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Company data / Breakdown of capital

Number of shares (Thousand)	Current Quarter 9/30/2011
Paid-in capital	
Common	88,542
Preferred	0
Total	88,542
Treasury shares	
Common	0
Preferred	0
Total	0

Company data / Earnings in cash

Event	Approval	Earnings	First payment	Share type	Share class	Earnings per share (Reais / Share)
Board of Directors' Meeting	6/30/2011	Interest on equity capital	7/29/2011	Common		0.09533

Individual financial statements / Balance sheet - assets

(In thousands of reais)

Account Code	Account description	Current quarter 9/30/2011	Prior year 12/31/2010
1	Total assets	479,068	247,848
1.01	Current assets	383,467	162,326
1.01.01	Cash and cash equivalents	3,557	5,585
1.01.02	Short-term investments	172,649	5,000
1.01.02.01	Short-term investments measured at fair value	172,649	5,000
1.01.02.01.01	Securities held for trading	172,649	5,000
1.01.03	Accounts receivable	162,413	122,286
1.01.03.01	Trade accounts receivable	162,413	122,286
1.01.04	Inventories	35,559	17,650
1.01.06	Taxes recoverable	1,872	6,362
1.01.06.01	Current taxes recoverable	1,872	6,362
1.01.08	Other current taxes	7,417	5,443
1.01.08.03	Other	7,417	5,443
1.02	Non-current assets	95,601	85,522
1.02.01	Long-term receivables	34,380	28,921
1.02.01.01	Short-term investments measured at fair value	0	27
1.02.01.01.01	Securities for trading	0	27
1.02.01.06	Deferred taxes	13,214	13,996
1.02.01.06.01	Deferred income and social contribution taxes	13,214	13,996
1.02.01.08	Receivables from related parties	14,040	8,717
1.02.01.08.02	Receivables from subsidiaries	14,040	7,657
1.02.01.08.03	Receivables from controlling interest holders	0	1,060
1.02.01.09	Other non-current assets	7,126	6,181
1.02.01.09.03	Taxes recoverable	3,170	3,903
1.02.01.09.04	Judicial deposits	3,665	2,266
1.02.01.09.05	Other receivables	291	12
1.02.02	Investments	47,210	44,734
1.02.02.01	Equity investments	47,210	44,734
1.02.02.01.02	Investments in subsidiaries	47,210	44,734
1.02.03	Property, plant and equipment	7,362	6,245
1.02.03.01	Property, plant and equipment in use	7,362	6,245
1.02.04	Intangible assets	6,649	5,622
1.02.04.01	Intangible assets	6,649	5,622
1.02.04.01.02	Trademarks and patents	2,567	2,541
1.02.04.01.03	Store use rights	125	125
1.02.04.01.04	System use rights	3,957	2,956

Individual financial statements / Balance sheet - liabilities

(In thousands of reais)

Account code	Account description	Current quarter 9/30/2011	Prior year 12/31/2010
2	Total liabilities	479,068	247,848
2.01	Current liabilities	79,661	72,718
2.01.01	Social and labor liabilities	10,156	9,815
2.01.01.01	Social liabilities	966	907
2.01.01.02	Labor liabilities	9,190	8,908
2.01.02	Trade accounts payable	43,618	18,586
2.01.02.01	Domestic suppliers	42,569	18,494
2.01.02.02	Foreign suppliers	1,049	92
2.01.03	Tax liabilities	7,135	3,485
2.01.03.01	Federal tax liabilities	6,225	3,389
2.01.03.01.01	Income and social contribution taxes payable	4,944	327
2.01.03.01.02	Other federal liabilities	1,281	3,062
2.01.03.02	State tax liabilities	901	88
2.01.03.03	Municipal tax liabilities	9	8
2.01.04	Loans and financing	16,260	27,330
2.01.04.01	Loans and financing	16,260	27,330
2.01.04.01.01	In local currency	3,767	10,247
2.01.04.01.02	In foreign currency	12,493	17,083
2.01.05	Other liabilities	2,492	13,502
2.01.05.02	Other	2,492	13,502
2.01.05.02.01	Dividends and interest in equity capital payable	0	11,964
2.01.05.02.04	Other	2,492	1,538
2.02	Non-current liabilities	26,718	28,912
2.02.01	Loans and financing	18,670	19,273
2.02.01.01	Loans and financing	18,670	19,273
2.02.01.01.01	In local currency	18,670	19,273
2.02.02	Other liabilities	1,272	3,161
2.02.02.01	Payables to related parties	0	1,539
2.02.02.01.02	Accounts payable to subsidiaries	0	279
2.02.02.01.03	Payables to controlling interest holders	0	1,260
2.02.02.02	Other	1,272	1,622
2.02.02.02.04	Advances from third parties	170	425
2.02.02.02.05	Other	1,102	1,197
2.02.04	Provisions	6,776	6,478
2.02.04.01	Tax, social security, labor and civil provisions	2,906	3,294
2.02.04.01.02	Social security and labor provisions	1,969	2,367
2.02.04.01.04	Civil provisions	937	927
2.02.04.02	Other provisions	3,870	3,184
2.02.04.02.04	Provision for capital deficiency	3,870	3,184
2.03	Net equity	372,689	146,218
2.03.01	Paid-in capital	40,917	21,358
2.03.02	Capital reserves	237,723	71,019
2.03.02.02	Special goodwill reserve - merger	21,470	21,470
2.03.02.07	Issued shares	216,253	49,549
2.03.04	Income reserves	37,779	53,841
2.03.04.01	Legal reserve	4,271	4,271

Individual financial statements / Balance sheet - liabilities

(In thousands of reais)

Account code	Account description	Current quarter 9/30/2011	Prior year 12/31/2010
2.03.04.05	Retained profits reserve	31,805	31,805
2.03.04.07	Tax incentive reserve	1,703	1,703
2.03.04.08	Proposed additional dividends	0	16,062
2.03.05	Retained earnings/(accumulated losses)	56,270	0

Individual financial statements / Income statement

(In thousands of reais)

Account code	Account description	Current quarter 7/1/2011 to 9/30/2011	Accumulated Current year 1/1/2011 to 9/30/2011	Same quarter Prior year 7/1/2010 to 9/30/2010	Accumulated Prior year 1/1/2010 à 9/30/2010
3.01	Sales and services revenue	178,231	444,792	146,033	367,192
3.02	Cost of sales and services	-114,381	-284,543	-96,750	-241,087
3.03	Gross profit	63,850	160,249	49,283	126,105
3.04	Operating income (expenses)	-31,705	-83,518	-27,216	-68,167
3.04.01	Selling expenses	-20,751	-52,240	-17,232	-42,932
3.04.02	General and administrative expenses	-11,902	-33,857	-11,882	-32,695
3.04.04	Other operating income	369	789	236	2,487
3.04.06	Equity pickup	579	1,790	1,662	4,973
3.05	Income before financial income (expenses), net and taxes	32,145	76,731	22,067	57,938
3.06	Financial income (expenses) ,net	5,495	11,067	-823	-1,244
3.06.01	Financial income	7,663	17,346	1,388	8,069
3.06.01.01	Financial income	6,090	15,430	1,008	3,548
3.06.01.02	Foreign exchange gains	1,573	1,916	380	4,521
3.06.02	Financial expenses	-2,168	-6,279	-2,211	-9,313
3.06.02.01	Financial expenses	-1,663	-4,733	-1,615	-4,502
3.06.02.02	Foreign exchange losses	-505	-1,546	-596	-4,811
3.07	Income before income taxes	37,640	87,798	21,244	56,694
3.08	Income and social contribution taxes	-11,695	-23,086	-5,354	-13,662
3.08.01	Current	-11,671	-17,500	-6,475	-12,620
3.08.02	Deferred	-24	-5,586	1,121	-1,042
3.09	Net income from continued operations	25,945	64,712	15,890	43,032
3.11	Income (loss) for the period	25,945	64,712	15,890	43,032
3.99	Earnings per share - (reais / share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common registered shares	0.29302	0.74156	0.20307	0.54994

Individual financial statements / cash flow statements – Indirect method

(In thousands of reais)

Account code	Account description	Accumulated Current year 1/1/2011 to 9/30/2011	Accumulated Prior year 1/1/2010 to 9/30/2010
6.01	Net cash from operating activities	33,817	29,113
6.01.01	Cash flows from operating activities	79,106	53,546
6.01.01.01	Income before income and social contribution taxes	87,798	56,694
6.01.01.02	Depreciation and amortization	1,441	910
6.01.01.03	Gain from disposal of permanent assets	396	79
6.01.01.04	Equity pickup	-1,790	-4,973
6.01.01.05	Provision for labor, tax and civil contingencies	-388	-1,165
6.01.01.06	Interest and foreign exchange variation	3,781	2,001
6.01.01.07	Income (loss) on short-term investments	-11,806	0
6.01.01.08	Other	-326	0
6.01.02	Changes in assets and liabilities	-32,877	-14,697
6.01.02.01	Trade accounts receivable	-40,057	-15,178
6.01.02.02	Inventories	-17,651	-19,116
6.01.02.03	Changes in other current assets	-2,266	4,331
6.01.02.04	Taxes recoverable	5,223	1,708
6.01.02.05	Judicial deposits	-1,399	3,488
6.01.02.07	Trade accounts payable	25,031	15,211
6.01.02.08	Labor liabilities	282	2,893
6.01.02.09	Tax and social liabilities	-2,643	-1,154
6.01.02.10	Other liabilities	603	-6,880
6.01.03	Other	-12,412	-9,736
6.01.03.01	Income and social contribution tax payment	-12,412	-9,736
6.02	Net cash used in investing activities	-159,797	-5,622
6.02.01	Acquisitions of property, plant and equipment and intangible assets	-3,981	-2,866
6.02.02	Short-term investments	-289,193	1,869
6.02.03	Redemption of short-term investments	133,377	0
6.02.04	Capital increase in subsidiaries	0	-4,625
6.03	Net cash from (used in) financing activities	123,952	-48,538
6.03.01	Loans raised	13,909	34,772
6.03.02	Loans payment	-29,364	-39,176
6.03.03	Receivables from (payables to) related parties, except shareholders	-7,071	-290
6.03.04	Interest on equity capital	-8,442	-4,906
6.03.05	Profit distribution	-26,761	-39,485
6.03.06	Receivables from (payables to) shareholders	222	547
6.03.07	Capital increase - Shares issued	181,459	0
6.05	Increase (decrease) in cash and cash equivalents	-2,028	-25,047
6.05.01	Cash and cash equivalents - opening balance	5,585	34,519
6.05.02	Cash and cash equivalents - closing balance	3,557	9,472

Individual financial statements / Statement of changes in equity - 1/1/2011 to 9/30/2011

(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	21,358	71,019	53,841	0	0	146,218
5.03	Adjusted opening balances	21,358	71,019	53,841	0	0	146,218
5.04	Capital transactions with shareholders	19,559	166,704	-16,062	-8,442	0	161,759
5.04.01	Capital increases	19,559	176,029	0	0	0	195,588
5.04.02	Share issue expenses	0	-9,325	0	0	0	-9,325
5.04.06	Dividends	0	0	-16,062	0	0	-16,062
5.04.07	Interest on equity capital	0	0	0	-8,442	0	-8,442
5.05	Total comprehensive income	0	0	0	64,712	0	64,712
5.05.01	Net income for the period	0	0	0	64,712	0	64,712
5.07	Closing balances	40,917	237,723	37,779	56,270	0	372,689

Individual financial statements / Statements of changes in equity - 1/1/2010 to 9/30/2010

(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	21,358	71,019	27,155	0	0	119,532
5.03	Adjusted opening balances	21,358	71,019	27,155	0	0	119,532
5.04	Capital transactions with shareholders	0	0	-20,978	-4,906	0	-25,884
5.04.07	Interest on equity capital	0	0	0	-4,906	0	-4,906
5.04.08	Profit distribution	0	0	-20,978	0	0	-20,978
5.05	Total comprehensive income	0	0	0	43,032	0	43,032
5.05.01	Net income for the period	0	0	0	43,032	0	43,032
5.07	Closing balances	21,358	71,019	6,177	38,126	0	136,680

Individual financial statements / Statements of value added

(In thousands of reais)

Account code	Account description	Accumulated Current year 1/1/2011 to 9/30/2011	Accumulated Prior year 1/1/2010 to 9/30/2010
7.01	Revenues	539,437	440,624
7.01.01	Sales and services revenue	553,784	450,490
7.01.02	Other income	-14,416	-9,807
7.01.04	Reversal of (Allowance for) doubtful accounts	69	-59
7.02	Inputs acquired from third parties	-409,357	-347,586
7.02.01	Costs of sales and services	-361,324	-305,892
7.02.02	Material, electricity, third party services and other	-47,159	-39,033
7.02.04	Other	-874	-2,661
7.03	Gross value added	130,080	93,038
7.04	Retentions	-1,441	-909
7.04.01	Depreciation, amortization and depletion	-1,441	-909
7.05	Net value added produced by the entity	128,639	92,129
7.06	Value added received in transfer	19,925	15,529
7.06.01	Equity pickup	1,790	4,973
7.06.02	Financial income	17,346	8,069
7.06.03	Other	789	2,487
7.07	Total value added to be distributed	148,564	107,658
7.08	Distribution of value added	148,564	107,658
7.08.01	Personnel	29,687	28,131
7.08.01.01	Direct compensation	22,448	15,997
7.08.01.02	Benefits	1,942	1,559
7.08.01.03	FGTS	1,821	1,260
7.08.01.04	Other	3,476	9,315
7.08.01.04.01	Employee profit sharing	2,773	8,642
7.08.01.04.02	Other	703	673
7.08.02	Taxes, charges and contributions	46,458	25,996
7.08.02.01	Federal	43,490	26,136
7.08.02.02	State	2,851	-191
7.08.02.03	Municipal	117	51
7.08.03	Debt remuneration	7,707	10,499
7.08.03.01	Interest	1,091	2,001
7.08.03.02	Rent	1,428	1,186
7.08.03.03	Other	5,188	7,312
7.08.04	Equity remuneration	64,712	43,032
7.08.04.01	Interest on equity capital	8,442	4,906
7.08.04.03	Retained profits for the period	56,270	38,126

Consolidated financial statements / Balance sheet - assets

(In thousands of reais)

Account code	Account description	Current quarter 9/30/2011	Prior year 12/31/2010
1	Total assets	496,021	268,156
1.01	Current assets	423,739	209,067
1.01.01	Cash and cash equivalents	6,229	8,004
1.01.02	Short-term investments	172,770	5,000
1.01.02.01	Short-term investments measured at fair value	172,770	5,000
1.01.02.01.01	Securities held for trading	172,770	5,000
1.01.03	Accounts receivable	159,889	132,402
1.01.03.01	Trade accounts receivable	159,889	132,402
1.01.04	Inventories	71,941	48,862
1.01.06	Taxes recoverable	3,647	7,889
1.01.06.01	Current taxes recoverable	3,647	7,889
1.01.08	Other current taxes	9,263	6,910
1.01.08.03	Other	9,263	6,910
1.02	Non-current assets	72,282	59,089
1.02.01	Long-term receivables	22,816	22,941
1.02.01.01	Short-term investments measured at fair value	78	98
1.02.01.01.01	Securities for trading	78	98
1.02.01.06	Deferred taxes	13,646	14,449
1.02.01.06.01	Deferred income and social contribution taxes	13,646	14,449
1.02.01.08	Receivables from related parties	6	1,060
1.02.01.08.03	Receivables from controlling interest holders	6	1,060
1.02.01.09	Other non-current assets	9,086	7,334
1.02.01.09.03	Taxes recoverable	3,170	3,903
1.02.01.09.04	Judicial deposits	5,608	3,362
1.02.01.09.05	Other receivables	308	69
1.02.03	Property, plant and equipment	24,901	21,376
1.02.03.01	Property, plant and equipment in use	24,901	21,376
1.02.04	Intangible assets	24,565	14,772
1.02.04.01	Intangible assets	24,565	14,772
1.02.04.01.02	Trademarks and patents	2,666	2,638
1.02.04.01.03	Store use rights	17,726	8,976
1.02.04.01.04	Software use rights	4,173	3,158

