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Company data/Capital breakdown

Number of shares (In thousands)	Current quarter 03/31/2013
Paid-in Capital	
Common shares	88,587
Preferred shares	0
Total	88,587
Treasury shares	
Common shares	0
Preferred shares	0
Total	0

Company data / Cash proceeds

Event	Approval	Proceeds	Beginning of payment	Share type	Share class	Dividends per share (Reais / Share)
Board of Directors' Meeting	08/09/2011	Interest on equity	01/31/2013	Common shares		0.08995
Board of Directors' Meeting	12/17/2012	Interest on equity	01/31/2013	Common shares		0.02777

Individual Financial Statements / Balance sheet - Assets

(In thousands of reais)

Account code	Account description	Current quarter 03/31/2013	Prior year 12/31/2012
1	Total assets	616,031	568,669
1.01	Current assets	445,000	422,829
1.01.01	Cash and cash equivalents	6,395	6,771
1.01.02	Short-term investments	184,778	167,288
1.01.02.01	Short-term investments measured at fair value	184,778	167,288
1.01.02.01.01	Securities for trading	184,778	167,288
1.01.03	Accounts receivable	197,672	199,389
1.01.03.01	Trade accounts receivable	197,672	199,389
1.01.04	Inventories	37,844	33,723
1.01.06	Taxes recoverable	10,876	9,252
1.01.06.01	Current taxes recoverable	10,876	9,252
1.01.08	Other current assets	7,435	6,406
1.01.08.03	Other	7,435	6,406
1.02	Noncurrent assets	171,031	145,840
1.02.01	Long-term receivables	25,296	22,411
1.02.01.06	Deferred taxes	6,297	5,997
1.02.01.06.01	Deferred income and social contribution taxes	6,297	5,997
1.02.01.08	Receivables from related parties	13,608	10,937
1.02.01.08.02	Receivables from subsidiaries	13,608	10,937
1.02.01.09	Other noncurrent assets	5,391	5,477
1.02.01.09.03	Taxes recoverable	377	377
1.02.01.09.04	Judicial deposits	3,894	4,523
1.02.01.09.05	Other receivables	1,120	577
1.02.02	Investments	111,256	93,006
1.02.02.01	Equity interests	111,256	93,006
1.02.02.01.02	Interest in subsidiaries	111,256	93,006
1.02.03	Property, plant and equipment	19,352	20,729
1.02.03.01	Property, plant and equipment in use	19,352	20,729
1.02.04	Intangible assets	15,127	9,694
1.02.04.01	Intangible assets	15,127	9,694
1.02.04.01.02	Trademarks and patents	2,633	2,629
1.02.04.01.03	Store use rights	1,078	125
1.02.04.01.04	System use rights	11,416	6,940

Individual Financial Statements / Balance Sheet - Liabilities

(In thousands of reais)

Account code	Account description	Current quarter 03/31/2013	Prior year 12/31/2012
2	Total liabilities and equity	616,031	568,669
2.01	Current liabilities	109,615	83,949
2.01.01	Labor and social liabilities	6,917	11,247
2.01.01.01	Social liabilities	1,375	1,645
2.01.01.02	Labor liabilities	5,542	9,602
2.01.02	Trade accounts payable	63,442	25,691
2.01.02.01	Local suppliers	59,691	25,454
2.01.02.02	Foreign suppliers	3,751	237
2.01.03	Tax liabilities	11,400	4,586
2.01.03.01	Federal tax liabilities	11,218	4,211
2.01.03.01.01	Income and social contribution taxes payable	6,486	0
2.01.03.01.02	Other federal tax liabilities	4,732	4,211
2.01.03.02	State tax liabilities	169	363
2.01.03.03	Local tax liabilities	13	12
2.01.04	Loans and financing	26,089	31,313
2.01.04.01	Loans and financing	26,089	31,313
2.01.04.01.01	In local currency	4,664	4,256
2.01.04.01.02	In foreign currency	21,425	27,057
2.01.05	Other payables	1,767	11,112
2.01.05.02	Other	1,767	11,112
2.01.05.02.01	Dividends and interest on equity payable	0	8,945
2.01.05.02.04	Other	1,767	2,167
2.02	Noncurrent liabilities	32,811	30,821
2.02.01	Loans and financing	21,818	23,222
2.02.01.01	Loans and financing	21,818	23,222
2.02.01.01.01	In local currency	21,818	23,222
2.02.02	Other payables	150	0
2.02.02.01	Payables to related parties	150	0
2.02.02.01.04	Payables to other related parties	150	0
2.02.04	Provisions	10,843	7,599
2.02.04.01	Provisions for tax, social security, labor and civil contingencies	3,432	2,397
2.02.04.01.02	Provisions for social security and labor contingencies	1,154	1,336
2.02.04.01.04	Provisions for civil contingencies	1,093	1,061
2.02.04.01.05	Provisions for tax contingencies	1,185	0
2.02.04.02	Other provisions	7,411	5,202
2.02.04.02.04	Provision for capital deficiency	7,411	5,202
2.03	Equity	473,605	453,899
2.03.01	Paid-in capital	106,857	106,857
2.03.02	Capital reserves	173,838	173,498
2.03.02.02	Special goodwill reserve on merger	21,470	21,470
2.03.02.04	Options granted	1,115	775
2.03.02.07	Issue of shares	151,253	151,253
2.03.04	Income reserves	173,544	173,544
2.03.04.01	Legal reserve	13,027	13,027
2.03.04.05	Retained profit reserve	137,452	137,452
2.03.04.07	Tax incentive reserve	2,683	2,683

Individual Financial Statements / Balance Sheet - Liabilities

(In thousands of reais)

Account code	Account description	Current quarter 03/31/2013	Prior year 12/31/2012
2.03.04.08	Additional and proposed dividend	20,382	20,382
2.03.05	Retained earnings (accumulated losses)	19,366	0

Individual Financial Statements / Income Statement

(In thousands of reais)

Account code	Account description	Accumulated in current year 01/01/2013 to 03/31/2013	Accumulated in prior year 01/01/2012 to 03/31/2012
3.01	Revenue from sales of goods and/or services	180,430	142,599
3.02	Cost of sales and/or services	-115,733	-90,829
3.03	Gross profit	64,697	51,770
3.04	Operating income (expenses)	-38,564	-39,258
3.04.01	Selling expenses	-18,835	-18,547
3.04.02	General and administrative expenses	-17,325	-11,908
3.04.04	Other operating income (expenses)	555	-7,789
3.04.06	Equity pickup	-2,959	-1,014
3.05	Income before financial income and taxes	26,133	12,512
3.06	Financial income	3,401	3,154
3.06.01	Financial income	4,772	5,209
3.06.01.01	Financial income	4,285	4,820
3.06.01.02	Exchange gains	487	389
3.06.02	Financial expenses	-1,371	-2,055
3.06.02.01	Financial expenses	-1,371	-1,552
3.06.02.02	Exchange losses	0	-503
3.07	Income before income taxes	29,534	15,666
3.08	Income and social contribution taxes	-10,168	-4,814
3.08.01	Current	-10,468	-5,245
3.08.02	Deferred	300	431
3.09	Net income from continued operations	19,366	10,852
3.11	Income/loss for the period	19,366	10,852
3.99	Earnings per share (reais / shares)		
3.99.01	Basic earnings per share		
3.99.01.01	Registered common shares	0.21861	0.12256

Individual Financial Statements / Statements of Comprehensive Income

(In thousands of reais)

Account code	Account description	Accumulated in current year 01/01/2013 to 03/31/2013	Accumulated in prior year 01/01/2012 to 03/31/2012
4.01	Net income for the period	19,366	10,852
4.03	Comprehensive income for the period	19,366	10,852

Individual Financial Statements / Cash Flow Statement - Indirect Method

(In thousands of reais)

Account code	Account description	Accumulated in current year 01/01/2013 to 03/31/2013	Accumulated in prior year 01/01/2012 to 03/31/2012
6.01	Net cash from operating activities	39,871	32,648
6.01.01	Cash from operations	34,602	12,750
6.01.01.01	Income before income and social contribution taxes	29,534	15,666
6.01.01.02	Depreciation and amortization	1,305	676
6.01.01.03	Income from disposal of permanent assets	2,671	0
6.01.01.04	Equity pickup	2,959	1,014
6.01.01.05	Provision for labor, tax and civil risks	1,035	-88
6.01.01.06	Interest and exchange variation	-428	-522
6.01.01.07	Short-term investment yield	-2,941	-3,861
6.01.01.09	Supplement of provision for inventory losses	127	-135
6.01.01.10	Stock option plan	340	0
6.01.02	Changes in assets and liabilities	8,932	19,898
6.01.02.01	Trade accounts receivable	-17,283	10,912
6.01.02.02	Inventories	-4,248	-8,890
6.01.02.03	Changes in other current assets	-1,569	3,108
6.01.02.04	Taxes recoverable	-1,623	1,654
6.01.02.05	Judicial deposits	629	-374
6.01.02.07	Trade accounts payable	37,751	17,025
6.01.02.08	Labor liabilities	-4,060	-3,102
6.01.02.09	Tax and social liabilities	-261	-1,253
6.01.02.10	Other payables	-404	818
6.01.03	Other	-3,663	0
6.01.03.01	Payment of income and social contribution taxes	-3,663	0
6.02	Net cash used in investing activities	-22,582	-17,193
6.02.01	Additions to PP&E and intangible assets	-8,032	-3,553
6.02.02	Short-term investments	-81,980	-69,420
6.02.03	Redemption of short-term investments	67,430	70,780
6.02.04	Capital contribution in subsidiaries	0	-15,000
6.03	Net cash from financing activities	-17,665	-16,582
6.03.01	Loans raised	2,080	0
6.03.02	Payment of loans	-8,280	-7,283
6.03.03	Receivables from/payable to related parties, except shareholders	-2,520	-1,090
6.03.04	Interest on equity	-8,945	0
6.03.05	Distribution of profits	0	-8,209
6.05	Increase (decrease) in cash and cash equivalents	-376	-1,127
6.05.01	Cash and cash equivalents at beginning of period	6,771	6,265
6.05.02	Cash and cash equivalents at end of period	6,395	5,138

Individual Financial Statements / Statement of Changes in Equity - SCE - 01/01/2013 to 03/31/2013

(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, options granted and Treasury shares	Income reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Opening balances	106,857	173,498	173,544	0	0	453,899
5.03	Adjusted opening balances	106,857	173,498	173,544	0	0	453,899
5.04	Capital transactions with shareholders	0	340	0	0	0	340
5.04.03	Recognized options granted	0	340	0	0	0	340
5.05	Total comprehensive income	0	0	0	19,366	0	19,366
5.05.01	Net income for the period	0	0	0	19,366	0	19,366
5.07	Closing balances	106,857	173,838	173,544	19,366	0	473,605

Individual Financial Statements / Statement of Changes in Equity - SCE - 01/01/2012 to 03/31/2012

(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	40,917	237,723	105,407	0	0	384,047
5.03	Adjusted opening balances	40,917	237,723	105,407	0	0	384,047
5.04	Capital transactions with shareholders	65,000	-65,000	0	0	0	0
5.04.01	Capital increases	65,000	-65,000	0	0	0	0
5.05	Total comprehensive income	0	0	0	10,852	0	10,852
5.05.01	Net income for the period	0	0	0	10,852	0	10,852
5.07	Closing balances	105,917	172,723	105,407	10,852	0	394,899

Individual Financial Statements / Statement of Value Added

(In thousands of reais)

Account code	Account description	Accumulated in current year 01/01/2013 to 03/31/2013	Accumulated in prior year 01/01/2012 to 03/31/2012
7.01	Revenues	215,469	174,203
7.01.01	Sales of goods, products and services	215,469	174,203
7.02	Inputs acquired from third parties	-165,361	-132,384
7.02.01	Costs of sales and services	-146,963	-115,338
7.02.02	Materials, energy, third-party services and other expenses	-17,722	-16,632
7.02.04	Other	-676	-414
7.03	Gross value added	50,108	41,819
7.04	Retentions	-1,305	-676
7.04.01	Depreciation, amortization and depletion	-1,305	-676
7.05	Net value added produced	48,803	41,143
7.06	Value added received in transfer	2,368	-3,594
7.06.01	Equity pickup	-2,959	-1,014
7.06.02	Financial income	4,772	5,209
7.06.03	Other	555	-7,789
7.07	Total value added to be distributed	51,171	37,549
7.08	Distribution of value added	51,171	37,549
7.08.01	Personnel expenses	12,738	10,590
7.08.01.01	Direct compensation	10,883	8,854
7.08.01.02	Benefits	763	723
7.08.01.03	Unemployment Compensation Fund (FGTS)	920	700
7.08.01.04	Other	172	313
7.08.01.04.01	Employees' profit sharing	-199	156
7.08.01.04.02	Other	31	157
7.08.01.04.03	Stock option plan	340	0
7.08.02	Taxes, charges and contributions	16,809	13,060
7.08.02.01	Federal	19,002	11,120
7.08.02.02	State	-2,291	1,876
7.08.02.03	Municipal	98	64
7.08.03	Debt remuneration	2,258	3,047
7.08.03.01	Interest	753	411
7.08.03.02	Rent	887	992
7.08.03.03	Other	618	1,644
7.08.04	Equity remuneration	19,366	10,852
7.08.04.03	Retained earnings (accumulated losses) for the period	19,366	10,852

Consolidated Financial Statements - Balance Sheet - Assets

(In thousands of reais)

Account code	Account description	Current quarter 03/31/2013	Prior year 12/31/2012
1	Total assets	671,918	636,591
1.01	Current assets	539,360	513,562
1.01.01	Cash and cash equivalents	8,427	11,518
1.01.02	Short-term investments	204,879	190,636
1.01.02.01	Short-term investments measured at fair value	204,879	190,636
1.01.02.01.01	Securities for trading	204,879	190,636
1.01.03	Accounts receivable	211,251	208,756
1.01.03.01	Trade accounts receivable	211,251	208,756
1.01.04	Inventories	87,481	76,133
1.01.06	Taxes recoverable	15,797	14,280
1.01.06.01	Current taxes recoverable	15,797	14,280
1.01.08	Other current assets	11,525	12,239
1.01.08.03	Other	11,525	12,239
1.02	Noncurrent assets	132,558	123,029
1.02.01	Long-term receivables	15,657	14,117
1.02.01.01	Long-term investments measured at fair value	178	20
1.02.01.01.01	Securities for trading	178	20
1.02.01.06	Deferred taxes	8,007	6,264
1.02.01.06.01	Deferred income and social contribution taxes	8,007	6,264
1.02.01.09	Other noncurrent assets	7,472	7,833
1.02.01.09.03	Taxes recoverable	377	377
1.02.01.09.04	Judicial deposits	5,975	6,879
1.02.01.09.05	Other receivables	1,120	577
1.02.03	Property, plant and equipment	63,338	61,090
1.02.03.01	Property, plant and equipment in use	63,338	61,090
1.02.04	Intangible assets	53,563	47,822
1.02.04.01	Intangible assets	53,563	47,822
1.02.04.01.02	Trademarks and patents	2,752	2,749
1.02.04.01.03	Store use rights	39,038	37,715
1.02.04.01.04	System use rights	11,773	7,358

Consolidated Financial Statements / Balance Sheet - Liabilities

(In thousands of reais)

