(A free translation of the original in Portuguese)

Portobello S.A.

Quarterly Information (ITR) and
Review Report of Independent Accountants
September 30, 2010

(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 September 30, 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 September 30, 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)
FEDERAL GOVERNMENT SERVICE
BRAZILIAN SECURITIES COMMISSION (CVM)
QUARTERLY INFORMATION (ITR)
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES
Voluntary Restatement

Unaudited

Corporate Legislation
September 30, 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	3	7/1/2010	9/30/2010	2	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 9/30/2010	Prior quarter 12/31/2009	Same quarter in prior year 9/30/2009
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 - 9/30/2010	4 - 12/31/2009
1	Total assets	580,196	503,014
1.01	Current assets	226,207	189,604
1.01.01	Cash and cash equivalents	7,765	7,014
1.01.02	Receivables	96,103	69,116
1.01.02.01	Trade receivables	94,133	64,837
1.01.02.02	Sundry receivables	1,970	4,279
1.01.02.02.01	Marketable securities	1,970	4,279
1.01.03	Inventories	79,801	68,224
1.01.04	Other	42,538	45,250
1.01.04.01	Advances to suppliers	3,258	2,120
1.01.04.02	Taxes recoverable	1,125	3,158
1.01.04.03	Income tax and social contribution recoverable	2,958	171
1.01.04.04	Dividends receivable	0	5,909
1.01.04.05	Prepaid expenses	206	112
1.01.04.06	Receivables from subsidiaries	33,657	32,182
1.01.04.07	Other	1,334	1,598
1.02	Non-current assets	353,989	313,410
1.02.01	Long-term receivables	166,382	134,085
1.02.01.01	Sundry receivables	0	0
1.02.01.02	Receivables from related parties	95,973	89,653
1.02.01.02.01	Associated and similar companies	0	0
1.02.01.02.02	Subsidiaries	3,435	2,890
1.02.01.02.03	Other related parties	92,538	86,763
1.02.01.03	Other	70,409	44,432
1.02.01.03.01	Customers	473	673
1.02.01.03.02	Judicial deposits	7,799	2,022
1.02.01.03.03	Receivables from Eletrobrás	24,749	13,858
1.02.01.03.04	Taxes recoverable	293	500
1.02.01.03.05	Deferred income tax and social contribution	26,706	17,575
1.02.01.03.06	Tax assets	10,332	9,665
1.02.01.03.07	Other	57	139
1.02.02	Permanent assets	187,607	179,325
1.02.02.01	Investments	7,983	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	7,785	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	178,080	176,146
1.02.02.03	Intangible assets	1,544	2,501
1.02.02.04	Deferred charges	0	0

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

1 - Code	2 - Description	3 - 9/30/2010	4 - 12/31/2009
2	Total liabilities and equity	580,196	503,014
2.01	Current liabilities	256,874	247,620
2.01.01	Loans and financing	91,967	92,854
2.01.02	Debentures	0	0
2.01.03	Trade payables	72,211	65,999
2.01.04	Taxes and contributions	20,993	22,965
2.01.04.01	Tax liabilities payable in installments	15,291	21,434
2.01.04.02	Taxes and contributions	3,980	1,531
2.01.04.03	Income tax and social contribution payable	1,722	0
2.01.05	Dividends payable	0	0
2.01.06	Provisions	6,388	5,539
2.01.07	Debts with related parties	0	0
2.01.08	Other	65,315	60,263
2.01.08.01	Advances from customers	14,996	18,673
2.01.08.02	Labor and social security charges	17,668	10,705
2.01.08.03	Provision for loss of investments	28,266	27,026
2.01.08.04	Other	4,385	3,859
2.02	Non-current liabilities	266,207	228,217
2.02.01	Long-term liabilities	266,207	228,217
2.02.01.01	Loans and financing	55,323	28,127
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	22,047	16,999
2.02.01.04	Debts with related parties	4,922	7,827
2.02.01.05	Advance for future capital increase	0	0
2.02.01.06	Other	183,915	175,264
2.02.01.06.01	Deferred income tax and social contribution	43,676	39,973
2.02.01.06.02	Pension plan	3,155	3,420
2.02.01.06.03	Tax liabilities payable in installments	133,694	128,377
2.02.01.06.04	Provision for loss of investments	3,390	2,720
2.02.01.06.05	Other	0	774
2.03	Deferred income	0	0
2.05	Equity	57,115	27,177
2.05.01	Paid-up capital	112,957	112,957
2.05.02	Capital reserves	267	267
2.05.03	Revaluation reserves	47,267	48,729
2.05.03.01	Own assets	47,267	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	(323)	(1,154)
2.05.05.01	Adjustments to marketable securities	0	0
2.05.05.02	Cumulative translation adjustments	(323)	(1,154)
2.05.05.03	Business combination adjustments	0	0
2.05.06	Retained earnings (accumulated deficit)	(103,053)	(133,622)
2.05.07	Advances for future capital increase	0	0

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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 - 7/1/2010 to 9/30/2010	4 - 1/1/2010 to 9/30/2010	5 - 7/1/2009 to 9/30/2009	6 - 1/1/2009 to 9/30/2009
3.01	Gross sales and/or services revenue	168,624	441,750	121,147	349,139
3.02	Deductions from gross revenue	(37,290)	(95,080)	(25,168)	(77,740)
3.03	Net sales and/or services revenue	131,334	346,670	95,979	271,399
3.04	Cost of sales and/or services	(95,318)	(258,216)	(74,234)	(212,527)
3.05	Gross profit	36,016	88,454	21,745	58,872
3.06	Operating expenses/income	(23,950)	(63,047)	(20,606)	(54,264)
3.06.01	Selling	(16,696)	(43,234)	(11,386)	(33,092)
3.06.02	General and administrative	(3,202)	(9,371)	(2,861)	(8,522)
3.06.03	Finance result	(6,317)	(20,945)	(4,114)	(12,043)
3.06.03.01	Finance income	4,512	10,195	4,314	15,441
3.06.03.01.01	Finance income	3,042	8,825	891	3,337
3.06.03.01.02	Foreign exchange variations, net	1,470	1,370	3,423	12,104
3.06.03.02	Finance expenses	(10,829)	(31,140)	(8,428)	(27,484)
3.06.04	Other operating income	10,677	15,852	722	9,074
3.06.05	Other operating expenses	(10,283)	(9,913)	(3,517)	(9,500)
3.06.05.01	Other operating expenses	(7,946)	(9,099)	(553)	(1,383)
3.06.05.02	Other gains (losses), net	(2,337)	(814)	(2,964)	(8,117)
3.06.06	Equity in the earnings (loss) of subsidiaries	1,871	4,564	550	(181)
3.07	Operating profit	12,066	25,407	1,139	4,608
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	12,066	25,407	1,139	4,608
3.10	Provision for income tax and social contribution on net income	(123)	(1,722)	0	0
3.11	Deferred income tax	5,277	5,422	(19)	(71)
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	17,220	29,107	1,120	4,537
	Number of shares (thousand), excluding treasury stock	159,009	159,009	159,009	159,009
	Earnings per share - R$	0.10830	0.18305	0.00704	0.02853
	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 - 7/1/2010 to 9/30/2010	4 - 1/1/2010 to 9/30/2010	5 - 7/1/2009 to 9/30/2009	6 - 1/1/2009 to 9/30/2009
4.01	Net cash provided by (used in) operating activities	(8,289)	(18,550)	(4,107)	6,582
4.01.01	Cash provided by (used in) operating activities	(1,334)	(2,967)	(1,458)	15,165
4.01.02	Changes in assets and liabilities	0	0	0	0
4.01.03	Other	(6,955)	(15,583)	(2,649)	(8,583)
4.01.03.01	Interest paid	(5,667)	(13,357)	(2,649)	(8,583)
4.01.03.02	Income tax and social contribution paid	(1,288)	(2,226)	0	0
4.02	Net cash provided by (used in) investing activities	(573)	(5,715)	(222)	4,800
4.02.01	Purchases of property, plant and equipment	(1,922)	(10,155)	(315)	(9,035)
4.02.02	Purchases of intangible assets	0	(4)	(1,034)	(1,091)
4.02.03	Dividends received	0	5,910	0	8,285
4.02.04	Proceeds from permanent asset disposal	600	600	42	187
4.02.05	Receipts from (payments to) related parties	749	(2,066)	1,085	6,454
4.03	Net cash provided by (used in) financing activities	11,263	25,016	3,350	(15,135)
4.03.01	New loans and financing	101,369	249,994	62,668	149,489
4.03.02	Payments of loans and financing	(89,346)	(221,670)	(61,314)	(161,800)
4.03.03	New loans (payments) to related companies	(760)	(3,308)	1,996	(2,824)
4.04	Foreign exchange variations on cash and cash equivalents	0	0	0	0
4.05	Increase (decrease) in cash and cash equivalents	2,401	751	(979)	(3,753)
4.05.01	Opening balance of cash and cash equivalents	5,364	7,014	3,672	6,446
4.05.02	Closing balance of cash and cash equivalents	7,765	7,765	2,693	2,693

01.01 - IDENTIFICATION		
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05.01 - Statements of Changes in Equity from 7/1/2010 to 9/30/2010 (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	47,938	0	(120,944)	(2,080)	38,138
5.02	Prior year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	112,957	267	47,938	0	(120,944)	(2,080)	38,138
5.04	Profit for the period	0	0	0	0	17,220	0	17,220
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	(671)	0	671	0	0
5.07	Carrying value adjustment	0	0	0	0	0	1,757	1,757
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	1,757	1,757
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	47,267	0	(103,053)	(323)	57,115

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

05.02 - Statements of Changes in Equity from 1/1/2010 to 9/30/2010 (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	29,107	0	29,107
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	(1,462)	0	1,462	0	0
5.07	Carrying value adjustments	0	0	0	0	0	831	831
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	831	831
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	47,267	0	(103,053)	(323)	57,115

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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 - 9/30/2010	4 - 12/31/2009
1	Total assets	556,407	475,273
1.01	Current assets	211,638	163,230
1.01.01	Cash and cash equivalents	12,214	8,618
1.01.02	Receivables	103,705	75,268
1.01.02.01	Trade receivables	101,735	70,989
1.01.02.02	Sundry receivables	1,970	4,279
1.01.02.02.01	Marketable securities	1,970	4,279
1.01.03	Inventories	82,883	71,037
1.01.04	Other	12,836	8,307
1.01.04.01	Advances to suppliers	2,426	2,121
1.01.04.02	Taxes recoverable	1,726	3,874
1.01.04.03	Income tax and social contribution recoverable	6,454	420
1.01.04.04	Prepaid expenses	469	230
1.01.04.05	Other	1,761	1,662
1.02	Non-current assets	344,769	312,043
1.02.01	Long- term receivables	163,795	131,983
1.02.01.01	Sundry receivables	0	0
1.02.01.02	Receivables from related parties	92,538	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	92,538	86,763
1.02.01.03	Other	71,257	45,220
1.02.01.03.01	Customers	473	673
1.02.01.03.02	Judicial deposits	8,057	2,217
1.02.01.03.03	Receivables from Eletrobrás	24,749	13,858
1.02.01.03.04	Taxes recoverable	293	500
1.02.01.03.05	Deferred income tax and social contribution	26,706	17,575
1.02.01.03.06	Tax assets	10,332	9,665
1.02.01.03.07	Other	647	732
1.02.02	Permanent assets	180,974	180,060
1.02.02.01	Investments	208	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	208	223
1.02.02.02	Property, plant and equipment	179,091	177,172
1.02.02.03	Intangible assets	1,675	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 - 9/30/2010	4 - 12/31/2009
2	Total liabilities and equity	556,407	475,273
2.01	Current liabilities	238,077	226,868
2.01.01	Loans and financing	91,967	92,871
2.01.02	Debentures	0	0
2.01.03	Trade payables	73,373	68,033
2.01.04	Taxes and contributions	26,294	24,134
2.01.04.01	Tax liabilities payable in installments	16,086	22,179
2.01.04.02	Taxes and contributions	4,604	1,925
2.01.04.03	Income tax and social contribution payable	5,604	30
2.01.05	Dividends payable	0	6
2.01.06	Provisions	6,413	5,557
2.01.07	Debts with related parties	0	0
2.01.08	Other	40,030	36,267
2.01.08.01	Advances from customers	16,194	20,254
2.01.08.02	Labor and social security charges	19,058	11,603
2.01.08.03	Other	4,778	4,410
2.02	Non-current liabilities	261,400	221,456
2.02.01	Long-term liabilities	261,400	221,456
2.02.01.01	Loans and financing	56,087	28,859
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	22,053	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	183,260	175,598
2.02.01.06.01	Deferred income tax and social contribution on net income	43,676	39,973
2.02.01.06.02	Pension plan	3,155	3,420
2.02.01.06.03	Tax liabilities payable in installments	136,414	131,453
2.02.01.06.04	Provision for loss of investments	0	0
2.02.01.06.05	Other	15	752
2.03	Deferred income	0	0
2.04	Minority interests	8	1
2.05	Equity	56,922	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	47,267	48,729
2.05.03.01	Own assets	47,267	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	(323)	(1,154)
2.05.05.01	Adjustments to marketable securities	0	0
2.05.05.02	Cumulative translation adjustments	(323)	(1,154)
2.05.05.03	Business combination adjustments	0	0
2.05.06	Retained earnings/accumulated deficit	(103,246)	(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 - 7/1/2010 to 9/30/2010	4 - 1/1/2010 to 9/30/2010	5 - 7/1/2009 to 9/30/2009	6 - 1/1/2009 to 9/30/2009
3.01	Gross sales and/or services revenue	179,124	465,162	126,827	363,579
3.02	Deductions from gross revenue	(38,535)	(98,379)	(25,976)	(79,995)
3.03	Net sales and/or services revenue	140,589	366,783	100,851	283,584
3.04	Cost of sales and/or services	(93,804)	(251,672)	(72,250)	(206,545)
3.05	Gross profit	46,785	115,111	28,601	77,039
3.06	Operating expenses/income	(32,939)	(85,779)	(26,386)	(69,773)
3.06.01	Selling	(20,825)	(54,176)	(13,843)	(40,132)
3.06.02	General and administrative	(4,388)	(12,824)	(3,801)	(11,114)
3.06.03	Finance result	(6,296)	(20,837)	(4,129)	(12,073)
3.06.03.01	Finance income	4,678	10,705	4,438	16,044
3.06.03.01.01	Finance income	3,207	9,334	1,015	3,940
3.06.03.01.02	Foreign exchange variations, net	1,471	1,371	3,423	12,104
3.06.03.02	Finance expenses	(10,974)	(31,542)	(8,567)	(28,117)
3.06.04	Other operating income	9,874	13,456	231	7,417
3.06.05	Other operating expenses	(11,304)	(11,398)	(4,844)	(13,871)
3.06.05.01	Other operating expenses	(7,955)	(9,080)	(695)	(1,938)
3.06.05.02	Other gains (losses), net	(2,337)	(814)	(2,964)	(8,117)
3.06.05.03	Loss from discontinued operations	(1,012)	(1,504)	(1,185)	(3,816)
3.06.06	Equity in the earnings of subsidiaries	0	0	0	0
3.07	Operating profit	13,846	29,332	2,215	7,266
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	13,846	29,332	2,215	7,266
3.10	Provision for income tax and social contribution on net income	(1,900)	(5,604)	(892)	(2,309)
3.11	Deferred income tax	5,277	5,422	(19)	(71)
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	(3)	(7)	(2)	(4)
3.15	Profit for the period	17,220	29,143	1,302	4,882
	Number of shares (thousand), excluding treasury stock	159,009	159,009	159,009	159,009
	Earnings per share - R$	0.10830	0.18328	0.00819	0.03070
	Loss per share - R$				

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

1 - Code	2 – Description	3 - 7/1/2010 to 9/30/2010	4 - 1/1/2010 to 9/30/2010	5 - 7/1/2009 to 9/30/2009	6 - 1/1/2009 to 9/30/2009
4.01	Net cash provided by (used in) operating activities	(4,286)	(14,952)	679	19,009
4.01.01	Cash provided by operating activities	4,252	3,880	4,219	29,607
4.01.02	Changes in assets and liabilities	0	0	0	0
4.01.03	Other	(8,538)	(18,832)	(3,540)	(10,598)
4.01.03.01	Interest paid	(5,667)	(13,357)	(2,649)	(8,583)
4.01.03.02	Income tax and social contribution paid	(2,871)	(5,475)	(891)	(2,015)
4.02	Net cash used in investing activities	(1,422)	(9,823)	(1,367)	(10,058)
4.02.01	Purchases of property, plant and equipment	(2,022)	(10,406)	(375)	(9,153)
4.02.02	Purchases of intangible assets	0	(17)	(1,034)	(1,092)
4.02.03	Proceeds from permanent assets disposal	600	600	42	187
4.03	Net cash provided by (used in) financing activities	12,045	28,336	704	(13,892)
4.03.01	New loans and financing	101,391	250,006	62,018	147,908
4.03.02	Payments of loans and financing	(89,346)	(221,670)	(61,314)	(161,800)
4.04	Foreign exchange variations on cash and cash equivalents	(18)	35	(61)	301
4.05	Increase (decrease) in cash and cash equivalents	6,319	3,596	(45)	(4,640)
4.05.01	Opening balance of cash and cash equivalents	5,895	8,618	4,422	9,017
4.05.02	Closing balance of cash and cash equivalents	12,214	12,214	4,377	4,377

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11.01 - Consolidated Statements of Changes in Equity from 7/1/2010 to 9/30/2010 (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	47,938	0	(121,137)	(2,080)	37,945
5.02	Prior year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	112,957	267	47,938	0	(121,137)	(2,080)	37,945
5.04	Profit for the period	0	0	0	0	17,220	0	17,220
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	(671)	0	671	0	0
5.07	Carrying value adjustments	0	0	0	0	0	1,757	1,757
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	1,757	1,757
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	47,267	0	(103,246)	(323)	56,922

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11.02 - Consolidated Statements of Changes in Equity from 1/1/2010 to 9/30/2010 (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	29,143	0	29,143
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	(1,462)	0	1,462	0	0
5.07	Carrying value adjustments	0	0	0	0	0	831	831
5.07.01	Adjustments to marketable securities	0	0	0	0	0	831	831
5.07.02	Cumulative translation adjustment	0	0	0	0	0	0	0
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	47,267	0	(103,246)	(323)	56,922

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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 29.09% of its capital. The remaining 70.91% 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 September 30, 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 105 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 on the transition date to IFRS/CPCs (see Note 30(b)), and financial assets and liabilities measured at fair value through profit or loss.

