
R$3,184.7 million

Results teleconference:
With simultaneous translation

Thursday, November 1, 2012
11:00 a.m. (Brasília time)

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

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 a 30.6% increase in Net Revenue and the opening of 18 stores in 3Q12

HIGHLIGHTS

- Net Revenue in 3Q12 reached R$246.7 million, a 30.6% growth compared with 3Q11;
- Company's Gross Margin reached 43.4% in 3Q12, 1.6 p.p. higher than the margin in 3Q11;
- EBITDA in 3Q12 totaled R$42.7 million, a 20.0% growth compared with 3Q11, a 17.3% margin;
- Net Profit in 3Q12 totaled R$28.6 million, a 10.2% increment when compared with the same period of the previous year;
- In 3Q12, Arezzo&Co expanded its chain of stores with the opening of 18 points of sale: 5 Arezzo franchises, 12 Schutz stores (10 franchises and 2 owned stores) and 1 owned store of Alexandre Birman brand.

Summary of Results	3Q11	3Q12	Growth or Spread(%)	9M11	9M12	Growth or Spread (%)
Net Revenue	188,901	246,655	30.6%	479,736	607,484	26.6%
Gross Profit	78,925	107,049	35.6%	201,078	264,157	31.4%
Gross Margin	41.8%	43.4%	1.6 p.p.	41.9%	43.5%	1.6 p.p.
Ebitda[1]	35,535	42,656	20.0%	84,559	91,958	8.8%
Ebitda Margin[1]	18.8%	17.3%	-1.5 p.p.	17.6%	15.1%	-2.5 p.p.
Net Profit	25,945	28,586	10.2%	64,712	65,201	0.8%
Net Margin	13.7%	11.6%	-2.1 p.p.	13.5%	10.7%	-2.8 p.p.

Operating Indicators	3Q11	3Q12	Growth or Spread(%)	9M11	9M12	Growth or Spread (%)
# of pairs sold ('000)	2,213	2,650	19.7%	5,206	6,270	20.4%
# of handbags sold ('000)	129	134	3.9%	312	364	16.7%
# of employees	1,746	2,105	20.6%	1,746	2,105	20.6%
# of stores	311	368	18.3%	311	368	18.3%
Owned stores	36	52	44.4%	36	52	44.4%
Franchises	275	316	14.9%	275	316	14.9%
Outsourcing (as % of total production)	87.6%	88.9%	1.3 p.p.	85.4%	87.0%	1.6 p.p.
SSS[2] (franchises - sell-in)	11.6%	14.2%		15.6%	11.9%	
SSS[2] (owned stores - sell-out)	0.4%	6.8%		9.6%	9.9%	

1-EBITDA = Earnings before Interest, Tax, Depreciation, Amortization. EBITDA is not a measure recognized under Brazilian GAAP, does not represent cash flow for the periods presented and should not be considered as an alternative to Net Income as an indicator of operating performance, 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 measure of cash flow in accordance with BR GAAP, 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 13rd 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. As from this period,if a franchisee opens a warehouse, its sales will be included in comparable stores' sales if its franchises operate 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	3Q11	Part %	3Q12	Part %	Growth or spread%	9M11	Part %	9M12	Part %	Growth or spread%
Total Gross Revenue	**238,461**	*100.0%*	**314,125**	*100.0%*	**31.7%**	**606,819**	*100.0%*	**781,680**	*100.0%*	**28.8%**
Exports market	**11,549**	*4.8%*	**12,677**	*4.0%*	**9.8%**	**31,281**	*5.2%*	**29,919**	*3.8%*	**-4.4%**
Domestic market	**226,912**	*95.2%*	**301,448**	*96.0%*	**32.8%**	**575,538**	*94.8%*	**751,761**	*96.2%*	**30.6%**
By brand										
Arezzo	159,222	*70.2%*	188,122	*62.4%*	18.2%	399,512	*69.4%*	473,681	*63.0%*	18.6%
Schutz	59,311	*26.1%*	99,324	*32.9%*	67.5%	155,822	*27.1%*	244,317	*32.5%*	56.8%
Other brands¹	8,379	*3.7%*	14,002	*4.7%*	67.1%	20,204	*3.5%*	33,763	*4.5%*	67.1%
By channel										
Franchises	120,976	*53.3%*	151,135	*50.1%*	24.9%	300,356	*52.2%*	360,480	*48.0%*	20.0%
Multibrand retail store	69,248	*30.5%*	83,184	*27.6%*	20.1%	177,056	*30.8%*	212,939	*28.3%*	20.3%
Owned stores²	34,647	*15.3%*	62,978	*20.9%*	81.8%	93,331	*16.2%*	167,668	*22.3%*	79.6%
Others³	2,041	*0.9%*	4,151	*1.4%*	103.4%	4,795	*0.8%*	10,674	*1.4%*	122.6%

