(A free translation of the original in Portuguese)

Portobello S.A.

Quarterly Information (ITR) and Review Report of Independent Accountants
March 31, 2010 (Restated)

(A free translation of the original in Portuguese)

Review Report of Independent Accountants

To the Board of Directors and Stockholders
Portobello S.A.

1 We have reviewed the accounting information included in the Quarterly Information (ITR) (parent company and consolidated) of Portobello S.A. (the "Company") and subsidiaries for the quarter ended March 31 , 2010, comprising the balance sheet and the statements of income , comprehensive income, changes in equity and cash flows**,** explanatory notes and the performance report. This Quarterly Information is the responsibility of the Company's management.

2 Our review was carried out in accordance with specific standards established by the Institute of Independent Auditors of Brazil (IBRACON), in conjunction with the Federal Accounting Council (CFC), and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted for the preparation of the Quarterly Information; and (b) a review of information and of subsequent events which have, or could have, significant effects on the financial position and operations of the Company and its subsidiaries.

3 Based on our limited review, we are not aware of any material modifications that should be made to the quarterly information of the parent company referred to above in order that it be stated in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), applicable to the preparation of the Quarterly Information, consistent with the standards issued by the Brazilian Securities Commission (CVM).

4 Based on our limited review, we are not aware of any material modifications that should be made to the consolidated quarterly information referred to above in order that it be stated in accordance with CPC 21 and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB) applicable to the preparation of Quarterly Information, in accordance with the standards issued by the Brazilian Securities Commission (CVM).

5 We have also reviewed the parent company and consolidated interim statements of value added for the quarter ended March 31, 2010, which are required to be presented in accordance with standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of

Quarterly Information (ITR) and are considered supplementary information under IFRS, which does not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, we are not aware of any fact that leads us to believe that they are not properly prepared, in all material respects, in relation to the parent company and consolidated interim accounting information taken as a whole.

6 As mentioned in Note 2.1, the Brazilian Securities Commission (CVM), through CVM Resolution 603/09, permitted companies to present their Quarterly Information during 2010 based on the accounting standards effective until December 31, 2009, provided that this Quarterly Information was subsequently restated, including comparative figures, to comply with the new standards. Accordingly, this Quarterly Information (ITR) differs from that originally disclosed by the Company.

Florianópolis, May 13, 2011

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F" SC

Carlos Biedermann
Contador CRC 1RS029321/O-4 “S” SC

(A free translation of the original in Portuguese) **Unaudited**

FEDERAL GOVERNMENT SERVICE
BRAZILIAN SECURITIES COMMISSION (CVM)
QUARTERLY INFORMATION (ITR)
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES
Voluntary Restatement

Corporate Legislation
March 31, 2010

REGISTRATION WITH THE CVM DOES NOT IMPLY ANY ANALYSIS OF THE COMPANY. COMPANY MANAGEMENT IS RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION PROVIDED.

01.01 - IDENTIFICATION

1 - CVM CODE	2 - COMPANY NAME	3 - Federal Corporate Taxpayers' Registration Number (CNPJ)
01377-3	PORTOBELLO S.A.	83.475.913/0001-91
4 - State Registration Number – NIRE		
42300030201		

01.02 - HEAD OFFICE

1 - ADDRESS	2 - SUBURB OR DISTRICT
BR 101 KM 163	Centro

3 - POSTAL CODE	4 – MUNICIPALITY	5 - STATE
88200-000	Tijucas	SC

6 - AREA CODE	7 – TELEPHONE	8 - TELEPHONE	9 - TELEPHONE	10 - TELEX
048	3279-2201	-	-	
11 - AREA CODE	**12 – FAX**	**13 -FAX**	**14 -FAX**	
048	3279-2223	-	-	
15 - E-MAIL				
dri@portobello.com.br				

01.03 - INVESTOR RELATIONS OFFICER (Company Mail Address)

1 – NAME	
Mario Augusto de Freitas Baptista	
2 – ADDRESS	**3 - SUBURB OR DISTRICT**
BR 101 KM 163	Centro

4 - POSTAL CODE	5 – MUNICIPALITY	6 - STATE
88200-000	Tijucas	SC

7 - AREA CODE	8 – TELEPHONE	9 - TELEPHONE	10 - TELEPHONE	11 - TELEX
048	3279-2201	-	-	
12 - AREA CODE	**13 – FAX**	**14 - FAX**	**15 - FAX**	
048	3279-2223	-	-	
16 - E-MAIL				
dri@portobello.com.br				

01.04 - GENERAL INFORMATION/INDEPENDENT ACCOUNTANT

CURRENT YEAR		CURRENT QUARTER			PRIOR QUARTER		
1-BEGINNING	**2-END**	**3-QUARTER**	**4-BEGINNING**	**5-END**	**6-QUARTER**	**7-BEGINNING**	**8-END**
1/1/2010	12/31/2010	1	1/1/2010	3/31/2010	4	10/1/2009	12/31/2009

9 - INDEPENDENT ACCOUNTANT	10 - CVM CODE
PricewaterhouseCoopers Auditores Independentes	00287-9
11 - PARTNER RESPONSIBLE	**12 - INDIVIDUAL TAXPAYERS' REGISTRATION NUMBER OF THE PARTNER RESPONSIBLE**
Carlos Alexandre Peres	116.814.068-45

01.01 - IDENTIFICATION

1 - CVM CODE	2 - COMPANY NAME	3 - Federal Corporate Taxpayers' Registration Number (CNPJ)
01377-3	PORTOBELLO S.A.	83.475.913/0001-91

01.05- CAPITAL COMPOSITION

Number of shares (Thousands)	Current quarter 3/31/2010	Prior quarter 12/31/2009	Same quarter in prior year 3/31/2009
Paid-up capital			
1 – Common	159,009	159,009	159,009
2 – Preferred	0	0	0
3 – Total	159,009	159,009	159,009
Treasury stock			
4 – Common	0	0	0
5 – Preferred	0	0	0
6 – Total	0	0	0

01.06- CHARACTERISTICS OF THE COMPANY

1 - TYPE OF COMPANY
Commercial, Industrial and Other

2 – SITUATION
Operating

3 - NATURE OF OWNERSHIP
Local Private

4 -ACTIVITY CODE
1110 - Civil Construction, Construction Materials and Decoration

5 - MAIN ACTIVITY
Manufacture and sale of ceramic tiles

6 - TYPE OF CONSOLIDATION
Full

7 - TYPE OF REPORT OF THE INDEPENDENT ACCOUNTANT
Without exceptions

01.07- COMPANIES EXCLUDED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

1 - ITEM	2 – CNPJ	3 – NAME

01.08- DIVIDENDS APPROVED AND/OR PAID DURING AND AFTER THE QUARTER

1 - ITEM	2 - EVENT	3 - DATE APPROVED	4 - AMOUNT	5 - DATE OF PAYMENT	6 - TYPE OF SHARE	7 - AMOUNT PER SHARE

01.01 IDENTIFICATION

1 - CVM CODE	2 - COMPANY NAME	3 - Federal Corporate Taxpayers' Registration Number (CNPJ)
01377-3	PORTOBELLO S.A.	83.475.913/0001-91

01.09 - SUBSCRIBED CAPITAL AND ALTERATIONS IN THE CURRENT YEAR

1 - ITEM	2 - DATE OF ALTERATION	3 - CAPITAL (IN THOUSANDS OF REAIS)	4 - AMOUNT OF THE ALTERATION (IN THOUSANDS OF REAIS)	5 -NATURE OF ALTERATION	7 - NUMBER OF SHARES ISSUED (THOUSANDS)	8 - SHARE PRICE ON ISSUE DATE (IN REAIS)

01.10 - INVESTOR RELATIONS OFFICER

1 – DATE	2 – SIGNATURE
5/13/2011	

01.01 - IDENTIFICATION		
1 - CVM CODE	**2 - COMPANY NAME**	**3 - Federal Corporate Taxpayers' Registration Number (CNPJ)**
01377-3	PORTOBELLO S.A.	83.475.913/0001-91

02.01 - Balance Sheets - Assets (R$ thousand)

1 - Code	**2 – Description**	**3 - 3/31/2010**	**4 - 12/31/2009**
1	Total assets	515,828	503,014
1.01	Current assets	188,026	189,604
1.01.01	Cash and cash equivalents	8,625	7,014
1.01.02	Receivables	74,017	69,116
1.01.02.01	Trade receivables	72,460	64,837
1.01.02.02	Sundry receivables	1,557	4,279
1.01.02.02.01	Marketable securities	1,557	4,279
1.01.03	Inventories	67,874	68,224
1.01.04	Other	37,510	45,250
1.01.04.01	Advances to suppliers	1,757	2,120
1.01.04.02	Taxes recoverable	1,007	3,158
1.01.04.03	Income tax and social contribution recoverable	733	171
1.01.04.04	Dividends receivable	0	5,909
1.01.04.05	Prepaid expenses	475	112
1.01.04.06	Receivables from subsidiaries	32,396	32,182
1.01.04.07	Other	1,142	1,598
1.02	Non-current assets	327,802	313,410
1.02.01	Long-term receivables	140,746	134,085
1.02.01.01	Sundry receivables	0	0
1.02.01.02	Receivables from related parties	91,482	89,653
1.02.01.02.01	Associated and similar companies	0	0
1.02.01.02.02	Subsidiaries	3,012	2,890
1.02.01.02.03	Other related parties	88,470	86,763
1.02.01.03	Other	49,264	44,432
1.02.01.03.01	Customers	607	673
1.02.01.03.02	Judicial deposits	2,256	2,022
1.02.01.03.03	Receivables from Eletrobrás	14,412	13,858
1.02.01.03.04	Taxes recoverable	500	500
1.02.01.03.05	Deferred income tax and social contribution	21,574	17,575
1.02.01.03.06	Tax assets	9,858	9,665
1.02.01.03.07	Other	57	139
1.02.02	Permanent assets	187,056	179,325
1.02.02.01	Investments	2,491	678
1.02.02.01.01	In associated and similar companies	0	0
1.02.02.01.02	In associated and similar companies - goodwill	0	0
1.02.02.01.03	In subsidiaries	2,293	480
1.02.02.01.04	In subsidiaries - goodwill	0	0
1.02.02.01.05	Other Investments	198	198
1.02.02.02	Property, plant and equipment	182,460	176,146
1.02.02.03	Intangible assets	2,105	2,501
1.02.02.04	Deferred charges	0	0

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01377-3	PORTOBELLO S.A.	83.475.913/0001-91

02.02 - Balance Sheets - Liabilities and Equity (R$ thousand)

1 - Code	2 - Description	3 - 3/31/2010	4 - 12/31/2009
2	Total liabilities and equity	515,828	503,014
2.01	Current liabilities	247,813	247,620
2.01.01	Loans and financing	98,380	92,854
2.01.02	Debentures	0	0
2.01.03	Trade payables	59,825	65,999
2.01.04	Taxes and contributions	22,643	22,965
2.01.04.01	Tax liabilities payable in installments	19,629	21,434
2.01.04.02	Taxes and contributions	2,348	1,531
2.01.04.03	Income tax and social contribution payable	666	0
2.01.05	Dividends payable	0	0
2.01.06	Provisions	5,404	5,539
2.01.07	Debts with related parties	0	0
2.01.08	Other	61,561	60,263
2.01.08.01	Advances from customers	17,838	18,673
2.01.08.02	Labor and social security charges	11,927	10,705
2.01.08.03	Provision for loss of investments	27,934	27,026
2.01.08.04	Other	3,862	3,859
2.02	Non-current liabilities	236,701	228,217
2.02.01	Long-term liabilities	236,701	228,217
2.02.01.01	Loans and financing	37,490	28,127
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	18,396	16,999
2.02.01.04	Debts with related parties	3,074	7,827
2.02.01.05	Advance for future capital increase	0	0
2.02.01.06	Other	177,741	175,264
2.02.01.06.01	Deferred income tax and social contribution	43,445	39,973
2.02.01.06.02	Pension plan	3,322	3,420
2.02.01.06.03	Tax liabilities payable in installments	128,161	128,377
2.02.01.06.04	Provision for loss of investments	2,813	2,720
2.02.01.06.05	Other	0	774
2.03	Deferred income	0	0
2.05	Equity	31,314	27,177
2.05.01	Paid-up capital	112,957	112,957
2.05.02	Capital reserves	267	267
2.05.03	Revaluation reserves	48,333	48,729
2.05.03.01	Own assets	48,333	48,729
2.05.03.02	Subsidiary/associated and similar companies	0	0
2.05.04	Revenue reserves	0	0
2.05.04.01	Legal	0	0
2.05.04.02	Statutory	0	0
2.05.04.03	For contingencies	0	0
2.05.04.04	Unrealized profits	0	0
2.05.04.05	Profit retention	0	0
2.05.04.06	Special for undistributed dividends	0	0
2.05.04.07	Other revenue reserves	0	0
2.05.05	Carrying value adjustments	(1,766)	(1,154)
2.05.05.01	Adjustments to marketable securities	0	0
2.05.05.02	Cumulative translation adjustments	(1,766)	(1,154)
2.05.05.03	Business combination adjustments	0	0
2.05.06	Retained earnings (accumulated deficit)	(128,477)	(133,622)
2.05.07	Advances for future capital increase	0	0

01.01 - IDENTIFICATION		
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01377-3	PORTOBELLO S.A.	83.475.913/0001-91

03.01 - Statements of Income (R$ thousand, unless otherwise indicated)

1 – Code	2 – Description	3 - 1/1/2010 to 3/31/2010	4 - 1/1/2010 to 3/31/2010	5 - 1/1/2009 to 3/31/2009	6 - 1/1/2009 to 3/31/2009
3.01	Gross sales and/or services revenue	127,226	127,226	113,387	113,387
3.02	Deductions from gross revenue	(26,551)	(26,551)	(27,956)	(27,956)
3.03	Net sales and/or services revenue	100,675	100,675	85,431	85,431
3.04	Cost of sales and/or services	(76,131)	(76,131)	(65,257)	(65,257)
3.05	Gross profit	24,544	24,544	20,174	20,174
3.06	Operating expenses/income	(19,650)	(19,650)	(17,895)	(17,895)
3.06.01	Selling	(12,054)	(12,054)	(10,798)	(10,798)
3.06.02	General and administrative	(3,030)	(3,030)	(2,660)	(2,660)
3.06.03	Finance result	(7,224)	(7,224)	(7,574)	(7,574)
3.06.03.01	Finance income	2,603	2,603	2,260	2,260
3.06.03.01.01	Finance income	2,748	2,748	1,456	1,456
3.06.03.01.02	Foreign exchange variations, net	(145)	(145)	804	804
3.06.03.02	Finance expenses	(9,827)	(9,827)	(9,834)	(9,834)
3.06.04	Other operating income	1,720	1,720	4,623	4,623
3.06.04.01	Other operating income	948	948	4,623	4,623
3.06.04.02	Other gains (losses), net	772	772	0	0
3.06.05	Other operating expenses	(486)	(486)	(858)	(858)
3.06.05.01	Other operating expenses	(486)	(486)	(362)	(362)
3.06.05.02	Other gains (losses), net	0	0	(496)	(496)
3.06.06	Equity in the earnings of subsidiaries	1,424	1,424	(628)	(628)
3.07	Operating profit	4,894	4,894	2,279	2,279
3.08	Non-operating profit	0	0	0	0
3.08.01	Income	0	0	0	0
3.08.02	Expenses	0	0	0	0
3.09	Profit before taxation/profit sharing	4,894	4,894	2,279	2,279
3.10	Provision for income tax and social contribution on net income	(666)	(666)	(909)	(909)
3.11	Deferred income tax	521	521	(21)	(21)
3.12	Statutory profit sharing and contributions	0	0	0	0
3.12.01	Profit sharing	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on own capital	0	0	0	0
3.15	Profit for the period	4,749	4,749	1,349	1,349
	Number of shares (thousand), excluding treasury stock	159,009	159,009	159,009	159,009
	Earnings per share - R$	0.02987	0.02987	0.00848	0.00848
	Loss per share - R$				

01.01 - IDENTIFICATION		
1 - CVM CODE	**2 - COMPANY NAME**	**3 - Federal Corporate Taxpayers' Registration Number (CNPJ)**
01377-3	PORTOBELLO S.A.	83.475.913/0001-91

04.01 - Statements of Cash Flows - Indirect Method (R$ thousand)

1 – Code	2 – Description	3 - 1/1/2010 to 3/31/2010	4 - 1/1/2010 to 3/31/2010	5 - 1/1/2009 to 3/31/2009	6 - 01/1/2009 to 3/31/2009
4.01	Net cash provided by (used in) operating activities	(6,049)	(6,049)	15,109	15,109
4.01.01	Cash provided by (used in) operating activities	(2,688)	(2,688)	17,601	17,601
4.01.02	Changes in assets and liabilities	0	0	0	0
4.01.03	Other	(3,361)	(3,361)	(2,492)	(2,492)
4.01.03.01	Interest paid	(3,361)	(3,361)	(2,492)	(2,492)
4.01.03.02	Income tax and social contribution paid	0	0	0	0
4.02	Net cash used in investing activities	(1,046)	(1,046)	(1,935)	(1,935)
4.02.01	Purchases of property, plant and equipment	(6,607)	(6,607)	(1,803)	(1,803)
4.02.02	Purchases of intangible assets	0	0	(50)	(50)
4.02.03	Dividends received	5,910	5,910	0	0
4.02.04	Proceeds from permanent asset disposal	0	0	145	145
4.02.05	Payments to relatedparties	(349)	(349)	(227)	(227)
4.03	Net cash provided by (used in) financing activities	8,706	8,706	(16,372)	(16,372)
4.03.01	New loans and financing	66,673	66,673	36,283	36,283
4.03.02	Payments of loans and financing	(53,044)	(53,044)	(53,709)	(53,709)
4.03.03	Payments to related companies	(4,923)	(4,923)	1,054	1,054
4.04	Foreign exchange variations on cash and cash equivalents	0	0	0	0
4.05	Increase (decrease) in cash and cash equivalents	1,611	1,611	(3,198)	(3,198)
4.05.01	Opening balance of cash and cash equivalents	7,014	7,014	6,446	6,446
4.05.02	Closing balance of cash and cash equivalents	8,625	8,625	3,248	3,248

01.01 - IDENTIFICATION		
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01377-3	PORTOBELLO S.A.	83.475.913/0001-91

05.01 - Statements of Changes in Equity from 1/1/2010 to 3/31/2010 (R$ thousand)

1 - Code	2 - Description	3 - Share capital	4 - Capital reserves	5 - Revaluation reserves	6 - Revenue reserves	7 - Retained earnings/ accumulated deficit	8 – Carrying value adjustments	9 - Total equity
5.01	Opening balance	112,957	267	48,729	0	(133,622)	(1,154)	27,177
5.02	Prior year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	112,957	267	48,729	0	(133,622)	(1,154)	27,177
5.04	Profit for the period	0	0	0	0	4,749	0	4,749
5.05	Appropriations	0	0	0	0	0	0	0
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest on own capital	0	0	0	0	0	0	0
5.05.03	Other appropriations	0	0	0	0	0	0	0
5.06	Realization of revenue reserves	0	0	(396)	0	396	0	0
5.07	Carrying value adjustments	0	0	0	0	0	(612)	(612)
5.07.01	Adjustments to marketable securities	0	0	0	0	0	0	0
5.07.02	Cumulative translation adjustments	0	0	0	0	0	(612)	(612)
5.07.03	Business combination adjustments	0	0	0	0	0	0	0
5.08	Share capital increase/reduction	0	0	0	0	0	0	0
5.09	Appropriation/realization of capital reserves	0	0	0	0	0	0	0
5.10	Treasury stock	0	0	0	0	0	0	0
5.11	Other equity transactions	0	0	0	0	0	0	0
5.12	Other	0	0	0	0	0	0	0
5.13	Closing balance	112,957	267	48,333	0	(128,477)	(1,766)	31,314

01.01 - IDENTIFICATION		
1 - CVM CODE	**2 - COMPANY NAME**	**3 - Federal Corporate Taxpayers' Registration Number (CNPJ)**
01377-3	PORTOBELLO S.A.	83.475.913/0001-91

05.02 - Statements of Changes in Equity from 1/1/2010 to 3/31/2010 (R$ thousand)

1 - Code	2 – Description	3 - Share capital	4 - Capital reserves	5 - Revaluation reserves	6 - Revenue reserves	7 - Retained earnings/ accumulated deficit	8 - Carrying value adjustments	9 - Total equity
5.01	Opening balance	112,957	267	48,729	0	(133,622)	(1,154)	27,177
5.02	Prior year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	112,957	267	48,729	0	(133,622)	(1,154)	27,177
5.04	Profit for the period	0	0	0	0	4,749	0	4,749
5.05	Appropriations	0	0	0	0	0	0	0
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest on own capital	0	0	0	0	0	0	0
5.05.03	Other appropriations	0	0	0	0	0	0	0
5.06	Realization of revenue reserves	0	0	(396)	0	396	0	0
5.07	Carrying value adjustments	0	0	0	0	0	(612)	(612)
5.07.01	Adjustments to marketable securities	0	0	0	0	0	0	0
5.07.02	Cumulative translation adjustment	0	0	0	0	0	(612)	(612)
5.07.03	Business combination adjustments	0	0	0	0	0	0	0
5.08	Share capital increase/reduction	0	0	0	0	0	0	0
5.09	Appropriation/realization of capital reserves	0	0	0	0	0	0	0
5.10	Treasury stock	0	0	0	0	0	0	0
5.11	Other equity transactions	0	0	0	0	0	0	0
5.12	Other	0	0	0	0	0	0	0
5.13	Closing balance	112,957	267	48,333	0	(128,477)	(1,766)	31,314

01.01 - IDENTIFICATION		
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01377-3	PORTOBELLO S.A.	83.475.913/0001-91

08.01 - Consolidated Balance Sheets - Assets (R$ thousand)