Consolidated financial statements / Balance sheet - liabilities

(In thousands of reais)

Account code	Account description	Current quarter 9/30/2011	Prior year 12/31/2010
2	Total liabilities	496,021	268,156
2.01	Current liabilities	97,635	93,786
2.01.01	Social and labor liabilities	16,800	15,383
2.01.01.01	Social liabilities	1,894	1,630
2.01.01.02	Labor liabilities	14,906	13,753
2.01.02	Trade accounts payable	50,050	28,744
2.01.02.01	Domestic suppliers	49,001	28,652
2.01.02.02	Foreign suppliers	1,049	92
2.01.03	Tax liabilities	11,292	7,859
2.01.03.01	Federal tax liabilities	7,719	5,166
2.01.03.01.01	Income and social contribution taxes payable	5,316	803
2.01.03.01.02	Other federal tax liabilities	2,403	4,363
2.01.03.02	State tax liabilities	3,561	2,677
2.01.03.03	Municipal tax liabilities	12	16
2.01.04	Loans and financing	16,270	27,370
2.01.04.01	Loans and financing	16,270	27,370
2.01.04.01.01	In national currency	3,777	10,287
2.01.04.01.02	In foreign currency	12,493	17,083
2.01.05	Other liabilities	3,223	14,430
2.01.05.02	Other	3,223	14,430
2.01.05.02.01	Dividends and interest on equity capital payable	0	11,964
2.01.05.02.04	Other	3,223	2,466
2.02	Non-current liabilities	25,697	28,152
2.02.01	Loans and financing	18,795	19,399
2.02.01.01	Loans and financing	18,795	19,399
2.02.01.01.01	In national currency	18,795	19,399
2.02.02	Other	2,614	4,143
2.02.02.01	Payables to related parties	894	2,075
2.02.02.01.03	Payables to controlling interest holders	894	2,075
2.02.02.02	Other	1,720	2,068
2.02.02.02.03	Tax installments	446	446
2.02.02.02.04	Advances from third parties	170	425
2.02.02.02.05	Other	1,104	1,197
2.02.04	Provisions	4,288	4,610
2.02.04.01	Tax, social security, labor and civil provisions	4,288	4,610
2.02.04.01.02	Social security and labor provisions	3,330	3,683
2.02.04.01.04	Civil provisions	958	927
2.03	Consolidated equity	372,689	146,218
2.03.01	Paid-in capital	40,917	21,358
2.03.02	Capital reserves	237,723	71,019
2.03.02.02	Special goodwill reserve - merger	21,470	21,470
2.03.02.07	Shares issued	216,253	49,549
2.03.04	Income reserves	37,779	53,841
2.03.04.01	Legal reserve	4,271	4,271
2.03.04.05	Retained profits reserve	31,805	31,805
2.03.04.07	Tax incentive reserve	1,703	1,703

Consolidated financial statements / Balance sheet - liabilities

(In thousands of reais)

Account code	Account description	Current quarter 9/30/2011	Prior year 12/31/2010
2.03.04.08	Proposed additional dividend	0	16,062
2.03.05	Retained earnings/(accumulated losses)	56,270	0

Consolidated financial statements / Income statements

(In thousands of reais)

Account code	Account description	Current quarter 7/1/2011 to 9/30/2011	Accumulated Current year 1/1/2011 to 9/30/2011	Same quarter Prior year 7/1/2010 to 9/30/2010	Accumulated Prior year 1/1/2010 to 9/30/2010
3.01	Sales and services revenue	188,901	479,736	158,829	396,741
3.02	Cost of sales and services	-109,976	-278,658	-95,715	-233,277
3.03	Gross profit	78,925	201,078	63,114	163,464
3.04	Operating income (expenses)	-44,440	-119,409	-39,701	-100,823
3.04.01	Selling expenses	-32,203	-84,203	-26,955	-68,964
3.04.02	General and administrative expenses	-12,474	-35,864	-13,087	-34,480
3.04.04	Other operating income	237	658	341	2,621
3.05	Income before financial income (expenses), net and taxes	34,485	81,669	23,413	62,641
3.06	Financial income (expenses) ,net	4,369	8,851	-1,562	-2,883
3.06.01	Financial income	7,505	17,267	1,608	8,746
3.06.01.01	Financial income	6,078	15,351	1,179	3,931
3.06.01.02	Foreign exchange gains	1,427	1,916	429	4,815
3.06.02	Financial expenses	-3,136	-8,416	-3,170	-11,629
3.06.02.01	Financial expenses	-2,372	-6,610	-2,536	-6,521
3.06.02.02	Foreign exchange losses	-764	-1,806	-634	-5,108
3.07	Income before income taxes	38,854	90,520	21,851	59,758
3.08	Income and social contribution taxes	-12,909	-25,808	-5,961	-16,726
3.08.01	Current	-12,936	-20,201	-7,171	-15,773
3.08.02	Deferred	27	-5,607	1,210	-953
3.09	Net income from continued operations	25,945	64,712	15,890	43,032
3.11	Income (loss) for the period	25,945	64,712	15,890	43,032
3.11.01	Allocated to parent company shareholders	25,945	64,712	15,890	43,032
3.99	Earnings per share - (reais / share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common registered shares	0.29302	0.74156	0.20307	0.54994

Consolidated financial statements / Cash flow statements - Indirect method

(In thousands of reais)

Account code	Account description	Accumulated Current year 1/1/2011 to 9/30/2011	Accumulated Prior year 1/1/2010 to 9/30/2010
6.01	Net cash from operating activities	40,445	31,055
6.01.01	Cash flows from operating activities	85,467	62,153
6.01.01.01	Income before income and social contribution taxes	90,520	59,758
6.01.01.02	Depreciation and amortization	2,890	1,847
6.01.01.03	Gain from disposal of permanent assets	719	79
6.01.01.05	Provision for labor, tax and civil contingencies	-322	-1,542
6.01.01.06	Interest and foreign exchange variation	3,793	2,011
6.01.01.07	Income (loss) on short-term investments	-11,806	0
6.01.01.08	Other	-327	0
6.01.02	Changes in assets and liabilities	-30,319	-18,332
6.01.02.01	Trade accounts receivable	-27,418	-8,461
6.01.02.02	Inventories	-22,820	-30,193
6.01.02.03	Changes in other current assets	-2,610	3,489
6.01.02.04	Taxes recoverable	4,975	1,348
6.01.02.05	Judicial deposits	-2,246	3,185
6.01.02.07	Trade accounts payable	21,306	14,285
6.01.02.08	Labor liabilities	1,153	4,927
6.01.02.09	Tax and social liabilities	-3,066	-2,903
6.01.02.10	Other liabilities	407	-4,009
6.01.03	Other	-14,703	-12,766
6.01.03.01	Income and social contribution tax payment	-14,703	-12,766
6.02	Net cash used in investing activities	-172,871	-7,461
6.02.01	Acquisitions of property, plant and equipment and intangible assets	-16,927	-9,330
6.02.02	Short-term investments	-289,313	1,869
6.02.03	Redemption of short-term investments	133,369	0
6.03	Net cash from (used in) financing activities	130,651	-48,079
6.03.01	Loans raised	13,909	34,936
6.03.02	Loans payment	-29,405	-39,176
6.03.04	Interest on equity capital	-8,442	-4,906
6.03.05	Profit distribution	-26,761	-39,485
6.03.06	Receivables from (payables to) shareholders	-109	552
6.03.07	Capital increase - Shares issued	19,559	0
6.03.08	Setting-up of capital reserve	161,900	0
6.05	Increase (decrease) in cash and cash equivalents	-1,775	-24,485
6.05.01	Cash and cash equivalents - opening balance	8,004	38,991
6.05.02	Cash and cash equivalents - closing balance	6,229	14,506

Consolidated financial statements / Statement of changes in equity - 1/1/2011 to 9/30/2011

(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 interests	Consolidated Equity
5.01	Opening balances	21,358	71,019	53,841	0	0	146,218	0	146.218
5.03	Adjusted opening balances	21,358	71,019	53,841	0	0	146,218	0	146.218
5.04	Capital transactions with shareholders	19,559	166,704	-16,062	-8,442	0	161,759	0	161.759
5.04.01	Capital increases	19,559	176,029	0	0	0	195,588	0	195.588
5.04.02	Share issue expenses	0	-9,325	0	0	0	-9,325	0	-9.325
5.04.06	Dividends	0	0	-16,062	0	0	-16,062	0	-16.062
5.04.07	Interest on equity capital	0	0	0	-8,442	0	-8,442	0	-8.442
5.05	Total comprehensive income	0	0	0	64,712	0	64,712	0	64.712
5.05.01	Net income for the period	0	0	0	64,712	0	64,712	0	64.712
5.07	Closing balances	40,917	237,723	37,779	56,270	0	372,689	0	372.689

Consolidated financial statements / Statement of changes in equity - 1/1/2010 to 9/30/2010

(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 interests	Consolidated equity
5.01	Opening balances	21,358	71,019	27,155	0	0	119,532	0	119,532
5.03	Adjusted opening balances	21,358	71,019	27,155	0	0	119,532	0	119,532
5.04	Capital transactions with shareholders	0	0	-20,978	-4,906	0	-25,884	0	-25,884
5.04.07	Interest on equity capital	0	0	0	-4,906	0	-4,906	0	-4,906
5.04.08	Profit distribution	0	0	-20,978	0	0	-20,978	0	-20,978
5.05	Total comprehensive income	0	0	0	43,032	0	43,032	0	43,032
5.05.01	Net income for the period	0	0	0	43,032	0	43,032	0	43,032
5.07	Closing balances	21,358	71,019	6,177	38,126	0	136,680	0	136,680

Consolidated financial statements / Statements of value added

(In thousands of reais)

Account code	Account description	Accumulated Current year 1/1/2011 to 9/30/2011	Accumulated Prior year 1/1/2010 to 9/30/2010
7.01	Revenues	588,617	477,464
7.01.01	Sales of goods, products and services	606,819	493,533
7.01.02	Other income	-18,271	-16,010
7.01.04	Reversal of (Allowance for) doubtful accounts	69	-59
7.02	Inputs acquired from third parties	-381,556	-326,312
7.02.01	Costs of sales and services	-280,421	-233,113
7.02.02	Material, electricity, third party services and other	-95,233	-76,568
7.02.04	Other	-5,902	-16,631
7.03	Gross value added	207,061	151,152
7.04	Retentions	-2,890	-1,889
7.04.01	Depreciation, amortization and depletion	-2,890	-1,889
7.05	Net value added produced by the entity	204,171	149,263
7.06	Value added received in transfer	17,925	11,339
7.06.02	Financial income	17,267	8,718
7.06.03	Other	658	2,621
7.07	Total value added to be distributed	222,096	160,602
7.08	Distribution of value added	222,096	160,602
7.08.01	Personnel	55,162	47,870
7.08.01.01	Direct compensation	40,784	30,004
7.08.01.02	Benefits	5,169	3,844
7.08.01.03	FGTS	3,578	2,578
7.08.01.04	Other	5,631	11,444
7.08.01.04.01	Employee profit sharing	3,246	9,412
7.08.01.04.02	Other	2,385	2,032
7.08.02	Taxes, charges and contributions	83,666	50,664
7.08.02.01	Federal	59,902	37,148
7.08.02.02	State	23,359	13,332
7.08.02.03	Municipal	405	184
7.08.03	Debt remuneration	18,556	19,036
7.08.03.01	Interest	1,103	2,012
7.08.03.02	Rent	10,140	7,435
7.08.03.03	Other	7,313	9,589
7.08.04	Equity remuneration	64,712	43,032
7.08.04.01	Interest on equity capital	8,442	4,906
7.08.04.03	Retained profits for the period	56,270	38,126

Management report / comments on performance

Company Overview

About Arezzo&Co

Arezzo Indústria e Comércio S.A. (“Company” or “Arezzo&Co”) is the leading Company in female footwear sector. With more than 39 years of history, the Company produces over six million pair of shoes as well as handbags and accessories. Arezzo&Co has a strong platform of 4 relevant brands - Arezzo, Schutz, Anacapri e Alexandre Birman.

All products are distinguished by constant innovation, design, comfort and excellent value for money.

Distribution is based on multichannel strategy which enhances capillarity through owned stores, franchises and multi-brand retail stores, present in all Brazilian states. Internationally, the brand products are also sold at franchises, multi-brand shops and department stores. By the end of 3Q11, Arezzo&Co Brazilian chain comprised 275 franchises, 36 owned-stores and more than 1,700 multi-brand retail stores.

Both Arezzo and Schutz were named top of mind brands and their shoes are among the most preferred and consumed in Brazil, according to research journal Perspectives Contemporary published in 2009.

AREZZO

Arezzo is the flagship brand, its portfolio of shoes, handbags and accessories is recognized for being trendy, easy to use and eclectic. Established in 1972, the brand has a well-known product distribution strategy in the Brazilian market, being recognized as the best franchisor by the Brazilian Franchising Association from 2004 to 2011.

SCHUTZ

Schutz, in turn, is more focused on young audience, recognized for its innovative and modern style. Its products are fashionable, sexy, provocative and actual.

Alexandre Birman

Alexandre Birman stands outs for its products exclusivity and refinement. The brand has great recognition internationally and provided Alexandre Birman the Vivian Infantino Emerging Talent Award (award known as the industry Oscar) as the talent in shoes designing for the year of 2009.

ANACAPRI

Anacapri highlights comfort by offering shoes in various materials and colors at affordable price.

The portfolio of products offered by Arezzo&Co brands complement each other aiming to reach different audiences, consolidating the strategy of offering products for niche markets and for several occasions.

Management report / comments on performance

1. Operating and Financial Highlights – 3Q11

Summary of Results (R$'000)	3Q10	3Q11	Growth or Spread(%)	9M10	9M11	Growth or Spread (%)
Net Revenue	158,829	188,901	18.9%	396,741	479,736	20.9%
Gross Profit	63,114	78,925	25.1%	163,464	201,078	23.0%
Gross Margin	39.7%	41.8%	2.1 p.p.	41.2%	41.9%	0.7 p.p.
Ebitda[1]	24,093	35,535	47.5%	64,488	84,559	31.1%
Ebitda Margin[1]	15.2%	18.8%	3.6 p.p.	16.3%	17.6%	1.3 p.p.
Net Profit	15,890	25,945	63.3%	43,032	64,712	50.4%
Net Margin	10.0%	13.7%	3.7 p.p.	10.8%	13.5%	2.7 p.p.

