

# MARCOPOLO S.A.

## Consolidated information – 1Q10



**Caxias do Sul, May 10, 2010 - Marcopolo S.A. (BM&FBOVESPA: POMO3; POMO4)**, one of the world's leading companies dedicated to the development of solutions for public transportation of passengers, published the results of its performance for the first quarter of 2010 (1Q10). The Consolidated Financial Statements have been prepared in accordance with the IFRS – *International Financial Reporting Standards*, established by the IASB – *International Accounting Standards Board* and CVM Instruction 457, July 13, 2007.

### Net Revenue reaches R\$ 679.2 million and EBITDA totals R\$ 112.6 million from January to March 2010

#### IR MARCOPOLO

##### Carlos Zignani

Investor Relations Director  
+55 (54) 2101.4115

##### Thiago A. Deiro

IR Manager  
+55 (54) 2101.4660

[www.marcopolo.com.br/ri](http://www.marcopolo.com.br/ri)

[ri@marcopolo.com.br](mailto:ri@marcopolo.com.br)

#### HIGHLIGHTS FIRST QUARTER 2010

- Consolidated Net Revenues totaled R\$ 679.2 million.
- Gross Income totaled R\$ 163.7 million, with a margin of 24.1%.
- Net Income was R\$ 69.1 million with a margin of 10.2%.
- EBITDA was R\$ 112.6 million with a margin of 16.6%. The adjusted EBITDA was R\$ 114.9 million as a function of the exchange rate variation on exports and the margin was 16.9%.
- Production in Brazil reached 4,116 units during 1Q10, and consolidated worldwide production was 6,134 units.

(R\$ million, except when otherwise indicated)

SELECTED INFORMATION	1Q10	1Q09	Var. %
Net operating income	679.2	463.4	46.6
- revenues in Brazil	445.4	263.8	68.8
- revenue from exports and foreign income	233.8	199.6	17.1
Growth Profit	163.7	99.8	64.0
EBITDA	112.6	47.0	139.6
EBITDA (adjusted) <sup>(1)</sup>	114.9	49.5	132.1
Net Profit	69.1	21.5	221.4
Profit per Share	0.309	0.096	221.9
Return on Invested Capital (ROIC) <sup>(2)</sup>	15.6%	18.4%	(2.8)pp
Investment in Fixed Assets	24.0	38.1	(37.0)
Gross Margin	24.1%	21.5%	2.6pp
EBITDA Margin	16.6%	10.1%	6.5pp
Net Margin	10.2%	4.6%	5.6pp
BALANCE SHEET DATA	03/31/10	12/31/09	Var. %
Net Equity	797.2	729.9	9.2
Cash and Cash Equivalents	503.8	536.4	(6.1)
Short-Term Financial Liabilities	321.2	379.8	(15.4)
Long-Term Financial Liabilities	910.4	866.2	5.1
Net Financial Liabilities – Industrial Segment	219.3	231.1	(5.1)

Notes: <sup>(1)</sup> EBITDA (adjusted) does not take into account gains or losses from Exchange-rate variations on advances on foreign Exchange contracts; <sup>(2)</sup> ROIC (Return on Invested Capital) = EBIT the last 12 months + (inventories + clients + permanent assets – suppliers); pp = percentage points.

## PERFORMANCE IN THE BRAZILIAN BUS SECTOR

During the first quarter of 2010, the sector in Brazil continued the recovery that began at the end of 2009. Brazilian production totaled 7,506 units during 1Q10, 41.1% greater than the 5,319 units produced during 1Q09, and practically unchanged with regard to 4Q09. It should remember that during 1Q09, manufacturers and body shops ordered collective holidays or flexible working hours, which had a direct impact on the production of buses during the period.

**a) Domestic Market (DM).** During 1Q10 6,171 units were produced for the domestic market, 48.0% greater than the 4,169 units produced in the first quarter of 2009.