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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.

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:

	September 30, 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/Loss	
	September 30, 2010	December 31, 2009	September 30, 2010	September 30, 2009
Parent company	57,115	27,177	29,107	4,537
Unrealized inventory profit	(193)	(229)	(193)	(285)
Reversal of unrealized profit	-	-	229	630
Consolidated excluding minority interests	56,922	26,948	29,143	4,882

The accounting policies of 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

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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 receivables 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.

(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 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.

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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).

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

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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 September 30, 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 rewards 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 benefits 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.

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.

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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 non 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.

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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.

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	Clarifies the requirements of IFRSs when an entity renegotiates the terms of a financial liability	July 1, 2010

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Topic	Key requirements	Effective date
instruments'	with its creditor and the creditor agrees to accept the entity's 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	Applied prospectively.

Standard	Key requirements	Applications
	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.	
	(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 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.	Applied prospectively.
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	Applicable to annual periods beginning on or after July 1, 2010. Applied prospectively from the date the entity applies IFRS 3.

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Standard	Key requirements	Applications
	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. **(c) Un-replaced and voluntarily replaced share-based payment awards** The application guidance in IFRS 3 applies to all share-based payment transactions that are part of a business combination, including un-replaced and voluntarily replaced share-based payment awards.	Applicable to annual periods beginning on or after July 1, 2010. Applied prospectively.
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 • Changes in contingent liabilities and assets.	January 1, 2011 Applied retrospectively.

Standard	**Key requirements**	**Applications**
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 29.1.

(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.

(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.

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(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.

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

	In reais			
	Parent company		Consolidated	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Trade receivables	13,025	10,693	12,590	11,325
Receivables from subsidiaries	33,657	32,182	-	-
Advances to suppliers	290	768	290	768
Marketable securities	-	3,650	-	3,650
Investments in subsidiaries	(28,266)	(27,026)	-	-
Trade payables	(4,508)	(2,687)	(5,129)	(3,820)
Loans and financing	(31,232)	(31,167)	(31,232)	(31,184)
Net liability exposure	(17,034)	(13,587)	(23,481)	(19,261)

		In foreign currency			
		Parent company		Consolidated	
		September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Trade receivables	Euro	208	301	208	301
Trade receivables	U.S. dollar	5,900	5,238	7,457	6,824
Receivables from subsidiaries	U.S. dollar	19,866	18,454	-	-
Advances to suppliers	Euro	126	82	126	82
Advances to suppliers	U.S. dollar	-	325	-	325
Marketable securities	U.S. dollar	-	2,096	-	2,096
Investments in subsidiaries	U.S. dollar	(16,684)	(15,521)	-	-
Trade payables	Euro	(869)	(708)	(869)	(708)
Trade payables	U.S. dollar	(1,476)	(400)	(1,842)	(1,051)
Loans and financing	Euro	(1,053)	(1,835)	(1,053)	(1,835)
Loans and financing	U.S. dollar	(15,938)	(14,235)	(15,938)	(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 September 30, 2010, the Company has an excess of current liabilities over current assets of R$ 26,439 (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.

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- 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.

	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 September 30, 2010								
Loans and financing	91,799	32,874	18,065	6,157	91,799	33,648	18,057	6,155
Finance lease liabilities	168	78	-	-	168	78	-	-
Trade payables	72,211	-	-	-	73,373	-	-	-
Tax liabilities payable in installments	3,822	30,582	37,290	77,291	4,022	32,169	38,481	77,828
Total	168,000	63,534	55,355	83,448	169,362	65,895	56,538	83,983

	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 September 30, 2010, management defined for the probable scenario a CDI rate of 10.61% and TJLP of 6.00%. The probable rates were stressed by 25% and 50%, for the possible and remote scenarios, respectively.

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	Consolidated in reais							
	September 30, 2010	Risk	Probable		Possible (25%)		Remote (50%)	
Transaction			%	R$	%	R$	%	R$
Loans - working capital	68,579	CDI increase	10.61%	(7,276)	13.26%	(9,095)	15.92%	(10,914)
Loans – BNDES*	4,021	TJLP increase	6.00%	(241)	7.50%	(302)	9.00%	(362)
Total	72,600			(7,517)		(9,397)		(11,276)
Transaction								
Investments - marketable securities	1,970	CDI decrease	10.61%	205	7.96%	154	5.31%	102
Total	1,970			205		154		102

* BNDES - National Bank for Economic and Social Development

(ii) Sensitivity analysis of changes in foreign exchange rates

At September 30, 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						
	September 30, 2010	Probable		Possible (25%)		Remote (50%)	
		U.S. dollar rate	Gain (loss)	U.S. dollar rate	Gain (loss)	U.S. dollar rate	Gain (loss)
Trade receivables	12,590	1.6942	-	2.1178	3,148	2.5413	6,295
Advances to suppliers	290	1.6942	-	2.1178	73	2.5413	145
Trade payables	(5,129)	1.6942	-	2.1178	(1,282)	2.5413	(2,565)
Loans and financing	(31,232)	1.6942	-	2.1178	(7,808)	2.5413	(15,616)
Net liability exposure	(23,481)	1.6942	-	2.1178	(5,869)	2.5413	(11,741)

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.

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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 September 30, 2010 were as follows:

	Parent company		Consolidated	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Loans and financing	147,290	120,981	148,054	121,730
Tax liabilities payable in installments	148,985	149,811	152,500	153,632
Less: Cash and cash equivalents	(7,765)	(7,014)	(12,214)	(8,618)
Receivables from other related parties	(92,538)	(86,763)	(92,538)	(86,763)
Marketable securities	(1,970)	(4,279)	(1,970)	(4,279)
Net debt	194,002	172,736	193,832	175,702
Total equity	57,115	27,177	56,930	26,949
Total capital	251,117	199,913	250,762	202,651
Gearing ratio (%)	77	86	77	87

At September 30, 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).

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- 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	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Liabilities				
Other financial liabilities				
Loans and financing	147,290	120,981	147,290	120,981
Total	147,290	120,981	147,290	120,981

	Consolidated			
	Book value		Fair value	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Liabilities				
Other financial liabilities				
Loans and financing	148,054	121,730	148,054	121,730
Total	148,054	121,730	148,054	121,730

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	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Assets as per balance sheet				
Receivables				
Cash and cash equivalents	7,765	7,014	12,214	8,618
Trade receivables	94,606	65,510	102,208	71,662
Total	102,371	72,524	114,422	80,280

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	Parent company		Consolidated	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Held to maturity				
Marketable securities	1,970	4,279	1,970	4,279
Total	1,970	4,279	1,970	4,279
Liabilities as per balance sheet				
Other financial liabilities				
Trade payables	72,211	65,999	73,373	68,033
Loans and financing	147,069	120,632	147,833	121,381
Finance lease liabilities	221	349	221	349
Tax liabilities payable in installments	148,985	149,811	152,500	153,632
Total	368,486	336,791	373,927	343,395

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	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Trade receivables				
Counterparties without external credit rating				
Group 1	12,434	6,954	13,419	7,607
Group 2	79,108	55,251	85,379	60,433
Group 3	5,830	5,713	6,292	6,248
Total	97,372	67,918	105,090	74,288
Cash at bank and short-term bank deposits (not including cash on hand)				
AAA (bra)	732	2,624	801	2,661
AA+ (bra)	6,762	2,572	10,669	2,727
A+ (bra)	113	463	113	463
A (bra)	8	-	8	-
AA- (bra)	9	601	15	603
BBB (bra)	5	244	5	244
Other	127	501	594	1,911
Total	7,756	7,005	12,205	8,609
Loans to related parties				
Group 3	726	605	-	-
Total	726	605	-	-

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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:

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	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Cash	9	9	9	9
Checking account	7,756	7,005	12,205	8,609
Total	7,765	7,014	12,214	8,618

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9 Trade Receivables

	Parent company		Consolidated	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Receivables from third parties:				
Customers - domestic market	83,731	57,087	91,884	62,825
Customers - foreign market	13,025	10,693	12,590	11,325
	96,756	67,780	104,474	74,150
Receivables from related parties:				
Entities related to management	616	138	616	138
	616	138	616	138
Impairment of trade receivables:				
Provision for doubtful trade receivables	(2,766)	(2,408)	(2,882)	(2,626)
	(2,766)	(2,408)	(2,882)	(2,626)
Total	94,606	65,510	102,208	71,662
Current	94,133	64,837	101,735	70,989
Non-current	473	673	473	673

The fair value of trade receivables at September 30, 2010 is R$ 94,606 (R$ 65,510 at December 31, 2009). Impaired trade receivables amounting to R$ 2,766 (R$ 2,408 at December 31, 2009) are covered by the provision for doubtful trade receivables.

The Company's obligations for discounted trade notes and advances on export contracts for 2010, 2009 and 2008, were reclassified to current liabilities, under 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 as follows:

	Parent company	Consolidated
At December 31, 2009	2,408	2,626
Provision for (reversal of) doubtful of trade receivables (a)	440	338
Receivables written off during the year as uncollectible	(82)	(82)
At September 30, 2010	2,766	2,882

(a) The change in provision 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.

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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:

	Parent company		Consolidated	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Not yet due - non-current	473	673	473	673
Not yet due - current	88,357	59,567	93,797	65,681
Overdue up to 30 days	2,533	2,548	2,774	2,411
Overdue from 31 to 60 days	1,011	283	1,510	346
Overdue from 61 to 90 days	414	251	1,003	251
Overdue from 91 to 180 days	705	450	1,510	869
Overdue from 181 to 360 days	1,113	1,420	1,141	1,276
Overdue for more than 360 days	2,766	2,726	2,882	2,781
Total	97,372	67,918	105,090	74,288

	Parent company					
	September 30, 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	473	-	-	673	-	-
Not yet due - current	88,357	-	-	59,567	-	-
Overdue up to 30 days	-	2,533	-	-	2,548	-
Overdue from 31 to 60 days	-	1,011	-	-	283	-
Overdue from 61 to 90 days	-	414	-	-	251	-
Overdue from 91 to 180 days	-	705	-	-	450	-
Overdue from 181 to 360 days	-	1,113	-	-	1,420	-
Overdue for more than 360 days	-	-	2,766	-	318	2,408
Total	88,830	5,776	2,766	60,240	5,270	2,408

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	Consolidated					
	September 30, 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	473	-	-	673	-	-
Not yet due - current	93,797	-	-	65,681	-	-
Overdue up to 30 days	-	2,774	-	-	2,411	-
Overdue from 31 to 60 days	-	1,510	-	-	346	-
Overdue from 61 to 90 days	-	1,003	-	-	251	-
Overdue from 91 to 180 days	-	1,510	-	-	651	218
Overdue from 181 to 360 days	-	1,141	-	-	1,276	-
Overdue for more than 360 days	-	-	2,882	-	373	2,408
Total	94,270	7,938	2,882	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 September 30, 2010, trade receivables pledged in guarantee were R$ 57,838 (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	
	September 30, 2010	December 31, 2009
Financial investments	1,970	629
Restricted bank account	-	3,650
Total	1,970	4,279

The financial assets in the parent company and the consolidated at September 30, 2010, classified as held to maturity, comprise financial investments pledged in guarantee of loans of R$ 1,970 (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 September 12, 2011.

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11 Inventories

	Parent company		Consolidated	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Finished products	74,802	61,101	78,084	64,262
Work in process	6,331	6,967	6,331	6,967
Raw and consumption materials	8,175	8,270	8,175	8,270
Provision for adjustment to realizable value	(9,507)	(8,114)	(9,707)	(8,462)
Total	79,801	68,224	82,883	71,037

12 Taxes Recoverable

	Parent company		Consolidated	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Current				
ICMS	116	64	153	101
IPI (a)	844	706	844	706
IRRF/CSRF	31	144	399	514
PIS/COFINS	-	-	37	159
PIS/COFINS credit		2,138		2,138
Other	134	106	293	256
Total	1,125	3,158	1,726	3,874
Non-current				
Municipal tax credits	-	207	-	207
ICMS on property, plant and equipment	293	293	293	293
Total	293	500	293	500

I
CMS - 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 reduction in the percentages of IPI rates charged on the products manufactured and sold by Portobello S.A., originally prescribed by Decree 7032 of December 14, 2009, will be maintained up to December 31, 2010, in accordance with Decree 7222, of June 29, 2010. This measure generates credits which may be used to offset tax liabilities in the future.

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 September 30, 2010, these credits, which also arise from lawsuit 87.00.00967-9, total R$ 92,538 (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 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 0), 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	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Civil	5	7	222	161
Labor	5,891	563	5,932	604
Tax	1,903	1,452	1,903	1,452
Total	7,799	2,022	8,057	2,217

15 Receivables from Eletrobrás

With the objective of obtaining reimbursement of a compulsory loan paid through invoices for electrical energy from1977 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 in favor of the Company was issued 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 (amount at 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 calculates the amount due to the Company. The accounting department then calculated the amount of R$ 12,064 on February 1, 2006. The Company recognized the amount calculated by the legal experts and maintained these amounts restated at the National Consumer Price Index (INPC) plus 12% p.a. On September 30, 2010, the balance recorded was R$ 15,613, before restatement.

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The Federal Court accounting department reviewed the calculation and presented new amounts, determining the net amount of R$ 24,749. In September 2010, the Company recognized the difference between the amounts previously calculated and the current calculation made by the Federal Court accounting department, totaling R$ 9,136 (R$ 6,961 net of provision for income tax and social contribution on net income), recorded under "Other operating income". At September 30, 2010, the balance of the asset was R$ 24,749 (R$ 13,858 at December 31, 2009).

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	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Income tax	2,171	125	4,723	294
Social contribution	787	46	1,731	126
Total	2,958	171	6,454	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.