1 – Code	2 - Description	3 - 3/31/2010	4 - 12/31/2009
1	Total assets	492,975	475,273
1.01	Current assets	168,491	163,230
1.01.01	Cash and cash equivalents	10,048	8,618
1.01.02	Receivables	80,609	75,268
1.01.02.01	Trade receivables	79,052	70,989
1.01.02.02	Sundry receivables	1,557	4,279
1.01.02.02.01	Marketable securities	1,557	4,279
1.01.03	Inventories	70,322	71,037
1.01.04	Other	7,512	8,307
1.01.04.01	Advances to suppliers	1,758	2,121
1.01.04.02	Taxes recoverable	1,716	3,874
1.01.04.03	Income tax and social contribution recoverable	1,669	420
1.01.04.04	Prepaid expenses	893	230
1.01.04.05	Other	1,476	1,662
1.02	Non-current assets	324,484	312,043
1.02.01	Long- term receivables	138,546	131,983
1.02.01.01	Sundry receivables	0	0
1.02.01.02	Receivables from related parties	88,470	86,763
1.02.01.02.01	Associated and similar companies	0	0
1.02.01.02.02	Subsidiaries	0	0
1.02.01.02.03	Other related parties	88,470	86,763
1.02.01.03	Other	50,076	45,220
1.02.01.03.01	Customers	607	673
1.02.01.03.02	Judicial deposits	2,472	2,217
1.02.01.03.03	Receivables from Eletrobrás	14,412	13,858
1.02.01.03.04	Taxes recoverable	500	500
1.02.01.03.05	Deferred income tax and social contribution	21,574	17,575
1.02.01.03.06	Tax assets	9,858	9,665
1.02.01.03.07	Other	653	732
1.02.02	Permanent assets	185,938	180,060
1.02.02.01	Investments	219	223
1.02.02.01.01	In associated and similar companies	0	0
1.02.02.01.02	In subsidiaries	0	0
1.02.02.01.03	Other investments	219	223
1.02.02.02	Property, plant and equipment	183,459	177,172
1.02.02.03	Intangible assets	2,260	2,665
1.02.02.04	Deferred charges	0	0

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08.02 - Consolidated Balance Sheets - Liabilities and Equity (R$ thousand)

1 - Code	2 - Description	3 - 3/31/2010	4 - 12/31/2009
2	Total liabilities and equity	492,975	475,273
2.01	Current liabilities	227,311	226,868
2.01.01	Loans and financing	98,392	92,871
2.01.02	Debentures	0	0
2.01.03	Trade payables	61,183	68,033
2.01.04	Taxes and contributions	24,875	24,134
2.01.04.01	Tax liabilities payable in installments	20,389	22,179
2.01.04.02	Taxes and contributions	2,862	1,925
2.01.04.03	Income tax and social contribution payable	1,624	30
2.01.05	Dividends payable	6	6
2.01.06	Provisions	5,421	5,557
2.01.07	Debts with related parties	0	0
2.01.08	Other	37,434	36,267
2.01.08.01	Advances from customers	19,824	20,254
2.01.08.02	Labor and social security charges	12,854	11,603
2.01.08.03	Provision for loss on investments	0	0
2.01.08.04	Other	4,756	4,410
2.02	Non-current liabilities	234,552	221,456
2.02.01	Long-term liabilities	234,552	221,456
2.02.01.01	Loans and financing	38,248	28,859
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	18,396	16,999
2.02.01.04	Debts with related parties	0	0
2.02.01.05	Advance for future capital increase	0	0
2.02.01.06	Other	177,908	175,598
2.02.01.06.01	Deferred income tax and social contribution on net income	43,445	39,973
2.02.01.06.02	Pension plan	3,322	3,420
2.02.01.06.03	Tax liabilities payable in installments	131,118	131,453
2.02.01.06.04	Provision for loss of investments	0	0
2.02.01.06.05	Other	23	752
2.03	Deferred income	0	0
2.04	Minority interests	3	1
2.05	Equity	31,109	26,948
2.05.01	Paid-up share capital	112,957	112,957
2.05.02	Capital reserves	267	267
2.05.03	Revaluation reserves	48,333	48,729
2.05.03.01	Own assets	48,333	48,729
2.05.03.02	Subsidiary/associated and similar companies	0	0
2.05.04	Revenue reserves	0	0
2.05.04.01	Legal	0	0
2.05.04.02	Statutory	0	0
2.05.04.03	For contingencies	0	0
2.05.04.04	Unrealized profits	0	0
2.05.04.05	Profit retention	0	0
2.05.04.06	Special for undistributed dividends	0	0
2.05.04.07	Other revenue reserves	0	0
2.05.05	Carrying value adjustments	(1,766)	(1,154)
2.05.05.01	Adjustments to marketable securities	0	0
2.05.05.02	Cumulative translation adjustments	(1,766)	(1,154)
2.05.05.03	Business combination adjustments	0	0
2.05.06	Retained earnings/accumulated deficit	(128,682)	(133,851)
2.05.07	Advances for future capital increase	0	0

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09.01 - Consolidated Statements of Income (R$ thousand, unless otherwise indicated)

1 – Code	2 - Description	3 - 1/1/2010 to 3/31/2010	4 - 1/1/2010 to 3/31/2010	5 - 1/1/2009 to 3/31/2009	6 - 1/1/2009 to 3/31/2009
3.01	Gross sales and/or services revenue	133,918	133,918	117,078	117,078
3.02	Deductions from gross revenue	(27,493)	(27,493)	(28,654)	(28,654)
3.03	Net sales and/or services revenue	106,425	106,425	88,424	88,424
3.04	Cost of sales and/or services	(74,500)	(74,500)	(63,044)	(63,044)
3.05	Gross profit	31,925	31,925	25,380	25,380
3.06	Operating expenses/income	(26,047)	(26,047)	(22,405)	(22,405)
3.06.01	Selling	(15,151)	(15,151)	(12,671)	(12,671)
3.06.02	General and administrative	(4,157)	(4,157)	(3,480)	(3,480)
3.06.03	Finance result	(7,158)	(7,158)	(7,655)	(7,655)
3.06.03.01	Finance income	2,787	2,787	2,525	2,525
3.06.03.01.01	Finance income	2,932	2,932	1,721	1,721
3.06.03.01.02	Foreign exchange variations, net	(145)	(145)	804	804
3.06.03.02	Finance expenses	(9,945)	(9,945)	(10,180)	(10,180)
3.06.04	Other operating income	916	916	4,043	4,043
3.06.04.01	Other operating income	144	144	4,043	4,043
3.06.04.02	Other gains (losses), net	772	772	0	0
3.06.05	Other operating expenses	(497)	(497)	(2,642)	(2,642)
3.06.05.01	Other operating expenses	(477)	(477)	(553)	(553)
3.06.05.02	Other gains (losses), net	0	0	(496)	(496)
3.06.05.03	Loss from discontinued operations	(20)	(20)	(1,593)	(1,593)
3.06.06	Equity in the earnings of subsidiaries	0	0	0	0
3.07	Operating profit	5,878	5,878	2,975	2,975
3.08	Non-operating profit	0	0	0	0
3.08.01	Income	0	0	0	0
3.08.02	Expenses	0	0	0	0
3.09	Profit before taxation/profit sharing	5,878	5,878	2,975	2,975
3.10	Provision for income tax and social contribution on net income	(1,624)	(1,624)	(1,691)	(1,691)
3.11	Deferred income tax	521	521	(21)	(21)
3.12	Statutory profit sharing and contributions	0	0	0	0
3.12.01	Profit sharing	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on own capital	0	0	0	0
3.14	Minority interests	(2)	(2)	(1)	(1)
3.15	Profit for the period	4,773	4,773	1,262	1,262
	Number of shares (thousand), excluding treasury stock	159,009	159,009	159,009	159,009
	Earnings per share - R$	0.03002	0.03002	0.00794	0.00794

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1 – Code	2 - Description	3 - 1/1/2010 to 3/31/2010	4 - 1/1/2010 to 3/31/2010	5 - 1/1/2009 to 3/31/2009	6 - 1/1/2009 to 3/31/2009
	Loss per share - R$				

10.01 - Consolidated Statements of Cash Flows - Indirect Method (R$ thousand)

1 - Code	2 – Description	3 - 1/1/2010 to 3/31/2010	4 - 1/1/2010 to 3/31/2010	5 - 1/1/2009 to 3/31/2009	6 - 01/1/2009 to 3/31/2009
4.01	Net cash provided by (used in) operating activities	(5,556)	(5,556)	16,661	16,661
4.01.01	Cash provided by (used in) operating activities	(1,493)	(1,493)	19,641	19,641
4.01.02	Changes in assets and liabilities	0	0	0	0
4.01.03	Other	(4,063)	(4,063)	(2,980)	(2,980)
4.01.03.01	Interest paid	(3,361)	(3,361)	(2,492)	(2,492)
4.01.03.02	Income tax and social contribution paid	(702)	(702)	(488)	(488)
4.02	Net cash used in investing activities	(6,717)	(6,717)	(1,756)	(1,756)
4.02.01	Purchases of property, plant and equipment	(6,704)	(6,704)	(1,850)	(1,850)
4.02.02	Purchases of intangible assets	(13)	(13)	(51)	(51)
4.02.03	Dividends received	0	0	0	0
4.02.04	Proceeds from permanent asset disposal	0	0	145	145
4.02.05	Related parties	0	0	0	0
4.03	Net cash provided by (used in) financing activities	13,648	13,648	(17,627)	(17,627)
4.03.01	New loans and financing	66,692	66,692	36,082	36,082
4.03.02	Payments of loans and financing	(53,044)	(53,044)	(53,709)	(53,709)
4.03.03	Payments to related parties	0	0	0	0
4.04	Foreign exchange variations on cash and cash equivalents	55	55	465	465
4.05	Increase (decrease) in cash and cash equivalents	1,430	1,430	(2,257)	(2,257)
4.05.01	Opening balance of cash and cash equivalents	8,618	8,618	9,017	9,017
4.05.02	Closing balance of cash and cash equivalents	10,048	10,048	6,760	6,760

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11.01 - Consolidated Statements of Changes in Equity from 1/1/2010 to 3/31/2010 (R$ thousand)

1 - Code	2 - Description	3 - Share capital	4 - Capital reserves	5 - Revaluation reserves	6 - Revenue reserves	7 - Retained earnings/ accumulated deficit	8 - Carrying value adjustments	9 - Total equity
5.01	Opening balance	112,957	267	48,729	0	(133,851)	(1,154)	26,948
5.02	Prior year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	112,957	267	48,729	0	(133,851)	(1,154)	26,948
5.04	Profit for the period	0	0	0	0	4,773	0	4,773
5.05	Appropriations	0	0	0	0	0	0	0
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest on own capital	0	0	0	0	0	0	0
5.05.03	Other appropriations	0	0	0	0	0	0	0
5.06	Realization of revenue reserves	0	0	(396)	0	396	0	0
5.07	Carrying value adjustments	0	0	0	0	0	(612)	(612)
5.07.01	Adjustments to marketable securities	0	0	0	0	0	0	0
5.07.02	Cumulative translation adjustment	0	0	0	0	0	(612)	(612)
5.07.03	Business combination adjustments	0	0	0	0	0	0	0
5.08	Share capital increase/reduction	0	0	0	0	0	0	0
5.09	Appropriation/realization of capital reserves	0	0	0	0	0	0	0
5.10	Treasury stock	0	0	0	0	0	0	0
5.11	Other equity transactions	0	0	0	0	0	0	0
5.12	Other	0	0	0	0	0	0	0
5.13	Closing balance	112,957	267	48,333	0	(128,682)	(1,766)	31,109

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11.02 - Consolidated Statements of Changes in Equity from 1/1/2010 to 3/31/2010 (R$ thousand)

1 - Code	2 - Description	3 - Share capital	4 - Capital reserves	5 - Revaluation reserves	6 - Revenue reserves	7 - Retained earnings/ accumulated deficit	8 - Carrying value adjustments	9 - Total equity
5.01	Opening balance	112,957	267	48,729	0	(133,851)	(1,154)	26,948
5.02	Prior year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	112,957	267	48,729	0	(133,851)	(1,154)	26,948
5.04	Profit for the period	0	0	0	0	4,773	0	4,773
5.05	Appropriations	0	0	0	0	0	0	0
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest on own capital	0	0	0	0	0	0	0
5.05.03	Other appropriations	0	0	0	0	0	0	0
5.06	Realization of revenue reserves	0	0	(396)	0	396	0	0
5.07	Carrying value adjustments	0	0	0	0	0	(612)	(612)
5.07.01	Adjustments to marketable securities	0	0	0	0	0	0	0
5.07.02	Cumulative translation adjustment	0	0	0	0	0	(612)	(612)
5.07.03	Business combination adjustments	0	0	0	0	0	0	0
5.08	Share capital increase/reduction	0	0	0	0	0	0	0
5.09	Appropriation/realization of capital reserves	0	0	0	0	0	0	0
5.10	Treasury stock	0	0	0	0	0	0	0
5.11	Other equity transactions	0	0	0	0	0	0	0
5.12	Other	0	0	0	0	0	0	0
5.13	Closing balance	112,957	267	48,333	0	(128,682)	(1,766)	31,109

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06.01 - Notes to the Quarterly Information
(All amounts in thousands of Brazilian reais unless otherwise indicated)

1. General Information

Portobello S.A., also herein referred to as "Company" or "Parent company", is a listed corporation whose shares are traded on the São Paulo Futures, Commodities and Stock Exchange (BM&FBOVESPA S.A.) New Market segment, under the code PTBL3. The Company is controlled by Cesar Gomes Júnior and Eleonora Ramos Gomes, holding 32.23% of its capital. The remaining 67.77% of the shares is widely held.

With headquarters in Tijucas, State of Santa Catarina, the Company was formed in 1977 with the main purposes of manufacturing and selling ceramic and porcelain products in general, such as floors, technical and enameled porcelain, decorated and special objects, mosaics, products for the lining of interior walls, external façades, as well as the provision of supplementary services for the civil construction industry in Brazil and abroad.

The Company also holds investments in the following subsidiaries, together with the Company referred to as "**the Group**": (i) Portobello América, which was established to sell Portobello products in the North American market, and, at March 31, 2010, is classified as a discontinued operation, as described in Note 36; (ii) Mineração Portobello, which supplies about 50% of the raw materials used in the production of ceramic tiles; (iii) PBTech, which was incorporated with the objective of providing civil construction companies a differentiated service, with sales of products and services; and (iv) Portobello Shop, which manages Portobello Shop and Empório Portobello franchised stores specialized in ceramic tiles, being the only franchised ceramic tile chain in Brazil, with 103 stores.

2. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of the quarterly information are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The quarterly information has been prepared under the historical cost convention, as modified by the revaluation in 2006 of land, buildings and improvements, adopted as the deemed cost, and financial assets and liabilities measured at fair value through profit or loss.

The preparation of the quarterly information requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated quarterly information are disclosed in Note 3.

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This quarterly information is being restated in compliance with CVM Deliberation 603/2009, which permitted that the companies present their quarterly information for the quarters of 2010 based on the accounting standards effective up to December 31, 2009, provided that this information is restated in compliance with the new standards. Accordingly, this quarterly information differs from that originally disclosed by the Company and is reconciled in Note 43.

a) Consolidated quarterly information

The consolidated quarterly information has been prepared and is being presented in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC).

The consolidated quarterly information has also been prepared and is being presented in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

b) Parent company quarterly information

The quarterly information of the parent company has been prepared in accordance with accounting practices adopted in Brazil issued by the CPC and is disclosed together with the consolidated quarterly information.

2.2 Consolidation

2.2.1 Consolidated quarterly information

a) Subsidiaries

Subsidiaries are all entities over which the Company has the power to determine the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of possible voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

(All amounts in thousands of Brazilian reais unless otherwise indicated)

The Company's ownership interest percentage in subsidiaries is as follows:

	March 31, 2010	December 31, 2009
Portobello América, Inc.	100.00	100.00
PBTech Com. Serv. Revest. Cer. Ltda.	99.94	99.94
Portobello Shop S.A.	99.90	99.90
Mineração Portobello Ltda.	99.76	99.76

Transactions between the Company and its subsidiaries, as well as unrealized balances, gains and losses, have been eliminated on consolidation.

The reconciliation between the equity and the profit for the periods presented of the Company and Consolidated is as follows:

	Equity		Profit	
	March 31, 2010	December 31, 2009	March 31, 2010	March 31, 2009
Parent company	31,314	27,177	4,749	1,349
Unrealized inventory profit	(205)	(229)	(205)	(717)
Reversal of unrealized profit	-	-	229	630
Consolidated excluding minority interests	31,109	26,948	4,773	1,262

The accounting policies of the subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Company.

b) Transactions and minority interests

The Group treats transactions with minority interests as transactions with equity owners of the Group. For purchases from minority interests, the difference between any consideration paid and the proportion of the carrying amount of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals to minority interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. Any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This means that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.2.2 Parent company quarterly information

In the parent company quarterly information, subsidiaries are recorded on the equity method of accounting. In accordance with this method, an investment is initially recognized at cost and, subsequently, adjusted to recognize the interest of the Company in changes in the investee's net assets. Adjustments to the investment's carrying amount are also necessary to recognize the Company's proportionate interest in changes in the investee's carrying value adjustments, recorded directly in equity. These changes are recognized directly in the parent company's equity as carrying value adjustments.

Under the equity method of accounting, the Company's share of profits of subsidiaries allocated to dividends is recognized as dividends receivable, in current assets. Accordingly, the investment is stated net of dividends proposed by the subsidiary. Dividends, therefore, are not recognized in the statement of income.

2.3 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, responsible for allocating resources and assessing performance of the operating segments, is the Executive Board that makes the Group's strategic decisions.

2.4 Foreign currency translation

a) Presentation currency and functional currency

The items included in the quarterly information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated quarterly information is presented in Brazilian reais, which is the Company's functional currency, and also the Group's presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into Brazilian reais using the exchange rates prevailing at the dates of the transactions, or valuation when items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income, as other gains and losses, except for financing transactions, which are recognized in finance income or expenses.

c) Subsidiaries

The assets and liabilities recorded in U.S. dollars by the foreign subsidiary were translated to reais at the exchange rate ruling on the balance sheet date and the results of operations at the monthly average exchange rates. The exchange variation on the foreign investment was recorded as a cumulative translation adjustment in equity under “Carrying value adjustments”.

2.5 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less, which are readily convertible into known amounts of cash and are subject to immaterial risk of change in value.

2.6 Financial assets

2.6.1 Classification

The Group classifies its financial assets in the following categories: loans and receivables, held to maturity, financial assets measured at fair value through profit or loss (held for trading) and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade receivables".

b) Financial assets held to maturity

These are basically financial assets that cannot be classified as loans and receivable because they are quoted in an active market. In this case, these financial assets are acquired with the purpose and financial ability of being held up to their maturity.

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c) Financial assets measured at fair value through profit or loss (held for trading)

These are financial assets held for active and frequent trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in the category are included in current assets. Gains or losses arising from changes in fair value of financial assets measured at fair value through profit or loss are recorded in the statement of income in "Finance income (expenses)" in the period in which they occur.

d) Available-for sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of them within 12 months of the balance sheet date.

2.6.2 Recognition and measurement

Purchases and sales of financial assets are recognized on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. After initial recognition, loans and receivables and investments held to maturity are measured at amortized cost using the effective interest method, less any impairment loss.

2.6.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recorded amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.7 Derivative financial instruments and hedging activities

The Group does not have derivative financial instruments and hedging activities.

2.8 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine whether there is objective evidence of an impairment loss include:

i) significant financial difficulty of the issuer or obligor;

ii) a breach of contract, such as a default or delinquency in interest or principal payments;

iii) it becomes probable that the debtor will enter bankruptcy or other financial reorganization;

iv) the disappearance of an active market for that financial asset because of financial difficulties; or

v) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

- adverse changes in the payment status of debtors in the portfolio; and
- national or local economic conditions that correlate with defaults on the assets in the portfolio.

2.9 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of the Group's business. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for doubtful trade receivables. Usually, in practice, they are recognized at the amount billed, adjusted by the provision, when necessary. If collection is expected in one year or less (or in the normal operating cycle of the Group's business if longer), they are classified as current assets, otherwise they are stated in non-current assets.

The provision for doubtful trade receivables is established when there is objective evidence that the Group will not be able to realize the amounts due under the original terms of the trade receivables, and is calculated based on the estimated amount believed to be sufficient to cover

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losses on the realization of the accounts receivable, taking into account each customer's situation and the guarantees obtained.

2.10 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted moving average method. The costs of finished products and work in process comprise raw materials, direct labor, other direct costs and related general production expenses (based on the normal operating capacity), except for borrowing costs. The net realizable value is the estimated sales price in the normal course of business, less completion costs and selling expenses.

2.11 Judicial deposits

Judicial deposits are monetarily restated at the savings account rate and recorded as non-current assets, in long-term receivables.

2.12 Receivables from Eletrobrás

Receivables from Eletrobrás arise from the undisputed amount involved in an ongoing lawsuit and are recognized based on calculations of the Federal Court accounting department, restated by the inflation rate plus 12% p.a.

2.13 Investments

Investments in subsidiaries are recorded on the equity method of accounting and the equity in the earnings or loss of subsidiaries is recognized in the statement of income as operating income or expenses.

In the case of the investment in the subsidiary Portobello America Inc., the changes in the value of the investment exclusively arising from exchange variations are recorded in the account "Carrying value adjustments", in the Company's equity, and will be taken to the statement of income for the year only when the investment is sold or written down as a loss.

A provision for loss of investments is recorded when there are losses on investments in subsidiaries that exceed their carrying amount. The Company classifies the provision in non-current liabilities, under "Provision for loss of investments", with a corresponding entry in the statement of income, as "Equity in the loss of subsidiaries".

Other investments are recognized at historical cost and adjusted by a provision for impairment, if there is indication of any loss (Note 20).

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2.14 Property, plant and equipment

Property, plant and equipment are stated at purchase or construction cost plus revaluations, less accumulated depreciation. The corresponding entries to these revaluations are recorded in a specific account in equity and in deferred taxes under non-current liabilities. As permitted by CPC Pronouncement 13 - First-time adoption of Law 11638/07, the Company opted to maintain the revaluation reserve up to its total realization.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to production cost, as incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to reduce their cost to their residual values over their estimated useful lives, as follows:

	Years
Buildings, constructions and improvements	25-40
Machinery and equipment	10-15
Furniture and fittings	10
Computers	5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Based on the reviews to date, there is no need to record provisions for any permanent impairment.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 21).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other operating income (expenses), net" in the statement of income.

2.15 Intangible assets

Intangible assets relate to trademarks and patents, expenses with the implementation of the management system and software, rights to explore mineral resources and goodwill. Intangible assets are stated at acquisition or formation cost, net of accumulated amortization and impairment losses, when applicable. The amortization is calculated using annual rates applied on the straight-line method, as mentioned in Note 22, based on the defined useful life for the assets, as follows.

	Years
Software	5
Right to explore mineral resources	5
Trademarks and patents	Indefinite
Goodwill	Indefinite

The Group assigned indefinite useful lives to trademarks and patents and goodwill, based on an analysis of all relevant factors, since there is no limitation to the period during which these assets are expected to generate net cash inflows to the Group.