**b) Foreign Market (FM).** Exports totaled 1,335 units during 1Q10, 16.1% above production for exports during the same period the previous year. Despite the increase, traditional import markets for buses from Brazil still have not recovered to their normal levels of demand.

### BRAZILIAN BUS PRODUCTION (in units)

PRODUCTS <sup>(1)</sup>	1Q10			1Q09			Variations
	DM	FM	TOTAL	DM	FM	TOTAL	%
Intercity	1,387	488	<b>1,875</b>	771	740	<b>1,511</b>	24.1
Urban	3,568	759	<b>4,327</b>	2,819	310	<b>3,129</b>	38.3
Micro	905	88	<b>993</b>	457	99	<b>556</b>	78.6
<b>SUBTOTAL</b>	<b>5,860</b>	<b>1,335</b>	<b>7,195</b>	<b>4,047</b>	<b>1,149</b>	<b>5,196</b>	<b>38.5</b>
Mini <sup>(2)</sup>	311	-	<b>311</b>	122	1	<b>123</b>	152.8
<b>TOTAL</b>	<b>6,171</b>	<b>1,335</b>	<b>7,506</b>	<b>4,169</b>	<b>1,150</b>	<b>5,319</b>	<b>41.1</b>

Sources: FABUS (National Association of Bus Manufacturers) and SIMEFRE (Interstate Highway and Railway Material and Equipment Manufacturers Association).

Notes: <sup>(1)</sup> Includes disassembled units exported; <sup>(2)</sup> Production data for minis does not include whole units, such as Volare.

## MARCOPOLO OPERATING AND FINANCIAL PERFORMANCE

### • Units Registered In Net Revenues

During the months of January through March 2010, 6,196 units were registered as Net Revenue, an increase of 59.9% compared to 1Q09. Of this amount, 4,019 units were registered in Brazil, representing 64.9% of the total, and 2,177 units were registered abroad, representing 35.1% of the total as shown in the table below:

OPERATIONS	1Q10	1Q09	Var. %
<b>BRAZIL:</b>			
- Domestic Market	3,650	2.204	65.6
- International Market	579	546	6.0
<b>SUBTOTAL</b>	<b>4.229</b>	<b>2.750</b>	<b>53.8</b>
Disassembled Units <sup>(1)</sup>	(210)	(91)	(130.8)
<b>TOTAL NO BRASIL</b>	<b>4.019</b>	<b>2.659</b>	<b>51.1</b>
<b>INTERNATIONAL:</b>			
- Mexico	85	421	(79.8)
- Portugal	-	18	-
- South Africa	330	59	459.3
- Russia (50%)	-	-	-
- Columbia (50%)	204	184	10.9
- India (49%) <sup>(2)</sup>	1.320	424	211.3
- Egypt (49%)	105	-	-
- Argentina (40%)	133	111	19.8
<b>TOTAL INTERNATIONAL</b>	<b>2.177</b>	<b>1.217</b>	<b>78.9</b>
<b>GENERAL TOTAL</b>	<b>6.196</b>	<b>3.876</b>	<b>59.9</b>

Note: <sup>(1)</sup> Partially or totally disassembled bodies; <sup>(2)</sup> In India the units produced at the Lucknow factory are added, and are recorded differently for income.

## • Production

Marcopolo's consolidated production totaled 6,134 units in 1Q10, 55.9% more than the number of units produced in 1Q09. It should be pointed out that the Company gave collective holidays and went to flexible hours during the first months of 2009, which undercut production for the first quarter of 2009.

For the domestic market, production reached 4,116 units in 1Q10, 51.8% more than in 1Q09, while in the international market production was 2,018 units in 1Q10, 64.9% greater than the production during the same period the previous year. The highlights were production in South Africa and India, which more than doubled in 1Q10 compared to 1Q09. In the Marcopolo joint venture production facility in India, units produced at a plant in Lucknow are added together and are recorded differently in terms of revenues.