(1) Alexandre Birman and Anacapri brands are included in internal market only.
(2) Owned Stores: includes Web commerce sales channel.
(3) Includes internal market revenues not specific to the distribution channel.

Brands

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

The third quarter of the year marks the transition from winter to summer collections. In July, the Group's Owned Stores and Franchises hold clearance sales of winter products and start offering a preview of summer collection. The first week of August marks the change of collection, and all stores' windows display the summer collection only.

By the third quarter of this year, the Company added 2,578 sq m sales area, 344 sq m of which results from expansion of existing stores.

Arezzo, the group's leading brand in sales, recorded gross revenue of R$188.1 million in 3Q12, an 18.2% increase against 3Q11, accounting for 62.4% of domestic sales. Throughout 2012, the brand has been conducting an evaluation of the business aiming a sustainable growth and operational improvements. The implementation of market surveys, in special, brought a greater comprehension of the brand positioning within our clients and of the demand for products and categories.

Schutz reached 67.5% growth in 3Q12 against the same period of the previous year, totaling gross revenue of R$99.3 million and accounting for 32.9% of domestic sales. The quarter was marked by Schutz brand's more intensive presence in the franchises channel. Ten new stores were opened in the period, all of them already according to the brand's new architectural project. Besides, in September, 2012, Schutz opened a pilot store in New York, first Group's owned store to be opened abroad.

Anacapri brand continues to focus on improving its products and on developing its branding. This quarter, the partnership with a brazilian Fast Fashion brand brought great exposure in the specialized fashion media. The brand's strategy is being based on partnerships associated with strong work within the social media.

Alexandre Birman is been headquartered in New York, USA, since 3Q12, seeking strengthen its presence with international multi-brand and department stores. Also in this quarter was opened its second owned store in São Paulo, in order to fortify the branding in the Brazilian market.

Channels

Franchises

The franchise channel becomes stronger as a result of Schutz brand intensification, especially in 3Q12. On September 31, 2012, Arezzo&Co had 316 franchises, of which 300 Arezzo and 16 Schutz. This is the group's key sales channel, accounting for 50.1% of domestic sales in 3Q12.

Sell-in sales, those made by Arezzo&Co to its franchisees, increased by 14.2% in the same Franchises (SSS – Franchises) in 3Q12 against 3Q11.

Owned Stores

The Owned Store channel increased by 81.8% in 3Q12, accounting for 20.9% of Arezzo&Co's domestic sales. Owned Store consolidated result in the period was primarily impacted by the increase in Schutz brand's chain, whose number of stores doubled to 24 in the last 12 months. In September, only 3 stores were in the former architectural format, the other stores were recently refurbished and opened, mainly in 2012. Consequently, same-store basis analyzed by SSS indicator is irrelevant in the channel. Same-Store Sales at Owned Stores (SSS – Owned Stores) increased by 6.8% in 3Q12 against 3Q11.

