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Company Data / Capital Breakdown

Number of Shares (In thousands)	Current Quarter 06/30/2014
Paid-in Capital	
Common Shares	88,637
Preferred Shares	0
Total	88,637
Treasury Shares	
Common Shares	0
Preferred Shares	0
Total	0

Company Data / Cash Proceeds

Event	Approval	Type	First Payment	Type of Share	Class of Action	Earnings per Share (Reais / Share)
Board of Directors' Meeting	06/20/2014	Interest on Equity	06/30/2014	Common		0.02804

Individual Interim Financial Statements / Balance Sheet - Assets

(In thousands of reais)

Account Code	Account Description	Current Quarter 06/30/2014	Prior Year Anterior 12/31/2013
1	Total Assets	665,676	636,236
1.01	Current Assets	451,384	431,665
1.01.01	Cash and Cash Equivalents	9,697	8,761
1.01.02	Short-term Investments	140,731	154,119
1.01.02.01	Short-term Investments Measured at Fair Value	140,731	154,119
1.01.02.01.03	Short-term Investments Measured at Fair Value	140,731	154,119
1.01.03	Accounts Receivable	220,516	214,256
1.01.03.01	Trade Accounts Receivable	220,516	214,256
1.01.04	Inventories	54,602	29,845
1.01.06	Taxes Recoverable	14,591	14,253
1.01.06.01	Current Taxes Recoverable	14,591	14,253
1.01.08	Other Current Assets	11,247	10,431
1.01.08.03	Other	11,247	10,431
1.02	Noncurrent Assets	214,292	204,571
1.02.01	Long-term Receivables	25,778	26,297
1.02.01.06	Long-term Receivables	5,664	4,800
1.02.01.06.01	Deferred Income and Social Contribution Taxes	5,664	4,800
1.02.01.08	Receivables from Related Parties	14,541	15,186
1.02.01.08.02	Receivables from Subsidiaries	14,541	15,186
1.02.01.09	Other Noncurrent Assets	5,573	6,311
1.02.01.09.04	Judicial Deposits	4,737	4,676
1.02.01.09.05	Other Receivables	836	1,635
1.02.02	Investments	128,830	130,296
1.02.02.01	Equity Interests	128,830	130,296
1.02.02.01.02	Investments in Subsidiaries	128,830	130,296
1.02.03	Property, Plant and Equipment	23,405	21,748
1.02.03.01	Property, Plant and Equipment in Use	23,405	21,748
1.02.04	Intangible Assets	36,279	26,230
1.02.04.01	Intangible Assets	36,279	26,230
1.02.04.01.02	Trademarks and Patents	2,672	2,655
1.02.04.01.03	Store Use Rights	1,080	1,078
1.02.04.01.04	System Use Rights	32,527	22,497

Individual Interim Financial Statements / Balance Sheet - Liabilities

(In thousands of reais)

Account Code	Account Description	Current Quarter 06/30/2014	Prior Year 12/31/2013
2	Total Liabilities	665,676	636,236
2.01	Current Liabilities	97,551	89,265
2.01.01	Social and Labor Liabilities	10,759	9,968
2.01.01.01	Social Liabilities	1,481	1,782
2.01.01.02	Labor Liabilities	9,278	8,186
2.01.02	Trade Accounts Payable	55,540	28,072
2.01.02.01	Domestic Trade Accounts Payable	55,540	28,055
2.01.02.02	Foreign Trade Accounts Payable	0	17
2.01.03	Tax Liabilities	6,049	5,889
2.01.03.01	Federal Tax Liabilities	5,946	5,807
2.01.03.01.01	Income and Social Contribution Taxes Payable	1,300	0
2.01.03.01.02	Other Federal Tax Liabilities	4,646	5,807
2.01.03.02	State Tax Liabilities	95	74
2.01.03.03	Local Tax Liabilities	8	8
2.01.04	Loans and Financing	22,947	34,350
2.01.04.01	Loans and Financing	22,947	34,350
2.01.04.01.01	In Local Currency	7,775	6,572
2.01.04.01.02	In Foreign Currency	15,172	27,778
2.01.05	Other Liabilities	2,256	10,986
2.01.05.02	Other	2,256	10,986
2.01.05.02.01	Dividends and IOE Payable	1	7,598
2.01.05.02.04	Other	2,255	3,388
2.02	Noncurrent Liabilities	35,078	32,429
2.02.01	Loans and Financing	24,328	22,303
2.02.01.01	Loans and Financing	24,328	22,303
2.02.01.01.01	In Local Currency	24,328	22,303
2.02.02	Other Liabilities	992	1,165
2.02.02.02	Other	992	1,165
2.02.02.02.03	Other	992	1,165
2.02.04	Provisions	9,758	8,961
2.02.04.01	Provisions for Tax, Social Security, Labor and Civil Contingencies	4,991	3,849
2.02.04.01.02	Provisions for Social Security and Labor Contingencies	2,120	2,162
2.02.04.01.04	Provisions for Civil Contingencies	469	502
2.02.04.01.05	Provisions for Tax Contingencies	2,402	1,185
2.02.04.02	Other Provisions	4,767	5,112
2.02.04.02.04	Provision for Investment Losses	4,767	5,112
2.03	Equity	533,047	514,542
2.03.01	Paid-in Capital	219,186	157,186
2.03.02	Capital Reserves	68,856	128,288
2.03.02.02	Special Reserve for Goodwill on Merger	21,470	21,470
2.03.02.04	Stock Options Granted	7,276	4,708
2.03.02.07	Issue of Shares	40,110	102,110
2.03.04	Income Reserves	208,174	229,068
2.03.04.01	Legal Reserve	18,555	18,555
2.03.04.05	Retained Profits Reserve	186,936	186,936
2.03.04.07	Tax Incentive Reserve	2,683	2,683

Individual Interim Financial Statements / Balance Sheet - Liabilities

(In thousands of reais)

Account Code	Account Description	Current Quarter 06/30/2014	Prior Year 12/31/2013
2.03.04.08	Additional Dividends Proposed	0	20,894
2.03.05	Retained Earnings/Accumulated Losses	36,831	0

Individual Interim Financial Statements / Income Statement

(In thousands of reais)

Account Code	Account Description	Current Quarter 04/01/2014 to 06/30/2014	YTD – Current Year 01/01/2014 to 06/30/2014	Same Quarter of Prior Year 04/01/2013 to 06/30/2013	YTD – Prior Year 01/01/2013 to 06/30/2013
3.01	Revenue from Sales of Goods and/or Services	227,454	419,723	209,454	389,884
3.02	Costs of Sales and/or Services	-146,628	-269,542	-131,911	-247,644
3.03	Gross Profit	80,826	150,181	77,543	142,240
3.04	Operating Income (Expenses)	-44,587	-89,421	-41,930	-80,494
3.04.01	Selling Expenses	-26,550	-47,106	-23,151	-41,986
3.04.02	General and Administrative Expenses	-17,340	-35,487	-18,113	-35,438
3.04.04	Other Operating Income	0	0	904	1,459
3.04.05	Other Operating Expenses	-373	-1,136	0	0
3.04.06	Equity Pickup	-324	-5,692	-1,570	-4,529
3.05	Income Before Financial Income (Expenses) and Taxes	36,239	60,760	35,613	61,746
3.06	Financial Income (Expenses)	5,284	9,455	2,532	5,933
3.06.01	Financial Income	7,073	12,655	7,020	11,792
3.06.01.01	Financial Income	6,598	12,052	4,691	8,976
3.06.01.02	Exchange Gains	475	603	2,329	2,816
3.06.02	Financial Expenses	-1,789	-3,200	-4,488	-5,859
3.06.02.01	Financial Expenses	-1,253	-2,471	-1,312	-2,683
3.06.02.02	Exchange Losses	-536	-729	-3,176	-3,176
3.07	Income Before Income Taxes	41,523	70,215	38,145	67,679
3.08	Income and Social Contribution Taxes	-9,889	-21,149	-9,088	-19,256
3.08.01	Current	-9.670	-22,013	-8,216	-18,684
3.08.02	Deferred	-219	864	-872	-572
3.09	Net Income from Continuing Operations	31,634	49,066	29,057	48,423
3.11	Income/Loss for the Period	31,634	49,066	29,057	48,423
3.99	Earnings per Share (Reais/Share)				
3.99.01	Basic Earnings per Share				
3.99.01.01	Registered Common Shares	0.35689	0.55356	0.32802	0.54663
3.99.02	Diluted Earnings per Share				
3.99.02.01	Registered Common Shares	0.54500	0.54500	0.55000	0.55000

Individual Interim Financial Statements / Statement of Comprehensive Income

(In thousands of reais)

Account Code	Account Description	Current Quarter 01/04/2014 to 06/30/2014	YTD - current year 01/01/2014 to 06/30/2014	Same quarter of prior year 01/04/2013 to 06/30/2013	YTD - prior quarter 01/01/2013 to 06/30/2013
4.01	Net Income for the Period	31,634	49,066	29,057	48,423
4.03	Comprehensive Income for the Period	31,634	49,066	29,057	48,423

Individual Interim Financial Statements / Cash Flow Statement - Indirect Method

(In thousands of reais)

Account Code	Account Description	YTD - current year 01/01/2014 to 06/30/2014	YTD - prior year 01/01/2013 to 06/30/2013
6.01	Net Cash from Operating Activities	42,515	48,275
6.01.01	Cash from Operations	75,798	74,645
6.01.01.01	Income Before Income and Social Contribution Taxes	70,215	67,679
6.01.01.02	Depreciation and Amortization	2,981	2,320
6.01.01.03	Income from Disposal of Permanent Assets	-210	147
6.01.01.04	Equity Pickup	5,692	4,529
6.01.01.05	Provision for Labor, Tax and Civil Contingencies	1,142	1,555
6.01.01.06	Interest and Exchange Variation	-2,296	2,986
6.01.01.07	Short-term Investment Yield, Net of Withholding Income Tax (IRRF)	-4,879	-5,476
6.01.01.08	Other	0	-432
6.01.01.09	Supplement of Provision for Inventory Losses	585	502
6.01.01.10	Stock Option Plan	2,568	835
6.01.02	Changes in Assets and Liabilities	-12,741	-9,008
6.01.02.01	Trade Accounts Receivable	-10,831	-7,735
6.01.02.02	Inventories	-25,342	-5,176
6.01.02.03	Changes in Other Current and Noncurrent Assets	-17	-3,706
6.01.02.04	Taxes Recoverable	-338	-4,874
6.01.02.05	Judicial Deposits	-61	378
6.01.02.07	Trade Accounts Payable	27,468	12,684
6.01.02.08	Labor Liabilities	1,092	-410
6.01.02.09	Tax and Social Liabilities	-3,405	-2,120
6.01.02.10	Other Liabilities	-1,307	1,951
6.01.03	Other	-20,542	-17,362
6.01.03.01	Income and Social Contribution Taxes Paid	-20,542	-17,362
6.02	Net Cash from Investing Activities	3,790	-23,325
6.02.01	Additions to Property, Plant and Equipment and Intangible Assets	-16,114	-12,006
6.02.02	Disposal of Property, Plant and Equipment and Intangible Assets	1,637	2,581
6.02.03	Short-term Investments	-177,718	-168,280
6.02.04	Redeemed Short-term Investments	195,985	154,380
6.03	Net Cash from Financing Activities	-45,369	-27,233
6.03.01	Loans Taken Out	15,689	25,207
6.03.02	Repayment of Loans	-22,127	-15,688
6.03.03	Interest Paid on Loans	-644	-702
6.03.04	Related Parties	645	-6,723
6.03.05	Interest on Equity	-18,038	-8,945
6.03.06	Distribution of Income	-20,894	-20,382
6.05	Increase (Decrease) in Cash and Cash Equivalents	936	-2,283
6.05.01	Opening Balance of Cash and Cash Equivalents	8,761	6,771
6.05.02	Closing Balance of Cash and Cash Equivalents	9,697	4,488

Individual Interim Financial Statements / Statement of Changes in Equity / SCE - 01/01/2014 to 06/30/2014

(In thousands of reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Income Reserves	Retained Earnings/ Accumulated Losses	Other Comprehensive Income	Equity
5.01	Opening Balances	157,186	128,288	229,068	0	0	514,542
5.03	Adjusted Opening Balances	157,186	128,288	229,068	0	0	514,542
5.04	Capital Transactions with Shareholders	62,000	-59,432	-20,894	-12,235	0	-30,561
5.04.01	Capital Increases	62,000	-62,000	0	0	0	0
5.04.03	Stock Options Granted and Recognized	0	2,568	0	0	0	2,568
5.04.06	Dividends	0	0	-20,894	0	0	-20,894
5.04.07	Interest on Equity	0	0	0	-12,235	0	-12,235
5.05	Total Comprehensive Income	0	0	0	49,066	0	49,066
5.05.01	Net Income for the Period	0	0	0	49,066	0	49,066
5.07	Closing Balances	219,186	68,856	208,174	36,831	0	533,047

Individual Interim Financial Statements / Statement of Changes in Equity / SCE - 01/01/2013 to 06/30/2013

(In thousands of reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Income Reserves	Retained Earnings / Accumulated Losses	Other Comprehensive Income	Equity
5.01	Opening Balances	106,857	173,498	173,544	0	0	453,899
5.03	Adjusted Opening Balances	106,857	173,498	173,544	0	0	453,899
5.04	Capital Transactions with Shareholders	49,143	-48,308	-20,382	-10,886	0	-30,433
5.04.01	Capital Increases	49,143	-49,143	0	0	0	0
5.04.03	Stock Options Granted and Recognized	0	835	0	0	0	835
5.04.07	Interest on Equity	0	0	0	-10,886	0	-10,886
5.04.10	Proposed Dividends	0	0	-20,382	0	0	-20,382
5.05	Total Comprehensive Income	0	0	0	48,423	0	48,423
5.05.01	Net Income for the Period	0	0	0	48,423	0	48,423
5.07	Closing Balances	156,000	125,190	153,162	37,537	0	471,889

Individual Interim Financial Statements / Statement of Value Added

(In thousands of reais)

Account Code	Account Description	YTD - current year 01/01/2014 to 06/30/2014	YTD – prior year 01/01/2013 to 06/30/2013
7.01	Revenues	507,287	467,289
7.01.01	Sales of Goods, Products and Services	507,287	466,857
7.01.04	Provision/reversal of Allowance for Doubtful Accounts	0	432
7.02	Inputs Acquired from Third Parties	-380,911	-353,546
7.02.01	Costs of Goods, Products and Services Sold	-341,987	-314,468
7.02.02	Materials, Electricity, Third-party Services and Other Expenses	-37,294	-37,647
7.02.04	Other	-1,630	-1,431
7.03	Gross Value Added	126,376	113,743
7.04	Retention	-2,981	-2,320
7.04.01	Depreciation, Amortization and Depletion	-2,981	-2,320
7.05	Net Value Added Generated	123,395	111,423
7.06	Value Added Received in Transfer	5,224	9,206
7.06.01	Equity Pickup	-5,692	-4,529
7.06.02	Financial Income	12,052	11,780
7.06.03	Other	-1,136	1,955
7.07	Total Value Added to Be Distributed	128,619	120,629
7.08	Value Added Distributed	128,619	120,629
7.08.01	Personnel	30,627	28,616
7.08.01.01	Direct Compensation	22,566	22,508
7.08.01.02	Benefits	2,227	1,811
7.08.01.03	Unemployment Compensation Fund (FGTS)	2,165	1,910
7.08.01.04	Other	3,669	2,387
7.08.01.04.01	Employees' Profit Sharing	861	1,443
7.08.01.04.02	Other	240	109
7.08.01.04.03	Stock Option Plan	2,568	835
7.08.02	Taxes, Charges and Contributions	44,289	35,766
7.08.02.01	Federal	43,600	39,830
7.08.02.02	State	-640	-4,182
7.08.02.03	Local	1,329	118
7.08.03	Debt Remuneration	4,637	7,824
7.08.03.01	Interest	907	1,280
7.08.03.02	Rental	2,040	1,977
7.08.03.03	Other	1,690	4,567
7.08.04	Equity Remuneration	49,066	48,423
7.08.04.01	Interest on Equity	12,235	10,886
7.08.04.03	Retained Earnings (Accumulated Losses) for the Period	36,831	37,537