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

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

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

Management report / comments on performance

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

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

Brands

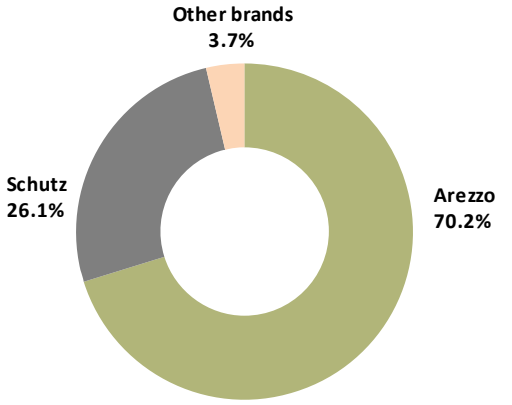
Arezzo&Co has four important brands in its platform: Arezzo, Schutz, Alexandre Birman, and Anacapri, which are distributed by a network of Owned, Franchise, Multi-Brand and Web commerce stores throughout all Brazilian states. The products are also sold in the international market through Franchise, Multi-Brand,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

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

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

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

Gross revenue by brand - 3Q11*



*Domestic market**

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

The Alexandre Birman brand is the first Brazilian footwear brand to share shelf space with the most famous fashion designers at international retail chains in several parts of the world, such as North America, Europe, and Asia. The

Management report / comments on performance

brand remains on track on its important mission to open new markets for the group outside Brazil. In 3Q11 the brand started offering leather accessories in the Brazilian market, including handbags, belts, and bracelets.

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

Channels

Franchise Store

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

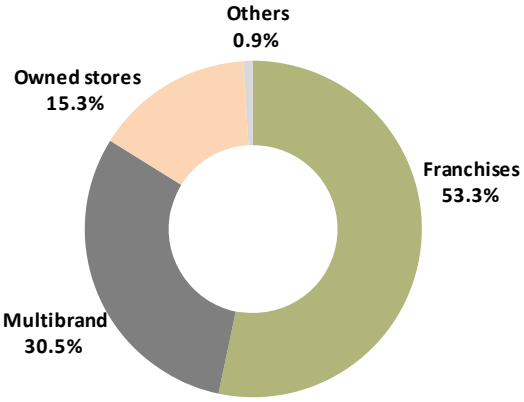
As of September 2011, Arezzo&Co had 275 franchise stores. This is the Group's most important sales channel, which accounted for 53.3% of domestic sales in 3Q11.

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

Owned Stores

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

Gross revenue by channel - 3Q11*



*Domestic market**

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

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

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

Management report / comments on performance

Multi-Brand

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

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

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

Main Financial Indicators

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

1 – Working capital: Current assets less cash, cash equivalents, and financial investments deducted from the current liabilities, less loans and financing and dividends payable.
2 – Invested capital: Working capital plus fixed assets and other long-term assets, less deferred income tax and social contribution.
3 – The net debt corresponds to the company's total interest-bearing debt at the end of a period, less cash, cash equivalents, and short-term investments.

Management report / comments on performance

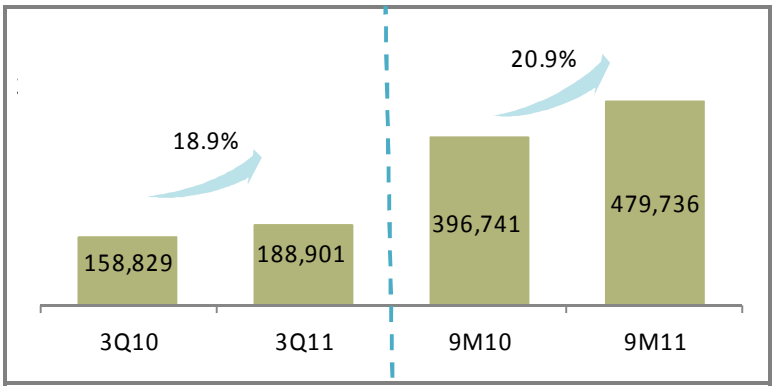
Net Revenue

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

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

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

iii) Strong growth of the Multi-Brand channel.



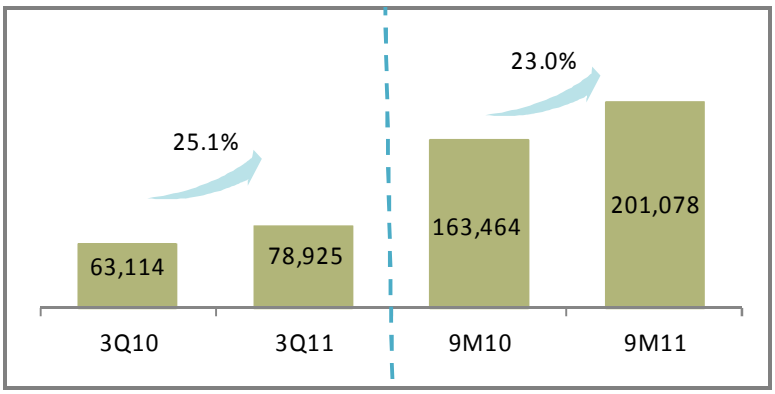
In the first nine months of 2011 the net income reached R$479.7 million, growing 20.9% versus the same period of the previous year.

Gross Profit

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

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

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



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

SG&A

Selling Expenses

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

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

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

In 3Q11, the selling expenses rose 19.1% to R$31.8 million compared to R$26.7 million in the same quarter a year ago. This rise was driven by new Owned Stores, whose expenses totaled R$10.9 million this quarter, up 18.9% from the same quarter last year, due to the opening of eight Owned Stores over the past 12 months. The selling, logistics, and

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supplies expenses totaled R$20.9 million, 19.3% higher compared to 3Q10, as a result of additions to the sales teams of the Anacapri and Schultz brands.

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

General and Administrative Expenses

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

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

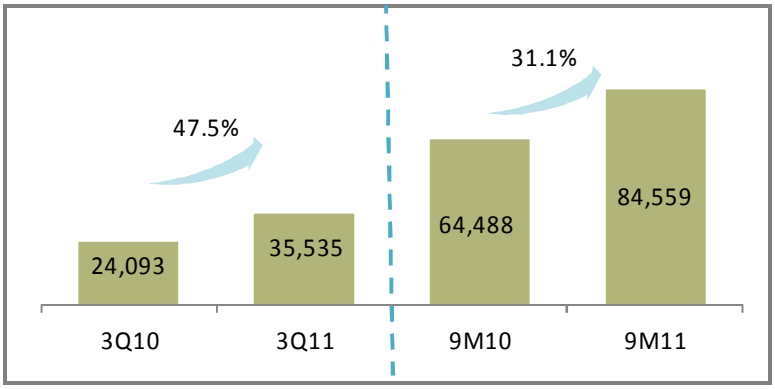
EBITDA and EBITDA Margin (%)

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

i) Growth of 18.9% in the net revenues;

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

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



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

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

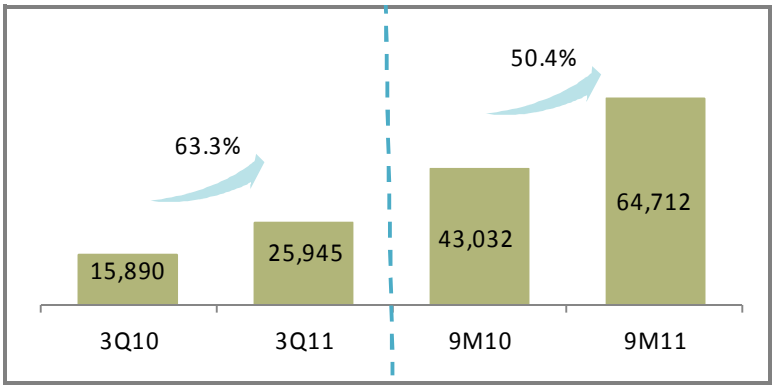
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Net Profit and Net Margin (%)

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

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

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



Operating Cash Generation

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

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

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Investments – CAPEX

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

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

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

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

Cash Position and Indebtedness

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

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

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

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ROIC (Return on Invested Capital)

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

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

Operating Result	3Q09	3Q10	3Q11	Growth or Spread (%)
EBIT (LTM)		83,238	111,848	34.4%
(+) Income tax and social contribution (LTM)		(15,892)	(33,756)	112.4%
NOPLAT		**67,346**	**78,092**	**16.0%**
Working capital[1]	57,425	105,221	163,375	55.3%
Permanent assets	17,418	30,840	49,466	60.4%
Other long term assets	22,379	7,615	9,170	20.4%
Invested capital	**97,222**	**143,676**	**222,011**	**54.5%**
Average invested capital[3]		**120,449**	**182,844**	**51.8%**
ROIC[4]		**55.9%**	**42.7%**	**-13.2 p.p.**

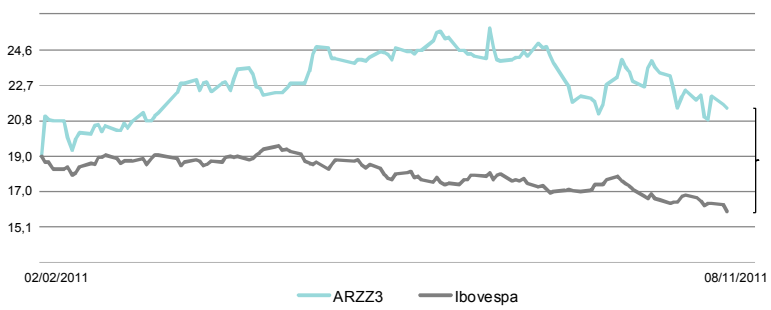
1 - Working capital: Current assets less cash, cash equivalents, and financial investments deducted from the current liabilities, less loans and financing and interests on equity payable.
2 - After deferred income tax and social contribution.
3 - Average of invested capital in the period and in the same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

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2. Stock Market and Corporate Governance

As of September 30, 2011 the Company's Market capitalization amounted to R$1.7 bn (stock price R$19.00) stable since listing. As of November 8, 2011, accumulated valuation since listing was 19%, compared to negative 13% performance of Ibovespa index.

Arezzo&Co	
Listing	88,542,410
Ticker	ARZZ3
Listing	2/2/2011
Share price (09/30/2011)	19.00
Market Cap	1,682 milhões
Share price (11/08/2011)	22.70
Market Cap	2,010 milhões
Share performance	
9M11[1]	0%
2011[2]	19%



Note:
(1) From 02/02/2011 to 09/30/2011
(2) From 02/02/2011 to 11/08/2011

3. Independent Auditors

Arezzo&Co financial statements related to third quarter 2011 were reviewed by Ernst Young & Terco Auditores Independentes SS. The Company's policy adopted for hiring non related services from its independent auditors aims to assure that there is neither conflict of interest, loss of independence nor objectivity.

4. 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.

Disclaimer

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

1. Company information

Arezzo Indústria e Comércio S.A. (the "Company") is a publicly held corporation, having its registered offices at Rua Fernandes Tourinho, 147 – suites 1301 to 1303 in the city of Belo Horizonte – Minas Gerais, with shares traded on the Securities, Commodities and Futures Exchange (BM&FBOVESPA) ("ARZZ3") beginning February 2, 2011.

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

At September 30, 2010, the Company held 275 franchises in Brazil and abroad, 36 own brand stores across Brazil and a web commerce channel for sales of Schutz brand products. The franchise system is controlled by Arezzo, and its own brand stores form part of its subsidiaries.

The Company's subsidiaries included in the consolidated financial statements are as follows:

ZZAB Comércio de Calçados Ltda. ("ZZAB")

The company's business purpose is the retail sale of footwear, bags and belts, having stores in operation in the cities of São Paulo, Brasília and Porto Alegre. ZZAB merged ZZAH and ZZAIBI as of June 1, 2010 (as defined below).

ZZSAP Indústria e Comércio de Calçados Ltda. ("ZZSAP")

The company's business purpose is the manufacture and sale of leather shoes, bags, and belts, footwear components, articles of clothing, fashion accessories, as well as the import and export of these products.

ZZARIO Comércio de Calçados Ltda. ("ZZARIO")

ZZARIO was formed in September 2008 and is engaged in the retail sale of footwear, bags and belts through 7 stores in the city of Rio de Janeiro.

ZZAF Indústria e Comércio de Calçados Ltda. ("ZZAF")

ZZAF was formed in November 2008 and is engaged in the sale of leather shoes, bags, and belts, footwear components, articles of clothing, fashion accessories, as well as the import and export of these products.

1. Company information--Continued

ZZCAPRI Comércio de Calçados Ltda. ("ZZCAPRI")

ZZCAPRI was formed in November 2008 and is engaged in the retail sale of footwear, bags and belts, through five stores in the city of São Paulo.

ZZAH Comércio de Calçados Ltda. ("ZZAH") and ZZAIBI Comércio de Calçados Ltda. ("ZZAIBI")

ZZAH and ZZAIBI began their activities in February 2009 and are engaged in the retail sale of shoes, bags and belts. These two companies were fully merged into ZZAB in June 2010.

Schutz International Corporation ("Schutz Int.")

Schutz Int., located in Miami, United States of America, is engaged in the sale of footwear and business intermediation.

Shoes For U Comércio de Calçados e Acessórios Ltda. ("Shoes For U")

The company was acquired as of July 21, 2008, and is engaged in the retail sale of footwear, bags, belts and accessories. Its operations have been suspended since May 28, 2010.

2. Accounting policies

2.1 Basis of preparation and presentation of interim financial statements

The individual and consolidated interim financial statements were prepared for the nine-month period ended September 30, 2011 in accordance with accounting practices adopted in Brazil, which comprise the rules established by the Brazilian Securities and Exchange Commission (CVM) and pronouncements, interpretations and guidance issued by the Brazilian FASB (CPC), and are in accordance with CPC 21 – Interim Financial Reporting.

The consolidated interim financial statements were also prepared for the nine-month period ended September 30, 2011 in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and are in accordance with IAS 34 – Interim Financial Reporting.

2. Accounting policies--Continued

2.1 Basis of preparation and presentation of interim financial statements--Continued

The same accounting policies and methods of calculation were used in the preparation of these interim financial statements as they were applied in the consolidated financial statements as of December 31, 2010, and the Company adopted all standards, revised standards and interpretations issued by the CPC, IASB and other standard-setters, in force as of September 30, 2011. The interim financial statements were prepared based on historical cost, except for certain assets and liabilities as financial instruments, measured at fair value.

The preparation of interim financial statements requires the use of certain critical accounting estimates as well as the exercise of judgment by Company management in applying the Company accounting policies. The settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the interim financial statements due to uncertainties inherent in the estimate process. The Company reviews its estimates and assumptions regularly, within a period not to exceed one year.

The areas which involve greater judgment calls and more complexity or where there are assumptions and estimates that are significant for the financial statements are stated in Note 3.

The individual and consolidated interim financial statements of the Company for the nine-month period ended September 30, 2010 were authorized in a board meeting held on October 20, 2011.