History - Franchises and Owned Stores[1]	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12
Sales area - Total (m²)	**17,554**	**17,953**	**19,280**	**21,366**	**21,629**	**22,625**	**23,944**
Sales area - franchises (m²)	14,587	14,835	15,466	16,680	16,875	17,518	18,638
Sales area - owned stores[2] (m²)	2,967	3,118	3,814	4,686	4,754	5,107	5,306
Total number of stores	**296**	**300**	**311**	**334**	**338**	**351**	**368**
# of franchises	**267**	**269**	**275**	**289**	**292**	**301**	**316**
Arezzo	266	268	273	288	290	295	300
Schutz	1	1	2	1	2	6	16
# of owned stores	***29***	***31***	***36***	***45***	***46***	***50***	***52***
Arezzo	13	14	17	19	18	19	19
Schutz	10	10	12	17	19	22	24
Alexandre Birman	1	1	1	1	1	1	2
Anacapri	5	6	6	8	8	8	7

1. Domestic market
2. Includes 5 Outlet stores, with a total area of 1,334 sq m

Multi-brands

The multi-brand channel continues to show sustainable growth among all Arezzo&Co brands. In 3Q12, the channel recorded 20.1% growth against the same period of the previous year, primarily due to a strategy to increase the number of cities and regions served.

Given the greater focus on capillarity throughout Brazil, the Group's brands are now distributed through 2,329 stores, a 30.6% increase against the same period of 2011.

Key Financial Indicators

Main financial Indicators	3Q11	3Q12	Growth or spread (%)	9M11	9M12	Growth or spread (%)
Net revenue	188,901	246,655	30.6%	479,736	607,484	26.6%
(-) COGS	(109,976)	(139,606)	26.9%	(278,658)	(343,327)	23.2%
Gross profit	78,925	107,049	35.6%	201,078	264,157	31.4%
Gross margin	41.8%	43.4%	1.6 p.p.	41.9%	43.5%	1.6 p.p.
(-) SG&A	(44,440)	(66,436)	49.5%	(119,409)	(177,408)	48.6%
% of Revenues	23.5%	26.9%	3.4 p.p.	24.9%	29.2%	4.3 p.p.
(-) Selling expenses	(31,756)	(48,631)	53.1%	(83,006)	(123,783)	49.1%
(-) Owned stores	(10,898)	(20,092)	84.4%	(30,544)	(54,134)	77.2%
(-) Sales, logistics and supply	(20,858)	(28,539)	36.8%	(52,462)	(69,649)	32.8%
(-) General and administrative expenses	(11,871)	(15,303)	28.9%	(34,171)	(41,111)	20.3%
(-) Other operating revenues (expenses)[1]	237	(459)	n/a	658	(7,305)	n/a
(-) Depreciation and amortization	(1,050)	(2,043)	94.6%	(2,890)	(5,209)	80.2%
EBITDA	35,535	42,656	20.0%	84,559	91,958	8.8%
Ebitda Margin	18.8%	17.3%	-1.5 p.p.	17.6%	15.1%	-2.5 p.p.
Net income	25,945	28,586	10.2%	64,712	65,201	0.8%
Net margin	13.7%	11.6%	-2.1 p.p.	13.5%	10.7%	-2.8 p.p.
Working capital[2] - % of revenues	25.0%	24.3%	-0.7 p.p.	25.0%	24.3%	-0.7 p.p.
Invested capital[3] - % of revenues	27.9%	32.8%	4.9 p.p.	27.9%	32.8%	4.9 p.p.
Total debt	35,065	55,199	57.4%	35,065	55,199	n/a
Net debt [4]	(143,934)	(120,406)	-16.3%	(143,934)	(120,406)	n/a
Net debt/EBITDA LTM	-1.2 X	-1.0 X	n/a	-1.2 X	-1.0 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