Consolidated Interim Financial Statements / Balance Sheet - Assets

(In thousands of reais)

Account Code	Account Description	Current Quarter 06/30/2014	Prior Year 12/31/2013
1	Total Assets	714,582	703,866
1.01	Current Assets	552,254	553,093
1.01.01	Cash and Cash Equivalents	12,557	13,786
1.01.02	Short-term Investments	146,639	171,905
1.01.02.01	Short-term Investments Measured at Fair Value	146,639	171,905
1.01.02.01.03	Short-term Investments Measured at Fair Value	146,639	171,905
1.01.03	Accounts Receivable	235,814	247,498
1.01.03.01	Trade Accounts Receivable	235,814	247,498
1.01.04	Inventories	120,458	85,108
1.01.06	Taxes Recoverable	20,170	19,188
1.01.06.01	Current Taxes Recoverable	20,170	19,188
1.01.08	Other Current Assets	16,616	15,608
1.01.08.03	Other	16,616	15,608
1.02	Noncurrent Assets	162,328	150,773
1.02.01	Long-term Receivables	14,876	15,116
1.02.01.01	Short-term Investments Measured at Fair Value	27	23
1.02.01.01.01	Trading Securities	27	23
1.02.01.06	Deferred Taxes	6,694	5,514
1.02.01.06.01	Deferred Income and Social Contribution Taxes	6,694	5,514
1.02.01.09	Other Noncurrent Assets	8,155	9,579
1.02.01.09.04	Judicial Deposits	6,358	6,622
1.02.01.09.05	Other Receivables	1,797	2,957
1.02.03	Property, Plant and Equipment	72,123	68,543
1.02.03.01	Property, Plant and Equipment in Use	72,123	68,543
1.02.04	Intangible Assets	75,329	67,114
1.02.04.01	Intangible Assets	75,329	67,114
1.02.04.01.02	Trademarks and Patents	2,782	2,778
1.02.04.01.03	Store Use Rights	39,643	41,495
1.02.04.01.04	System Use Rights	32,904	22,841

Consolidated Interim Financial Statements / Balance Sheet - Liabilities

(In thousands of reais)

Account Code	Account Description	Current Quarter 06/30/2014	Prior year 12/31/2013
2	Total Liabilities	714,582	703,866
2.01	Current Liabilities	142,906	143,860
2.01.01	Social and Labor Liabilities	17,829	16,892
2.01.01.01	Social Liabilities	2,626	3,324
2.01.01.02	Labor Liabilities	15,203	13,568
2.01.02	Trade Accounts Payable	57,129	34,859
2.01.02.01	Domestic Trade Accounts Payable	57,129	34,842
2.01.02.02	Foreign Trade Accounts Payable	0	17
2.01.03	Tax Liabilities	11,954	14,830
2.01.03.01	Federal Tax Liabilities	7,809	8,888
2.01.03.01.01	Income and Social Contribution Taxes Payable	1,432	542
2.01.03.01.02	Other Federal Tax Liabilities	6,377	8,346
2.01.03.02	State Tax Liabilities	4,137	5,908
2.01.03.03	Local Tax Liabilities	8	34
2.01.04	Loans and Financing	49,753	59,835
2.01.04.01	Loans and Financing	49,753	59,835
2.01.04.01.01	In Local Currency	23,510	20,311
2.01.04.01.02	In Foreign Currency	26,243	39,524
2.01.05	Other Liabilities	6,241	17,444
2.01.05.02	Other	6,241	17,444
2.01.05.02.01	Dividends and IOE Payable	1	7,598
2.01.05.02.04	Other	6,240	9,846
2.02	Noncurrent Liabilities	38,629	45,464
2.02.01	Loans and Financing	31,100	38,583
2.02.01.01	Loans and Financing	31,100	38,583
2.02.01.01.01	In Local Currency	31,100	38,583
2.02.02	Other Liabilities	1,717	2,038
2.02.02.01	Payables to Related Parties	725	873
2.02.02.01.03	Payables to Controlling Shareholders	725	873
2.02.02.02	Other	992	1,165
2.02.02.02.03	Other	992	1,165
2.02.04	Provisions	5,812	4,843
2.02.04.01	Provisions for Tax, Social Security, Labor and Civil Contingencies	5,812	4,843
2.02.04.01.02	Provisions for Social Security and Labor Contingencies	2,550	2,765
2.02.04.01.04	Provisions for Civil Contingencies	491	524
2.02.04.01.05	Provisions for Tax Contingencies	2,771	1,554
2.03	Equity (Consolidated)	533,047	514,542
2.03.01	Paid-in Capital	219,186	157,186
2.03.02	Capital Reserves	68,856	128,288
2.03.02.02	Special Reserve for Goodwill on Merger	21,470	21,470
2.03.02.04	Stock Options Granted	7,276	4,708
2.03.02.07	Issue of Shares	40,110	102,110
2.03.04	Income Reserves	208,174	229,068
2.03.04.01	Legal Reserve	18,555	18,555
2.03.04.05	Retained Profits Reserve	186,936	186,936
2.03.04.07	Tax Incentive Reserve	2,683	2,683

Consolidated Interim Financial Statements / Balance Sheet - Liabilities

(In thousands of reais)

Account Code	Account Description	Current Quarter 06/30/2014	Prior Year 12/31/2013
2.03.04.08	Additional Dividends Proposed	0	20,894
2.03.05	Retained Earnings/Accumulated Losses	36,831	0

Consolidated Interim Financial Statements / Income Statement

(In thousands of reais)

Account Code	Account Description	Current quarter 04/01/2014 to 06/30/2014	YTD - current Year 01/01/2014 to 06/30/2014	Same Quarter of Prior Year 04/01/2013 to 06/30/2013	YTD – Prior Year 01/01/2013 to 06/30/2013
3.01	Revenue from Sales of Goods and/or Services	253,748	467,173	237,639	438,678
3.02	Costs of Sales and/or Services	-140,840	-262,204	-131,581	-243,187
3.03	Gross Profit	112,908	204,969	106,058	195,491
3.04	Operating Income (Expenses)	-73,724	-141,705	-67,965	-131,347
3.04.01	Selling Expenses	-53,510	-101,231	-49,709	-95,008
3.04.02	General and Administrative Expenses	-18,555	-37,879	-19,149	-37,627
3.04.04	Other Operating Income	0	0	893	1,288
3.04.05	Other Operating Expenses	-1,659	-2,595	0	0
3.05	Income Before Financial Income (Expenses) and Taxes	39,184	63,264	38,093	64,144
3.06	Financial Income (Expenses)	3,849	6,766	666	2,706
3.06.01	Financial Income	7,489	13,448	6,953	12,330
3.06.01.01	Financial Income	6,926	12,845	5,125	9,815
3.06.01.02	Exchange Gains	563	603	1,828	2,515
3.06.02	Financial Expenses	-3,640	-6,682	-6,287	-9,624
3.06.02.01	Financial Expenses	-3,089	-6,178	-3,119	-6,456
3.06.02.02	Exchange Losses	-551	-504	-3,168	-3,168
3.07	Income Before Income Taxes	43,033	70,030	38,759	66,850
3.08	Income and Social Contribution Taxes	-11,400	-20,964	-9,702	-18,427
3.08.01	Current	-9,802	-22,144	-8,593	-19,061
3.08.02	Deferred	-1,598	1,180	-1,109	634
3.09	Net Income from Continuing Operations	31,633	49,066	29,057	48,423
3.11	Consolidated Net Income (Loss) for the Period	31,633	49,066	29,057	48,423
3.11.01	Attributable to Shareholders of Parent Company	31,633	49,066	29,057	48,423
3.99	Earnings per Share (Reais/Share)				
3.99.01	Basic Earnings per Share				
3.99.01.01	Registered Common Shares	0.35688	0.55356	0.32802	0.54663
3.99.02	Diluted Earnings per Share				
3.99.02.01	Registered Common Shares	0.54500	0.54500	0.55000	0.55000

Consolidated Interim Financial Statements / Statement of Comprehensive Income

(In thousands of reais)

Account Code	Account Description	Current Quarter 01/04/2014 to 06/30/2014	YTD - Current Year 01/01/2014 à 30/06/2014	Same Quarter of Prior Year 01/04/2013 to 06/30/2013	YTD - Prior Year 01/01/2013 to 06/30/2013
4.01	Consolidated Net Income for the Period	31,634	49,066	29,057	48,423
4.03	Consolidated Comprehensive Income for the Period	31,634	49,066	29,057	48,423
4.03.01	Attributable to Shareholders of Parent Company	31,634	49,066	29,057	48,423

Consolidated Interim Financial Statements / Cash Flow Statement - Indirect Method

(In thousands of reais)

Account Code	Account Description	YTD - Current Year 01/01/2014 to 06/30/2014	YTD - Prior Year 01/01/2013 to 06/30/2013
6.01	Net Cash from Operating Activities	42,711	42,651
6.01.01	Cash from Operations	74,906	71,534
6.01.01.01	Income Before Income and Social Contribution Taxes	70,030	66,850
6.01.01.02	Depreciation and Amortization	6,306	4,970
6.01.01.03	Gain (Loss) on Disposal of Permanent Assets	1,404	-1,884
6.01.01.05	Provision for Labor, Tax and Civil Contingencies	969	1,929
6.01.01.06	Interest and Exchange Variation on Loans and Financing	-1,753	5,067
6.01.01.07	Short-term Investment Yield	-5,195	-6,165
6.01.01.08	Other	-8	-570
6.01.01.09	Supplement of Provision for Inventory Losses	585	502
6.01.01.10	Stock Option Plan	2,568	835
6.01.02	Changes in Assets and Liabilities	-11,653	-11,285
6.01.02.01	Trade Accounts Receivable	11,692	9,097
6.01.02.02	Inventories	-35,935	-14,190
6.01.02.03	Changes in Other Current and Noncurrent Assets	152	-3,223
6.01.02.04	Taxes Recoverable	-982	-4,179
6.01.02.05	Judicial Deposits	264	545
6.01.02.07	Trade Accounts Payable	22,270	8.049
6.01.02.08	Labor Liabilities	1,635	-181
6.01.02.09	Tax and Social Liabilities	-6,969	-8,771
6.01.02.10	Changes in Other Current Liabilities	-3,780	1,568
6.01.03	Other	-20,542	-17,598
6.01.03.01	Income and Social Contribution Taxes Paid	-20,542	-17,598
6.02	Net Cash from Investing Activities	10,952	-26,044
6.02.01	Additions to Property, Plant and Equipment and Intangible Assets	-24,172	-20,169
6.02.02	Additions to Property, Plant and Equipment and Intangible Assets	4,667	4,222
6.02.03	Short-term Investments	-177,722	-168,455
6.02.04	Redeemed Short-term Investments	208,179	158,358
6.03	Net Cash from Financing Activities	-54,892	-20,610
6.03.01	Loans Taken Out	15,860	25,207
6.03.02	Repayment of Loans	-30,919	-15,715
6.03.03	Interest Paid on Loans	-753	-780
6.03.05	Interest on Equity	-18,038	-8,945
6.03.06	Distribution of Income	-20,894	-20,382
6.03.07	Receivables from (Payables to) Shareholders	-148	5
6.05	Increase (Decrease) in Cash and Cash Equivalents	-1,229	-4,003
6.05.01	Cash and Cash Equivalents at Beginning of Period	13,786	11,518
6.05.02	Cash and Cash Equivalents at End of Period	12,557	7,515

Consolidated Interim Financial Statements / Statement of Changes in Equity / SCE - 01/01/2014 to 06/30/2014

(In thousands of reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Income Reserves	Retained Earnings / Accumulated Losses	Other Comprehensive Income	Equity	Noncontrolling Interest	Equity (Consolidated)
5.01	Opening Balances	157,186	128,288	229,068	0	0	514,542	0	514,542
5.03	Adjusted Opening Balances	157,186	128,288	229,068	0	0	514,542	0	514,542
5.04	Capital Transactions with Shareholders	62,000	-59,432	-20,894	-12,235	0	-30,561	0	-30,561
5.04.01	Capital Increases	62,000	-62,000	0	0	0	0	0	0
5.04.03	Stock Options Granted and Recognized	0	2,568	0	0	0	2,568	0	2,568
5.04.06	Dividends	0	0	-20,894	0	0	-20,894	0	-20,894
5.04.07	Interest on Equity	0	0	0	-12,235	0	-12,235	0	-12,235
5.05	Total Comprehensive Income	0	0	0	49,066	0	49,066	0	49,066
5.05.01	Net Income for the Period	0	0	0	49,066	0	49,066	0	49,066
5.07	Closing Balances	219,186	68,856	208,174	36,831	0	533,047	0	533,047

Consolidated Interim Financial Statements / Statement of Changes in Equity / SCE - 01/01/2013 to 06/30/2013

(In thousands of reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Income Reserves	Retained Earnings / Accumulated Losses	Other Comprehensive Income	Equity	Noncontrolling Interest	Equity (Consolidated)
5.01	Opening Balances	106,857	173,498	173,544	0	0	453,899	0	453,899
5.03	Adjusted Opening Balances	106,857	173,498	173,544	0	0	453,899	0	453,899
5.04	Capital Transactions with Shareholders	49,143	-48,308	-20,382	-10,886	0	-30,433	0	-30,433
5.04.01	Capital Increases	49,143	-49,143	0	0	0	0	0	0
5.04.03	Stock Options Granted and Recognized	0	835	0	0	0	835	0	835
5.04.07	Interest on Equity	0	0	0	-10,886	0	-10,886	0	-10,886
5.04.10	Proposed Dividends	0	0	-20,382	0	0	-20,382	0	-20,382
5.05	Total Comprehensive Income	0	0	0	48,423	0	48,423	0	48,423
5.05.01	Net Income for the Period	0	0	0	48,423	0	48,423	0	48,423
5.07	Closing Balances	156,000	125,190	153,162	37,537	0	471,889	0	471,889

Consolidated Interim Financial Statements / Statement of Value Added

(In thousands of reais)

Account Code	Account Description	YTD - Current Year 01/01/2014 to 06/30/2014	YTD – Prior Year 01/01/2013 to 06/30/2013
7.01	Revenues	578,283	538,923
7.01.01	Sales of Goods, Products and Services	578,275	538,353
7.01.04	Set-up/Reversal of Allowance for Doubtful Accounts	8	570
7.02	Inputs Acquired from Third Parties	-376,914	-354,411
7.02.01	Costs of Goods, Products and Services Sold	-305,842	-283,129
7.02.02	Materials, Electricity, Third-party Services and Other Expenses	-68,053	-68,594
7.02.04	Other	-3,019	-2,688
7.03	Gross Value Added	201,369	184,512
7.04	Retention	-6,306	-4,970
7.04.01	Depreciation, Amortization and Depletion	-6,306	-4,970
7.05	Net Value Added Generated	195,063	179,542
7.06	Value Added Received in Transfer	10,475	14,110
7.06.02	Financial Income	13,070	12,326
7.06.03	Other	-2,595	1,784
7.07	Total Value Added to Be Distributed	205,538	193,652
7.08	Value Added Distributed	205,538	193,652
7.08.01	Personnel	55,662	51,981
7.08.01.01	Direct Compensation	41,209	39,781
7.08.01.02	Benefits	5,479	4,747
7.08.01.03	Unemployment Compensation Fund (FGTS)	3,968	3,536
7.08.01.04	Other	5,006	3,917
7.08.01.04.01	Employees' Profit Sharing	881	1,440
7.08.01.04.02	Other	1,557	1,642
7.08.01.04.03	Stock Option Plan	2,568	835
7.08.02	Taxes, Charges and Contributions	76,466	67,342
7.08.02.01	Federal	54,180	50,750
7.08.02.02	State	20,564	16,117
7.08.02.03	Local	1,722	475
7.08.03	Debt Remuneration	24,344	25,906
7.08.03.01	Interest	2,042	2,507
7.08.03.02	Rental	18,041	16,286
7.08.03.03	Other	4,261	7,113
7.08.04	Equity Remuneration	49,066	48,423
7.08.04.01	Interest on Equity	12,235	10,886
7.08.04.03	Retained Earnings (Accumulated Losses) for the Period	36,831	37,537

2. Company Overview

About Arezzo&Co

Arezzo&Co is Brazil's leading manufacturer of ladies' footwear, handbags and accessories. With a history of 41 years, it currently sells over 10 million pairs of shoes a year, in addition to handbags and accessories. It has four relevant brands - Arezzo, Schutz, Anacapri and Alexandre Birman.