2. Accounting policies--Continued

2.2 Basis of consolidation

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

	Total ownership interest - %	
Subsidiaries	**9/30/2011**	**12/31/2010**
ZZAB Comércio de Calçados Ltda.	**99.9999**	99.9999
ZZSAP Indústria e Comércio de Calçados Ltda.	**99.9999**	99.9999
Allmaness Calçados Ltda.	**99.9999**	99.9999
Schutz Shoes Design Comércio de Calçados Ltda.	**99.9999**	99.9999
Schutz International Corporation	**99.9999**	99.9999
ZZARIO Comércio de Calçados Ltda.	**99.9999**	99.9999
ZZAF Indústria e Comércio de Calçados Ltda.	**99.9999**	99.9999
ZZCAPRI Comércio de Calçados Ltda.	**99.9999**	99.9999
Shoes For U Comércio de Calçados e Acessórios Ltda.	**99.9999**	99.9999

The subsidiaries are fully consolidated as from their acquisition date, which is the date when the Company obtains their control, and continue being consolidated through the date when 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 intercompany balances, revenues and expenses as well as unrealized gains and losses are eliminated.

A change in ownership interest in a subsidiary that does not result in loss of its control is accounted for as a transaction between shareholders, in equity.

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

2. Accounting policies--Continued

2.3 Revenue recognition

Revenue is recognized to the extent economic benefits are likely to flow to the Company and when it can be reliably measured. Revenue is measured based on the fair value of the compensation received, less discounts, rebates and taxes or charges on sales. The Company measures revenue transactions in accordance with specific criteria to determine whether it is operating as an agent or a principal and eventually concluded that it has been operating as a principal in all its revenue agreements. The following specific criteria should also be satisfied before revenue recognition:

Sales of goods

Revenue from sales of goods is recognized when significant risks and rewards of ownership of goods are transferred to the buyer, which generally occurs upon their delivery.

Royalties revenue

Royalties revenue is recognized on the accrual basis of accounting, based on the nature of applicable contracts.

Interest income

For all financial instruments measured at amortized cost and interest-yielding financial assets classified as available for sale, financial income or expense is recognized using the effective interest rate method, which exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability. Interest income is recognized under financial income, in the income statement.

2. Accounting policies--Continued

2.4 Translation of foreign currency denominated balances

The consolidated interim financial statements are presented in Reais (R$), which is the functional currency of the Company. Each subsidiary determines its functional currency and financial statements of entities whose functional currency is not the Brazilian real are translated into reais at the balance sheet date.

Transactions in foreign currency are initially recorded at the functional currency exchange rate of the balance sheet date. Monetary assets and liabilities denominated in foreign currencies were translated into reais at the functional currency exchange rate of the balance sheet date. Currency translation differences are recognized in the income statement.

2.5 Cash and cash equivalents

Includes cash, banks and short-term investments redeemable within ninety days of the respective transaction dates and posing low risk of any change in market value. Short-term investments, in their majority, are classified as “financial assets measured at fair value through profit or loss”.

2.6 Trade accounts receivable

Trade accounts receivable represent amounts receivable from customers for sale of goods or services rendered in the Company’s normal course of businesses are stated at amortized cost, and foreign market trade accounts receivable are restated at the exchange rates of the financial statement date. Trade accounts receivable are recognized as current whenever their realization is likely to occur within the following twelve months. Otherwise, they are stated as non-current assets.

The allowance for doubtful accounts was set up through individual analyses of receivables from default-risk customers at an amount considered sufficient by the Company’s management to cover any losses on collection of accounts receivable.

2. Accounting policies--Continued

2.7 Inventories

Inventories are recorded at cost or net realizable value, whichever is lower. Costs incurred in bringing each product to its current location and condition are accounted for as follows:

Raw materials - purchase cost on average cost.

Finished goods and work in progress - costs of direct material, labor, and a proportion of the manufacturing overhead, based on normal operating capacity.

Net realizable value is the estimated selling price in the normal course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Provisions for slow moving or obsolete inventories are made when deemed necessary by management.

2.8 Investments in subsidiaries

The Company's investments in subsidiaries are accounted for under equity method, in accordance with CPC 18, for purposes of Company individual interim financial statements.

Based on the equity method, investments in subsidiaries are accounted for in the balance sheet of the Company at cost, plus changes after the acquisition of ownership interest in the subsidiaries.

Equity investment in a subsidiary is stated in the income statement of the Company as equity pickup, representing the net earnings attributable to the Company's shareholders.

2. Accounting policies--Continued

2.8 Investments in subsidiaries--Continued

After applying the equity method for purposes of Company individual interim financial statements, the Company determines if recognition of loss from impairment of the Company's investment in its subsidiary is required. The Company determines, at each balance sheet date, if there is objective evidence that such investments have been impaired. If yes, the Company calculates the impairment loss as the difference between the recoverable amount of the subsidiary and its book value, and recognizes such amount in the Company's income statement.

2.9 Property, plant and equipment

Property, plant and equipment are recorded at acquisition or build-up cost. Depreciation is calculated by the straight line method at the rates mentioned in Note 14 which take into consideration the estimated useful lives of the assets, as follows:

	Average estimated useful life
Buildings	25 years
Facilities and showroom	10 years
Machinery and equipment	10 years
Furniture and fixtures	10 years
Computers and peripherals	5 years
Vehicles	5 years

Property, plant and equipment items are written off when sold or when no future economic benefits are likely to flow to the Company from the use or sale of these assets. Gains and losses, if any, arising therefrom are determined by comparing the net sale price with the book value of each asset and are recorded in the income statement for the year in which the asset is written off.

During the period, the Company did not determine any indication that any property, plant and equipment items were carried at an amount greater than their recoverable amount, and consequently a provision for impairment loss was not necessary.

The net book value and useful life of the assets and the depreciation methods are reviewed at year end, and adjusted prospectively, when applicable.

2. Accounting policies--Continued

2.10 Intangible assets

Intangible assets acquired separately are measured upon initial recognition at acquisition cost and later deducted from accumulated amortization and impairment losses, when applicable.

Intangible assets are represented substantially by software use rights, trademarks and patents, and store use rights.

Intangible assets are assessed as having a finite or indefinite useful life.

Intangible assets with a finite useful life are amortized over their economic useful life and, when there are indications of impairment losses, they are submitted to impairment tests. The amortization period and method for an intangible asset with a finite useful life are reviewed at least at the each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization charges on intangible asset with finite lives are recognized in the income statement in the expense category consistent with the use of the intangible asset.

Indefinite-lived intangible assets are not amortized, but are submitted to annual impairment tests, either individually or based on the relevant cash generating unit. The useful life of an intangible asset having indefinite life is reviewed annually to determine whether indefinite life assessment remains supportable. Otherwise, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains and losses arising from write-off of an intangible asset are measured as the difference between the net sale price and the book value of the asset, recognized in the income statement at the write-off of the asset.

Research expenses are recorded as expense when incurred.

2. Accounting policies--Continued

2.11 Impairment of non-financial assets

Management annually tests the net book value of assets in order to determine whether there are any events or changes in economic, operating, or technological circumstances that may indicate impairment. When such evidence is found and the net book value exceeds the recoverable amount, a provision for impairment is set up to adjust the net book value to the recoverable amount.

The recoverable amount of an asset or a cash generating unit is defined as the higher of value in use and fair value less costs to sell.

In estimating the value in use of an asset, estimated future cash flows are discounted to present value, using a pre-tax discount rate, reflecting the weighted average capital cost (WACC) for the industry in which the cash generating unit operates. The net sale price is determined, whenever possible, for firm sale contracts on an arm's length basis, between knowledgeable, willing parties, adjusted by costs to sell the asset, or, in the absence of firm sale contracts, based on the observable market price in an active market, or on the most recent transaction price involving similar assets.

2.12 Present value adjustment to assets and liabilities

Non-current monetary assets and liabilities are discounted to present value and so are current monetary assets and liabilities considered to have a significant effect on the financial statements taken as a whole.

Present value adjustment is calculated using contractual cash flows and the explicit, and sometimes implicit, interest rates of the respective assets and liabilities. As such, the interest embedded in revenues, expenses and costs associated with these assets and liabilities is discounted in order to conform to the accrual method of accounting. This interest is subsequently reallocated to financial income and expenses in P&L through use of the effective interest rate method in relation to contractual cash flows.

The Company assesses the effect of this procedure periodically and, for the period ended September 30, 2011, the Company was not engaged in transactions with qualifying non-current (or significant current) monetary assets and liabilities.

2. Accounting policies--Continued

2.13 Provisions

General considerations

Provisions are recorded when the Company has a present (legal or constructive) obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits, in an amount that can be reliably estimated.

Provisions for labor, tax and civil contingencies

The Company is party to various legal and administrative proceedings. Provisions are recorded for all litigation contingencies, the settlement of which is expected to result in an outflow of economic benefits, in an amount that can be reliably estimated. Assessment of the likelihood of loss includes examination of available evidence, hierarchy of laws, available precedents, most recent court decisions and their significance to the underlying legal system, as well as the assessment by external legal advisors. Provisions are revised and adjusted considering changes such as applicable period of limitations, tax audit conclusions or additional exposures identified based on new court issues or decisions.

2.14 Taxation

Sales taxes

Revenues, expenses and assets are recognized net of sales taxes, except:

- when sales taxes levied on purchase of goods or services are not recoverable from tax authorities, case in which sales taxes are recognized as part of the acquisition cost of the asset or as an expense item, as applicable;
- when the amounts receivable or payable are presented jointly with the amount of sales taxes; and
- the net amount of sales taxes, recoverable or payable, is included as a component of amounts receivable or payable in the balance sheet.

2. Accounting policies--Continued

2.14 Taxation--Continued

Sales and service revenues are subject to the following taxes and contributions at the following statutory rates:

	Tax rates
ICMS – State Value Added Tax	7.00% to 19.00%
COFINS – Social Contribution Tax on Gross Revenue for Social Security Financing	7.60%
PIS – Social Contribution Tax on Gross Revenue for Social Integration Program	1.65%

Sales are stated net of these taxes in the income statement.

Income and social contribution taxes - current

Current tax assets and liabilities for last and prior years are measured at the estimated amount recoverable from or payable to tax authorities, and are stated in current or non-current assets, based on its estimated realization and/or settlement. Tax rates and laws used to calculate the amounts are those in force, or substantially in force, at the balance sheet date in the countries in which the Company operates and produces taxable income.

In Brazil, the main country in which the Company operates, income taxes comprise both income and social contribution taxes. Income tax is calculated at the rate of 15%, plus a surtax 10% plus a surtax of 10% on taxable profit exceeding R$ 240 over 12 months, while social contribution is calculated at 9% on taxable profit, both recognized on an accrual basis as such, additions to book income deriving from nondeductible temporary expenses or exclusions of temporarily non-taxable revenues, in the determination of current taxable profit, generate deferred tax assets or liabilities. Prepaid or recoverable taxes are stated in current or non-current assets based on estimated realization thereof.

Current income and social contribution taxes on items directly recorded in equity are recognized in equity. Management periodically reviews the tax position in situations in which interpretation of tax regulations is required, recording relevant provisions when appropriate.

2. Accounting policies--Continued

2.14 Taxation--Continued

Deferred taxes

Deferred taxes arise from temporary differences at the balance sheet date between the tax bases of assets and liabilities and their book value. Deferred tax liabilities are recognized on all temporary tax differences, except:

- when a deferred tax liability arises upon initial recognition of goodwill or of an asset or liability in a transaction other than a business combination and, at the transaction date, has no impact on book income or tax income (loss); and

- on temporary tax differences related to investments in subsidiaries, when the period for reversal of the temporary differences can be controlled and the temporary differences are not likely to be reversed in the near future.

Deferred tax assets are recognized on all deductible temporary differences and unused tax credits and losses, to the extent that taxable profit will likely be available so that the deductible temporary differences can be realized, and unused tax credits and losses can be used, except:

- when a deferred income asset related to the deductible temporary difference arises upon initial recognition of an asset or liability in a transaction other than a business combination and, at the transaction date, has no impact on book income or tax income (loss); and

- on deductible temporary tax differences related to investments in subsidiaries, deferred tax assets are recognized to the extent that deductible temporary differences will likely be reversed in the near future and taxable profit will likely be available so that the temporary differences can be used.

2. Accounting policies--Continued

2.14 Taxation--Continued

Deferred taxes--Continued

The book value of deferred tax assets is reviewed at each balance sheet date and written off to the extent that taxable profits will not likely be available so that deferred tax assets can be used in total or in part. Deferred tax assets written off are reviewed at each balance sheet date and recognized to the extent that future taxable profits will likely allow recovery of deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rate likely to be applicable in the year in which the asset or liability will be realized or settled, based on the tax rates (and tax law) in force at the balance sheet date.

Deferred taxes related to items recognized directly in equity are also recognized in equity, rather than in the income statement. Deferred tax items are recognized based on the transaction that triggered the deferred tax, in other comprehensive income or directly in equity.

Deferred tax assets and liabilities will be stated net if there is a legal or contractual right to offset the tax assets against tax liabilities, and when the deferred taxes are related to the same corporate taxpayer and subject to the same tax authority.

2.15 Other employee benefits

The benefits granted to Company employees and management include, in addition to fixed compensation (salaries and Social Security Tax (INSS), vacation pay and 13th monthly salary), variable compensation amounts such as profit sharing. These benefits are recorded in the net income for the year when the Company has a liability accounted for on an accrual basis, as incurred.

2. Accounting policies--Continued

2.16 Earnings per share

The Company calculates earnings per share based on the weighted average number of total common shares outstanding in the period corresponding to the net income in accordance with CPC 41 (IAS 33).

2.17 Cash flow statements and Statement of value added

Cash flow statements were prepared using the indirect method and are presented in accordance with CPC 03 R2 (IAS 7) – Cash Flow Statement, issued by CPC / IASB.

The statement of value added is not required under IFRS, and is presented herein as supplemental information to meet Brazilian Corporation Law requirements, in accordance with CPC 09 – Statement of Value Added. Its purpose is to show the wealth created during the year and how it was distributed among the different stakeholders who created it.

2.18 Financial instruments

Initial recognition and measurement

Financial instruments are initially measured at fair value plus transaction costs directly attributable to their acquisition or issuance, except for financial instruments classified as measured at fair value through profit or loss, where such costs are charged directly to P&L.

Major financial assets recognized by the Company are: cash and cash equivalents, short-term investments and trade accounts receivable. These assets were classified as financial assets at fair value through profit or loss and loans and receivables.

Major financial liabilities recognized by the Company are: trade accounts payable, loans and financing and derivative financial instruments.

2. Accounting policies--Continued

2.18 Financial instruments--Continued

Subsequent measurement

Subsequent measurements of financial instruments occur at each balance sheet date according to rules established for each type of financial asset or liability classification into the following categories: financial assets and liabilities at fair value through profit or loss; held-to-maturity investments; loans and receivable; loans and financing; and financial assets available for sale.

The Company's financial assets and liabilities were classified into the following categories:

Financial Assets and Liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss include financial instruments available for sale and financial assets and liabilities initially measured at fair value through profit or loss. They are classified as available for sale when acquired to be sold in the short run.

Financial assets at fair value through profit or loss are stated in the balance sheet at fair value, and their corresponding gains or losses are recognized in the income statement. Interest, monetary adjustment and foreign exchange gains/losses and fluctuations arising from measurement at fair value are recognized in profit or loss, as incurred.

Loans and receivables

Non-derivative financial assets with fixed or determinable payments which, however, are not traded in an active market. After their initial recognition, they are measured at amortized cost using the effective interest rate method, less impairment, if any. The amortized cost is calculated taking into consideration any discount or "premium" on acquisition and rates or costs incurred. Amortization under the effective interest rate method is included as financial income in the income statement. Impairment losses, if any, are recognized as financial expense in the income statement.