The Group tests an intangible asset with an indefinite useful life for impairment, by comparing its recoverable amount with the corresponding carrying amount, on an annual basis or whenever there is an indication that the intangible asset may be losing its economic substance, as determined by CPC 01 - Impairment of Assets. The book amounts at March 31, 2010 are judged to approximate their fair values.

2.16 Leases

Leases of property, plant and equipment in which the Group substantially assumes all ownership risks and benefits are classified as finance leases under "Loans and financing". These finance leases are recorded as a financed purchase, recognizing at the beginning of the lease a property, plant and equipment item and a financing liability (lease) at fair value and subsequently at amortized cost. Property, plant and equipment acquired in finance leases are depreciated at the rates defined in Note 21.

A lease in which the Group assumes only part of the ownership risks and rewards is classified as an operating lease. Operating lease payments are charged to income on the straight-line basis over the term of the lease.

2.17 Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets are subsequently reviewed for possible reversal of the impairment at each reporting date.

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2.18 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. In practice, they are usually recognized at the amount of the related invoice.

2.19 Loans and financing

These are initially recognized at fair value, upon the receipt of funds, net of transaction costs. Subsequently, the loans are presented at amortized cost, that is, plus charges and interest proportional to the period elapsed ("pro rata temporis").

Loans are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.20 Provisions for contingencies, contingent assets and liabilities

Provisions for contingencies are recognized when the Company has a legal or informal present obligation as a result of past events, it is probable that assets will be surrendered to settle the obligation, and a reliable estimate of the amount can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation and are evaluated individually by the Company's legal counsel, which classifies them in accordance with the expectations of favorable outcomes. The increase in the provision due to passage of time is recognized as finance expenses.

Contingent liabilities classified as possible losses are not recorded but are disclosed in the financial statements, and those classified as remote losses are not accrued or disclosed.

Contingent assets are not recognized, except when the Company deems the gain practically certain or when there are current guarantees or judicial unappealable favorable decisions.

2.21 Current and deferred income tax and social contribution on net income

The current income tax and social contribution expense are calculated based on the rates of 25% for income tax and 9% for social contribution effective under the current tax legislation. The offset of income tax and social contribution losses is limited to 30% of taxable income of each year.

Deferred tax assets relate to accumulated income tax and social contribution losses and temporary differences, and deferred tax liabilities relate to revaluations of property, plant and equipment and also to temporary differences. The recognition of tax assets takes into consideration the expectation of future taxable income and they are calculated based on the rates established by current tax legislation. The amount recorded is considered realizable based on estimates prepared by the Company.

Deferred tax assets and liabilities are offset whenever there is a legal right to offset current tax liabilities and assets, and they are related to income tax charged by the same tax authority to the same entity subject to taxation.

2.22 Employee benefits

a) Private pension plan

The Company sponsors a benefit plan with characteristics of a defined contribution plan; however, it offers a minimum retirement benefit for length of service or age (defined benefit components). A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not have sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is different from a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually depending on one or more factors such as age, years of service and salary.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation. The liability recognized in the balance sheet is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognized past services. When the calculation results in a benefit to the Company, the asset to be recognized is limited to the total of any unrecognized past-service costs and the present value of economic benefits available in the form of future reimbursements from the plan or decreases in future contributions to the plan.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded as other comprehensive income in equity, under "Carrying value adjustments".

Past-service costs are recognized immediately in profit or loss, unless changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

For defined contribution plans, the Company has no further payment obligation once the contributions have been paid. The contributions are recognized as employee benefit expenses when they become due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

b) Profit-sharing plan

Profit sharing and bonuses, where applicable, are recognized at the end of the year, when the amount can be accurately calculated by the Group. The Group recognizes in current liabilities, under "Other", and in the statement of income, under "Other operating expenses", profit sharing based on a formula that takes into account the achievement of 80% of the budgeted profit before interest and taxes.

2.23 Share capital

The Company's share capital is exclusively represented by common shares and is classified in equity, as disclosed in Note 30.

2.24 Share issue costs

Share issue costs are recognized in the Company's equity, deducted from the proceeds from the shares issued.

2.25 Dividend distribution

Distribution of dividends to the Company's stockholders is recognized as a liability in the Group's financial statements at year-end based on the Company's bylaws. Any amount that exceeds the minimum required is only provided on the date it is approved by the stockholders in General Meeting.

2.26 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities, and is shown net of value-added tax, returns, rebates and discounts and after eliminating sales between the Company and its subsidiaries.

Sales revenue is recognized at the time the products or services are delivered, on the transfer of ownership and when all the following conditions are fulfilled: a) the customer assumes all significant risks and benefits of ownership; b) the amount of the revenue can be reliably determined; c) the receipt of the trade receivables is probable; and d) the costs incurred or to be incurred related to the transaction can be reliably determined.

a) Sales of goods – wholesale

The Company manufactures and sells a range of ceramic tiles in the wholesale market. Sales of goods are recognized when the Company has delivered products to the wholesaler, who has full discretion over the channel and price to resell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until: (i) the products have been shipped to the specified location; (ii) the risks of obsolescence and loss have been transferred to the wholesaler; (iii) the wholesaler has accepted the products in accordance with the sales contract; and (iv) the acceptance provisions have lapsed or the Company has objective evidence that all criteria for acceptance have been satisfied.

The ceramic tiles are occasionally sold with volume discounts and customers have the right to return defective products purchased in the wholesale market. Sales are recorded based on prices established in the sales contracts. No element of financing is deemed present as the sales are made with a credit term varying in accordance with the type of customer (home centers, real estate development companies, franchised stores), which is consistent with market practice; therefore, these sales are not discounted to present value.

b) Royalty income

Royalty income is recognized on the accrual basis in accordance with the substance of the respective agreements.

c) Interest income

Interest income is recognized on the accrual basis, using the effective interest method, to the extent that it is expected to be realized.

2.27 Result from discontinued operations

The result from discontinued operations is stated as a separate amount in the statement of income, comprising the total result after income tax of these operations less any impairment loss, as mentioned in Note 36.

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2.28 Standards, amendments and interpretations to standards that are not yet effective

a) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after January 1, 2011 or later periods but the Group has not early adopted them.

- IFRS 9, "Financial instruments", issued in November 2009. This standard is the first step in the process to replace IAS 39, "Financial instruments: recognition and measurement" and introduces new requirements for reclassification and measurement of assets. The standard is not applicable until January 1, 2013 but is available for early adoption.

- Revised IAS 24, "Related party disclosures", issued in November 2009, which supersedes IAS 24, "Related party disclosures", issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after January 1, 2011. Earlier application, in whole or in part, is permitted.

  The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities.

- "Classification of rights issues" (amendment to IAS 32), issued in October 2009. The amendment applies to annual periods beginning on or after February 1, 2010. Earlier application is permitted. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors'.

- IFRIC 19, "Extinguishing financial liabilities with equity instruments", effective July 1, 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished.

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- 'Prepayments of a minimum funding requirement' (amendments to IFRIC 14). The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions.

  This was not intended when IFRIC 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning January 1, 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented.

The Group will evaluate the total impact of these standards and amendments to standards; however, they are not expected to have any effects on the Group's or the Parent company's quarterly information.

b) Interpretations and amendments to existing standards that are not yet effective and not relevant for the Company's operations

The following interpretations and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after January 1, 2011 or later periods but are not relevant for the Group's operations.

Below is a list of standards/interpretations that have been issued and are effective for periods after January 1, 2010.

Topic	Key requirements	Effective date
Amendment to IAS 32, 'Financial instruments: Presentation – Classification of rights issues'	The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.	February 1, 2010
IFRIC 19, 'Extinguishing financial liabilities with equity instruments'	Clarifies the requirements of IFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's	July 1, 2010

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Topic	Key requirements	Effective date
	shares or other equity instruments to settle the financial liability fully or partially.	
Amendment to IFRS 1, 'First-time adoption of IFRS – Limited exemption from comparative IFRS 7 disclosures for first-time adopters'	Provides the same relief to first-time adopters as was given to current users of IFRSs upon adoption of the amendments to IFRS 7. Also clarifies the transition provisions of the amendments to IFRS 7.	July 1, 2010
IAS 24, 'Related party disclosures' (revised in 2009)	Amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities.	January 1, 2011
Amendment to IFRIC 14, "IAS 19 – The limit on a defined benefit assets, minimum funding requirements and their interaction"	Removes unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. Results in prepayments of contributions in certain circumstances being recognized as an asset rather than an expense.	January 1, 2011
IFRS 9, 'Financial instruments'	IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. Prior periods need not be restated if an entity adopts the standard for reporting periods beginning before January 1, 2012.	January 1, 2013

Improvements to IFRSs in 2010

The amendments are generally applicable for annual periods beginning after January 1, 2011 unless otherwise stated. Although permitted by IASB, early adoption is not available in Brazil.

Standard	Key requirements	Applications
IFRS 1, 'First-time adoption of International Financial Reporting Standards'	**(a) Accounting policy changes in the year of adoption** Clarifies that, if a first-time adopter changes its accounting policies or its use of the exemptions in IFRS 1 after it has published an interim financial report in accordance with IAS 34, 'Interim financial reporting', it should explain those changes and update the reconciliations between previous GAAP and IFRS.	Applied prospectively.
	(b) Revaluation basis as deemed cost Allows first-time adopters to use an event-driven fair value as deemed cost, even if the event occurs after the date of transition, but before the first IFRS financial statements are issued. When such remeasurement occurs after the date of transition to IFRSs, but during the period covered by its first IFRS financial statements, any subsequent adjustment to that event-driven fair value is recognized in equity. This event may be, for example, a privatization or an acquisition.	Entities that adopted IFRSs in previous periods are permitted to apply the amendment retrospectively in the first annual period after the amendment is effective, provided the measurement date is within the period covered by the first IFRS financial statements.
	(c) Use of deemed cost for operations subject to rate regulation (for example, public service concessionaires) Entities subject to rate regulation are allowed to use previous GAAP carrying amounts of property, plant and equipment or intangible assets as deemed cost on an	Applied prospectively.

Standard	Key requirements	Applications
	item-by-item basis. Entities that use this exemption are required to test each item for impairment under IAS 36 at the date of transition.	
IFRS 3, 'Business combinations'	**(a) Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS.** Clarifies that the amendments to IFRS 7, 'Financial instruments: Disclosures', IAS 32, 'Financial instruments: Presentation', and IAS 39, 'Financial instruments: Recognition and measurement", that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008).	Applicable to annual periods beginning on or after July 1, 2010. Applied retrospectively.
	(b) Measurement of minority interests The choice of measuring minority interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interest are measured at fair value unless another measurement basis is required by IFRS.	Applicable to annual periods beginning on or after July 1, 2010. Applied prospectively from the date the entity applies IFRS 3.
	(c) Un-replaced and voluntarily replaced share-based payment awards The application guidance in IFRS 3 applies to all share-based payment transactions	Applicable to annual periods beginning on or after July 1, 2010. Applied prospectively.

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Standard	Key requirements	Applications
	that are part of a business combination, including un-replaced and voluntarily replaced share-based payment awards.	
IFRS 7, 'Financial instruments'	Emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments.	January 1, 2011 Applied retrospectively.
IAS 1, 'Presentation of financial statements'	Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.	January 1, 2011 Applied retrospectively.
IAS 27, 'Consolidated and separate financial statements'	Clarifies that the consequential amendments from IAS 27 made to IAS 21, "The effect of changes in foreign exchange rates", IAS 28, "Investments in associates", and IAS 31, "Interests in joint ventures", apply prospectively for annual periods beginning on or after July 1, 2009, or earlier when IAS 27(R) is applied earlier.	Applicable to annual periods beginning on or after July 1, 2010. Applied retrospectively.
IAS 34, 'Interim financial reporting'	Provides guidance to illustrate how to apply the disclosure principles in IAS 34 and adds disclosure requirements about: • The circumstances likely to affect fair values of financial instruments and their classification; • Transfers of financial instruments between different levels of the fair value hierarchy; • Changes in classification of financial assets; and	January 1, 2011 Applied retrospectively.

Standard	Key requirements	Applications
	• Changes in contingent liabilities and assets.	
	•	
IFRIC 13, 'Customer loyalty programs'	The meaning of 'fair value' is clarified in the context of measuring award credits under customer loyalty programs.	January 1, 2011

3 Critical Accounting Estimates and Judgments

3.1 Critical accounting estimates and assumptions

Based on assumptions, the Group makes estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are addressed below.

a) Review of useful life and impairment of assets

The recoverability of assets used in the Company's activities is evaluated whenever events or changes in circumstances indicate that the carrying amount of an asset or a group of assets might not be recovered through future cash flows. If the carrying amount of these assets exceeds the recoverable amount, the difference is adjusted and the useful life is changed if necessary.

b) Provisions for contingencies

The Company is party to labor, civil and tax lawsuits at several stages. The provisions for contingencies to cover expected losses arising from lawsuits in progress are established and updated according to management's evaluation, which is based on the opinion of legal counsel, and require a high level of judgment on the matters involved.

c) Provisions for inventory losses

The provision for inventory losses is recorded when, based on management's estimates, the items are considered as discontinued, of low turnover and when the cost of inventory items exceeds their realizable value.

d) Deferred income tax and social contribution

Deferred tax assets and liabilities are based on tax loss carryfowards and temporary differences between the carrying amounts in the financial statements and the tax basis. If the Company and its subsidiaries incur losses or are not able to generate sufficient future taxable income, or if there is a significant change in current tax rates or the period of time in which the temporary differences become taxable or deductible, a reversal of a significant portion of the deferred tax asset may be necessary, which could result in the increase in effective tax rate.

e) Private pension plan

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (benefit) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 29 (a).

f) Discontinued operation

The Company recognizes the discontinuation of subsidiaries through the approval of the Board of Directors, and records provisions based on past expectations of the liquidation value, recording the estimated fair value of the loss on business discontinuation.

3.2 Critical judgments in applying the entity's accounting policies

a) Receivables from Eletrobrás

Receivables from Eletrobrás are recognized based on the opinion of the Company's legal advisors and on the final and unappealable decision of the lawsuit, which is currently waiting judgment. The amounts have already been calculated by the Federal Court accounting department, following the characteristics of the sentence and the rulings of the trial judge and therefore, in accordance with the legal advisors, the definitive approval of the amounts claimed is practically certain.

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b) Credits from related parties with guarantees

Receivables from Refinadora Catarinense are recognized based on the amount of the contract signed with the counterparty and the amount of guarantees given. Credits ceded as guarantee have already been converted into bonds to pay court-ordered debts and are included in the Federal Government's budget for 2011. Accordingly, the Federal Government must start the payment of bonds to pay the court-order debts in 2011, with the consequent settlement of the Company's credits.

c) Payment in installments MP 470

The amount of payment in installments in accordance with Provisional Measure (MP) 470 is based on the assumption that the Company will obtain the approval of its request, according to the opinion of the legal advisors.

The Company has already filed an action to obtain the legal approval of the payment in installments established by MP 470. It is practically certain that this procedure - request for Injunction - will be deemed valid, based on the opinion of the Company's legal department, as well as two legal firms with well-known specialization (Demarest Almeida and Souza Cescon).

4 Financial Risk Management

4.1 Financial risk factors

The Company's activities expose it to financial risks related to market, credit and liquidity. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the Treasury and Financial Departments under policies approved by the Board of Directors. The Group Treasury and Financial Departments identify, evaluate and hedge financial risks in close co-operation with the Group's operating units. The Board provides principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of surplus liquidity.

a) Market risk

i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar and the euro. Foreign exchange risk arises from future commercial transactions, recorded assets and liabilities and net investments in foreign operations.

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The table below presents the assets and liabilities exposed to foreign exchange variations:

	In reais			
	Parent company		Consolidated	
	March 31, 2010	December 31,2009	March 31, 2010	December 31,2009
Trade receivables	12,100	10,693	12,724	11,325
Receivables from subsidiaries	32,396	32,182	-	-
Advances to suppliers	-	768	-	768
Marketable securities	-	3,650	-	3,650
Investments in subsidiaries	(27,934)	(27,026)	-	-
Trade payables	(3,577)	(2,687)	(4,358)	(3,820)
Loans and financing	(34,479)	(31,167)	(34,491)	(31,184)
Net liability exposure	(21,494)	(13,587)	(26,125)	(19,261)

		In foreign currency			
		Parent company		Consolidated	
		March 31, 2010	December 31,2009	March 31, 2010	December 31,2009
Trade receivables	Euro	318	301	318	301
Trade receivables	US dollar	5,564	5,238	7,194	6,824
Receivables from subsidiaries	US dollar	18,190	18,454	-	-
Advances to suppliers	Euro	-	82	-	82
Advances to suppliers	US dollar	-	325	-	325
Marketable securities	US dollar	-	2,096	-	2,096
Investments in subsidiaries	US dollar	(15,684)	(15,521)	-	-
Trade payables	Euro	(1,071)	(708)	(1,071)	(708)
Trade payables	US dollar	(446)	(400)	(885)	(1,051)
Loans and financing	Euro	(2,101)	(1,835)	(2,101)	(1,835)
Loans and financing	US dollar	(15,053)	(14,235)	(15,060)	(14,245)

The strategy adopted to mitigate the foreign exchange exposure of the Company's assets and liabilities is to maintain a net liability exchange exposure at amounts that approximate the exports for around one year, and, accordingly, providing a natural hedge in its cash flow.

ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term loans and financing and is associated to borrowings at floating rates that expose the Group to interest rate and cash flow risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group continuously monitors market interest rates in order to assess the need to contract new instruments to hedge against the volatility risk of these rates.

b) Credit risk

The Group maintains strict control on credit limits granted to its customers and adjusts these limits whenever significant changes in the risk levels are detected.

As regards financial investments, these are mainly in federal government securities and private securities of low risk.

c) Liquidity risk

This is the risk of not having liquid funds sufficient to meet the Group's financial commitments, due to the mismatch of terms or volume in expected receipts and payments.

To manage liquidity of cash in local and foreign currency, assumptions for future disbursements and receipts are determined, and these are monitored daily by the Treasury and Financial areas.

At March 31, 2010, the Company has an excess of current liabilities over current assets of R$ 58,820 (R$ 63,638 at December 31, 2009). Management plans to reverse this situation through:

- Restructuring of the debt, aiming at extending the indebtedness profile, obtaining a grace period for payments and the reduction of the financial cost of borrowing.

- Implementation of measures to strengthen the operating and financial areas in order to improve profit margins, such as: reduction of costs, replacement of existing equipment by others with higher productivity and the launching of innovative products.

The table below analyzes the parent company and consolidated non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date up to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

06.01 - Notes to the Quarterly Information
(All amounts in thousands of Brazilian reais unless otherwise indicated)

	Parent company				Consolidated			
	Less than one year	Between 1 and 2 years	Between 2 and 5 years	Over five years	Less than one year	Between 1 and 2 years	Between 2 and 5 years	Over five years
At March 31,2010								
Loans and financing	98,112	25,977	11,477	598	98,124	26,739	11,473	598
Finance lease liabilities	268	147	-	-	268	147	-	-
Trade payables	59,825	-	-	-	61,183	-	-	-
Tax liabilities payable in installments	16,103	28,212	34,107	69,368	16,673	29,729	35,236	69,869
Total	174,308	54,336	45,584	69,966	176,248	56,615	46,709	70,467

	Parent company				Consolidated			
	Less than one year	Between 1 and 2 years	Between 2 and 5 years	Over five years	Less than one year	Between 1 and 2 years	Between 2 and 5 years	Over five years
At December 31,2009								
Loans and financing	92,569	11,146	17,359	-	92,586	11,141	18,096	-
Finance lease liabilities	285	155	-	-	285	155	-	-
Trade payables	65,999	-	-	-	68,033	-	-	-
Tax liabilities payable in installments	21,434	13,690	39,152	75,535	22,179	14,432	40,943	76,078
Total	180,287	24,991	56,511	75,535	183,083	25,728	59,039	76,078

d) Additional sensitivity analysis required by the Brazilian Securities Commission (CVM)

i) Sensitivity analysis of changes in interest rates

Income from financial investments of the Company and the finance expenses arising from loans and financing are affected by interest rate variations, such as the Interbank Deposit Certificate interest rate (CDI) and the Long-term Interest Rate (TJLP).

At March 31, 2010, management defined for the probable scenario a CDI rate of 8.61% (annual rate of the reference period) and TJLP of 6.00%. The probable rates were stressed by 25% and 50%, for the possible and remote scenarios, respectively.

	Consolidated in reais							
	March 31, 2010	Risk	Probable		Possible (25%)		Remote (50%)	
Transaction			%	R$	%	R$	%	R$
Loans – working capital	91,297	CDI increase	8.61%	(7,861)	10.76%	(9,826)	12.92%	(11,791)
Total	91,297			(7,861)		(9,826)		(11,791)
Transaction								
Investments – marketable securities	1,557	CDI decrease	8.61%	131	6.46%	99	4.31%	66
Total	1,557			131		99		66

(All amounts in thousands of Brazilian reais unless otherwise indicated)

ii) Sensitivity analysis of changes in foreign exchange rates

At March 31, 2010, the Company had assets and liabilities denominated in foreign currency and, for sensitivity analysis purposes, adopted as the probable scenario the future market rate in effect during the period of preparation of this quarterly information. The probable rates were stressed by 25% and 50%, for the possible and remote scenarios, respectively.

Accordingly, the table below presents a simulation of the effect of foreign exchange variations on future results:

	Consolidated in reais						
	March 31, 2010	Probable		Possible (25%)		Remote (50%)	
		U$ rate	Gain (Loss)	U$ rate	Gain (Loss)	U$ rate	Gain (Loss)
Trade receivables	12,724	1.7810	-	2.2263	3,181	2.6715	6,362
Trade payables	(4,358)	1.7810	-	2.2263	(1,090)	2.6715	(2,179)
Loans and financing	(34,491)	1.7810	-	2.2263	(8,623)	2.6715	(17,246)
Net liability exposure	(26,125)	1.7810	-	2.2263	(6,532)	2.6715	(13,063)

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders, as well as provide the best cash management, so as to obtain the lowest cost of funding in the combination of own or third party's capital.

The Group monitors capital on the basis of the consolidated gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and payment in installments of tax liabilities less cash and cash equivalents, receivables from other related parties and marketable securities. Total capital is calculated as equity as shown in the consolidated balance sheet plus net debt.