Its product lines are distinguished by their innovation, design, comfort and excellent value for money.

The multichannel strategy enhances the group's capillarity through owned stores, franchises, multibrand stores and Web Commerce, with a presence in every Brazilian state. Internationally, the brand products are also sold in franchises, owned stores, multibrand stores and department stores. The company ended the 2nd quarter of 2014 with a presence through 417 franchises, 51 owned stores and 2,280 multibrand stores.

AREZZO

Founded in 1972 by the brothers Anderson and Jefferson Birman, in addition to occupying top of mind of consumers of Brazilian ladies' shoes, the brand is one of the most preferred in this segment and most consumed in Brazil. The brand has a trendy positioning, combining concept, high quality, contemporary design and consumer satisfaction. It is the benchmark in launching trends in Brazil and is always to be found in the editorials of the most prestigious magazines, newspapers and sites in Brazil as a reference for fast fashion in ladies' footwear, handbags and accessories.

SCHUTZ

The Schutz brand invests heavily in researching trends and developing materials and technology in order to create its portfolio. Its mission is to offer the public a concept of products where design, quality, fashion and freedom of expression all come together. The result is collections developed to reflect the spirit of the young, contemporary woman who makes an impact, is irreverent and has her own style. It is an invitation to be daring, to look for something different and to challenge the norm.

ANACAPRI

The Anacapri brand, specializing in flats of the Arezzo&Co Group, was founded in 2008 with the purpose of simplifying the lives of its consumers with versatile fashion full of personality, but without relinquishing comfort. It produces different models and colors every year, which are presented in three large collections and in limited editions.

ALEXANDRE BIRMAN

The Alexandre Birman brand is a reference among Brazilian brands of ladies' shoes, vying for room with the top fashion names in well-know retail chains around the world, such as in North America, Europe and Asia. The brand's hallmark is the concept of exclusiveness and sophistication, which is widely recognized abroad, and for which the Alexandre Birman brand was awarded the Vivian Infantino Emerging Talent Award as the 2009 talent in footwear creation (an award acknowledged as the Oscar of the international footwear industry).

Summary of Results	2Q13	2Q14	Growth or spread%	1H13	1H14	Growth or spread%
Net Revenues	237,639	253,748	6.8%	438,678	467,173	6.5%
Gross Profit	106,058	112,908	6.5%	195,491	204,969	4.8%
Grosss Margin	44.6%	44.5%	-0.1 p.p.	44.6%	43.9%	-0.7 p.p.
EBITDA [1]	40,478	42,281	4.5%	69,114	69,570	0.7%
Ebitda Margin	17.0%	16.7%	-0.3 p.p.	15.8%	14.9%	-0.9 p.p.
Net Income	29,057	31,633	8.9%	48,423	49,066	1.3%
Net Margin	12.2%	12.5%	0.3 p.p.	11.0%	10.5%	-0.5 p.p.

Operating Indicators	2Q13	2Q14	Growth or spread%	1H13	1H14	Growth or spread%
# of pairs sold ('000) [3]	2,297	2,519	9.6%	4,290	4,577	6.7%
# of handbags sold ('000) [3]	128	161	25.8%	264	323	22.3%
# of employees	2,014	2,135	6.0%	2,014	2,135	6.0%
# of stores *	417	468	51	417	468	51
Owned Stores	56	51	-5	56	51	-5
Franchises	361	417	56	361	417	56
Outsorcing (as % os total production)	89.8%	89.8%	0.0 p.p	89.9%	90.0%	0.1 p.p
SSS [2] **Sell-in (franchises)**	5.5%	1.1%	-4.4 p.p	6.7%	4.7%	-2.0 p.p
SSS [2] **Sell-out (owned stores + franchises)**	1.2%	6.7%	5.5 p.p	3.7%	5.1%	1.4 p.p
SSS [2] **Sell-out (owned stores + web + franchises)**	2.5%	7.7%	5.2 p.p	5.3%	5.9%	0.6 p.p

*Including international stores

1- EBITDA = Earnings before interest, income tax and social contribution on net income, depreciation and amortization. EBITDA is not a measure used in accounting practices adopted in Brazil (BR 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 an indicator of liquidity. EBITDA does not have a standardized meaning and Arezzo&Co's EBITDA definition may not be comparable to adjusted EBITDA of other companies. While EBITDA does not provide, in accordance with the accounting practices adopted in Brazil, a measure of operating cash flows, management uses it to measure operating performance. Additionally, The company believes that certain investors and financial analysts use EBITDA as an indicator of operating performance for a company and/ or its 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, with an impact of over 15% on the sales area, 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 – 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 and Franchises' sell out sales. The franchise sell-out figures represent the best estimate calculated on the basis of information provided by third parties. Starting in 1Q14, the Company begins to also report SSS sell-out including web commerce.

3- The volume of pairs of shoes and handbags recorded in 1H13 totaled 4,290 thousand pairs and 264 thousand handbags.

Gross Revenue	2Q13	Part%	2Q14	Part%	Growth %	1H13	Part%	1H14	Part%	Growth %
Total Gross Revenue	**305,456**		**327,520**		**7.2%**	**562,907**		**603,363**		**7.2%**
Exports market	**11,574**	**3.8%**	**16,683**	**5.1%**	**44.1%**	**27,489**	**4.9%**	**26,219**	**4.3%**	**-4.6%**
Domestic market	**293,882**	**96.2%**	**310,837**	**94.9%**	**5.8%**	**535,418**	**95.1%**	**577,144**	**95.7%**	**7.8%**
By brand										
Arezzo	*171,547*	*58.4%*	*175,027*	*56.3%*	*2.0%*	*322,266*	*60.2%*	*339,581*	*58.8%*	*5.4%*
Schutz	*110,601*	*37.6%*	*117,188*	*37.7%*	*6.0%*	*189,577*	*35.4%*	*205,436*	*35.6%*	*8.4%*
Anacapri	*9,062*	*3.1%*	*16,525*	*5.3%*	*82.3%*	*17,002*	*3.2%*	*28,320*	*4.9%*	*66.6%*
Other brands[1]	*2,672*	*0.9%*	*2,097*	*0.7%*	*-21.5%*	*6,573*	*1.2%*	*3,807*	*0.7%*	*-42.1%*
By channel										
Franchises	*134,491*	*45.8%*	*151,097*	*48.6%*	*12.3%*	*251,395*	*47.0%*	*297,002*	*51.5%*	*18.1%*
Multibrand	*87,608*	*29.8%*	*83,629*	*26.9%*	*-4.5%*	*147,575*	*27.6%*	*139,227*	*24.1%*	*-5.7%*
Owned Stores[2]	*69,839*	*23.8%*	*74,920*	*24.1%*	*7.3%*	*131,251*	*24.5%*	*138,848*	*24.1%*	*5.8%*
Others[3]	*1,944*	*0.6%*	*1,191*	*0.4%*	*-38.7%*	*5,197*	*0.9%*	*2,067*	*0.4%*	*-60.2%*

(1) Includes only domestic markets for Alexandre Birman and other revenues.

(2) Owned Stores: including Web Commerce sales channel.

(3) Includes domestic market revenues that are not specific for distribution channels.

Brands

Arezzo&Co platform includes four major brands - Arezzo, Schutz, Anacapri and Alexandre Birman – that are distributed through Owned Stores, Franchises, Multibrand Channels and Web Commerce, being present in all Brazilian states. The Company's products are also sold on the international market through several channels: Owned Stores, Franchises, Multibrand Channels and Department Stores.

Following the Company's collection calendar, the second quarter concentrates most winter collection sales. This period is marked by two important sell-out dates: Mother's Day, in May, and Valentine's Day, in June. At the end of the quarter, the Company starts to prepare for the summer collection with the "Cruise Collection" for the Arezzo brand, and "Resort" for the Schutz brand, bringing preliminary information on fashion trends for the next season. Especially in 2014, the World Cup occurred in Brazil and thanks to a strong planning with actions to minimize the effects of lower number of days with open stores, the Company kept a healthy sales pace.

The Arezzo brand achieved gross revenue of R$175.0 million in 2Q14 representing a growth of 2.0% against 2Q13 and accounting for 56.3% of domestic sales. For Mother's Day, the brand carried out a creative campaign, engaging customers in the action "Arezzo and Moms: A Love Story", resulting in increased flow to stores and consumers' loyalty, with significant growth in sales for the period. Additionally, following an important initiative to expand and refurbish its stores, the brand also opened 10 stores under the new architectural model, including seven expansions and refurbishments, resulting in higher productivity in stores with the new layout. Also, the new supply model enhanced the availability of continuables in stores. Finally, the brand executed actions for the World Cup with air travel companies and hotels, resulting in good traffic to the stores.

The Schutz brand grew 6.0% in 2Q14 compared to 2Q13, posting gross revenue of R$117.2 million, or 37.7% of domestic market sales. The handbags category continued to stand out, with growth of 39.6% in the quarter. Also, the web commerce channel strategy produced sound results, with growth of 69.7% in the quarter. Additionally, the brand carried out several actions for Valentine's day and the World Cup, thus strengthening its branding and increasing sales.

The Anacapri brand recorded sound growth of 82.3% in the quarter, boosted by the roll out of the brand in the Franchise channel, with the opening of eight stores, totaling 26 franchises, in line with the target of 25 openings in 2014. The initial results were quite positive and reinforced the confidence in the brand's positioning and business model. As a test, the brand also opened a kiosk in Congonhas Airport, in São Paulo, with an innovative exposure of its products to its target audience and analyzing the feasibility of new channels.

Brands

In this quarter, besides presenting its new logotype, the Alexandre Birman brand opened its new store at Shopping Cidade Jardim, in São Paulo, an evolution of its architectural model, bringing femininity, serving an exclusive audience and reinforcing its positioning as the only Brazilian brand in women's shoes industry competing in the global luxury market.

Channels

Mono-brands – Franchises and Owned Stores

Following the Company's strategy to strengthen mono-brand stores, the sell-out of the Arezzo&Co network (Owned Stores + Web Commerce + Franchises) grew 17.2% in 2Q14 against 2Q13, particularly due to the 15.7% expansion in sales area, while same-stores sales (SSS – sell-out) grew 7.7% in the period. With regard to the SSS sell-out indicator, it is worth mentioning that:

(i) after the World Cup started, the indicator was adversely impacted by of 280 bps;

(ii) confirming the network's health and the consistency of the indicator, SSS was positive in all months of the quarter;

(iii) the SSS sell-out indicator also includes on-line sales. Excluding web commerce, SSS would total 6.7%.

Growth in revenue from mono-brand stores, which comprise franchises sell-in and owned stores sell-out, was 10.6% in 2Q14 over 2Q13, mainly due to the 12.7% increase in sales area in the last 12 months, excluding outlets openings, and also due to the strong 25.8% growth in volume of the handbags category in the period, as result of the focus on product development. Mono-brand stores accounted for 72.7% of domestic sales in 2Q14.

The Franchise channel grew 12.3% in sell-in in the quarter, accounting for 48.6% of domestic sales in 2Q14, driven by the opening of 58 franchises in the last 12 months, of which 18 under the Arezzo brand, 14 Schutz and 26 Anacapri. In addition, 14 Arezzo brand franchise stores were expanded in the last 12 months, thus adding 392.9 m² to the channel's sales area.

Sell-in sales, i.e. those made by Arezzo&Co to its franchisees, recorded expansion in the same franchises (SSS – franchises) of 1.1% in 2Q14 compared to 2Q13, particularly due to increase in the volume of shoes and handbags sold. It is worthwhile mentioning that year-to-date, SSS sell-in has reached 4.7%, in line with the SSS sell-out of 5.1% for the period, which shows the network's health.

The Owned Stores channel alone recorded a 7.3% growth in revenue in 2Q14 compared to 2Q13, despite the 14.0% reduction in sales area, excluding outlets. This was due to the transfer of stores to the Franchise channel in the period, resulting in an increasing channel productivity. In the past 12 months, two owned stores were expanded, adding 210.9 m² to the channel's sales area.

With the opening of nine stores, the Company closed the quarter with 461 mono-brand stores in Brazil and seven stores abroad. In Brazil, the Company has 359 Arezzo brand stores, 68 Schutz brand stores, 32 Anacapri brand stores, in addition to two Alexandre Birman stores.

Channels

History of Stores	2Q13	3Q13	4Q13	1Q14	2Q14
Sales area [1,3] - Total (m²)	**27,996**	**28,999**	**31,848**	**32,138**	**32,381**
Sales area - franchises (m²)	22,154	23,174	25,262	25,498	26,056
Sales area - Owned stores [2] (m²)	5,842	5,825	6,586	6,640	6,325
Total number of domestic stores	**408**	**420**	**449**	**452**	**461**
# of franchises	**353**	**365**	**395**	**399**	**411**
Arezzo	324	328	340	341	342
Schutz	29	35	40	41	43
Anacapri	0	2	15	17	26
# of owned stores	**55**	**55**	**54**	**53**	**50**
Arezzo	17	16	17	17	17
Schutz	27	27	27	27	25
Alexandre Birman	2	2	2	2	2
Anacapri	9	10	8	7	6
Total number of international stores	**9**	**9**	**9**	**9**	**7**
# of franchises	8	8	8	8	6
# of owned stores	1	1	1	1	1

1. Includes areas in square meters of 9 international stores
2. Includes 6 outlet-type stores with a total area of 2,217 m2
3. Includes areas in square meters of stores expansion

Multi-brand

Due to the roll-out in mono-brand stores, the Schutz brand, which accounted for 63.0% of the gross revenue of the Multibrand channel in 2Q14, starting in 2013 a process of disqualification of some Multibrand channel stores for the purpose of preserving its branding, thus impacting the channel's growth due to the decrease in the base of stores. Thus, the Multibrand channel's revenue in 2Q14 showed a reduction of 4.5%, primarily due to the impact of the growth in Schutz mono-brand stores. The Company continues to believe in the strategic importance of the channel, and is working to attract new customers, increase the share of wallet with existing customers and increase cross selling among the brands. In 2014, particularly due to the decrease in the base of stores in the first half, revenue for the channel may be slightly greater than in 2013.

Due to the disqualification mentioned above, the group's four brands began to be distributed through 2,280 stores, down 6.0% over 2Q13, with a presence in 1,172 cities.

Key financial indicators	2Q13	2Q14	Growth or spread%	1H13	1H14	Cresc. ou spread (%)
Net revenues	237,639	253,748	6.8%	438,678	467,173	6.5%
COGS	(131,581)	(140,840)	7.0%	(243,187)	(262,204)	7.8%
Gross profit	106,058	112,908	6.5%	195,491	204,969	4.8%
Gross margin	*44.6%*	*44.5%*	*-0.1 p.p.*	*44.6%*	*43.9%*	*-0.7 p.p.*
SG&A	(67,965)	(73,724)	8.5%	(131,347)	(141,705)	7.9%
% of Revenues	*28.6%*	*29.1%*	*0.5 p.p*	*29.9%*	*30.3%*	*0.4 p.p*
Selling expenses	(48,582)	(51,903)	6.8%	(92,445)	(97,824)	5.8%
Owned stores	(22,020)	(22,291)	1.2%	(44,357)	(44,862)	1.1%
Selling, logistics and supply	(26,562)	(29,612)	11.5%	(48,088)	(52,962)	10.1%
General and administrative expense	(17,891)	(17,065)	-4.6%	(35,220)	(34,980)	-0.7%
Other operating revenues (expense	893	(1,659)	n/a	1,288	(2,595)	n/a
Depreciation and amortization	(2,385)	(3,097)	29.9%	(4,970)	(6,306)	26.9%
Ebitda	40,478	42,281	4.5%	69,114	69,570	0.7%
Ebitda margin	*17.0%*	*16.7%*	*-0.3 p.p.*	*15.8%*	*14.9%*	*-0.9 p.p.*
Net income	29,057	31,633	8.9%	48,423	49,066	1.3%
Net margin	*12.2%*	*12.5%*	*0.3 p.p.*	*11.0%*	*10.5%*	*-0.5 p.p.*
Working capital[1] - as % of revenues	26.1%	30.2%	4.1 p.p	26.1%	30.2%	4.1 p.p
Invested capital[2] - as % of revenues	33.9%	41.9%	8.0 p.p.	33.9%	41.9%	8.0 p.p.
Total debt	107,862	80,853	-25.0%	107,862	80,853	-25.0%
Net debt[3]	(106,549)	(78,343)	-26.5%	(106,549)	(78,343)	-26.5%
Net debt/EBITDA LTM	-0.7x	-0.5x	n/a	-0.7x	-0.5x	n/a

1 - Working Capital: current assets minus cash, cash equivalents and marketable securities less current liabilities minus loans and financing and dividends payable.
2 - Invested capital: working capital plus fixed assets and other long-term assets less income tax and deferred social contribution.
3 - Net debt is equal to total interest-bearing debt position at the end of a period less cash and cash equivalents and short-term financial investments.