## MARCOPOLO - CONSOLIDATED WORLDWIDE PRODUCTION

OPERATIONS	1Q10	1Q09	% Change
<b>BRAZIL:</b>			
- Marcopolo <sup>(1)</sup>	2,829	1,956	44.6
- Subsidiary Companies <sup>(2)</sup>	1,509	846	78.4
<b>SUBTOTAL</b>	<b>4,338</b>	<b>2,802</b>	<b>54.8</b>
Disassembled Units <sup>(3)</sup>	(222)	(91)	(144.0)
<b>TOTAL IN BRAZIL</b>	<b>4,116</b>	<b>2,711</b>	<b>51.8</b>
<b>INTERNATIONAL:</b>			
- Mexico	85	421	(79.8)
- Portugal	-	15	-
- South Africa	185	69	168.1
- Russia (50%)	-	7	-
- Columbia (50%)	189	174	8.6
- India (49%) <sup>(2)</sup>	1,320	424	211.3
- Egypt (49%)	105	-	-
- Argentina (40%)	134	114	17.5
<b>TOTAL INTERNATIONAL</b>	<b>2,018</b>	<b>1,224</b>	<b>64.9</b>
<b>GENERAL TOTAL</b>	<b>6,134</b>	<b>3,935</b>	<b>55.9</b>

Notes: <sup>(1)</sup> Includes production of Volare; <sup>(2)</sup> in 1Q10 includes the production of Ciferal (1,162 units) and 45.0% of San Marino (347 units), corresponding to the share of Marcopolo in the company; <sup>(3)</sup> partially or totally disassembled bodies; <sup>(4)</sup> in India, the units produced at the Lucknow plant or included and recorded differently in revenues.

## MARCOPOLO – CONSOLIDATED PRODUCTION WORLDWIDE BY MODEL

PRODUCT/MARKET (in Units)	1Q10			1Q09		
	DM	FM	TOTAL	DM	FM	TOTAL
Intercity	972	384	<b>1,356</b>	368	367	<b>735</b>
Urban	1,331	1,218	<b>2,549</b>	776	666	<b>1,442</b>
Micros	268	202	<b>470</b>	192	152	<b>344</b>
Minis (LCV)	169	667	<b>836</b>	28	461	<b>489</b>
<b>SUBTOTAL</b>	<b>2,740</b>	<b>2,471</b>	<b>5,211</b>	<b>1,364</b>	<b>1,646</b>	<b>3,010</b>
Volares <sup>(2)</sup>	903	20	<b>923</b>	876	49	<b>925</b>
<b>TOTAL PRODUCTION</b>	<b>3,643</b>	<b>2,491</b>	<b>6,134</b>	<b>2,240</b>	<b>1,695</b>	<b>3,935</b>

Notas: <sup>(1)</sup> For total IM production disassembled units (bodies partially or totally disassembled) are included, which had 222 units in 1Q10 and 91 units in 1Q09; <sup>(2)</sup> the production of Volares is not part of the SIMEFRE or FABUS, neither is the market share of Marcopolo, or the production for the sector.

## PRODUCTION IN BRAZIL

PRODUCT/MARKET (in units)	1Q10			1Q09		
	DM	FM	TOTAL	DM	FM	TOTAL
Intercity	972	356	<b>1,328</b>	368	346	<b>714</b>
Urban	1,331	273	<b>1,604</b>	776	148	<b>924</b>
Micros	268	46	<b>314</b>	192	19	<b>211</b>
Minis (LCV)	169	-	<b>169</b>	28	-	<b>28</b>
<b>SUBTOTAL</b>	<b>2,740</b>	<b>675</b>	<b>3,415</b>	<b>1,364</b>	<b>513</b>	<b>1,877</b>
Volares <sup>(2)</sup>	903	20	<b>923</b>	876	49	<b>925</b>
<b>TOTAL PRODUCTION</b>	<b>3,643</b>	<b>695</b>	<b>4,338</b>	<b>2,240</b>	<b>562</b>	<b>2,802</b>

Note: see notes for the chart Consolidated Worldwide Production by Model.