The gearing ratios at March 31, 2010 and December 31, 2009 were as follows:

	Parent company		Consolidated	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
Loans and financing	135,870	120,981	136,640	121,730
Tax liabilities payable in installments	147,790	149,811	151,507	153,632
Less: Cash and cash equivalents	(8,625)	(7,014)	(10,048)	(8,618)
Receivables from other related parties	(88,470)	(86,763)	(88,470)	(86,763)
Marketable securities	(1,557)	(4,279)	(1,557)	(4,279)
Net debt	185,008	172,736	188,072	175,702
Total equity	31,314	27,177	31,112	26,949
Total capital	216,322	199,913	219,184	202,651
Gearing ratio (%)	86	86	86	87

(All amounts in thousands of Brazilian reais unless otherwise indicated)

At March 31, 2010 the Company does not have available and unused credit facilities.

4.3 Fair value estimation

Fair value is the amount by which an asset could be exchanged or a liability settled between knowledgeable, willing parties, in an arm's-length transaction.

The carrying values less provision for doubtful trade receivables and payables are assumed to reasonably approximate their fair values, and therefore an estimation is not necessary.

The Group adopted CPC 40/IFRS 7 for financial instruments that are measured in the balance sheet at fair value; this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Financial assets and liabilities of the Group, measured at fair value, were classified in level 2 of the fair value hierarchy, as shown in the table below:

	Parent company			
	Book value		Fair value	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
Liabilities				
Other financial liabilities				
Loans and financing	135,870	120,981	135,870	120,981
Total	135,870	120,981	135,870	120,981

	Consolidated			
	Book value		Fair value	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
Liabilities				
Other financial liabilities				
Loans and financing	136,640	121,730	136,640	121,730
Total	136,640	121,730	136,640	121,730

(All amounts in thousands of Brazilian reais unless otherwise indicated)

5 Financial Instruments by Category

In the table below, the Group's financial instruments are classified by category at the balance sheet dates:

	Parent company		Consolidated	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
Assets, as per balance sheet				
Receivables				
Cash and cash equivalents	8,625	7,014	10,048	8,618
Trade receivables	73,067	65,510	79,659	71,662
Total	81,692	72,524	89,707	80,280
Held to maturity				
Marketable securities	1,557	4,279	1,557	4,279
Total	1,557	4,279	1,557	4,279
Liabilities, as per balance sheet				
Other financial liabilities				
Trade payables	59,825	65,999	61,183	68,033
Loans and financing	135,530	120,632	136,300	121,381
Finance lease liabilities	340	349	340	349
Tax liabilities payable in installments	147,790	149,811	151,507	153,632
Total	343,485	336,791	349,330	343,395

(All amounts in thousands of Brazilian reais unless otherwise indicated)

6 Credit Quality of Financial Assets

The credit quality of financial assets that are neither past due nor impaired is assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. For credit quality of financial institutions, the Company considers the lowest rating of the counterparty disclosed by the three main international rating agencies (Moody's, Fitch and S&P):

	Parent company		Consolidated	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
Trade receivables				
Counterparties without external credit rating				
Group 1	6,602	6,954	7,197	7,607
Group 2	62,682	55,251	68,333	60,433
Group 3	6,131	5,713	6,684	6,248
Total	75,415	67,918	82,214	74,288
Cash at bank and short term bank deposits (not including cash on hand)				
AAA (bra)	519	2,624	565	2,661
AA+ (bra)	2,650	2,572	3,341	2,727
A+ (bra)	89	463	89	463
AA- (bra)	5,105	601	5,106	603
BBB (bra)	25	244	25	244
Other	228	501	913	1,911
Total	8,616	7,005	10,039	8,609
Loans to related parties				
Group 3	649	605	-	-
Total	649	605	-	-

The customer risk internal classification is described below:

- Group 1 – new customers/related parties (less than six months).
- Group 2 – existing customers/related parties (more than six months) with no defaults in the past.
- Group 3 – existing customers/related parties (more than six months) with some defaults in the past.

The rating of financial institutions with which the Company carried out transactions during the year is as follows:

(All amounts in thousands of Brazilian reais unless otherwise indicated)

Counterparty	Fitch	Moody's	S&P
Banco ABC Brasil S.A.	AA-(bra)	Aa1.br	-
Banco Alfa	AA-(bra)	Aaa.br	-
Banco Bradesco S.A.	AAA(bra)	Aaa.br	brAAA
Banco Daycoval S.A.	A+ (bra)	-	-
Banco do Brasil S.A	AA+(bra)	-	-
Banco Industrial e Comercial S.A.	A+ (bra)	-	-
Banco Indusval S.A.	BBB(bra)	-	-
Banco Itaú S.A.	AAA(bra)	Aaa.br	brAAA
Banco Safra	AA+(bra)	Aaa.br	-
HSBC Bank Brasil S.A.	-	Aaa.br	-

7 Derivative Financial Instruments

The Group does not have derivative financial instruments.

8 Cash and Cash Equivalents

	Parent company		Consolidated	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
Cash	9	9	9	2
Checking account	8,616	7,005	10,039	8,616
Total	8,625	7,014	10,048	8,618

9 Trade Receivables

	Parent company		Consolidated	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
Receivables from third parties:				
Customers –domestic market	63,111	57,087	69,286	62,825
Customers -foreign market	12,100	10,693	12,724	11,325
	75,211	67,780	82,010	74,150
Receivables from related parties:				
Entities related to management	204	138	204	138
	204	138	204	138
Impairment of trade receivables:				
Provision for doubtful trade receivables	(2,348)	(2,408)	(2,555)	(2,626)
	(2,348)	(2,408)	(2,555)	(2,626)
Total	73,067	65,510	79,659	71,662
Current	72,460	64,837	79,052	70,989
Non current	607	673	607	673

(All amounts in thousands of Brazilian reais unless otherwise indicated)

The fair value of trade receivables at March 31, 2010 is R$ 73,067 (R$ 65,510 at December 31, 2009). Impaired trade receivables amounting to R$ 2,348 (R$ 2,408 at December 31, 2009), are covered by the provision for doubtful trade receivables.

The discounted trade notes and advances on export contracts for 2010 and 2009, the risks of which belonged to the Group, were reclassified to current liabilities in the group of loans and financing.

Sales receivable from subsidiaries are stated in long-term receivables, under “Receivables from subsidiaries”.

The changes in the provision for doubtful trade receivables are the following:

	Parent company	Consolidated
At December 31, 2009	2,408	2,626
Provision for (reversal of) doubtful trade receivables (a)	93	82
Receivables written-off during the year as uncollectible	(153)	(153)
At March 31, 2010	2,348	2,555

(a) The change in provision for 2010 is stated at the net amount of additions and reversals.

The provision and reversal are recorded in the statement of income as other selling expenses.

The provision is believed to be sufficient to cover probable losses on collection of trade receivables considering each customer's situation and the related guarantees. The amount represents an estimated risk of non-realization of receivables due, based on the analysis of the respective manager.

The aging of trade receivables is as follows:

(All amounts in thousands of Brazilian reais unless otherwise indicated)

	Parent company		Consolidated	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
Not yet due – non-current	607	673	607	673
Not yet due - current	67,306	59,567	73,066	65,681
Overdue up to 30 days	2,075	2,548	2,751	2,411
Overdue from 31 to 60 days	558	283	678	346
Overdue from 61 to 90 days	265	251	288	251
Overdue from 91 to 180 days	706	450	968	869
Overdue from 181 to 360 days	1,050	1,420	941	1,276
Overdue for more than 360 days	2,848	2,726	2,915	2,781
Total	75,415	67,918	82,214	74,288

	Parent company					
	March 31, 2010			December 31, 2009		
	Not yet due	Overdue not impaired	Overdue impaired	Not yet due	Overdue not impaired	Overdue impaired
Not yet due – non-current	607	-	-	673	-	-
Not yet due - current	67,306	-	-	59,567	-	-
Overdue up to 30 days	-	2,075	-	-	2,548	-
Overdue from 31 to 60 days	-	558	-	-	283	-
Overdue from 61 to 90 days	-	265	-	-	251	-
Overdue from 91 to 180 days	-	706	-	-	450	-
Overdue from 181 to 360 days	-	1,050	-	-	1,420	-
Overdue for more than 360 days	-	500	2,348	-	318	2,408
	-			-		
Total	67,913	5,154	2,348	60,240	5,270	2,408

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1 - CVM CODE	**2 - COMPANY NAME**	**3 - Federal Corporate Taxpayers' Registration Number (CNPJ)**
01377-3	PORTOBELLO S.A.	83.475.913/0001-91

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	Consolidated					
	March 31, 2010			December 31, 2009		
	Not yet due	Overdue not impaired	Overdue impaired	Not yet due	Overdue not impaired	Overdue impaired
Not yet due – non-current	607	-	-	673	-	-
Not yet due - current	73,066	-	-	65,681	-	-
Overdue up to 30 days	-	2,751	-	-	2,411	-
Overdue from 31 to 60 days	-	678	-	-	346	-
Overdue from 61 to 90 days	-	288	-	-	251	-
Overdue from 91 to 180 days	-	968	-	-	651	218
Overdue from 181 to 360 days	-	941	-	-	1,276	-
Overdue for more than 360 days	- -	360	2,555	- -	373	2,408
Total	73,673	5,986	2,555	66,354	5,308	2,626

The Company's receivables are pledged in guarantee of certain loans and financing, as described in Note 24, calculated as a percentage of the remaining debt balance. At March 31, 2010, trade receivables pledged in guarantee were R$ 26,982 (R$ 59,315 at December 31, 2009).

10 Marketable Securities

Marketable securities include financial assets classified as held to maturity, as follows:

	Parent company and Consolidated	
	March 31, 2010	December 31, 2009
Financial investments	1,557	629
Restricted bank account	-	3,650
Total	1,557	4,279

The financial assets in the parent company and the consolidated at March 31, 2010 classified as held to maturity, comprise financial investments pledged in guarantee of financial loans of R$ 1,557 (R$ 629 at December 31, 2009, which together with R$ 3,650 in restricted bank accounts totaled R$ 4,279) remunerated at 98% of the CDI interest rate and maturing on March 01, 2011 (Banco BIC).

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11 Inventories

	Parent company		Consolidated	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
Finished products	62,157	61,101	64,819	64,262
Work in process	6,502	6,967	6,502	6,967
Raw and consumption materials	8,040	8,270	8,040	8,270
Provision for adjustment to realizable value	(8,825)	(8,114)	(9,039)	(8,462)
Total	67,874	68,224	70,322	71,037

12 Taxes Recoverable

	Parent company		Consolidated	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
Current				
ICMS	46	64	83	101
IPI (a)	698	706	698	706
IRRF/CSRF	94	144	464	514
PIS/COFINS	-	-	151	159
PIS/COFINS credit (b)	-	2,138	-	2,138
Other	169	106	320	256
Total	1,007	3,158	1,716	3,874
Non current				
Municipal tax credits	207	207	207	207
ICMS on property, plant and equipment	293	293	293	293
Total	500	500	500	500

ICMS - Value-added Tax on Sales and Services
IPI - Excise Tax
IRRF/CSRF - Withholding Income Tax/Withholding Social Contribution
PIS/COFINS - Social Integration Program/Social Contribution on Revenues

(a) The percentages of IPI rates charged on the products manufactured and sold by Portobello S.A, were reduced up to June 30, 2010 according to Decree 7.032 of December 14, 2009, generating credits which may be offset in the future.

(b) In 2009, the Company recorded ICMS credits on purchases of replacement parts and maintenance of machinery and equipment in the period from January 2006 to June 2009. These credits resulted from review in the calculation of federal taxes and are supported by the independent legal advisors opinion. The credits were fully used up to March 31, 2010.

13 Receivables from Other Related Parties

From 2001 to 2003, the Company purchased from the related party Refinadora Catarinense S.A. ("Refinadora") tax credits against the National Treasury, arising from an injunction seeking refund of the IPI premium credits. The Company used these credits to settle federal taxes. According to the terms of the agreement between the parties, if such credits are not validated by the National Treasury, Refinadora must reimburse the Company.

In 2009, the Federal Supreme Court (STF) issued a decision determining that this incentive ended on October 4, 1990, and therefore the credit can no longer be used. Consequently, the Company applied for the installment payment program established by Law 11941/09, including the debt arising from the credit obtained from Refinadora. However, Refinadora had already entered into an agreement with the Company, guaranteeing the reimbursement of the amounts utilized to offset tax debts. The guarantee was supported by credits arising from the reimbursement of the "IPI credit premium" tax benefit for the calculation period prior to October 4, 1990, on which a final and unappealable decision from the Federal Court in the Federal District had already been passed.

Upon requesting the installment payment program established by Law 11941/09, the Company and Refinadora entered into an agreement confirming these credits as guarantees and able to settle all the tax debt installments. At March 31, 2010, these credits, which also arise from lawsuit 87.00.00967-9, total R$ 88,470 (R$ 86,763 at December 31, 2009) and are monetarily restated by the Special System for Settlement and Custody (SELIC) rate, as prescribed by the agreement.

It should be pointed out that the credits offered in payment have already been changed to a court-ordered debt and are expected to be received beginning in 2011, when the Company may initiate the tax offset procedure, waiting for the conversion into cash, or selling the court-ordered debt.

Refinadora Catarinense S.A. was a subsidiary in the past and currently has the same stockholders, although they are minority stockholders and remain financially responsible for the payment of the obligation.

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14 Judicial Deposits

The Company and its subsidiaries are parties to labor, civil and tax lawsuits (see Note 27), and are discussing such matters at the administrative and judicial levels, which, when applicable, are supported by judicial deposits. These are recorded at the original amount plus the savings account basic remuneration rates, Reference Rate (TR) + 0.5% per month.

Judicial deposits are presented according to the nature of the related claims:

	Parent company		Consolidated	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
Civil	6	7	181	161
Labor	564	563	605	604
Tax	1,686	1,452	1,686	1,452
Total	2,256	2,022	2,472	2,217

15 Receivables from Eletrobrás

From 1977 to 1993, the Company paid, through invoices for electrical energy, the compulsory loan created by Law 4156/62 with the purpose of financing the expansion of the Brazilian electrical sector.

With the objective of obtaining reimbursement of a compulsory loan paid through invoices for electrical energy from 1977 to 1993, based on Law 4156/62, the Company filed a legal action against Centrais Elétricas Brasileiras S.A. - Eletrobrás.

A final and unappealable decision to a lawsuit filed by the Company was issued in favor of the Company on December 16, 2005, and in February 2006, the Company filed the execution action. Eletrobrás and the Federal Government challenged the action and recognized the undisputed portion of R$ 6,286 (amounts on March 1, 2008), represented by (i) a bank deposit of R$ 4,964 on April 1, 2008 and (ii) 61,209 class B nominative preferred shares of Eletrobrás, which were sold on August 13, 2008 for R$ 1,597.

The Federal Court determined that the Court Accounting Department calculate the amount due to the Company. The accounting department then calculated the amount of R$ 12,064 on February 1, 2006 as that of the reimbursement plus legal increases. The Company updated the amount calculated by the legal experts, based on the same methodology, which, after deducting the amount already recognized as undisputed, resulted in a remaining balance of R$ 14,412 (R$ 13,858 at December 31, 2009), which is recorded in non-current assets as "Receivables" and is restated monthly by the National Consumer Price Index (INPC), plus interest of 12% p.a.

(All amounts in thousands of Brazilian reais unless otherwise indicated)

As a contingent asset, not recorded in books, the Company is still claiming in court the additional recognition of R$ 3,800, based on the fact that the Federal Court of Florianópolis accounting department has not applied correctly the interest levied on credits already declared in favor of the Company. The court accounting department has not considered that the new civil code established revised regulations to calculate legal interest (art. 406) upon which the Company is claiming the related difference.

16 Income Tax and Social Contribution on Net Income

a) Income tax and social contribution

Income tax and social contribution recoverable are recorded in current assets and comprise the following:

	Parent company		Consolidated	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
Income tax	538	125	1,210	294
Social contribution	195	46	459	126
Total	733	171	1,669	420

b) Deferred income tax and social contribution

Deferred taxes are calculated on income tax and social contribution losses and on temporary differences between the tax calculation bases of assets and liabilities and the respective book values in the quarterly information. The current tax rates of 25% for income tax and 9% for social contribution are used to calculate deferred taxes.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available to utilize temporary differences and/or tax losses, considering projections of future results of operations based on internal assumptions and future economic scenarios, which may, therefore, suffer changes.

The deferred tax calculation bases are as follows:

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	Parent company and Consolidated		Income tax and social contribution	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
	Calculation basis		Deferred taxes	
Tax losses	40,595	41,442	13,802	14,090
Temporary differences assets	49,156	47,222	16,713	16,056
Portobello pension plan	3,182	3,281	1,082	1,116
Provision for adjustment to market value	7,707	7,320	2,620	2,489
Provision for contingencies	14,022	14,187	4,767	4,824
Provision for PIS with ICMS reduction	1,744	1,489	593	506
Provision for COFINS with ICMS reduction	8,034	6,860	2,732	2,332
Provision for doubtful trade receivables	2,348	2,408	798	819
Provision for financial investments	6,185	6,185	2,103	2,103
Other temporary differences assets	5,934	5,492	2,018	1,867
Adjustment to recoverable value	(26,297)	(36,974)	(8,941)	(12,571)
Net amount of temporary differences - assets	63,454	51,690	21,574	17,575
Temporary differences - liabilities	(106,247)	(105,486)	(36,124)	(35,865)
Revaluation reserve	(57,365)	(57,760)	(19,504)	(19,638)
Provision for contingencies - Eletrobrás	(10,088)	(10,560)	(3,430)	(3,590)
Contingent assets - IPI premium credit- phase II	(6,900)	(7,323)	(2,346)	(2,490)
Adjustment to present value - Prodec*	(709)	(533)	(241)	(181)
Depreciation adjustment (to the useful lives of assets)	(8,870)	(8,283)	(3,016)	(2,816)
Exchange rate adjustment	(22,315)	(21,027)	(7,587)	(7,150)
Adjustment to recoverable value	(21,532)	(12,081)	(7,321)	(4,108)
Net amount of temporary differences - liabilities	(127,779)	(117,567)	(43,445)	(39,973)
Total	(64,326)	(65,877)	(21,871)	(22,398)

* Prodec - Program of Development for Companies of Santa Catarina State

The deferred tax amounts will be offset as follows:

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	Parent company and Consolidated	
	Calculation basis	Deferred taxes
Deferred tax asset to be recovered :		
Within 12 months	39,209	13,331
After 12 months	24,245	8,243
	63,454	21,574
Deferred tax liability to be paid:		
Within 12 months	(22,315)	(7,587)
After 12 months	(105,464)	(35,858)
	(127,779)	(43,445)
Total	(64,325)	(21,871)

The deferred taxes on tax losses will be used as follows:

Maturity	Parent company and Consolidated
2010	3,408
2011	3,982
2012	4,971
Total	12,361

The deferred taxes on temporary differences are expected to be used within five years. The net changes in the deferred tax liability are as follows:

	Parent company		Consolidated	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
Prior balance	(22,398)	(506)	(22,398)	(506)
Tax losses	(288)	(35,005)	(288)	(35,005)
Temporary differences - assets	656	(1,935)	656	(1,935)
Temporary differences - liabilities	(393)	(6,764)	(393)	(6,764)
Revaluation reserve	135	187	135	187
Adjustment to recoverable value	417	21,625	417	21,625
Closing balance	(21,871)	(22,398)	(21,871)	(22,398)

The changes in deferred income tax assets and liabilities during the year, without the offset of balances, are as follows:

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	Parent company		Consolidated	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	Charged (credited) to profit/loss	Charged (credited) to profit/loss	Charged (credited) to profit/loss	Charged (credited) to profit/loss
Deferred tax asset				
Tax losses	(288)	1,375	(288)	1,375
Provisions for contingencies	(56)	(53)	(56)	(53)
PIS calculation basis reduced as result of ICMS elimination effects	87	-	87	-
COFINS calculation basis reduced as result of ICMS elimination effects	399	-	399	-
Portobello pension plan	(34)	(32)	(34)	(32)
Provision for adjustment to market value	131	(758)	131	(758)
Provision for doubtful trade receivables	(21)	65	(21)	65
Provision for profit sharing	-	(442)	-	(442)
Provision for contingencies of IPI premium credit after 90 - SIMAB	-	70	-	70
Other temporary differences	151	606	151	606
Total	369	831	369	831
Deferred tax liability				
Adjustment to present value	(60)	-	(60)	-
Depreciation adjustment(to the useful lives of assets)	(200)	-	(200)	-
Provision for contingencies - Eletrobrás	(132)	(115)	(132)	(115)
Contingent assets – IPI premium credit -phase II	(51)	-	(51)	-
Realization of revaluation reserve	135	-	135	-
Cash basis exchange variations	(438)	(86)	(438)	(86)
(-) Valuation allowance	898	(651)	898	(651)
Total	152	(852)	152	(852)
	521	(21)	521	(21)

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c) Income tax and social contribution payable

Income tax and social contribution payable are recorded in current liabilities and comprise the following:

	Parent company		Consolidated	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
Income tax	488	-	1,191	22
Social contribution	178	-	433	8
Total	666	-	1,624	30

d) Income tax and social contribution benefit/expense

The income tax and social contribution benefit (expense) is as follows:

	Parent company		Consolidated	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Current tax				
Current tax on profit for the period	(666)	(909)	(1,624)	(1,691)
Total current tax	(666)	(909)	(1,624)	(1,691)
Deferred tax				
Origination and reversal of temporary differences	521	(21)	521	(21)
Total deferred tax	521	(21)	521	(21)
Income tax and social contribution expense	(145)	(930)	(1,103)	(1,712)

	Parent company		Consolidated	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Profit before taxation	4,894	2,279	5,898	4,568
Tax calculated based at the standard tax rates	(1,664)	(775)	(2,005)	(1,553)
Equity in the earnings (loss) of subsidiaries	484	(214)	-	-
Non deductible expenses for tax purposes	43	(17)	(27)	(17)
Depreciation of revalued assets	(134)	(135)	(134)	(135)
Tax credits on tax losses and temporary differences	471	97	408	14
Deferred income tax and social contribution	655	114	655	(21)
Tax expense	(145)	(930)	(1,103)	(1,712)

17 Tax Assets

The Company filed a lawsuit requesting the recognition of the IPI Premium credit for different calculation periods. Lawsuit 1987.0000.645-9, referring to the period from April 1, 1981 to April 30, 1985, was decided in the Company's favor and is at the sentence execution phase, with the related amounts already determined by the Federal Court accounting department. Accordingly, in November 2009, the Company recognized the undisputed amount equivalent to R$9,858, restated through March 31, 2010 (R$ 9,665 at December 31, 2009).