Net revenue

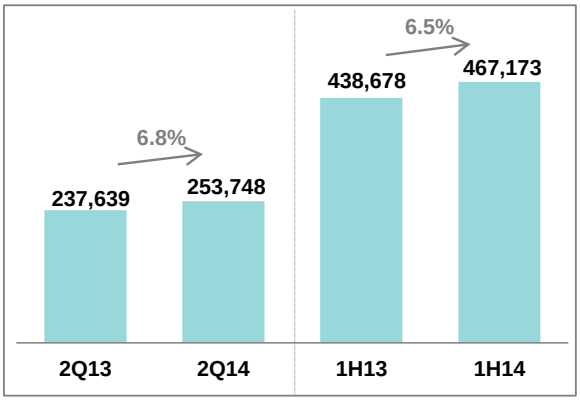
The Company's net revenue totaled R$253.7 million in the quarter, a growth of 6.8% over 2Q13. Some of the primary factors leading to this growth are:

i) Excluding outlets, expansion of 12.7% in sales area compared to 2Q13, the highlight being a growth of 17.6% in the Franchise area;

ii) Increase of 1.1% in the same store sales sell-in indicator, and a growth of 7.7% in sell-out;

iii) The Multibrand channel declined by 4.5% against 2Q13, primarily due to the impact caused by strong growth of Schutz brand franchises;

iv) The lower positive impact in net revenue due to a temporary reduction of the ICMS tax rate in the quarter in the amount of R$2.4 million compared to 2Q13.

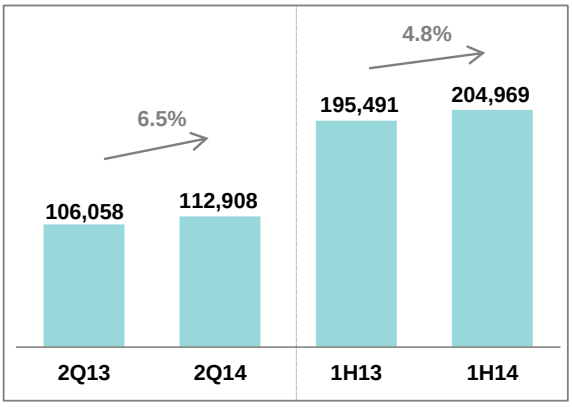


Gross Profit

Gross profit in 2Q14 grew 6.5% in comparison with 2Q13, totaling R$112.9 million, with a gross margin of 44.5%, virtually in line with the prior year.

The growth in gross profit in 2Q14 particularly reflected the 6.8% growth in net revenue.

The Company pursues a strategy of maintaining stable margins per channel, and the owned stores channel is subject to more variation. In 2Q14, the Franchise channel accounted for a greater share of sales, and the change in the mix of channels had a slight impact on the Company's consolidated margin.



SG&A

The Company is strongly focused on adjusting the level of expenses to the Company's growth. In the past 12 months, there was a sharp deceleration in expenses, which, in this quarter, excluding punctual expenses, were in line with as a percentage of revenues compared to 2Q13.

Selling expenses

The Company's selling expenses may be divided into two primary groups:

i) Owned stores expenses:
- include only owned store (sell-out) expenses.

ii) Selling, Logistics and Supply expenses:
- include sell-in and sell-out operating expenses.

In 2Q14, selling expenses increased by 6.8% against 2Q13, reaching R$51.9 million in the quarter against R$48.6 million in the same period of the previous year. Selling, logistics and supply expenses totaled R$29.6 million in the period, increasing by 11.5% against the same quarter of the previous year, particularly due to greater investments in marketing in the amount of R$1.4 million in order to promote the colections in the stores.

Owned store expenses totaled R$22.3 million in 2Q14, up 1.2% in comparison with 2Q13, and below the growth of 7.3% in owned store sell-out in the same period, primarily due to the reduction in store personnel expenses during the second half of 2013.

General and Administrative Expenses

In 2Q14, general and administrative expenses amounted to R$17.1 million against R$17.9 million in the same quarter of the previous year, a decrease by 4.6% primarily due to the sound controls implemented by Management.

Other Operating Revenues (Expenses)

In 2Q14, the Company recorded expenses of R$1.7 million in Other Operating Expenses, compared to revenue of R$0.9 million in 2Q13, particularly due to a punctual expense linked to the write-off of property and equipment of Arezzo's old store at Rua Oscar Freire in the amount of R$1.2 million as a result of its refurbishment, and an increase of R$0.8 million in the Company's stock options program.

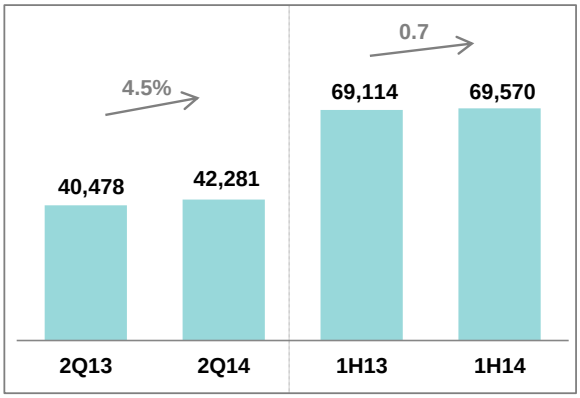
EBITDA and EBITDA margin

The Company's EBITDA increased by 4.5% in 2Q14 against 2Q13, totaling R$42.3 million, against R$40.5 million in the same period of the previous year, with an EBITDA margin of 16.7%. The primary factors leading to the EBITDA growth in the quarter were:

i) Increase of 6.8% in net revenue;

ii) Increase of 6.5% in gross profit;

iii) Operating expenses as a percentage of revenues at 29.1%, an increase of 50 bps against 2Q13.



It is worth mentioning that 2Q14 results were in line with the Company's estimates. Additionally, excluding the write-off of property and equipment in the amount of R$1.2 million, EBITDA for 2Q14 would be R$43.5 million, up by 6.9% against the same period of the previous year.

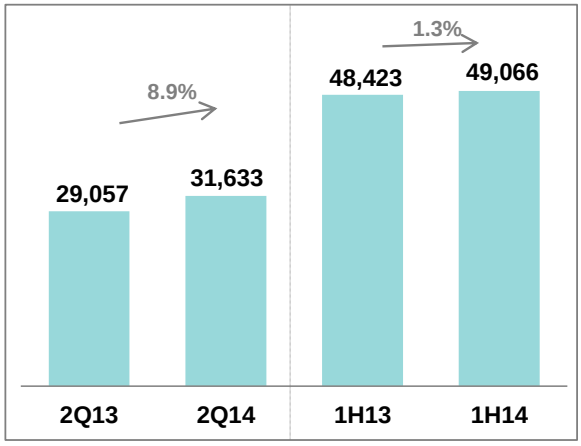
EBITDA Reconciliation	2Q13	2Q14	1H13	1H14
Net income	29,057	31,633	48,423	49,066
(-) Income tax and social contribution	(9,702)	(11,400)	(18,427)	(20,964)
(-) Financial results	666	3,849	2,706	6,766
(-) Depreciation and amortization	(2,385)	(3,097)	(4,970)	(6,306)
(=) EBITDA	40,478	42,281	69,114	69,569

Net income and net margin (%)

The Company's EBITDA margin was 16.7% in 2Q14 with a net income margin of 12.5% in the quarter, reflecting higher allocation of invested capital to fixed assets in the past two years, as a result of more owned stores and greater IT investments.

Due to higher fixed assets in 2Q14, compared to 2Q13, depreciation expenses increased by 29.9% in the period.

Net income for 2Q14 amounted to R$31.6 million, up by 8.9% against 2Q13, with net margin of 12.5%, an increasing of 30 bps over the net margin for the same period of the previous year.



Operating Cash Flow

Arezzo&Co generated R$8.8 million in operating cash in 2Q14, in line with the same period of the previous year, primarily due to higher operating profit in the period and greater need for working capital, which increased in the quarter as a result of higher inventories to assure the supply of the new Summer Collection, as well as to support the first inventory related to the opening of new stores to happen in 2H14, especially in the Anacapri brand. In addition, due to the increased share of continuables in the sales mix, it was necessary to build strategic inventories to replenish the stores more frequently.

Operating Cash Flow	2Q13	2Q14	Change in R$	Change in %	1H13	1H14	Change in R$	Change in %
Income before income tax and social contribution	**38,759**	**43,033**	**4,274**	**11.0%**	**66,850**	**70,030**	**3,180**	**4.8%**
Depreciações e amortizações	**2,385**	**3,097**	**712**	**29.9%**	**4,970**	**6,306**	**1,336**	**26.9%**
Other	**973**	**1,754**	**781**	**80.3%**	**(286)**	**(1,430)**	**(1,144)**	**400.0%**
Decrease (increase) in current assets / liabilities	**(19,522)**	**(20,855)**	**(1,333)**	**6.8%**	**(11,285)**	**(11,653)**	**(368)**	**3.3%**
Trade accounts receivables	11,471	9,189	(2,282)	-19.9%	9,097	11,692	2,595	28.5%
Inventories	(2,716)	(18,161)	(15,445)	568.7%	(14,190)	(35,935)	(21,745)	153.2%
Suppliers	(25,464)	(17,130)	8,334	-32.7%	8,049	22,270	14,221	176.7%
Change in other noncurrent and current assets and liabilities	(2,813)	5,247	8,060	n/a	(14,241)	(9,680)	4,561	-32.0%
Payment of income tax and social contribution	**(13,935)**	**(18,200)**	**(4,265)**	**30.6%**	**(17,598)**	**(20,542)**	**(2,944)**	**16.7%**
Net cash flow generated by operational activities	**8,660**	**8,829**	**169**	**2.0%**	**42,651**	**42,711**	**60**	**0.1%**

Investments - Capex

The Company's investments can be broken down into 3 types: 1) investment in expansion or refurbishment 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 2Q14 totaled R$14.3 million, primarily due to corporate investments in IT arising from the implementation of a new transaction system to provide growth sustainability and efficiency gains. In the quarter, the Company opened its new Alexandre Birman brand store at Shopping Cidade Jardim, reinforcing its branding by promoting the brand to consumers who seek exclusiveness.

Summary of investments	2Q13	2Q14	Growth %	1H13	1H14	Growth %
Total capex	**8,942**	**14,312**	**60.1%**	**20,169**	**24,172**	**19.8%**
Stores - expansion and refurbishing	4,151	2,534	-39.0%	6,539	5,716	-12.6%
Corporate	3,974	10,028	152.3%	12,006	16,114	34.2%
Other	817	1,750	114.2%	1,624	2,342	44.2%

Cash position and Indebtedness

The Company ended 2Q14 with R$78.3 million in net cash. Indebtedness policy remained conservative, with the following primary characteristics:

- Total indebtedness of R$80.9 million in 2Q14, against R$107.9 million in 2Q13;
- Long-term indebtedness was 38.5% of total debt in 2Q14, against 43.7% in 2Q13;
- The weighted average cost of the Company's total debt in 2Q14 remained at lower levels.

Cash position and Indebtedness	2Q13	1Q14	2Q14
Cash	**214,411**	**207,553**	**159,196**
Total debt	107,862	96,652	80,853
Short term	60,763	59,680	49,753
% total debt	56.3%	61.7%	61.5%
Long-term	47,099	36,972	31,100
% total debt	43.7%	38.3%	38.5%
Net debt	**(106,549)**	**(110,901)**	**(78,343)**

ROIC (Return on Invested Capital)

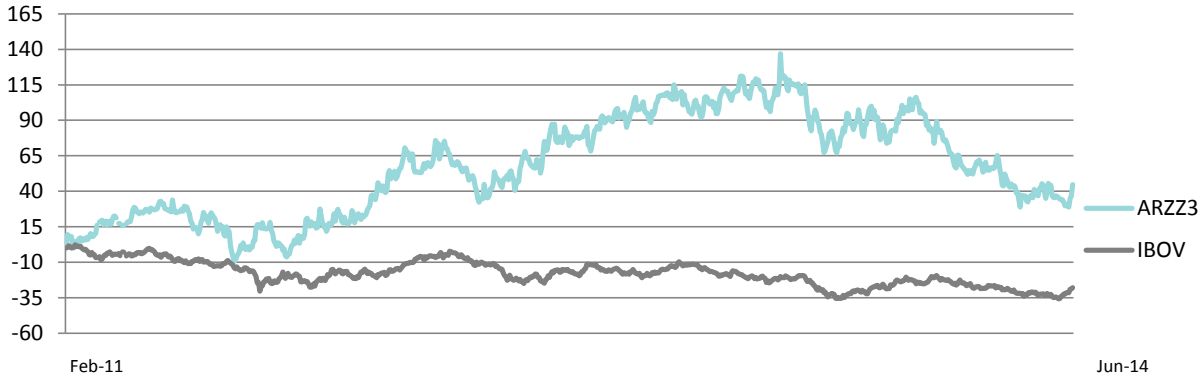
In line with the Company's strategic direction, levels of investment in Invested Capital exceeded those of previous years, especially due to the opening of owned stores from 2010 on. Return on Invested Capital (ROIC) was 24.0% in 2Q14, and was affected by the higher working capital requirements as already mentioned, and the concentration of investments in infrastructure which will only bear fruit in the medium and long terms.

Income from operations	2Q12	2Q13	2Q14	Growth %
EBIT (LTM)	112,623	146,213	147,610	1.0%
+ IR and CS (LTM)	(33,656)	(42,341)	(48,099)	13.6%
NOPAT	**78,967**	**103,872**	**99,511**	**-4.2%**
Working Capital [1]	163,354	244,670	299,906	22.6%
Permanent assets	89,372	121,773	147,452	21.1%
Other long-term assets [2]	7,430	8,632	8,182	-5.2%
Invested capital	**260,156**	**375,075**	**455,540**	**21.5%**
Average invested capital [3]		**317,616**	**415,308**	**30.8%**
ROIC [4]		**32.7%**	**24.0%**	

1 - Working Capital: current assets minus cash, cash equivalents and financial investments less current liabilities minus loans and financing and dividends payable.
2 - Less deferred income tax and social contribution.
3 - Average invested capital in the period and same period previous year.
4 - ROIC: NOPAT for the last 12 months divided by average invested capital.

4. Capital Market and Corporate Governance

As of June 30, 2014 the Company's Market capitalization amounted to R$2.8 bn (stock price R$31.56), a decrease of 7% against the same periodo of 2013.



Arezzo&Co	
Listing	88,637,034
Ticker	ARZZ3
Listing	2/2/2011
Share Price (06/30/2014)	31.56
Market Cap	2,797,384,793
Performance	
2011[1]	20%
2012[2]	71%
2013 [3]	-24%
2014 [4]	6%

(1) From 02/02/2011 to 12/29/2011
(2) From 12/29/2011 to 12/28/2012
(3) From 12/28/2012 to 12/30/2013
(4) From 12/30/2013 até 06/30/2014

To ensure greater predictability and transparency to shareholders, the Company has seminnanual distribution of dividends for its shareholders.