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The deferred tax calculation bases are as follows:

	Parent company and Consolidated		Deferred income tax and social contribution	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
	Calculation basis		Deferred taxes	
Tax losses	29,683	41,442	10,092	14,090
Temporary differences - assets	48,865	47,222	16,614	16,056
Portobello pension plan	3,155	3,281	1,073	1,116
Provision for adjustment to market value	7,567	7,320	2,572	2,489
Provision for contingencies	14,985	14,187	5,095	4,824
Provision for PIS with ICMS reduction	2,397	1,489	815	506
Provision for COFINS with ICMS reduction	11,053	6,860	3,758	2,332
Provision for doubtful trade receivables	2,766	2,408	940	819
Provision for financial investments	-	6,185	-	2,103
Other temporary differences - assets	6,942	5,492	2,361	1,867
Adjustment to recoverable value	-	(36,974)	-	(12,571)
Net amount of temporary differences - assets	78,548	51,690	26,706	17,575
Temporary differences - liabilities	(128,459)	(105,486)	(43,676)	(35,865)
Revaluation reserve	(56,298)	(57,760)	(19,141)	(19,638)
Provision for contingencies - Eletrobrás	(24,749)	(10,560)	(8,415)	(3,590)
Contingent assets - IPI premium credit - phase II	(10,333)	(7,323)	(3,513)	(2,490)
Adjustment to present value - Prodec	(1,851)	(533)	(629)	(181)
Depreciation adjustment (to the useful lives of assets)	(13,597)	(8,283)	(4,623)	(2,816)
Exchange rate adjustment	(21,631)	(21,027)	(7,355)	(7,150)
Adjustment to recoverable value	-	(12,081)	-	(4,108)
Net amount of temporary differences - liabilities	(128,459)	(117,567)	(43,676)	(39,973)
Total	(49,911)	(65,877)	(16,970)	(22,398)

The deferred tax amounts are as follows:

	Parent company and Consolidated	
	Calculation basis	Deferred taxes
Deferred tax asset to be recovered:		
Within 12 months	48,042	16,334
After 12 months	30,506	10,372
	78,548	26,706
Deferred tax liability to be paid:		
Within 12 months	(21,632)	(7,355)
After 12 months	(106,827)	(36,321)
	(128,459)	(43,676)
Total	(49,911)	(16,970)

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

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

Maturity	Parent company and Consolidated
2010	3,408
2011	3,982
2012	2,702
Total	10,092

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	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Prior balance	(22,398)	(506)	(22,398)	(506)
Tax losses	(55)	(35,005)	(55)	(35,005)
Temporary differences - assets	(825)	(1,935)	(825)	(1,935)
Temporary differences - liabilities	(7,089)	(6,764)	(7,089)	(6,764)
Revaluation reserve	228	187	228	187
Adjustment to recoverable value	13,018	21,625	13,018	21,625
Closing balance	(17,121)	(22,398)	(17,121)	(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			
	Changes		Accumulated		Changes		Accumulated	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
	Charged/ (credited) to profit/loss							
Deferred tax asset								
Tax losses	(55)	595	(3,998)	929	(55)	595	(3,998)	929
Provisions for contingencies	543	(21)	271	(82)	543	(21)	271	(82)
PIS calculation basis reduced as result of ICMS elimination effects	119	-	308	-	119	-	308	-
COFINS calculation basis reduced as result of ICMS elimination effects	547	-	1,426	-	547	-	1,426	-
Portobello pension plan	(32)	(21)	(43)	(90)	(32)	(21)	(43)	(90)
Provision for adjustment to market value	48	96	84	(552)	48	96	84	(552)
Provision for doubtful trade receivables	50	37	122	130	50	37	122	130
Provision for financial investments	(2,103)	-	(2,103)	-	(2,103)	-	(2,103)	-
Provision for profit sharing	-	-	-	(442)	-	-	-	(442)
Provision for contingencies of IPI premium credit after 1990- SIMAB	-	52	-	183	-	52	-	183
Other temporary differences	2	(21)	528	353	2	(21)	528	353
Total	(881)	717	(3,405)	429	(881)	717	(3,405)	429
Deferred tax liability								
Adjustment to present value	(225)	(47)	(448)	(47)	(225)	(47)	(448)	(47)
Depreciation adjustment (to the useful lives of assets)	(1,284)	-	(1,807)	-	(1,284)	-	(1,807)	-
Provision for contingencies - Eletrobrás	(4,796)	(113)	(5,116)	(353)	(4,796)	(113)	(5,116)	(353)
Contingent assets - IPI premium credit - phase II	(1,115)	-	(1,213)	-	(1,115)	-	(1,213)	-
Realization of revaluation reserve	228	134	497	402	228	134	497	402
Cash basis exchange variations	332	(291)	(205)	(4,133)	332	(291)	(205)	(4,133)
(-) Valuation allowance	13,018	(419)	17,119	3,631	13,018	(419)	17,119	3,631
Total	6,158	(736)	8,827	(500)	6,158	(736)	8,827	(500)
	5,277	(19)	5,422	(71)	5,277	(19)	5,422	(71)

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

(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	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Income tax	1,261	-	4,111	22
Social contribution	461	-	1,493	8
Total	1,722	-	5,604	30

(d) Income tax and social contribution benefit/expense

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

	Parent company				Consolidated			
	Changes		Accumulated		Changes		Accumulated	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Current tax								
Current tax on profit for the period	(123)	-	(1,722)	-	(1,900)	(892)	(5,604)	(2,309)
Total current tax	(123)	-	(1,722)	-	(1,900)	(892)	(5,604)	(2,309)

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	Parent company				Consolidated			
	Changes		Accumulated		Changes		Accumulated	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Deferred tax								
Origination and reversal of temporary differences	5,277	(19)	5,422	(71)	5,277	(19)	5,422	(71)
Total deferred tax	5,277	(19)	5,422	(71)	5,277	(19)	5,422	(71)
Income tax and social contribution expense	5,154	(19)	3,700	(71)	3,377	(911)	(182)	(2,380)

	Parent company				Consolidated			
	Changes		Accumulated		Changes		Accumulated	
	Sep. 30, 2010	Sep. 30, 2009	Sep. 30, 2010	Sep. 30, 2009	Sep. 30, 2010	Sep. 30, 2009	Sep. 30, 2010	Sep. 30, 2009
Profit before taxation	12,066	1,139	25,407	4,608	14,858	3,400	,30,836	11,082
Tax calculated based at the standard tax rates	(4,102)	(387)	(8,638)	(1,567)	(5,052)	(1,156)	(10,484)	(3,768)
Equity in the earnings (loss) of subsidiaries	636	187	1,552	(62)	-	-	-	-
Non-deductible expenses for tax purposes	(1,852)	(25)	(704)	(121)	(2,387)	(36)	(704)	(226)
Depreciation of revalued assets	(134)	(135)	(403)	(406)	(134)	(135)	(403)	(406)
Tax credits on tax losses and temporary differences	5,195	225	6,068	1,750	5,539	300	5,584	1,685
Deferred income tax and social contribution	5,411	116	5,825	335	5,411	116	5,825	335
Tax benefit (expense)	5,154	(19)	3,700	(71)	3,377	(911)	(182)	(2,380)

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$ 10,332 restated through September 30, 2010 (R$ 9,665 at December 31, 2009).

18 Contingent Assets

Contingent assets refer to lawsuits 1998.34.00.029022-4 and 1984.00.020114-0 and are under process of award calculation. 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 soon as the IPI rate is increased, according to Decree 7222 of June 29, 2010.

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19 Other Long-term Receivables

	Parent company		Consolidated	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Escrow deposits	-	-	590	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	647	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.

	Investments	Provision for loss on investments
At December 31, 2009	480	(29,746)
Equity in the earnings (loss)	7,305	(2,741)
Foreign exchange variations	-	831
At September 30, 2010	7,785	(31,656)
Current	-	28,266
Non-current	7,785	3,390

The provision for loss of investments with a net capital deficiency, totaling R$ 1,484 (R$ 1,193 at September 30, 2009) and the equity in the earnings of Portobello Shop S.A., of R$ 3,355 (R$ 1,743 at September 30, 2009), were recorded in the statement of income as equity in the earnings of subsidiaries, with a net effect of R$ 1,871 (R$ 550 at September 30, 2009).

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During the period ended September 30, 2010, the Company recorded gains of R$ 1,757 (R$ 2,460 at September 30, 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 gains 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 September 30, 2010						
Portobello América Inc.	United States	100.00%	6,378	(21,888)	2,099	(1,054)
PBTech Ltda.	Brazil	99.94%	2,955	(102)	2,026	(455)
Portobello Shop S/A	Brazil	99.90%	17,139	24,924	11,350	3,355
Mineração Portobello Ltda.	Brazil	99.76%	662	329	474	25

(b) Other investments

At September 30, 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.

21 Property, Plant and Equipment

(a) Analysis

		Parent company				Consolidated	
		September 30, 2010			December 31, 2009	September 30, 2010	December 31, 2009
	Annual average depreciation rate	Cost	Accumulated depreciation	Net	Net	Net	Net
Land		11,111	-	11,111	11,432	11,488	11,809
Buildings, constructions and improvements	3%	89,360	(9,639)	79,721	81,641	79,931	81,915
Machinery and equipment	10%	268,940	(185,444)	83,496	77,958	83,716	78,163
Furniture and fittings	10%	7,686	(6,838)	848	992	1,028	1,159
Computers	20%	11,716	(11,029)	687	596	710	599
Other	20%	197	(147)	50	69	50	69
Construction in progress (a)		2,167	-	2,167	3,458	2,168	3,458
Total		391,177	(213,097)	178,080	176,146	179,091	177,172

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

(a) Construction in progress comprises mainly 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

	September 30, 2010	Parent company				December 31, 2009
	Net	Additions	Transfers	Depreciation	Disposals	Net
Land	11,111	-	-	-	(321)	11,432
Buildings, constructions and improvements	79,721	-	13	(1,933)	-	81,641
Machinery and equipment	83,496	542	14,086	(9,091)	-	77,958
Furniture and fittings	848	49	-	(193)	-	992
Computers	687	301	-	(210)	-	596
Other	50	-	(4)	(15)	-	69
Construction in progress	2,167	12,805	(14,095)	-	-	3,458
Total	178,080	13,697	-	(11,442)	(321)	176,146

	September 30, 2010	Consolidated				December 31, 2009
	Net	Additions	Transfers	Depreciation	Disposals	Net
Land	11,488	-	-	-	(321)	11,809
Buildings, constructions and improvements	79,931	33	13	(2,030)	-	81,915
Machinery and equipment	83,716	656	14,086	(9,189)	-	78,163
Furniture and fittings	1,028	129	-	(260)	-	1,159
Computers	710	324	-	(213)	-	599
Other	50	-	(4)	(15)	-	69
Construction in progress	2,168	12,805	(14,095)	-	-	3,458
Total	179,091	13,947	-	(11,707)	(321)	177,172

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

	Parent company		Consolidated	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Cost of sales	3,619	3,335	3,619	3,338
Selling expenses	190	217	255	300
Administrative expenses	84	95	84	95
Total	3,893	3,647	3,958	3,733

The Company is lessee in finance leases as follows:

	September 30, 2010			December 31, 2009		
	Cost	Accumulated depreciation	Net balance	Cost	Accumulated depreciation	Net balance
Computers	784	(502)	282	739	(386)	353
Other	46	(11)	35	46	(4)	42
Total	830	(513)	317	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

		Parent company				Consolidated	
		September 30, 2010			December 31, 2009	September 30, 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%	12,154	(11,660)	494	1,351	525	1,403
Right to explore mineral resources	20%	1,000	(100)	900	1,000	918	1,030
Goodwill		-	-	-	-	80	80
Total		13,304	(11,760)	1,544	2,501	1,675	2,665

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(b) Changes in intangible assets

	September 30, 2010	Parent company		December 31, 2009
	Net	Additions	Amortization	Net
Trademarks and patents	150	-	-	150
Software	494	4	(861)	1,351
Right to explore mineral resources	900	-	(100)	1,000
Total	1,544	4	(961)	2,501

	September 30, 2010	Consolidated		December 31, 2009
	Net	Additions	Amortization	Net
Trademarks and patents	152	-	-	152
Software	525	17	(895)	1,403
Right to explore mineral resources	918	-	(112)	1,030
Goodwill	80	-	-	80
Total	1,675	17	(1,007)	2,665

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

	Parent company		Consolidated	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Cost of sales	70	126	77	132
Selling expenses	1	1	5	5
Administrative expenses	49	291	49	291
Total	120	418	131	428

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

	2010	2011	2012	2013	2014	2015
Software	63	214	141	71	27	9
Right to explore mineral resources	54	214	200	200	200	50
Total	117	428	341	271	227	59

The items Trademarks and patents and Goodwill, totaling R$ 232, are not being amortized since they have no defined useful life.

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23 Trade Payables

	Parent company		Consolidated	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Suppliers				
Domestic market	67,703	63,312	68,244	64,213
Foreign market	4,508	2,687	5,129	3,820
Total	72,211	65,999	73,373	68,033

24 Loans and Financing

	Maturity	2010 charges	Parent company		Consolidated	
			September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Current liabilities						
Foreign currency						
Suppliers credit		VC+6.34% p.a. (average)	7,382	5,963	7,382	5,963
Advance on export contracts		VC+7.00% p.a. (average)	1,798	1,779	1,798	1,779
Prepayment (a)		VC+6.44% p.a. (average)	4,649	7,590	4,649	7,590
Total foreign currency		VC + 6.46% p.a.	13,829	15,332	13,829	15,349
Local currency						
Exim Pre-shipment TJ 462 (b)		13.21% p.a.	1,021	-	1,021	-
Exim Pre-shipment PSI (c)		7.00% p.a.	12,569	-	12,569	-
FINEP (e)		9.00% p.a.	29	-	29	-
Lease		23.88% p.a.	152	205	152	205
Working capital in Brazil		17.28% p.a. (average)	62,373	74,874	62,373	74,874
Discounted trade notes and advances on export contracts			1,994	2,443	1,994	2,443
Total local currency		15.55% p.a.	78,138	77,522	78,138	77,522
Total current liabilities			91,967	92,854	91,967	92,871
Non-current liabilities						
Foreign currency						
Suppliers credit	Mar/2014	VC+5.79% p.a. (average)	15,096	15,835	15,096	15,835
Prepayment (a)	Mar/2012	VC+6.44% p.a. (average)	2,307	-	2,307	-
Total foreign currency		VC + 5.88% p.a.	17,403	15,835	17,403	15,835
Local currency						
Exim Pre-shipment TJ 462 (b)	Mar/2013	13.21% p.a.	3,000	-	3,000	-
Exim Pre-shipment PSI (c)	Dec/2011	7.00 % p.a.	12,097		12,097	
PRODEC (d)	Jun/2014	4.00% p.a. + UFIR	3,300	1,202	3,300	1,202
FINEP (e)	Sep/2018	9.00% p.a.	13,248	-	13,248	-
Lease	Apr/2012	23.88 % p.a.	69	144	69	144
Working capital in Brazil	Dec/2012	17.09 % p.a. (average)	6,206	10,946	6,970	11,678
Total local currency		9.77 % p.a.	37,920	12,292	38,684	13,024
Total non-current liabilities			55,323	28,127	56,087	28,859
Total			147,290	120,981	148,054	121,730

Exim Pre-shipment - Type of financing with BNDES funds that is used as an advance for the manufacture of export products.
FINEP - Fund for Financing of Studies and Projects
PRODEC - Program of Development for Companies of Santa Catarina State
VC - Exchange variation
UFIR - Fiscal Reference Unit

a) **Prepayment** - In March and August 2010, the Company signed export prepayment agreements totaling US$ 2,780 thousand and US$ 2,000 thousand, respectively. The first agreement is payable over 2 years and collateralized by receivables of Portobello Shop S.A., while the second is payable over 18 months and collateralized by receivables of Portobello S.A. There are no restrictive covenants for these loans.

b) **Exim Pre-shipment TJ 462** - In April 2010, the Company signed a "BNDES – Exim Pre-shipment TJ-462" agreement of R$ 4,000 subject to TJLP plus 6.80% p.a. The amount is payable over 3 years, with a 1-year grace period and divided in 24 monthly and consecutive installments. There are no restrictive covenants for this loan which is collateralized by receivables of Portobello S.A., in the amount of 50% of the balance due in conformity with the contract.

c) **Exim Pre-shipment PSI** - In August 2010, the Company signed "BNDES - Exim Pre-shipment PSI" agreements of R$ 16,597, with interest of 7% p.a., which will be paid as follows: R$ 5,597 on December 15, 2011, R$ 4,000 with a 6-month grace period and divided into 12 monthly and consecutive installments, and R$ 7,000 with a 12-month grace period and divided into 6 monthly and consecutive installments. These loans are collateralized by receivables of Portobello S.A. In September 2010, the amount of R$ 8,000 was released, with interest of 7% p.a. and payable over 18 months, corresponding to 6 months of grace period and 12 monthly and consecutive installments. Receivables of the Company were pledged in guarantee for 50% of the debt balance.

d) **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 (10.67% p.a. at December 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.

e) **Fund for Financing of Studies and Projects (FINEP) –** In May 2010, the Company entered into an agreement with FINEP in the amount of R$ 30,103, with interest of 5% p.a., payable over 80 months, with a 20-month grace period. The loan is expected to be released in four installments. The first installment of R$ 13,248 was fully released on September 2, 2010, and the other installments, of R$ 5,572 (second), R$ 7,496 (third), and

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R$ 3,787 (fourth), will be released at intervals of 180 days. A letter of guarantee at the cost of 4% p.a. was required for this agreement.