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18 Contingent Assets

Contingent assets refer to lawsuits 1998.34.00.029022-4 and 1984.00.020114-0 and also are related to the recognition of tax benefits of the "IPI premium credit", as described in Note 17. These lawsuits are in the execution phase. However, as the amounts owed by the Federal Government have not yet been calculated by the Federal Justice Department, they cannot be recorded as assets. The Company's legal consultants estimate credits of R$ 54,605 and R$ 1,848, respectively, net of provisions (see Note 25).

Regarding lawsuit 1998.34.00.029022-4, the Company is waiting for a final judgment for settlement of the decision, which should be made up to December 31, 2010, and in relation to lawsuit 1984.00.020114-0, the Company will offset the amounts against the IPI due, as from January 2011.

19 Other Long-term Receivables

	Parent company		Consolidated	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
Escrow deposits	-	-	596	593
Receivables - SIMAB (a)	4,535	4,535	4,535	4,535
(-) Provision for loss	(4,535)	(4,535)	(4,535)	(4,535)
Other	57	139	57	139
Total	57	139	653	732

(a) On September 30, 2007, the Company recorded R$ 4,535 in long-term receivables relating to the transfer of tax credits (IPI premium credits) with Simab S.A., as well as a provision for loss of the same amount as the asset. The Company has been adopting measures to obtain in court the reimbursement of the credits assigned, as a result of the inability to offset them against tax due, as prescribed by the agreement.

20 Investments

a) Investments in subsidiaries

The Company controls four companies. Investments are recorded in permanent assets as investments in subsidiaries and in liabilities as provision for loss of investments.

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	Investments	Provision for loss of investments
At December 31, 2009	480	(29,746)
Equity in the earnings (loss)	1,813	(389)
Foreign exchange variations	-	(612)
At March 31, 2010	2,293	(30,747)
Current	-	27,934
Non current	2,293	2,813

The provision for loss of investments with a net capital deficiency, totaling R$ 389 (R$ 2,057 at March 31, 2009) and the equity in the earnings of Portobello Shop S.A., of R$ 1,813 (R$ 1,431 at March 31, 2009), were recorded in the statement of income as equity in the earnings of subsidiaries, with a net effect of R$ 1,424 (loss of R$ 628 at March 31, 2009).

During the quarter ended March 31, 2010, the Company recorded losses of R$ 612 (gain of R$ 241 at March 31, 2009) arising from the translation of the foreign currency financial statements of its subsidiary Portobello America, Inc., from the U.S. dollar to the real. The losses are recorded as "Carrying value adjustments", in equity.

The subsidiaries are closely-held companies, in which the Parent Company's share of the assets, liabilities and profit for the year are as follows:

	Country of incorporation	Ownership percentage	Assets	Liabilities	Revenue	Profit (loss)
At December 31, 2009						
Portobello América Inc.	United States	100.00%	7,257	34,283	22,230	(5,947)
PBTech Ltda.	Brazil	99.94%	1,646	3,988	-	(307)
Portobello Shop S/A	Brazil	99.90%	11,451	10,971	29,678	5,909
Mineração Portobello Ltda.	Brazil	99.76%	658	1,036	1,853	(78)
At March 31, 2010						
Portobello América Inc.	United States	100.00%	6,131	34,065	3,870	(296)
PBTech Ltda.	Brazil	99.94%	1,794	4,218	226	(82)
Portobello Shop S/A	Brazil	99.90%	8,565	6,272	8,429	1,813
Mineração Portobello Ltda.	Brazil	99.76%	745	1,134	614	(11)

b) Other investments

At March 31, 2010, the Company has a balance of R$ 198 (R$ 198 at December 31, 2009), relating to its interest of 11.72% in Infragás - Infraestrutura de Gás para a Região Sul S.A., which has the specific purpose of enabling the implementation of infrastructure for the supply of natural gas, the main input of the Company, to the states in the south region of Brazil.

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21 Property, Plant and Equipment

(a) Analysis

		Parent company				Consolidated	
		March 31, 2010			December 31, 2009	March 31, 2010	December 31, 2009
	Annual average depreciation rate	Cost	Accumulated depreciation	Net	Net	Net	Net
Land		11,432	-	11,432	11,432	11,809	11,809
Buildings, constructions and improvements	3%	89,360	(8,350)	81,010	81,641	81,260	81,915
Machinery and equipment	10%	256,532	(179,231)	77,301	77,958	77,530	78,163
Furniture and fittings	10%	7,683	(6,709)	974	992	1,115	1,159
Computers	20%	11,491	(10,900)	591	596	593	599
Other	20%	218	(155)	63	69	63	69
Construction in progress (a)		11,089	-	11,089	3,458	11,089	3,458
Total		387,805	(205,345)	182,460	176,146	183,459	177,172

(a) Construction in progress mainly comprises expansion projects and optimization of the Company's industrial unit.

Management opted to maintain the value of revalued property, plant and equipment because this balance approximates the fair value and deemed cost, since the last revaluation was in 2006 (see Note 30 (b)).

As established by the Technical Interpretation ICPC 10 issued by the CPC and approved by CVM Deliberation 619/09, in 2008 the Company reviewed and changed the useful lives of its property, plant and equipment, based on a technical appraisal of the Engineering department, and these rates were maintained in 2009 and 2010.

(b) Changes in property, plant and equipment

	March 31, 2010	Parent company			December 31, 2009
	Net	Additions	Transfers	Depreciation	Net
Land	11,432	-	-	-	11,432
Buildings, constructions and improvements	81,010	-	13	(644)	81,641
Machinery and equipment	77,301	109	2,128	(2,894)	77,958
Furniture and fittings	974	46	-	(64)	992
Computers	591	77	-	(82)	596
Other	63	-	-	(6)	69
Construction in progress	11,089	9,772	(2,141)	-	3,458
Total	182,460	10,004	-	(3,690)	176,146

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	March 31, 2010	Consolidated			December 31, 2009
	Net	Additions	Transfers	Depreciation	Net
Land	11,809	-	-	-	11,809
Buildings, constructions and improvements	81,260	24	13	(692)	81,915
Machinery and equipment	77,530	182	2,128	(2,943)	78,163
Furniture and fittings	1,115	46	-	(90)	1,159
Computers	593	77	-	(83)	599
Other	63	-	-	(6)	69
Construction in progress	11,089	9,772	(2,141)	-	3,458
Total	183,459	10,101	-	(3,814)	177,172

The depreciation was recorded as cost of sales and selling and administrative expenses, as follows:

	Parent company		Consolidated	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Cost of sales	3,407	3,108	3,407	3,108
Selling expenses	190	228	314	369
Administrative expenses	93	90	93	90
Total	3,690	3,426	3,814	3,567

The Company is lessee in finance leases as follows:

	March 31, 2010			December 31, 2009		
	Cost	Accumulated depreciation	Net balance	Cost	Accumulated depreciation	Net balance
Computers	784	(423)	361	739	(386)	353
Other	46	(7)	39	46	(4)	42
Total	830	(430)	400	785	(390)	395

The Company leases various assets under non-cancellable finance lease agreements. The lease terms are for at most two years, and ownership of the assets is then transferred to the Company.

22 Intangible Assets

(a) Analysis

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		Parent company				Consolidated	
		March 31, 2010			December 31, 2009	March 31, 2010	December 31, 2009
	Annual average amortization rate	Cost	Accumulated amortization	Net	Net	Net	Net
Trademarks and patents		150	-	150	150	152	152
Software	20%	12,149	(11,194)	955	1,351	1,002	1,403
Right to explore mineral resources	20%	1,000	-	1,000	1,000	1,026	1,030
Goodwill		-	-	-	-	80	80
Total		13,299	(11,194)	2,105	2,501	2,260	2,665

(b) Changes in intangible assets

	March 31, 2010	Parent company		December 31, 2009
	Net	Additions	Amortization	Net
Trademarks and patents	150	-	-	150
Software	955	-	(396)	1,351
Right to explore mineral resources	1,000	-	-	1,000
Total	2,105	-	(396)	2,501

	March 31, 2010	Consolidated		December 31, 2009
	Net	Additions	Amortization	Net
Trademarks and patents	152	-	-	152
Software	1,002	13	(414)	1,403
Right to explore mineral resources	1,026	-	(4)	1,030
Goodwill	80	-	-	80
Total	2,260	13	(418)	2,665

The amortization was recorded as cost of sales and selling and administrative expenses, as follows:

	Parent company		Consolidated	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Cost of sales	118	130	120	135
Selling expenses	1	1	21	5
Administrative expenses	277	291	277	291
Total	396	422	418	431

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c) The timing of the amortization of consolidated intangible assets is as follows:

	2010	2011	2012	2013	2014	2015
Software	544	174	116	43	1	-
Right to explore mineral resources	162	214	200	200	200	50
Total	706	388	316	243	201	50

The items Trademarks and patents and Goodwill, totaling R$ 356, are not being amortized since they have no defined useful life.

23 Trade Payables

	Parent company		Consolidated	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
Suppliers				
Domestic market	56,248	63,312	56,825	64,213
Foreign market	3,577	2,687	4,358	3,820
Total	59,825	65,999	61,183	68,033

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24 Loans and Financing

			Parent company		Consolidated	
	Maturity	Charges 2010	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
Current liabilities						
Foreign currency						
"Suppliers credit"		VC+6.68% p.a. (average)	7,455	5,963	7,455	5,963
Advance on export contracts		VC+7.45% p.a. (average	2,624	1,779	2,624	1,779
Prepayment (a)		VC+5.98% p.a. (average)	3,216	7,590	3,216	7,590
Working capital in USA		-	-	-	12	17
Total foreign currency		VC + 6.66% p.a.	13,295	15,332	13,307	15,349
Local currency						
Finance lease		23.88% p.a.	202	205	202	205
Working capital in Brazil		19.01% p.a. (average)	77,065	74,874	77,065	74,874
Discounted trade notes and advances on export contracts		-	7,818	2,443	7,818	2,443
Total local currency		19.02% p.a.	85,085	77,522	85,085	77,522
Total current liabilities			98,380	92,854	98,392	92,871
Non-current liabilities						
Foreign currency						
"Suppliers credit"	Oct/2016	VC+5.86% p.a.(average)	18,715	15,835	18,715	15,835
Prepayment (a)	Mar/2012	VC+6.65% p.a.(average)	2,469	-	2,469	-
Total foreign currency		VC + 5.95% p.a.	21,184	15,835	21,184	15,835
Local currency						
PRODEC (b)	Mar/2014	4.00% p.a. + UFIR	1,936	1,202	1,936	1,202
Finance lease	Jun/2012	23.88 % p.a.	138	144	138	144
Working capital in Brazil	Mar/2013	15.39% p.a. (average)	14,232	10,946	14,990	11,678
Total local currency		14.17% p.a.	16,306	12,292	17,064	13,024
Total non-current liabilities			37,490	28,127	38,248	28,859
Total			135,870	120,981	136,640	121,730

PRODEC – Program for the Development of Companies of Santa Catarina State
VC – Exchange variation
TJLP – Long term Interest Rate
LIBOR - London Interbank Offered Rate
UFIR – Fiscal Reference Unit

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a) **Prepayment** – In March 2010, the Company signed export prepayment agreements totaling US$ 2,780 thousand. The agreement is payable over 2 years and collateralized by receivables of Portobello Shop S.A.

b) **Program of Development for Companies of Santa Catarina State (PRODEC) -** In July 2009, the Company was granted a State of Santa Catarina Special Tax Financing Regime. The balance was adjusted to present value based on the official SELIC rate (8.65% p.a. at March 31, 2010). The conditions are as follows:

- 60% of the ICMS due monthly in excess of R$ 761 (average paid in 2007 and 2008) can be deferred for future payment;
- Grace period of 48 months;
- Term of 120 months;
- Monetary restatement of 4% p.a. plus UFIR variation.

Loans and financing at March 31, 2010 do not have restrictive covenants.

The other loans are mainly guaranteed by mortgages on properties, pledges of equipment and receivables of the parent company (Note 9) and a subsidiary (Note 42), reciprocity with financial investments (Note 10), sureties of the controlling stockholders and of a subsidiary and finished product inventories of R$ 26.982.

The long-term loans fall due as follows:

	Parent company		Consolidated	
Maturity	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
2011	13,357	11,091	13,357	11,091
2012	12,282	8,945	13,040	9,677
2013	8,478	7,384	8,478	7,384
2014	2,199	707	2,199	707
2015	587	-	587	-
2016	587	-	587	-
Total	37,490	28,127	38,248	28,859

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the reporting period are as follows:

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	Consolidated	
	March 31, 2010	December 31, 2009
Six months or less	49,828	39,450
From six to twelve months	19,596	34,865
From one to five years	51,329	41,663
Over five years	5,781	732
Total	126,534	116,710

The carrying amounts and fair value of borrowings are denominated in the following currencies:

	Parent company		Consolidated	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
Reais	101,391	89,814	102,149	90,546
Euros	5,059	4,601	5,059	4,601
U.S. dollars	29,420	26,566	29,432	26,583
Total	135,870	120,981	136,640	121,730

The fair value of the outstanding borrowings approximates their book values, as the impact of discounting to present value is not significant. The fair values are based on discounted cash flows using a rate based on the borrowing rate of 14.95% (15.76% at December 31, 2009).

Finance lease payables are as follows:

	Parent company and Consolidated	
	March 31, 2010	December 31, 2009
Gross finance lease liabilities - minimum payments		
Less than one year	268	285
More than one year and less than five years	147	155
Total	415	440
Future finance charges on finance leases	(75)	(91)
Present value of finance lease liabilities	340	349
The present value of finance lease liabilities is as follows:		
Less than one year	202	205
More than one year and less than five years	138	144
Total	340	349

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25 Tax Liabilities Payable in Installments

	Tax liabilities	Request for installment payment		March 31, 2010	December 31, 2009
		Date	No. of installments not yet due		
Portobello S.A.	INSS	Dec/09	56	11,987	12,381
	IPI	Dec/09	56	8,259	8,510
	PIS	Mar/09	47	479	501
	COFINS	Mar/09	47	2,208	2,306
	IRPJ	Mar/09	47	3,506	3,662
	CSLL	Mar/09	47	1,304	1,362
	LAW 11941/09 (*)	Nov/09	180	114,523	113,430
	MP 470 (*)	Nov/09	7	5,524	7,659
Total parent company				147,790	149,811
Current				19,629	21,434
Non current				128,161	128,377
PBTech Ltda.	LAW 11941/09 (*)	Nov/09	180	291	287
Portobello Shop S.A.	INSS	Nov/09	55	988	1,021
	PIS	Mar/09	14	3	4
	COFINS	Mar/09	47	165	173
	IRPJ	Mar/09	47	1,271	1,327
	CSLL	Mar/09	47	461	482
	LAW 11941/09 (*)	Nov/09	180	538	527
Total subsidiaries				3,717	3,821
Total consolidated				151,507	153,632
Current				20,389	22,179
Non current				131,118	131,453

(*) REFIS - Tax Recovery Program
INSS - National Institute of Social Security
IRPJ - Corporate Income Tax
CSLL - Social Contribution on Net Income
These payments in installments are subject to interest at the SELIC rate and are being paid on the due dates.

In November 2009, the Company applied for the Tax Recovery Program (REFIS), instituted by Law 11941/2009 and by Provisional Measure 470. For the payment in installments through Law 11941/2009 the Company waits for the final calculation by the National Treasury, paying the minimum installment of R$ 387. The conversion into Law of Provisional Measure 470 may result in benefits, such as the non-taxation of the benefits to reduce fine and interest; possibility of using the tax losses of 2009, among others, according to amendments approved at the Deputies Chamber.

Under the REFIS Program, the payment of installments cannot be more than three months late and the Company must discontinue any lawsuit and waive any alleged right on which the referred lawsuits are based, under penalty of immediate cancellation of the installment payment and the consequent loss of the related benefits. The termination of lawsuits filed against the tax

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assessments does not affect the proceedings in course in the judicial sphere, mentioned in Note 18.

The installments fall due as follows:

	Parent company		Consolidated	
Maturity	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
2010	16,103	21,434	16,673	22,179
2011	14,106	13,690	14,865	14,432
2012	14,106	13,690	14,864	14,431
2013	14,106	13,690	14,864	14,431
2014	12,148	11,772	12,462	12,081
2015	7,853	7,562	7,910	7,616
2016	7,853	7,562	7,910	7,616
2017	7,853	7,562	7,910	7,616
2018	7,853	7,562	7,910	7,616
2019	7,853	7,562	7,910	7,616
2020	7,853	7,562	7,910	7,616
2021	7,853	7,562	7,910	7,616
2022	7,853	7,562	7,910	7,616
2023	7,853	7,562	7,910	7,616
2024	6,544	7,477	6,589	7,534
Total	147,790	149,811	151,507	153,632

26 Taxes and Contributions

	Parent company		Consolidated	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
IRRF	436	600	573	774
ICMS	772	899	783	899
PIS	188	-	229	16
COFINS	942	-	1,131	71
Other	10	32	146	165
Total	2,348	1,531	2,862	1,925

27 Provisions for Contingencies

The Company and its subsidiaries are parties to civil, labor and tax lawsuits and in administrative tax proceedings. Based on the opinion of its legal advisors, management believes that the provisions are sufficient to cover the necessary costs to settle the obligations.

The analysis of the provisions is as follows:

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Provisions	Parent company		Consolidated	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
Civil	1,796	1,803	1,813	1,821
Labor	10,596	10,779	10,596	10,779
Tax	11,408	9,956	11,408	9,956
Total	23,800	22,538	23,817	22,556
Current	5,404	5,539	5,421	5,557
Non-current	18,396	16,999	18,396	16,999

Provisions are measured at the present value of the costs necessary to settle the liability. The civil and labor claims are individually evaluated by the Company's legal advisors, who classify them in accordance with the expectation of outcome.

Changes in the provisions are as follows:

	Parent company			Total
	Civil	Labor	Tax	
At January 1, 2010	1,803	10,779	9,956	22,538
Charged (credited) to the statement of income:				
Additional provisions	66	341	1,290	1,697
Unused amounts	(64)	(109)	-	(173)
Unwinding of discount	-	24	162	186
Used during the year	(9)	(439)	-	(448)
At March 31, 2010	1,796	10,596	11,408	23,800

	Consolidated			Total
	Civil	Labor	Tax	
At January 1, 2010	1,821	10,779	9,956	22,556
Charged (credited) to the statement of income:				
Additional provisions	66	341	1,290	1,697
Unused amounts	(65)	(109)	-	(174)
Unwinding of discount	-	24	162	186
Used during the year	(9)	(439)	-	(448)
At March 31, 2010	1,813	10,596	11,408	23,817

Comments on civil, labor and tax lawsuits:

Civil

The Company and its subsidiaries are defendants in 130 civil lawsuits (113 civil lawsuits at December 31, 2009) in common courts and special civil courts. Most of the lawsuits have been brought by customers and claim compensation for alleged pain and suffering and tangible damages. When applicable, judicial deposits were made (Note 14).

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The civil contingent liabilities are described in Note 28.

Labor

The Company and its subsidiary Portobello Shop S.A. are defendants in 94 labor claims (130 claims at December 31, 2009) brought by former employees and third parties. The claims refer to the payment of termination amounts, premiums, overtime, salary equalization, monetary adjustment of the Government Severance Indemnity Fund for Employees (FGTS), compensation for pain and suffering and tangible damage from occupational accidents/disease. The provisions are reviewed by management based on the opinion of the legal advisors. Some lawsuits are backed by judicial deposits (Note 14).

Labor provisions also cover an assessment relating to social security contributions due by the Company on insured employee remuneration, contributions for financing of benefits for labor disability, and contributions to third parties (National Institute of Colonization and Agrarian Reform (INCRA) and Brazilian Support Service for Small Business (SEBRAE)), plus late payment interest and fine.

These contingent liabilities are disclosed in Note 28.

Tax

The Company filed lawsuits (injunction) against the INSS, which required the payment of the social contribution set forth in article 22, item IV of Law 8212/91, with the wording provided by Law 9879/99.

The Company alleges that in the course of its activities it contracts cooperatives of several labor areas to provide specialized services, which makes it subject to the payment of the contribution. The Company believes that the payment of the contribution is not constitutional, since it does not respect the principles of legality, equality and protection to the cooperatives. A preliminary injunction was requested to declare the right of not paying the social contribution, as well as offsetting the amounts that had been unduly paid.

On April 16, 2008, the Company was granted Injunction 2008.34.00.011286-4, to exclude the ICMS from the calculation basis of the PIS and COFINS federal contributions. As from the date of this injunction, the Company calculates and pays PIS and COFINS without including the ICMS in the calculation basis. The provisions for tax contingencies relating to the exclusion of ICMS from the calculation basis of PIS and COFINS at March 31, 2010 amounted to R$ 9,778 (R$ 8,350 at December 31, 2009).

The balances of provisions for tax contingencies are adjusted based on the SELIC interest rate.

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28 Contingent Liabilities

In accordance with the assessment of risks arising from the above lawsuits, the Company's legal advisors estimated the amounts of contingent liabilities. In addition to the provisions recorded in the financial statements, the following possible losses arising from civil and labor lawsuits may be incurred:

	Parent company		Consolidated	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
Civil	590	542	590	542
Labor	5,158	3,713	5,158	3,713
Total	5,748	4,255	5,748	4,255

29 Employee Benefits

a) Private pension plan

Since November 1, 1997, the Company sponsors the Portobello Prev benefit plan, managed by BB Previdência - Fundo de Pensão Banco do Brasil, which includes 41 participants. The plan has the characteristics of a defined contribution plan; however, it provides a minimum retirement benefit for length of service or age.

At March 31, 2010, the balance of the special contributions relating to past service, to be deposited in the individual accounts of the participants who meet the conditions established by the regulations of the plan, amounts to R$ 3,322 (R$ 3,420 at December 31, 2009) and is provided in long-term liabilities. The Company will pay the related special reserve amount when each participant in these conditions becomes eligible.

The principal actuarial assumptions used were as follows:

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	Parent company	
	March 31, 2010	March 31, 2009
Economic assumptions		
Discount rate	6% p.a. (real)	6% p.a. (real)
Expected rate of return on assets	6% p.a. (real)	6% p.a. (real)
Future salary increases	2% p.a. (real) up to 47 years	2% p.a. (real) up to 47 years
Growth in the benefits and limits of the Government Social Security	2% p.a. (real) as from 48 years	2% p.a. (real) as from 48 years
Inflation	Not considered	Not considered
Capacity factor		
Salaries	100%	100%
Benefits	100%	100%
Demographic assumptions		
Mortality table	AT 83	AT 83
Disability mortality table	Exp. IAPC	Exp. IAPC
Disability table	Hunter and Álvaro Vindas	Hunter and Álvaro Vindas

b) Employee benefit expense

	Parent company		Consolidated	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Remuneration	12,441	10,023	13,513	10,924
Benefits				
Private pension plan	135	133	189	180
FGTS	998	802	1,136	867
Other	1,340	1,081	1,389	1,116
Total	14,914	12,039	16,227	13,087

30 Equity

a) Share capital

(full amounts, not rounding figures)

On November 27, 2007, the Extraordinary General Meeting of stockholders, in conformity with article 136 of Law 6404/76, approved the conversion of all the preferred shares into common shares at the ratio of one common share for each preferred share, effective on January 10, 2008.