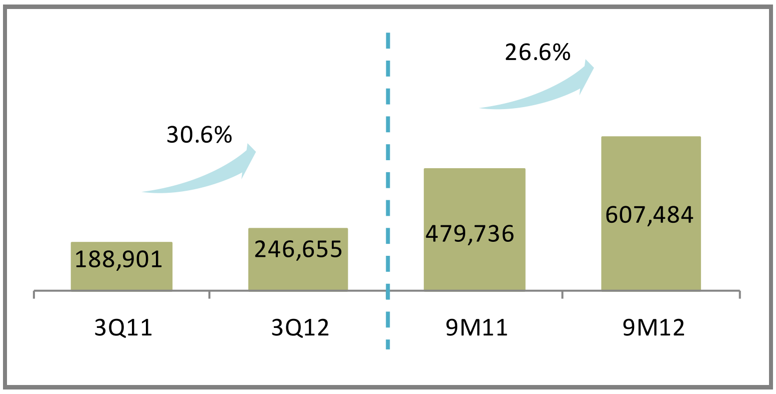
The Company's revenue totaled R$246.7 million in this quarter, a 30.6% growth against R$188.9 million recorded in 3Q11. Some of the primary factors leading to this growth are:

i) 24.2% expansion in sales area compared with 3Q11. Owned Store area increased by 39.1%;

ii) 14.2% increase in Franchises Same Store Sales and a 6.8% increase in Owned Stores;

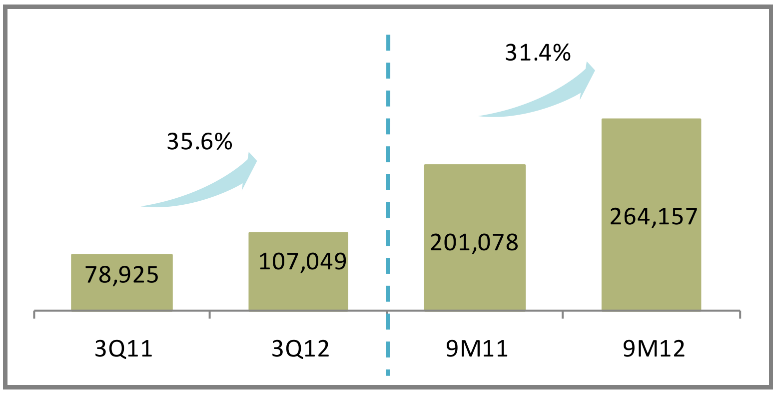
iii) 20.1% growth in Multi-brand channel.

In the first nine months of 2012, net revenue totaled R$607.5 million, a 26.6% growth against the same period of the previous year.



Gross Profit

Gross Profit in 3Q12 increased by 35.6% against 3Q11, totaling R$107.0 million, with a 43.4% gross margin.



This increase especially reflects the 30.6% growth in revenues in the quarter.

Gross margin in 3Q12 increased by 1.6% comparing with the same period of the previous year, reflecting specially the change in the distribution channel mix.

Gross profit in the nine months of 2012 reached R$264.2 million, a 31.4% increase against profit of the same period of the previous year. Gross margin in 9M12 was 43.5%, a 1.6% increase against gross margin for 2011, which reached 41.9%.

SG&A

Selling Expenses

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

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

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

In 3Q12, there was a 53.1% expansion in Commercial Expenses against 3Q11, reaching R$48.6 million in this quarter against R$31.8 million in the same period of the previous year. The increase derives from owned store expenses, which totaled R$20.1 million, an 84.4% increase against the previous year and is due to owned stores channel growth, revenues increased by 81.8%. The increase in channel expenses is primarily due to pre-operating expenses related to openings and expansion of Schutz stores, strengthening its marketing and communication strategy in the stores.

Selling, logistic and supply expenses totaled R$28.5 million, a 36.8% increase against 3Q11, which is primarily the result of expenses related to brands structuring and to multi-brand and franchise commercial team structuring.

In the first nine months of this year, Commercial Expenses totaled R$123.8 million, a 49.1% increase against the same period of 2011. Owned store expenses increased by 77.2% against 9M11, reaching R$54.1 million, while selling, logistic and supply expenses totaled R$69.6 million, a 32.8% increase against the same period of the previous year.