The other loans are mainly guaranteed by mortgages on properties, pledges of equipment and receivables of the parent company (Note 9) and subsidiary (Note 42), reciprocity with financial investments (Note 10), sureties of the controlling stockholders and subsidiary and finished product inventories in the amount of R$ 10,099.

The long-term loans fall due as follows:

	Parent company		Consolidated	
Maturity	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
2011	16,787	11,091	16,787	11,091
2012	15,098	8,945	15,862	9,677
2013	10,273	7,384	10,273	7,384
2014	4,684	707	4,684	707
2015	2,523	-	2,523	-
2016	2,523	-	2,523	-
2017	1,963	-	1,963	-
2018	1,472	-	1,472	-
Total	55,323	28,127	56,087	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:

	Consolidated	
	September 30, 2010	December 31, 2009
Six months or less	13,921	39,450
From six to twelve months	42,747	34,865
From one to five years	42,349	41,663
Over five years	5,577	732
Total	104,594	116,710

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

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	Parent company		Consolidated	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Reais	116,058	89,814	116,822	90,546
Euros	2,432	4,601	2,432	4,601
U.S. dollars	28,800	26,566	28,800	26,583
Total	147,290	120,981	148,054	121,730

The fair value of outstanding borrowings approximates their carrying amount, 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 11.97% (15.76% at December 31, 2009).

Finance lease payables are as follows:

	Parent company and Consolidated	
	September 30, 2010	December 31, 2009
Gross finance lease liabilities – minimum payments		
Less than one year	168	285
More than one year and less than five years	78	155
Total	246	440
Future finance charges on finance leases	(25)	(91)
Present value of finance lease liabilities	221	349
The present value of finance lease liabilities is as follows:		
Less than one year	152	205
More than one year and less than five years	69	144
Total	221	349

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25 Tax Liabilities Payable in Installments

	Tax liabilities	Request for installment payment		September 30, 2010	December 31, 2009
		Date	No. of installments not yet due		
Portobello S.A.	INSS	Dec/09	50	11,219	12,381
	IPI	Dec/09	50	7,714	8,510
	PIS	Mar/09	41	436	501
	COFINS	Mar/09	41	2,010	2,306
	IRPJ	Mar/09	41	3,191	3,662
	CSLL	Mar/09	41	1,187	1,362
	LAW 11941/09 (a)	Nov/09	169	123,228	113,430
	MP 470	Nov/09	-	-	7,659
Total parent company				148,985	149,811
Current				15,291	21,434
Non-current				133,694	128,377
PBTech Ltda.	LAW 11941/09 (a)	Nov/09	169	303	287
Portobello Shop S.A.	INSS	Nov/09	49	924	1,021
	PIS	Mar/09	8	2	4
	COFINS	Mar/09	41	151	173
	IRPJ	Mar/09	41	1,156	1,327
	CSLL	Mar/09	41	420	482
	LAW 11941/09 (a)	Nov/09	169	559	527
Total subsidiaries				3,515	3,821
Total consolidated				152,500	153,632
Current				16,086	22,179
Non-current				136,414	131,453

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.

(a) Law 11941/09 (REFIS – Tax Recovery Program)

In November 2009, the Company applied for REFIS, established by Law 11941/09, and is currently consolidating its debt with the National Treasury and paying the minimum installment of R$ 391.

The Company initiated the process of consolidation of the tax program established by Law 11941/09 in the third quarter of 2010, and considering the decision of the Attorney General's Office of the National Treasury (PGFN) regarding the installment program

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established by MP 470, transferred the debts related to the offset of tax liabilities carried out using IPI premium credits obtained from third parties prior to October 5, 1990, from the MP 470 program to the system established by Law 11941/09, and recorded a provision of R$ 5,577 related to the difference in fines and interest (benefits) of these programs. The Company intends to file a reimbursement claim with the Federal Revenue Secretariat (SRF) regarding the amounts paid through the program established by MP 470, and to consider the debts payable in installments through Law 11941/09.

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 assessments does not affect the proceedings in course in the judicial sphere, mentioned in Note 17.

MP 470 and MP 472 (converted into Law 12249/10)

In November 2009, the Company applied for the installment program established by Provisional Measure 470 (regarding the improper use of IPI premium credits), with the SRF and PGFN. As a result of this application, in addition to paying in installments, there was a reduction in the charges and the Company was allowed to use tax credits arising from tax losses up to 2008 to settle the debts.

In June 2010, when this Provisional Measure was converted into Law 12249/10, the use of tax credits arising from tax losses existing at December 31, 2009 was authorized. The Company used this benefit and recorded in the second quarter R$ 3,252 (see Note 33), thus considering the installment payment program as concluded.

The PGFN partially denied the request in June 2010 claiming the need of withdrawal from lawsuits challenging the credit. The Company requested the withdrawal/waiver of only the assessments received from SRF. However, the Attorney General's Office of the National Treasury of the State of Santa Catarina understood that the withdrawal/waiver should be extended to the declaratory suits aiming at the recognition of IPI premium credits, mentioned in Note 17. The Company's Legal Department is adopting measures against the decision of the PGFN in order to dismiss the demand of withdrawal/waiver of these declaratory suits. This procedure is supported by an opinion issued by the law firm Demarest Almeida, defending that, in relation to debts included in the installment program established by Law 12249/10, the Company is not obliged to withdraw the declaratory suits, which differs from the procedure established by Law 11941/09. The Company's legal department understands as virtually certain a favorable outcome in the various legal levels available to reconsider the unfavorable decisions based on the merits of the case.

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However, if the decision of the PGFN is not ultimately reversed, the impact on the Company's results would be a loss of R$ 2,523.

The installments fall due as follows:

	Parent company		Consolidated	
Maturity	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
2010	3,822	21,434	4,022	22,179
2011	15,291	13,690	16,085	14,432
2012	15,291	13,690	16,084	14,431
2013	15,291	13,690	16,084	14,431
2014	13,249	11,772	13,585	12,081
2015	8,750	7,562	8,812	7,616
2016	8,750	7,562	8,812	7,616
2017	8,750	7,562	8,812	7,616
2018	8,750	7,562	8,812	7,616
2019	8,750	7,562	8,812	7,616
2020	8,750	7,562	8,812	7,616
2021	8,750	7,562	8,812	7,616
2022	8,750	7,562	8,812	7,616
2023	8,750	7,562	8,812	7,616
2024	7,291	7,477	7,332	7,534
Total	148,985	149,811	152,500	153,632

26 Taxes and Contributions

	Parent company		Consolidated	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
IRRF	571	600	711	774
ICMS	2,183	899	2,190	899
PIS	209	-	271	16
COFINS	961	-	1,251	71
Other	56	32	181	165
Total	3,980	1,531	4,604	1,925

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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:

Provisions	Parent company		Consolidated	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Civil	1,824	1,803	1,855	1,821
Labor	11,458	10,779	11,458	10,779
Tax	15,153	9,956	15,153	9,956
Total	28,435	22,538	28,466	22,556
Current	6,388	5,539	6,413	5,557
Non-current	22,047	16,999	22,053	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 December 31, 2009	1,803	10,779	9,956	22,538
Charged (credited) to the statement of income:				
Additional provisions	185	2,586	4,456	7,227
Unused amounts	(82)	(406)	-	(488)
Unwinding of discount	-	83	741	824
Used during year	(82)	(1,584)	-	(1,666)
At September 30, 2010	1,824	11,458	15,153	28,435

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	Consolidated			Total
	Civil	Labor	Tax	
At December 31, 2009	1,821	10,779	9,956	22,556
Charged (credited) to the statement of income:				
Additional provisions	199	2,586	4,456	7,241
Unused amounts	(83)	(406)	-	(489)
Unwinding of discount	-	83	741	824
Used during the year	(82)	(1,584)	-	(1,666)
At September 30, 2010	1,855	11,458	15,153	28,466

Comments on civil, labor and tax lawsuits:

Civil

The Company and its subsidiaries are defendants in 159 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).

The civil contingent liabilities are described in Note 28.

Labor

The Company and its subsidiary Portobello Shop S.A. are defendants in 99 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.

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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.

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

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 September 30, 2010 amounted to R$ 13,450 (R$ 8,350 at December 31, 2009).

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	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Civil	640	542	664	542
Labor	5,224	3,713	5,244	3,713
Total	5,864	4,255	5,908	4,255

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29 Employee Benefits

29.1 Private pension plan

Since November 1, 1997, the Company sponsors the Portobello Prev benefit plans, 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 September 30, 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$ 3,155 (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:

	Parent company	
	September 30, 2010	September 30, 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

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29.2 Employee benefit expense

(a) Third quarter of 2010 and 2009:

	Parent company		Consolidated	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Remuneration	15,223	10,536	16,511	11,537
Benefits				
Private pension plan	151	123	213	179
FGTS	1,286	868	1,365	923
Other	1,630	1,180	1,689	1,232
Total	18,290	12,707	19,778	13,871

(b) Accumulated in 2010 and 2009:

	Parent company		Consolidated	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Remuneration	42,668	31,032	46,187	33,997
Benefits				
Private pension plan	432	382	601	538
FGTS	3,472	2,543	3,760	2,736
Other	4,526	3,402	4,685	3,527
Total	51,098	37,359	55,233	40,798

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.

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 September 30, 2010, there were 112,655,178 shares outstanding in the market, corresponding to 70.85% of the 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$ 47,267 at September 30, 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 September 30, 2010 was R$ 671 (R$ 396 in 2009), and the balance of deferred IRPJ and CSLL on the revaluation reserve recorded in non-current liabilities was R$ 19,142 (R$ 19,639 at December 31, 2009).

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

(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 period, 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	1,462	1,462
Profit for the nine-month period (excluding minority interests)	29,107	29,143
At September 30, 2010	(103,053)	(103,246)

31 Revenue

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

(a) Third quarter of 2010 and 2009:

	Parent company		Consolidated	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Gross sales revenue	168,625	121,147	179,124	126,827
Deductions from gross revenue	(37,291)	(25,168)	(38,535)	(25,976)
Net sales revenue	131,334	95,979	140,589	100,851
Domestic market	123,258	84,655	130,357	91,718
Foreign market	8,076	11,324	10,232	9,133

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(b) Accumulated in 2010 and 2009:

	Parent company		Consolidated	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Gross sales revenue	441,751	349,139	465,162	363,579
Deductions from gross revenue	(95,081)	(77,740)	(98,379)	(79,995)
Net sales revenue	346,670	271,399	366,783	283,584
Domestic market	314,567	235,935	334,128	256,073
Foreign market	32,103	35,464	32,655	27,511

32 Expenses by Nature

Cost of sales and selling and administrative expenses for the quarters ended September 30, 2010 and 2009 are as follows:

(a) Third quarter of 2010 and 2009:

	Parent company		Consolidated	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Changes in inventories of finished products and work in process	(2,739)	920	(2,739)	920
Direct production costs	51,294	45,022	50,834	45,022
Cost of goods resold	18,204	4,460	18,358	4,502
Employee benefits	18,290	12,707	19,778	13,871
Third-party labor and services	4,221	4,986	5,360	5,134
Transportation of goods sold	714	694	714	694
Marketing and publicity	1,062	862	1,977	975
Other selling expenses	7,950	5,391	8,670	5,447
Amortization and depreciation	3,973	3,921	4,031	3,993
Other expenditures	12,247	9,518	12,034	9,336
Total	115,216	88,481	119,017	89,894

(b) Accumulated in 2010 and 2009:

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

	Parent company		Consolidated	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Changes in inventories of finished products and work in process	(6,785)	(2,859)	(6,785)	(2,859)
Direct production costs	143,967	133,547	142,735	133,547
Cost of goods resold	35,788	13,058	36,158	13,098
Employee benefits	51,098	37,359	55,233	40,798
Third-party labor and services	11,162	14,190	13,127	14,332
Transportation of goods sold	2,350	2,319	2,350	2,319
Marketing and publicity	3,262	2,504	4,766	2,611
Other selling expenses	20,094	15,412	21,248	15,464
Amortization and depreciation	12,086	11,433	12,264	11,671
Other expenditures	37,799	27,178	37,576	26,810
Total	310,821	254,141	318,672	257,791

33 Other Operating Income and Expenses, Net

(a) Third quarter of 2010 and 2009:

Other operating income and expenses in the parent company and consolidated, for the quarters ended September 30, 2010 and 2009, were as follows:

	Parent company		Consolidated	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Other operating income				
Related party service revenue	806	519	-	-
Third-party service revenue	119	118	119	118
Sale of property, plant and equipment	600	42	600	42
Increase in Eletrobrás compulsory loan	9,136	-	9,136	-
Other revenue	16	43	19	71
Total	10,677	722	9,874	231
Other operating expenses				
Provision for contingencies (Note 28)	(1,862)	(476)	(1,868)	(444)
Taxes on other revenues	(151)	(55)	(151)	(55)
Other expenses	(35)	(22)	(38)	(196)
Cost of property, plant and equipment sold	(321)	-	(321)	-
Transfer of debts from MP 470 to Law 11941 (Note 25(a))	(5,577)	-	(5,577)	-
Total	(7,946)	(553)	(7,955)	(695)
Total net	2,731	169	1,919	(464)

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(b) Accumulated in 2010 and 2009:

	Parent company		Consolidated	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Other operating income				
Tax credits (a)	86	6,516	86	6,516
Related party service revenue	2,413	1,604	-	-
Third-party service revenue	318	314	318	314
Sale of property, plant and equipment	600	187	600	187
Increase in Eletrobrás compulsory loan	9,136	-	9,136	-
Use of tax credits for MP 470 (Note 25 (b))	3,252	-	3,252	-
Other revenue	47	453	64	400
Total	15,852	9,074	13,456	7,417
Other operating expenses				
Provision for contingencies (Note 28)	(2,325)	(1,050)	(2,340)	(1,084)
Taxes on other revenues	(255)	(223)	(255)	(223)
Indemnity payable on third-party agreement	(121)	-	(121)	-
Municipal taxes and fees (b)	(207)	-	(207)	-
Cost of property, plant and equipment sold	(321)	-	(321)	-
Transfer of debts from MP 470 to Law 11941 (Note 25(a))	(5,577)	-	(5,577)	-
Other expenses	(293)	(110)	(259)	(631)
Total	(9,099)	(1,383)	(9,080)	(1,938)
Total net	6,753	7,691	4,376	5,479

(a) During 2009, the Company recognized PIS and COFINS credits on purchases of spare parts and for the maintenance of machines 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.
(b) Reimbursement claim of municipal taxes rejected in the second quarter of 2010.