From that date, the Company has a subscribed and paid-up capital of R$ 112,957,487 comprising 159,008,924 common shares with no par value.

Each common share is entitled to one vote at Stockholders' Meetings, pursuant to the rights and privileges established by Brazilian corporate legislation and by the Company's by-laws.

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The Company is authorized to increase capital by up to 1,000,000,000 (one billion) new common shares, with no par value, resulting in a total of up to 1,159,008,924 shares. The issue of preferred shares or founder shares is not permitted.

At March 31, 2010, there were 107,654,884 shares outstanding in the market, corresponding to 67.70% of total shares issued (107,166,783 at December 31, 2009, corresponding to 67.40% of the total). Shares outstanding in the market comprise all securities available for trading in the market, excluding those held by the controlling stockholders and members of the Board of Directors and the Executive Board.

b) Revaluation reserve

This reserve was recorded due to the revaluation of land, buildings and improvements, based on the appraisal report prepared by an independent appraisal company. This report established the revalued amount of the assets, as well their remaining useful lives, which became the new basis for depreciation.

The revaluation reserve is being realized proportionally to the depreciation of revalued constructions and improvements with a corresponding entry to retained earnings, net of tax effects. The same amount of realization of the revaluation reserve is recorded in the statement of income for the year, as depreciation of the revalued assets.

In accordance with ICPC 10, the Company recorded an additional amount of R$ 2,517 of deferred income tax and social contribution on land revalued in 2006, when the legislation did not permit the charge. ICPC 10 requires that entities record a provision for taxes on revaluation of land when "it is probable that the economic benefits associated with the non-depreciable asset will flow to the entity, derived either from current or future sales or own use of the asset". Deferred income tax and social contribution corresponding to the reserve for revaluation of land, constructions and improvements are classified in non-current liabilities, as mentioned in Note 16.

Considering the surplus credited to the revaluation reserve approved by the Extraordinary General Meeting of stockholders held on December 29, 2006, the balance of the revaluation of the Company's assets, net of deferred taxes, amounted to R$ 48,333 at March 31, 2010 (R$ 48,729 at December 31, 2009), the depreciation charge on the revaluation, net of deferred IRPJ and CSLL liabilities, for the quarter ended March 31, 2010 was R$ 396 (R$ 398 in 2009), and the balance of deferred IRPJ and CSLL on the revaluation reserve recorded in non-current liabilities was R$ 19,504 (R$ 19,639 at December 31, 2009).

The Company opted to maintain the revaluation reserve at December 31, 2006 up to its full realization, in accordance with Law 11638/07.

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c) Legal and statutory reserves

The Company's by-laws determine that 5% of the annual profit will be transferred to the legal reserve, limited to 20% of capital. In accordance with corporate legislation, the Company has not appropriated any amounts from the profit for the quarter, since it was used to reduce the balance of accumulated deficit.

d) Accumulated deficit

	Parent company	Consolidated
At December 31, 2009	(133,622)	(133,851)
Realization of revaluation reserve	396	396
Profit for the quarter (excluding minority interest)	4,749	4,773
At March 31, 2010	(128,477)	(128,682)

31 Revenue

The reconciliation between gross sales revenue and net revenue, presented in the statement of income for the period, is as follows:

	Parent company		Consolidated	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Gross sales revenue	127,226	113,387	133,918	117,078
Deductions from gross revenue	(26,551)	(27,956)	(27,493)	(28,654)
Net sales revenue	100,675	85,431	106,425	88,424
Domestic market	89,521	73,762	95,385	80,062
Foreign market	11,154	11,669	11,040	8,362

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32 Expenses by Nature

Cost of sales and selling and administrative expenses for the quarters ended March 31, 2010 and 2009 are as follows:

	Parent company		Consolidated	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Changes in inventories of finished products and work in process	(832)	(5,491)	(832)	(5,491)
Direct production costs	43,141	45,610	42,784	45,610
Cost of goods resold	6,021	3,834	6,223	3,754
Employee benefits	14,914	12,039	16,227	13,087
Third-party labor and services	3,431	4,213	4,041	3,997
Transportation of goods sold	703	864	703	864
Marketing and publicity	901	619	1,329	435
Other selling expenses	5,697	5,048	5,998	4,965
Amortization and depreciation	3,946	3,706	4,007	3,795
Other expenditures	13,293	8,273	13,328	8,181
Total	91,215	78,715	93,808	79,197

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33 Other Operating Income and Expenses, Net

Other operating income and expenses in the parent company and consolidated, for the quarters ended March 31, 2010 and 2009, were as follows:

	Parent company		Consolidated	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Other operating income				
Tax credits (a)	-	3,738	-	3,738
Related party service revenue	813	562	-	-
Third-party service revenue	106	59	106	59
Sale of property, plant and equipment	-	145	-	145
Other revenue	29	119	38	101
Total	948	4,623	144	4,043
Other operating expenses				
Provision for contingencies (Note 28)	(248)	(229)	(249)	(271)
Taxes on other revenues	(50)	(86)	(50)	(86)
Indemnity payable on third-party agreement	(121)	-	(121)	-
Other expenses	(67)	(47)	(57)	(196)
Total	(486)	(362)	(477)	(553)
Total net	462	4,261	(333)	3,490

(a) During 2009, the Company recognized PIS and COFINS credits on purchases of spare parts and for the maintenance of machinery and equipment in the period from January 2006 to June 2009. The result from the review of the calculation of these federal taxes is supported by the opinion of independent legal consultants.

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34 Other Gains/(Losses) – Net

	Parent company		Consolidated	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Foreign exchange variations, net				
Trade receivables	936	(602)	936	(602)
Trade payables	(170)	142	(170)	142
Commissions	6	(36)	6	(36)
Total	772	(496)	772	(496)

35 Finance Result

The parent company and consolidated finance result for the quarters ended March 31, 2010 and 2009 are as follows:

	Parent company		Consolidated	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Finance income				
Interest	105	201	288	466
Interest on tax credits	161	700	161	700
Discounts received	28	75	29	75
Restatement of Eletrobrás compulsory loan (Note 15)	553	480	553	480
Restatement of tax assets (Note 17(a))	198	-	198	-
Restatement of receivables from related parties (Note 13)	1,703	-	1,703	-
Total	2,748	1,456	2,932	1,721
Finance expenses				
Interest	(5,651)	(6,005)	(5,695)	(6,048)
Financial charges on taxes	(3,094)	(2,760)	(3,124)	(3,057)
Discount of provision for contingencies (Note 27)	(162)	-	(162)	-
Commissions and service fees	(222)	(380)	(227)	(380)
Discounts/bank expenses	(310)	(346)	(310)	(351)
Discounts granted	(27)	(50)	(28)	(52)
Tax on Financial Transactions (IOF)	(361)	-	(361)	-
Other	-	(293)	(38)	(292)
Total	(9,827)	(9,834)	(9,945)	(10,180)
Foreign exchange variations, net				
Financial investments	207	(126)	207	(126)
Loans and financing	(352)	930	(352)	930
Total	(145)	804	(145)	804
Total net	(7,224)	(7,574)	(7,158)	(7,655)

(a) Tax credit assignment of Refinadora Catarinense S.A. offered in payment. In 2009, there was no effect of this restatement on profit because of the use of the same restatement index for assets and liabilities.

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36 Result from Discontinued Operations

The Board of Directors approved the discontinuation of the operations of the subsidiary Portobello América, taking into account that the demand in the North American market will be stable over the coming years. The sale of assets is in progress and the main assets and liabilities of this unit, as well as the result from discontinued operations for the quarters ended March 31, 2010 and 2009, are summarized as follows, as required by CPC 31:

Assets	March 31, 2010	Liabilities	March 31, 2010
Current assets	6,131	Current liabilities	33,791
Cash and banks	687	Loans and financing	12
Trade receivables	2,619	Trade payables	781
Inventories	2,378	Social and labor obligations	69
Furniture and fittings	325	Other	533
Other	122	Debts with related parties	32,396
		Equity	(27,660)
Total assets	6,131	Total liabilities	6,131

No groups were classified as held for sale at December 31, 2010, December 31, 2009 and January 1, 2009.

The result from discontinued operations is presented on a consolidated basis. Accordingly, in addition to the result of the subsidiary Portobello América, Inc. (Note 20), it also considers the Company's share in the discontinued operations.

Result from discontinued operations	March 31, 2010	March 31, 2009
Net revenue	3,867	7,822
Cost of products (services)	(2,812)	(5,219)
Gross profit	1,055	2,603
Selling, general and administrative expenses	(1,028)	(4,072)
Finance result	(37)	(136)
Other operating expenses	(10)	12
Loss before taxation	(20)	(1,593)
Loss from discontinued operations	(20)	(1,593)

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37 Earnings per Share

a) Basic

In accordance with CPC 41 (Earnings per share), basic earnings per share is calculated by dividing the profit attributable to stockholders of the Company by the weighted average number of common shares in issue during the year, excluding common shares purchased by the Company and held as treasury shares.

	Parent company		Consolidated	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Profit attributable to the Company's stockholders	4,749	1,349	4,773	1,262
Weighted average number of common shares	159,009	159,009	159,009	159,009
Basic earnings per share - R$	0.03	0.01	0.03	0.01
Profit from continuing operations	4,749	1,349	4,793	2,855
Loss from discontinued operations	-	-	(20)	(1,593)
Weighted average number of common shares	159,009	159,009	159,009	159,009
Earnings per share from continuing operations	0.03	0.01	0.03	0.02
Loss per share from discontinued operations	-	-	(0.00)	(0.01)

The Company did not have during 2010 and 2009 any shares held in treasury. The last share issue occurred in 2007. Therefore, the weighted average number of shares is equal to the total comprising the share capital (Note 30), which is represented by a single class of common share.

Consolidated profit attributable to stockholders does not consider minority interests. The same criterion was used for results from continuing and discontinued operations.

b) Diluted

Diluted earnings per share are equal to basic earnings per share, since the Company does not have contracts or any financial instrument that entitles the holder to common shares.

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38 Cash Provided by Operating Activities

		Parent company		Consolidated	
	Note	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Profit for the quarter before taxation		4,894	2,279	5,898	4,568
Adjustments		10,366	12,225	11,811	21,079
Depreciation and amortization	21 and 22	4,086	3,848	4,232	3,998
Equity in the earnings of subsidiaries	20	(1,424)	628	-	-
Unrealized foreign exchange variations		(484)	205	(471)	9,453
Provision for adjustment of inventories to market value	11	711	997	577	936
Provision for doubtful trade receivables	9	(60)	192	(71)	333
Provision for contingencies	28	1,100	930	1,099	960
Provision for labor liabilities		1,236	647	1,355	825
Other provisions		89	74	89	74
Residual cost of property, plant and equipment and intangible assets disposals	21 and 22	-	-	-	14
Other operating income and expenses, net	34	-	(120)	-	(120)
Revenue from sale of property, plant and equipment		-	(145)	-	(145)
Other		-	25	-	25
Monetary restatements		523	230	595	233
Eletrobrás compulsory loan	15	(553)	(480)	(553)	(480)
Tax assets	17	(198)	-	(198)	-
Receivables from related parties	13	(1,703)	-	(1,703)	-
Discount of provision for contingencies	28	162	-	162	-
Other		(176)	-	(176)	-
Financial charges on tax liabilities payable in installments		2,991	710	3,063	713
Financial charges on taxes		-	298	-	298
Provision for interest on loans		4,589	4,296	4,406	4,075
		-	-	-	-
Changes in assets and liabilities		(17,948)	3,097	(19,202)	(6,006)
(Increase)/decrease in trade receivables	9	(6,987)	(731)	(7,353)	1,472
Increase/(decrease) in advances from customers		(835)	(4,966)	(430)	(4,826)
(Increase)/decrease in marketable securities	10	2,722	(1,344)	2,722	(1,344)
(Increase)/decrease in inventories	11	(361)	(5,372)	227	(3,377)
(Increase)/decrease in other assets		1,682	(3,717)	1,134	(3,685)
(Increase)/decrease in judicial deposits	14	(234)	(101)	(255)	(128)
(Increase)/decrease in non-current assets		144	(2)	144	38
Increase/(decrease) in trade payables		(6,044)	15,772	(6,764)	15,007
(Increase)/decrease in advances to suppliers		363	(1,433)	363	(1,434)
Increase/(decrease) in tax liabilities payable in installments	25	(5,012)	(1,402)	(5,188)	(828)
Increase/(decrease) in tax liabilities		818	3,889	907	3,705
Increase/(decrease) in labor liabilities		(14)	7,414	(130)	5,977
Increase/(decrease) in other payables		83	(3,271)	403	(4,010)
Increase/(decrease) in other non-current payables		(4,273)	(1,639)	(4,982)	(12,573)
Cash provided by (used in) operating activities		(2,688)	17,601	(1,493)	19,641

The main non-cash item in the quarters ended March 31, 2010 and March 31, 2009 was the foreign exchange variations in the foreign subsidiary.

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39 Segment Information

Management has determined the Group's operating segments based on the reports reviewed by the Executive Board that are used to make strategic decisions.

The Executive Board considers the business from the perspective of the markets in which the Company operates, as follows: Local (Domestic Market - Brazil) and Export (Foreign Market - Other Countries).

Income from operating segments reported is exclusively derived from the manufacture and sale of ceramic tiles used in the civil construction sector.

The Executive Board evaluates the performance of operating segments based on the operating result (Result before net finance income (expenses) and taxes on profit - EBIT). The Board does not take into account the assets for analysis of segment performance, since the Company's assets are not segregated.

The segment information provided to the Executive Board on the reportable segments for the quarters ended March 31, 2010 and 2009 is as follows:

	At March 31, 2010		
Continuing operations	Brazil	Other Countries	Total
Revenue	95,385	11,040	106,425
Cost of sales	(65,241)	(9,259)	(74,500)
Gross profit	30,144	1,781	31,925
Operating income (expenses), net			
Selling, general and administrative expenses	(18,290)	(1,018)	(19,308)
Other operating income (expenses), net	(298)	(35)	(333)
Other gains (losses), net	692	80	772
	(17,896)	(973)	(18,869)
Operating profit before finance result	12,248	808	13,056
% on revenue	13%	7%	12%

		March 31,	2009
Continuing operations	Brazil	Other Countries	Total
Revenue	80,062	8,362	88,424
Cost of sales	(56,697)	(6,347)	(63,044)
Gross profit	23,365	2,015	25,380

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	March 31,		2009
Continuing operations	Brazil	Other Countries	Total
Operating income (expenses), net			
Selling, general and administrative expenses	(13,886)	(2,265)	(16,151)
Other operating income (expenses), net	3,160	330	3,490
Other gains (losses), net	(449)	(47)	(496)
	(11,175)	(1,982)	(13,157)
Operating profit before finance result	12,190	33	12,223
% on revenue	15%	0%	14%

Information on main customers:

The Company does not have customers that individually represent more than 10% of net sales revenue. Sales in the domestic market by type of customer are as follows:

	Consolidated	
	March 31, 2010	March 31, 2009
Construction material retailers	31,445	24,090
Civil construction and real estate development companies	32,125	30,549
Franchised stores (Portobello Shop)	31,815	25,423
Total	95,385	80,062

40 Commitments

a) Capital commitments

There were no costs contracted but not yet incurred referring to property, plant and equipment at March 31, 2010 and 2009.

b) Operating lease commitments

Operating leases refer to vehicles. The minimum future payments on non-cancelable operating leases, in total and for each period, are the following:

(All amounts in thousands of Brazilian reais unless otherwise indicated)

	Consolidated	
	March 31, 2010	December 31, 2009
Less than one year	389	319
More than one year and less than five years	226	166
Total	615	485

41 Insurance

At March 31, 2010, the insurance cover against fire, robbery, collision and sundry risks for property, plant and equipment and inventories as well as for loss of profits is considered sufficient by management to cover any losses.

	Parent company and Consolidated
Cover	2010
Fire/lightning/explosion of any type	84,000
Electrical damages	1,000
Riots	1,000
Windstorm/smoke with vehicle impact	3,000
Civil liability - operations	2,500
Civil liability - employer	2,500
Loss of profits - windstorm with impact	16,000
Loss of profits - basic	16,000

The policy is effective from September 15, 2009 to September 15, 2010, when the Company intends to enter into a new insurance contract.

42 Related Party Transactions

The transactions of purchase and sale of products, raw materials and contracting of services, as well as financial transactions of loans between the parent company and the subsidiaries are as follows:

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06.01 - Notes to the Quarterly Information
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		Parent company	
		Assets (liabilities)	
	Nature	March 31, 2010	December 31, 2009
Transactions with subsidiaries			
Portobello América, Inc.	Receivables from subsidiaries - Trade receivables	32,396	32,182
Portobello Shop S.A.	Dividends receivable	-	5,909
	Loans from subsidiary	(3,074)	(7,827)
PBTech Com. Serv. Cer. Ltda.	Receivables from subsidiaries - Trade receivables	2,363	2,285
	Receivables from subsidiaries - Loan	649	605
Mineração Portobello Ltda.	Advances to suppliers	899	741
Transactions with related parties			
Refinadora Catarinense S.A.	Receivables	88,470	86,763
Solução Cerâmica Com. Ltda.	Trade receivables	204	138
	Advances from customers	(424)	(314)
		121,483	120,482

		Parent company	
		Income (expenses)	
	Nature	March 31, 2010	March 31, 2009
Transactions with subsidiaries			
Portobello América, Inc.	Sales of products	2,102	3,273
Portobello Shop S.A.	Service rendering	1,525	1,379
	Cost of services rendered	(715)	(662)
PBTech Com. Serv. Cer. Ltda.	Sales of products	102	-
Mineração Portobello Ltda.	Purchase of products	(357)	(165)
Transactions with related parties			
Solução Cerâmica Com. Ltda.	Sales of products	1,852	1,736
FHM Consult., Adm. e Part. Ltda.	Corporate advisory	(75)	-
		4,434	5,561

The parent company sells products to the subsidiary Portobello América Inc. at cost plus 15%. Transactions with other related parties are made on an arm's length basis.

Intercompany loans bear interest at 100% of the CDI interest rate, and fall due on December 31, 2010.

(All amounts in thousands of Brazilian reais unless otherwise indicated)

Receivables from the subsidiary Portobello Shop were pledged in guarantee of loans totaling R$ 4,938 at March 31, 2010. The subsidiary is also guarantor of the Company in some financing transactions.

Related-party transactions

Portobello Shop has receivables and revenue from services relating to royalties of three franchisees that are part of the Group. The Franchising network includes one subsidiary of the Company and two related companies. The transactions are described below:

	Nature	Assets (liabilities)	
		March 31, 2010	December 31, 2009
Transactions with subsidiaries			
PBTech Com. Serv. Cer. Ltda.	Trade receivables	23	-
Transactions with related parties			
Solução Cerâmica Com. Ltda.	Trade receivables	168	207
		191	207

	Nature	Income (expenses)	
		March 31, 2010	March 31, 2009
Transactions with subsidiaries			
PBTech Com. Serv. Cer. Ltda.	Royalties	27	-
Transactions with related parties			
Solução Cerâmica Com. Ltda.	Royalties	493	382
		520	382

Key management remuneration

The remuneration of key management personnel, comprising members of the Executive Board, Board of Directors, Statutory Audit Board and management for the quarters ended March 31, 2010 and 2009 is as follows:

	Parent company		Consolidated	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Fixed remuneration				
Salaries	1,071	969	1,312	1,128
Fees	396	361	641	593
Variable remuneration	181	167	214	203
Short-term direct and indirect benefits				
Private pension plan	104	109	155	153
Other	161	155	208	189
	1,913	1,761	2,530	2,266

*The Company does not have long-term or post-employment benefits.

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06.01 - Notes to the Quarterly Information
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43 Reconciliation between former BR GAAP and IFRS/CPCs

43.1 Reconciliation of equity at December 31, 2009

	Parent company					
	Under former BR GAAP	Discounted trade notes and advances on export contracts	Deferred income tax and social contribution	Private pension plan	Deferred income tax and social contribution on revaluation	Under CPC/IFRS
Assets						
Current assets						
Trade receivables	62,394	2,443	-	-	-	64,837
Deferred income tax and social contribution	17,575	-	(17,575)	-	-	-
Non-current assets						
Long-term receivables						
Deferred income tax and social contribution	-	-	17,575	-	-	17,575
Liabilities						
Current liabilities						
Loans and financing	90,411	2,443	-	-	-	92,854
Non-current liabilities						
Deferred income tax and social contribution	37,456	-	-	-	2,517	39,973
Private pension plan	3,281	-	-	139	-	3,420
Equity, capital and reserves attributed to controlling stockholders						
Revaluation reserve	51,246	-	-	-	(2,517)	48,729
Accumulated deficit	(133,483)	-	-	(139)	-	(133,622)

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	Consolidated					
	Under former BR GAAP	Discounted trade notes and advances on export contracts	Deferred income tax and social contribution	Private pension plan	Deferred income tax and social contribution on revaluation	Under CPC/IFRS
Assets						
Current assets						
Trade receivables	68,546	2,443	-	-	-	70,989
Deferred income tax and social contribution	17,575	-	(17,575)	-	-	-
					-	
Non-current assets						
Long-term receivables						
Deferred income tax and social contribution	-	-	17,575	-	-	17,575
Liabilities						
Current liabilities						
Loans and financing	90,428	2,443	-	-	-	92,871
Non-current liabilities						
Deferred income tax and social contribution	37,456	-	-	-	2,517	39,973
Private pension plan	3,281	-	-	139	-	3,420
Equity, capital and reserves attributed to controlling stockholders						
Revaluation reserve	51,246	-	-	-	(2,517)	48,729
Accumulated deficit	(133,712)	-	-	(139)	-	(133,851)

43.2 Reconciliation of equity at March 31, 2010

	Parent company					
	Under former BR GAAP	Discounted trade notes and advances on export contracts	Deferred income tax and social contribution	Private pension plan	Deferred income tax and social contribution on revaluation	Under CPC/IFRS
Assets						
Current assets						
Trade receivables	64,642	7,818	-	-	-	72,460
Deferred income tax and social contribution	21,574	-	(21,574)	-	-	-
Non-current assets						
Long-term receivables						
Deferred income tax and social contribution	-	-	21,574	-	-	21,574
Liabilities						
Current liabilities						
Loans and financing	90,562	7,818	-	-	-	98,380
Non-current liabilities						
Deferred income tax and social contribution	40,928	-	-	-	2,517	43,445
Private pension plan	3,183	-	-	139	-	3,322
Capital reserve	267					267
Revaluation reserve	50,850	-	-	-	(2,517)	48,333
Accumulated deficit	(128,338)	-	-	(139)	-	(128,477)

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	Consolidated					
	Under former BR GAAP	Discounted trade notes and advances on export contracts	Deferred income tax and social contribution	Private pension plan	Deferred income tax and social contribution on revaluation	Under CPC/IFRS
Assets						
Current assets						
Trade receivables	71,234	7,818	-	-	-	79,052
Deferred income tax and social contribution	21,574	-	(21,574)	-	-	-
Non-current assets						
Long-term receivables						
Deferred income tax and social contribution	-	-	21,574	-	-	21,574
Liabilities						
Current liabilities						
Loans and financing	90,574	7,818	-	-	-	98,392
Non-current liabilities						
Deferred income tax and social contribution	40,928	-	-	-	2,517	43,445
Private pension plan	3,183	-	-	139	-	3,322
						-
Capital reserve	267					267
Revaluation reserve	50,850	-	-	-	(2,517)	48,333
Accumulated deficit	(128,543)	-	-	(139)	-	(128,682)

44 Additional Financial Statements

In compliance with guideline of the Brazilian Securities Commission on the restatement of Quarterly Information (ITR) Forms for the quarters of 2010 and prior periods, the financial statements, the forms for completion of which are not available in the delivery system or do not comprise all the disclosed information, are presented in separate statements.