Account code	Account description	Current quarter 03/31/2013	Prior year 12/31/2012
2	Total liabilities and equity	671,918	636,591
2.01	Current liabilities	146,211	127,418
2.01.01	Labor and social liabilities	13,600	19,726
2.01.01.01	Social liabilities	2,712	4,318
2.01.01.02	Labor liabilities	10,888	15,408
2.01.02	Trade accounts payable	69,021	35,507
2.01.02.01	Local suppliers	65,270	33,984
2.01.02.02	Foreign suppliers	3,751	1,523
2.01.03	Tax liabilities	17,217	15,110
2.01.03.01	Federal tax liabilities	13,039	9,336
2.01.03.01.01	Income and social contribution taxes payable	6,486	2,430
2.01.03.01.02	Other federal tax liabilities	6,553	6,906
2.01.03.02	State tax liabilities	4,152	5,729
2.01.03.03	Local tax liabilities	26	45
2.01.04	Loans and financing	41,226	42,843
2.01.04.01	Loans and financing	41,226	42,843
2.01.04.01.01	In local currency	9,661	5,512
2.01.04.01.02	In foreign currency	31,565	37,331
2.01.05	Other liabilities	5,147	14,232
2.01.05.02	Other	5,147	14,232
2.01.05.02.01	Dividends and interest on equity payable	0	8,945
2.01.05.02.04	Other	5,147	5,287
2.02	Noncurrent liabilities	52,102	55,274
2.02.01	Loans and financing	46,654	51,241
2.02.01.01	Loans and financing	46,654	51,241
2.02.01.01.01	In local currency	46,654	51,241
2.02.02	Other liabilities	969	995
2.02.02.01	Payables to related parties	969	973
2.02.02.01.03	Payables to controlling shareholders	969	973
2.02.02.02	Other	0	22
2.02.02.02.05	Other	0	22
2.02.04	Provisions	4,479	3,038
2.02.04.01	Provisions for tax, social security, labor and civil contingencies	4,479	3,038
2.02.04.01.02	Provisions for social security and labor contingencies	1,820	1,950
2.02.04.01.04	Provisions for civil contingencies	1,118	1,088
2.02.04.01.05	Provisions for tax contingencies	1,541	0
2.03	Consolidated equity	473,605	453,899
2.03.01	Paid-in capital	106,857	106,857
2.03.02	Capital reserves	173,838	173,498
2.03.02.02	Special goodwill reserve on merger	21,470	21,470
2.03.02.04	Options granted	1,115	775
2.03.02.07	Issue of shares	151,253	151,253
2.03.04	Income reserves	173,544	173,544
2.03.04.01	Legal reserve	13,027	13,027
2.03.04.05	Retained profit reserve	137,452	137,452
2.03.04.07	Tax incentive reserve	2,683	2,683

Consolidated Financial Statements / Balance Sheet - Liabilities

(In thousands of reais)

Account code	Account description	Current quarter 03/31/2013	Prior year 12/31/2012
2.03.04.08	Additional and proposed dividend	20,382	20,382
2.03.05	Retained earnings (accumulated losses)	19,366	0

Consolidated Financial Statements / Income Statement

(In thousands of reais)

Account code	Account description	Accumulated in current year 01/01/2013 to 03/31/2013	Accumulated in prior year 01/01/2012 to 03/31/2012
3.01	Revenue from sales of goods and/or services	201,039	161,361
3.02	Cost of sales and/or services	-111,606	-94,188
3.03	Gross profit	89,433	67,173
3.04	Operating income (expenses)	-63,382	-53,922
3.04.01	Selling expenses	-45,299	-35,007
3.04.02	General and administrative expenses	-18,478	-12,266
3.04.04	Other operating income (expenses)	395	-6,649
3.05	Income before financial income and taxes	26,051	13,251
3.06	Financial income	2,040	2,385
3.06.01	Financial income	5,377	5,374
3.06.01.01	Financial income	4,690	4,873
3.06.01.02	Exchange gains	687	501
3.06.02	Financial expenses	-3,337	-2,989
3.06.02.01	Financial expenses	-3,337	-2,469
3.06.02.02	Exchange losses	0	-520
3.07	Income before income taxes	28,091	15,636
3.08	Income and social contribution taxes	-8,725	-4,784
3.08.01	Current	-10,468	-5,245
3.08.02	Deferred	1,743	461
3.09	Net income from continued operations	19,366	10,852
3.11	Consolidated income (loss) for the period	19,366	10,852
3.11.01	Attributable to shareholders of parent company	19,366	10,852
3.99	Earnings per share (reais / share)		
3.99.01	Basic earnings per share		
3.99.01.01	Registered common shares	0.21861	0.12256

Consolidated Financial Statements / Statement of Comprehensive Income

(In thousands of reais)

Account code	Account description	Accumulated in current year 01/01/2013 to 03/31/2013	Accumulated in prior year 01/01/2012 to 03/31/2012
4.01	Consolidated net income for the period	19,366	10,852
4.03	Consolidated comprehensive income for the period	19,366	10,852
4.03.01	Attributable to shareholders of parent company	19,366	10,852

Consolidated Financial Statements / Cash Flow Statement - Indirect Method

(In thousands of reais)

Account code	Account description	Accumulated in current year 01/01/2013 to 03/31/2013	Accumulated in prior year 01/01/2012 to 03/31/2012
6.01	Net cash from operating activities	34,432	22,199
6.01.01	Cash from operations	29,858	12,924
6.01.01.01	Income before income and social contribution taxes	28,091	15,636
6.01.01.02	Depreciation and amortization	2,585	1,417
6.01.01.03	Income from disposal of permanent assets	653	414
6.01.01.05	Provision for labor, tax and civil risks	1,441	-25
6.01.01.06	Interest and exchange variation	10	-522
6.01.01.07	Short-term investment yield	-3,269	-3,861
6.01.01.08	Other	-120	-135
6.01.01.09	Supplement of provision for inventory losses	127	0
6.01.01.10	Stock option plan	340	0
6.01.02	Changes in assets and liabilities	8,237	9,275
6.01.02.01	Trade accounts receivable	-2,374	5,994
6.01.02.02	Inventories	-11,474	-8,579
6.01.02.03	Changes in other current assets	171	1,313
6.01.02.04	Taxes recoverable	-1,516	465
6.01.02.05	Judicial deposits	904	-518
6.01.02.07	Trade accounts payable	33,513	18,840
6.01.02.08	Labor liabilities	-4,519	-2,831
6.01.02.09	Tax and social liabilities	-6,304	-5,615
6.01.02.10	Other liabilities	-164	206
6.01.03	Other	-3,663	0
6.01.03.01	Payment of income and social contribution taxes	-3,663	0
6.02	Net cash used in investing activities	-22,360	-15,986
6.02.01	Additions to PP&E and intangible assets	-11,227	-17,337
6.02.02	Short-term investments	-82,139	-69,420
6.02.03	Redemption of short-term investments	71,006	70,771
6.03	Net cash from financing activities	-15,163	-15,528
6.03.01	Loans raised	2,080	0
6.03.02	Payment of loans	-8,294	-7,293
6.03.04	Interest on equity	-8,945	0
6.03.05	Distribution of profits	0	-8,209
6.03.06	Receivables from (payables to) shareholders	-4	-26
6.05	Increase (decrease) in cash and cash equivalents	-3,091	-9,315
6.05.01	Cash and cash equivalents at beginning of period	11,518	15,528
6.05.02	Cash and cash equivalents at end of period	8,427	6,213

Consolidated Financial Statements / Statement of Changes in Equity - SCE - 01/01/2013 to 03/31/2013

(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, options granted and Treasury shares	Income reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity	Non controlling interest	Consolidated Equity
5.01	Opening balances	106,857	173,498	173,544	0	0	453,899	0	453,899
5.03	Adjusted opening balances	106,857	173,498	173,544	0	0	453,899	0	453,899
5.04	Capital transactions with shareholders	0	340	0	0	0	340	0	340
5.04.03	Recognized options granted	0	340	0	0	0	340	0	340
5.05	Total comprehensive income	0	0	0	19,366	0	19,366	0	19,366
5.05.01	Net income for the period	0	0	0	19,366	0	19,366	0	19,366
5.07	Closing balances	106,857	173,838	173,544	19,366	0	473,605	0	473,605

Consolidated Financial Statements / Statement of Changes in Equity - SCE - 01/01/2012 to 03/31/2012

(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	Non controlling interest	Consolidated Equity
5.01	Opening balances	40,917	237,723	105,407	0	0	384,047	0	384,047
5.03	Adjusted opening balances	40,917	237,723	105,407	0	0	384,047	0	384,047
5.04	Capital transactions with shareholders	65,000	-65,000	0	0	0	0	0	0
5.04.01	Capital increases	65,000	-65,000	0	0	0	0	0	0
5.05	Total comprehensive income	0	0	0	10,852	0	10,852	0	10,852
5.05.01	Net income for the period	0	0	0	10,852	0	10,852	0	10,852
5.07	Closing balances	105,917	172,723	105,407	10,852	0	394,899	0	394,899

Consolidated Financial Statements / Statement of Value Added

(In thousands of reais)

Account code	Account description	Accumulated in current year 01/01/2013 to 03/31/2013	Accumulated in prior year 01/01/2012 to 03/31/2012
7.01	Revenues	246,276	200,500
7.01.01	Sales of goods, products and services	246,156	200,500
7.01.04	Set up/reversal of allowance for doubtful accounts	120	0
7.02	Inputs acquired from third parties	-164,118	-134,489
7.02.01	Costs of sales and services	-128,996	-106,247
7.02.02	Materials, energy, third-party services and other expenses	-33,962	-26,471
7.02.04	Other	-1,160	-1,771
7.03	Gross value added	82,158	66,011
7.04	Retentions	-2,585	-1,417
7.04.01	Depreciation, amortization and depletion	-2,585	-1,417
7.05	Net value added produced	79,573	64,594
7.06	Value added received in transfer	5,772	-1,275
7.06.02	Financial income	5,377	5,374
7.06.03	Other	395	-6,649
7.07	Total value added to be distributed	85,345	63,319
7.08	Distribution of value added	85,345	63,319
7.08.01	Personnel expenses	24,115	19,852
7.08.01.01	Direct compensation	19,042	15,856
7.08.01.02	Benefits	2,236	1,793
7.08.01.03	Government Severance and Indemnity Fund for Employee (FGTS)	1,611	1,345
7.08.01.04	Other	1,226	858
7.08.01.04.01	Employees' profit sharing	-199	188
7.08.01.04.02	Other	1,085	670
7.08.01.04.03	Stock option plan	340	0
7.08.02	Taxes, charges and contributions	30,645	23,993
7.08.02.01	Federal	23,004	15,187
7.08.02.02	State	7,376	8,619
7.08.02.03	Municipal	265	187
7.08.03	Debt remuneration	11,219	8,622
7.08.03.01	Interest	1,343	414
7.08.03.02	Rent	7,882	5,633
7.08.03.03	Other	1,994	2,575
7.08.04	Equity remuneration	19,366	10,852
7.08.04.03	Retained earnings (accumulated losses) for the period	19,366	10,852

2. Company Overview

About Arezzo&Co

Arezzo Indústria e Comércio S.A. (“Company” or “Arezzo&Co”) is the leading Company in women's footwear sector. With 40 years of history, the Company produces over eight 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, department stores and web commerce. By the end of the 1Q13, Arezzo&Co Brazilian chain comprised 343 franchises, 57 owned-stores and more than 2,441 multi-brand retail stores.

AREZZO

Founded in 1972 by brothers Anderson and Jefferson Birman, the brand, is top of mind among the Brazilian footwear consumers, and it’s one of the favorites in this sector and most widely consumed in Brazil. The brand has a trendy positioning, gathering concept, high quality, contemporary design, and customer satisfaction. It’s reference in the launching of trends in the country, and launches 7 to 9 collections per year. It’s always present in editorials of the most prestigious magazines, newspapers and websites in Brazil, as fast fashion reference in footwear, handbags and accessories.

SCHUTZ

The brand invests significantly in research trends, material development and technology for the creation of its portfolio. Schutz’ s mission is to offer its audience a product concept connected to design, quality, fashion and freedom of expression. The result is collections designed to reflect the spirit of contemporary young women which impacts, is irreverent and has its own style. Calls to dare, to seek the different, to challenge what is consensus.

Alexandre Birman

The brand Alexandre Birman is a benchmark for Brazilian women's footwear brands sharing space with the biggest names in fashion renowned retail chains in different regions of the world, such as North America, Europe and Asia. The brand is marked by the concept of exclusivity and sophistication, has great recognition abroad, enabling Alexandre Birman to win the prize Vivian Infantino Emerging Talent Award, as a talent in shoes creation in 2009 (the award is recognized as the Oscar of the International Shoe Industry).

ANACAPRI

Founded in November, 2008, with the same name of Anacapri city, the brand has been continuously consolidating its communication and distribution strategy successfully in the Brazilian Market. Its concept seeks for the evaluation of comfort and the offering of shoes in a variety of materials and colors for a more affordable price, presenting a more casual concept of shoes without hills and destined to a pop audience.

Summary of Results	1Q12	1Q13	Growth ou spread (%)
Net Revenues	161,361	201,039	24.6%
Gross Profit	67,173	89,433	33.1%
Grosss Margin	41.6%	44.5%	2.9 p.p.
EBITDA [1]	14,668	28,636	95.2%
Ebitda Margin	9.1%	14.2%	5.1 p.p.
Net Income	10,852	19,366	78.5%
Net Margin	6.7%	9.6%	2.9 p.p.

Indicadores Operacionais	1Q12	1Q13	Growth ou spread (%)
# of pairs sold ('000)	1,713	2,110	23.2%
# of handbags sold ('000)	105	141	34.3%
# of employees	1,952	2,105	7.8%
# of stores *	345	400	15.9%
Owned Stores	46	57	23.9%
Franchises	299	343	14.7%
Outsorcing (as % os total production)	86.0%	90.0%	4.0 p.p
SSS [2] Sell-in (franchises)	6.5%	8.3%	1.8 p.p.
SSS [2] Sell-out (owned stores + franchises)	n/a	6.7%	n/a

* Including international stores

1- EBITDA = Earnings before interest, income tax and social contribution on net income, depreciation and amortization. EBITDA is not a measure used in accounting practices adopted in Brazil (BR GAAP), does not represent cash flow for the periods presented and should not be considered as an alternative to net income, as an indicator of operating performance, or as an alternative to cash flow as an indicator of liquidity. EBITDA does not have a standardized meaning and Arezzo&Co's EBITDA definition may not be comparable to adjusted EBITDA of other companies. While EBITDA does not provide, in accordance with the accounting practices adopted in Brazil, a measure of operating cash flows, management uses it to measure operating performance. Additionally, The company believes that certain investors and financial analysts use EBITDA as an indicator of operating performance for a company and/ or its cash flow.

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

Gross Revenue	1Q12	Part%	1Q13	Part%	Growth or spread%
Total Gross Revenue	**208,830**		**257,451**		**23.3%**
Exports market	**7,545**	**3.6%**	**15,915**	**6.2%**	**110.9%**
Domestic Market	**201,285**	**96.4%**	**241,536**	**93.8%**	**20.0%**
By brand					
Arezzo	*130,226*	*64.7%*	*150,719*	*62.4%*	*15.7%*
Schutz	*63,066*	*31.3%*	*78,976*	*32.7%*	*25.2%*
Other brands [1]	*7,993*	*4.0%*	*11,841*	*4.9%*	*48.1%*
By channel					
Franchises	*97,553*	*48.5%*	*116,904*	*48.4%*	*19.8%*
Multibrand stores	*55,725*	*27.7%*	*59,967*	*24.8%*	*7.6%*
Owned Stores [2]	*44,474*	*22.1%*	*61,412*	*25.4%*	*38.1%*
Others [3]	*3,533*	*1.7%*	*3,253*	*1.4%*	*-7.9%*

(1) Includes only domestic markets for Anacapri and Alexandre Birman brands.
(2) Owned Stores: includes Web Commerce sales channel.
(3) Includes domestic market revenues that are not specific for distribution channels.