2. Accounting policies--Continued

2.18 Financial instruments--Continued

Subsequent measurement--Continued

Loans and receivables

After their initial recognition, interest-bearing loans and financing are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the income statement upon write-off of the liabilities, and during the amortization process under the effective interest rate method.

2.19 Derivative financial instruments and hedge accounting

The Company uses Advances on Exchange Contracts (ACCs) as its main financial instrument to hedge against risks related to volatility of foreign currency rates with sales of goods to the foreign market.

A part of these instruments are contracted by establishing the amount of funds in dollar to be released in future at a fixed rate. In the period from the instrument contract date and the funds release date, the Company recognizes these instruments at market value. Although these instruments have been contracted for hedging purposes, hedge accounting is not used to record these transactions and therefore, their effects are recorded in the income statement, as financial income or expenses.

2.20 Segment information

Due to the concentration of its activities on the development and marketing of women footwear, handbags and accessories, the Company is organized as a single business unit. The Company products are distributed under different brand names (Arezzo, Schutz, Alexandre Birman and Anacapri) 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.

2. Accounting policies--Continued

2.21 Leases

Finance leases which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalized at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Initial direct costs are also added to the amount capitalized, when applicable. Lease payments are allocated to finance charges less finance lease liabilities so as to achieve a constant rate of interest on the remaining liability balance. Finance charges are recognized in the income statement.

Leased assets are depreciated over their estimated useful life. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the leased asset is depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

3. Significant accounting judgments, estimates and assumptions

Judgments

The preparation of the individual and consolidated interim financial statements of the Company requires management to make judgments and estimates and adopt assumptions that affect the amounts disclosed referring to revenues, expenses, assets and liabilities, as well as the disclosures of contingent liabilities, as at the date of the financial statements. However, the relative uncertainty of such assumptions and estimates could lead to results that require a significant adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimates and assumptions

Significant assumptions regarding sources of uncertainty in future estimates and other major sources of uncertainty in estimates as at the balance sheet date, involving a significant risk that a significant adjustment to the carrying amount of assets and liabilities may be required in the next financial year are discussed below.

Impairment of non-financial assets

Impairment loss exists when the book value of an asset or a cash generating unit exceeds its recoverable amount, which is the higher of fair value less costs to sell and value in use. The calculation of fair value less costs to sell the asset is based on available information about sales of similar assets or observable market prices less additional costs to sell the asset. Value in use is calculated using the discounted cash flow method. Cash flows derive from the budget for the next five years and do not include reorganization activities which the Company has not yet been committed to or significant future investments that will improve the asset base of the cash generating unit tested. The recoverable amount is sensitive to the discount rate used by the discounted cash flow method, as well as to expected future cash receipts and the growth rate used to extrapolate cash flow projections.

3. Significant accounting judgments, estimates and assumptions--Continued

Estimates and assumptions--Continued

Taxes

There are uncertainties in relation to the interpretation of complex tax regulations, the amount and time of future taxable results. Based on reasonable estimates, the Company records provisions for contingencies that may arise as a result of tax audits by competent authorities in the jurisdictions in which it operates. The amount of these provisions is based on various factors, such as past tax audit experience and different interpretations of tax regulations by the taxable entity and by the competent tax authority. These different interpretations may arise in a wide range of issues, depending on the prevailing conditions in the respective domicile of the Company.

Significant judgment calls are required of management in order to determine the amount of deferred tax assets that can be recognized, based on probable period and level of future taxable profits, together with future tax planning strategies.

The projected effective rate for the end of fiscal year 2011 is consistent with the effective rate for the period of these interim financial statements and no significant changes are expected.

Fair value of financial instruments

When the fair value of financial assets and liabilities stated in the balance sheet cannot be obtained in active markets, this is determined using valuation techniques, including the discounted cash flow method. These methods use observable market data, whenever possible; otherwise, a given judgment call is required in order to determine the fair value. Judgment includes considerations about the data used such as, for instance, liquidity risk, credit risk and volatility. Changes in the assumptions regarding these factors could affect the stated fair value of the financial instruments.

3. Significant accounting judgments, estimates and assumptions--Continued

Estimates and assumptions--Continued

Provisions for labor, tax and civil contingencies

The Company recognizes a provision for all cases in which the likelihood of loss is rated as probable. Assessment of the likelihood of loss includes examination of available evidence, hierarchy of laws, available precedents, most recent court decisions and their significance to the legal system, as well as the assessment by external legal advisors. Provisions are revised and adjusted considering changes in existing circumstances such as applicable period of limitation, tax review conclusions or additional exposures identified based on new court issues or decisions.

The settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the interim financial statements due to uncertainties inherent in the estimate process. The Company reviews its estimates and assumptions on a quarterly basis.

4. New IFRS and interpretations issued by IFRIC (International Financial Reporting Interpretations Committee under IASB)

New accounting pronouncements issued by the IASB and IFRIC interpretations have been published and/or revised and the effective date for their elective or mandatory adoption is beginning January 1, 2011. Management does not anticipate any significant impacts from first-time adoption of these new pronouncements and interpretations on the financial statements of the Company. Below is the Company management's analysis of the impacts from first-time adoption of these new pronouncements and interpretations:

4. New IFRS and interpretations issued by IFRIC (International Financial Reporting Interpretations Committee under IASB)-- Continued

- IAS 24 Disclosure Requirements for Government-related Entities and Definition of a Related Party (Revised) - The revised IAS 24 simplifies the disclosure requirements of government-related entities and clarifies the definition of a related party. The revised standard addresses concerns that previous disclosure requirements and the definition of a related party were too complex and difficult to apply in practice, especially in environments where government control is pervasive, thereby providing a partial exemption for government-related entities and a revised definition of a 'related party' concept. This amendment was issued in November 2009, and is effective for annual periods beginning on or after January 1, 2011. This change had no impact on the consolidated interim financial statements of the Company.

- IFRS 9 Financial Instruments – Classification and Measurement - *IFRS 9 Financial Instruments* completes the first part of project to replace *IAS 39 Financial Instruments: Recognition and Measurement*. IFRS 9 uses a simple approach to determine whether a financial asset is measured at amortized cost or fair value. The new approach is based on how the entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The standard also requires the adoption of a single approach to determine impairment loss. This standard is effective for fiscal years beginning on or after January 1, 2013. Company management does not anticipate significant impacts from first-time adoption of this standard on its financial statements.

- IFRS 10 Consolidated financial statements – It introduces a new control definition, which is used to determine which entities are consolidated and describes the consolidation procedures. This standard does not change the manner of consolidation, but introduces a new control definition and, consequently, the investments that are to be consolidated depending on new valuation criteria (for instance, control over relevant activity). This standard was issued in the second quarter of 2011, being effective for financial years started on or after January 1, 2013. The Company does not expect this change to impact its financial statements.

4. New IFRS and interpretations issued by IFRIC (International Financial Reporting Interpretations Committee under IASB)-- Continued

- IFRS 11 Joint arrangements – It describes accounting of investments under common control; proportional consolidation is not allowed for joint ventures. IFRS currently allow proportional consolidation – line by line - of "joint ventures" or recording thereof by the equity method. Proportional consolidation will no longer be allowed with adoption of IFRS 11. This standard was issued in the second quarter of 2011, being effective for years started on or after January 1, 2013. The Company does not expect this change to impact its financial statements.

- IFRS 12 Disclosure of investments in other entities – It introduces new disclosure requirements related to investments in subsidiaries, joint-ventures, affiliates and "structured entities ". This standard was issued in the second quarter of 2011, being effective for years started on or after January 1, 2013. Although this standard does not impact recording or measurement of investments, the Company expects that certain additional disclosures may be necessary in order to fully meet the disclosure requirements of this standard.

- IFRS 13 Fair value measurement – It provides new guidelines about how to measure fair value. This standard does not change the current fair value measurement requirements in IFRS, but introduces new disclosure requirements and guidelines in relation to the manner of measuring assets and liabilities at fair value when allowed or required by current IFRS. This standard was issued in the second quarter of 2011, being effective for years started on or after January 1, 2013. Management will evaluate the impact of this new IFRS standard on its policies and procedures for fair value measurement and disclosure.

4. New IFRS and interpretations issued by IFRIC (International Financial Reporting Interpretations Committee under IASB)-- Continued

- IFRIC 14 Prepayments of a Minimum Funding Requirement - The amendment corrects an unintended consequence of IFRIC 14. This amendment applies only in those situations where an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permits this entity to treat the benefit of such an early payment as an asset. This amendment is effective for fiscal years beginning on or after January 1, 2011. This amendment had no impact on the consolidated interim financial statements of the Company.

In the opinion of management, there are no other standards and interpretations issued and not yet adopted that may have a significant impact on the net income or equity disclosed by the Company.

5. Cash and cash equivalents

	Company		Consolidated	
Description	**9/30/2011**	**12/31/2010**	**9/30/2011**	**12/31/2010**
Cash and cash equivalents	**3,557**	5,585	**6,229**	8,004
Total	**3,557**	5,585	**6,229**	8,004

Cash and cash equivalents are held to meet short-term cash commitments and not for investment or other purposes.

6. Short-term investments

	Company		Consolidated	
Description	**9/30/2011**	**12/31/2010**	**9/30/2011**	**12/31/2010**
Current				
Exclusive funds (a)	**152,640**	-	**152,640**	-
CDB/CDI – fixed income (b)	**20,009**	5,000	**20,130**	5,000
Total current	**172,649**	5,000	**172,770**	5,000
Non-current				
Capitalization fund	**-**	27	**78**	98
Total short-term investments	**172,649**	5,027	**172,848**	5,098

(a) Exclusive fund set up on February 2, 2011 the initial application of which refers to amounts raised in the public share offer as mentioned in Note 21. These assets are comprised of Brazilian national treasury securities, bank deposit certificates ("CDBs") and debentures issued by financial institutions that hold an AAA rating.

At September 30, 2011, average remuneration for the investment fund is 102% of the Interbank Deposit Certificate (CDI) rate. Fund assets are comprised of 13% Financial Treasury Bills (LFT) and 93% in daily liquid assets.

(b) Substantially correspond to investments remunerated at the CDI rate. The agreed rates for these investments vary from 100% to 104.5% of CDI.

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

7. Trade accounts receivable

	Company		Consolidated	
Description	**9/30/2011**	**12/31/2010**	**9/30/2011**	**12/31/2010**
Trade notes receivable – customers	**134,970**	106,722	**141,125**	112,414
Trade notes receivable – related parties (Note 12.a)	**26,341**	14,748	**-**	-
Checks	**40**	46	**991**	1,291
Credit card	**1,493**	1,270	**18,229**	19,221
(-) Allowance for doubtful accounts	**(431)**	(500)	**(456)**	(524)
Total	**162,413**	122,286	**159,889**	132,402

7. Trade accounts receivable--Continued

Customer sales policies are subordinate to the credit policy set by management and seek to minimize any customer default problems. It is important to highlight that the retail sector has transactions predominantly represented by credit cards and transactions from sales representatives and distributors, with a structured business relationship with the Company (franchises), are represented by trade notes receivable.

Changes in the allowance for doubtful accounts are stated as follows:

	Company		Consolidated	
	9/30/2011	**12/31/2010**	**9/30/2011**	**12/31/2010**
Balance at beginning of the period	**(500)**	(442)	**(524)**	(466)
Additions	**(13)**	(58)	**(14)**	(58)
Recoveries/ realization	**82**	-	**82**	-
Balance at end of the period	**(431)**	(500)	**(456)**	(524)

The aging list of accounts receivable and respective allowance is as follows:

	Company	
	9/30/2011	**12/31/2010**
Falling due	**161,745**	120,682
Overdue by 30 days	**377**	689
Overdue from 31 to 60 days	**160**	148
Overdue from 61 to 90 days	**61**	203
Overdue from 91 to 180 days	**48**	561
Overdue from 181 to 360 days	**42**	3
Overdue for more than 360 days	**411**	500
	162,844	122,786

	Consolidated	
	9/30/2011	**12/31/2010**
Falling due	**158,850**	130,283
Overdue by 30 days	**509**	993
Overdue from 31 to 60 days	**275**	190
Overdue from 61 to 90 days	**128**	229
Overdue from 91 to 180 days	**91**	666
Overdue from 181 to 360 days	**56**	41
Overdue for more than 360 days	**436**	524
	160,345	132,926

Of total accounts receivable, R$ 24,367 (R$ 23,560 at December 31, 2010) is given in guarantee for surety bonds contracted with financial institutions.

8. Inventories

	Company		Consolidated	
Description	**9/30/2011**	**12/31/2010**	**9/30/2011**	**12/31/2010**
Warehouse	**4,397**	2,126	**9,849**	10,951
Work in process	**-**	813	**11,008**	9,437
Finished goods	**24,189**	11,601	**42,965**	24,135
Advances to suppliers	**7,253**	3,132	**8,399**	4,361
(-) Provision for losses	**(280)**	(22)	**(280)**	(22)
Total	**35,559**	17,650	**71,941**	48,862

Goods stored in warehouses mainly refer to raw materials intended for the development of new types of products and collections. Work in process mainly refers to footwear that is being manufactured by subsidiary ZZSAP. Finished goods mainly refer to inventories of footwear for the formation of strategic stocks to enable immediate replacement to customers..

Inventories are periodically scanned for obsolete items, which are then incinerated and the loss is recorded in the accounts.

Changes in the provision for losses is as follows:

	Company		Consolidated	
	9/30/2011	**12/31/2010**	**9/30/2011**	**12/31/2010**
Balance at beginning of the period	**(22)**	(27)	**(22)**	(27)
Additions	**(843)**	(535)	**(843)**	(535)
Recoveries/ realization	**585**	540	**585**	540
Balance at end of the period	**(280)**	(22)	**(280)**	(22)

9. Taxes recoverable

	Company		Consolidated	
Description	**9/30/2011**	**12/31/2010**	**9/30/2011**	**12/31/2010**
ICMS recoverable	**4,737**	5,785	**5,289**	6,105
Prepaid IRPJ	**-**	3,175	**521**	3,953
Prepaid CSLL	**-**	1,080	**110**	1,115
Other	**305**	225	**897**	619
Total	**5,042**	10,265	**6,817**	11,792
(-) Current	**1,872**	6,362	**3,647**	7,889
Non-current	**3,170**	3,903	**3,170**	3,903

10. Other receivables

	Company		Consolidated	
Description	**9/30/2011**	**12/31/2010**	**9/30/2011**	**12/31/2010**
Prepaid expenses	**250**	356	**308**	372
Advances to employees	**241**	934	**408**	1,313
Advances to suppliers	**807**	471	**2,288**	1,472
Advances for business travel	**308**	441	**308**	442
Advance for advertising fund	**5,546**	3,181	**5,546**	3,181
Other receivables	**556**	72	**713**	199
Total	**7,708**	5,455	**9,571**	6,979
(-) Current	**7,417**	5,443	**9,263**	6,910
Non-current	**291**	12	**308**	69

Advance for advertising fund

In order to advertise and promote the Arezzo Franchise Chain nationally, franchisees agree to allocate a percentage of their gross revenue from sales to a national advertising fund, known as the “Arezzo Chain Cooperative Advertising and Promotion Fund”. The amounts corresponding to this percentage are deposited every month by the franchisees and allocated to the development of marketing and publicity strategies including advertising and promotion performed to build the profile of the Arezzo Franchise Chain, the costs of service providers that create and develop advertising campaigns, as well as any other activity related to advertising and promotion in Brazil. The amounts collected are managed by the franchisor and accountability for their use is rendered on an annual basis. During the year, Arezzo makes prepayments to honor its total advertising fund commitments.