34 Other Gains/(Losses) – Net

(a) Third quarter of 2010 and 2009:

	Parent company		Consolidated	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Foreign exchange variations, net				
Trade receivables	(2,416)	(3,790)	(2,416)	(3,790)
Trade payables	76	798	76	798
Commissions	3	28	3	28
Total	(2,337)	(2,964)	(2,337)	(2,964)

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(b) Accumulated in 2010 and 2009:

	Parent company		Consolidated	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Foreign exchange variations, net				
Trade receivables	(920)	(11,223)	(920)	(11,223)
Trade payables	92	3,104	92	3,104
Commissions	14	2	14	2
Total	(814)	(8,117)	(814)	(8,117)

35 Finance Result

The parent company and consolidated finance results for the quarter ended September 30, 2010 and accumulated are as follows:

(a) Third quarter of 2010 and 2009:

	Parent company		Consolidated	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Finance income				
Interest	156	330	310	451
Discounts received	36	85	47	88
Restatement of Eletrobrás compulsory loan (Note 15)	408	476	408	476
Restatement of tax assets (Note 17(a))	258	-	258	-
Restatement of receivables from related parties (Note 13) (a)	2,184	-	2,184	-
Total	3,042	891	3,207	1,015
Finance expenses				
Interest	(6,041)	(5,814)	(6,095)	(5,834)
Financial charges on taxes	(3,603)	(1,592)	(3,669)	(1,665)
Discount of provision for contingencies (Note 27)	(281)	-	(281)	-
Commissions and service fees	(521)	(245)	(528)	(250)
Discounts/bank expenses	(4)	(128)	(4)	(128)
Discounts granted	(183)	(137)	(186)	(138)
Tax on Financial Transactions (IOF)	(196)	(512)	(196)	(552)
Other	-	-	(15)	-
Total	(10,829)	(8,428)	(10,974)	(8,567)
Foreign exchange variations, net				
Financial investments	(3)	(599)	(3)	(599)
Loans and financing	1,473	4,022	1,474	4,022
Total	1,470	3,423	1,471	3,423
Total net	(6,317)	(4,114)	(6,296)	(4,129)

(a) Tax credit rights of Refinadora Catarinense S.A. assigned in payment. In 2009, the impact of this monetary adjustment in income (expenses) was nil due to the use of the same adjustment rate for assets and liabilities.

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(b) Accumulated in 2010 and 2009:

	Parent company		Consolidated	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Finance income				
Interest	382	628	861	1,225
Interest on tax credits	169	988	169	988
Discounts received	85	239	115	245
Restatement of Eletrobrás compulsory loan (Note 15)	1,754	1,482	1,754	1,482
Restatement of tax assets (Note 17(a))	673	-	673	-
Restatement of receivables from related parties (Note 13) (a)	5,762	-	5,762	-
Total	8,825	3,337	9,334	3,940
Finance expenses				
Interest	(17,089)	(17,473)	(17,246)	(17,571)
Financial charges on taxes	(9,929)	(6,815)	(10,071)	(7,291)
Discount of provision for contingencies (Note 27)	(741)	-	(741)	-
Commissions and service fees	(1,710)	(998)	(1,729)	(1,003)
Discounts/bank expenses	(522)	(590)	(522)	(601)
Discounts granted	(353)	(294)	(358)	(299)
Tax on Financial Transactions (IOF)	(796)	(1,021)	(796)	(1,060)
Other	-	(293)	(79)	(292)
Total	(31,140)	(27,484)	(31,542)	(28,117)
Foreign exchange variations, net				
Financial investments	209	(2,380)	209	(2,380)
Loans and financing	1,161	14,484	1,162	14,484
Total	1,370	12,104	1,371	12,104
Total net	(20,945)	(12,043)	(20,837)	(12,073)

(a) Tax credit rights of Refinadora Catarinense S.A. assigned in payment. In 2009, the impact of this monetary adjustment in income (expenses) was nil due to the use of the same adjustment rate for assets and liabilities.

36 Result from Discontinued Operations

On August 17, 2010, 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 and periods ended September 30, 2010 and 2009, are summarized as follows:

Assets	September 30, 2010	Liabilities	September 30, 2010
Current assets	6,378	Current liabilities	34,077
Cash and cash equivalents	537	Trade payables	621
Trade receivables	2,638	Social and labor liabilities	70
Inventories	2,840	Other	(271)
Furniture and fittings	248	Debts with related parties	33,657
Other	115	Equity	(27,699)
Total assets	6,378	Total liabilities	6,378

No groups were classified as held for sale at September 30, 2010.

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.

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Result from discontinued operations	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
	Quarter		Accumulated	
Net revenue	2,082	5,037	12,248	17,606
Cost of products (services)	(1,587)	(3,907)	(9,091)	(11,879)
Gross profit	495	1,130	3,157	5,727
Selling, general and administrative expenses	(1,273)	(2,270)	(4,327)	(9,319)
Finance result	(13)	(40)	(75)	(244)
Other operating expenses	(221)	(5)	(259)	20
Loss before income tax and social contribution	(1,012)	(1,185)	(1,504)	(3,816)
Net result from discontinued operations	(1,012)	(1,185)	(1,504)	(3,816)

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.

(a) Third quarter of 2010 and 2009:

	Parent company		Consolidated	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Profit attributable to the Company's stockholders	17,220	1,120	17,220	1,302
Weighted average number of common shares	159,009	159,009	159,009	159,009
Basic earnings per share	0.11	0.01	0.11	0.01
Profit from continuing operations	17,220	1,120	18,235	2,489
Loss from discontinued operations	-	-	(1,012)	(1,185)
Weighted average number of common shares	159,009	159,009	159,009	159,009
Earnings per share from continuing operations	0.11	0.01	0.11	0.02
Loss per share from discontinued operations	-	-	(0.01)	(0.01)

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(b) Accumulated in 2010 and 2009:

	Parent company		Consolidated	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Profit attributable to the Company's stockholders	29,107	4,537	29,143	4,882
Weighted average number of common shares	159,009	159,009	159,009	159,009
Basic earnings per share	0.18	0.03	0.18	0.03
Profit from continuing operations	29,107	4,537	30,654	8,702
Loss from discontinued operations	-	-	(1,504)	(3,816)
Weighted average number of common shares	159,009	159,009	159,009	159,009
Earnings per share from continuing operations	0.18	0.03	0.19	0.05
Loss per share from discontinued operations	-	-	(0.01)	(0.02)

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.

38 Cash Provided by Operating Activities

(a) Third quarter of 2010 and 2009:

	Note	Parent company		Consolidated	
		September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Profit for the period before taxation		12,066	1,139	14,858	3,400
Adjustments		4,173	10,013	6,145	9,899
Depreciation and amortization	21 and 22	4,013	4,065	4,089	4,161
Equity in the earnings of subsidiaries	20	(1,871)	(550)	-	-
Unrealized foreign exchange variations		976	(526)	966	(548)
Provision for adjustment of inventories to market value	11	143	621	126	395
Provision for doubtful trade receivables	9	147	108	81	(455)
Provision for contingencies	27	3,276	1,146	3,282	1,108
Provision for labor liabilities		2,206	1,374	2,392	1,470
Other provisions		(6,219)	(434)	(6,219)	(434)
Residual cost of property, plant and equipment and intangible assets disposals	21 and 22	321	4	321	50

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		Parent company		Consolidated	
	Note	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
ther operating income and expenses, net	33	(4,159)	(24)	(4,159)	(24)
Increase in Eletrobrás compulsory loan		(9,136)	-	(9,136)	-
Transfer of debts from MP 470 to Law 11941	25	5,577	-	5,577	-
Result on disposals of property, plant and equipment		(600)	(42)	(600)	(42)
Other		-	18	-	18
Monetary restatements		339	14	424	59
Eletrobrás compulsory loan	15	(408)	(476)	(408)	(476)
Tax assets	17	(258)	-	(258)	-
Receivables from related parties	13	(2,184)	-	(2,184)	-
Discount of provision for contingencies	27	281	-	281	-
Other		(661)	(138)	(661)	(138)
Financial charges on tax liabilities payable in installments		3,569	628	3,654	673
Provision for interest on loans		5,001	4,215	4,842	4,117
Changes in assets and liabilities		(17,573)	(12,610)	(16,751)	(9,080)
(Increase)/decrease in trade receivables	9	(17,729)	(4,383)	(17,638)	(3,845)
Increase/(decrease) in advances from customers		(633)	1,269	(262)	1,378
(Increase)/decrease in marketable securities	10	(288)	1,895	(288)	1,895
(Increase)/decrease in inventories	11	(5,866)	87	(6,747)	1,303
(Increase)/decrease in other assets		86	1,628	208	1,810
(Increase)/decrease in judicial deposits	14	(5,399)	(95)	(5,419)	(116)
(Increase)/decrease in non-current assets		6,285	(679)	6,285	(668)
Increase/(decrease) in trade payables		7,829	(12,759)	7,916	(12,354)
(Increase)/decrease in advances to suppliers		(619)	1,042	(627)	1,085
Increase/(decrease) in tax liabilities payable in installments	25	(2,763)	(2,558)	(2,946)	(2,689)
Increase/(decrease) in tax liabilities		1,570	742	1,653	753
Increase/(decrease) in labor liabilities		74	3,058	(856)	2,131
Increase/(decrease) in other payables		171	(316)	159	(660)
Increase/(decrease) in other non-current payables		(291)	(1,541)	1,811	897
Cash provided by (used in) operating activities		(1,334)	(1,458)	4,252	4,219

The main non-cash item in the quarters ended September 30, 2010 and September 30, 2009 was the foreign exchange variations in the foreign subsidiary.

(b) Accumulated in 2010 and 2009:

		Parent company		Consolidated	
	Note	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Profit (loss) for the period before taxation		25,407	4,608	30,836	11,082
		-	-	-	-
Adjustments		23,464	27,715	30,315	40,930
Depreciation and amortization	21 and 22	12,403	11,861	12,714	12,269
Equity in the (earnings) loss of subsidiaries	20	(4,564)	181	-	-
Unrealized foreign exchange variations		187	(5,325)	2,120	9,020
Provision for adjustment of inventories to market value	11	1,393	2,525	1,245	1,771
Provision for doubtful trade receivables	9	358	382	256	(396)
Provision for contingencies	27	5,156	3,159	5,169	3,171
Provision for labor liabilities		6,033	3,424	6,529	3,875
Other provisions		(5,984)	(1,623)	(5,984)	(1,623)
Residual cost of property, plant and equipment and intangible assets disposals	21 and 22	321	19	321	79
Other operating income and expenses, net	33	(7,065)	(19)	(7,065)	(19)
Increase in Eletrobrás compulsory loan		(9,136)	-	(9,136)	-
Transfer of debts from MP 470 to Law 11941	25	2,325	-	2,325	-
Municipal taxes and fees		207	-	207	-

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	Note	Parent company		Consolidated	
		September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Result on disposals of property, plant and equipment		(600)	(187)	(600)	(187)
Other		-	168	-	168
Restatements		974	498	1,207	602
Eletrobrás compulsory loan	15	(1,754)	(1,482)	(1,754)	(1,482)
Tax assets	17	(673)	-	(673)	-
Receivables from related parties	13	(5,762)	-	(5,762)	-
Discount of provision for contingencies	27	741	-	741	-
Other		(1,317)	(138)	(1,317)	(138)
Financial charges on tax liabilities payable in installments		9,739	2,118	9,972	2,222
Financial charges on taxes		-	298	-	298
Provision for interest on loans		14,252	12,335	13,803	11,883
Changes in assets and liabilities		(51,838)	(17,158)	(57,271)	(22,405)
(Increase)/decrease in trade receivables	9	(30,956)	(9,256)	(32,391)	(4,892)
Increase/(decrease) in advances from customers		(3,677)	(3,223)	(4,060)	(2,858)
(Increase)/decrease in marketable securities	10	2,309	3,621	2,309	3,621
(Increase)/decrease in inventories	11	(12,970)	(5,627)	(13,126)	(1,578)
(Increase)/decrease in other assets		1,641	(5,485)	1,247	(5,483)
(Increase)/decrease in judicial deposits	14	(5,777)	(244)	(5,840)	(313)
(Increase)/decrease in non-current assets		6,454	(717)	6,454	(659)
Increase/(decrease) in trade payables		6,202	1,178	5,272	1,139
(Increase)/decrease in advances to suppliers		(1,138)	1,715	(305)	1,758
Increase/(decrease) in tax liabilities payable in installments	25	(12,890)	(6,470)	(13,429)	(6,216)
Increase/(decrease) in tax liabilities		2,449	6,774	2,649	6,602
Increase/(decrease) in labor liabilities		931	13,745	(584)	10,548
Increase/(decrease) in other payables		307	(4,736)	98	(8,052)
Increase/(decrease) in other non-current payables		(4,723)	(8,433)	(5,565)	(16,022)
Cash provided by (used in) operating activities		(2,967)	15,165	3,880	29,607

The main non-cash item in the nine-month periods ended September 30, 2010 and September 30, 2009 was the foreign exchange variations in the foreign subsidiary.

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.

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The segment information provided to the Executive Board on the reportable segments for the period ended September 30, 2010 is as follows:

	At September 30, 2010		
Continuing operations	Brazil	Other countries	Total
Revenue	130,357	10,232	140,589
Cost of sales	(85,399)	(8,405)	(93,804)
Gross profit	44,958	1,827	46,785
Operating income (expenses)			
Selling, general and administrative expenses	(24,191)	(1,022)	(25,213)
Other operating income (expenses), net	1,779	140	1,919
Other gains (losses), net	(2,167)	(170)	(2,337)
	(24,579)	(1,052)	(25,631)
Operating profit before finance result	20,379	775	21,154
% on revenue	16%	8%	15%

	At September 30, 2009		
Continuing operations	Brazil	Other countries	Total
Revenue	91,718	9,133	100,851
Cost of sales	(63,917)	(8,333)	(72,250)
Gross profit	27,801	800	28,601
Operating income (expenses)			
Selling, general and administrative expenses	(15,311)	(2,333)	(17,644)
Other operating income (expenses), net	(422)	(42)	(464)
Other gains (losses), net	(2,696)	(268)	(2,964)
	(18,429)	(2,643)	(21,072)
Operating profit before finance result	9,372	(1,843)	7,529
% on revenue	10%	-20%	7%

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:

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

	Consolidated	
	September 30, 2010	September 30, 2009
Construction material retailers	45,112	30,793
Civil construction and real estate development companies	42,136	30,356
Franchised stores (Portobello Shop)	43,109	30,569
Total	130,357	91,718

40 Commitments

(a) Capital commitments

There were no costs contracted but not yet incurred referring to property, plant and equipment at September 30, 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:

	Consolidated	
	September 30, 2010	December 31, 2009
Less than one year	453	319
More than one year and less than five years	288	166
Total	741	485

41 Insurance

At September 30, 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.

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Cover	Parent company and Consolidated 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 current policy is valid through November 15, 2010, when the Company intends to sign 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:

		Parent company	
		Assets (liabilities)	
	Nature	September 30, 2010	December 31, 2009
Transactions with subsidiaries			
Portobello América, Inc.	Receivables from subsidiaries - Trade receivables	33,657	32,182
Portobello Shop S.A.	Dividends receivable	-	5,909
	Loans from subsidiary	(4,922)	(7,827)
PBTech Com. Serv. Cer. Ltda.	Receivables from subsidiaries - Trade receivables	2,709	2,285
	Receivables from subsidiaries - Loan	726	605
Mineração Portobello Ltda.	Advances to suppliers	834	741
Transactions with related parties			
Refinadora Catarinense S.A.	Receivables	92,538	86,763
Solução Cerâmica Com. Ltda.	Trade receivables	616	138
	Advances from customers	(320)	(314)
		125,838	120,482

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		Parent company	
		Income (expenses)	
	Nature	Accumulated at September 30, 2010	Accumulated at September 30, 2009
Transactions with subsidiaries			
Portobello América, Inc.	Sales of products	7,205	7,862
Portobello Shop S.A.	Service rendering	4,574	3,928
	Cost of services rendered	(2,169)	(2,099)
PBTech Com. Serv. Cer. Ltda.	Sales of products	1,833	-
Mineração Portobello Ltda.	Purchase of products	(1,232)	(590)
Transactions with related parties			
Solução Cerâmica Com. Ltda.	Sales of products	7,101	5,576
FHM Consult., Adm. e Part. Ltda.	Corporate advisory	(225)	-
		17,087	14,677

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, 2011.
Receivables from the subsidiary Portobello Shop were pledged in guarantee of loans totaling R$ 5,700 at September 30, 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:

		Assets (liabilities)	
	Nature	September 30, 2010	December 31, 2009
Transactions with subsidiaries			
PBTech Com. Serv. Cer. Ltda.	Trade receivables	114	-
Transactions with related parties			
Solução Cerâmica Com. Ltda.	Trade receivables	298	207
		412	207

		Income (expenses)	
	Nature	Accumulated at September 30, 2010	Accumulated at September 30, 2009
Transactions with subsidiaries			
PBTech Com. Serv. Cer. Ltda.	Royalties	426	-
Transactions with related parties			
Solução Cerâmica Com. Ltda.	Royalties	1,884	1,317
		2,310	1,317

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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 September 30, 2010 and 2009 is as follows:

(a) Third quarter of 2010 and 2009:

	Parent company		Consolidated	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Fixed remuneration				
Salaries	1,286	888	1,538	1,100
Fees	442	371	715	603
Variable remuneration	213	197	260	233
Short-term direct and indirect benefits				
Private pension plan	114	94	168	144
Other	191	152	242	196
	2,246	1,702	2,923	2,276

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

(b) Accumulated in 2010 and 2009:

	Parent company		Consolidated	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Fixed remuneration				
Salaries	3,612	2,801	4,344	9,011
Fees	1,234	1,090	1,997	5,210
Variable remuneration	641	932	759	2,899
Short-term direct and indirect benefits				
Private pension plan	335	304	491	1,283
Other	530	449	672	1,543
	6,352	5,576	8,263	19,946

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

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The Annual General Meeting of stockholders held on April 19, 2010 approved for that year the global remuneration of the Board of Directors at the maximum amount of R$ 4,320 (R$ 4,320 approved on April 24, 2009) and also determined the monthly remuneration of each member of the Statutory Audit Board as 10% of the directors' remuneration.