Brands

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

The first quarter of the year is marked by clearance sales of the summer collection, which are held between January and February, and this year they posted a healthy performance. At the beginning of March the stores started displaying the new winter collection, which was well received by shoppers. All the domestic network points of sales simultaneously received new merchandising materials and products, and marketing campaigns were developed and delivered in parallel, in a variety of vehicles and media.

The Arezzo brand recorded gross revenue of R$150.7 million in 1Q13, a 15.7% increase compared to 1Q12, accounting for 62.4% of total domestic sales. An important milestone in 1Q13 was the expansion of the Arezzo store in São Paulo's Iguatemi Shopping Mall, with a new architectural project, named Contemporary. The project offers an improved shopping experience and a 60% increase in products on display in the same sales area.

The Schutz brand grew by 25.2% in 1Q13 against 1Q12, with gross revenue reaching R$79.0 million, or 32.7% of domestic market sales. This growth is due to the major expansion process started in 3Q11, with 29 stores openings and 3 stores expansions in the last 12 months. Investment in digital marketing showed returns above expectations, and web commerce continues to take pride of being the network's best-selling store, with a strong growth in 1Q13, and reaching R$5.2 million in revenues in the period.

The Anacapri brand continues to grow strongly, leveraged mainly by deliveries of the Multi-brand channel distributed more evenly throughout the quarter, by the good performance of Couromoda and a healthy clearance sale in Owned Stores. In line with the strategy for reinforcing the brand's strategy, it continues to invest in digital media campaigns, product development and the new concept for store layout.

The Alexandre Birman brand continues to boost its international presence, and has been mentioned in specialist fashion media as one of the brands with the capacity to take advantage of worldwide growth in the luxury footwear market. In 1Q13 the brand hosted international events with opinion-makers in order to increase brand visibility. The new collection was launched at the Paris Fashion Week at a press showing, which was attended by fashion editors and world famous celebrities.

Channels

Mono-brands – Franchises and Owned Stores

In line with Arezzo&Co´s strategic view of higher focus on sell-out, starting in 1Q13 the Company will report results of franchises and owned stores in a single session, named Mono-brands. After sucessfully integrating franchises and owned stores in a single system, assuring better information synchronism, the Company reinforces its focus on reading and fast action based on sell out data, always aiming to have the right product, at the right time, in the right place.

With the opening of 55 stores in the last 12 months, 1Q13 ended with 400 mono-brand stores in Brazil and overseas, 339 of them under the Arezzo brand, 51 Schutz, 8 Anacapri and 2 Alexandre Birman. The Mono-brand Stores accounted for 73.8% of domestic sales in 1Q13, compared with 70.6% in 1Q12.

The growth of the mono-brand stores revenues was 25.6% in 1Q13 compared to 1Q12, mainly due to an increase of 20.7% in sales area and, in particular, the owned stores channel grew 38.1%, with the opening and expansion of 11 Schutz brand stores in the last 12 months.

Same stores sales for the sell-out (Owned Stores + Franchises) showed an increase of 6.7% in 1Q13 when compared to 1Q12, due to the positive impact of the main brands on the indicator.

The Franchise channel is the group's main channel, with 343 stores in Brazil and overseas, of which 320 are Arezzo brand and 23 Schutz brand. This channel accounted for 48.4% of domestic sales in 1Q13, a 19.8% increase compared to 1Q12, due mainly to the opening of 22 Arezzo brand franchises and 21 Schutz brand franchises in the last 12 months, as a consequence of Schutz roll-out which began in 3Q11.

Sell-in sales, i.e. those made by Arezzo&Co to its franchisees, increased by 8.3% in the same Franchises (SSS – Franchises) in 1Q13 against 1Q12, due mainly to an increase in the volume of shoes and handbags.

History - Franchises and Owned Stores[1]	1Q12	2Q12	3Q12	4Q12	1Q13
Sales area [1,3] - Total (m²)	**22,085**	**23,112**	**24,531**	**26,543**	**26,659**
Sales area - franchises (m²)	17,331	18,005	19,125	20,646	20,731
Sales area - Owned stores[2] (m²)	4,754	5,107	5,406	5,897	5,928
Total number of domestic stores	**338**	**351**	**368**	**390**	**391**
# of franchises	**292**	**301**	**316**	**334**	**335**
Arezzo	290	295	300	311	312
Schutz	2	6	16	23	23
# of owned stores	**46**	**50**	**52**	**56**	**56**
Arezzo	18	19	19	19	19
Schutz	19	22	24	27	27
Alexandre Birman	1	1	2	2	2
Anacapri	8	8	7	8	8
Total number of international stores	**7**	**8**	**9**	**9**	**9**
# of franchises	7	8	8	8	8
# of owned stores	0	0	1	1	1

1. Includes areas in square meters of 9 international stores
2. Includes 5 outlet-type stores with a total area of 1,227 m2
3. Includes areas in square meters of stores expansion

Multi-brand

The Multi-brand channel's revenues increased 7.6% in 1Q13 over the same period for the previous year, due to its focus on increasing share of wallets and fortifying its brands, in particular Arezzo and Anacapri, compensating for the impact on the channel caused by the growth in Schutz brand franchises.

Because of more extensive capillarity throughout Brazil, the group's 4 brands went on to be distributed through 2,441 stores, which was 3,8% more than in the 1Q12, with presence in 1.152 cities.

Key financial indicators	1Q12	1Q13	Growth or spread%
Net revenues	161,361	201,039	24.6%
COGS	(94,188)	(111,606)	18.5%
Gross profit	67,173	89,433	33.1%
Gross margin	*41.6%*	*44.5%*	*2.9 p.p.*
SG&A	(53,922)	(63,382)	17.5%
% of Revenues	*-33.4%*	*-31.5%*	*1.9 p.p*
Selling expenses	(34,257)	(43,863)	28.0%
Owned stores	(15,499)	(22,337)	44.1%
Selling, logistics and supply	(18,758)	(21,526)	14.8%
General and administrative expenses	(11,599)	(17,329)	49.4%
Other operating revenues (expenses)[1]	(6,649)	395	n/a
Depreciation and amortization	(1,417)	(2,585)	82.4%
Ebitda	14,668	28,636	95.2%
Ebitda margin	*9.1%*	*14.2%*	*5.1 p.p.*
Net income	10,852	19,366	78.5%
Net margin	*6.7%*	*9.6%*	*2.9 p.p.*
Working capital[2] **- as % of revenues**	25.2%	24.6%	-0.6 p.p
Invested capital[3] **- as % of revenues**	32.9%	33.7%	0.8 p.p.
Total debt	30,844	87,880	184.9%
Net debt[4]	(135,897)	(125,426)	n/a
Net debt/EBITDA LTM	-1.2 X	-0.8 X	n/a

1 - Includes non-recurring expense in 1Q12 in Other Operating Revenues and Expenses: Arezzo&Co terminated its contract with Star Export Assessoria e Exportação Ltda. ("Star"), which had been providing technical support and advice services for procurement and inspection of independent factories and workshops contracted to make products. As part of the termination, a payment of R$ 8 million was made and Star signed a five-year non-compete agreement. On the same date, a contract was signed with another company that has the same technical capability, providing the same type of services on special commercial terms to reduce costs while maintaining the same quality of services.
2 - Working Capital: current assets minus cash, cash equivalents and marketable securities less current liabilities minus loans and financing and dividends payable.
3 - Invested capital: working capital plus fixed assets and other long-term assets less income tax and deferred social contribution.
4 - Net debt is equal to total interest-bearing debt position at the end of a period less cash and cash equivalents and short-term financial investments.

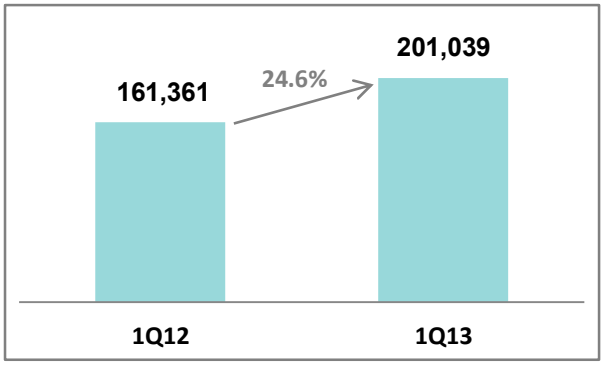
Net revenue

The Company's net revenue totaled R$201.0 million in this quarter, a 24.6% growth over 1Q12. Some of the primary factors leading to this growth are:

i) 20.7% expansion in sales area compared with 1Q12. Owned stores area increased by 24.7%, and franchises area by 19.6%;

ii) Same stores sales sell-in grew by 8.3% in the Franchises channel and the sell out increased 6,7%;

iii) Strong growth in all channels, with the 38.1% increase achieved by the Owned Stores channel being especially of note.

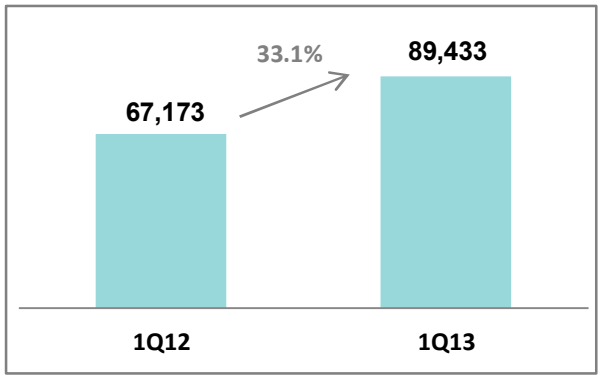


Gross profit

Gross profit in 1Q13 increased by 33.1% against 1Q12, totaling R$89.4 million with a gross margin of 44.5%.

The increase in gross profit for the quarter reflects especially the 24.6% growth in revenues.

Gross margin in 1Q13 was 2.9 percentage points higher than in the same period of the previous year, reflecting the greater share of owned stores in the distribution channel mix for the quarter.



SG&A

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

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

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

In 1Q13, selling expenses increased 28.0% against 1Q12, reaching R$43.9 million for the quarter against R$34.3 million in the same period of the previous year. The increase derives mainly from higher expenses with owned stores, reaching R$22.3 million, an increase of 44.1% against the same period of the previous year, while the channel sales increased 38.1% in the 1Q13. The expenses related to the strategy for fortifying brands through marketing investments, promoting the Web Commerce, and investments in owned stores personnel also contributed to the increase in expenses.

Selling, logistics and supply expenses totaled R$21.5 million, a 14.8% rise against 1Q12, in line with the increase in sell in revenues in the period.

General and Administrative Expenses

In 1Q13, general and administrative expenses amounted to R$17.3 million against R$11.6 million in the same quarter of the previous year, a 49.4% rise, related to greater expenditure on research and development for new products, and an addition to the contingencies provision of R$1.5 million during the quarter. Additionally, due to the organization of the new headquarter and inclusion of the samples team under the R&D department, there was a R$1.4 million impact in general and administrative expenses, previously allocated at COGS, when compared with 1Q12.

Other operating revenues (expenses)

In 1Q13, the Company showed R$395 thousand in other operating revenues compared with R$6.6 million in 1Q12. In 1Q12, as published, a non-recurring amount of R$8 million was expensed due to a contract termination with a supply agent.

EBITDA and EBITDA margin

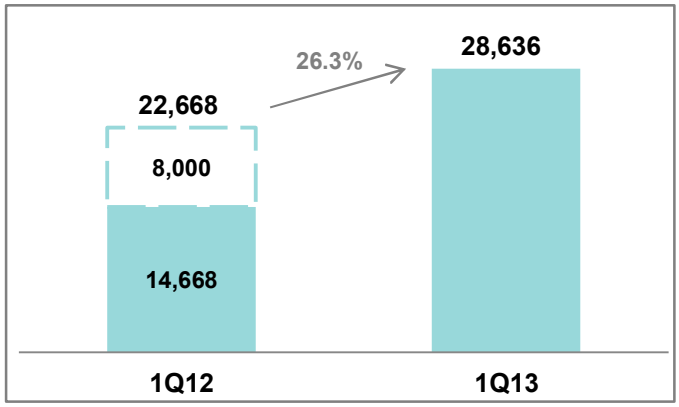
The Company's EBITDA grew 95.2% in 1Q13 compared to 1Q12, totaling R$28.6 million. EBITDA margin in 1Q13 was 14.2% against 9.1% in 1Q12. The primary factors leading to the EBITDA growth in this quarter were:

i) Increase in Net Revenue by 24.6%;

ii) Expansion of 2.9 percentage points in Gross Margin;

iii) Non-recurring expense of R$8 million in 1Q12.

Without the non-recurring effect in 1Q12, EBITDA for 1Q13 would have grown 26.3% in relation to 1Q12, with the margin increasing by 0.2 percentage points.



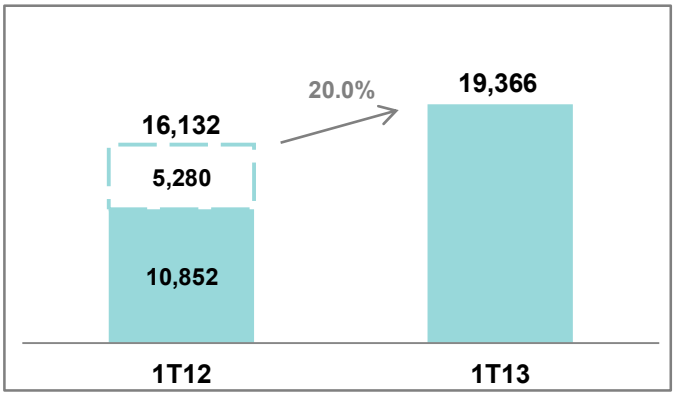
EBITDA Reconciliation	1Q12	1Q13
Net income	10,852	19,366
(-) Income tax and social contribution	(4,784)	(8,725)
(-) Financial results	2,385	2,040
(-) Depreciation and amortization	(1,417)	(2,585)
(=) EBITDA	14,668	28,636

Net income and net margin (%)

The Company maintained a high EBITDA (14.2% margin in 1Q13) to Net Income (9.6% margin in 1Q13) ratio, which is due to reduced capital investment in property, plant and equipment and, consequently, low depreciation.

Net Profit in 1Q13 totaled R$19.4 million against R$10.9 million in 1Q12, an increase of 78.5%

Due to higher capex, depreciation expenses increased R$1.2 million in 1Q13 in comparison to 1Q12. Income tax and social contribution increased in 1Q13 over 1Q12 in line with operating profit growth.



Excluding the non-recurring effect in 1Q12, net profit would have grown 20.0% compared with the same period of the previous year.

Operating Cash Flow

Arezzo&Co generated R$34.4 million in operating cash in 1Q13, 55.1% more than in 1Q12, primarily due to higher operating profit and lower working capital needs during the quarter, reflecting the business normal sazonality.

Operating Cash Flow	1Q12	1Q13	Var. (%)
Income before income tax and social contribution	**15,636**	**28,091**	**79.7%**
Depreciation and amortization	**1,417**	**2,585**	**82.4%**
Other	**(4,129)**	**(818)**	**-80.2%**
Decrease (increase) in current assets / liabilities	**9,975**	**7,899**	**-20.8%**
Trade accounts receivables	5,994	(2,374)	n/a
Inventories	(8,579)	(11,474)	33.7%
Suppliers	18,840	33,513	77.9%
Change in other current assets and liabilities	(6,280)	(11,766)	87.4%
Change in other noncurrent assets and liabilities	**(700)**	**338**	**n/a**
Payment of income tax and social contribution	**-**	**(3,663)**	**n/a**
Net cash flow generated by operational activities	**22,199**	**34,432**	**55.1%**

Investments - Capex

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

Total Capex in 1Q13 decreased 35.2% compared to 1Q12, primarily due to lower investment in owned stores. In 1Q13 the Company refurbished some stores, including the Arezzo store in São Paulo's Iguatemi Shopping Mall, which was also expanded, while acquired one business site for a future store opening. Growth in corporate investment reflects more spending on IT during the quarter.