Projected payments [1]:

Reference date	Payment date	Interest on equity	(R$)	Gross amount by ordinary share (R$)
7/30/2012	1/30/2014	Interest on equity	8,858,746.90	0.09994
6/20/2014	6/30/2014	JCP	9,750,073.74	0.02804

(1) Subject to tax withholding at a source rate of 15%, except for proven immune or exempt shareholders, or shareholders domiciled in countries or jurisdictions to which the rules establish different aliquot.

It also provides that the Company shall distribute the dividends, including interest on capital, dividends from other, equivalent to at least 25% of Net income to shareholders. For more information about Arezzo&Co' s remuneration policy, please see: www.arezzoco.com.br.

5. Independent Auditors

The financial statements of Arezzo&Co for the half year ended June 30, 2014, were audited by Ernst & Young Terco Auditores Independentes S.S. It is the Company policy that services unrelated to external auditing should not be undertaken by its independent auditors. This ensures that there is no conflict of interest or loss of independence or objectivity.

Ernst & Young Auditores Independentes S.S. (the "Independent Auditor") was engaged to carry out the following services in 2014: audit of the financial statements of the Company in accordance with the BR GAAP and the International Financial Reporting Standards ("IFRS"); a review of the internal controls of the Company; and a review of the interim quarterly accounting information of the Company, in accordance with Brazilian and international standards for the review of interim information. The total amount of fees for these services is R$325,000.00.

It should also be mentioned that Ernst & Young Terco Assessoria Empresarial Ltda., a party related to the Independent Auditor, was engaged on June 7, 2013 to provide the following services: advisory on Project Risk Management (PRM), advisory on Process Mapping (PM) and advisory on Change Management (CM) within the scope of implementation of a new integrated management system in the Company. The total amount of fees for these services was R$2,450,000.00, equivalent to 753.84% of the value of the fees for external audit services provided to the Company by the Independent Auditor. The contract is for a period of 20 months, and is due to end on March 31, 2015.

Ernst & Young Serviços Tributários S/S, a party related to the Independent Auditors, was also engaged on June 5, 2014 to provide the following service: to draft a technical report on its understanding of the tax aspects of an import operation in Santa Catarina. The total amount of fees for this service was R$6,000.00, equivalent to 1.84% of the amount of the fees for external audit services provided to the Company by the Independent Auditor.

The Company policy on engaging services not related to the external audit is intended to avoid conflicts of interest, and is based on principles that preserve the independence of the Independent Auditor, and which, basically, follow current international standards in ensuring that: (a) an auditor shall not audit his own work; (b) an auditor shall not exercise managerial functions in the Company; (c) an auditor shall not promote the interests of the Company; and (d) an auditor shall not provide any services that may be considered to be prohibited by the current regulations. Additionally, Management requires the independent auditor to warrant that the special services rendered do not affect its professional independence.

The independent auditor represents that all relationships and other matters existing between it, or other firms that are part of its organization, and the Company shall be reported, if in its professional judgment they may reasonably be expected to affect its independence (including total fees charged for services provided by the Independent Auditor, whether or not related to the audit) or the related safeguards applied in order to eliminate any threats to its independence that may be identified, or to reduce them to an acceptable level.

6. Investor Relations

Shareholders, analysts and market participants have at their disposal information available on the Company's IR webpage, www.arezzoco.com.br, CVM webpage, www.cvm.gov.br, and at BM&FBovespa webpage, www.bmfbovespa.com.br.

For further information, direct contact can be made with IR department by the e-mail ri@arezzoco.com.br, or telephone +55 (11) 2132-4300

7. Officer’s Statement with regard to the Financial Statements

The Officers of Arezzo Indústria e Comércio S.A. state to have reviewed, discussed and agreed upon the Independent auditors’ report and financial statements for the quarter ended on June 30th, 2014, according and pursuant to CVM Normative Instruction No. 480/09

Disclaimer

The information contained here may include forward-looking information and reflects the executive office’s current perception and prospects for the macroeconomic environment, the industry situation, the Company's performance and financial results. Any statements, expectations, capacities, plans and projections contained here which do not describe historical facts, such as information about the dividend payment statement, the future course of operations, the introduction of relevant financial strategies, the investment program and the factors or trends affecting the financial condition, liquidity or the operating results are considered forward-looking information as defined by the “U.S. Securities Litigation Reform Act” of 1995 and involve a number of risks and uncertainties. These results are not guaranteed to materialize. These statements are based on several factors and expectations, including the economic and market conditions, level of competition in the industry and operating factors. Any changes in these expectations and factors may lead to real results materially different from the current expectations.

The consolidated financial information of Arezzo Indústria e Comércio S/A – Arezzo&Co presented here complies with the International Financial Reporting Standards – IFRS, issued by the International Accounting Standards Board – IASB, based on audited financial information. The non-financial information, as well as other operating information, was not audited by the independent auditors.

1. Company Information

Arezzo Indústria e Comércio S.A. (the "Company") is a publicly held corporation, headquartered at Fernandes Tourinho Street, 147 – Rooms 1301 and 1303 in the city of Belo Horizonte – Minas Gerais State, with shares traded on the *"Novo Mercado"* segment of the Securities, Commodities and Futures Exchange (BM&FBOVESPA) ("ARZZ3") since February 2, 2011.

The Company, together with its subsidiaries, is engaged in the manufacture, development, molding and sale of footwear, bags, and women's clothing and accessories.

At June 30, 2014, the Company held 411 franchises in Brazil and 6 abroad; 50 own brand stores across Brazil and 1 own brand store abroad; in addition to a web commerce channel to sell Schutz-branded products.

The franchise system is controlled by Arezzo, and its own brand stores form part of its subsidiaries.

The footwear industry, due to its characteristics, can present variations in sales volume throughout the year, given that a higher volume is expected in the second half of every year. Owing to this seasonality, the balances of Accounts Receivable, Inventories and Accounts Payable may vary significantly between the periods according to order intake and schedule of deliveries as a function of the calendars of collections and special sales. These information are provided to allow for a better understanding of the results since, based on management's judgment, the Company's businesses are not impacted by these effects to the extent of being regarded as "highly seasonal", as defined by CPC 21 (IAS 34), which would require additional disclosures or information in the explanatory notes.

2. Summary of significant accounting practices

2.1. Basis of preparation and presentation of financial statements

The individual and consolidated interim financial statements were prepared and are being presented for the period ended June 30, 2014 in accordance with CPC 21 (R1) – Interim Financial Statements, issued by the Brazilian Accounting Standards Committee ("CPC") and in line with the rules issued by the Brazilian Securities and Exchange Commission ("CVM"), applicable to the preparation of Quarterly Information ("ITR"). The consolidated interim financial statements for the quarter ended June 30, 2014 were also prepared in accordance with International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB"), and in accordance with IAS 34 - Interim Financial Reporting.

2. Summary of significant accounting practices (Continued)

2.1. Basis of preparation and presentation of financial statements (Continued)

In preparing these interim financial statements, the Company adopted the same accounting principles, estimates, practices and calculation methods and standards consistently to those used in the financial statements as at December 31, 2013, unless otherwise disclosed.

These interim financial statements were prepared under the historical cost convention, except for certain assets and liabilities classified as financial instruments, which are measured at fair value.

These interim financial statements were prepared by the Company to keep users current on material information presented for the period and must be read in conjunction with the financial statements for the year ended December 31, 2013.

The individual and consolidated interim financial statements of the Company for the six-month period ended June 30, 2014 were authorized at the Executive Board's meeting held on July 28, 2014.

2.2. Basis of consolidation

The consolidated interim financial statements include the Company's operations and that of the following subsidiaries, whose ownership interest percentage, at the balance date, is summarized as follows:

Subsidiaries	Total ownership interest - %			
	2014		2013	
	Direct	Indirect	Direct	Indirect
ZZAB Comércio de Calçados Ltda.	**99.99**	**-**	99.99	-
ZZSAP Indústria e Comércio de Calçados Ltda.	**99.99**	**-**	99.99	-
ARZZ International INC.	**100.00**	**-**	100.00	-
ARZZ LLC	**-**	**100.00**	-	100.00
Schutz 655 LLC	**-**	**100.00**	-	100.00

The subsidiaries are fully consolidated as from their acquisition date, which is the date on which the Company obtains their control, and continue being consolidated through the date on which such control ceases to exist. The financial statements of the subsidiaries are prepared for the same reporting period of the Company, using accounting practices that are consistent with those adopted by the consolidated subsidiaries. All intragroup balances, revenues and expenses as well as unrealized gains and losses on intercompany transactions are eliminated in full.

Changes in ownership interest in a subsidiary that do not result in loss of control are accounted for as transactions between shareholders, in equity.

Net income for the period is fully attributed to the controlling shareholders given that ownership interest held by noncontrolling shareholders corresponds to 0.0001% of the consolidated.

3. Significant accounting judgments, estimates and assumptions

Significant accounting judgments, estimates and assumptions are the same as those adopted in the preparation of the financial statements for the year ended December 31, 2013.

4. IFRS pronouncements not yet effective at December 31, 2013

Some new accounting pronouncements of IASB and IFRIC interpretations were published and/or revised during the period ended June 30, 2014. Following is the Company evaluation of the impacts of these new standards and interpretations:

Revised IFRS 11 – Accounting for Acquisitions of Interests in Joint Ventures
In May 2014, the IASB issued revised IFRS 11, which provides guidance on accounting for acquisitions of interests in joint ventures in which the activity is a business. An entity will apply this revised IFRS prospectively for annual periods beginning on January 1, 2016 or thereafter. Early application is allowed. The amendments to this standard will impact the Company's Individual or Consolidated Financial Statements only and if an interest is acquired in the joint venture in which the activity is a business.

Revised IAS 16 and revised IAS 38 – Clarification of the Acceptable Depreciation and Amortization Methods
In May 2014, the IASB issued revised IAS 16 and revised IAS 38, which clarify the acceptable depreciation and amortization models. An entity will apply this revision prospectively for annual periods beginning January 1, 2016 or thereafter. Early application is allowed. The Company understands that the revised standards will not affect its Individual or Consolidated Financial Statements.

IFRS 15 – Revenues from Customer Agreements
In May 2014, the IASB issued new standard IFRS 15, which sets principles to report useful information to the users of the financial statements on the nature, quantity, timeliness and uncertainty of revenue and cash flows from the an entity's agreements with customers. An entity will apply this revised IFRS prospectively for annual periods beginning January 1, 2017 or thereafter. Early application is allowed. The Company is evaluating the effects from the application of this new standard.

Revised IAS 16 and revised IAS 41 – Agriculture: Bearer Plants
In June 2014, the IASB issued revised IAS 16 and revised IAS 41 to include "bearer plants" within the scope of IAS 16, and not of IAS 41. An entity will apply these revisions prospectively for annual periods beginning January 1, 2016 or thereafter. Early application is allowed. The Company understands that the revised standards will not affect its individual or consolidated financial statements.

5. Cash and cash equivalents

	Company		Consolidated	
	06/30/2014	**12/31/2013**	**06/30/2014**	**12/31/2013**
Cash	**22**	16	**295**	529
Banks	**9,675**	8,745	**12,262**	13,257
	9,697	8,761	**12,557**	13,786

6. Short-term investments

	Company		Consolidated	
	06/30/2014	**12/31/2013**	**06/30/2014**	**12/31/2013**
Current				
Fixed income (a)	**25,350**	24,132	**29,030**	36,336
Exclusive investment fund				
Bank Deposit Certificates (CDBs)	**28,646**	23,160	**28,646**	23,160
Repurchase agreements	**78,958**	69,469	**81,186**	69,469
Financial bills (CEF)	**-**	16,105	**-**	16,105
Financial Treasury Bills (LFTs)	**7,777**	21,253	**7,777**	26,835
	140,731	154,119	**146,639**	171,905
Noncurrent				
Certificate accounts with lottery prizes	**-**	**-**	**27**	23
Total short-term investments	**140,731**	154,119	**146,666**	171,928

(a) These include Bank Deposit Certificates (CDBs) and investments in marketable securities.

Exclusive investment fund

Under CVM Ruling No. 408/04, the investment fund in which the Company holds exclusive participation has been consolidated.

Investment fund ZZ Referenciado DI Crédito Privado is a private credit fixed-income investment fund managed and under custody of Banco Santander S.A.. There is no grace period for the redemption of shares, which are readily redeemable without significant loss.

At June 30, 2014, average remuneration for the investment fund is 101.6% of the Interbank Deposit Certificate (CDI) rate. Fund assets are comprised of 6.6% Financial Treasury Bills (LFTs) and 87% of the assets have daily liquidity.

The Company has financial investment policies determining that investments will be concentrated on low-risk securities and short-term investments in top-tier financial institutions (understood as Brazil's 10 top-tier financial institutions), substantially corresponding to investments remunerated at the CDI rate.

At June 30, 2014, the Company has no investments pledged as collateral to financial institutions.

7. Trade accounts receivable

	Company		Consolidated	
	06/30/2014	**12/31/2013**	**06/30/2014**	**12/31/2013**
Trade notes - domestic customers	**175,416**	155,646	**176,833**	158,507
Trade notes - foreign customers	**11,495**	32,035	**18,090**	39,560
Trade notes - related parties (Note 12.a)	**33,855**	26,825	**-**	-
Checks	**2**	2	**191**	131
Credit cards	**-**	-	**40,980**	49,588
	220,768	214,508	**236,094**	247,786
(-) Allowance for doubtful accounts	**(252)**	(252)	**(280)**	(288)
	220,516	214,256	**235,814**	247,498

Changes in the allowance for doubtful accounts are as follows:

	Company		Consolidated	
	06/30/2014	**12/31/2013**	**06/30/2014**	**12/31/2013**
Balance at beginning of period	**(252)**	(434)	**(288)**	(604)
Additions	**-**	(250)	**-**	(250)
Realization	**-**	432	**8**	566
Balance at end of period	**(252)**	(252)	**(280)**	(288)

Out of total trade accounts receivable, R$ 97 (R$ 97 as at December 31, 2013) were given in guarantee for surety bond transactions contracted with financial institutions.

8. Inventories

	Company		Consolidated	
	06/30/2014	**12/31/2013**	**06/30/2014**	**12/31/2013**
Raw material	**7,179**	7,344	**13,475**	12,674
Work in process	**-**	-	**7,258**	7,622
Finished products	**42,220**	18,644	**94,048**	60,475
Advances to suppliers	**6,587**	4,656	**7,061**	5,136
(-) Provision for losses	**(1,384)**	(799)	**(1,384)**	(799)
	54,602	29,845	**120,458**	85,108

Changes in the provision for losses are as follows:

	Company		Consolidated	
	06/30/2014	**12/31/2013**	**06/30/2014**	**12/31/2013**
Balance at beginning of period	**(799)**	(461)	**(799)**	(461)
Additions	**(585)**	(475)	**(585)**	(475)
Recoveries/realization	**-**	137	**-**	137
Balance at end of period	**(1,384)**	(799)	**(1,384)**	(799)

9. Taxes recoverable

	Company		Consolidated	
	06/30/2014	**12/31/2013**	**06/30/2014**	**12/31/2013**
State VAT (ICMS) recoverable	**13,504**	9,539	**14,494**	10,659
Prepaid Corporate Income Tax (IRPJ)	**589**	3,322	**1,838**	4,113
Prepaid Social Contribution Tax on Net Profit (CSLL)	**140**	944	**510**	1,286
Other	**358**	448	**3,328**	3,130
	14,591	14,253	**20,170**	19,188

10. Other receivables

	Company		Consolidated	
	06/30/2014	**12/31/2013**	**06/30/2014**	**12/31/2013**
Advance for advertising fund	**7,021**	4,685	**7,021**	4,685
Receivables from franchisees	**3,328**	4,638	**5,444**	6,012
Advances to suppliers	**279**	1,086	**1,781**	2,777
Advances to employees	**123**	733	**388**	1,216
Advances on business travel	**1,105**	831	**1,114**	837
Prepaid expenses	**227**	93	**484**	563
Other receivables	**-**	-	**2,181**	2,475
	12,083	12,066	**18,413**	18,565
Current	**11,247**	10,431	**16,616**	15,608
Noncurrent	**836**	1,635	**1,797**	2,957

11. Income and social contribution taxes

a) Deferred taxes

	Company		Consolidated	
	06/30/2014	**12/31/2013**	**06/30/2014**	**12/31/2013**
Tax credits – from merger	**7,535**	7,535	**7,535**	7,535
(-) Tax amortization	**(6,781)**	(6,028)	**(6,781)**	(6,028)
Deferred income and social contribution taxes from merger	**754**	1,507	**754**	1,507
Deferred income and social contribution taxes on temporary differences and tax losses	**4,910**	3,293	**5,940**	4,007
Total deferred income and social contribution taxes	**5,664**	4,800	**6,694**	5,514

Deferred income tax asset reconciliation is as follows:

	Company		Consolidated	
	06/30/2014	**12/31/2013**	**06/30/2014**	**12/31/2013**
Opening balance	**4,800**	5,997	**5,514**	6,264
Deferred tax recognized in Income Statement	**864**	(1,197)	**1,180**	(750)
Closing balance	**5,664**	4,800	**6,694**	5,514

The studies and projections made by Company management indicate the generation of future taxable profits at an amount that allows for the offset of future tax credits over the next years.