43 Reconciliation between former BR GAAP and IFRS/CPCs

43.1 Reconciliation of equity at December 31, 2009

	Parent company					
Assets	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
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	267					267
Revaluation reserve	51,246	-	-	-	(2,517)	48,729
Accumulated deficit	(133,483)	-	-	(139)	-	(133,622)

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

	Consolidated					
Assets	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
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	267					267
Revaluation reserve	51,246	-	-	-	(2,517)	48,729
Accumulated deficit	(133,712)	-	-	(139)	-	(133,851)

43.2 Reconciliation of equity at September 30, 2010

	Parent company					
Assets	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
Current assets						
Trade receivables	92,139	1,994	-	-	-	94,133
Liabilities						
Current liabilities						
Loans and financing	89,973	1,994	-	-	-	91,967
Non-current liabilities						
Deferred income tax and social contribution	41,159	-	-	-	2,517	43,676
Revaluation reserve	49,784	-	-	-	(2,517)	47,267

	Consolidated					
Assets	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
Current assets						
Trade receivables	99,741	1,994	-	-	-	101,735
Liabilities						
Current liabilities						
Loans and financing	89,973	1,994	-	-	-	91,967
Non-current liabilities						
Deferred income tax and social contribution	41,159	-	-	-	2,517	43,676
Revaluation reserve	49,784	-	-	-	(2,517)	47,267

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

43.3 Reconciliation of accumulated profit at September 30

	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
Other operating income (expenses), net	6,614			139		6,753
Profit for the period	28,968			139		29,107
Profit attributable to						
Company stockholders	28,968					29,107
Minority interests	-					-

	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
Other operating income (expenses), net	4,237			139		4,376
Profit for the period	29,011			139		29,150
Profit attributable to						
Company stockholders	29,004					29,143
Minority interests	7					7

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.

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

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

(a) Statement of income for the period

	Note	Parent company		Consolidated	
		September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Continuing operations					
Revenue	31	131,334	95,979	140,589	100,851
Cost of sales		(95,318)	(74,234)	(93,804)	(72,250)
Gross profit		36,016	21,745	46,785	28,601
Operating income (expenses), net					
Selling		(16,696)	(11,386)	(20,825)	(13,843)
General and administrative		(3,202)	(2,861)	(4,388)	(3,801)
Other operating income (expenses), net	33	2,731	169	1,919	(464)
Other gains (losses), net	34	(2,337)	(2,964)	(2,337)	(2,964)
Equity in the earnings of subsidiaries	20	1,871	550	-	-
		(17,633)	(16,492)	(25,631)	(21,072)
Operating profit before finance result		18,383	5,253	21,154	7,529
Finance result	35				
Finance income		3,042	891	3,207	1,015
Finance expenses		(10,829)	(8,428)	(10,974)	(8,567)
Foreign exchange variations, net		1,470	3,423	1,471	3,423
		(6,317)	(4,114)	(6,296)	(4,129)
Profit before taxation		12,066	1,139	14,858	3,400
Income tax and social contribution	16				
Current		(123)	-	(1,900)	(892)
Deferred		5,277	(19)	5,277	(19)
		5,154	(19)	3,377	(911)
Profit for the period from continuing operations		17,220	1,120	18,235	2,489
Discontinued operations					
Loss for the period from discontinued operations	36	**-**	**-**	**(1,012)**	**(1,185)**
Profit for the period		**17,220**	**1,120**	**17,223**	**1,304**
Profit attributable to					
Company stockholders		17,220	1,120	17,220	1,302
Minority interests		-	-	3	2
Outstanding shares at the balance sheet date (in thousands)		159,009	159,009	159,009	159,009
Basic and diluted earnings (loss) per share - R$	37	0.11	0.01	0.11	0.01
From continuing operations		0.11	0.01	0.11	0.02
From discontinued operations		-	-	(0.01)	(0.01)

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

		Parent company		Consolidated	
	Note	Accumulated at September 30, 2010	Accumulated at September 30, 2009	Accumulated at September 30, 2010	Accumulated at September 30, 2009
Continuing operations					
Revenue	31	346,670	271,399	366,783	283,584
Cost of sales		(258,216)	(212,527)	(251,672)	(206,545)
Gross profit		88,454	58,872	115,111	77,039
Operating income (expenses), net					
Selling		(43,234)	(33,092)	(54,176)	(40,132)
General and administrative		(9,371)	(8,522)	(12,824)	(11,114)
Other operating income (expenses), net	33	6,753	7,691	4,376	5,479
Other gains (losses), net	34	(814)	(8,117)	(814)	(8,117)
Equity in the earnings (loss) of subsidiaries	20	4,564	(181)	-	-
		(42,102)	(42,221)	(63,438)	(53,884)
Operating profit before finance result		46,352	16,651	51,673	23,155
Finance result	35				
Finance income		8,825	3,337	9,334	3,940
Finance expenses		(31,140)	(27,484)	(31,542)	(28,117)
Foreign exchange variations, net		1,370	12,104	1,371	12,104
		(20,945)	(12,043)	(20,837)	(12,073)
Profit before taxation		25,407	4,608	30,836	11,082
Income tax and social contribution	16				
Current		(1,722)	-	(5,604)	(2,309)
Deferred		5,422	(71)	5,422	(71)
		3,700	(71)	(182)	(2,380)
Profit for the period from continuing operations		29,107	4,537	30,654	8,702
Discontinued operations					
Loss for the period from discontinued operations	36	-	-	**(1,504)**	**(3,816)**
Profit for the period		**29,107**	**4,537**	**29,150**	**4,886**
Profit attributable to					
Company stockholders		29,107	4,537	29,143	4,882
Minority interests		-	-	7	4
Outstanding shares at the balance sheet date (in thousands)		159,009	159,009	159,009	159,009
Basic and diluted earnings (loss) per share - R$	37	0.18	0.03	0.18	0.03
From continuing operations		0.18	0.03	0.19	0.05
From discontinued operations		-	-	(0.01)	(0.02)

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

(b) Statement of comprehensive income

	Note	Parent company		Consolidated	
		September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Profit (loss) for the period		**17,220**	**1,120**	**17,223**	**1,304**
Other comprehensive income:		**2,428**	**2,856**	**2,428**	**2,856**
Realization of revaluation reserve	30	671	396	671	396
Exchange variations of subsidiary located abroad	20	1,757	2,460	1,757	2,460
Total comprehensive income for the period		19,648	3,976	19,651	4,160
Comprehensive income for the period attributable to					
Company stockholders		19,648	3,976	19,648	4,158
Minority interests		-	-	3	2

	Note	Parent company		Consolidated	
		Accumulated at September 30, 2010	Accumulated at September 30, 2009	Accumulated at September 30, 2010	Accumulated at September 30, 2009
Profit (loss) for the period		**29,107**	**4,537**	**29,150**	**4,886**
Other comprehensive income:		**2,293**	**8,850**	**2,293**	**8,850**
Realization of revaluation reserve	30	1,462	1,192	1,462	1,192
Exchange variations of subsidiary located abroad	20	831	7,658	831	7,658
Total comprehensive income for the period		31,400	13,387	31,443	13,736
Comprehensive income for the period attributable to					
Company stockholders		31,400	13,387	31,436	13,732
Minority interests		-	-	7	4

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

Parent company	Note	Share capital	Capital reserve	Revaluation reserve	Accumulated deficit	Carrying value adjustments	Total equity
At June 30, 2009		112,957	267	49,676	(149,912)	(4,154)	8,834
Profit for the period		-	-	-	1,120	-	1,120
Other comprehensive income:							-
Realization of revaluation reserve	30	-	-	(396)	396	-	-
Exchange variations of subsidiary located abroad	20	-	-	-	-	2,460	2,460
Total comprehensive income for the period		-	-	-	1,516	2,460	3,976
At September 30, 2009		112,957	267	49,280	(148,396)	(1,694)	12,414

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

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		-	-	-	4,537	-	4,537
Other comprehensive income:							-
Realization of revaluation reserve	30	-	-	(1,192)	1,192	-	-
Exchange variations of subsidiary located abroad	20	-	-	-	-	7,658	7,658
Total comprehensive income for the period		-	-	-	5,729	7,658	13,387
At September 30, 2009		112,957	267	49,280	(148,396)	(1,694)	12,414

Consolidated	**Note**	**Share capital**	**Capital reserve**	**Revaluation reserve**	**Accumulated deficit**	**Carrying value adjustments**	**Subtotal**	**Minority interests**	**Total equity**
At June 30, 2009		112,957	267	49,676	(150,379)	(4,154)	8,367	(3)	8,364
Profit for the period		-	-	-	1,302	-	1,302	2	1,304
Other comprehensive income:									-
Realization of revaluation reserve	30	-	-	(396)	396	-	-		-
Exchange variations of subsidiary located abroad	20	-	-	-	-	2,460	2,460		2,460
Total comprehensive income for the period		-	-	-	1,698	2,460	19,647	2	-
At September 30, 2009		112,957	267	49,280	(148,681)	(1,694)	12,129	(1)	12,128

Consolidated	**Note**	**Share capital**	**Capital reserve**	**Revaluation reserve**	**Accumulated deficit**	**Carrying value adjustments**	**Subtotal**	**Minority interests**	**Total equity**
At January 1, 2008		112,957	267	50,472	(154,755)	(9,352)	(411)	(5)	(416)
Profit for the period		-	-	-	4,882	-	4,882	4	4,886
Other comprehensive income									-
Realization of revaluation reserve	30	-	-	(1,192)	1,192	-	-		-
Exchange variations of subsidiary located abroad	20	-	-	-	-	7,658	7,658		7,658
Total comprehensive income for the period		-	-	-	6,074	7,658	31,435	4	6,461
At September 30, 2009		112,957	267	49,280	(148,681)	(1,694)	12,129	(1)	12,128

(d) Consolidated statement of changes in equity for the current year

Consolidated	**Note**	**Share capital**	**Capital reserve**	**Revaluation reserve**	**Accumulated deficit**	**Carrying value adjustments**	**Subtotal**	**Minority interests**	**Total equity**
At June 30, 2010		112,957	267	47,938	(121,137)	(2,080)	37,945	5	37,950
Profit for the period		-	-	-	17,220	-	17,220	3	17,223
Other comprehensive income									-
Realization of revaluation reserve	30	-	-	(671)	671	-	-		-
Actuarial gain	29 (a)	-	-	-	-	-	-		-
Exchange variations of subsidiary located abroad	20	-	-	-	-	1,757	1,757		1,757
Total comprehensive income for the period		-	-	-	17,891	1,757	19,647	3	-
At September 30, 2010		112,957	267	47,267	(103,246)	(323)	56,922	8	56,930

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

Consolidated	Note	Share capital	Capital reserve	Revaluation reserve	Accumulated deficit	Carrying value adjustments	Subtotal	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		-	-	-	29,143	-	29,143	7	29,150
Other comprehensive income									-
Realization of revaluation reserve	30	-	-	(1,462)	1,462	-	-		-
Actuarial gain	29 (a)	-	-	-	-	-	-		-
Exchange variations of subsidiary located abroad	20	-	-	-	-	831	831		831
Total comprehensive income for the period		-	-	-	30,605	831	31,435	7	6,461
At September 30, 2010		112,957	267	47,267	(103,246)	(323)	56,922	8	56,930

(e) Statement of value added

	Note	Parent company September 30, 2010	Parent company September 30, 2009	Consolidated September 30, 2010	Consolidated September 30, 2009
Revenue		175,532	120,895	184,464	126,308
Sales and services		164,030	121,003	174,880	125,828
Other revenue		11,649	-	9,665	25
Changes in the provision for doubtful trade receivables	9	(147)	(108)	(81)	455
Inputs acquired from third parties		(92,527)	(66,665)	(93,975)	(67,318)
Cost of sales and services		(67,601)	(51,097)	(64,361)	(47,407)
Materials, energy, outsourced services and others		(24,882)	(15,592)	(28,569)	(18,750)
Loss/recovery of assets		(44)	24	(33)	24
Loss from discontinued operations	36	-	-	(1,012)	(1,185)
Gross value added		83,005	54,230	90,489	58,990
Retentions		(4,013)	(4,065)	(4,089)	(4,161)
Depreciation and amortization	21 and 22	(4,013)	(4,065)	(4,089)	(4,161)
Net value added produced		78,992	50,165	86,400	54,829
Value added received through transfer		5,734	8,667	4,027	8,241
Equity in the earnings of subsidiaries	20	1,871	550	-	-
Finance income		3,863	8,117	4,027	8,241
Total value added to distribute		84,726	58,832	90,427	63,070
Distribution of value added		84,726	58,832	90,427	63,070
Personnel		21,408	17,821	23,294	19,782
Direct remuneration		18,252	15,663	19,896	17,459
Benefits		1,823	1,270	1,985	1,380
FGTS		1,333	888	1,413	943
Taxes and contributions		32,218	23,180	35,594	24,788
Federal		13,417	9,898	16,757	11,263
State		18,738	13,276	18,768	13,514
Municipal		63	6	69	11
Third-party capital remuneration		13,880	16,711	14,316	17,196
Interest		12,675	15,671	12,843	15,849
Rentals		1,205	1,040	1,473	1,347
Remuneration of own capital		17,220	1,120	17,223	1,304
Earnings reinvested		17,220	1,120	17,220	1,302
Non-controlling interest in earnings reinvested		-	-	3	2

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

		Parent company		Consolidated	
	Note	Accumulated at September 30, 2010	Accumulated at September 30, 2009	Accumulated at September 30, 2010	Accumulated at September 30, 2009
Revenue		449,235	354,008	467,816	365,713
Sales and services		430,910	354,245	455,186	365,035
Other revenue		18,683	145	12,886	282
Changes in the provision for doubtful trade receivables	9	(358)	(382)	(256)	396
Inputs acquired from third parties		(234,013)	(189,613)	(233,849)	(188,490)
Cost of sales and services		(245,791)	(146,067)	(234,209)	(129,561)
Materials, energy, outsourced services and other		11,662	(43,610)	1,737	(55,177)
Loss/recovery of assets		116	64	127	64
Loss from discontinued operations	36	-	-	(1,504)	(3,816)
Gross value added		215,222	164,395	233,967	177,223
Retentions		(12,403)	(11,861)	(12,714)	(12,269)
Depreciation and amortization	21 and 22	(12,403)	(11,861)	(12,714)	(12,269)
Net value added produced		202,819	152,534	221,253	164,954
Value added received through transfer		25,946	33,349	21,890	34,133
Equity in the earnings (loss) of subsidiaries	20	4,564	(181)	-	-
Finance income		21,382	33,530	21,890	34,133
Total value added to distribute		228,765	185,883	243,143	199,087
Distribution of value added		228,765	185,883	243,143	199,087
Personnel		59,192	52,399	64,551	58,955
Direct remuneration		50,571	46,130	55,180	52,211
Benefits		5,058	3,657	5,520	3,940
FGTS		3,563	2,612	3,851	2,804
Taxes and contributions		93,391	70,708	101,286	75,043
Federal		44,914	33,055	52,686	36,764
State		48,349	37,615	48,438	38,231
Municipal		128	38	162	48
Third-party capital remuneration		47,075	58,239	48,156	60,203
Interest		43,722	55,171	44,223	56,044
Rentals		3,353	3,068	3,933	4,159
Remuneration of own capital		29,107	4,537	29,150	4,886
Earnings reinvested		29,107	4,537	29,143	4,882
Non-controlling interest in earnings reinvested		-	-	7	4

* * *

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07.01 - Comments on Company Performance During the Quarter

See comments on the Consolidated performance for the 3rd 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 SEPTEMBER 30, 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 June 30, 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 the International Financial Reporting Standards (IFRS).