Summary of investments	1Q12	1Q13	Var. (%)
Total capex	**17,337**	**11,227**	**-35.2%**
Stores - expansion and refurbishing	13,578	2,388	-82.4%
Corporate	3,553	8,032	126.1%
Other	206	807	291.7%

Cash position and Indebtedness

The Company ended 1Q13 with R$125.4 million in net cash. Indebtedness policy remained conservative, with the following primary characteristics:

- Total indebtedness of R$87.9 million in 1Q13 against R$30.8 million in 1Q12;
- Long-term indebtedness of 53.1% of total debt in 1Q13, against 54.4% in 1Q12;
- The Company's weighted average cost of total debt in 1Q13 remained very low.

Cash position and Indebtedness	1Q12	4Q12	1Q13
Cash and cash equivalents and financial investments	**166,741**	**202,154**	**213,306**
Total debt	30,844	94,084	87,880
Short term	14,059	42,843	41,226
% total debt	45.6%	45.5%	46.9%
Long-term	16,785	51,241	46,654
% total debt	54.4%	54.5%	53.1%
Net debt	**(135,897)**	**(108,070)**	**(125,426)**

ROIC (Return on Invested Capital)

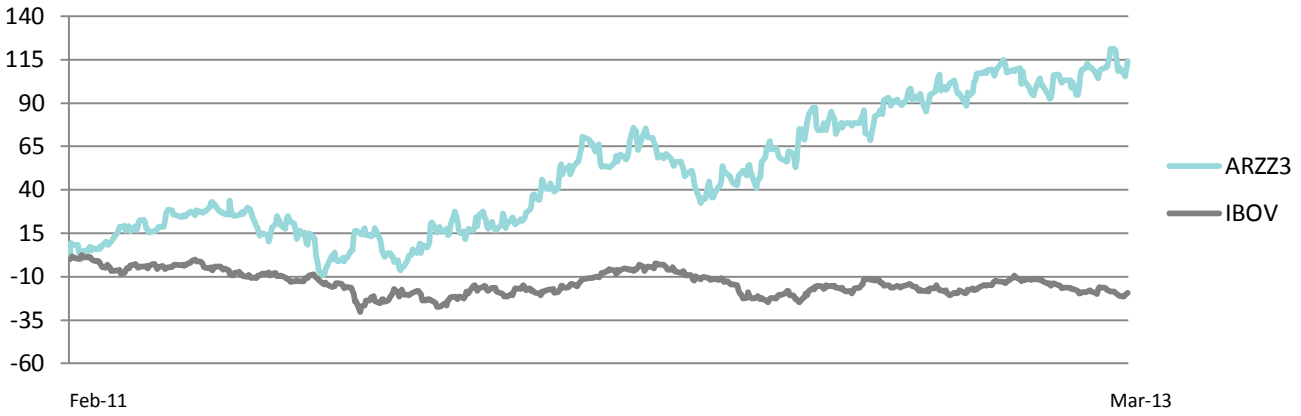
In line with the Company's strategic direction, levels of investment in Capital Employed during 1Q13 are greater than those in the previous year, especially due to the opening of Owned Stores in 2012. Return on Invested Capital (ROIC) was 33.1% in 1Q13 against 32.5% in 1Q12, which reflects the Company's increased operating profit.

Income from operations	1Q11	1Q12	1Q13	Growth (%)
EBIT (LTM)	95,989	107,066	141,005	31.7%
+ IR and CS (LTM)	(26,092)	(32,030)	(40,571)	26.7%
NOPAT	**69,897**	**75,036**	**100,434**	**33.8%**
Working Capital [1]	154,148	176,637	221,069	25.2%
Permanent assets	38,952	76,940	116,901	51.9%
Other long-term assets [2]	7,585	7,423	7,650	3.1%
Invested capital	**200,685**	**261,000**	**345,620**	**32.4%**
Average invested capital [3]		**230,843**	**303,310**	**31.4%**
ROIC [4]		**32.5%**	**33.1%**	

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

5. Capital Market and Corporate Governance

As of March 31, 2013 the Company's Market capitalization amounted to R$3.6 bn (stock price R$40.69), 3% over 2012.



Arezzo&Co	
Listing	88,587,469
Ticker	ARZZ3
Listing	2/2/2011
Share Price (12/28/2012)	40.69
Market Cap	3,604,624,114
Performance	
2011[1]	20%
2012[2]	73%
2013[3]	3%

(1) From 02/02/2011 to 12/29/2011
(2) From 12/29/2011 to 12/28/2012
(3) From 12/28/2012 to 03/28/2013

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

Projected payments [3]:

Reference date	Payment date	Interest on equity (R$)	Gross amount by ordinary share (R$)
6/28/2013	7/31/2013	8,858,746.90	0.10
12/27/2013	1/31/2014	8,858,746.90	0.10

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

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

6. Independent Auditors

Arezzo&Co's financial statements related to the quarter ended on March 31st, 2013 were audited 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.

7. 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

8. Officer's Statement with regard to the Financial Statements

The Officers of Arezzo Indústria e Comércio S.A. state to have reviewed, discussed and agreed upon the Independent auditors' report and financial statements for the quarter ended on March 31st, 2013, according and pursuant to CVM Normative Instruction No. 480/09.

Disclaimer

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

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

Notes to financial statements

1. Company information

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

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

At March 31, 2013, the Company held 335 franchises in Brazil and 8 abroad, 56 own brand stores across Brazil and 1 own brand store abroad, in addition to a web commerce channel to sell Schutz- and Ana Capir-branded products. The franchise system is controlled by Arezzo, and its own brand stores form part of its subsidiaries.

The footwear industry, due to its characteristics, can present variations in sales volume throughout the year, given that a higher volume is expected in the second half of every year. The Company's operations, according to the management's opinion, are not affected by these effects, so that no additional disclosures or information are necessary.

The Company's subsidiaries included in the consolidated interim financial statements are the following:

ZZAB Comércio de Calçados Ltda. ("ZZAB")

ZZAB is engaged in the retail sale of footwear, bags and belts. It has stores in operation in the cities of São Paulo, Brasília, Porto Alegre, Belo Horizonte and Curitiba. On January 2, 2012, ZZAB merged ZZARIO Comércio de Calçados Ltda. and ZZCAPRI Comércio de Calçados Ltda.

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

ZZSAP is engaged in the manufacturing and sale of leather shoes, bags, and belts, footwear components, articles of clothing, fashion accessories, as well as import and export of these products.

Arezzo & Co. International ("Arezzo Int.")

Arezzo Int., formerly named Schutz International Corporation, a Miami, US based company, is engaged in the sale of footwear and business intermediation. Arezzo Int. was merged by ARZZ LLC on August 17, 2012.

Notes to financial statements

1. Company information (Continued)

ARZZ International Inc. ("ARZZ Inc.")

ARZZ Inc. was set up on August 1, 2012, a Delaware, US based company engaged in the sale of footwear and business intermediation. ARZZ Inc. holds direct interest in ARZZ LLC and Schutz 655 LLC.

ARZZ LLC

ARZZ LLC was set up on August 1, 2012, a Delaware, US based company engaged in the sale of footwear and business intermediation. On August 17, 2012, ARZZ LLC merged Arezzo & Co. International ("Arezzo Int.").

Schutz 655 LLC

Schutz 655 LLC was set up on August 1, 2012, a Delaware, US based company engaged in the retail sale of footwear, bags and belts.

ZZARIO Comércio de Calçados Ltda. ("ZZARIO")

Set up in September 2008, ZZARIO is engaged in the retail sale of footwear, bags and belts. ZZARIO was merged by ZZAB on January 2, 2012.

ZZCAPRI Comércio de Calçados Ltda. ("ZZCAPRI")

Set up in November 2008, ZZCAPRI is engaged in the retail sale of footwear, bags and belts. ZZCAPRI was merged by ZZAB on January 2, 2012.

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

Set up in November 2008, ZZAF is engaged in the sale of leather shoes, bags, and belts, footwear components, articles of clothing, fashion accessories, as well as import and export of these products. ZZAF was merged by Arezzo on February 1, 2012.

Notes to financial statements

1. Company information (Continued)

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

Acquired on July 21, 2008, Shoes For U is engaged in the retail sale of footwear, bags, belts and accessories. The operations of Shoes For U were suspended since May 28, 2010. This Company was merged by Arezzo on February 1, 2012.

Corporate reorganization

On January 2, 2012, subsidiary ZZAB Comércio de Calçados Ltda. merged ZZARIO Comércio de Calçados Ltda. and ZZCAPRI Comércio de Calçados Ltda., also subsidiaries of the Company, according to the Rationale for the Merger document approved at December 31, 2011.

On January 31, 2012, the Company approved the merger of the following subsidiaries: Allmaness Calçados Ltda., Shoes For U Comércio de Calçados e Acessórios Ltda., Schutz Shoes Design Comércio de Calçados Ltda. and ZZAF Indústria e Comércio de Calçados Ltda.

Arezzo & Co International was merged by ARZZ LLC on August 17, 2012.

These mergers aimed at streamlining administrative activities. They were performed at book value, do not affect the Company's operating activities and had no impact on Company's interim financial statements.

Notes to financial statements

1. Company information (Continued)

Corporate restructuring (Continued)

ZZAF, Allmaness, Shoes for U and Schutz Shoes equity was evaluated at January 31, 2012, based on its book value, according to the Accounting Valuation Report for Merger Purposes issued by a specialized independent firm. Net assets evaluated at book value are as follows:

	Shoes For U	Allmaness	Schutz Shoes	ZZAF	Total
Current assets					
Cash and banks	-	3	-	45	**48**
Short-term investments	-	125	-	-	**125**
Accounts receivable	-	-	-	577	**577**
Inventories	-	-	-	3,343	**3,343**
Taxes recoverable	-	21	-	602	**623**
Other receivables	28	-	1	67	**96**
Total current assets	**28**	**149**	**1**	**4,634**	**4,812**
Noncurrent assets					
Transactions with related parties	122	-	-	-	**122**
Other receivables	-	-	15	-	**15**
	122	**-**	**15**	**-**	**137**
Property, plant and equipment, net	-	17	575	139	**731**
Intangible assets	-	-	2	5	**7**
Total noncurrent assets	**122**	**17**	**592**	**144**	**875**
Total assets merged	**150**	**166**	**593**	**4,778**	**5,687**

	Shoes For U	Allmaness	Schutz Shoes	ZZAF	Total
Current liabilities					
Trade accounts payable	146	-	-	100	**246**
Tax and social liabilities	2	-	3	21	**26**
Labor liabilities	-	-	-	348	**348**
Other accounts payables	-	-	-	40	**40**
Total current liabilities	**148**	**-**	**3**	**509**	**660**
Noncurrent liabilities					
Transactions with related parties	1	-	1	505	**507**
Provisions for risks	-	-	82	22	**104**
Total noncurrent liabilities	**1**	**-**	**83**	**527**	**611**
Total liabilities assumed	**149**	**-**	**86**	**1,036**	**1,271**
Net assets incorporated	**1**	**166**	**507**	**3,742**	**4,416**

2. Summary of significant accounting practices

2.1 Basis of preparation and presentation of financial statements

The individual and consolidated interim financial statements were prepared for the quarter ended March 31, 2013 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 Accounting Standards Committee ("CPC"), as well as under CPC 21 (R1) - Interim Financial Reporting.

The consolidated interim financial statements for the quarter ended March 31, 2013 were also prepared in accordance with International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board (IASB), and in accordance with IAS 34 - Interim Financial Reporting.

Upon preparing these interim financial statements, the Company adopted the same accounting practices and calculations methods used in the consolidated financial statements as at December 31, 2012. It adopted all standards, revised standards and interpretations issued by the CPC, by IASB and other standard-setters, in force as at March 31, 2013.

The interim financial statements were prepared under historical cost convention, except for certain assets and liabilities classified as financial instruments, which are 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 reported in the interim financial statements due to uncertainties inherent in the estimate process. The Company reviews its estimates and assumptions periodically, at least on an annual basis.

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 quarter ended March 31, 2013 were authorized in a board meeting held on April 22, 2013.

2. Summary of significant accounting practices (Continued)

2.2 Basis of consolidation

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

Subsidiaries	Total ownership interest - %			
	03/31/2013		12/31/2012	
	Direct	Indirect	Direct	Indirect
ZZAB Comércio de Calçados Ltda.	**99.99**	**-**	**99.99**	**-**
ZZSAP Indústria e Comércio de Calçados Ltda.	**99.99**	**-**	**99.99**	**-**
ARZZ International INC.	**100.00**	**-**	**100.00**	**-**
ARZZ LLC	**-**	**100.00**	**-**	**100.00**
Schutz 655 LLC	**-**	**100.00**	**-**	**100.00**

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

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

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

2. Summary of significant accounting practices (Continued)

2.3 Functional currency

The consolidated interim financial statements are presented in Brazilian Reais (R$), which is the Company's functional currency. Each subsidiary determines its functional currency and financial statements for entities using functional currency other than the Brazilian Real are translated into reais at the balance sheet date.

2.4 Transactions and balances denominated in foreign currency

Transactions in foreign currency are initially recorded at the functional currency rate prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currency are retranslated into reais at the functional currency rate prevailing at the balance sheet date. Currency translation differences are recognized in the income statement.

2.5 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 at fair value of the consideration received, net of sales discounts, rebates, and related taxes or charges. 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 must also be met 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.

Royalty income

Royalty income is recognized on an accrual basis, based on the nature of applicable contracts.

2. Summary of significant accounting practices (Continued)

2.5 Revenue recognition (Continued)

Interest income

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as available for sale, interest income or expense is recognized using the effective interest rate method, which exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument or, where 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.

2.6 Cash and cash equivalents

These include cash, banks, and short-term investments redeemable within 90 days from the respective transaction dates, subject to an insignificant risk of changes in value. Short-term investments included in cash and cash equivalents are mostly classified as “financial assets measured at fair value through profit or loss”.

2.7 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 and are stated at amortized cost, and foreign market trade accounts receivable are restated at the exchange rates prevailing at 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 noncurrent 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. Summary of significant accounting practices (Continued)

2.8 Inventories

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

Raw materials - acquisition cost based on average cost.

Finished products or work-in-process - cost of direct materials and labor and proportional indirect overhead based on normal operating capacity.

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

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

2.9 Investments in subsidiary

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

Based on the equity method, investments in subsidiaries are recorded in the Company's balance sheets at cost, plus changes after acquisition of ownership interest in the referred to subsidiary.

The interest held in a subsidiary is stated in the income statement of the Company as equity pickup, representing the net income attributable to the Company's shareholders.

After the equity method is applied for disclosure of the Company's interim financial statements, the Company determines whether it is necessary to recognize additional impairment losses on its investments in subsidiary. The Company determines, at every balance sheet date, whether there is objective evidence that the investments in subsidiaries had impairment losses. 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. Summary of significant accounting practices (Continued)

2.10 Property, plant and equipment

These are stated at acquisition or buildup 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
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

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses, if any, arising therefrom are the difference between the net disposal proceeds and the carrying amount of the asset, and are classified in the income statement for the year in which the asset is derecognized.

During the quarter, 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.

Net book value and useful lives of assets and depreciation methods are reviewed at year end, and adjusted prospectively, when applicable.

2.11 Intangible assets

Intangible assets acquired separately are measured at cost upon their initial recognition. After initial recognition, intangible assets are presented at cost, less accumulated amortization and impairment.