General and Administrative Expenses

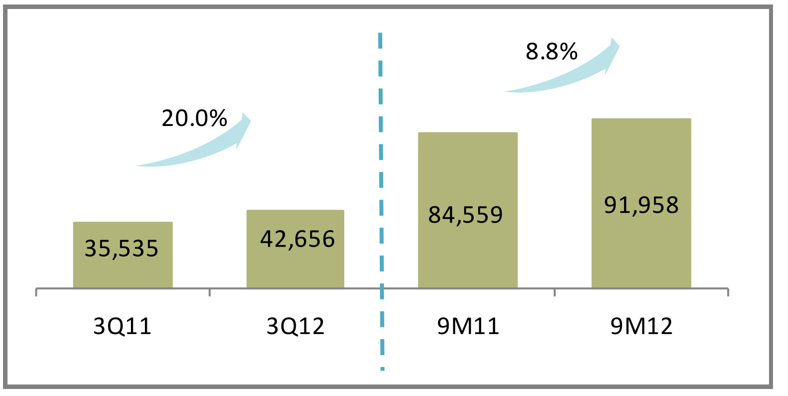
In 3Q12, General and Administrative expenses totaled R$15.3 million against R$11.9 million in the same quarter of the previous year, a 28.9% increase, especially due to greater R&D expenses a result of intensified development of new products and non-recurring expenses related to the new head-office. General and Administrative expenses reached R$41.1 million in the first nine months of 2012, a 20.3% increase against the same period of the previous year.

EBITDA and EBITDA Margin (%)

The EBITDA increased by 20.0% in 3Q12 against 3Q11, totaling R$42.7 million. EBITDA Margin in 3Q12 was 17.3% against 18.8% in 3Q11. The primary factors leading to EBITDA growth in this quarter were:

i) Increase in Net Revenue by 30.6%;

ii) Expansion in Gross Margin by 1.6%



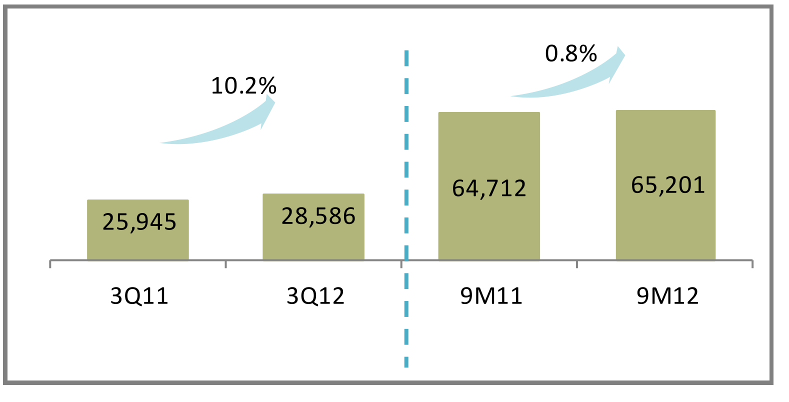
In the first nine months of 2012, Arezzo&Co generated R$92.0 million EBITDA, an 8.8% increase against the same period of 2011, and recorded a 15.1% margin. Excluding the non-recurring effect in the 1Q12, 9M12 EBITDA would have reached R$ 100.0 million, with margin of 16.5% and 18.2% of growth.

Ebitda reconciliation	3Q11	3Q12	9M11	9M12
Net income	25,945	28,586	64,712	65,201
(-) Income tax and social contribution	(12,909)	(13,703)	(25,808)	(26,419)
(-) Financial result	4,369	1,676	8,851	4,871
(-) Depreciation and amortization	(1,050)	(2,043)	(2,890)	(5,209)
Ebitda	35,535	42,656	84,559	91,958

Net Profit and Net Margin (%)

The Company maintained a good EBITDA (17.3% margin in 3Q12) to Net Income (11.6% margin in 3Q12) ratio, which reflects reduced capital investment in property, plant and equipment and, consequently, low depreciation.