11. Income and social contribution taxes

a) Deferred taxes

Deferred Corporate Income Tax (IRPJ) and Social Contribution Tax on Net Profit (CSLL) are calculated on IRPJ and CSLL tax losses and corresponding temporary differences between the tax calculation bases on assets, liabilities and carrying amounts in the financial statements. The tax rates currently defined for calculation of deferred taxes are 25% for income tax and 9% for social contribution tax.

11. Income and social contribution taxes--Continued

a) Deferred taxes--Continued

	Company		Consolidated	
	9/30/2011	**12/31/2010**	**9/30/2011**	**12/31/2010**
Tax credits - from merger (i)	**13,935**	13,935	**13,935**	13,935
(-) Tax amortization	**(9,290)**	(7,200)	**(9,290)**	(7,200)
Tax credits - from merger (ii)	**7,535**	7,535	**7,535**	7,535
(-) Tax amortization	**(2,637)**	(1,507)	**(2,637)**	(1,507)
Deferred income and social contribution taxes from merger	**9,543**	12,763	**9,543**	12,763
Deferred income and social contribution taxes on temporary differences (iii)	**3,671**	1,233	**4,103**	1,686
Total deferred income and social contribution taxes	**13,214**	13,996	**13,646**	14,449

(i) Goodwill due to the expectation of future profitability stems from the capital increase that BRICS made in Arezzo at a market value determined by independent experts. The capital was subsequently merged by Arezzo through a downstream merger, net of the provision for the rectification of goodwill provided by CVM Rule No. 319/99 that, in essence, represents the tax benefit stemming from the deductibility of that goodwill. The merged net assets will be amortized in both accounting and tax records over an estimated term of five years and matched against the special goodwill reserve account to be transferred to the capital account to the benefit of the shareholders upon total realization of the tax benefit.

(ii) Goodwill due to the expectation of future profitability stems from the merger by Arezzo of assets through the spin-off of FIGEAC Holdings S.A. ("FIGEAC"), net of the provision provided by CVM Rule No. 319/99 that, in essence, represents the tax benefit stemming from the deductibility of that goodwill. The merged net assets will be amortized for both accounting and tax purposes over an estimated term of five years and matched against a special goodwill reserve to be transferred to the capital account to the benefit of shareholders upon total realization of the tax benefit.

(iii) Deferred tax asset stems from deductible temporary differences, mainly on provisions for labor, tax and civil contingencies.

Deferred income tax asset reconciliation is as follows:

	Company		Consolidated	
	9/30/2011	**12/31/2010**	**9/30/2011**	**12/31/2010**
Beginning balance	**13,996**	19,018	**14,449**	19,697
Tax credit on share issue (refer to Note 21.2)	**4,804**	-	**4,804**	-
Income tax expense in income statement	**(5,586)**	(5,022)	**(5,607)**	(5,248)
	13,214	13,996	**13,646**	14,449

11. Income and social contribution taxes--Continued

a) Deferred taxes--Continued

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

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

	Company	Consolidated
	9/30/2011	9/30/2011
2012	4,200	4,300
2013	4,200	4,300
2014	4,200	4,300
2015	307	373
2016	307	373
Total	13,214	13,646

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

The reconciliation between the income and social contribution tax expenses at the statutory and effective rates is as follows:

	Company		Consolidated	
	9/30/2011	9/30/2010	9/30/2011	9/30/2010
Income before income (IRPJ) and social contribution (CSLL) taxes	**87,798**	56,694	**90,520**	59,758
Statutory rate	**34%**	34%	**34%**	34%
Expected IRPJ and CSLL expenses at statutory rate	**(29,851)**	(19,276)	**(30,777)**	(20,318)
Effect of IRPJ and CSLL on permanent differences:				
Tax benefit on expenses with research and technological innovation - Law No. 11196/05	**2,921**	3,487	**2,921**	3,487
Equity pickup	**608**	1,691	**-**	-
Interest on equity capital	**2,870**	1,668	**2,870**	1,668
Other permanent differences	**366**	(1,232)	**(822)**	(1,563)
Income and social contribution taxes in the income statement	**(23,086)**	(13,662)	**(25,808)**	(16,726)
Current	**(17,500)**	(12,620)	**(20,201)**	(15,773)
Deferred	**(5,586)**	(1,042)	**(5,607)**	(953)
	(23,086)	(13,662)	**(25,808)**	(16,726)
Effective rate - %	**26.29%**	24.10%	**28.51%**	27.99%

12. Balances and transactions with related parties

a) Balances and transactions with subsidiaries and controlling interest holders

	9/30/2011						
	Current assets	Non-current assets		Current liabilities	Non-current liabilities	Transactions	
COMPANY	Accounts receivable	Receivables	Loan	Suppliers	Loan	Revenue	Purchases
SUBSIDIARIES							
Schutz International Corporation	-	6,617	-	-	-	3,414	-
Schutz Shoes Design	-	-	1,059	-	-	48	-
Shoes For U Comércio de Calçados e Acessórios Ltda.	-	-	1	-	-	-	-
ZZAB Comércio de Calçados Ltda.	14,800	-	1,737	1,340	-	24,281	1,168
ZZAF Indústria e Comércio de Calçados Ltda.	79	-	1,291	6,524	-	280	41,063
ZZAH Comércio de Calçados Ltda.	-	-	-	-	-	-	-
ZZAIBI Comércio de Calçados Ltda.	-	-	-	-	-	-	-
ZZARIO Comércio de Calçados Ltda.	8,263	-	2,330	251	-	6,841	219
ZZCAPRI Comércio de Calçados Ltda.	2,893	-	1,002	6	-	1,233	5
ZZSAP Indústria e Comércio de Calçados Ltda.	306	-	3	9,714	-	-	109,461
CONTROLLING INTEREST HOLDERS	-	-	-	-	-	-	-
Total company	26,341	6,617	7,423	17,835	-	36,097	151,916
CONSOLIDATED							
CONTROLLING INTEREST HOLDERS							
Shareholders	-	-	6	-	894	-	-

a) Balances and transactions with subsidiaries and controlling interest holders

	12/31/2010					9/30/2010	
	Current assets	Non-current assets		Current liabilities	Non-current liabilities	Transactions	
Company	Accounts receivable	Receivables	Loan	Suppliers	Loan	Revenue	Purchases
SUBSIDIARIES							
Schutz International Corporation	-	4,254	-	-	-	2,363	-
Schutz Shoes Design	-	-	951	-	-	-	-
Shoes For U Comércio de Calçados e Acessórios Ltda.	-	-	1	-	-	118	-
ZZAB Comércio de Calçados Ltda.	7,394	-	508	385	-	18,648	20
ZZAF Indústria e Comércio de Calçados Ltda.	5	-	393	2,386	-	78	34,403
ZZAH Comércio de Calçados Ltda.	-	-	-	-	-	408	-
ZZAIBI Comércio de Calçados Ltda.	-	-	-	-	-	687	-
ZZARIO Comércio de Calçados Ltda.	5,264	-	7	2	-	5,928	1
ZZCAPRI Comércio de Calçados Ltda.	1,761	-	1,543	-	-	421	-
ZZSAP Indústria e Comércio de Calçados Ltda.	324	-	-	4,450	279	557	102,227
CONTROLLING INTEREST HOLDERS							
Shareholders	-	-	1,060	-	1,260	-	-
Total company	14,748	4,254	4,463	7,223	1,539	29,208	136,651
Consolidated							
CONTROLLING INTEREST HOLDERS							
Shareholders	-	-	1,060	-	2,075	-	-

12. Balances and transactions with related parties--Continued

b) Nature, terms and conditions of transactions – Subsidiaries

The Company performs transactions with related parties which are carried out under commercial and financial conditions mutually agreed by and between the parties. The most common transaction is the sale of the Company footwear and accessories (Company) to ZZAB and ZZARIO stores (subsidiaries) and the acquisition of footwear from manufacturers ZZAF and ZZSAP (subsidiaries).

The sales transactions performed by these related parties are in accordance with specific prices and terms established between the parties. Days of sales outstanding (DSO) for related parties is 91 days, while days of purchases outstanding (DPO) by related parties is 30 days.

Except for loans, the balances receivable from related parties have specific maturity dates, Loans receivable, and dividends payable, if any, are restated based on the Long-Term Interest Rate ("TJLP") variation, plus interest of 2.5% per year.

c) Management compensation

Management compensation is through management fees and profit sharing. In the period ended September 30, 2011, Company's management compensation related to short-term benefits (management fees and profit sharing) totaled R$ 2,376 (R$ 2,105 at September 30, 2010), as follows:

	9/30/2011	9/30/2010
Annual fixed compensation		
Salary / Management fees	**2,023**	1,755
Variable compensation		
Bonus	**353**	350
Total compensation	**2,376**	2,105

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

12. Balances and transactions with related parties--Continued

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$135 (R$ 179 at December 31, 2010).

e) Transactions or relations with shareholders

The Company has a lease agreement on the property where its registered offices are located in the municipality of Campo Bom/ RS, which is owned by a company whose member is one of its shareholders (Anderson Lemos Birman). The rent paid in the year ended September 30, 2010 was R$ 71 (R$ 65 at September 30, 2010). The agreement is effective for 60 months and the amounts are restated by reference to the General Market Price Index (IGP-M) every 12 months.

Certain Company directors hold, either directly or indirectly, a total 54% interest in the Company at September 30, 2011, and the indirect interest is through ALBIR Participações S.A .

f) Transactions with other related parties

The Company has a legal advisory service agreement in the civil, labor and tax areas with Escritório de Advocacia Procópio de Carvalho owned by Mr. José Murilo Procópio de Carvalho, a member of the Company's Board of Directors, as well as with Ethos Desenvolvimento S/C Ltda, owned by Mr. José Ernesto Beni Bolonha, who renders human resources management consulting services and who is also a member of the Company's Board of Directors. These companies received in the period ended September 30, 2011, R$ 210 and R$ 537 (R$315 and R$315 at September 30, 2010), respectively.

13. Investments

Details of investments in subsidiaries are set out as follows:

Description	Capital	Adjusted equity	Net income (loss) for the period	% - equity holdings	Investments/ Capital deficiency reserve		Equity pickup	
					9/30/2011	12/31/2010	9/30/2011	9/30/2010
ZZAB Comércio de Calçados Ltda.	16,038	25,804	2,210	99.99	**25,804**	23,594	**2,210**	1,298
Allmaness Calçados Ltda. (**)	10	166	7	99.99	**166**	159	**7**	5
ZZSAP Indústria e Comércio de Calçados Ltda.	591	11,949	2,021	99.99	**11,949**	9,928	**2,021**	3,508
ZZARIO Comércio de Calçados Ltda.	6,945	4,145	(2,126)	99.99	**4,145**	6,271	**(2,126)**	(725)
ZZAF Ind. e Com. de Calçados Ltda.	350	4,110	828	99.99	**4,110**	3,282	**828**	1,325
ZZCAPRI Comércio de Calçados Ltda.	3,500	1,036	(464)	99.99	**1,036**	1,500	**(464)**	(772)
ZZAH Comércio de Calçados Ltda.(*)	-	-	-	99.99	**-**	-	**-**	96
ZZAIBI Comércio de Calçados Ltda.(*)	-	-	-	99.99	**-**	-	**-**	38
Investments					**47,210**	44,734	**2,476**	4,773
Schutz Shoes Design Comércio de Calçados Ltda (**)	750	(533)	(156)	99.99	**(533)**	(377)	**(156)**	-
Schutz International Corporation	112	(2,688)	7	99.99	**(2,688)**	(2,420)	**(267)**	254
Shoes For U Com. De Calçados e Acessórios Ltda. (**)	50	(649)	(263)	99.99	**(649)**	(387)	**(263)**	(54)
Capital deficiency reserve					**(3,870)**	(3,184)	**(686)**	200
					43,340	41,550	**1,790**	4,973

(*) Merged in June 2010 into subsidiary ZZAB Com. de Calçados Ltda.
(**) Operating companies whose activities have been suspended.

	Company	
	9/30/2011	12/31/2010
Balance at beginning of period, net of valuation allowance	**41,550**	31,499
Capital contribution	**-**	4,625
Equity pickup	**1,790**	5,426
Balance at beginning of period, net of valuation allowance	**43,340**	41,550

14. Property, plant and equipment

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

Company:

Gross PPE cost	Computers and peripherals	Furniture and fixtures	Machinery and equipment	Facilities and showroom	Vehicles	Land	Total
Balance at 12/31/10	3,476	1,827	1,224	2,541	57	1,501	10,626
Acquisitions	431	271	553	714	-	-	1,969
Write-offs	(76)	-	(133)	-	-	-	(209)
Balance at 9/30/11	**3,831**	**2,098**	**1,644**	**3,255**	**57**	**1,501**	**12,386**
Accumulated depreciation							
Balance at 12/31/10	(1,930)	(984)	(559)	(884)	(24)	-	(4,381)
Depreciation	(354)	(114)	(92)	(139)	(3)	-	(702)
Write-off	57	-	2	-	-	-	59
Balance at 9/30/11	**(2,227)**	**(1,098)**	**(649)**	**(1,023)**	**(27)**	**-**	**(5,024)**
Net book value							
Balance at 9/30/11	**1,604**	**1,000**	**995**	**2,232**	**30**	**1,501**	**7,362**
Balance at 12/31/10	1,546	843	665	1,657	33	1,501	6,245

14. Property, plant and equipment--Continued

Consolidated:

Gross PPE cost	Computers and peripherals	Furniture and fixtures	Machinery and equipment	Facilities and showroom	Buildings	Vehicles	Land	Total
Balance at 12/31/10	4,056	4,240	6,238	12,810	938	122	1,501	29,905
Acquisitions	607	1,007	1,046	3,221	92	1	-	5,974
Write-offs	(70)	(113)	(135)	(43)	-	-	-	(361)
Balance at 9/30/11	**4,593**	**5,134**	**7,149**	**15,988**	**1,030**	**123**	**1,501**	**35,518**
Accumulated depreciation								
Balance at 12/31/10	(2,154)	(1,540)	(2,517)	(2,137)	(98)	(83)	-	(8,529)
Depreciation	(441)	(310)	(397)	(991)	(14)	(7)	-	(2,160)
Write-off	44	-	-	-	28	-	-	72
Balance at 9/30/11	**(2,551)**	**(1,850)**	**(2,914)**	**(3,128)**	**(84)**	**(90)**	**-**	**(10,617)**
Net residual value								
Balance at 9/30/11	**2,042**	**3,284**	**4,235**	**12,860**	**946**	**33**	**1,501**	**24,901**
Balance at 12/31/10	1,902	2,700	3,721	10,673	840	39	1,501	21,376

15. Intangible assets

Details of intangible assets and changes in the Company's balances are set out as follows:

Company:

Gross cost of intangible assets	Trademarks & patents	Store use rights	Software use rights	Total
Balance at 12/31/2010	2,541	125	7,435	10,101
Acquisitions	26	-	1,986	2,012
Write-offs	-	-	(260)	(260)
Balance at 9/30/2011	**2,567**	**125**	**9,161**	**11,853**
Accumulated amortization				
Balance at 12/31/2010	-	-	(4,479)	(4,479)
Amortization	-	-	(739)	(739)
Write-offs	-	-	14	14
Balance at 9/30/2011	**-**	**-**	**(5,204)**	**(5,204)**
Estimated average useful life	Indefinite	Indefinite	5 years	
Net book value				
Balance at 9/30/2011	**2,567**	**125**	**3,957**	**6,649**
Balance at 12/31/2010	2,541	125	2,956	5,622

15. Intangible assets--Continued

Consolidated:

Gross cost of intangible assets	Trademarks & patents	Store use rights	Software use rights	Total
Balance at 12/31/2010	2,638	8,976	7,817	19,431
Acquisitions	28	8,895	2,030	10,953
Write-offs	-	(145)	(299)	(444)
Balance at 9/30/2011	**2,666**	**17,726**	**9,548**	**29,940**
Accumulated amortization				
Balance at 12/31/2010	-	-	(4,659)	(4,659)
Amortization	-	-	(730)	(730)
Write-offs	-	-	14	14
Balance at 9/30/2011	**-**	**-**	**(5,375)**	**(5,375)**
Estimated average useful life	Indefinite	Indefinite	5 years	
Net book value				
Balance at 9/30/2011	**2,666**	**17,726**	**4,173**	**24,565**
Balance at 12/31/2010	2,638	8,976	3,158	14,772

Definite life intangible assets refer to software and license use rights acquired from third parties and are amortized on a straight-line basis over their estimated useful life, matched against the general and administrative expenses account.