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

The useful lives of intangible assets are assessed as either finite or indefinite.

2. Summary of significant accounting practices (Continued)

2.11 Intangible assets (Continued)

Finite intangible assets are amortized over their economic useful lives and are tested for impairment whenever there is any indication of impairment loss. The amortization period and method for an intangible asset with a finite useful life are reviewed at least at 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. Amortization of intangible assets with finite lives is recognized in the income statement as expense 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. Indefinite useful life assessment is reviewed annually to determine whether such assessment continues to be justified. Otherwise, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and classified in the income statement on disposal.

Research and development expenditures are recognized as expenses when incurred.

2.12 Impairment of non-financial assets

Management annually tests the net book value of the assets with a view to determining whether there are any events or changes in economic, operating or technological circumstances that may indicate impairment loss. 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.

2. Summary of significant accounting practices (Continued)

2.12 Impairment of non-financial assets (Continued)

In assessing an asset's value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the weighted average cost of capital for the industry where the cash-generating unit operates. Fair value less costs to sell is determined considering, whenever possible, 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 a firm sale contract, based on the observable market price in an active market, or on the price of the most recent transaction involving similar assets.

2.13 Present value adjustment of assets and liabilities

Noncurrent monetary assets and liabilities are adjusted to present value and so are current monetary assets and liabilities whenever the effects are considered significant on the overall interim financial statements.

The present value adjustment is calculated using contractual cash flows and the explicit interest rate, and in certain cases the implicit interest rate, of respective assets and liabilities. As such, the interest rates accrued on revenues, expenses and costs associated with these assets and liabilities are discounted with a view to recognizing them on an accrual basis. This interest is subsequently reallocated to financial income and expenses in P&L by using the effective interest rate method in relation to contractual cash flows.

The Company periodically assesses the effect of this procedure, and for the quarter ended March 31, 2013, it did not carry out long-term transactions (nor relevant short-term transactions) adjustable.

2.14 Provisions

General considerations

Provisions are recognized 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.

2. Summary of significant accounting practices (Continued)

2.14 Provisions (Continued)

Provisions for tax, civil and labor risks

The Company is a party to various legal and administrative proceedings. Provisions are recorded for all litigation contingencies, the settlement of which is likely to result in an outflow of economic benefits, in an amount that can be reliably estimated. Assessment of the likelihood of loss includes analysis of available evidence, hierarchy of laws, available case law, latest court decisions and their relevance in the legal system, as well as the opinion of external legal advisors. Provisions are revised and adjusted considering changes in existing circumstances, such as the applicable statute of limitations, tax audit conclusions, or additional exposures identified based on new court issues or rulings.

2.15 Taxation

Sales taxes

Revenues and expenses 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 stated with the amount of sales taxes; and
- when the net amount of sales taxes, recoverable or payable, is included as a component of amounts receivable or payable in the balance sheet.

2. Summary of significant accounting practices (Continued)

2.15 Taxation (Continued)

Sales taxes (Continued)

The Company sales and service revenues are subject to the following taxes and social contributions at the statutory rates as under:

	Rate
State Value Added Tax (ICMS)	7.00% to 19.00%
Contribution Tax on Gross Revenue for Social Security Financing (COFINS)	7.60%
Contribution Tax on Gross Revenue for Social Integration Program (PIS)	1.65%
Social Security Tax (INSS) (*)	1.00%
State Sales Tax	0% to 8.875%

(*) Pursuant to Law No. 12546, which addresses payroll tax relief, this tax is levied on revenues from subsidiary ZZSAP.

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

Current income and social contribution taxes

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 noncurrent assets, based on their 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 of 10% on taxable profit exceeding R$ 240 over 12 months, while social contribution is computed at 9% on taxable profit, both recognized on an accrual basis; As such, additions to book income, deriving from temporarily nondeductible expenses, or exclusions of temporarily non-taxable income, in the determination of current taxable profit, generate deferred tax assets or liabilities. Prepaid or recoverable taxes are stated under current or noncurrent assets according to their estimated realization.

2. Summary of significant accounting practices (Continued)

2.15 Taxation (Continued)

Current income and social contribution taxes (Continued)

Current income and social contribution taxes referring to items recognized directly in equity are also recognized in equity. Management assesses from time to time the tax position of situations in which tax regulation requires interpretation and establishes provisions when appropriate.

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 for all temporary differences, except:

- when the deferred tax liability arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination and, at transaction date, does not affect the book profit or income or loss for tax purposes; and

- on temporary differences related to investments in subsidiaries, when the period of reversal of temporary differences can be controlled and temporary differences are unlikely to be reversed in coming 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 the deferred tax asset related to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction other than a business combination and does not affect, at transaction date, the book profit or income or loss for tax purposes; and

2. Summary of significant accounting practices (Continued)

2.15 Taxation (Continued)

Deferred taxes (Continued)

- on deductible temporary differences concerning investments in subsidiaries, deferred tax assets are recognized only to the extent that temporary differences will likely be reversed in the near future and that there will be taxable profit available to allow the use of temporary differences.

The book value of deferred tax assets is reviewed at each balance sheet date and written off to the extent that it is no longer probable that taxable profit will be available to allow all or part of the deferred income tax asset to be used. Deferred tax assets written off are reviewed at each balance sheet date and are recognized to the extent that future taxable income is likely to allow deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates expected to be applied in the year in which the asset or liability will be realized or settled, based on the tax rates (and tax law) in force as 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 in which deferred tax was originated, in 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 asset against a tax liability, and the deferred taxes are related to the same taxed entity, subject to the same tax authority.

2. Summary of significant accounting practices (Continued)

2.16 Other employee benefits

The benefits granted to Company's 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 and stock option plan. These benefits are posted to the income statement for the year when the Company has a liability accounted for on an accrual basis, as incurred.

2.17 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).

Diluted earnings per share are also calculated by means of said average of outstanding shares, adjusted by instruments potentially convertible into shares, with dilution effect in the years presented.

2.18 Cash flow statements and statements of value added

Cash flow statements have been prepared by the indirect method and are presented in accordance with CPC 03 R2 (IAS 7) - Cash Flow Statements, 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 by the Company over the period and how it was distributed among the different stakeholders.

2. Summary of significant accounting practices (Continued)

2.19 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 to income statement for the year.

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

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

Subsequent measurement

Subsequent measurements of financial instruments occur at each balance sheet date according to their classification into the following categories of financial assets or liabilities: 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 held for trading and financial assets and liabilities initially measured at fair value through profit or loss. These are classified as held for trading when acquired to be sold in the near term.

2. Summary of significant accounting practices (Continued)

2.19 Financial instruments (Continued)

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

Loans and receivables

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

Loans and financing

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 when the liabilities are derecognized and through the amortization process under the effective interest rate method.

2.20 Derivative financial instruments

The Company uses Non-Deliverable Forwards (NDF) and Advances on Exchange Contracts ("ACCs") as its main financial instrument to hedge against risks related to volatility of exchange rates with sales of goods to the foreign market.

2. Summary of significant accounting practices (Continued)

2.20 Derivative financial instruments (Continued)

These instruments are contracted by establishing the amount of funds in dollar to be released in a future date at a fixed rate. In the period from the instrument contract date and the funds release date, the Company recognizes the market value of these instruments. 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 for the year, as financial income or expenses.

2.21 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 four brand names (Arezzo, Schutz, Alexandre Birman and Anacapri) and through different channels (own stores, franchises, multi-brand and e-commerce), however, they are not controlled and managed by management as a single business segment, and the results therefrom are followed up, monitored and analyzed in an integrated manner.

2.22 Leases

Finance leases which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalized at lease inception 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.

The leased assets are depreciated over their useful lives. However, when there is no reasonable guarantee that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of its estimated useful life 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.

2. Summary of significant accounting practices (Continued)

2.23 Share-based payment

On May 25, 2012, the Company set up a Stock Option Plan for officers, employees and service providers of the Company or of other companies under its control, which is managed by the Board of Directors. Details of this plan are provided in Note 33.

Cost of equity-settled transactions with employees is measured considering the fair value on the grant date. In order determine fair value, the Company uses an appropriate valuation method.

The cost of equity-settled transactions is recognized together with a corresponding increase in equity, during the period in which the performance and/or service conditions are met, ending on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of shares that will be acquired. The income or expense in the income statement for the period is recognized under "Personnel expenses" and represents the changes in accumulated expenses recognized at the beginning and end of that period.

2.24 Government grants

Government grants are recognized when there is reasonable certainty that the benefit will be received and that all the related conditions will be met. Whenever the benefit relates to an expense item, it is recognized as revenue throughout the benefit period, on a systematic basis in relation to the costs whose benefit offset is sought. Whenever the benefit relates to an asset, it is recognized as deferred revenue and posted to the income statement in equal amounts throughout the expected useful life of the corresponding asset.

3. Significant accounting judgments, estimates and assumptions

Judgments

The preparation of the Company's individual and consolidated interim financial statements requires management to make judgments, estimates and adopt assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, as well as the disclosure of contingent liabilities as of the interim financial statements. However, uncertainty about these assumptions and estimates could lead to results that would require a material 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 estimation uncertainty as at the balance sheet date, involving a significant risk that a material 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 cash-generating unit exceeds its recoverable amount, which is the higher of fair value less cost to sell and value in use. The calculation of fair value less cost to sell is based on information available on transactions for sale of similar assets or market prices less additional costs to dispose of the asset. The calculation of value in use is based on the discounted cash flow model. Cash flows arise from the budget from the next five years and do not include reorganization activities to which the Company has not yet committed or significant future investments that will improve the asset base of the cash-generating unit under test. The recoverable amount is sensitive to the discount rate used in the discounted cash flow method, as well as expected future cash receipts and growth rate used for extrapolation purposes.

3. Significant accounting judgments, estimates and assumptions (Continued)

Taxes

There are uncertainties regarding the interpretation of complex tax regulations, and the amount and timing of future taxable results. The Company sets up provisions, based on reliable estimates, for possible consequences from audits by tax authorities of the respective jurisdictions in which it operates. The amount of these provisions is based on various factors, such as past tax audit experience and differing interpretations of tax regulations by the taxpaying entity and by the relevant tax authority. These different interpretations may arise in a wide range of issues, depending on the conditions prevailing 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 the likely timing and the level of future taxable profits, together with future tax planning strategies.

The effective rate for the period of these interim financial statements is calculated based on the best estimate of the annual weighted average effective rate expected for the end of 2013. The Company does not expect any significant variations.

Fair value of financial instruments

When the fair value of financial assets and liabilities stated in the balance sheet cannot be derived from active markets, it 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 liquidity risk, credit risk and volatility. Changes in the assumptions about these factors could affect the reported fair value of financial instruments.

Transactions involving share-based payments

The Company measures the cost of transactions to be settled with shares based on the fair value of equity instruments on their granting date. Estimated fair value of share-based payments requires determination of the most appropriate valuation model for equity instrument granting purposes, which depends on the granting terms and conditions. This also requires determination of the most appropriate data and assumption for the valuation model, including expected life of the option, volatility and free-risk interest rate. The assumptions and models used to estimate fair value of share-based payments are disclosed in Note 33.

3. Significant accounting judgments, estimates and assumptions (Continued)

Provisions for tax, civil and labor risks

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 case laws, most recent court decisions and their significance in the underlying legal system, as well as the assessment of external legal advisors. Provisions are revised and adjusted considering changes in existing circumstances, such as the applicable statute of limitations, tax audit conclusions, or additional exposures identified based on new court issues or rulings.

The settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the interim financial statements due to inaccuracies inherent to their determination. The Company revises its estimates and assumptions at least once a quarter.

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

a) Standards issued but not yet in effective

Standards and interpretations issued by not yet effective on these interim financial statement date are as follows: This list of standards and interpretations issued includes those that the Company reasonably expects to have an impact on disclosures, financial position, or performance upon application thereof in the future. The Company intends to adopt these standards and interpretations, when they become effective, where applicable.

IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

These amendments explain the meaning of “currently have a legally enforceable right of set-off”. The amendments also explain the adoption of the offset criteria of IAS 32 for the settlement systems (such as the clearing house systems), which apply gross mechanisms of settlement that are not simultaneous. These amendments will not have an impact on the Company’s financial position, performance or disclosures effective for annual periods beginning on or after January 1, 2014.

4. IFRS pronouncements not yet effective at March 31, 2013 (Continued)

a) Standards issued but not yet in effective (Continued)

IFRS 9 Financial Instruments: *Classification and Measurement*

IFRS 9, as issued, reflects the first phase of the IASB project regarding the replacement of IAS 39 and is applicable to the classification and measurement of financial assets and liabilities, as set forth in IAS 39. Initially, this standard became effective for annual periods beginning on or after January 1, 2013; however, the amendments to IFRS 9 - IFRS 9 Effective Date and Disclosures for Transition, issued in December 2011, changed the compulsory effective date to January 1, 2015. In later stages, IASB shall approach the instrument hedging accounting and impairment of financial assets. The Company does not expect that such amendment causes an impact on its financial statements.

There are no other standards and interpretations issued but not yet adopted that may, in the opinion of management, significantly impact the Company's disclosed income statement or equity.

5. Cash and cash equivalents

	Company		Consolidated	
	03/31/2013	**12/31/2012**	**03/31/2013**	**12/31/2012**
Cash and cash equivalents	**6,395**	6,771	**8,427**	11,518
	6,395	6,771	**8,427**	11,518

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

6. Short-term investments

	Company		Consolidated	
	03/31/2013	**12/31/2012**	**03/31/2013**	**12/31/2012**
Current				
Fixed income (a)	**184,778**	167,288	**204,879**	190,636
Noncurrent assets				
Certificate accounts with lottery prizes	**-**	-	**178**	20
Total short-term investments	**184,778**	167,288	**205,057**	190,656

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

6. Short-term investments (Continued)

At March 31, 2013, average remuneration for the investment fund is 101.9% of the Interbank Deposit Certificate (CDI) rate. Fund assets are comprised of 10% of Financial Treasury Bills (LFT) and 87% are daily liquid assets.

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

At March 31, 2013 and December 31, 2012, the Company has no transactions pledged as collateral to financial institutions.

7. Trade accounts receivable

	Company		Consolidated	
	03/31/2013	**12/31/2012**	**03/31/2013**	**12/31/2012**
Trade notes - domestic customers	**138,859**	133,303	**142,287**	136,372
Trade notes - foreign customers	**27,649**	20,146	**34,063**	25,135
Trade notes - related parties (Note 12.a)	**31,106**	43,616	**-**	-
Checks	**3**	20	**192**	412
Credit card	**489**	2,738	**35,193**	47,441
	198,106	199,823	**211,735**	209,360
(-) Allowance for doubtful accounts	**(434)**	(434)	**(484)**	(604)
	197,672	199,389	**211,251**	208,756

The Company's sale policies are subordinate to the credit policies 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 - domestic customers".

Changes in the allowance for doubtful accounts are as follows:

	Company		Consolidated	
	03/31/2013	**12/31/2012**	**03/31/2013**	**12/31/2012**
Balance at beginning of period	**(434)**	(431)	**(604)**	(456)
Additions	**-**	(4)	**-**	(164)
Recoveries/ realization	**-**	1	**120**	16
Balance at end of period	**(434)**	(434)	**(484)**	(604)

7. Trade accounts receivable (Continued)

The aging list of trade accounts receivable is as follows:

	Company		Consolidated	
	03/31/2013	**12/31/2012**	**03/31/2013**	**12/31/2012**
Falling due	**194,086**	195,831	**207,666**	205,368
Overdue by 30 days	**810**	2,414	**810**	2,414
Overdue from 31 to 60 days	**628**	909	**628**	909
Overdue from 61 to 90 days	**1,889**	78	**1,889**	78
Overdue from 91 to 180 days	**237**	44	**237**	44
Overdue from 181 to 360 days	**21**	106	**21**	106
Overdue for more than 360 days	**435**	441	**484**	441
	198,106	199,823	**211,735**	209,360

Out of total trade accounts receivable, R$ 1,600 (R$ 1,600 as at December 31, 2012) were given in guarantee for surety bond transactions contracted with financial institutions.