3Q10 HIGHLIGHTS

(comparisons between 3Q10 and 3Q09, including only continuing operations, except when Net Income is presented)

- The sales volume increased 42% in comparison to the same quarter of the previous year;
- 39% growth in net operating income;
- 64% increase in gross operating profit;
- 1,221% growth in net income;
- 181% increase in EBIT;
- 116% increase in EBITDA.

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 CPC and IFRS standards. The comments and comparisons herein presented follow this standard, except for the same quarter of 2008.

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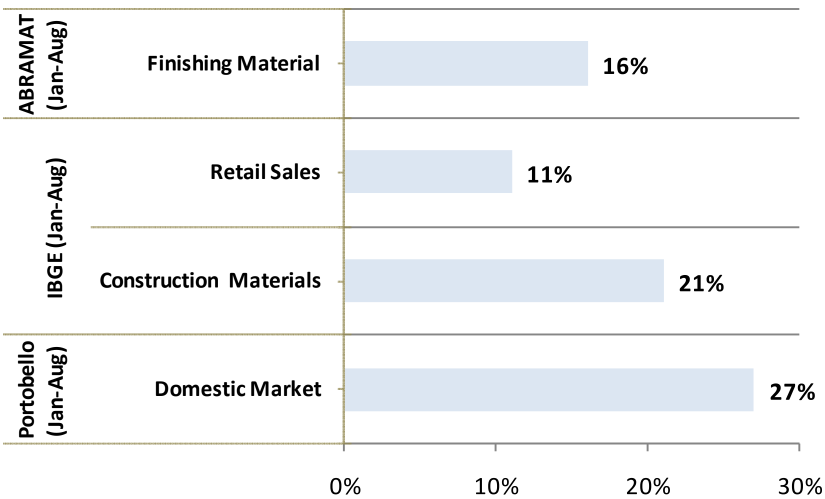
07.01 - Comments on Company Performance During the Quarter

1) Message from Management

Portobello S.A. achieved excellent results in the third 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, the cash generated in the quarter (EBITDA) exceeded R$ 25 million, an amount 116% higher than that for the same quarter of the previous year. The Company's net income reached R$ 141 million, an increase of 39% in comparison to the third quarter of 2009, setting a new quarterly record. Net income, in the amount of R$ 17 million, was 1,221% higher than that for the same quarter of 2009, despite the negative impact of the discontinuance of the operations of Portobello América, Inc.

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 disclosed by the Brazilian Association of the Industry of Building Materials (ABRAMAT). In comparison to the third quarter of 2009, the sales in the domestic market continued to grow, and were 42% higher in terms of net revenue and 45% higher in terms of volume. In the year to date ended August, the sales in the domestic market grew by 27%, whereas the Brazilian market of finishing materials for the construction industry grew by 16% according to ABRAMAT.



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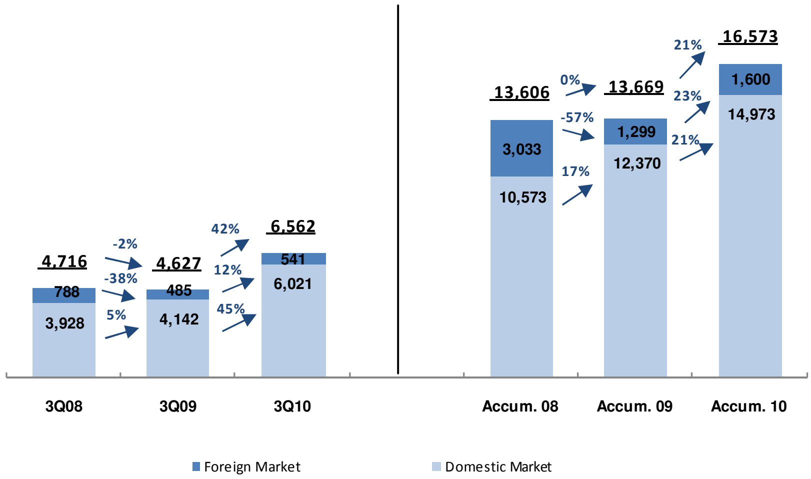
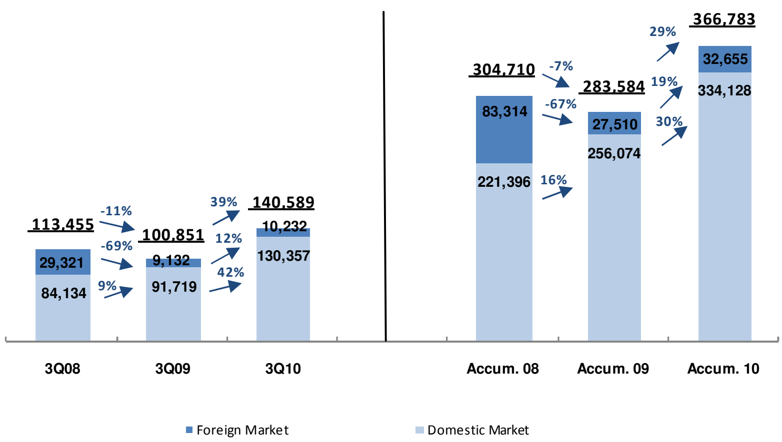
07.01 - Comments on Company Performance During the Quarter

2) Sales performance

Sales Volume
(thousand m²)



Net Operating Revenue
(R$ thousand)



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07.01 - Comments on Company Performance During the Quarter

The total sales volume increased 42% as a result of the Company's commercial strategy and the significant growth of the sales of products purchased from third parties for resale.

Net revenues grew by 39% when compared with the same quarter of the previous year, once again highlighting the domestic market, which increased by 42%, 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 89 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.

	3Q08			3Q09			3Q10		
	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	3,928	84,134	74%	4,142	91,719	91%	6,021	130,357	93%
Engineering	1,595	28,045	25%	1,655	30,357	30%	2,294	42,136	30%
Resale	1,437	28,430	25%	1,503	30,793	31%	2,227	45,112	32%
Multi-brand resale	896	27,659	24%	984	30,569	30%	1,500	43,109	31%
Foreign Market	788	29,321	26%	485	9,132	9%	541	10,232	7%
	4,716	113,455		4,627	100,851		6,562	140,589	

*NOR: Net Operating Revenue

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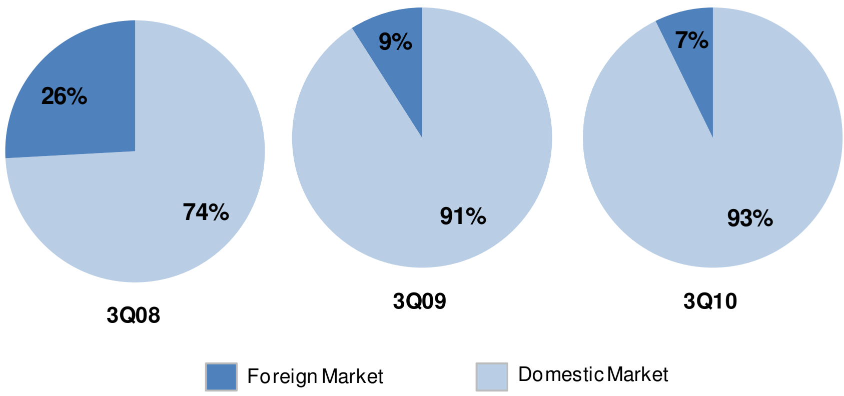
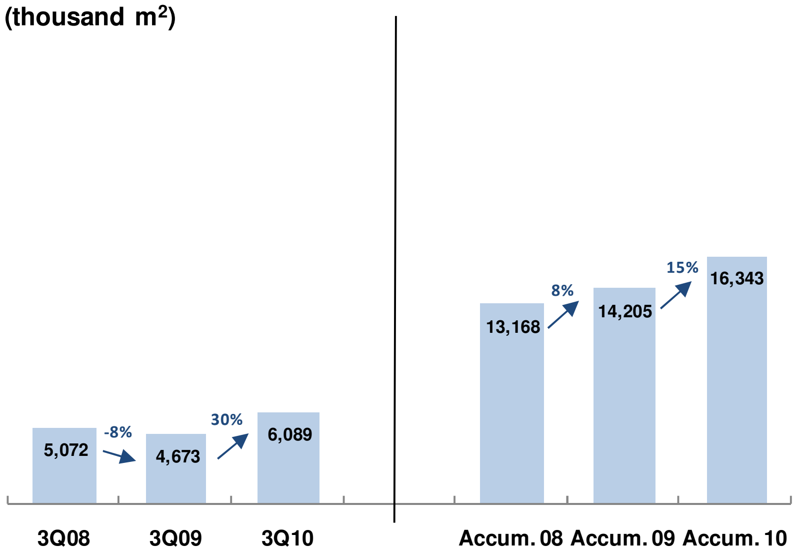
07.01 - Comments on Company Performance During the Quarter

Revenue Distribution



4) Operating performance

Production (thousand m²)



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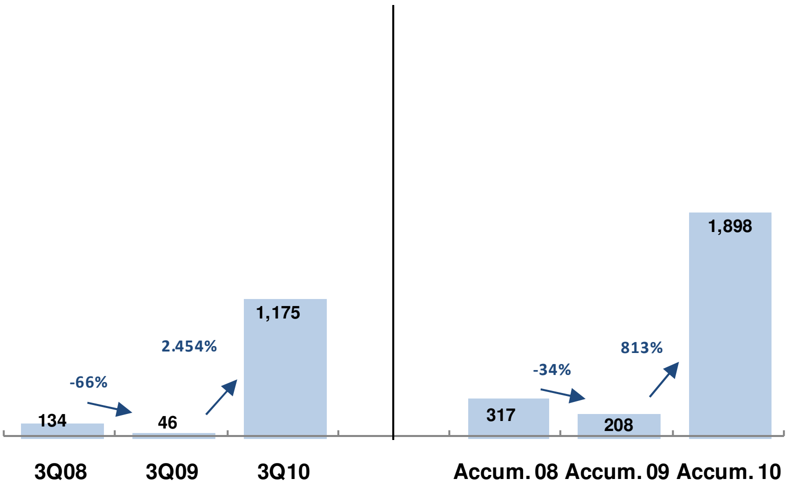
07.01 - Comments on Company Performance During the Quarter

Purchases of products from third parties for resale (thousand m^2)



The volume produced this quarter was 30% higher than that for the same quarter of the previous year, which is mainly explained by the installation, in the first half year, of a new production line of enameled porcelain, which resulted in increased efficiency and quality, as well as the higher market share of products purchased from third parties for resale.

Gross profit increased 64% in the third quarter of 2010, influenced by the higher sales volume, the sale of products with increased profitability, top quality percentage gains and increased efficiency in production, resulting in a gross profit margin of 33%, which is significantly higher than the 28% recorded in the third quarter of 2009.

Operating performance	3Q08	3Q09	3Q10	Variation % 2010x2009
Net operating revenue	113,455	100,851	140,589	39%
Domestic market	84,134	91,719	130,357	42%
Foreign market	29,321	9,132	10,232	12%
(-) Cost of sales	(77,641)	(72,250)	(93,804)	30%
(=) Gross operating profit	35,814	28,601	46,785	64%
Gross margin %	32%	28%	33%	18%
Volume sold	4,716	4,627	6,562	42%
Average revenue per unit	24.06	21.80	21.42	-2%
Average cost per unit	(16.46)	(15.61)	(14.30)	-8%
Gross profit per unit	7.59	6.18	7.13	15%

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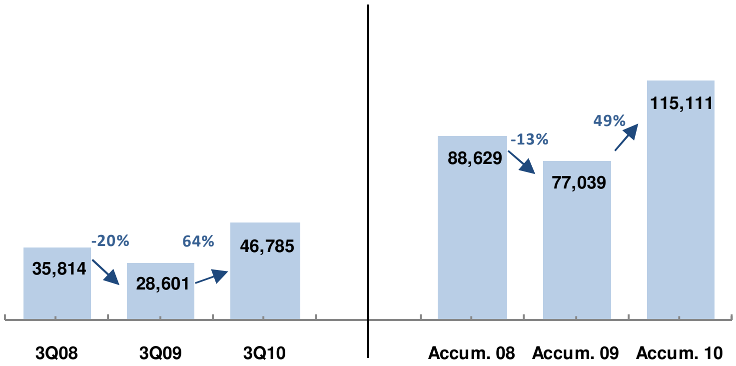
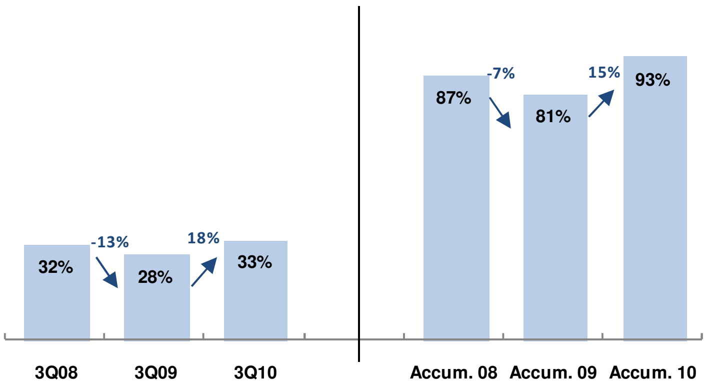
07.01 - Comments on Company Performance During the Quarter

Gross Operating Profit



Gross Margin



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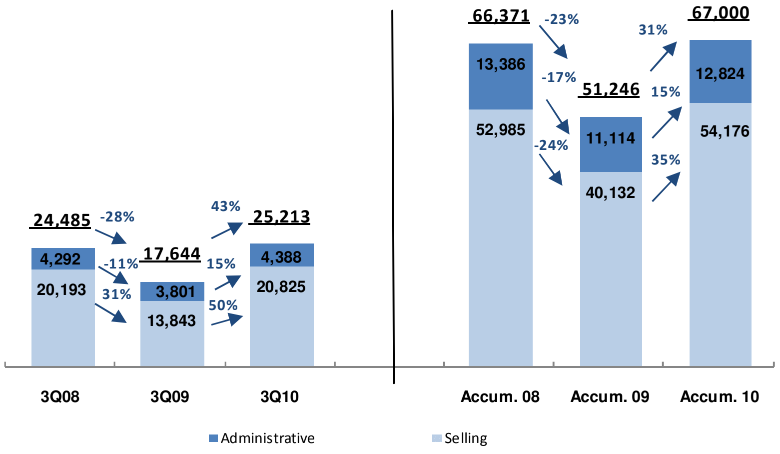
07.01 - Comments on Company Performance During the Quarter

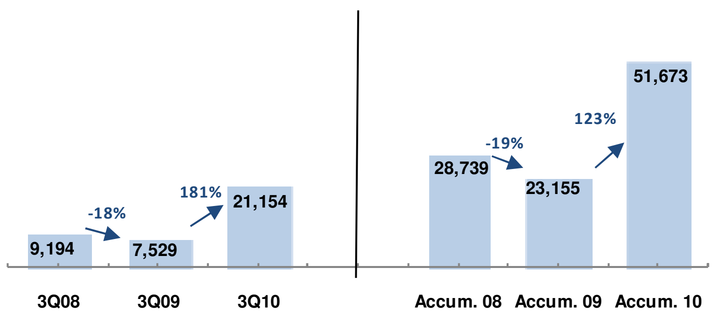
Selling and Administrative Expenses



Selling expenses rose by 50% when compared to the same period of 2009 as a result of the increase in sales. These expenses represent 15% of net revenue in 2010, and 14% in the third quarter of 2009.

Administrative expenses increased 15% in comparison the same quarter of 2009 due to expenditures related to the implementation of management systems. Administrative expenses as a percentage of net revenue decreased from 4% to 3%, representing a gain of scale.