Net Profit in 3Q12 totaled R$28.6 million against R$25.9 million in 3Q11, a 10.2% increase compared with the same period of the previous year.



Net Profit in 9M12 totaled R$65.2 million against R$64.7 million, which is in line with the same period of the previous year. Without the 1Q12 non-recurring impact, 9M12 net profit would have reached R$ 70.5 million, a 8.9% increase and net margin of 11.6%.

Operating Cash Generation

In 3Q12, Arezzo&Co consumed R$3.7 million of the Company's operating cash. According to the calendar of deliveries, throughout the second half of the year, summer collection products are distributed among the several channels, increasing the levels of accounts receivable during 3Q12.

Cash flows from operating activies	3Q11	3Q12	Growth or spread	9M11	9M12	Growth or spread
Income before income taxes	38,854	42,289	3,435	90,520	91,620	1,100
Depreciation and amortization	1,050	2,043	993	2,890	5,209	2,319
Others	(1,680)	(1,032)	648	(7,943)	(6,679)	1,264
Decrease (increase) in current assets / liabilities	(38,949)	(36,065)	2,884	(28,200)	(9,546)	18,654
Trade accounts receivable	(51,314)	(50,566)	748	(27,418)	(21,771)	5,647
Inventories	(3,983)	(17,341)	(13,358)	(22,820)	(26,028)	(3,208)
Suppliers	12,778	21,837	9,059	21,306	27,879	6,573
Change in other current assets and liabilities	3,570	10,005	6,435	732	10,374	9,642
Change in other non current assets and liabilities	(946)	(757)	189	(2,119)	(2,385)	(266)
Tax and contributions	(6,363)	(10,166)	(3,803)	(14,703)	(21,818)	(7,115)
Net cash generated by operating activities	(8,034)	(3,688)	4,346	40,445	56,401	15,956

Investments – CAPEX

The Company's investments can be broken down into 3 types: 1) investment in expansion or refurbishments 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.

Total Capex in 3Q12 increased against 3Q11, especially due to investment in the new head office in Campo Bom (RS), with 14,000 sq m. The opening of the new head-office gathered the 4 brands' management, consolidating an integrated research and development process. Besides, one of Arezzo brand's collection launches was moved to the new head-office in the 3Q12, in order to strengthen the relationship between franchisees and the retail staff dedicated to store infrastructure, therefore creating greater alignment between franchisor and franchisee.

The opening and expansion of 4 stores in the period, as well as investment for 4 openings and refurbishments, which will be inaugurated within the next quarters, contributed to capex increase in the period.

Comparing 9M12 with 9M11, total Capex increased by 185.2%, especially due to investments in expansion, the Company's corporate structure and the new head office's refurbishment.

Sumary of investments	3Q11	3Q12	Growth or spread (%)	9M11	9M12	Growth or spread (%)
Total Capex	9,611	16,479	71.5%	16,927	48,278	185.2%
Stores - expansion and reforming	7,879	10,306	30.8%	12,218	31,299	156.2%
Corporate	1,455	5,399	271.1%	3,981	15,727	295.1%
Others	277	774	179.4%	728	1,252	72.0%

Cash Position and Indebtedness

The Company ended 3Q12 with R$120.4 million net cash. Indebtedness policy remained conservative, with the following primary characteristics:

- Total indebtedness of R$55.2 million in 3Q12 against R$35.1 million in 3Q11;
- Long-term indebtedness of 44.4% in 3Q12 against 53.6% in 3Q11;
- The Company's weighted average cost of total debt in 3Q12 remained very low.