Indefinite life intangible assets refer to trademarks and patents and store use rights, the latter corresponding to expenses incurred by the Company in connection with use of stores located in leased commercial properties.

The amount of R$ 12,895, referring to expenses with research and development of new Company products, was charged against net income for the period ended September 30, 2011, Company and consolidated (R$ 15,135 in the same period of 2010).

15. Intangible assets--Continued

Impairment test of indefinite life intangible assets

Impairment testing of the Company's intangible assets did not result in any need to recognize any losses in the period ended December 31, 2010, given that the estimated value in use was greater than the net book value on the valuation date. In the preparation of these interim financial statements the Company assessed the existence of factors that may impact on the value of its assets and did not identify any indications that these may have suffered any impairment.

16. Labor liabilities

The balances of salaries and related charges payable are broken down as follows:

	Company		Consolidated	
	9/30/2011	**12/31/2010**	**9/30/2011**	**12/31/2010**
Salaries payable	**92**	6,736	**797**	7,998
Accrued vacation pay and related charges	**9,098**	2,172	**14,109**	5,755
Total	**9,190**	8,908	**14,906**	13,753

17. Loans and financing

Loans and financing can be summarized as under:

	Company		Consolidated	
Description	**9/30/2011**	**12/31/2010**	**9/30/2011**	**12/31/2010**
Working capital				
Banco do Brasil (FINAME)	**38**	48	**38**	48
Banco Votorantin S/A	**-**	278	**-**	278
Banco Santander S/A	**-**	4,058	**-**	4,058
Banco Itaú S/A	**-**	832	**-**	832
BNDES – HSBC	**-**	1,658	**-**	1,658
Advance on Exchange Contract (ACC)	**12,493**	17,083	**12,493**	17,083
FINEP	**22,399**	22,646	**22,399**	22,646
Others	**-**	-	**135**	166
Total	**34,930**	46,603	**35,065**	46,769
(-) Current	**16,260**	27,330	**16,270**	27,370
Non-current	**18,670**	19,273	**18,795**	19,399

17. Loans and financing--Continued

Interest rates and charges incurred on loans are as follows:

(i) FINEP: Rate of 5.25% per year, or indexed to TJLP, when this rate is greater than 6% per year;
(ii) Others: 1.37% per month;
(iii) Advance on Exchange Contract (ACC): denominated in USD, plus average LIBOR at 2.12% per year.

Loan agreement maturities

- Banco do Brasil S/A: monthly installments with final maturity in August 2015;
- Others: final amortization term in January 2015; and
- FINEP: maturity in August 2017.

At September 30, 2011, non-current loans and financing mature as follows:

	Company	Consolidated
2012	**940**	**979**
2013	**3,754**	**3,795**
2014	**3,754**	**3,795**
After 2014	**10,222**	**10,226**
Total	**18,670**	**18,795**

Loans are guaranteed by collateral signatures of majority shareholders and also surety bonds and do not have covenants on financial ratios.

Credit facilities

At September 30, 2011, the Company does not maintain credit lines with unutilized funds.

17. Loans and financing--Continued

Other guarantees and commitments

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

The Company is guarantor of these transactions through a bank guarantee letter issued by Banco Santander. At September 30, 2011, the amount guaranteed by the Company under this agreement is R$ 372 (R$ 524 at December 31, 2010).

18. Trade accounts payable

	Company		Consolidated	
	9/30/2011	**12/31/2010**	**9/30/2011**	**12/31/2010**
Domestic suppliers	**24,734**	11,271	**49,001**	28,652
Related parties (Note 12.a)	**17,835**	7,223	**-**	-
Foreign suppliers	**1,049**	92	**1,049**	92
Total	**43,618**	18,586	**50,050**	28,744

19. Special Installment Payment Program

Subsidiary ZZSAP joined the Special Installment Payment Program (PAES), governed by Law No. 10684 dated May 30, 2003, enrolling a substantial part of its tax debts maturing up to July 15, 2003. In accordance with that legislation, companies participating in the program must make regular payments of monthly installments and may be excluded from the program if these payments are delayed for three consecutive months or six alternate months, whichever occurs first.

The agreed-upon installments have been paid on time. Accordingly, ZZSAP records monthly expenses of approximately, R$16, thereby making payments in accordance with the conditions provided for in the special installment payment program.

20. Provision for labor, tax and civil contingencies

The Company and its subsidiaries are parties to legal and administrative proceedings arising in the normal course of business, on tax, social security, labor and civil matters. Management, based on information provided by its legal counsel and analysis of ongoing litigation, set up a provision in an amount deemed sufficient to cover probable losses for those cases assessed as involving probable unfavorable outcome and related to judicial deposits, as follows:

	Company						
Nature	Balance 12/31/2009	Additions/ Restatement	Reversals/ Payments	Balance 12/31/2010	Additions/ Restatement	Reversals/ Payments	Balance 9/30/2011
Tax	4,581	641	(5,222)	-	-	-	**-**
Civil	-	927	-	927	32	(22)	**937**
Labor	1,419	2,251	(1,303)	2,367	1,899	(2,297)	**1,969**
Total	6,000	3,819	(6,525)	3,294	1,931	(2,319)	**2,906**
Judicial deposit	(5,857)	(1,287)	4,878	(2,266)	(1,524)	125	**(3,665)**
Total	143	2,532	(1,647)	1,028	407	(2,194)	**(759)**

	Consolidated						
Nature	Balance 12/31/2009	Additions/ Restatement	Reversals/ Payments	Balance 12/31/2010	Additions/ Restatement	Reversals/ Payments	Balance 9/30/2011
Tax	4,581	641	(5,222)	-	-	-	**-**
Civil	-	927	-	927	53	(22)	**958**
Labor	3,385	2,302	(2,004)	3,683	2,330	(2,683)	**3,330**
Total	7,966	3,870	(7,226)	4,610	2,383	(2,705)	**4,288**
Judicial deposit	(6,653)	(1,587)	4,878	(3,362)	(2,398)	152	**(5,608)**
Total	1,313	2,283	(2,348)	1,248	(15)	(2,553)	**(1,320)**

20. Provision for labor, tax and civil contingencies--Continued

Tax – the Company contested the constitutionality of Service Tax (ISSQN) on revenue from royalties in the municipalities of Belo Horizonte - MG and Campo Bom – RS. Decisions have been handed down on both cases during the year ended December 31, 2010 with the Company winning a favorable decision upon which no further appeals can be brought in Campo Bom, thereby reversing the respective provision amounting to R$ 1,978. The Company did not win a favorable decision in Belo Horizonte, and settled the proceedings in the amount of R$ 3,244.

Labor – the Company and its subsidiaries are parties to labor proceedings mainly relating to overtime and respective social charges, health exposure premium, hazard pay, salary equality and inclusion of amounts in the claimant's salary. Management, based on the opinion of its legal counsel, and on the history of results in similar cases, believes that the amounts provisioned are sufficient to cover probable losses.

In addition, the Company and its subsidiaries are involved in other legal proceedings of a civil and tax nature amounting to approximately R$20,040, Company and consolidated, whose likelihood of success was assessed as possible in the opinion of its legal counsel and as such, were not subject to the establishment of provisions.

Ruling legislation

In accordance with current Brazilian tax legislation, federal, state and municipal taxes and social charges are subject to audit procedures by the respective authorities for periods varying from five to thirty years. Legislation in other countries in which the Company's subsidiaries operate provides for different periods of limitations.

21. Capital and reserves

21.1 Capital

The Special Shareholders' Meeting (AGE) held on December 07, 2010 approved a four to one split of the 19,562,073 common shares representing the Company's capital, which remained unchanged at R$ 21,358, but represented by 78,248,292 common shares.

In this Special Shareholders' Meeting, definition of the authorized capital limit was also approved, and the Company was then authorized to increase its capital up to the limit of R$ 500,000, regardless of amendments to its Articles of Incorporation, by resolution of the Company's Board of Directors.

On February 2, 2011, 10,294,118 new common shares were issued under an initial public offering. On that occasion net funds of R$182,009 were raised, R$ 19,559 of which was allocated to the capital increase, which as of that date was comprised of 88,542,410 common shares making a total of R$ 40,917.

Common shares issued and fully paid in

	Shares	Capital
	(In thousands)	
Balance at January 1, 2009	19,562	20,108
Paid-in capital at November 6, 2009	-	1,250
Balance at December 31, 2009	19,562	21,358
Share split in 2010	58,686	-
Balance at December 31, 2010	78,248	21,358
Share issue at February 2, 2011	10,294	19,559
Balance at September 30, 2011	**88,542**	**40,917**

21. Capital and reserves--Continued

21.2 Capital reserve

The capital reserve was initially set up due to the corporate restructuring in 2007, matched against the merged net assets, and represents the value of the future tax benefit to be awarded from the amortization of the merged goodwill. The special goodwill reserve portion corresponding to the benefit may be capitalized to the benefit of shareholders at the end of each financial year through the issue of new shares, as provided by CVM Rule No 319/99.

The corporate events which gave rise to the capital reserve in connection with the Company's restructuring are as follows:

a) On November 8, 2007, the Company issued 3,203,808 new registered common shares on behalf of BRICS, with no par value, for the total issue price of R$50,000. Out of this total, R$ 25,000 were paid in on the occasion by BRICS, R$2,500 of which were allocated for capital increase, and R$22,500 for setting up of capital reserve;

b) As of June 1, 2008, BRICS was merged into the Company. The merged net assets comprised the goodwill paid on acquisition of the investment in the Company, based on future profitability, net of the provision set forth by CVM Rule No 319/99, in the amount of R$13,935.

   Once BRICS was merged out of existence, the equity interest in this company was transferred to FIGEAC.

c) On November 18, 2008, FIGEAC contributed R$ 12,500, allocated as follows: R$1,250 for capital increase and R$11,250 for setting-up of the capital reserve, plus monetary adjustment incurred amounting to R$1,559.

d) On November 6, 2009, FIGEAC contributed the remaining R$ 12,500, allocated as follows: R$1,250 for capital increase and R$11,250 for the appropriation of the capital reserve, plus monetary adjustment for R$2,990.

e) On December 1, 2009, FIGEAC was merged with the Company, and the merged net assets comprised the goodwill paid on acquisition of the investment in the Company, based on future profitability, net of the provision set forth by CVM Rule No 319/99, amounting to R$7,535.

21. Capital and reserves--Continued

21.2 Capital reserve--Continued

Tax credits resulting from the special goodwill reserve established upon the merger of BRICS and FIGEAC are set out in Note 11.

On February 2, 2011, 10,294,118 common shares were issued in an initial public offering. On that occasion net funds of R$182,009, were raised, R$ 167,067 of which were recognized as capital reserve, net of the public offering costs amounting to R$13,579 (R$8,962, net of tax effects). Of this total, R$ 10,663 refers to the payment of bank and brokerage fees, and the remainder is for the payment of legal, consulting, audit fees and other costs.

At September 30, 2011, the Company recorded a complement to the reserve for public offering costs amounting to R$ 550 (R$ 363, net of tax effects), and this net amount was reduced from Capital reserve.

21.3 Reserves and retained profits

Legal reserve

Set up at 5% of the net income for the year, under the terms of Law No 6404/76, article 193, as amended ("Brazilian Corporation Law") up to the limit of 20% of the capital. Accordingly, the Company did not made any allocation for legal reserve in 2010 as this reserve reached the limit of 20% of capital.

Reserve for investments

In the Board of Directors meeting held on July 21, 2010, the Company decided to set up a research and development reserve amounting to R$1,703.

21. Capital and reserves--Continued

21.3 Reserves and retained profits--Continued

Retained profits

The retained profits reserve was set up under the terms of article 196 of Law No 6404/76, for the purposes of being used in future investments. The retention referring to 2010, in the amount of R$ 31,805, is based on capital budget prepared by management and approved in the Annual Shareholders' Meeting held on April 29, 2011.

22. Paid and proposed dividends and interest on equity capital

In accordance with the Company's Articles of Incorporation, amended at December 7, 2010, the shareholders are entitled to a mandatory minimum dividend, equivalent to 25% of the net income for the year (50% up to December 6, 2010), adjusted by the legal reserve set up, as prescribed by Brazilian Corporation Law, Interest on equity capital, when calculated, is considered profit distribution for determining the minimum dividend to be paid out.

In the Annual Shareholders' Meeting (AGO) held on April 29, 2010, the distribution of profits proposed at December 31, 2009, in the amount of R$18,507, was approved, as well as supplemental distributions summing up to R$14,135.

In the Board of Directors' Meeting held on April 29, 2010 and July 21, 2010, the Directors approved the payment of supplemental dividends, based on the existing "Retained profits reserve" balance, in the amount of R$2,087 and R$ 18,891, respectively, fully paid in 2010.

In order to comply with relevant tax rules, the Company recognized interest on equity capital paid in 2010, amounting to R$4,906 matched against financial expenses. This interest was reversed from net income and matched against retained earnings as determined by accounting practices adopted in Brazil for the preparation of financial statements. Withholding income tax at the rate of 15 % is levied on this interest.

22. Paid and proposed dividends and interest on equity capital-- Continued

Also, at January 6, 2011, the Board of Directors approved, *ad referendum* of the Company Annual Shareholders' Meeting, a payout of interim dividends, based on the balance sheet as of September 30, 2010, totaling R$28,026, and Company-issued shares started to be traded "ex-dividend" as from January 6, 2011. Payment of dividends took place on April 20, 2011.

At June 30, 2011, in order to comply with relevant tax rules, the Company recognized interest on equity capital in the amount of R$8,442, matched against "financial expenses". For purposes of preparing these financial statements, such interest was reversed from net income against retained earnings, as determined by applicable accounting practices. Withholding income tax at 15% was paid on such interest amount, except for shareholders confirmedly tax exempt or tax immune, or shareholders domiciled in countries or jurisdictions of which legislation establishes a different tax rate. The payment will be made on July 29, 2011, as decided by the Board of Directors' Meeting of June 30, 2011, and Company shares are traded ex rights in relation to interest on equity capital as from July 1, 2011, inclusive. Interest on equity capital credited in the period represent advance on minimum mandatory dividends.