EBIT



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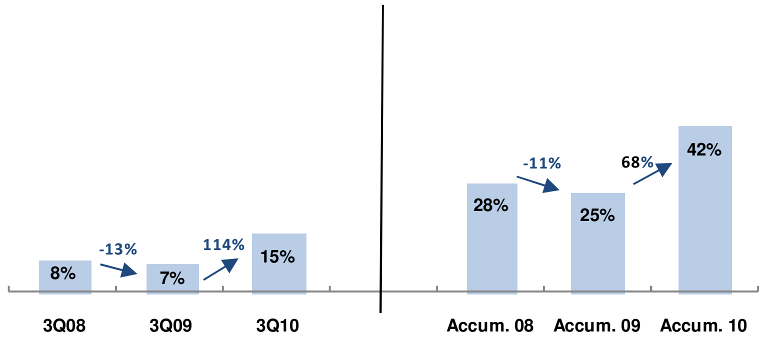
07.01 - Comments on Company Performance During the Quarter

EBIT, % on Net Revenue



EBIT	3Q08	3Q09	3Q10	Variation % 2010x2009
Gross operating profit	35,814	28,601	46,785	64%
Selling expenses	(20,193)	(13,843)	(20,825)	50%
General and administrative expenses	(4,292)	(3,801)	(4,388)	15%
Other operating income (expenses)	(2,135)	(464)	1,919	-514%
Other gains (losses), net	-	(2,964)	(2,337)	-21%
(=) EBIT	9,194	7,529	21,154	181%
% of net income	8%	7%	15%	114%

5) Financial and economic performance

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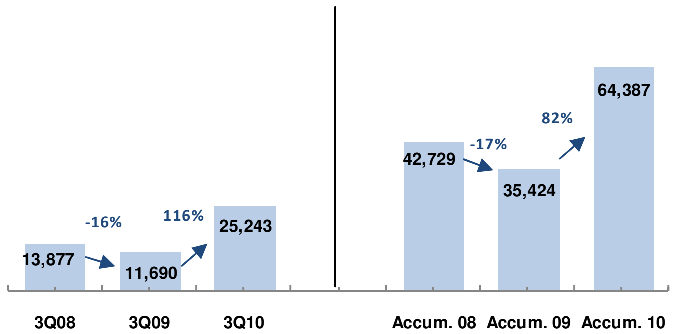
07.01 - Comments on Company Performance During the Quarter

Consolidated Result	**3Q08**	**3Q09**	**3Q10**
Net operating revenue	**113,455**	**100,851**	**140,589**
Gross operating profit	**35,814**	**28,601**	**46,785**
Gross profit margin	*32%*	*28%*	*33%*
Operating expenses	(26,620)	(21,072)	(25,631)
Selling	(20,193)	(13,843)	(20,825)
General and administrative	(4,292)	(3,801)	(4,388)
Other operating income (expenses), net	(2,135)	(464)	1,919
Other gains (losses), net	-	(2,964)	(2,337)
EBIT	**9,194**	**7,529**	**21,154**
EBIT margin	*8%*	*7%*	*15%*
Net finance costs	(13,387)	(4,129)	(6,296)
Operating profit	**(4,193)**	**3,400**	**14,858**
Income tax and social contribution	(3,014)	(911)	3,377
Result from continuing operations for the quarter	**(7,207)**	**2,489**	**18,235**
Result from discontinued operations for the quarter	**-**	**(1,185)**	**(1,012)**
Net result for the quarter	**(7,207)**	**1,304**	**17,223**
Net result attributable to non-controlling interests	**-**	**(2)**	**(3)**
Net result attributable to the owners of the Company	**(7,207)**	**1,302**	**17,220**
Net margin	*-6%*	*1%*	*12%*
EBITDA (*)	**13,877**	**11,690**	**25,243**
EBITDA margin	*12%*	*12%*	*18%*

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

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

EBITDA



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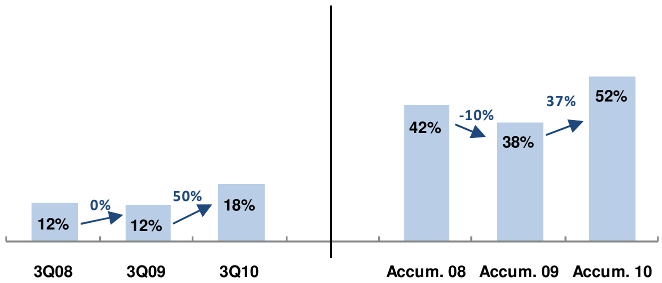
07.01 - Comments on Company Performance During the Quarter

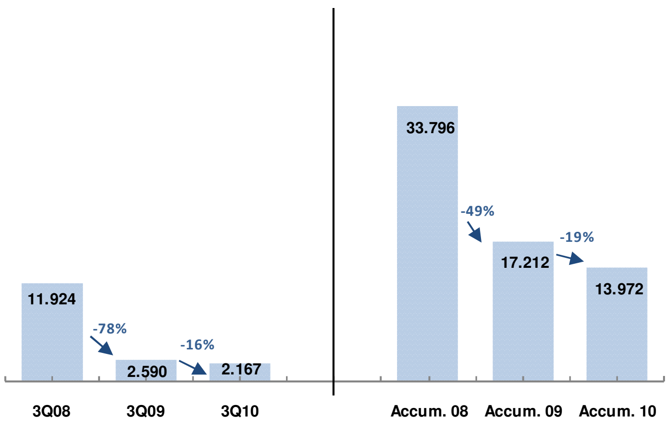
EBITDA, on % Net Revenue



EBITDA	3Q08	3Q09	3Q10	Variation % 2010x2009
Net result attributable to the owners of the Company	(7,209)	1,302	17,220	1,223%
Net finance income (costs)	13,387	4,129	6,296	52%
Depreciation, amortization and depletion	4,683	4,161	4,089	-2%
Income tax and social contribution	3,014	911	(3,377)	-471%
Net result attributable to non-controlling interests	2	2	3	50%
Result from discontinued operations for the quarter	-	1,185	1,012	-15%
(=) EBITDA from continuing operations (*)	13,877	11,690	25,243	116%
% of net revenue	12%	12%	18%	50%

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

7) Investments



The investment program carried out in the third quarter of 2010 was less significant than that for the same quarter of 2009, taking into consideration that the increase in the Company's production capacity took place in 1Q10, and most of the investments in modernization and technological advances forecast for the year will be made in the second half year.

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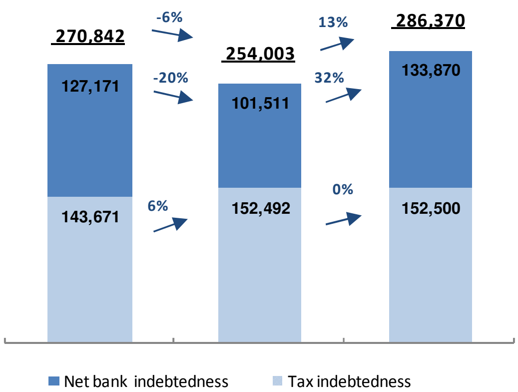
07.01 - Comments on Company Performance During the Quarter

8) Working capital

Working capital	3Q08	3Q09	3Q10	Variation %	Nominal variation
Trade receivables	76,684	73,108	101,735	39%	28,627
Advances to suppliers	3,173	607	2,426	300%	1,819
Inventories	61,698	63,696	82,883	30%	19,187
Trade payables	(61,404)	(71,341)	(73,373)	3%	(2,032)
Advances from customers	(16,703)	(17,099)	(16,194)	-5%	905
Working capital invested	63,448	48,971	97,477		48,506

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 industrial facilities in December 2008, caused by an interruption of the supply of natural gas; (ii) the increase in sales required greater financing for 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 32% when compared to the same quarter of the previous year, due to investments in its industrial facilities which were fully financed, and the increased need for working capital to fund the growth of sales.

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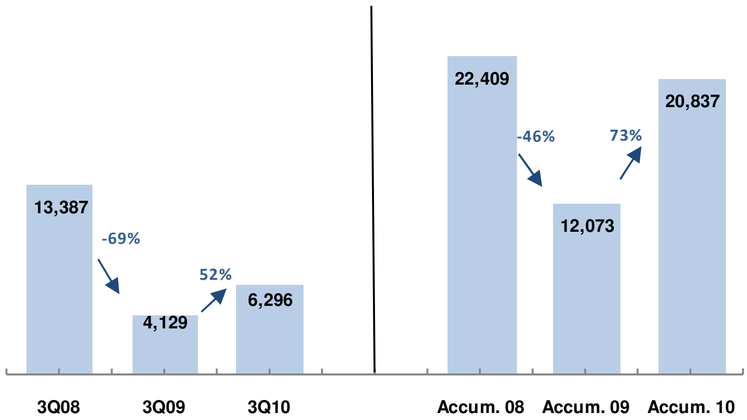
07.01 - Comments on Company Performance During the Quarter

Net bank indebtedness	3Q08	3Q09	3Q10
Current	104,158	86,739	91,967
Non-current	32,314	22,318	56,087
(=) Total bank indebtedness	136,472	109,057	148,054
Available funds and marketable securities	9,301	7,546	14,184
(=) Total net bank indebtedness	127,171	101,511	133,870

Financial leverage	3Q08	3Q09	3Q10
Net bank indebtedness	127,171	101,511	133,870
Tax indebtedness	143,671	152,492	152,500
EBITDA (last12 months)	53,346	46,935	87,761
(=) Net bank indebtedness / EBITDA	2.4	2.2	1.5
(=) Net bank and tax indebtedness / EBITDA	5.1	5.4	3.3

Net Finance Costs



Net finance costs increased 52% in comparison to the same quarter of 2009 influenced by the inflation adjustment of new payments of tax debts in installments, which were not recorded in the third quarter of 2009, and the increase in the Company's indebtedness due to the investments made in 2009 and at the beginning of 2010.

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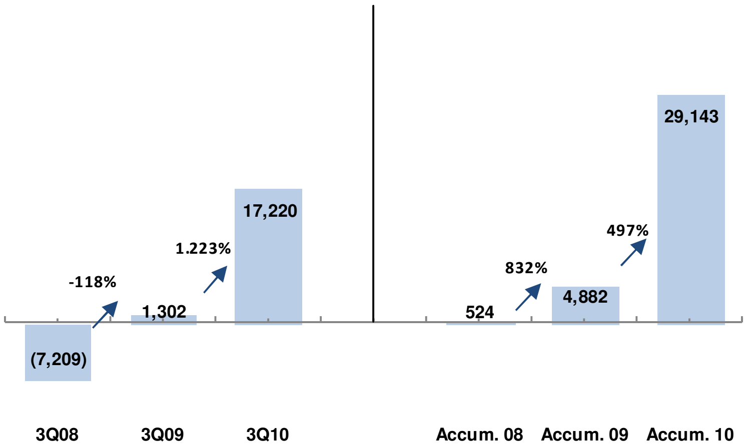
07.01 - Comments on Company Performance During the Quarter

Net Income



Net income increased 1,221% in comparison to the third quarter of 2009, as a consequence of the increased revenues, the recognition of deferred income tax and social contribution on accumulated tax losses and temporary differences, and of various measures taken by Management.

10) Human Resources

At the end of the quarter, consolidated personnel was made up of 2,374 professionals, 2,216 of which are own employees, 115 are outsourced employees, 16 are interns, and 27 are temporary employees.

11) Performance of the Company's shares

The quoted price of PORTOBELLO shares increased from R$ 1.60 as at June 30, 2010 to R$ 1.74 as at September 30, 2010, a 9% growth. The volume traded in the quarter increased from R$ 1,079 thousand to R$ 461 thousand.

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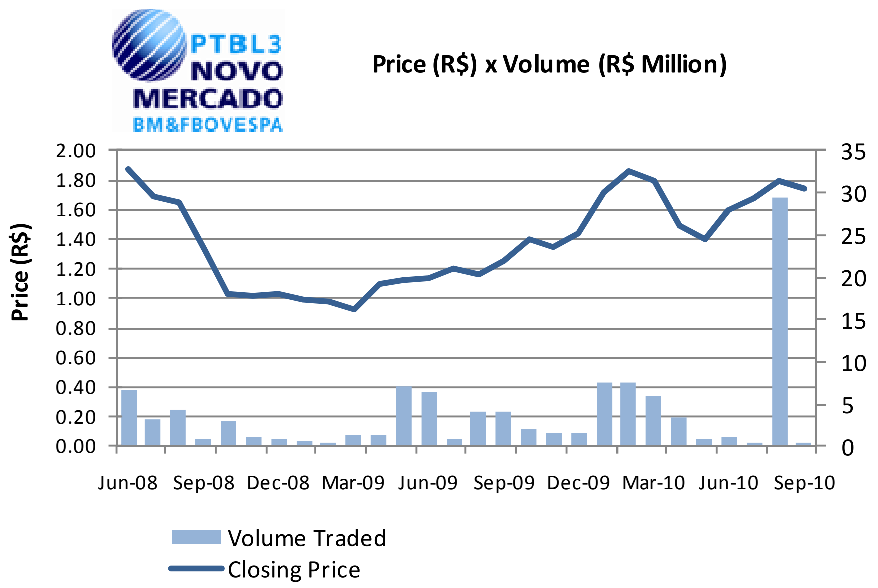

12) Recognition

- "500 Best Companies in Southern Brazil" award. The Company ranked 28th (31st in 2008) on the list of the 100 Largest Companies in the State of Santa Catarina, and 148th (161st in 2008) on the list of the largest companies in Southern Brazil.
- PINI award for Best Supplier in the "Ceramic Tiles" category, in the 16th edition of this award.
- "Top of Mind" award by Casa & Mercado magazine.

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 the cost of production as a result of the investments in the industrial facilities;
- Increase in the sales of products acquired from third parties;

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07.01 - Comments on Company Performance During the Quarter

- Restructuring of the financing for working capital purposes, with a reduction of interest rates.

- Continuance of the strong demand for construction materials.

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 September 30, 2010

STOCKHOLDER	Common shares		Total	
	Number	%	Number	%
Funds administered by Fama Fundo de Inv.Ações [1]	42,229,909	26.56	42,229,909	26.56
Cesar Gomes Junior	24,412,019	15.35	24,412,019	15.35
Eleonora Ramos Gomes	21,841,160	13.74	21,841,160	13.74
Eduardo Ramos Gomes	9,100,364	5.72	9,100,364	5.72
Maria Gertrudes da Luz Gomes	8,987,465	5.65	8,987,465	5.65
Paulo Bastos Gomes	8,526,297	5.36	8,526,297	5.36
Other	43,911,710	27.62	43,911,710	27.62
	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 September 30, 2010

STOCKHOLDER	Common shares		Total	
	Number	%	Number	%
Controlling stockholder	46,253,179	29.09	46,253,179	29.09
Management				
Board of Directors	54,964	0.03	54,964	0.03
Executive Board	45,603	0.03	45,603	0.03
Statutory Audit Board	2	-	2	-
Other	112,655,176	70.85	112,655,176	70.85
	159,008,924	**100.00**	**159,008,924**	**100.00**
Shares outstanding in the market	112,655,178	70.85	112,655,178	70.85

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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 September 30, 2009

STOCKHOLDER	Common shares		Total	
	Number	%	Number	%
Funds administered by Fama Fundo de Inv.Ações [1]	33,461,409	21.04	33,461,409	21.04
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
Eduardo Ramos Gomes	10,850,364	6.82	10,850,364	6.82
Paulo Bastos Gomes	9,146,497	5.75	9,146,497	5.75
Maria Gertrudes da Luz Gomes	8,987,465	5.65	8,987,465	5.65
Valério Gomes Neto	8,879,480	5.58	8,879,480	5.58
Other	35,942,130	22.62	35,942,130	22.62
	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 September 30, 2009

STOCKHOLDER	Common shares		Total	
	Number	%	Number	%
Controlling stockholder	51,741,579	32.54	51,741,579	32.54
Management				
Board of Directors	54,961	0.03	54,961	0.03
Executive Board	45,603	0.03	45,603	0.03
Statutory Audit Board	2	-	2	-
Other	107,166,779	67.40	107,166,779	67.40
	159,008,924	**100.00**	**159,008,924**	**100.00**
Shares outstanding in the market	107,166,781	67.40	107,166,781	67.40

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

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
September 30, 2010

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

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 September 30, 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).

01.01 - IDENTIFICATION		
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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 September 30, 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

01.01 - IDENTIFICATION		
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23.01 - Description of Altered Information

The Quarterly Information for 3Q10 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).

01.01 - IDENTIFICATION		
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