8. Inventories

	Company		Consolidated	
	03/31/2013	**12/31/2012**	**03/31/2013**	**12/31/2012**
Raw material	**9,216**	9,272	**13,909**	14,983
Work-in-process	**-**	-	**6,541**	3,899
Finished goods	**22,644**	19,993	**60,296**	51,523
Advances to suppliers	**6,572**	4,919	**7,323**	6,189
(-) Provision for losses	**(588)**	(461)	**(588)**	(461)
	37,844	33,723	**87,481**	76,133

Raw materials are intended for 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 and bags for the formation of strategic stocks to enable immediate replacement to customers and for sale in own stores.

8. Inventories (Continued)

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

Changes in provision for losses are as follows:

	Company		Consolidated	
	03/31/2013	**12/31/2012**	**03/31/2013**	**12/31/2012**
Balance at beginning of period	**(461)**	(4)	**(461)**	(4)
Additions	**(127)**	(882)	**(127)**	(882)
Recoveries/realization	**-**	425	**-**	425
Balance at end of period	**(588)**	(461)	**(588)**	(461)

9. Taxes recoverable

	Company		Consolidated	
	03/31/2013	**12/31/2012**	**03/31/2013**	**12/31/2012**
State VAT (ICMS) recoverable	**2,615**	922	**3,584**	2,338
Prepaid IRPJ	**6,104**	6,104	**6,895**	6,895
Prepaid CSLL	**2,094**	2,094	**2,435**	2,435
Other	**440**	509	**3,260**	2,989
	11,253	9,629	**16,174**	14,657
Current	**10,876**	9,252	**15,797**	14,280
Noncurrent	**377**	377	**377**	377

Notes to financial statements

10. Other receivables

	Company		Consolidated	
	03/31/2013	**12/31/2012**	**03/31/2013**	**12/31/2012**
Prepaid expenses	**171**	115	**381**	297
Advances to employees	**48**	532	**225**	1,006
Advances to suppliers	**1,547**	755	**3,083**	2,627
Advances for business travel	**955**	923	**964**	929
Advance for advertising fund	**3,181**	2,825	**3,181**	2,825
Receivables from franchises	**2,493**	1,818	**4,511**	4,983
Other receivables	**160**	15	**300**	149
	8,555	6,983	**12,645**	12,816
Current	**7,435**	6,406	**11,525**	12,239
Noncurrent	**1,120**	577	**1,120**	577

Advance for advertising fund

In order to advertise and promote the Arezzo and Schutz Franchise Chain nationally, franchisees agree to allocate a percentage of their gross revenue from purchases to a national advertising funds known as “Arezzo Chain Cooperative Advertising and Promotion Fund” and “Schutz 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 and Schutz Franchise Chains, 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, the Company 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 bases on assets, liabilities and carrying amounts in the interim financial statements. The tax rates currently defined for calculation of deferred taxes are 25% for income tax and 9% for social contribution tax.

	Company		Consolidated	
	03/31/2013	**12/31/2012**	**03/31/2013**	**12/31/2012**
Tax credits - from merger (i)	**13,935**	13,935	**13,935**	13,935
(-) Tax amortization	**(13,470)**	(12,774)	**(13,470)**	(12,774)
Tax credits - from merger (ii)	**7,535**	7,535	**7,535**	7,535
(-) Tax amortization	**(4,898)**	(4,521)	**(4,898)**	(4,521)
Deferred income and social contribution taxes from merger	**3,102**	4,175	**3,102**	4,175
Deferred income and social contribution taxes on temporary differences (iii)	**3,195**	1,822	**4,905**	2,089
Total deferred income and social contribution taxes	**6,297**	5,997	**8,007**	6,264

(i) Goodwill due to the expectation of future profitability stems from the capital increase that BRICS Participações S.A. (BRICS) made in Arezzo at a market value determined by independent experts. The capital was subsequently merged by Arezzo through an upstream 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.

11. Income and social contribution taxes (Continued)

a) Deferred taxes (Continued)

(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 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.

(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	
	03/31/2013	**12/31/2012**	**03/31/2013**	**12/31/2012**
Opening balance	**5,997**	9,534	**6,264**	10,012
Deferred tax recognized in the income statement	**300**	(3,537)	**1,743**	(3,748)
Ending balance	**6,297**	5,997	**8,007**	6,264

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

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

	Company	Consolidated
	03/31/2013	**03/31/2013**
2013	**2,621**	**3,046**
2014	**1,850**	**2,421**
2015	**1,762**	**2,333**
2016	**64**	**207**
Total	**6,297**	**8,007**

Notes to financial statements

11. Income and social contribution taxes (Continued)

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

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

	Company		Consolidated	
	03/31/2013	**03/31/2012**	**03/31/2013**	**03/31/2012**
Income before income and social contribution taxes	**29,534**	15,666	**28,091**	15,636
Statutory rate	**34%**	34%	**34%**	34%
Expected IRPJ and CSLL expenses at statutory rate:	**(10,042)**	(5,326)	**(9,551)**	(5,316)
Deferred income and social contribution taxes on losses other than those from subsidiaries	**-**	-	**(751)**	(339)
Income and social contribution tax effects on permanent differences:				
Benefits from expenses with research and technological innovation - Law No.	**856**	813	**856**	813
Equity pickup	**(1,006)**	(345)	**-**	-
Other permanent differences	**24**	44	**34**	58
Deferred taxes established on losses from subsidiaries related to prior years	**-**	-	**687**	-
Income and social contribution taxes on income statement for the year	**(10,168)**	(4,814)	**(8,725)**	(4,784)
Current	**(10,468)**	(5,245)	**(10,468)**	(5,245)
Deferred	**300**	431	**1,743**	461
Total	**(10,168)**	(4,814)	**(8,725)**	(4,784)
Effective rate - %	**34.43%**	30.73%	**31.06%**	30.60%

Notes to financial statements

12. Balances and transactions with related parties

a) Balances and transactions with subsidiaries and controlling shareholders

Company	03/31/2013						
	Current assets	Noncurrent assets		Current liabilities	Noncurrent liabilities	Transactions	
	Accounts receivable	Receivables	Loan	Trade accounts payable	Loan	Revenues	Purchases
Subsidiaries							
ARZZ Co LLC	-	8,982	-	-	-	-	-
ARZZ International INC	-	4,557	29	-	-	3,098	-
ZZAB Comércio de Calçados Ltda.	30,925	-	-	42	150	26,940	6
ZZSAP Indústria e Comércio de Calçados Ltda.	181	-	40	1,808	-	87	19,850
Total - Company	31,106	13,539	69	1,850	150	30,125	19,856
Consolidated							
Controlling shareholders							
Shareholders	-	-	-	-	969	-	-

Notes to financial statements

12. Balances and transactions with related parties (Continued)

a) Balances and transactions with subsidiaries and controlling shareholders (Continued)

Company	12/31/2012					03/31/2012	
	Current assets	Noncurrent assets		Current liabilities	Noncurrent liabilities	Transactions	
	Accounts receivable	Receivables	Loan	Trade accounts payable	Loan	Revenues	Purchases
Subsidiaries							
Arezzo & Co International	-	9,114	-	-	-	131	4
ARZZ International INC	-	1,718	29	-	-	-	-
ZZAB Comércio de Calçados Ltda.	43,104	-	28	191	-	13,796	20
ZZAF Indústria e Comércio de Calçados Ltda.	-	-	-	-	-	10	187
ZZSAP Indústria e Comércio de Calçados Ltda.	512	-	48	317	-	36	22,130
Total - Company	43,616	10,832	105	508	-	13,973	22,341
Consolidated							
Controlling shareholders							
Shareholders	-	-	-	-	973	-	-

12. Balances and transactions with related parties (Continued)

b) Nature, terms and conditions of transactions - subsidiaries

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

The sales transactions performed by these related parties are in accordance with specific pricing policies and terms established between the parties. Days sales outstanding for related parties is 104 days, while days purchases outstanding by related parties is 8 days.

Except for loans, the balances receivable from related parties have specific maturity dates. Loans receivable are restated based on the Long-Term Interest Rate ("TJLP") variation, plus interest of 2.5% per year. Loans receivable from foreign transactions are restated by LIBOR rate (12 m), plus interest of 1% per year.

c) Key management personnel compensation

Management compensation is through management fees and profit sharing. As at March 31, 2013, Company's management compensation related to short-term benefits (management fees and profit sharing) totaled R$ 876 (R$ 976 at March 31, 2012), as follows:

	03/31/2013	03/31/2012
Annual fixed compensation - salary/ management fees	**705**	761
Variable compensation - bonus	**171**	215
Total compensation	**876**	976

The Company grants a share-based payment plan (Note 33). At the quarter ended March 31, 2013, the expense from officers' stock option plan totaled R$ 63, stated as "Operating expenses before financial income".

12. Balances and transactions with related parties (Continued)

c) Key management personnel compensation (Continued)

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

d) Guarantees

The Company is the guarantor of a lease agreement entered into in November 2009 by its subsidiary ZZSAP, in the amount of R$ 73 (R$ 85 at December 31, 2012).

e) Transactions or relationships with shareholders

Up to August 16, 2012, the Company had a lease agreement on the property where its registered offices were located in the city of Campo Bom/ RS, which is owned by a company whose member is a Company's controlling shareholder (Anderson Lemos Birman). The lease amount paid in the year ended December 31, 2012 was R$ 67 thousand. At March 31, 2012, the lease amount was R$ 32 thousand.

Certain Company officers hold, either directly or indirectly, a total 52.6% interest in the Company's shares at March 31, 2013.

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. In the quarter ended March 31, 2013, these companies received R$ 24 and R$ 128 (R$ 232 and R$ 101 at March 31, 2012), respectively.

Notes to financial statements

13. Investments

Description	Assets	Liabilities	Equity	Capital	Net revenue	P&L for the period	Interest held (%)	Investment/Provision for investment losses 03/31/2013	Investment/Provision for investment losses 12/31/2012	Equity pickup 03/31/2013	Equity pickup 03/31/2012
ZZAB Com. de Calçados Ltda.	148,647	44,521	104,126	81,612	40,957	(612)	99.99	**104,126**	85,738	**(612)**	(38)
ZZSAP Ind. e Com. de Calçados Ltda.	47,034	39,904	7,130	592	15,642	(138)	99.99	**7,130**	7,268	**(138)**	(273)
ZZAF Ind. e Com. de Calçados Ltda. (*)	-	-	-	-	-	-	-	**-**	-	**-**	(65)
Investments								**111,256**	93,006	**(750)**	(376)
ARZZ International INC.	18,176	25,587	(7,411)	3,300	4,028	(2,209)	100.00	**(7,411)**	(5,202)	**(2,209)**	-
Arezzo & Co International (**)	-	-	-	-	-	-	99.99	**-**	-	**-**	(638)
Provision for capital deficiency								**(7,411)**	(5,202)	**(2,209)**	(638)
								103,845	87,804	**(2,959)**	(1,014)

(*) Merged in February 2012 by the Company.
(**) Merged in August 2012 by subsidiary ARZZ LLC.

	Company	
	03/31/2013	12/31/2012
Balance at beginning of period, net of provision for losses	**87,804**	70,026
Payment of capital	**19,000**	21,917
Merger of subsidiaries (Note 1)	**-**	(4,416)
Equity pickup	**(2,959)**	277
Balance at end of period, net of provision for losses	**103,845**	87,804

Notes to financial statements

13. Investments (Continued)

Capital increase:

In the quarter ended March 31, 2013 and in year 2012, the Company made a capital increase in its subsidiaries, as follows:

	2013	2012
ZZAB Comércio de Calçados Ltda.	**19,000**	25,773
ARZZ Inc.	**-**	3,323
	19,000	29,096
Payment with cash	**-**	21,917
Payment with credits	**19,000**	-
Payment through merger of subsidiaries	**-**	7,179

In 2012, subsidiary ZZAB had its capital increased from R$ 38,839 to R$ 93,614, i.e. and increase of R$ 56,775. From that amount, R$ 25,773 were contributed in that same year and R$ 19,000 were paid up on January 9, 2013 and R$12,002 will be contributed up to December 31, 2013.

14. Property, plant and equipment

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

Company:

	Computers and peripherals	Furniture and fixtures	Machinery and equipment	Facilities and showroom	Vehicles	Land	Total
Cost							
Balances at 12/31/2012	5,163	5,907	3,659	12,221	76	1,501	28,527
Acquisitions	**198**	**52**	**623**	**290**	**120**	**-**	**1,283**
Write-offs	**(74)**	**(569)**	**(27)**	**(1,877)**	**-**	**-**	**(2,547)**
Balances at 03/31/2013	**5,287**	**5,390**	**4,255**	**10,634**	**196**	**1,501**	**27,263**
Accumulated depreciation							
Balances at 12/31/2012	(3,015)	(1,576)	(1,370)	(1,788)	(49)	-	(7,798)
Depreciation	**(183)**	**(128)**	**(60)**	**(216)**	**(2)**	**-**	**(589)**
Write-offs	**37**	**77**	**19**	**343**	**-**	**-**	**476**
Balances at 03/31/2013	**(3,161)**	**(1,627)**	**(1,411)**	**(1,661)**	**(51)**	**-**	**(7,911)**
Net book value							
Balances at 12/31/2012	2,148	4,331	2,289	10,433	27	1,501	20,729
Balances at 03/31/2013	**2,126**	**3,763**	**2,844**	**8,973**	**145**	**1,501**	**19,352**
Average depreciation rate	20%	10%	10%	10%	20%	-	

Notes to financial statements

14. Property, plant and equipment (Continued)

Consolidated:

	Computers and peripherals	Furniture and fixtures	Machinery and equipment	Facilities and showroom	Buildings	Vehicles	Land	Total
Cost								
Balances at 12/31/2012	6,637	12,965	9,329	46,000	530	89	2,001	77,551
Acquisitions	**288**	**407**	**999**	**2,297**	**-**	**120**	**-**	**4,111**
Write-offs	**(40)**	**(82)**	**(27)**	**(435)**	**-**	**-**	**-**	**(584)**
Balances at 03/31/2013	**6,885**	**13,290**	**10,301**	**47,862**	**530**	**209**	**2,001**	**81,078**
Accumulated depreciation								
Balances at 12/31/2012	(3,527)	(2,747)	(3,678)	(6,337)	(110)	(62)	-	(16,461)
Depreciation	**(255)**	**(405)**	**(183)**	**(960)**	**(5)**	**(2)**	**-**	**(1,810)**
Write-offs	**37**	**77**	**19**	**398**	**-**	**-**	**-**	**531**
Balances at 03/31/2013	**(3,745)**	**(3,075)**	**(3,842)**	**(6,899)**	**(115)**	**(64)**	**-**	**(17,740)**
Net book value								
Balances at 12/31/2012	3,110	10,218	5,651	39,663	420	27	2,001	61,090
Balances at 03/31/2013	**3,140**	**10,215**	**6,459**	**40,963**	**415**	**145**	**2,001**	**63,338**
Average depreciation rate	20%	10%	10%	10%	4%	20%	-	

15. Intangible assets

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

Company:

	Trademarks and patents	Store use rights	System use rights	Total
Cost				
Balances at 12/31/2012	2,629	125	14,067	16,821
Acquisitions	**4**	**1,553**	**5,192**	**6,749**
Write-offs	**-**	**(600)**	**(4)**	**(604)**
Balances at 03/31/2013	**2,633**	**1,078**	**19,255**	**22,966**
Accumulated amortization				
Balances at 12/31/2012	-	-	(7,127)	(7,127)
Amortization	**-**	**-**	**(716)**	**(716)**
Write-offs	**-**	**-**	**4**	**4**
Balances at 03/31/2013	**-**	**-**	**(7,839)**	**(7,839)**
Net book value				
Balances at 12/31/2012	2,629	125	6,940	9,694
Balances at 03/31/2013	**2,633**	**1,078**	**11,416**	**15,127**
Average estimated useful life	Indefinite	Indefinite	5 years	

15. Intangible assets (Continued)

Consolidated:

	Trademarks and patents	Store use rights	System use rights	Total
Cost				
Balances at 12/31/2012	2,749	37,715	14,784	55,248
Acquisitions	**3**	**1,923**	**5,190**	**7,116**
Write-offs	**-**	**(600)**	**(4)**	**(604)**
Balances at 03/31/2013	**2,752**	**39,038**	**19,970**	**61,760**
Accumulated amortization				
Balances at 12/31/2012	-	-	(7,426)	(7,426)
Amortization	**-**	**-**	**(775)**	**(775)**
Write-off	**-**	**-**	**4**	**4**
Balances at 03/31/2013	**-**	**-**	**(8,197)**	**(8,197)**
Net book value				
Balances at 12/31/2012	2,749	37,715	7,358	47,822
Balances at 03/31/2013	**2,752**	**39,038**	**11,773**	**53,563**
Average estimated useful life	Indefinite	Indefinite	5 years	

Finite 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 lives, 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 expenditures incurred by the Company in connection with use of stores located in leased commercial properties.