Cash position and indebtedness	3Q11	2Q12	3Q12
Cash and cash equivalents	178,999	205,819	175,605
Total indebtedness	35,065	51,117	55,199
Short term	16,270	25,548	30,626
As % of total debt	*46.4%*	*50.0%*	*55.5%*
Long term	18,795	25,569	24,573
As % of total debt	*53.6%*	*50.0%*	*44.5%*
Net debt	(143,934)	(154,702)	(120,406)

ROIC (Return on Invested Capital)

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

Return on Invested Capital was 31.9% in this quarter against 42.7% in 3Q11, which reflects the increase in invested capital on the retail operation, without the returns from full-year cash generation.

Operating Result	3Q10	3Q11	3Q12	Growth or Spread (%)
EBIT (LTM)	83,237	111,848	118,751	6.2%
(+) Income tax and social contribution (LTM)	(15,892)	(33,837)	(34,450)	1.8%
NOPLAT	**67,345**	**78,011**	**84,301**	**8.1%**
Working capital[1]	105,221	163,375	196,310	20.2%
Permanent assets	30,840	49,466	102,605	107.4%
Other long term assets[2]	7,615	9,170	8,045	-12.3%
Invested capital	**143,676**	**222,011**	**306,960**	**38.3%**
Average invested capital[3]		**182,844**	**264,486**	**44.7%**
ROIC[4]		**42.7%**	**31.9%**	**-10.8 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	3Q11	2Q12	3Q12
Current assets	**423,739**	**441,382**	**475,879**
Cash and cash equivalents	6,229	4,799	8,373
Short-term investments	172,770	201,020	167,232
Trade accounts receivables	159,889	150,687	201,253
Inventories	71,941	65,718	82,543
Taxes recoverable	3,647	7,393	3,971
Other receivables	9,263	11,765	12,507
Non current assets	**72,282**	**105,507**	**120,042**
Long-term assets	22,816	**16,135**	**17,437**
Financial investments	78	98	98
Taxes recoverable	3,170	360	360
Deferred income and social contribution taxes	13,646	8,705	9,392
Other receivables	5,922	6,972	7,587
Property, plant and equipment	24,901	**47,693**	**56,788**
Intangible assets	24,565	**41,679**	**45,817**
Total assets	**496,021**	**546,889**	**595,921**

Liabilities	3Q11	2Q12	3Q12
Current liabilities	**97,635**	**107,458**	**134,590**
Loans and financing	16,270	25,548	30,626
Trade accounts payable	50,050	43,328	65,165
Dividends and interest on equity capital payable	-	9,701	-
Other liabilities	31,315	28,881	38,799
Non-current liabilities	**25,697**	**29,984**	**29,025**
Loans and financing	18,795	25,569	24,573
Related parties	894	975	979
Other liabilities	6,008	3,440	3,473
Equity	**372,689**	**409,447**	**432,306**
Capital	40,917	105,917	106,857
Capital reserve	237,723	172,830	173,149
Income reserves	37,779	105,407	98,421
Retained Earnings	56,270	25,293	53,879
Total liabilities and shareholders' equity	**496,021**	**546,889**	**595,921**

Income Statement – IFRS

Income statement - IFRS	3Q11	3Q12	Growth or spread (%)	9M11	9M12	Growth or spread (%)
Net operating revenue	**188,901**	**246,655**	**30.6%**	**479,736**	**607,484**	**26.6%**
Cost of sales and services	(109,976)	(139,606)	26.9%	(278,658)	(343,327)	23.2%
Gross profit	**78,925**	**107,049**	**35.6%**	**201,078**	**264,157**	**31.4%**
Operating income (expenses):	**(44,440)**	**(66,436)**	**49.5%**	**(119,409)**	**(177,408)**	**48.6%**
Selling	(32,203)	(49,714)	54.4%	(84,203)	(126,532)	50.3%
Administrative and general	(12,474)	(16,263)	30.4%	(35,864)	(43,571)	21.5%
Other operating income, net	237	(459)	n/a	658	(7,305)	n/a
Income before financial results	**34,485**	**40,613**	**17.8%**	**81,669**	**86,749**	**6.2%**
Financial income (expenses)	4,369	1,676	-61.6%	8,851	4,871	-45.0%
Income before income taxes	**38,854**	**42,289**	**8.8%**	**90,520**	**91,620**	**1.2%**
Income and social contribution taxes	**(12,909)**	**(13,703)**	**6.2%**	**(25,808)**	**(26,419)**	**2.4%**
Current	(12,936)	(14,390)	11.2%	(20,201)	(25,799)	27.7%
Deferred	27	687	2444.4%	(5,607)	(620)	-88.9%
Net income for the year	**25,945**	**28,586**	**10.2%**	**64,712**	**65,201**	**0.8%**