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06.01 - Notes to the Quarterly Information
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a) Statement of income for the period

	Note	Parent company		Consolidated	
		March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Continuing operations					
Revenue	31	100,675	85,431	106,425	88,424
Cost of sales		(76,131)	(65,257)	(74,500)	(63,044)
Gross profit		24,544	20,174	31,925	25,380
Operating income (expenses), net					
Selling		(12,054)	(10,798)	(15,151)	(12,671)
General and administrative		(3,030)	(2,660)	(4,157)	(3,480)
Other operating income (expenses), net	33	462	4,261	(333)	3,490
Other gains (losses), net	34	772	(496)	772	(496)
Equity in the earnings (loss) of subsidiaries	20	1,424	(628)	-	-
		(12,426)	(10,321)	(18,869)	(13,157)
Operating profit before finance result		12,118	9,853	13,056	12,223
Finance result	35				
Finance income		2,748	1,456	2,932	1,721
Finance expenses		(9,827)	(9,834)	(9,945)	(10,180)
Foreign exchange variations, net		(145)	804	(145)	804
		(7,224)	(7,574)	(7,158)	(7,655)
Profit before taxation		4,894	2,279	5,898	4,568
Income tax and social contribution	16				
Current		(666)	(909)	(1,624)	(1,691)
Deferred		521	(21)	521	(21)
		(145)	(930)	(1,103)	(1,712)
Profit for the period from continuing operations		4,749	1,349	4,795	2,856
Discontinued operations					
Loss for the period from discontinued operations	36	**-**	**-**	**(20)**	**(1,593)**
Profit for the period		**4,749**	**1,349**	**4,775**	**1,263**
Profit attributable to					
Company stockholders		4,749	1,349	4,773	1,262
Minority interests		-	-	2	1
Outstanding shares at the balance sheet date (in thousands)		159,009	159,009	159,009	159,009
Basic and diluted earnings per share for the year - R$	37	0.03	0.01	0.03	0.01
From continuing operations		0.03	0.01	0.03	0.02
From discontinued operations		-	-	(0.00)	(0.01)

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b) Statement of comprehensive income

	Note	Parent company		Consolidated	
		March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Profit for the period		**4,749**	**1,349**	**4,775**	**1,263**
Other comprehensive income		**(216)**	**639**	**(216)**	**639**
Realization of revaluation reserve	30	396	398	396	398
Exchange variations of subsidiary located abroad	20	(612)	241	(612)	241
Total comprehensive income for the period		4,533	1,988	4,559	1,902
Comprehensive income for the period attributable to					
Company stockholders		4,533	1,988	4,557	1,901
Minority interests		-	-	2	1

c) Statement of changes in equity for the same period of the previous year

Parent company	Note	Share capital	Capital reserve	Revaluation reserve	Accumulated deficit	Carrying value adjustments	Total equity
At January 1, 2008		112,957	267	50,472	(154,125)	(9,352)	219
Profit for the period		-	-	-	1,349	-	1,349
Other comprehensive income							
Realization of revaluation reserve	30	-	-	(398)	398	-	-
Exchange variation of subsidiary located abroad	20	-	-	-	-	241	241
Total comprehensive income for the period		-	-	-	1,747	241	1,988
At March 31, 2009		112,957	267	50,074	(152,378)	(9,111)	1,809

Consolidated	Note	Share capital	Capital reserve	Revaluation reserve	Accumulated deficit	Carrying value adjustments	Sub-total	Minority interests	Total equity
At January 01,2008		112,957	267	50,472	(154,755)	(9,352)	(411)	(5)	(416)
Profit for the period		-	-	-	1,262	-	1,262	1	1,263
Other comprehensive income									-
Realization of revaluation reserve	30	-	-	(398)	398	-	-		-
Exchange variation of subsidiary located abroad	20	-	-	-	-	241	241		241
Total comprehensive income for the period		-	-	-	1,660	241	4,557	1	1,902
At March 31, 2009		112,957	267	50,074	(153,095)	(9,111)	1,092	(4)	1,088

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d) Statement of changes in consolidated equity for the current period

Consolidated	Note	Share capital	Capital reserve	Revaluation reserve	Accumulated deficit	Carrying value adjustments	Sub-total	Minority interests	Total equity
At December 31, 2009		112,957	267	48,729	(133,851)	(1,154)	26,948	1	26,949
Profit for the period		-	-	-	4,773	-	4,773	2	4,775
Other comprehensive income									-
Realization of revaluation reserve	30	-	-	(396)	396	-	-		-
Exchange variations of subsidiary located abroad	20	-	-	-	-	(612)	(612)		(612)
Total comprehensive income for the period		-	-	-	5,169	(612)	4,557	2	1,902
At March 31, 2010		112,957	267	48,333	(128,682)	(1,766)	31,109	3	31,112

e) Statement of value added

	Note	Parent company March 31, 2010	Parent company March 31, 2009	Consolidated March 31, 2010	Consolidated March 31, 2009
Revenue		126,648	116,271	131,718	118,631
Sales and services		124,737	116,318	131,671	118,726
Other revenue		1,851	145	(24)	238
Changes in the provision for doubtful trade receivables	9	60	(192)	71	(333)
Inputs acquired from third parties		(66,241)	(57,741)	(65,801)	(56,154)
Cost of sales and services		(119,307)	(44,817)	(116,478)	(37,280)
Materials, energy, outsourced services and other		53,189	(12,940)	50,820	(17,297)
Loss/recovery of assets		(123)	16	(123)	16
Loss from discontinued operations	36	-	-	(20)	(1,593)
Gross value added		60,407	58,530	65,917	62,477
Retentions		(4,086)	(3,848)	(4,232)	(3,998)
Depreciation and amortization	21 and 22	(4,086)	(3,848)	(4,232)	(3,998)
Net value added produced		56,321	54,682	61,685	58,479
Value added received through transfer		11,408	5,148	10,168	6,041
Equity in the earnings (loss) of subsidiaries	20	1,424	(628)	-	-
Finance income		9,984	5,776	10,168	6,041
Total value added to distribute		67,729	59,830	71,853	64,520
Distribution of value added		67,729	59,830	71,853	64,520
Personnel		17,319	16,842	19,034	19,377
Direct remuneration		14,795	14,838	16,215	17,226
Benefits		1,505	1,174	1,663	1,256
FGTS		1,019	830	1,156	895

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06.01 - Notes to the Quarterly Information
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		Parent company		Consolidated	
	Note	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Taxes and contributions		27,984	26,329	30,060	27,742
Federal		14,150	14,163	16,173	15,364
State		13,785	12,139	13,815	12,347
Municipal		49	27	72	31
Third-party capital remuneration		17,677	15,310	17,984	16,138
Interest		16,619	14,326	16,781	14,807
Rentals		1,058	984	1,203	1,331
Remuneration of own capital		4,749	1,349	4,775	1,263
Earnings reinvested		4,749	1,349	4,773	1,262
Minority interests in earnings reinvested		-	-	2	1

* * *

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07.01 - Comments on Company Performance During the Quarter

See comments on the Consolidated performance for the 1st quarter of 2010, since it substantially reflects the Parent company's performance.

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07.01 - Comments on Company Performance During the Quarter

COMMENTS ON CONSOLIDATED PERFORMANCE IN THE QUARTERS ENDED MARCH 31, 2010, 2009 AND 2008.

Portobello S/A (BM&FBOVESPA – ticker symbol: PTBL3), one of the largest Brazilian ceramic tile manufacturers, listed on the São Paulo Stock Exchange (BOVESPA) traditional segment from 1991 to 2008, when it joined the New Market, hereby presents its results for the quarter ended March 31, 2010. The financial and operating information provided below is presented on a consolidated basis, and the comparisons refer to the same quarters of 2009 and 2008, unless otherwise stated. Such information is being presented in accordance with Brazilian accounting practices, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), and also in accordance with the International Financial Reporting Standards (IFRS).

1Q10 HIGHLIGHTS

(comparisons between 1Q10 and 1Q09, including only continuing operations, except when Net Income is presented)

- The sales volume increased 6% in comparison to the same quarter of the previous year;
- 20% growth in net operating revenue;
- 26% increase in gross operating profit;
- 278% growth in net income;
- 7% increase in EBIT;
- 7% increase in EBITDA;
- In March 2010, the Company set a new sales record;
- Installation of a new furnace;
- Start-up of sales of outsourcing products, which accounted for 6% of total sales.

Discontinuance of operations

The operations of the subsidiary Portobello America, Inc. were classified as discontinued as at December 31, 2010, and the data on these discontinued operations are being restated, as one item, in the statement of income for this quarter, in compliance with CPCs and IFRS. The comments and comparisons herein presented follow this standard, except with respect to the same quarter of 2008.

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07.01 - Comments on Company Performance During the Quarter

1) Message from Management

Portobello S.A. achieved excellent results in the first quarter of 2010, with the combination of sales growth and increased profit margins. The good performance of Brazilian civil construction helped the effects of measures adopted by Management in recent years, such as: (i) increased productivity and cost reduction; (ii) replacement of equipment by new equipment with greater productivity; (iii) the launch of innovative products; (iv) the reduction of the portfolio with a view to greater productivity; (v) the concentration of exports in the most profitable markets; (vi) outsourcing of the production of lower-margin products; and (vii) increase in sales in franchised stores, reflecting the Company's operating efficiency and increasing profitability.

As a result, consolidated net revenue grew by 20%, reaching the amount of R$ 106 million. Thanks to the operational improvements adopted, there was also an increase in the EBITDA margin, which reached the amount of R$ 17 million, 7% above that for the same quarter of 2009. The net income of R$ 5 million was 278% higher than that for the same quarter of 2009, despite the negative impact of the discontinuance of the operations of Portobello America, Inc.

Management has taken important measures in the commercial area, focusing on the launch of several new products. Special attention should be given to Porcelanatos Extra-fino, an innovative product on the market with high added value, since it can be placed on existing floors or tiles, making the refurbishment of properties faster, more cost-effective and cleaner.

Major investments were made in the industrial facilities, with the installation of a new production line of enameled porcelain, which, as from the end of March, has increased the Company's total manufacturing capacity by 16%.

The Company took advantage of the favorable conditions of the civil construction market and, in addition to the growth of its sales, increased its share of the domestic market, which is shown by the data released by the Brazilian Association of the Industry of Building Materials (ABRAMAT). Compared to the first quarter of 2009, the Company's sales in the domestic market continued to grow, and were 19% higher in net income and 3% higher in volume, while the Brazilian market of finishing materials for the construction industry grew 14% according to ABRAMAT, as a result of an aggressive commercial policy and the introduction of a more competitive portfolio.

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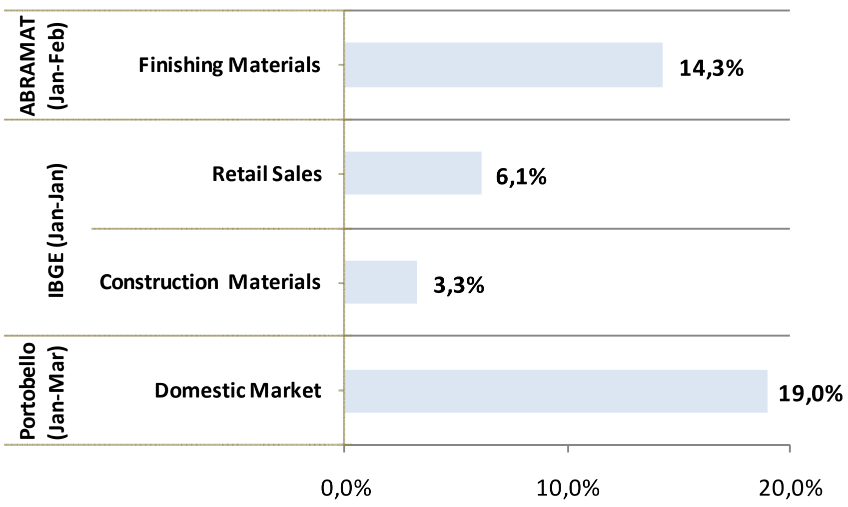
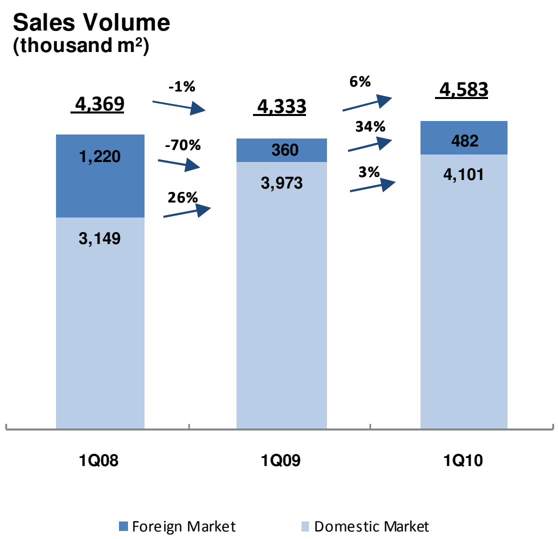
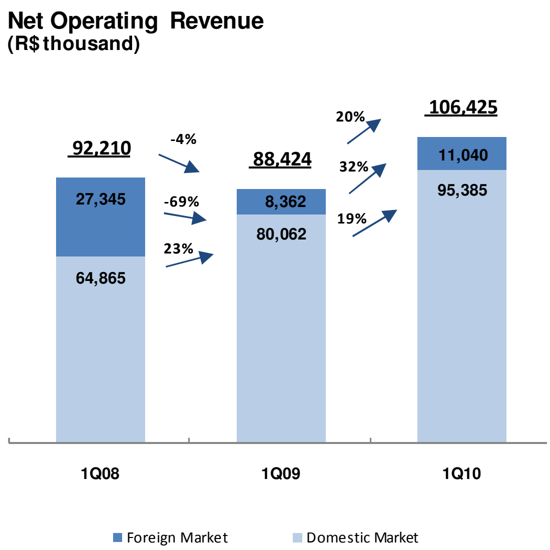
07.01 - Comments on Company Performance During the Quarter



2) Sales performance





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07.01 - Comments on Company Performance During the Quarter

The total sales volume increased by 6%, with emphasis on the growth of the domestic market, aligned with the Company's commercial strategy. Net revenue grew by 20% when compared with the quarter of the previous year, once again highlighting the domestic market, which increased by 19%, shared equally between the Engineering, Resale and Portobello Shop channels. Sales to the foreign market reached the levels expected by the Company, and we maintained our aim to focus on the Brazilian market.

3) Distribution

The Company's distribution network is divided into four distinct channels, which present specific features in terms of portfolio of products, services and commercial policy:

Domestic market: The three distribution channels are: (i) "Multi-brand resale", responsible for serving the building material dealers who sell our products in the retail market; (ii) "Engineering", specialized teams that serve civil construction companies and real estate development companies; and (iii) "Franchisees", which sell to retail customers in franchised stores under the names Portobello Shop and Empório Portobello. With 103 stores located in 87 cities, this channel is the largest Brazilian network of stores specialized in the sale of ceramic tiles.

Foreign market: This channel represents the sales made to various countries through an own team and self-employed representatives.

	1Q08			1Q09			1Q10		
	Volume (thousand m^2)	Net revenue (R$ thousand)	% of NOR*	Volume (thousand m^2)	Net revenue (R$ thousand)	% of NOR*	Volume (thousand m^2)	Net revenue (R$ thousand)	% of NOR*
Domestic Market	3.149	64.865	70%	3.973	80.062	91%	4.101	95.385	90%
Engineering	1.346	23.514	25%	1.781	30.549	35%	1.727	32.125	30%
Resale	1.196	21.413	23%	1.293	24.090	27%	1.485	31.445	30%
Multi-brand resale	607	19.938	22%	899	25.423	29%	889	31.815	30%
Foreign Market	1.220	27.345	30%	360	8.362	9%	482	11.040	10%
	4.369	92.210		4.333	88.424		4.583	106.425	

*NOR: Net Operating Revenue

01.01 - IDENTIFICATION		
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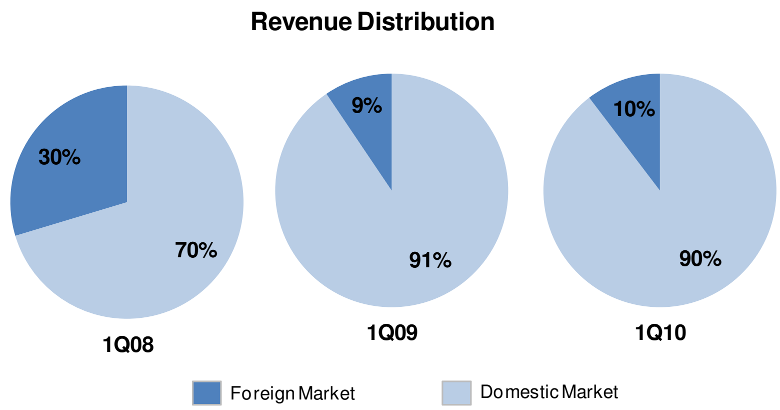
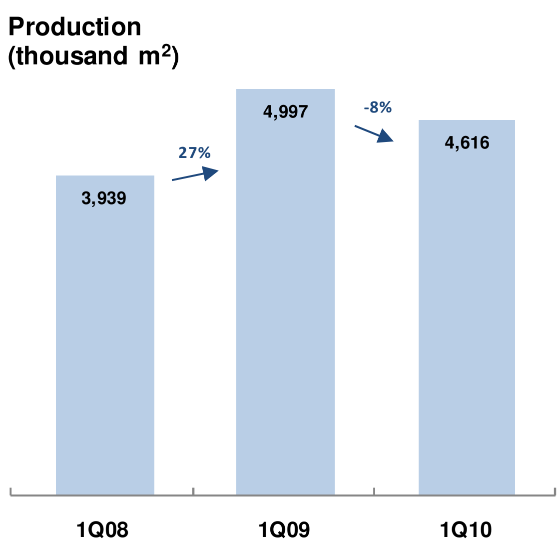
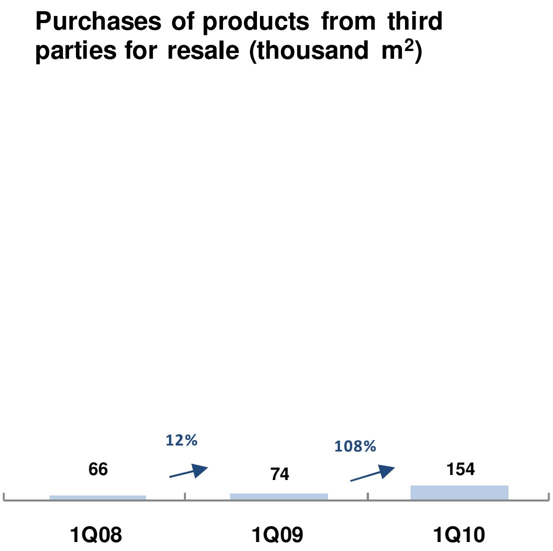
01377-3	PORTOBELLO S.A.	83.475.913/0001-91

07.01 - Comments on Company Performance During the Quarter



4) Operating Performance





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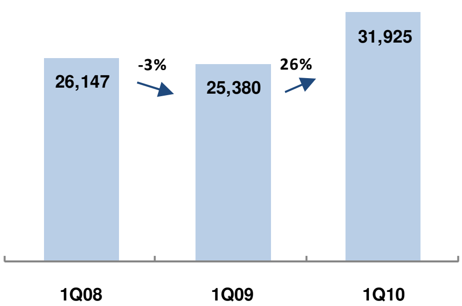
07.01 - Comments on Company Performance During the Quarter

The focus of production in the first quarter of 2010 was on larger formats and higher added value, despite the lower factory productivity, which explains why the volume produced this quarter was 8% lower in comparison to the same period of 2009. In March 2010, the installation of the new furnace of the enameled porcelain plant was completed.

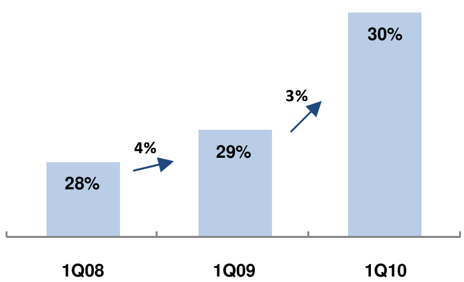
Accordingly, gross profit increased by 26%, influenced by the sale of products with increased profitability, top quality percentage gains and increased efficiency in production, as well as the higher sales volume already mentioned. Consequently, the gross profit margin of 30% was higher than the 29% recorded in the same quarter of 2009.