Store use rights are acquired through payments in cash for release of the commercial property; therefore, there are no other liabilities stemming from these acquisitions in the Company’s liabilities. These negotiations are usual in this type of commercial transactions due to the business characteristic.

At March 31, 2013, the amount of R$ 2,518 (R$ 2,391 as at March 31, 2012) Company and consolidated, was recognized in the income statement, referring to research and development expenses of the Company’s new products.

15. Intangible assets (Continued)

Impairment test of indefinite life intangible assets

The impairment test of the intangible assets did not require recognition of loss for the year ended December 31, 2012 since their estimated value in use is greater than the net carrying amount on the measurement date. In preparing these interim financial statements, the Company evaluated the existence of events that could impact the amount of its assets and found no indications that they may have been impaired.

16. Loans and financing

Loans and financing can be summarized as under:

	Company		Consolidated	
	03/31/2013	**12/31/2012**	**03/31/2013**	**12/31/2012**
Working capital	**-**	**-**	**10,140**	**10,274**
Banco do Brasil (FINAME)	**19**	20	**19**	20
Advances on Exchange Contracts (ACCs)	**21,425**	27,057	**21,425**	27,057
FINEP	**26,463**	27,458	**26,463**	27,458
BNDES Progeren	**-**	-	**29,760**	29,190
Other	**-**	-	**73**	85
	47,907	54,535	**87,880**	94,084
Current	**26,089**	31,313	**41,226**	42,843
Noncurrent	**21,818**	23,222	**46,654**	51,241

Interest rates and charges incurred on loans are as follows:

(i) Working capital abroad: denominated in USD, increased by LIBOR rate plus interest of 1.5% p.a.;
(ii) FINAME: Rate of 2.5% p.a., plus TJLP;
(iii) Advances on Exchange Contracts (ACCs): denominated in USD, increased by exchange variation plus interest average rate of 2.09% p.a.;
(iv) FINEP: Rate of 5.25% p.a., or indexed to TJLP if it is higher than 6% p.a.;
(v) BNDES: Rate of 2.5% p.a., plus TJLP;
(vi) Other: 1.37% p.m.

16. Loans and financing (Continued)

Loan agreement maturities

- Bank of America: maturity on September 16, 2013;
- Banco do Brasil: monthly installments with final maturity in August 2015;
- FINEP: maturity in August 2017, July 2018 and October 2019;
- BNDES: maturity on November 15, 2015; and
- Other: final maturity in January 2015.

The amounts recorded in noncurrent liabilities at March 31, 2013 present the following payment schedule:

	Company	Consolidated
2014	**5,803**	**20,010**
2015	**5,799**	**16,428**
2016	**5,795**	**5,795**
2016 onwards	**4,421**	**4,421**
Total	**21,818**	**46,654**

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

Credit facilities

On November 14, 2011, the Company took out a credit facility with FINEP, in the amount of R$ 27,366. At March 31, 2013, the amount of R$ 17,449 referring to this credit facility was not drawn down and is available for use.

Other guarantees and commitments

The Company has a technical and financial cooperation agreement with 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 (of third parties) 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 surety bond issued by Banco Santander. At March 31, 2013, the amount guaranteed by the Company under this agreement is R$ 32 (R$ 84 at December 31, 2012).

Notes to financial statements

17. Trade accounts payable

	Company		Consolidated	
	03/31/2013	**12/31/2012**	**03/31/2013**	**12/31/2012**
Local suppliers	**57,841**	24,946	**65,270**	33,984
Transactions with related parties (Note 12.a)	**1,850**	508	**-**	-
Foreign suppliers	**3,751**	237	**3,751**	1,523
	63,442	25,691	**69,021**	35,507

18. Labor liabilities

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

	Company		Consolidated	
	03/31/2013	**12/31/2012**	**03/31/2013**	**12/31/2012**
Salaries payable	**81**	5,423	**966**	7,854
Accrued vacation pay and related charges	**5,461**	4,179	**9,922**	7,554
	5,542	9,602	**10,888**	15,408

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. Provisions for tax, civil and labor risks

The Company and its subsidiaries are parties to legal and administrative proceedings arising in the ordinary course of business, on tax, social security, labor and civil matters. Management, based on information provided by its legal advisors 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:

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

	Company			
	Balance 12/31/2012	**Additions/ restatements**	**Reversals/ payments**	**Balance 03/31/2013**
Civil	1,061	**32**	**-**	**1,093**
Tax	-	**1,185**	**-**	**1,185**
Labor	1,336	**84**	**(266)**	**1,154**
Provision for risks	2,397	**1,301**	**(266)**	**3,432**
Judicial deposits	(4,523)	**(427)**	**1,056**	**(3,894)**
Total	(2,126)	**874**	**790**	**(462)**

	Consolidated			
	Balance 12/31/2012	**Additions/ restatements**	**Reversals/ payments**	**Balance 03/31/2013**
Civil	1,088	**34**	**(4)**	**1,118**
Tax	-	**1,541**	**-**	**1,541**
Labor	1,950	**161**	**(291)**	**1,820**
Provision for risks	3,038	**1,736**	**(295)**	**4,479**
Judicial deposits	(6,879)	**(477)**	**1,381**	**(5,975)**
Total	(3,841)	**1,259**	**1,086**	**(1,496)**

Civil - the Company and its subsidiaries are parties to civil proceedings mainly seeking compensation for pain and suffering damages, material damages and collection of securities. Management, based on the opinion of its legal advisors, and on the history of results in similar cases, believes that the amounts provisioned are sufficient to cover probable losses.

Tax - the Company and its subsidiary ZZSAP are parties to tax proceedings that challenge the increase in the Work Accident and Social Security Factor (FAP) rate, for which there are judicial deposits in the same amount. Based on the opinion of its legal advisors and history of outcomes from these contingencies, management believes that the amounts provisioned are sufficient to cover probable losses.

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 advisors, and on the history of results in similar cases, believes that the amounts provisioned are sufficient to cover probable losses.

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

In addition, the Company and its subsidiaries are involved in other legal proceedings of a civil and labor nature amounting to approximately R$ 18,194, Company and Consolidated, whose likelihood of loss was assessed as possible in the opinion of its legal advisors and as such, required no provision to set up.

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 limitation.

21. Capital and reserves

21.1 Capital

The Special General Meeting held on December 7, 2010 approved authorized capital limit, and the Company was then authorized to increase its capital up to the limit of R$ 500,000, regardless amendments to its Articles of Incorporation, by resolution of the Company's Board of Directors.

On February 2, 2011, new common shares were issued under an initial public offering process.

On February 29, 2012, the Board of Directors approved a capital increase in the amount of R$ 65,000, by means of partial capitalization of capital reserve, with no issue of new shares.

On July 30, 2012, the Board of Directors approved a capital increase, due to the exercise of Stock Options by certain beneficiaries, in the total amount of R$ 940, with issue of 45 thousand new common shares of the Company:

	Shares	**Capital**
	(in thousands)	**R$**
Balance at December 31, 2011	88,542	40,917
Capital increase with capitalization of capital reserve	-	65,000
Balances at March 31, 2012	88,542	105,917
Balance at December 31, 2012	88,587	106,857
Issue of shares with stock option plans	**-**	**-**
Balances at March 31, 2013	**88,587**	**106,857**

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.

a) On 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.

b) On November 18, 2008, FIGEAC paid in 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.

c) On November 6, 2009, FIGEAC paid in the remaining 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 restatement incurred for R$ 2,990.

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

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

Also, on February 2, 2011, in the initial public offering 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 refer to the payment of bank and brokerage fees, and the remaining amount is for the payment of legal, consulting, audit fees and other costs.

21. Capital and reserves (Continued)

21.2 Capital reserve (Continued)

On 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.

Due to the implementation of the Stock Option Plan, the Company set up the Options Granted Reserve in the amount of R$ 1,115, as mentioned in Note 33. Of this total, R$ 340 were recognized in 2013 and R$ 775 in 2012.

21.3 Retained profits reserve

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 limit of 20% of the capital.

Investment reserve

This refers to the reserve for research and development (R&D) of new products, based on the capital budget prepared by management and approved by the Annual General Meeting. The reserve balance at March 31, 2013 is R$ 2,683 (R$ 2,683 at December 31, 2012).

Retained profits

The retained profits reserve was set up under the terms of article 196 of Law No. 6404/76, for use in future investments. The retention accumulated up to 2011 is R$ 94,541, and is based on capital budget prepared by management and approved in the Annual General Meeting held on April 24, 2012.

Allocation of retained profits reserve surplus will be submitted for approval of the Annual General Meeting, pursuant to article 199 of Law No. 6404/76.

22. Paid and proposed dividends and interest on equity

Dividends

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

In 2012, the Company distributed to its shareholders dividends and interest on equity related to the year ended December 31, 2011, amounting to R$ 14,327, which were provisioned for payment at that date.

At the Board of Directors' Meeting held on July 30, 2012, the Company approved the payment of interim dividends in the total amount of R$ 6,986, paid on August 30, 2012. Interim dividends paid over the year consist of prepayment of the minimum mandatory dividend.

On March 4, 2013, the Company's Executive Board approved the proposal for allocation of the net income for the year ended December 31, 2012, also comprising the proposal for additional dividend distribution in the amount of R$ 20,382, subject to the approval from the Company's General Meeting.

Interest on equity - Law No. 9249/95

In order to comply with relevant tax rules, the Company recognized interest on equity paid or credited in 2012, amounting to R$ 21,751 matched against "financial expenses". For purposes of preparing these interim financial statements, such interest was reversed from income statement against retained earnings, as determined by the 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.

As decided by the Board of Directors' Meeting held on June 29, 2012, on July 31, 2012, the Company paid R$ 11,322 (R$9,702, net of withholding income tax effects) as interest on equity.

According to its policy of systematic distribution of earnings to shareholders, the Company credited semiannual interest on capital, in the amount of R$ 7,969 (R$ 6,829, net of withholding income tax effects) to shareholders who, on December 28, 2012, were registered in the Company's books as its shareholders. The payment was made on January 31, 2013.

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

Interest on equity - Law No. 9249/95 (Continued)

At the Board of Directors' Meeting held on December 17, 2012, the Company approved supplementary interest on equity in the amount of R$ 2,460 (R$ 2,116, net of withholding income tax effects) which was paid on January 31, 2013, and Company issued shares are traded ex rights in relation to interest on equity as from January 2, 2013, inclusive.

Interest on equity credited over the year consists of prepayment of the minimum mandatory dividend.

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 quarters ended March 31, 2013 and 2012.

a) Basic earnings per share

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

	03/31/2013	03/31/2012
Net income for the year (in thousands of reais)	**19,366**	10,852
Weighted average of shares issued (in thousands)	**88,587**	88,542
Basic earnings per share - R$	**0.2186**	0.1226

b) Diluted earnings per share

Diluted earnings per share are calculated by dividing net income attributed to common shareholders of the Company by the weighted average number of common shares available in the period, plus the weighted average number of common shares that would be issued when converting all potential diluted common shares into common shares. The Company has a type of potential diluted common shares which refers to the stock purchase option, as follows:

23. Earnings per share (Continued)

b) Earnings per share (Continued)

	03/31/2013	03/31/2012
Net income for the year (in thousands of Reais)	**19,366**	10,852
Weighted average of shares issued (in thousands)	**88,587**	88,542
Adjustment as per stock options (in thousands)	**117**	-
Weighted average number of common shares for diluted earnings per share (in thousands)	**88,704**	88,542
Diluted earnings per share - R$	**0.2183**	0.1226

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

24. Sales revenue, net

Sales revenue, net is broken down as follows:

	Company		Consolidated	
	03/31/2013	03/31/2012	03/31/2013	03/31/2012
Gross sales revenue				
Local market	**206,984**	172,315	**241,536**	201,285
Foreign market	**14,702**	6,829	**15,915**	7,545
Sales returns	**(6,083)**	(4,941)	**(11,160)**	(8,330)
Sales taxes	**(35,173)**	(31,604)	**(45,252)**	(39,139)
Net operating revenue	**180,430**	142,599	**201,039**	161,361

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 and Alexandre Birman) and through different channels (franchises, multi-brand and own stores), however, they are controlled and managed by Management as a single business segment, and the results therefrom are followed up, monitored and analyzed in an integrated manner.

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

	Consolidated	
Brand name	**03/31/2013**	**03/31/2012**
Gross revenue	**257,451**	208,830
Arezzo – local market	**150,719**	130,226
Schutz – local market	**78,976**	63,066
Other	**11,841**	7,993
Foreign market	**15,915**	7,545

	Consolidated	
Channel	**03/31/2013**	**03/31/2012**
Gross revenue	**257,451**	208,830
Franchises	**116,904**	97,553
Multi-brand stores	**59,967**	55,725
Own stores	**61,412**	44,474
Other	**3,253**	3,533
Foreign market	**15,915**	7,545

Revenue from foreign market is not segregated by geographic area since it represents 6% of the gross revenue at March 31, 2013.