11. Income and social contribution taxes (Continued)

Based on future taxable profit projections, the estimate for recoverability of deferred income and social contribution taxes (Company and consolidated) is stated as follows:

	Company	Consolidated
	06/30/2014	06/30/2014
2014	**4,930**	**5,099**
2015	**293**	**638**
2016	**293**	**637**
2017	**148**	**320**
Total	**5,664**	**6,694**

b) Reconciliation between the income and social contribution tax expenses at the statutory and effective rates

Reconciliation of the tax expenses calculated by applying income and social contribution tax rates is as follows:

	Company		Consolidated	
	06/30/2014	06/30/2013	06/30/2014	06/30/2013
Income before income and social contribution taxes	**70,215**	67,679	**70,030**	66,850
Statutory rate (%)	**34%**	34%	**34%**	34%
Expected IRPJ and CSLL expenses at statutory rate	**(23,873)**	(23,011)	**(23,810)**	(22,729)
Deferred income and social contribution taxes on losses other than those from subsidiaries	**-**	-	**(1,230)**	(1,783)
Income and social contribution tax effects on permanent differences:	**-**	-	**-**	-
Benefit on expenses with research and technological innovation – Law No. 11196/05	**1,735**	1,754	**1,735**	1,754
Equity pickup	**(1,935)**	(1,540)	**-**	-
Interest on equity	**4,159**	3,700	**4,159**	3,700
Expenses with stock option plan	**(924)**	(284)	**(924)**	(284)
Tax incentives (Workers' Meal Program - PAT, Rouanet Act, among others)	**58**	-	**58**	-
Deferred taxes on losses in subsidiaries referring to prior years	**-**	-	**-**	687
Other permanent differences	**(369)**	125	**(952)**	228
Income and social contribution taxes per income statement	**(21,149)**	(19,256)	**(20,964)**	(18,427)
Current	**(22,013)**	(18,684)	**(22,144)**	(19,061)
Deferred	**864**	(572)	**1,180**	634
Total	**(21,149)**	(19,256)	**(20,964)**	(18,427)
Effective rate - %	**30.12%**	28.45%	**29.93%**	27.56%

c) Provisional Executive Order (MP) No. 627 and Brazil's IRS Revenue Procedure (IN RFB) No. 1397

Provisional Executive Order Nº 627, signed into Law No. 12.973/2014 on May 13, 2014, provides for the effects of the extinction of the Transitional Tax Regime (RTT) beginning 2015, with may be adopted as early as 2014, on an independent and irreversible basis, upon filing the DCTF for May 2014 to be filed by 08/08/2014. The Company is assessing the matter with its legal advisors and, until the approval of these interim financial statements, does not expect such conclusion to generate financial and accounting effects on its financial statements.

12. Balances and transactions with related parties

a) Balances and transactions with subsidiaries and controlling shareholders

	06/30/2014						
	Current assets	Noncurrent assets		Current liabilities	Noncurrent liabilities	Transactions	
	Accounts Receivable	Receiva-bles	Loan	Trade accounts payable	Loan	Revenues	Purchases
Company							
Subsidiaries							
ARZZ Co LLC	**-**	**7,010**	**-**	**-**	**-**	**-**	**-**
ARZZ International INC	**-**	**7,531**	**-**	**-**	**-**	**7,111**	**-**
ZZAB Comércio de Calçados Ltda.	**33,717**	**-**	**-**	**617**	**-**	**64,203**	**2**
ZZSAP Indústria e Comércio de Calçados Ltda.	**138**	**-**	**-**	**2,560**	**-**	**325**	**47,813**
Total - Company	**33,855**	**14,541**	**-**	**3,177**	**-**	**71,639**	**47,815**
Consolidated							
Controlling shareholders	**-**	**-**	**-**	**-**	**725**	**-**	**-**
Total - Consolidated	**-**	**-**	**-**	**-**	**725**	**-**	**-**

	12/31/2013					06/30/2013	
	Current assets	Noncurrent assets		Current liabilities	Noncurrent liabilities	Transactions	
	Accounts Receivable	Receivables	Loan	Trade accounts payable	Loan	Revenues	Purchases
Company							
Subsidiaries							
ARZZ Co LLC	1,334	7,963	-	1,333	-	-	-
ARZZ International INC	-	7,160	-	-	-	5,351	-
ZZAB Comércio de Calçados Ltda.	25,347	-	63	549	-	50,431	13
ZZSAP Indústria e Comércio de Calçados Ltda.	144	-	-	102	-	151	42,640
Total - Company	26,825	15,123	63	1,984	-	55,933	42,653
Consolidated							
Controlling shareholders	-	-	-	-	873	-	-
Total - Consolidated	-	-	-	-	873	**-**	**-**

b) Nature, terms and conditions of transactions - subsidiaries

The Company's transactions with related parties are carried out under commercial and financial conditions mutually agreed between the parties concerned. The most common transaction is the sale of Arezzo (Company) footwear and accessories to ZZAB and ARZZ International Inc. (subsidiaries), and the acquisition of footwear and accessories from manufacturer ZZSAP (subsidiary).

The sales transactions performed by these related parties are in accordance with specific pricing policies and terms established between the parties. Days sales outstanding (DSO) for related parties is 100 days, while days purchases outstanding (DPO) by related parties is 12 days.

12. Balances and transactions with related parties (Continued)

c) Key management personnel compensation

Management compensation is through management fees and profit sharing. At June 30, 2014, Company management compensation related to short-term benefits (management fees and profit sharing) totaled R$ 1,777 (R$ 1,360 at June 30, 2013), as follows:

	06/30/2014	06/30/2013
Annual fixed compensation – salary/ management fees	**1,777**	1,189
Variable compensation - bonus	**-**	171
Total compensation	**1,777**	1,360

The Company grants a share-based payment plan (Note 31). For the quarter ended June 30, 2014, expenses on officers' stock option plan totaled R$ 432 (R$ 124 at June 30, 2013), stated as "operating expenses before financial income".

The Company and its subsidiaries do not grant post-employment benefits, severance pay packages or other long-term benefits to their management and employees.

d) Guarantees

The Company is the guarantor of a lease agreement entered into in November 2009 by its subsidiary ZZSAP, in the amount of R$ 21 (R$ 60 at December 31, 2013).

e) Transactions or relations with shareholders

Certain Company officers and directors hold, either directly or indirectly, a total 52.9% interest in the Company's shares at June 30, 2014.

f) Transactions with other related parties

The Company has a legal advisory service agreement in the civil, labor and tax areas with law firm Procópio de Carvalho, owned by Mr. José Murilo Procópio de Carvalho, a director of the Company's Board of Directors, as well as with Ethos Desenvolvimento S/C Ltda., owned by Mr. José Ernesto Beni Bolonha, a provider of human resources management consulting services and also a member of the Company's Board of Directors. For the six-month period ended June 30, 2014, these entities received R$ 348 and R$ 296 (R$ 394 and R$ 300 at June 30, 2013), respectively.

In the last quarter of 2013, the Company hired business advisory services from Instituto de Desenvolvimento Gerencial S.A., entity in which Mr. Wellerson Cavalieiri, a director of the Company's Board of Directors, holds interest. For the six-month period ended June 30, 2014, this entity received R$ 2,130.

13. Investments

Description	Assets	Liabilities	Equity	Capital	Net revenue	Net income (loss) for the period	% Interest held	Investment / Provision for investment losses		Equity pickup	
								06/30/2014	12/31/2013	06/30/2014	06/30/2013
ZZAB Com. de Calçados Ltda.	**167,928**	**46,670**	**121,258**	**93,614**	**90,744**	**(67)**	99.99	**121,258**	121,325	**(67)**	801
ZZSAP Ind. e Com. de Calçados Ltda.	**39,119**	**31,547**	**7,572**	**592**	**37,499**	**(1,399)**	99.99	**7,572**	8,971	**(1,399)**	(86)
Investments								**128,830**	130,296	**(1,466)**	715
ARZZ International INC.	**22,259**	**27,026**	**(4,767)**	**19,023**	**10,975**	**(4,226)**	100.00	**(4,767)**	(5,112)	**(4,226)**	(5,244)
Provision for investment losses								**(4,767)**	(5,112)	**(4,226)**	(5,244)
								124,063	125,184	**(5,692)**	(4,529)

	Company	
	06/30/2014	12/31/2013
Balance at beginning of period, net of provision for losses	**125,184**	87,804
Capital payment	**4,571**	42,215
Equity pickup	**(5,692)**	(4,835)
Balance at end of period, net of provision for losses	**124,063**	125,184

13. Investments (Continued)

Capital increase:

In 2014 and 2013, the Company increased capital in its subsidiaries, as follows:

	2014	2013
ZZAB Comércio de Calçados Ltda.	**-**	31,003
ARZZ Inc.	**4,571**	11,212
	4,571	42,215
Capital payment with cash	**4,571**	11,212
Capital payment with credits	**-**	31,003

In 2012, subsidiary ZZAB's capital was increased from R$38,839 to R$93,614, that is, a R$56,775 increase. Of this amount, R$25,773 was paid in the year 2012 itself, R$19,000 was paid on January 9, 2013, and R$12,003 was paid on April 1, 2013.

In 2013, subsidiary ARZZ International Inc.'s capital was increased from US$ 1,639 thousand to US$ 6,589 thousand, that is a US$ 4,950 thousand increase, equivalent to R$11,212, paid in cash in the year itself. In the six-month period ended June 30, 2014, subsidiary ARZZ International Inc.'s capital was increased from US$ 6,589 thousand to US$ 8,639 thousand, that is a US$2,050 thousand increase, equivalent to R$ 4,571 paid in cash in the year itself.

14. Property, Plant and Equipment

	06/30/2014			**12/31/2013**		
Company	**Cost**	**Depreciation**	**Net**	**Cost**	**Depreciation**	**Net**
Computers and peripherals	**8,781**	**(4,083)**	**4,698**	6,053	(3,678)	2,375
Furniture and fixtures	**6,751**	**(2,270)**	**4,481**	6,397	(1,996)	4,401
Machinery and equipment	**5,456**	**(1,783)**	**3,673**	5,270	(1,684)	3,586
Facilities and showroom	**13,302**	**(2,975)**	**10,327**	12,160	(2,408)	9,752
Vehicles	**184**	**(59)**	**125**	196	(63)	133
Land	**101**	**-**	**101**	1,501	-	1,501
Total	**34,575**	**(11,170)**	**23,405**	31,577	(9,829)	21,748

	06/30/2014			**12/31/2013**		
Consolidated	**Cost**	**Depreciation**	**Net**	**Cost**	**Depreciation**	**Net**
Computers and peripherals	**10,527**	**(4,928)**	**5,599**	7,812	(4,452)	3,360
Furniture and fixtures	**17,517**	**(4,531)**	**12,986**	15,929	(4,089)	11,840
Machinery and equipment	**13,484**	**(4,837)**	**8,647**	12,182	(4,432)	7,750
Facilities and showroom	**56,519**	**(11,854)**	**44,665**	53,819	(9,860)	43,959
Vehicles	**197**	**(72)**	**125**	209	(76)	133
Land	**101**	**-**	**101**	1,501	-	1,501
Total	**98,345**	**(26,222)**	**72,123**	91,452	(22,909)	68,543

Details of the Company property, plant and equipment are set out as follows:

14. Property, Plant and Equipment (Continued)

Company	Computers and peripherals	Furniture and fixtures	Machinery and equipment	Facilities and showroom	Vehicles	Land	Total
Balances at 12/31/2012	2,148	4,331	2,289	10,433	27	1,501	20,729
Acquisitions	408	380	1,564	764	120	-	3,236
Depreciation	(363)	(244)	(144)	(455)	(6)	-	(1,212)
Write-offs	(45)	(492)	(8)	(1,535)	-	-	(2,080)
Balances at 06/30/2013	2,148	3,975	3,701	9,207	141	1,501	20,673
Balances at 12/31/2013	2,375	4,401	3,586	9,752	133	1,501	21,748
Acquisitions	**2,730**	**354**	**291**	**1,142**	**-**	**-**	**4,517**
Depreciation	**(407)**	**(274)**	**(191)**	**(567)**	**(8)**	**-**	**(1,447)**
Write-offs	**-**	**-**	**(13)**	**-**	**-**	**(1,400)**	**(1,413)**
Balances at 06/30/2014	**4,698**	**4,481**	**3,673**	**10,327**	**125**	**101**	**23,405**
Average depreciation rates	20%	10%	10%	10%	20%	-	

Consolidated	Computers and peripherals	Furniture and fixtures	Machinery and equipment	Facilities and showroom	Buildings	Vehicles	Land	Total
Balances at 12/31/2012	3,110	10,218	5,651	39,663	420	27	2,001	61,090
Acquisitions	547	1,245	2,419	4,554	-	120	-	8,885
Depreciation	(514)	(762)	(395)	(2,069)	(11)	(6)	-	(3,757)
Write-offs	2	(92)	(11)	(1,103)	-	-	-	(1,204)
Balances at 06/30/2013	3,145	10,609	7,664	41,045	409	141	2,001	65,014
Balances at 12/31/2013	3,360	11,840	7,750	43,959	-	133	1,501	68,543
Acquisitions	**2,832**	**2,444**	**1,428**	**5,504**	**-**	**-**	**-**	**12,208**
Depreciation	**(566)**	**(791)**	**(501)**	**(2,856)**	**-**	**(8)**	**-**	**(4,722)**
Write-offs	**(27)**	**(507)**	**(30)**	**(1,942)**	**-**	**-**	**(1,400)**	**(3,906)**
Balances at 06/30/2014	**5,599**	**12,986**	**8,647**	**44,665**	**-**	**125**	**101**	**72,123**
Average depreciation rates	20%	10%	10%	10%	4%	20%	-	

On January 22, 2014, the Company closed the sale of a plot of land, acquired on December 9, 2010, with the municipality of Campo Bom, for R$ 1,608.

15. Intangible assets

Company	06/30/2014 Cost	06/30/2014 Amortization	06/30/2014 Net	12/31/2013 Cost	12/31/2013 Amortization	12/31/2013 Net
Trademarks and patents	**2,672**	**-**	**2,672**	2,655	-	2,655
Store use rights	**1,080**	**-**	**1,080**	1,078	-	1,078
System use rights	**43,593**	**(11,066)**	**32,527**	32,029	(9,532)	22,497
Total	**47,345**	**(11,066)**	**36,279**	35,762	(9,532)	26,230

Consolidated	06/30/2014 Cost	06/30/2014 Amortization	06/30/2014 Net	12/31/2013 Cost	12/31/2013 Amortization	12/31/2013 Net
Trademarks and patents	**2,782**	**-**	**2,782**	2,778	-	2,778
Store use rights	**39,643**	**-**	**39,643**	41,495	-	41,495
System use rights	**44,409**	**(11,505)**	**32,904**	32,765	(9,924)	22,841
Total	**86,834**	**(11,505)**	**75,329**	77,038	(9,924)	67,114

Details of changes in the Company's balances are as follows:

Company	Trademarks and patents	Store use rights	System use rights	Total
Balances at 12/31/2012	2,629	125	6,940	9,694
Acquisitions	13	1,553	7,204	8,770
Amortization	-	-	(1,108)	(1,108)
Write-offs	-	(600)	(48)	(648)
Balances at 06/30/2013	2,642	1,078	12,988	16,708
Balances at 12/31/2013	2,655	1,078	22,497	26,230
Acquisitions	**17**	**2**	**11,578**	**11,597**
Amortization	**-**	**-**	**(1,534)**	**(1,534)**
Write-offs			**(14)**	**(14)**
Balances at 06/30/2014	**2,672**	**1,080**	**32,527**	**36,279**
Estimated useful life	Indefinite	Indefinite	5 years	

Consolidated	Trademarks and patents	Store use rights	System use rights	Total
Balances at 12/31/2012	2,749	37,715	7,358	47,822
Acquisitions	14	4,035	7,235	11,284
Amortization	-	-	(1,213)	(1,213)
Write-offs	-	(1,080)	(54)	(1,134)
Balances at 06/30/2013	2,763	40,670	13,326	56,759
Balances at 12/31/2013	2,778	41,495	22,841	67,114
Acquisitions	**16**	**278**	**11,670**	**11,964**
Amortization	**-**	**-**	**(1,584)**	**(1,584)**
Write-offs	**(12)**	**(2,130)**	**(23)**	**(2,165)**
Balances at 06/30/2014	**2,782**	**39,643**	**32,904**	**75,329**
Estimated useful life	Indefinite	Indefinite	5 years	

15. Intangible assets (Continued)

The major investments made in "system use rights" regard the development and implementation of the new management integrated system which will be used by the Company, a project initiated in 2013. SAP was the ERP selected by the Company, which will replace the business management software currently used.