Operating performance	**1Q08**	**1Q09**	**1Q10**	**Variation % 2010x2009**
Net operating profit	92.210	88.424	106.425	20%
Domestic market	64.865	80.062	95.385	19%
Foreign market	27.345	8.362	11.040	32%
(-) Cost of sales	(66.063)	(63.044)	(74.500)	18%
(=) Gross operating profit	26.147	25.380	31.925	26%
Gross margin %	28%	29%	30%	3%
Volume sold	4.369	4.333	4.583	6%
Average revenue per unit	21,11	20,41	23,22	14%
Average cost per unit	(15,12)	(14,55)	(16,26)	12%
Gross profit per unit	5,98	5,86	6,97	19%

Gross Operating Profit



Gross Margin



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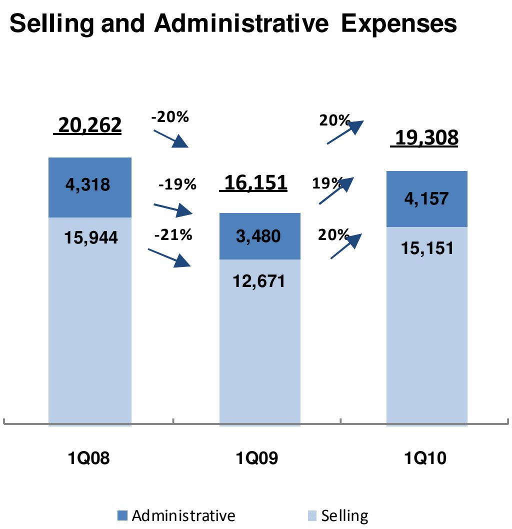
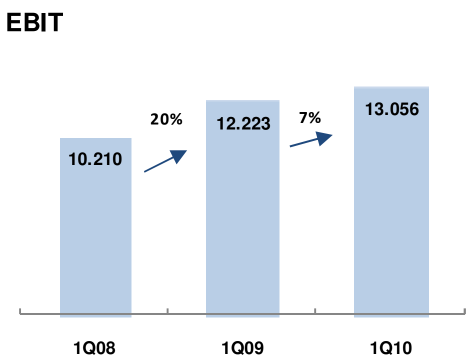
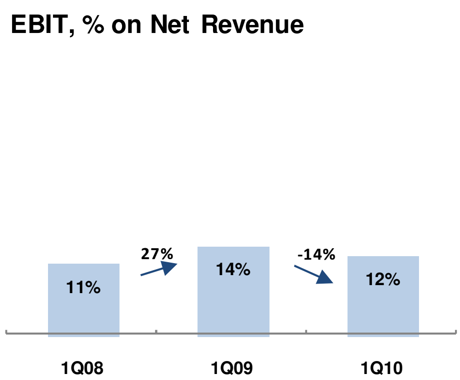
07.01 - Comments on Company Performance During the Quarter



Selling expenses rose by 20% when compared to the same period of 2009 as a result of the increase in sales. These costs represent 14% of net revenue in 2010, and 14% in the first quarter of 2009.

Administrative expenses increased by 19% when compared to the quarter ended March 31, 2009, due to the employment of third-party services and the recognition of an expense for the disclosure of the balance sheet, which, in 2009, was recognized in the second quarter. Despite this, administrative costs still represented only 4% of net revenue.





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07.01 - Comments on Company Performance During the Quarter

EBIT	1Q08	1Q09	1Q10	Variation % 2010x2009
Gross operating profit	26.147	25.380	31.925	26%
Selling expenses	(15.944)	(12.671)	(15.151)	20%
General and administrative expenses	(4.318)	(3.480)	(4.157)	19%
Other operating income (expenses)	4.325	3.490	(333)	-110%
Other net gains (losses)	-	(496)	772	256%
(=) EBIT	10.210	12.223	13.056	7%
% of net income	11%	14%	12%	-14%

5) Economic and financial performance

Consolidated profit	1Q08	1Q09	1Q10
Net operating revenue	**92.210**	**88.424**	**106.425**
Gross operating profit	**26.147**	**25.380**	**31.925**
Gross profit margin	*28%*	*29%*	*30%*
Operating expenses	(15.937)	(13.157)	(18.869)
Selling	(15.944)	(12.671)	(15.151)
General and administrative	(4.318)	(3.480)	(4.157)
Other operating income (expenses), net	4.325	3.490	(333)
Other gains (losses), net	-	(496)	772
EBIT	**10.210**	**12.223**	**13.056**
EBIT margin	*11%*	*14%*	*12%*
Net finance costs	(5.351)	(7.655)	(7.158)
Operating profit	**4.940**	**4.568**	**5.898**
Income tax and social contribution	(1.629)	(1.712)	(1.103)
Profit from continuing operations for the quarter	**3.311**	**2.856**	**4.795**
Loss from discontinued operations for the quarter	**-**	**(1.593)**	**(20)**
Net profit for the quarter	**3.311**	**1.263**	**4.775**
Net loss attributable to non-controlling interests	**(3)**	**(1)**	**(2)**
Net profit attributable to the owners of the Company	**3.308**	**1.262**	**4.773**
Net profit margin	*4%*	*1%*	*4%*
EBITDA (*)	**14.935**	**16.221**	**17.288**
EBITDA margin	*16%*	*18%*	*16%*

(*) Pursuant to CPC/IFRS, discontinued operations do not form part of operating profit (loss).

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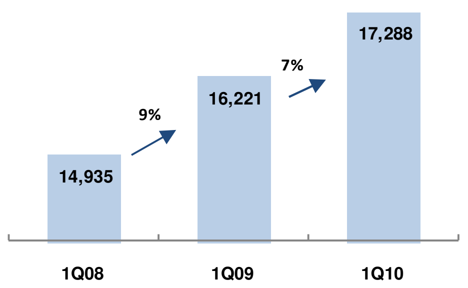
07.01 - Comments on Company Performance During the Quarter

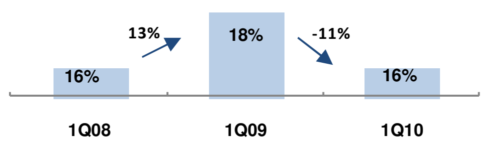
Net income increased by 278% in comparison to the same quarter of 2009, as a result of the increase in revenues and the sale of products with higher profitability.

6) Earnings before interest, taxes, depreciation and amortization (EBITDA)

EBITDA



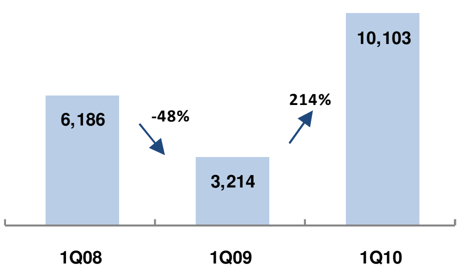
EBITDA, on Net Revenue



EBITDA	1Q08	1Q09	1Q10	Variation % 2010x2009
Net result attributable to the owners of the Company	3.308	1.262	4.773	278%
Net finance income (costs)	5.351	7.655	7.158	-6%
Depreciation, amortization and depletion	4.644	3.998	4.232	6%
Income tax and social contribution	1.629	1.712	1.103	-36%
Net result attributable to non-controlling interests	3	1	2	100%
Result from discontinued operations for the quarter	-	1.593	20	-99%
(=) EBITDA from continuing operations (*)	14.935	16.221	17.288	7%
% of net income	16%	18%	16%	-11%

(*) Pursuant to CPC/IFRS, discontinued operations do not comprise operating profit (loss).

7) Investments



The investment program in 2010 included a new production line complementing the other two lines implemented between 2008 and 2009.

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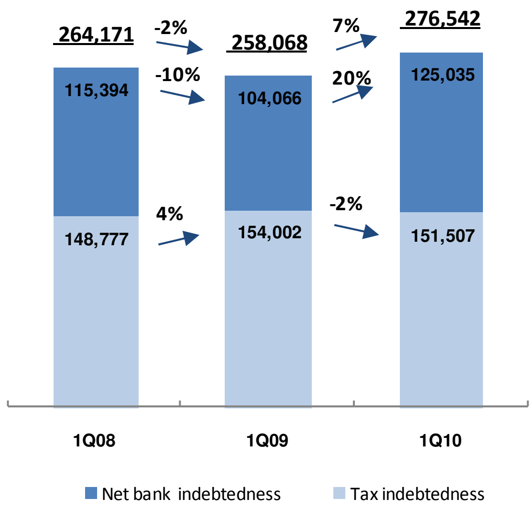
07.01 - Comments on Company Performance During the Quarter

8) Working capital

Working capital	1Q08	1Q09	1Q10	Variation %	Nominal variation
Trade receivables	71.469	76.923	79.052	3%	2.129
Advances to suppliers	4.673	3.799	1.758	-54%	(2.041)
Inventories	69.202	67.710	70.322	4%	2.612
Trade payables	(60.059)	(87.155)	(61.183)	30%	25.972
Advances from customers	(10.371)	(15.131)	(19.824)	-31%	(4.693)
Working capital invested	74.914	46.146	70.125		23.979

The need for working capital has increased when compared to the same quarter of the previous year due to three main factors: (i) in 2009, some of the largest suppliers, mainly those of power, enamels and dyes, gave us extended deadlines as support for the Company after the production stoppage in its manufacturing facilities in December 2008, caused by an interruption of the supply of natural gas; (ii) the increase in sales required greater financing to customers; and (iii) the increase in the Company's production capacity and purchases of products manufactured by third parties raised the level of inventories required to meet the demand.

9) Indebtedness



The Company's net bank indebtedness increased 20% when compared to the same quarter of the previous year, due to investments made in the plant which were fully financed, and the increased need for working capital to fund the growth of sales. However, the debt has a longer maturity profile and a lower cost in comparison to the prior years.

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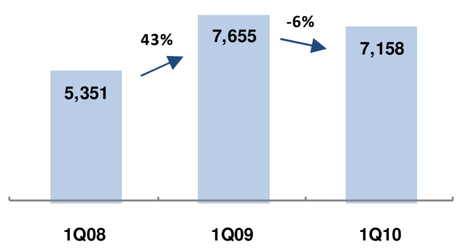
Net bank indebtedness	1Q08	1Q09	1Q10
Current	85.935	92.334	98.392
Non-current	36.425	26.626	38.248
(=) Total bank indebtedness	122.360	118.960	136.640
Available funds and marketable securities	6.966	14.894	11.605
(=) Total net bank indebtedness	115.394	104.066	125.035

Financial leverage	1Q08	1Q09	1Q10
Net bank indebtedness	115.394	104.066	125.035
Tax indebtedness	148.777	154.002	151.507
EBITDA (last12 months)	15.934	55.526	59.865
(=) Net bank indebtedness / EBITDA	7,2	1,9	2,1
(=) Net bank and tax indebtedness / EBITDA	16,6	4,6	4,6

Net Finance Costs



In spite of the increase in the balance of borrowings, due to the investments made in the industrial facilities, all of which were financed, finance costs decreased 6% as a result of foreign exchange variation and the market's lower funding rates.

10) Human Resources

At the end of the quarter, consolidated personnel was made up of 2,195 professionals, 1,997 of whom are own personnel, 162 are outsourced employees, 15 are interns, and 21 are temporary employees.

11) Performance of the Company's shares

The quoted price of PORTOBELLO shares increased from R$ 1.44 as at December 31, 2009 to R$ 1.80 as at March 31, 2010, a 25% growth. The volume traded in the quarter increased from R$ 1,540 thousand to R$ 5,861 thousand.

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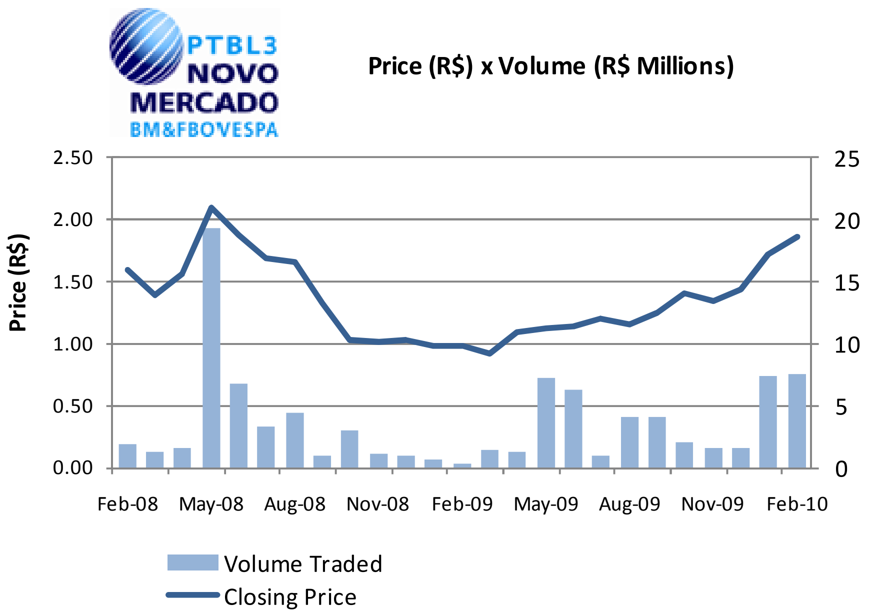
07.01 - Comments on Company Performance During the Quarter



12) Recognition

- Award as an "Outstanding Brand in the following areas: Quality, Sales Strength, Technical Guidance and Overall Evaluation", by Anamaco magazine;
- Outstanding participation in the "Revestir" Trade Show, held in São Paulo, the largest ceramic tile trade show in Latin America.

13) Prospects

- Maintenance of the Excise Tax on industrialized products at a zero rate, as a government incentive for the civil construction sector;
- Reduction of production cost as a result of the investments made in the industrial facilities;
- Increase in the sales of products acquired from third parties;
- Restructuring of the financing for working capital purposes, with a reduction of interest rates.

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07.01 - Comments on Company Performance During the Quarter

14) Other significant information

The Company is subject to arbitration of the Market Arbitration Chamber, in accordance with a Commitment Clause which is part of its By-laws.

In compliance with the provisions of Instruction 381 of the Brazilian Securities Commission (CVM), of January 14, 2003, the Company hereby informs that its independent auditor is PricewaterhouseCoopers Auditores Independentes, which does not provide any other type of services for the Company or its subsidiaries.

The members of the Company's Management are as follows:

Executive Board

Name	Position
Cesar Gomes Júnior	CEO
Cláudio Ávila da Silva	Vice President
Mario A. F. Baptista	Finance and Investor Relations Officer
Mauro do Valle Pereira	Officer

Board of Directors

Name	Position	Observation
Cesar Bastos Gomes	Chairman	
Cesar Gomes Júnior	Vice Chairman	CEO
Plínio Villares Musetti	Director	
Francisco Amaury Olsen	Director	Independent Member
Glauco José Côrte	Director	Independent Member
Mailson Ferreira da Nóbrega	Director	Independent Member
Mário José Gonzaga Petrelli	Director	Independent Member
Maurício Levi	Director	Independent Member
Rami Naun Goldfajn	Director	Independent Member

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20.01 - Other Information Considered Relevant by the Company

STOCKHOLDERS WITH MORE THAN 5% OF EACH TYPE AND CLASS OF SHARE

HOLDING OF STOCKHOLDERS WITH MORE THAN 5% OF EACH TYPE AND CLASS OF SHARE, DOWN TO INDIVIDUAL HOLDINGS

Position at March 31, 2010

STOCKHOLDER	Common shares		Total	
	Number	%	Number	%
Funds administered by Fama Fundo de Inv.Ações [1]	30,765,017	19.35	30,765,017	19.35
Eleonora Ramos Gomes	26,841,460	16.88	26,841,460	16.88
Cesar Gomes Junior	24,412,019	15.35	24,412,019	15.35
Eduardo Ramos Gomes	10,850,364	6.82	10,850,364	6.82
Paulo Bastos Gomes	9,076,297	5.71	9,076,297	5.71
Maria Gertrudes da Luz Gomes	8,987,465	5.65	8,987,465	5.65
Valério Gomes Neto	7,947,280	5.00	7,947,280	5.00
Other	40,129,022	25.24	40,129,022	25.24
	159,008,924	**100.00**	**159,008,924**	**100.00**

1 - Funds administered by Fama Fundo de Investimentos em Ações comprise various funds, and none of them has an investment higher than 5% of the total shares, except for Fama Fut. Mas. Fundo Inv. Ações.

HOLDINGS OF CONTROLLING STOCKHOLDERS, MANAGEMENT AND SHARES OUTSTANDING IN THE MARKET

CONSOLIDATED STOCKHOLDING POSITION OF CONTROLLING STOCKHOLDERS, MANAGEMENT AND SHARES OUTSTANDING IN THE MARKET

Position at March 31, 2010

STOCKHOLDER	Common shares		Total	
	Number	%	Number	%
Controlling stockholder	54,768,891	34.44	54,768,891	34.44
Management				
Board of Directors	54,961	0.03	54,961	0.03
Executive Board	45,600	0.03	45,600	0.03
Statutory Audit Board	2	-	2	-
Other	104,139,470	65.50	104,139,470	65.50
Total	**159,008,924**	**100.00**	**159,008,924**	**100.00**
Shares outstanding in the market	104,139,470	65.50	104,139,470	65.50

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20.01 - Other Information Considered Relevant by the Company

STOCKHOLDERS WITH MORE THAN 5% OF EACH TYPE AND CLASS OF SHARE

HOLDING OF STOCKHOLDERS WITH MORE THAN 5% OF EACH TYPE AND CLASS OF SHARE, DOWN TO INDIVIDUAL HOLDINGS

Portobello S.A. — Position at March 31, 2009

STOCKHOLDER	Common shares		Total	
	Number	%	Number	%
Eleonora Ramos Gomes	27,329,560	17.19	27,329,560	17.19
Cesar Gomes Junior	24,412,019	15.35	24,412,019	15.35
Paulo Bastos Gomes	11,164,897	7.02	11,164,897	7.02
Eduardo Ramos Gomes	10,850,364	6.82	10,850,364	6.82
M335 Fundo de Inv. Multimercado	10,522,459	6.62	10,522,459	6.62
International Finance Corporation - IFC [1]	10,457,926	6.58	10,457,926	6.58
Valério Gomes Neto	9,338,380	5.87	9,338,380	5.87
Maria Gertrudes da Luz Gomes	8,987,465	5.65	8,987,465	5.65
Other	45,945,854	28.90	45,945,854	28.90
Total	**159,008,924**	**100.00**	**159,008,924**	**100.00**

1 – The shareholder International Finance Corporation is headquartered abroad.

HOLDINGS OF CONTROLLING STOCKHOLDERS, MANAGEMENT AND SHARES OUTSTANDING IN THE MARKET

CONSOLIDATED STOCKHOLDING POSITION OF CONTROLLING STOCKHOLDERS, MANAGEMENT AND SHARES OUTSTANDING IN THE MARKET

Portobello S.A. — Position at March 31, 2009

STOCKHOLDER	Common shares		Total	
	Number	%	Number	%
Controlling stockholder	55,256,991	34.75	55,256,991	34.75
Management				
Board of Directors	54,965	0.03	54,965	0.03
Executive Board	34,200	0.02	34,200	0.02
Statutory Audit Board	-	-	-	-
Other	103,662,768	65.20	103,662,768	65.20
Total	**159,008,924**	**100.00**	**159,008,924**	**100.00**
Shares outstanding in the market	103,662,768	65.20	103,662,768	65.20

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20.01 - Other Information Considered Relevant by the Company

COMMITMENT CLAUSE

The Company's by-laws establish that the Company, its stockholders, management and members of the Statutory Audit Board (when elected), are committed to resolve, through arbitration at the Market Arbitration Chamber of BOVESPA - the São Paulo Stock Exchange, in accordance with its related Arbitration Regulations, any dispute that may arise between them, relating to or originating, especially, from the application, validity, efficacy, interpretation, violation, and their effects, of the provisions of Brazilian Corporation Law, of the Company's by-laws, in the regulations issued by the National Monetary Council, the Brazilian Central Bank and the Brazilian Securities Commission, as well as other regulations applicable to the functioning of capital markets in general, besides those comprised in the Regulations of the New Market, the Arbitration Regulations of the Market Arbitration Chamber and the Contract for Participation in the New Market.

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21.01 - Report on the Special Review - Without Exceptions

Portobello S.A.

Quarterly Information (ITR) and Review Report of Independent Accountants March 31, 2010

01.01 - IDENTIFICATION		
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21.01 - Report on the Special Review - Without Exceptions

Review Report of Independent Accountants

To the Board of Directors and Stockholders
Portobello S.A.

1 We have reviewed the accounting information included in the Quarterly Information (ITR) (parent company and consolidated) of Portobello S.A. (the "Company") and subsidiaries for the quarter ended March 31, 2010, comprising the balance sheet and the statements of income , comprehensive income, changes in equity and cash flows**,** explanatory notes and the performance report. This Quarterly Information is the responsibility of the Company's management.

2 Our review was carried out in accordance with specific standards established by the Institute of Independent Auditors of Brazil (IBRACON), in conjunction with the Federal Accounting Council (CFC), and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted for the preparation of the Quarterly Information; and (b) a review of information and of subsequent events which have, or could have, significant effects on the financial position and operations of the Company and its subsidiaries.

3 Based on our limited review, we are not aware of any material modifications that should be made to the quarterly information of the parent company referred to above in order that it be stated in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), applicable to the preparation of the Quarterly Information, consistent with the standards issued by the Brazilian Securities Commission (CVM).

4 Based on our limited review, we are not aware of any material modifications that should be made to the consolidated quarterly information referred to above in order that it be stated in accordance with CPC 21 and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB) applicable to the preparation of Quarterly Information, in accordance with the standards issued by the Brazilian Securities Commission (CVM).

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21.01 - Report on the Special Review - Without Exceptions

5 We have also reviewed the parent company and consolidated interim statements of value added for the quarter ended March 31, 2010, which are required to be presented in accordance with standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which does not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, we are not aware of any fact that leads us to believe that they are not properly prepared, in all material respects, in relation to the parent company and consolidated interim accounting information taken as a whole.

6 As mentioned in Note 21, the Brazilian Securities Commission (CVM), through CVM Resolution 603/09, permitted companies to present their Quarterly Information during 2010 based on the accounting standards effective until December 31, 2009, provided that this Quarterly Information was subsequently restated, including comparative figures, to comply with the new standards. Accordingly, this Quarterly Information (ITR) differs from that originally disclosed by the Company.

Florianópolis, May 13, 2011

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F" SC

Carlos Biedermann
Contador CRC 1RS029321/O-4 “S” SC

01.01 - IDENTIFICATION		
1 - CVM CODE	**2 - COMPANY NAME**	**3 - Federal Corporate Taxpayers' Registration Number (CNPJ)**
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23.01 - Description of Altered Information

The Quarterly Information for 1Q10 was restated in accordance with the accounting practices adopted in Brazil, including the Brazilian Accounting Pronouncement Committee pronouncements (CPCs), and the International Financial Reporting Standards (IFRS).

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