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

26. Expenses by nature

The Company 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	
	03/31/2013	**03/31/2012**	**03/31/2013**	**03/31/2012**
Expenses by function:				
Cost of sales	**(115,733)**	(90,829)	**(111,606)**	(94,188)
Selling expenses	**(18,835)**	(18,547)	**(45,299)**	(35,007)
General and administrative expenses	**(17,325)**	(11,908)	**(18,478)**	(12,266)
Other operating income (expenses), net	**555**	(7,789)	**395**	(6,649)
	(151,338)	(129,073)	**(174,988)**	(148,110)
Expenses by nature				
Depreciation and amortization	**(1,305)**	(676)	**(2,585)**	(1,417)
Personnel expenses	**(15,564)**	(12,933)	**(28,330)**	(23,986)
Raw material and consumer and in-use materials	**(116,183)**	(91,834)	**(112,056)**	(95,193)
Freight costs	**(3,443)**	(2,493)	**(4,048)**	(2,853)
Other operating expenses	**(14,843)**	(21,137)	**(27,969)**	(24,661)
	(151,338)	(129,073)	**(174,988)**	(148,110)

27. Financial risk management objectives and policies

a) Fair value

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

	Consolidated			
	03/31/2013		**12/31/2012**	
	Book value	**Fair value**	**Book value**	**Fair value**
Cash and cash equivalents	**8,427**	**8,427**	11,518	11,518
Short-term investments	**205,057**	**205,057**	190,656	190,656
Trade accounts receivable and other	**223,896**	**223,896**	221,572	221,572
Loans and financing	**87,880**	**87,880**	94,084	94,084
Trade accounts and other accounts	**74,168**	**74,168**	40,816	40,816

27. Financial risk management objectives and policies (Continued)

a) Fair value (Continued)

At March 31, 2013, the Company's consolidated financial assets and liabilities are classified in the following financial instrument categories:

	Measurement	
	Fair value	**Amortized cost**
Assets		
Loans and receivables		
Cash and cash equivalents	-	**8,427**
Trade accounts receivable and other accounts receivable	-	**223,896**
Financial assets measured at fair value through profit or loss		
Short-term investments	**205,057**	-
Liabilities		
Loans and financing		
Loans and financing	-	**87,880**
Other financial liabilities		
Trade accounts and other accounts payable	-	**74,168**

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

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

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

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

27. Financial risk management objectives and policies (Continued)

a) Fair value (Continued)

a.1) Fair value hierarchy

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

Level 1: prices quoted (without adjustments) at active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, whether directly or indirectly;

Level 3: techniques using data that have a significant effect on fair value recorded which are not based on observable market data.

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

b) Exposure to currency risks

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

At March 31, 2013 and December 31, 2012, the amount of net exposure to US Dollar is represented by:

	Consolidated	
	03/31/2013	**12/31/2012**
Accounts receivable	**27,649**	25,135
Loans and financing	**(31,565)**	(27,057)
Trade accounts payable	**(3,751)**	(1,523)
Net exposure	**(7,667)**	(3,445)

With a view to analyzing the sensitivity of Company assets and liabilities in foreign currency exposed to currency risk as of March 31, 2013, three (3) different scenarios were defined, and a sensitivity analysis of the effects of currency exchange rate fluctuations was performed.

27. Financial risk management objectives and policies (Continued)

b) Exposure to currency risks (Continued)

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

Further to this scenario, CVM Rule No. 475, dated December 17, 2008 ("CVM Rule No. 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 rules.

Operation	Currency	Probable scenario	Scenario A	Scenario B
Currency rate appreciation				
Foreign currency accounts receivable	R$	27,649	34,561	41,474
Foreign currency loans and financing	R$	31,565	39,456	47,348
Foreign currency trade accounts payable	R$	3,751	4,689	5,627
Rate appreciation at			25%	50%
Foreign currency rate reference				
US Dollar		2.01	2.52	3.02
Effect on pre-tax income	R$		(1,917)	(3,834)

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

	03/31/2013 USD (thousand)	12/31/2012 USD (thousand)
Forward - Sale Agreement	**2,613**	3,025

Adjustments arising from derivative instruments would have the following effects:

Derivative financial instruments	03/31/2013	12/31/2012
Amount receivable due to P&L (fair value)	**159**	14

Income statement	03/31/2013	03/31/2012
Gain recognized in financial income	**145**	109

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

27. Financial risk management objectives and policies (Continued)

c) Exposure to interest rate risks

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 16.

At March 31, 2013, the loans and financing balance is broken down as follows in relation to interest rates:

	Consolidated	
	03/31/2013	**%**
Fixed interest	**21,518**	24.5%
TJLP and LIBOR-based interest	**66,362**	75.5%
	87,880	100%

With a view to analyzing the sensitivity of changes in index rates in relation to Company loans and financing exposed to interest rate risk as of March 31, 2013, 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) and LIBOR prevailing at March 31, 2013, the probable scenario was defined for 2013 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 March 31, 2013, having the index rates forecast for a year and the respective sensitivity analyzed in each scenario.

Operation	Currency	Probable scenario (book value)	Scenario A	Scenario B
Increase in financial expenses				
Financing - TJLP	R$	1,389	1,836	2,203
Financing - Libor	R$	79	99	119
		1,468	1,935	2,322
Rate appreciation at			25%	50%
Reference for financial liabilities				
Libor		0.78%	0.98%	1.17%
TJLP		5.25%	6.56%	7.88%

27. Financial risk management objectives and policies (Continued)

d) 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 interim 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 ACCs and NDFs as its major financial instruments to hedge against risks related to volatility of foreign currency rates on sales of goods to the foreign market.

Part of these instruments is 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 for the period, 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 USD, and according to each market in 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.

The Company did not have any financial instruments that had not been accounted for as at March 31, 2013 and December 31, 2012.

27. Financial risk management objectives and policies (Continued)

e) Credit risk

Credit risk arises from difficulty in collecting trade receivables from sales and services.

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

The trade accounts receivable balance is substantially denominated in reais and is distributed among various customer accounts. To reduce credit risk, the Company has been individually assessing customers for their acceptance, but as a market practice, it only requires advance payment from customers in the high risk category. There is no customer that individually represents more than 5% of the Company's total accounts receivable as at March 31, 2013 and December 31, 2012. Management monitors the trade accounts receivable risk by recording an allowance for doubtful accounts.

In connection with credit risk relating to financial institutions, the Company and its subsidiaries seek to diversify such exposure by investing in first-rated financial institutions.

f) 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 fundraising, when needed, are sufficient to cover their scheduled commitments, thereby not exposing the Company and its subsidiaries to liquidity risk.

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

	Projection including future interest			
	Within 1	**From 1 to 5**	**More than 5**	**Total**
Loans and financing	46,931	51,783	6,562	105,276

g) 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.

27. Financial risk management objectives and policies (Continued)

g) Capital management (Continue)

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

	Company		Consolidated	
	03/31/2013	**03/31/2012**	**03/31/2013**	**03/31/2012**
Financial income:				
Interest income	**665**	317	**677**	318
Short-term investment yield	**3,194**	4,273	**3,533**	4,279
Other revenues	**426**	230	**480**	276
	4,285	4,820	**4,690**	4,873
Financial expenses:				
Banking fees	**(374)**	(452)	**(445)**	(491)
Interest on financing	**(753)**	(411)	**(1,343)**	(414)
Credit card administration charge	**(51)**	(64)	**(1,044)**	(788)
Notary office fees	**(97)**	(277)	**(97)**	(277)
Other expenses	**(96)**	(348)	**(408)**	(499)
	(1,371)	(1,552)	**(3,337)**	(2,469)
Exchange variation, net:				
Gains	**487**	389	**687**	501
Losses	**-**	(503)	**-**	(520)
	487	(114)	**687**	(19)
Total	**3,401**	3,154	**2,040**	2,385

Notes to financial statements

29. Other operating income (expenses), net

	Company		Consolidated	
	03/31/2013	**03/31/2012**	**03/31/2013**	**03/31/2012**
Contract termination expenses (i)	**-**	(8,000)	**-**	(8,000)
Franchise fees	**65**	199	**65**	199
Recovery of expenses	**7**	12	**13**	12
Gain (loss) on disposal of property, plant and equipment and intangible assets	**(46)**	-	**(212)**	1,136
Other income (expenses)	**529**	-	**529**	4
	555	(7,789)	**395**	(6,649)

(i) On January 21, 2012, the Company terminated its agreement with Star Export Assessoria e Exportação Ltda., which provided technical assistance and advisory services for the agency and supervision of independent factories and ateliers contracted out to manufacture certain products. In regard to such termination, the Company paid R$ 8,000. On the same date, the Company entered into an agreement with another entity, of equal technical competence and engaged in the provision of the same service, under better business conditions aiming at lower operating costs for the service provision, while maintaining the same quality level of the services currently provided.

30. Operating lease agreements - store lease

At March 31, 2013, the Company had entered into lease agreements with third parties. Such agreements were reviewed by management who concluded that they could be classified as operating lease agreements.

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

	Minimum payments at 03/31/2013 (Consolidated)
Within 1 year	17,567
More than one year up to five years	35,890

The average monthly expense with lease payments is R$ 1,864 (R$ 997 in 2012). The effective terms of the referred to lease agreements range between four and five years, subject to financial charges based on the annual IGPM variation, as specified in each agreement.

30. Operating lease agreements - store lease (Continued)

At March 31, 2013, lease expenses, net of taxes recoverable, totaled R$ 5,593 (R$ 2,991 at March 31, 2012). The “Lease payable” balance is R$ 1,823 (R$ 2,486 at December 31, 2012).

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. Non-cash transactions

On February 1, 2012, the Company merged subsidiaries ZZAF, Allmaness, Schutz Shoes and Shoes for U (see Note 1 - Corporate restructuring).

The balances merged represent transactions that do not involve cash, represented as follows:

	Company
Description	**02/01/2012**
Assets	
Short-term investments	125
Accounts receivable	577
Inventories	3,343
Taxes recoverable	623
Other receivables	111
Transactions with related parties	122
Property, plant and equipment, net	731
Intangible assets	7
Liabilities	
Trade accounts payable	246
Tax and social liabilities	26
Labor liabilities	348
Other accounts payables	40
Transactions with related parties	507
Provisions for risks	104

32. 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 March 31, 2013, 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:

Assets covered	Risks covered	Insured amount - R$
Inventories and property, plant and equipment	Fire	93,676
	Civil liability	6,554

33. Stock option plan

At a Special General Meeting held on May 25, 2012, the Company's shareholders approved a Stock Option Plan for officers, employees and service providers of the Company or of other companies under its control, which became effective from that same date. The Stock Option Plan is managed by the Board of Directors, which, at its discretion, may set up a Committee to manage the Stock Option Plan.

The Stock Option Plan is limited to the maximum number of options resulting in a dilution of 5% of the Company's capital. The dilution corresponds to the percentage represented by the maximum number of shares underlying the options by the total number of shares issued by the Company.

At a Board of Directors' Meeting held on May 28, 2012, the first options grant was authorized within the scope of the Stock Option Plan. The total options, subject to the first grant of the Stock Option Plan, correspond to 386,404, of which 68,231 are stock options for Lot I, and 318,173 are stock options for Lot II.

The Stock Option Plan provides the following for options of Lot I granted to participants of the Stock Option Plan: (i) they will become exercisable on the business day subsequent to the respective granting date; (ii) they may be exercised within 30 days from the date on which they become exercisable; and (iii) the shares stemming from the exercise may not be traded over a 30-year Black-Out period from the exercise date. If before the 3-year Black-Out period the participant withdraws from the Company, at his/her own will, quitting the job, resigning the officer position or terminating service rendering agreement; or in case of Company's decision, through dismissal for cause, removal from position due to violation of duties and responsibilities as an officer, or termination of the service rendering agreement, the Company may, at its sole discretion, repurchase the restricted stocks for the exercise price paid by the participant for acquisition of restricted stocks.

33. Stock option plan (Continued)

The Stock Option Plan's participants, in their turn, may exercise their options of Lot II within a period up to 3 years from the exercise date. The vesting period will be up to 3 years for each release, which will be in the following proportion: 25% from the first anniversary of the respective granting date, 25% from the second anniversary of the respective granting date and 50% from the third anniversary of the respective granting date.

On June 11 and 13, 2012, the Company delivered to participants the Private Grant Instrument providing for the terms and conditions of the Stock Option Plan. This instrument should be signed and sent back to the Company within a 30-day term, jointly with the notice of exercise of Lot I and the proof of transfer of funds referring to the exercise of Lot I options, when applicable. Had one of these conditions not been met within the term set up, the participant would have not been eligible for the plan.

The exercise price of the Stock Option Plan is set at R$ 20.856948048 per share, equivalent to the average of 90 closing quotations of the Company's shares at BM&FBovespa, which occurred before the grant approval, with a 30% discount.

In July 2012, the adhesion to the Stock Option Plan was perfected, with all initial conditions met, express statement from the eligible participants through formalization of the Grant Instruments and, when applicable, notice of the exercise of Lot I and the corresponding transfer of funds, resulting in the following breakdown for the Stock Option Plan, considering the grace periods for the exercise of options:

Grace period from the grant date	% of shares vested for exercise	Maximum number of shares
Up to 30 days from the grant date	17%	45,059
From first anniversary	21%	54,731
From second anniversary	21%	54,731
From third anniversary	41%	109,462
Total		263,983

33. Stock option plan (Continued)

Pursuant to IFRS 2/ CPC 10, the Company calculated the options fair value. The value was calculated based on the grace periods aforementioned. In the quarter ended March 31, 2013, the Company calculated the amount of R$ 340 referring to the stock option plan expense recognized in P&L matched against equity in the "Capital reserve" specific account. The pricing of options fair value is based on the Black & Scholes method. Upon determining the stock options fair value, the following assumptions were used:

	1st Grant June/2013	
Lot	I	II
Number of shares		
1st Maturity	68,231	79,543
2nd Maturity	N/A	79,543
3rd Maturity	N/A	159,087
Exercise price - R$	20.86	20.86
Stock option fair value - R$		
1st Maturity	6.66	9.05
2nd Maturity	N/A	11.33
3rd Maturity	N/A	13.32
Dividend yield	-	-
Price volatility of the share	40.36%	40.36%
Risk-free interest rate		
1st Maturity	8.50%	7.81%
2nd Maturity	N/A	8.59%
3rd Maturity	N/A	9.35%
Period expected up to maturity - (calendar days)		
1st Maturity	30	365
2nd Maturity	N/A	730
3rd Maturity	N/A	1,095

34. Government grants

ICMS matching credit

By operation of Decree No. 50066 published on February 14, 2013, the government of Rio Grande do Sul State changed the grant of tax relief in the period from February 1 to May 31, 2013 to manufacturers of footwear or leather goods in connection with interstate shipment operations deriving from sales of own production items, at an amount equal to that resulting from the ICMS matching credit percentage applies on the ICMS amount due in the operation.

On February 27, 2013, the Company entered into an agreement for granting of the referred ICMS tax benefit with the government of Rio Grande do Sul.

The tax benefit to which the Company was entitled up to March 31, 2013 amounted to R$2,537. This amount was recorded in the income statement for the period, reducing expenses related to sales taxes, as provided for in CPC 07 (IAS 20) - Accounting for Government Grants and Disclosure of Government Assistance.

A free translation from Portuguese into English of Independent Auditor's Review Report on interim financial information in accordance with Brazilian and International Standards on Review Engagements

REPORT ON REVIEW OF QUARTERLY INFORMATION

To the 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 of Arezzo Indústria e Comércio S.A. contained in the Quarterly Financial Information Form (ITR) of Arezzo Indústria e Comércio S.A. for the quarter ended March 31, 2013, comprising the balance sheet at March 31, 2013, and the related income statements and statement of comprehensive income for the three-month period then ended, and the related statements of changes in equity and cash flow statements for the three-month period then ended, including the explanatory notes.

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

Scope of review

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

Conclusion on 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 do not fairly present, in all material respects, in accordance with CPC 21 (R1) applicable to the preparation of quarterly information (ITR), consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Conclusion on 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 do not fairly present, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of Quarterly Information (ITR), consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Statement of value added

We have also reviewed the individual and consolidated interim statements of value added (SVA) for the three-month period ended March 31, 2013, preparation of which is under the responsibility of Company's Management, whose presentation in the interim financial statements is required by rules issued by the CVM applicable to preparation of the Interim Financial Information (ITR), and treated as supplementary information by IFRS, under which the presentation of SVA is not required. These statements were submitted to the same review procedures described above and, based on our review, we are not aware of any fact that causes us to believe that they are not fairly presented, in all material respects, in relation to the overall individual and consolidated interim financial information.

Porto Alegre – April 22, 2013.

ERNST & YOUNG TERCO
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