Cash Flow Statements – IFRS

Cash Flow Statement - IFRS	3Q11	3Q12	9M11	9M12
Cash flows from operating activities				
Income before income and social contribution taxes	38,854	42,289	90,520	91,620
Adjustments to reconcile to net cash generated by operating activities	**(630)**	**1,011**	**(5,053)**	**(1,470)**
Depreciation and amortization	1,050	2,043	2,890	5,209
Financial Investments	(4,921)	(2,927)	(11,806)	(9,531)
Interest and FX variation	2,806	(310)	3,793	504
Other	435	2,205	70	2,348
Decrease (increase) in assets	**(55,214)**	**(65,848)**	**(50,119)**	**(43,650)**
Trade accounts receivable	(51,314)	(50,566)	(27,418)	(21,771)
Inventories	(3,983)	(17,341)	(22,820)	(26,028)
Taxes recoverable	2,549	3,421	4,975	6,217
Variation in other current assets	(1,952)	(974)	(2,610)	(1,039)
Judicial deposits	(514)	(388)	(2,246)	(1,029)
(Decrease) increase in liabilities	**15,319**	**29,026**	**19,800**	**31,719**
Trade accounts payable	12,778	21,837	21,306	27,879
Labor liabilities	3,766	4,656	1,153	5,925
Tax and social liabilities	(1,106)	545	(3,066)	(3,802)
Change in other liabilities	(119)	1,988	407	1,717
Paid incomes and social contribution taxes	**(6,363)**	**(10,166)**	**(14,703)**	**(21,818)**
Net cash generated by operating activities	**(8,034)**	**(3,688)**	**40,445**	**56,401**
Cash flows from investing activities				
Increase in property, plant and equipment and intangible assets	(9,611)	(16,479)	(16,927)	(48,278)
Short-term investments	(40,620)	(66,661)	(289,313)	(243,862)
Redemption of short-term investments	68,837	103,375	133,369	244,168
Net cash used in investing activities	**18,606**	**20,235**	**(172,871)**	**(47,972)**
Cash flows from financing activities with third parties				
Long-term funding				
Borrowings of funds	7,105	11,497	13,909	37,672
Borrowings repayment	(7,122)	(7,105)	(29,405)	(21,636)
Net cash used in financing activities with third parties	**(17)**	**4,392**	**(15,496)**	**16,036**
Cash flows from financing activities with shareholders				
Interest on equity capital	(8,442)	(11,322)	(8,442)	(11,322)
Profit distribution	1,264	(6,988)	(26,761)	(21,313)
Receivables (payables) with shareholders	141	5	(109)	75
Shares issuance	(550)	940	181,459	940
Net cash used in financing activities with shareholders	**(7,587)**	**(17,365)**	**146,147**	**(31,620)**
Increase (decrease) in cash and cash equivalents	**2,968**	**3,574**	**(1,775)**	**(7,155)**
Cash and cash equivalents				
Cash and cash equivalents - opening balance	3,261	4,799	8,004	15,528
Cash and cash equivalents - closing balance	6,229	8,373	6,229	8,373
Increase (decrease) in cash and cash equivalents	**2,968**	**3,574**	**(1,775)**	**(7,155)**

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. Forward-looking 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 actual results 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.