For the period ended June 30, 2014, the amount of R$ 8,505 (R$ 5,162 at June 30, 2013), Company and Consolidated, was recognized in the income statement referring to expenses with research and development of new products of the Company.

Impairment test of indefinite-lived intangible assets

The impairment test of the intangible assets did not require recognition of loss for the year ended December 31, 2013 since their estimated value in use is greater than the net carrying amount at the measurement date. In preparing these interim financial statements, the Company evaluated the existence of events that could impact the amount of its assets and found no indications that they may have been impaired.

16. Loans and financing

Loans and financing can be summarized as under:

	Company		Consolidated	
	06/30/2014	**12/31/2013**	**06/30/2014**	**12/31/2013**
Working capital	**-**	-	**11,070**	11,746
Banco do Brasil (FINAME)	**14**	16	**392**	231
Advance on exchange contracts (ACC)	**15,172**	27,778	**15,172**	27,778
FINEP	**32,089**	28,859	**32,088**	28,859
BNDES Progeren	**-**	-	**22,127**	29,767
Other	**-**	-	**4**	37
	47,275	56,653	**80,853**	98,418
Current	**22,947**	34,350	**49,753**	59,835
Noncurrent	**24,328**	22,303	**31,100**	38,583

Interest rates and charges incurred on loans are as follows:

(i) Working capital in the United States of America: denominated in U.S. dollars, plus average Libor rate + 1.4% fixed p.a.

(ii) Leasing and Finame: 1.37% p.m.

(iii) Advance on exchange contracts (ACC): denominated in US dollars, increased by interest rate plus Bank spread, average of 1.47% p.a. at 06/30/14.

(iv) FINEP: Rate of 5.25% p.a. or indexed to long-term interest rate (TJLP), if this exceeds 6% p.a.

16. Loans and financing (Continued)

(v) BNDES Progeren working capital: TJLP rate plus 2.5% p.a., maturing within 36 months, including an 18-month grace period.

Loan agreement maturities

- Working capital (Bank of America): maturing at September 16, 2014 and October 31, 2014;
- Banco do Brasil: monthly installments with final maturity in August 2015;
- ACC: various contracts with final maturity in June 2015;
- FINEP: maturing from 2014 to November 2019;
- BNDES: maturing at November 15, 2015; and
- Other: final maturity in January 2015.

Loans and financing recorded as noncurrent liabilities as of June 30, 2014 mature as follows:

	Company	Consolidated
2015	**4,061**	**10,614**
2016	**7,750**	**7,845**
2017	**5,404**	**5,499**
After 2017	**7,113**	**7,142**
Total	**24,328**	**31,100**

Loans are guaranteed by collateral signatures of controlling shareholders and also surety bonds, including no covenants on financial ratios.

Other guarantees and commitments

The Company has a technical and financial cooperation agreement with Banco do Nordeste do Brasil S/A to maintain credit facilities intended for “Arezzo” franchisees in business ventures within the bank’s area of operations. Funds of the Constitutional Northeast Region Finance Fund (FNE) are used for financing the modernization of its stores (of third parties) in accordance with standards established by the Company, as well as costs associated with these operations, by way of working capital requirements, if necessary.

The Company is the guarantor of these transactions through a surety bond, as engaged by shop owners. At June 30, 2014 and December 31, 2013, there were no transactions of this nature and, as a consequence, the Company was not the guarantor of any such operation.

The Company has a technical and financial cooperation agreement with Banco Alfa to maintain credit facilities intended for “Arezzo” franchisees in business ventures, using BNDES funds for financing the modernization of its stores (of third parties) in accordance with standards established by the Company, as well as costs associated with these operations.

16. Loans and financing (Continued)

The Company is the guarantor of these transactions. At June 30, 2014, the balance of these transactions guaranteed by the Company amounted to R$ 585. At December 31, 2013, there were no transactions of this nature guaranteed by the Company.

There is not history of Company losses on similar transactions.

17. Trade accounts payable

Breakdown of trade accounts payable is as follows:

	Company		Consolidated	
	06/30/2014	**12/31/2013**	**06/30/2014**	**12/31/2013**
Domestic trade accounts payable	**52,363**	26,071	**57,129**	34,842
Transactions with related parties (Note 12.a)	**3,177**	1,984	**-**	-
Foreign trade accounts payable	**-**	17	**-**	17
	55,540	28,072	**57,129**	34,859

18. Labor Liabilities

Breakdown of labor liabilities is as follows:

	Company		Consolidated	
	06/30/2014	**12/31/2013**	**06/30/2014**	**12/31/2013**
Salaries payable	**1,100**	2,840	**2,096**	5,561
Accrued vacation pay and payroll taxes	**8,178**	5,346	**13,107**	8,007
	9,278	8,186	**15,203**	13,568

19. Special installment payment program

In January 2014, the Company paid the last installment under the Special Installment Payment Program (PAES).

20. Provisions for labor, tax and civil contingencies

The balances are as follows:

	Company		Consolidated	
	06/30/2014	**12/31/2013**	**06/30/2014**	**12/31/2013**
Civil	**469**	502	**491**	524
Tax	**2,402**	1,185	**2,771**	1,554
Labor	**2,120**	2,162	**2,550**	2,765
	4,991	3,849	**5,812**	4,843

20. Provisions for labor, tax and civil contingencies (Continued)

Based on information provided by its legal advisors and on analysis of ongoing litigation, management set up a provision at an amount deemed sufficient to cover probable losses on existing cases, as follows:

Company	Civil	Tax	Labor	Total
Balances at 12/31/2012	1,061	-	1,336	2,397
Additions/restatement	43	1,236	546	1,825
Reversal/payments	(4)	-	(266)	(270)
Balances at 06/30/2013	1,100	1,236	1,616	3,952
Balances at 12/31/2013	502	1,185	2,162	3,849
Additions/restatement	511	1,217	429	2,157
Reversal/payments	(544)	-	(471)	(1,015)
Balances at 06/30/2014	**469**	**2,402**	**2,120**	**4,991**

Consolidated	Civil	Tax	Labor	Total
Balances at 12/31/2012	1,088	-	1,950	3,038
Additions/restatement	44	1,597	676	2,317
Reversal/payments	(8)	-	(380)	(388)
Balances at 06/30/2013	1,124	1,597	2,246	4,967
Balances at 12/31/2013	524	1,554	2,765	4,843
Additions/restatement	511	1,217	465	2,193
Reversal/payments	(544)	-	(680)	(1,224)
Balances at 06/30/2014	**491**	**2,771**	**2,550**	**5,812**

In March 2014, the Company provisioned the amount of R$ 1,217 relating to a tax deficiency notice issued by the Brazilian Internal Revenue Service on May 31, 2013 for nonpayment of Corporate Income Tax (IRPJ), Social Contribution Tax on Net Profit (CSLL) and Tax on Financial Transactions (IOF) on loans with related parties in the period from June 2008 to December 2009. The proceeding relating to this tax notice is currently at the administrative level, and its likelihood of loss was reassessed as "probable" by the Company's legal advisors.

The Company and its subsidiaries are involved in other legal and administrative proceedings of a civil, tax and labor nature amounting to approximately R$ 42,263, Company and consolidated, whose likelihood of loss was assessed as possible by their legal advisors and as such, no recognition of provision was required.

These other proceedings include the following:

i) Tax deficiency noticed served by the Brazilian IRS on June 11, 2013 referring to IRPJ and CSLL against the Company, questioning the deductibility of the amortization of goodwill arising from the acquisition of equity interest in the Company by BRICS Participações S.A. (BRICS) at market value, which was determined by independent experts, and the subsequent downstream merger by the Company, as described in Note 21.2 of the financial statements as of December 31, 2013. The merged goodwill was recognized net of goodwill adjustment provision, as required by CVM Ruling No. 319/99, and constitutes a tax benefit arising from the deductibility of the referred to goodwill. This case is currently at the administrative level and, according to the Company's legal advisors, the likelihood of loss is "possible", amounting to R$ 6,587.

20. Provision for labor, tax and civil contingencies (Continued)

ii) Tax delinquency notice issued by the Rio Grande do Sul State Finance Office (SEFAZ/RS) on April 2, 2013, referring to allegedly undue ICMS credit taken on shipment of goods to acquirers established in Manaus Free-Trade Zone (ZFM) and Free Trade Areas (FTAs), in the period from February 2008 to December 2011, resulting in the required payment of ICMS, as restated, amounting to R$ 4,793. The case is currently at the administrative level and, according to the Company's legal advisors, the likelihood of loss is "possible".

Judicial deposits

At June 30, 2014, judicial deposits amount to R$ 4,737 - Company (R$ 4,676 at December 31, 2013) and R$ 6,358 - Consolidated (R$ 6,622 at December 31, 2013).

21. Capital and reserves

21.1. Capital

At March 31, 2014, the Board of Directors approved a capital increase in the amount of R$ 62,000, through partial capitalization of the capital reserve, with no new issue of shares.

	Number of shares (in thousands)	Capital R$
Balance at December 31, 2012	88,587	106,857
Capital increase through capitalization of capital reserve	-	49,143
Balance at June 30, 2013	88,587	156,000
Balance at December 31, 2013	88,637	157,186
Capital increase through capitalization of capital reserve	-	**62,000**
Balance at June 30, 2014	88,637	219,186

21.2. Treasury shares

At March 31, 2014, the Board of Directors approved the introduction of a share repurchase program aimed to maintain the Company's own shares in treasury for their subsequent cancellation or disposal ("Buyback Program"). Deals can be conducted within a period of 365 (three hundred sixty-five) days beginning March 31, 2014, i.e., they will be closed by March 31, 2015.

Each deal shall be limited to 4,231,560 (four million, two hundred thirty-one thousand, five hundred sixty) uncertified registered common shares, with no par value at the time of issue, representing 10% (ten percent) of the total outstanding shares issued by the Company, as defined by CVM Ruling No.10/80, article 5. Until the period ended June 30, 2014 the Company had not repurchased any share.

22. Paid and proposed dividends and interest on equity

Dividends

Pursuant to the Company's articles of incorporation, the shareholders are entitled to an obligatory minimum dividend equivalent to 25% of net income for the year, adjusted by a legal reserve set up as required by the corporation law. Interest on equity, as calculated, are considered to be distribution of income to determine the minimum dividend to be distributed.

During 2013, the Company distributed to its shareholders dividends and interest on equity for the year ended December 31, 2012, amounting to R$ 29,328, the payment of which was accrued at December 31, 2012.

On July 29, 2013, the Company approved in a Board of Directors' meeting the payment of interim dividends for R$ 13,326, paid on August 30, 2013. Interim dividends paid during the year consist of a prepayment of the obligatory minimum dividend.

On April 25, 2014, the Board of Directors approved the proposed allocation of net income for the year ended December 31, 2013, addressing the proposed distribution of additional dividends for R$ 20,894.

Interest on equity – Law Nº 9249/95

In order to meet tax standards, the Company recorded interest on equity paid or credited in the year as a contra-entry to the "Financial expenses" account. To prepare these interim financial statements, such interest is reversed from P&L against the retained earnings account, as required by the accounting practices. Withholding income tax at 15% was levied on interest on equity, except for shareholders demonstrably exempt or immune, or shareholders domiciled in countries or jurisdictions for which the legislation sets a different rate.

As decided in a Board of Directors' meeting on June 28, 2013, the Company paid R$ 10,885 on July 31, 2013 (R$ 9,345, net of the withholding income tax effects) as interest on equity.

On June 28, 2013, the Company approved in a board of directors' meeting supplementary interest on equity for R$2 (R$1, net of withholding income tax effects) paid on July 30, 2013.

Pursuant to its systematic distribution of income to shareholders, the Company credited semi-annual interest on equity for R$ 8,858 (R$ 7,598, net of withholding income tax effects) to shareholders enrolled with the Company at December 31, 2013 as owners of issue shares, paid on January 30, 2014.

On December 18, 2013 the Company approved in a board of directors' meeting supplementary interest on equity for R$ 1,578 (R$ 1,353, net of withholding income tax effects), paid on December 27, 2013.

On June 20, 2014 the Company recorded interest on equity for R$ 12,235.

22. Paid and proposed dividends and interest on equity (Continued)

The payment was made on June 30, 2014, as decided in the Board of Directors' meeting on June 20, 2014. Company shares began being traded ex-right on interest equity as from July 1, 2014, including.

Interest on equity credited during the year consists of prepaid obligatory minimum dividend.

23. Earnings per share

In compliance with CPC 41 (IAS 33), the Company sets out below information on earnings per share for the six-month periods ended June 30, 2014 and 2013.

a) Basic earnings per share

	06/30/2014	06/30/2013
Net income for the year (in thousands of reais)	**49,066**	48,423
Weighted average of the shares issued (in thousands)	**88,637**	88,587
Basic earnings per share - R$	**0.55**	0.55

b) Diluted earnings per share

	06/30/2014	06/30/2013
Net income for the year (in thousands of reais)	**49,066**	48,423
Weighted average of the shares issued (in thousands)	**88,637**	88,587
Adjustment as per stock options (in thousands)	**37**	100
Weighted average number of common shares for diluted earnings per share (in thousands)	**88,638**	88,707
Diluted earnings per share - R$	**0.55**	0.55

24. Net sales revenue

Net sales revenue is broken down as follows:

	Company		Consolidated	
	06/30/2014	06/30/2013	06/30/2014	06/30/2013
Gross sales revenue				
Domestic market	**501,588**	460,119	**577,144**	535,418
Foreign market	**21,001**	24,051	**26,219**	27,489
Sales returns	**(14,818)**	(16,647)	**(23,633)**	(23,888)
Discounts and rebates	**(484)**	(352)	**(484)**	(352)
Sales taxes	**(87,564)**	(77,287)	**(112,073)**	(99,989)
Net operating revenue	**419,723**	389,884	**467,173**	438,678

25. Segment information

The Company has only one operational segment defined as footwear, bags and accessories. The Company is organized, and has its performance evaluated as a single business unit for operating, commercial, managerial and administrative purposes.

This view is supported by the following factors:

- there is no segregation in its structure for the management of different product lines, brand names or sale distribution channels;
- its manufacturing unit operates under more than one brand name and through more than one sale distribution channel;
- the strategic decisions of the Company are based on studies that indicate market opportunities and not only on performance by product, brand name or channel.

The Company products are distributed under different brand names (Arezzo, Schutz, Anacapri and Alexandre Birman) and through different channels (franchises, multi-brand and own stores), however, they are controlled and managed by management as a single business segment, and the results therefrom are followed up, monitored and analyzed in an integrated manner.