23. Earnings per share

In accordance with CPC 41 (IAS 33) (approved by CVM Rule No, 636 – Earnings per Share), the Company discloses the following information about earnings per share for the period ended September 30, 2011 and 2010.

Basic earnings per share is reached after dividing the net income for the year, attributed to the Company common shareholders, by the weighted average of common shares available during the year.

Diluted earnings per share is reached after dividing the net income attributed to Company common shareholders, by the weighted average of common shares available during the year, plus the weighted average number of common shares that would be issued upon conversion of all potential diluted common shares into common shares. The table below presents the net income and share information used in calculating basic and diluted earnings per share:

23. Earnings per share--Continued

	9/30/2011	9/30/2010
	Common	Common
Net income for the period	**64,712**	43,032
Weighted average of shares issued (in thousands)	**87,265**	78,248
Earnings per share - basic and diluted - R$	**0.74**	0.55

There were no other transactions involving common shares or potential common shares between the balance sheet date and the date on which these financial statements were concluded.

24. Net operating revenue

Net operating revenue is broken down as follows:

	Company		**Consolidated**	
	9/30/2011	**9/30/2010**	**9/30/2011**	**9/30/2010**
Gross operating revenue				
Domestic market	**520,203**	413,667	**575,538**	457,545
Foreign market	**33,581**	36,823	**31,281**	36,465
Sales returns	**(14,417)**	(9,140)	**(18,271)**	(14,982)
Sales taxes	**(94,575)**	(74,158)	**(108,812)**	(82,287)
Net operating revenue	**444,792**	367,192	**479,736**	396,741

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.

25. Segment information--Continued

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 e 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, set out as under:

Brand name	**9/30/2011**	**9/30/2010**
Consolidated gross revenue	**606,819**	**494,010**
Arezzo - domestic market	**399,512**	329,802
Schutz - foreign market	**155,822**	119,419
Other	**20,204**	8,324
Foreign market	**31,281**	36,465
Channel		
Consolidated gross revenue	**606,819**	**494,010**
Franchises	**300,356**	247,600
Multi-brand stores	**177,056**	132,372
Own stores	**93,331**	72,463
Other	**4,795**	5,110
Foreign market	**31,281**	36,465

Revenue from foreign market is not segregated by geographic area since it represents 5% of the consolidated gross revenue at September 30, 2011.

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

26. Expenses by nature

The Company opted to present the consolidated income statement by function. In accordance with the IFRS, the consolidated income statement by nature is detailed as follows:

	Company		Consolidated	
	9/30/2011	**9/30/2010**	**9/30/2011**	**9/30/2010**
Expenses by function				
Cost of sales	**(284,543)**	(241,087)	**(278,658)**	(233,277)
Selling expenses	**(52,240)**	(42,932)	**(84,203)**	(68,964)
General and administrative expenses	**(33,857)**	(32,695)	**(35,864)**	(34,480)
Other operating income, net	**789**	2,487	**658**	2,621
	(369,851)	(314,227)	**(398,067)**	(334,100)
Expenses by nature				
Depreciation and amortization	**(1,441)**	(910)	**(2,890)**	(1,847)
Personnel expenses	**(35,678)**	(32,502)	**(65,967)**	(56,271)
Raw material & store and supplies	**(287,090)**	(243,436)	**(281,205)**	(235,626)
Freight	**(9,153)**	(6,965)	**(9,584)**	(7,522)
Other operating expenses	**(36,489)**	(30,414)	**(38,421)**	(32,834)
	(369,851)	(314,227)	**(398,067)**	(334,100)

27. Risk assessment

a) Currency risk

Income from the Company's and its subsidiaries' operations is subject to US Dollar currency risk due to the fact that 10% of sales revenues are linked to this currency. To minimize foreign exchange risk nearly all exports have financing linked to that currency.

At September 30, 2011 and December 31, 2010, the amount of net exposure to US Dollar is represented by:

	Consolidated	
	9/30/2011	**12/31/2010**
Accounts receivable	**15,084**	16,118
Loans and financing	**(12,493)**	(17,083)
Trade accounts payable	**(1,049)**	(92)
Net exposure	**1,542**	(1,057)

27. Risk assessment--Continued

a) Currency risk--Continued

With a view to analyzing the sensitivity of Company assets and liabilities in foreign currency exposed to currency risk as of September 30, 2011, 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.

In addition to the probable scenario, CVM Rule No. 475, dated December 17, 2008 ("Rule CVM 475"), requires the presentation of another two scenarios applying depreciation at 25% and 50% of the risk variable under analysis. These scenarios are presented in accordance with CVM's regulation.

Operation	Currency	Probable scenario (Book value)	Scenario A	Scenario B
Foreign currency accounts receivable	R$	15,084	11,313	7,542
Foreign currency loans and financing	R$	(12,493)	(9,370)	(6,246)
Foreign currency trade accounts payable	R$	(1,049)	(787)	(525)
Rate depreciation at			25%	50%
Foreign currency rate reference				
US Dollar		1.85	1.39	0.93
Effect on income before taxes	R$		(385)	(771)

b) Interest rate risk

The Company is exposed to risks related to interest rates due to contracted loan agreements linked to the TJLP. The rates incurred are stated in Note 17.

At September 30, 2011, loans and financing breakdowns as follows in relation to the interest rates:

27. Risk assessment--Continued

b) Interest rate risk--Continued

	Consolidated	
	9/30/2011	%
Fixed interest	12,666	36.1
TJLP-based interest	22,399	63.9
	35,065	100.0

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 September 30, 2011, three (3) different scenarios were defined, and a sensitivity analysis of the effects of changes in the index rates of such instruments was performed.

The following table presents the three scenarios, and the probable scenario is the one adopted by the Company. Based on the long-term interest rate (TJLP) of September 30, 2011, there was definition of the probable scenario for 2011 together with the 25% and 50% variations as required by CVM Rule No 475.

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 September 30, 2011, projecting indices for a year and verifying sensitivity thereof in each scenario.

Operation	Currency	Probable scenario (Book value)	Scenario A	Scenario B
Increase in financial expenses				
Financing – TJLP	R$	1,176	1,470	1,764
Total		**1,176**	**1,470**	**1,764**
Rate appreciation at		-	25%	50%
Reference for financial liabilities				
TJLP		6.00%	7.50%	9.00%

27. Risk assessment--Continued

c) Financial instruments

The Company and its subsidiaries hold financial instruments. The market values of these assets and liabilities do not differ substantially from those recorded in the financial statements.

Financial instruments that potentially subject the Company to the concentration of credit risk mainly comprise bank balances, short-term investments, accounts receivable as well as loans and financing agreements.

The Company and its subsidiaries adopt the policy of investing funds with top-tier banks and in short-term highly liquid investments with low levels of risk exposure.

The Company uses Advances on Exchange Contracts (ACCs) as its main financial instrument to hedge against risks related to volatility of foreign currency rates with sales of goods to the foreign market .

A part of these instruments are contracted by establishing the amount of funds in dollar to be released in future at a fixed rate. In the period from the instrument contract date and the funds release date, the Company recognizes these instruments at market value. Although these instruments have been contracted for hedging purposes, hedge accounting is not used to record these transactions and therefore, their effects are recorded in the income statement, as financial income or expenses.

The criteria for measuring the fair value of derivative financial instruments is based on market curves of each derivative, adjusted to present value, at the measurement date. The methods and assumptions take into consideration yield curve interpolation, as in the case of US dollar and Euro, and according to each market to which the Company is exposed.

Due to fluctuation in market rates, these amounts may change up to the maturity or early settlement of the transactions.

27. Risk assessment--Continued

c) Financial instruments--Continued

At September 30, 2011, these financial instruments are stated as follows:

Contract date	Funds release date	Contracted amount (in thousands)		Market value 9/30/2011
9/5/2011	11/4/2011	US$ 1,000	R$ 1,657	R$ (196)
8/5/2011	10/6/2011	US$ 500	R$ 800	R$ (127)
8/9/2011	11/7/2011	US$ 1,000	R$ 1,652	R$ (201)
9/14/2011	11/14/2011	US$ 1,000	R$ 1,737	R$ (117)
9/22/2011	12/20/2011	US$ 1,500	R$ 2,777	R$ (4)
		US$ 5,000	R$ 8,623	R$ (645)
9/29/2011	10/31/2011	EUR 500	R$ 1,244	R$ (3)
	Total			**R$ (648)**

The Company did not have financial instruments that are not recorded in accounts at September 30, 2011 and December 31, 2010.

d) Credit risk

This risk arises from difficulty in collection of trade accounts receivable for goods sold and services rendered.

The Company and its subsidiaries are also subject to credit risk from their short-term investments.

Trade accounts receivable are mainly denominated in reais and are spread across various customer accounts, In order to reduce credit risk the Company makes an individual evaluation when acquiring new customers but as a market practice only requires advance payment of receivables from customers that are considered high risk. There are no clients that represent more than 5% of the accounts receivable as of September 30, 2011 and December 31, 2010. The Company's management monitors the trade accounts receivable risks through the recording of an allowance for doubtful accounts.

With respect to credit risk associated with financial institutions, the Company and its subsidiaries endeavor to avoid risk concentration and operate with diverse top-tier financial institutions.

27. Risk assessment--Continued

e) Liquidity risk

Liquidity risk is defined as the possibility that the Company and its subsidiaries will not have sufficient funds to honor their commitments given the different currencies and settlement terms of their rights and obligations.

Cash flow and liquidity control of the Company and its subsidiaries is monitored daily by the Company governance areas so as to ensure cash generation from operating activities and preliminary fund raising, when needed, are sufficient to cover their scheduled commitments, thereby not exposing the Company and its subsidiaries to liquidity risk. The expected cash outflows are as follows:

	Projection including future interest			
	Up to 1 year	From 1 to 5 years	More than 5 years	Total
Loans and financing	16,629	17,753	4,483	38,865

f) Capital management

The objective of the Company capital management is to maintain a solid credit rating with the institutions as well as optimal capital ratio to support the Company businesses and maximize value to shareholders.

The Company controls its capital structure by making adjustments, conforming to current economic conditions. To keep this structure adjusted, the Company may offer dividend payouts, returns to shareholders, new borrowings, issue of debentures, issue of promissory notes and contracting of transactions involving derivatives. There have been no changes to the capital structure objectives, policies or processes since the year ended December 31, 2008.

The Company includes in its net debt structure: loans and financing less cash, cash equivalents and short-term investments.

28. Financial income (expenses), net

	Company		Consolidated	
Description	**9/30/2011**	**9/30/2010**	**9/30/2011**	**9/30/2010**
Financial income:				
Interest income	**823**	603	**865**	647
Earnings from short-term investments	**13,261**	2,102	**13,277**	2,109
Other	**1,346**	843	**1,209**	1,175
	15,430	3,548	**15,351**	3,931
Financial expenses:				
Bank charges	**(1,395)**	(912)	**(1,465)**	(974)
Financing interest	**(1,091)**	(2,001)	**(1,103)**	(2,012)
Credit card administration charge	**(112)**	(135)	**(1,633)**	(1,607)
Other	**(2,135)**	(1,454)	**(2,409)**	(1,928)
	(4,733)	(4,502)	**(6,610)**	(6,521)
Foreign exchange gains (losses), net:				
Gains	**1,916**	4,521	**1,916**	4,815
Losses	**(1,546)**	(4,811)	**(1,806)**	(5,108)
	370	(290)	**110**	(293)
Total	**11,067**	(1,244)	**8,851**	(2,883)

29. Other operating income, net

	Company		Consolidated	
Description	**9/30/2011**	**9/30/2010**	**9/30/2011**	**9/30/2010**
Franchise fees	**575**	225	**575**	225
Refund of expenses with returns	**-**	151	**-**	151
Recovery of expenses	**264**	178	**278**	283
Reversal of provision for labor, tax and civil contingencies	**-**	1,937	**-**	1,937
Sundry expenses	**-**	(4)	**(3)**	25
Other income (expenses)	**(50)**	-	**(192)**	-
Total	**789**	2,487	**658**	2,621

30. Operating lease agreements - store lease

At September 30, 2011, the Company had lease agreements entered into with third parties. Such agreements were reviewed by management which concluded that they could be classified as operating lease agreements.

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

	Minimum payments at 9/30/2011
Up to one year	**12,578**
More than one year up to five years	**49,273**

The average monthly expense with lease payments at September 30, 2011 is R$ 839 (R$ 628 in 2010). The effective terms of the referred to lease agreements range between four and six years, subject to financial charges based on the annual IGPM variation, as specified in each agreement.

At September 30, 2011, lease expenses, net of taxes recoverable, totaled R$ 7,553 (R$ 5,652 at September 30, 2010). The “Lease payable” balance at September 30, 2011 is R$ 478 (R$ 722 at December 31, 2010).

A substantial portion of lease agreements is related to the billing of stores, with a minimum established amount. In addition, the agreement grace period is not significant to meet the expected expense alignment.

31. Insurance coverage

The Company and its subsidiaries have insurance coverage with top-tier insurance companies in Brazil, which takes into consideration the nature and degree of risk involved. At September 30, 2011, the Company had insurance coverage against fire and miscellaneous risks on its property, plant and equipment items and inventories at amounts considered sufficient by management to cover possible losses, as follows:

Insured assets	Risks covered	Insured amount
Inventories and property, plant and equipment	Fire	61,000
	Civil liability	400

The scope of our independent auditors work does not include expressing an opinion on the sufficiency of the insurance cover, which was determined and considered by Company management to be sufficient to cover any losses.

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A free translation from Portuguese into English of Independent Auditor's Review Report on individual and consolidated interim financial information

INDEPENDENT AUDITOR'S REVIEW REPORT

To Shareholders, Board of Directors and Management 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 (ITR) of Arezzo Indústria e Comércio S.A. for the three-month period ended September 30, 2011, comprising the balance sheet at September 30, 2011 and the related statements of income for the three and nine-month periods then ended, of changes in equity and of cash flows for the nine-month period then ended, including a summary of significant accounting practices and other explanatory information.

Management is responsible for the preparation of the individual interim financial information in accordance with CPC 21 – Interim Financial Reporting, and of the consolidated interim financial information in accordance with CPC 21 and 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 the 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 International 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.

Uma empresa-membro da Ernst & Young Global Limited

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 referred to above is not prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of quarterly information (ITR), 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 referred to above is not prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of quarterly information (ITR), consistently with the rules issued by the Brazilian Securities and Exchange Commission.

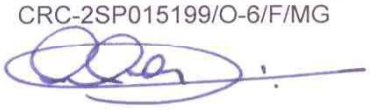
Other matters

Interim statements of value added

We have also reviewed the individual and consolidated interim statements of value added (SVA) for the nine-month period ended September 30, 2011, prepared under the responsibility of management, whose presentation in the interim financial information is required by rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR), and as supplementary information by 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, in relation to the overall accompanying individual and consolidated interim financial information.

Porto Alegre, October 28, 2011.

ERNST & YOUNG TERCO
Auditores Independentes S.S.
CRC-2SP015199/O-6/F/MG



Américo F. Ferreira Neto
Partner
Accountant CRC-1SP192685/O-9/S/MG