For management purposes, Company management monitors the consolidated gross revenue by brand name and sale distribution channel, as under:

	Consolidated	
Brand name	**06/30/2014**	**06/30/2013**
Gross revenue	**603,363**	562,907
Arezzo - domestic market	**339,581**	322,266
Schutz – domestic market	**205,436**	189,577
Anacapri - domestic market	**28,320**	17,002
Other	**3,807**	6,573
Foreign market	**26,219**	27,489

	Consolidated	
Channel	**06/30/2014**	**06/30/2013**
Gross revenue	**603,363**	562,907
Franchises	**297,002**	251,395
Multi-brand stores	**139,227**	147,575
Own stores	**138,848**	131,251
Other	**2,067**	5,197
Foreign market	**26,219**	27,489

Revenue from foreign market is not segregated by geographic area since it represents 4% of the gross revenue at June 30, 2014 (5% at June 30, 2013).

There are no customers individually accountable for more than 5% of the sales on both local and foreign markets.

26. Expenses by nature

The Company elected to present the consolidated income statements by function. In accordance with the IFRS, detailed information on expenses by nature is as follows:

	Company		Consolidated	
	06/30/2014	**06/30/2013**	**06/30/2014**	**06/30/2013**
Expenses by function				
Costs of sales	**(269,542)**	(247,644)	**(262,204)**	(243,187)
Selling expenses	**(47,106)**	(41,986)	**(101,231)**	(95,008)
General and administrative expenses	**(35,487)**	(35,438)	**(37,879)**	(37,627)
Other operating income (expenses), net	**(1,136)**	1,459	**(2,595)**	1,288
	(353,271)	(323,609)	**(403,909)**	(374,534)

	Company		Consolidated	
	06/30/2014	**06/30/2013**	**06/30/2014**	**06/30/2013**
Expenses by nature				
Depreciation and amortization	**(2,981)**	(2,320)	**(6,306)**	(4,970)
Personnel	**(37,465)**	(34,529)	**(63,877)**	(60,351)
Raw material, store and supplies	**(270,823)**	(248,845)	**(263,485)**	(244,388)
Freight	**(6,804)**	(7,058)	**(7,697)**	(8,472)
Store occupancy	**-**	-	**(14,616)**	(13,149)
Other operating expenses	**(35,198)**	(30,857)	**(47,928)**	(43,204)
	(353,271)	(323,609)	**(403,909)**	(374,534)

27. Financial risk management objectives and policies

a) Fair value

Below are the major financial instrument transactions engaged, as well as their respective fair values calculated by Company management.

	Consolidated			
	06/30/2014		12/31/2013	
	Book value	**Fair value**	**Book value**	**Fair value**
Cash and cash equivalents	**12,557**	**12,557**	13,786	13,786
Short-term investments	**146,666**	**146,666**	171,928	171,928
Trade and other accounts receivable	**254,227**	**254,227**	266,063	266,063
Loans and financing	**80,853**	**80,853**	98,418	98,418
Trade and other accounts payable	**64,361**	**64,361**	45,870	45,870

27. Financial risk management objectives and policies (Continued)

a) Fair value (Continued)

At June 30, 2014, the Company's consolidated financial assets and liabilities are classified into the following financial instrument categories:

	Measurement	
	Fair value	**Amortized cost**
Assets		
Loans and receivables		
Cash and cash equivalents	-	12,557
Trade and other accounts receivable	-	254,227
Financial assets measured at fair value through profit or loss		
Short-term investments	146,666	-
Liabilities		
Other financial liabilities		
Trade and other accounts payable	-	64,361
Loans and financing	-	80,853

The following methods and assumptions were used in determining the fair value:

- Short-term investments – the book values stated in the balance sheet are identical to fair value due to fact that their remuneration rates are based on the CDI, CDB and LFT variation (Note 6).

- Cash and cash equivalents, trade and other accounts receivable, trade and other accounts payable - Derive directly from the Company's and its subsidiaries' transactions, measured at amortized cost and recorded at their original value, less provision for losses and present value adjustment, when applicable. Book value approximates fair value due to the short-term settlement of these transactions.

- Loans and financing - These are classified as financial liabilities not measured at fair value and are recorded using the amortized cost method, under contractual conditions. This definition was adopted as the amounts are not held for trading, which, according to management understanding, reflects the most significant accounting information. Fair values are equivalent to book values, as these financial instruments have rates equivalent to market rates and feature specific characteristics.

a.1) *Fair value hierarchy*

The Company uses the following hierarchy to determine and disclose the fair value of financial instruments through valuation techniques:

Level 1: prices quoted (without adjustments) at active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, whether directly or indirectly;
Level 3: techniques using inputs that have a significant effect on the recorded fair value other than observable market data.

27. Financial risk management objectives and policies (Continued)

For fair value measurement of its financial instruments, the Company adopts the valuation technique of prices quoted in active markets (Level 1) and the observable price valuation technique (Level 2).

b) Currency risk exposure

Income from the Company's and its subsidiaries' operations is subject to US Dollar currency risk due to the fact that part of sales revenues are linked to this currency. To minimize currency risk, nearly all exports have financing pegged to that currency.

At June 30, 2014 and December 31, 2013, the amount of net exposure to US Dollar is represented by:

	Consolidated	
	06/30/2014	**12/31/2013**
Accounts receivable	**18,090**	39,560
Loans and financing	**(26,242)**	(39,524)
Trade accounts payable	**-**	(17)
Net exposure	**(8,152)**	19

With a view to analyzing the sensitivity of Company assets and liabilities in foreign currency exposed to currency risk as of June 30, 2014, three (3) different scenarios were defined, and a sensitivity analysis of the effects of currency exchange rate fluctuations was performed.

The following table presents the three scenarios, and the probable scenario is the one adopted by the Company. These scenarios were defined based on management's expectation regarding the effects of foreign currency rate fluctuations at the maturity dates of the respective contracts subject to such risk.

Further to this scenario, CVM Ruling No. 475, dated December 17, 2008 ("CVM IN/475"), requires the presentation of two other scenarios applying depreciation at 25% and 50% of the risk variable under analysis. These scenarios are presented in accordance with CVM rules.

Operation	Currency	Probable scenario (Book value)	Scenario A	Scenario B
Currency rate depreciation				
Accounts receivable in foreign currency	R$	18,090	22,612	27,135
Loans and financing in foreign currency	R$	(26,242)	(32,802)	(39,363)
Rate depreciation at			25%	50%
Foreign currency rate reference US Dollar		2.20	2.75	3.30
Effect on income before taxes	R$		(2,038)	(4,076)

27. Financial risk management objectives and policies (Continued)

b) Currency risk exposure (Continued)

In October 2012, the Company entered into a derivative hedging instrument in the amount of US$ 3,025 thousand with a view to reducing currency exposure on its export sales operations, considering the value of portfolio orders, maturing on October 6, 2014. At June 30, 2014, the outstanding amount of this hedging instrument is US$ 550 thousand.

	03/31/2014 USD (000)	12/31/2013 USD (000)
Forward – Sale agreement	**550**	**1,375**

Adjustments arising from derivative instruments would have the following effects:

Derivative financial instruments	06/30/2014	12/31/2013
Amount payable due to P&L (fair value)	**(7)**	(254)
Income statement	**06/30/2014**	**06/30/2013**
Gain recognized in financial income (expenses)	**(110)**	145

The fair value of derivatives was calculated using official quotes for forward US dollar, by reference to the quote for the first forward dollar before and after the maturity of the derivative instrument at the period closing date. The weighted average of forward rates was calculated based on such data, so as to estimate the fair value of the transaction at each period closing date.

c) Interest rate risk exposure

The Company is exposed to interest rate risks due to contracted loan agreements linked to the TJLP. The rates incurred are stated in Note 16.

At June 30, 2014, breakdown of loans and financing in terms of interest rates is as follows:

	Consolidated	
	06/30/2014	%
Fixed interest	**15,568**	19%
TJLP and LIBOR-based interest	**65,285**	81%
	80,853	100%

With a view to analyzing the sensitivity of changes in index rates in relation to Company loans and financing exposed to interest rate risk as of June 30, 2014, three (3) different scenarios were defined, and a sensitivity analysis of the effects of changes in index rates was performed.

The following table presents the three scenarios, and the probable scenario is the one adopted by the Company. Based on the TJLP and LIBOR prevailing at June 30, 2014, the probable scenario was defined for 2014 together with the 25% and 50% variations as required by CVM Ruling No. 475.

27. Financial risk management objectives and policies (Continued)

c) Interest rate risk exposure (Continued)

Gross financial expense was calculated for each scenario not taking into consideration tax levy and the maturity flow of each contract. The reporting date used for financing was June 30, 2014, having the index rates forecast for a year and the respective sensitivity analyzed in each scenario.

Operation	Currency	Probable	Scenario A	Scenario B
Increase in financial expenses				
Financing - TJLP	R$	2,711	3,389	4,066
Financing - LIBOR	R$	36	45	54
		2,747	3,434	4,120
Rate appreciation at Reference for financial liabilities			25%	50%
Libor		0.33%	0.41%	0.49%
TJLP		5.00%	6.25%	7.50%

d) Financial instruments

There were no changes in the concepts and practices disclosed in the financial statements as of December 31, 2013.

e) Credit risk

There were no changes in the concepts and practices disclosed in the financial statements as of December 31, 2013.

f) Liquidity risk

There were no changes in the concepts and practices disclosed in the financial statements as of December 31, 2013.

The table below presents contractual payments required for the Company's financial liabilities:

	Projection including future interest			
	Within 1 year	From 1 to 5 years	Over 5 years	Total
Loans and financing	53,080	34,886	2,005	89,971
Trade and other accounts payable	65,169	-	-	65,169

g) Capital management

There were no changes in the concepts and practices disclosed in the financial statements as of December 31, 2013.

28. Financial income (expenses), net

	Company		Consolidated	
	06/30/2014	**06/30/2013**	**06/30/2014**	**06/30/2013**
Financial income:				
Interest income	**3,180**	1,446	**3,186**	1,462
Short-term investment yield	**8,531**	6,576	**9,069**	7,283
Other	**341**	954	**590**	1,070
	12,052	8,976	**12,845**	9,815
Financial expenses:				
Banking expenses	**(904)**	(899)	**(1,132)**	(1,055)
Interest expenses	**(907)**	(1,280)	**(2,042)**	(2,534)
Credit card administration fee	**-**	(63)	**(2,233)**	(2,176)
Notary public fees	**(425)**	(195)	**(425)**	(195)
Other	**(235)**	(246)	**(346)**	(496)
	(2,471)	(2,683)	**(6,178)**	(6,456)
Exchange gains (losses), net	**(126)**	(360)	**99**	(653)
Total	**9,455**	5,933	**6,766**	2,706

29. Other operating income (expenses), net

	Company		Consolidated	
	06/30/2014	**06/30/2013**	**06/30/2014**	**06/30/2013**
Stock option plan	**(2,568)**	(496)	**(2,568)**	(496)
Franchise fees	**640**	1,225	**640**	1,225
Recovery of expenses	**68**	15	**68**	28
Gain (loss) on disposal of property, plant and equipment and intangible assets	**211**	(33)	**(1,248)**	(214)
Other operating income	**513**	748	**513**	745
	(1,136)	1,459	**(2,595)**	1,288

30. Operating lease agreements – store lease

Non-cancellable future minimum lease payments are set out as follows:

	Minimum payments at 06/30/2014 (Consolidated)
Within 1 year	**15,662**
Over 1 year up to 5 years	**24,122**

The average monthly expense with lease payments is R$ 2,378 (R$1,946 in 2013). The effective terms of these lease agreements range between 4 and 5 years, subject to financial charges based on the annual IGPM variation, as specified in each agreement.

At June 30, 2014, lease expenses, net of taxes recoverable, totaled R$ 14,269 (R$11,675 at June 30, 2013). The “Lease payable” balance is R$ 2,175 (R$2,795 at December 31, 2013).

31. Stock option plan

Breakdown of the stock option plan, considering the grace periods for the exercise of the options, is as follows:

	Maximum number of shares		
Grace period from the grant date	**1st Grant**	**2nd Grant**	**3rd Grant**
Up to 30 days from the grant date	45,059	22,538	21,744
From first anniversary	54,731	158,228	195,787
From second anniversary	54,731	158,228	195787
From third anniversary	109,462	316,456	391,572
Total	263,983	655,450	804,890

Changes in the stock option plan are as follows:

	1st Grant	**2nd Grant**	**3rd Grant**
Balance at 12/31/12	220,527	-	-
Options granted	-	632,911	-
Options exercised	(27,026)	(22,539)	
Options cancelled (*)	(14,626)	(1,000)	-
Balance at 12/31/13	**178,875**	**631,911**	**-**
Options granted			804,890
Options exercised			(21,744)
Options cancelled (*)	**(35,773)**	**(67,254)**	**-**
Balance at 06/30/2014	**143,102**	**564,657**	**783,146**

(*) Stock options cancelled due to termination of employees who participated in the stock option plan.

For the six-month period ended June 30, 2014, the Company calculated the amount of R$ 2,568 (R$ 835 at June 30, 2013) referring to the stock option plan expense recognized in the income statement, matched against equity, in a specific account named “Capital reserve”.

Upon determining the stock options fair value, the following assumptions were used:

	1st Grant June/2012		**2nd Grant June/2013**		**3rd Grant June/2014**	
Lot	I	II	I	II	I	II
Number of shares						
1st Maturity	68,231	79,543	25,757	165,286	29,395	236,211
2nd Maturity	N/A	79,543	N/A	165,286	N/A	236,211
3rd Maturity	N/A	159,087	N/A	330,572	N/A	472,420
Exercise price - R$	20.86	20.86	27.61	27.61	18.42	18.42
Stock option fair value - R$						
1st Maturity	6.66	9.05	7.36	13.82	4.95	9.82
2nd Maturity	N/A	11.33	N/A	16.37	N/A	10.22
3rd Maturity	N/A	13.32	N/A	16.72	N/A	11.47
Dividend yield	-	-	4.85%	4.85%	5.03%	5.03%
Share price volatility	40.36%	40.36%	36.29%	41.18%	27.95%	40.91%
Risk-free interest rate						
1st Maturity	8.50%	7.81%	7.86%	10.47%	10.81%	11.75%
2nd Maturity	N/A	8.59%	N/A	10.60%	N/A	11.80%
3rd Maturity	N/A	9.35%	N/A	10.69%	N/A	11.86%
Period expected up to maturity - (running days)						
1st Maturity	30	365	30	365	30	365
2nd Maturity	N/A	730	N/A	730	N/A	730
3rd Maturity	N/A	1,095	N/A	1,095	N/A	1,095

32. Government grants

ICMS matching credit

The tax benefit used by the Company up to June 30, 2014 amounted to R$ 2,830 (R$ 5,905 at June 30, 2013). This amount was recorded in the income statement for the period, reducing expenses related to sales taxes, as provided for in CPC 07 (IAS 20) - Accounting for Government Grants and Disclosure of Government Assistance.

Opinions and Declarations / Unqualified Special Review Report

REPORT ON QUARTERLY INFORMATION REVIEW

To the Shareholders, Board of Directors and Officers of

Arezzo Indústria e Comércio S.A.

Belo Horizonte - MG

Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of Arezzo Indústria e Comércio S.A. ("Company") for the quarter ended June 30, 2014, comprising the balance sheet at June 30, 2014 and the related income statement and statements of comprehensive income for the three- and six-month periods then ended and of the statement of changes in equity and the cash flow statement for the six-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual interim financial information in accordance with Accounting Pronouncement CPC 21 (R1) – Interim Financial Reporting, and of the consolidated interim financial information in accordance with CPC 21 (R1) and International Standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with specific rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the Quarterly Information Form referred to above is not prepared, in all material respects, in accordance with CPC 21(R1) applicable to the preparation of Quarterly Information Form (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission.

Conclusion on the consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the Quarterly Information Form referred to above is not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of Quarterly Information Form (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission.

Other matters

Statements of value added

We have also reviewed the individual and consolidated interim statements of value added (SVA) for the six-month period ended June 30, 2014, prepared under the responsibility of Company's management, whose presentation in the interim financial information is required by the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR), and as supplementary information under IFRS, which do not require SVA presentation. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, consistently with the overall accompanying individual and consolidated interim financial information.

Porto Alegre, July 28, 2014

ERNST & YOUNG

Auditores Independentes S.S.

CRC-2SP015199/O-6/F/MG

Guilherme Ghidini Neto

Accountant CRC RS-067795/O-5