### • Share of the Brazilian Market

The market share of the Company in Brazil reached 45.5% during 1Q10. Highlights were the related share of Marcopolo in the intercity bus segment which has the highest value added for the Company.

### SHARE OF PRODUCTION IN BRAZIL (%)

PRODUTOS <sup>(1)</sup>	1Q09	2Q09	3Q09	4Q09	2009	1Q10
Intercity	47.3	41.3	60.8	73.1	56.9	70.9
Urban	29.5	41.7	39.6	33.9	36.5	37.1
Micros	37.8	38.5	35.5	37.0	37.1	31.5
Minis	22.8	-	-	65.8	35.7	54.3
<b>TOTAL</b>	<b>35.3</b>	<b>40.0</b>	<b>43.3</b>	<b>47.1</b>	<b>41.7</b>	<b>45.5</b>

Source: FABUS and SIMEFRE

Notes: <sup>(1)</sup> Includes 100.0% of Ciferal and a proportional share of the production of San Marino; <sup>(2)</sup> Volare is not counted for the effects of market share.

### • Net Revenues

Consolidated Net Revenues totaled R\$ 679.2 1 million in 1Q10, 46.6% greater than the R\$ 463.4 million reported in 1Q09, which can be explained by the increase of approximately 60.0% of the units reported as revenues for the period. In the domestic market, revenues reached R\$ 445.4 million, or 65.6% of the total, and in the international market, income totaled R\$ 233.8 million, 34.4% of the consolidated income reported.

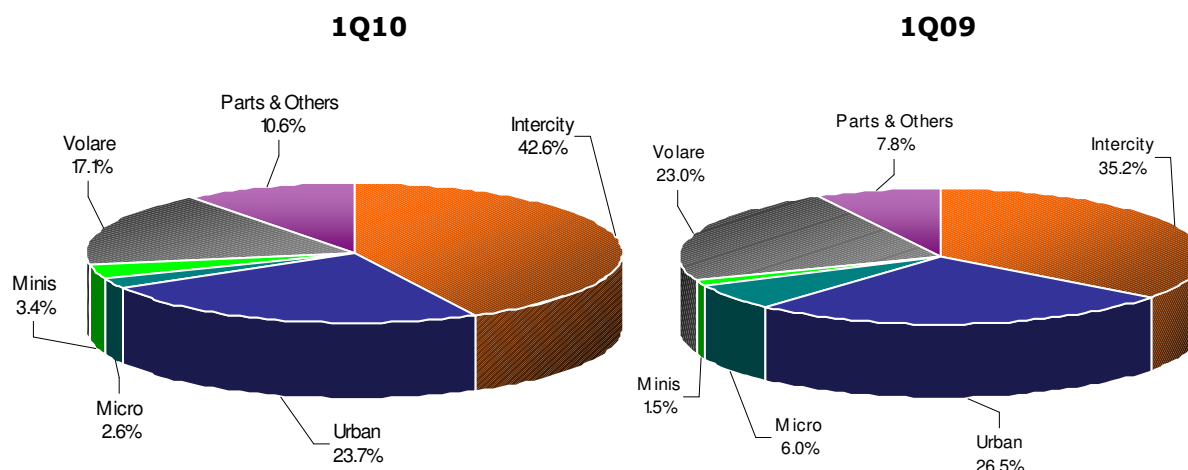
The tables and graphs below show the expansion of net revenues by product and market:

## Total Consolidated Net Revenues By Product and Market (R\$ Million)

PRODUCTS <sup>(1)</sup>	1Q10		1Q09		TOTAL	
	DM	FM	DM	FM	1Q10	1Q09
Intercity	153.8	135.2	63.9	99.2	289.0	163.1
Urban	118.5	42.7	61.2	61.6	161.2	122.8
Micros	11.7	5.8	16.8	11.2	17.5	28.0
Minis	15.7	7.2	0.5	6.3	22.9	6.8
<b>Subtotal Bodies</b>	<b>299.7</b>	<b>190.9</b>	<b>142.4</b>	<b>178.3</b>	<b>490.6</b>	<b>320.7</b>
Volares <sup>(2)</sup>	112.6	3.8	100.9	5.7	116.4	106.6
Parts	33.1	39.1	20.5	15.6	72.2	36.1
<b>TOTAL GERAL</b>	<b>445.4</b>	<b>233.8</b>	<b>263.8</b>	<b>199.6</b>	<b>679.2</b>	<b>463.4</b>

Notes: <sup>(1)</sup> DM = Domestic Market; IM = International Market; <sup>(2)</sup> Revenues for the Volares includes the Chassis.

## COMPOSITION OF CONSOLIDATED NET REVENUES (%)



## GROSS PROFITS AND MARGINS

Consolidated Gross Profit for 1Q10 totaled R\$ 163.7 million, with a margin of 24.1%, against R\$ 99.8 million and a margin of 21.5% in 1Q09. Improvement in the margin is due to the contribution of units from abroad, to the increase in volume produced at a consolidated level, which generated gains in productivity and a greater dilution of the industrial fixed costs, and an improvement in the mix of sales. For Marcopolo South Africa, the performance was improved by the deliveries of buses for the World Cup football games to be held this year. In India, the significant growth in production provided improved profitability. In Argentina and Colombia, there was also an increase in production and improvement in margins over the quarter. Further, the deactivation of the facility in Portugal and the shutdown of the unit in Russia also contributed to a reduction in costs and the consequent improvement in the margins.

## OPERATING EXPENSES

- **Sales Expenses**

Sales expenses totaled R\$ 39.7 million during 1Q10, against R\$ 40.0 million in 1Q09 corresponding to 5.9% and 8.6% of net revenues, respectively. It is important to remember that during 1Q09, there was an increase in provision for bad debt, principally for the Banco Moneo, which caused an increase in the selling expenses account. In 1Q10, delinquencies by the bank returned to levels that are considered normal and, as a consequence, to share of selling expenses in net income returned to the same levels as before the financial crisis of 2009.

- **General and Administrative Expenses**

General and administrative expenses totaled R\$ 28.2 million during 1Q10, or 4.2% of net income, compared with R\$ 22.5 million, or 4.9% of income in 1Q09.

- **Other Income/Operating Expenses**

During the first quarter of 2010, R\$ 6.4 million was included as "Other Operating Income," stemming basically from the reversal of some of the tax provisions.

## NET FINANCIAL INCOME

Net financial income in 1Q10 was positive by R\$ 5.0 million, compared with R\$ 0.6 million, also positive, during 1Q09. This result is in large part due to the exchange rate coverage provided in the export contracts and from earnings from financial investments.

## EBITDA AND (ADJUSTED) EBITDA

EBITDA was R\$ 112.6 million during 1Q10 with a margin of 16.6%, compared to R\$ 47.0 million and a margin of 10.1% for 1Q09. The adjusted EBITDA was R\$ 114.9 million in 1Q10, with a margin of 16.9%, against R\$ 49.5 million and a margin of 10.7% in 1Q09, as a function of changes in the exchange rate on exports, including forward trades to cover the portfolio orders, as shown on the following table. The increase in the EBITDA margin is due to basically to the same factors described for the gain in gross margin.

(R\$ '000)	1Q10	1Q09	Var. %
Operating Results	108.5	40.4	168.6
Financial Income	(50.0)	(26.7)	(87.3)
Financial Expenses	45.0	26.1	72.4
Depreciation/Amortization	9.1	7.2	26.4
<b>EBITDA</b>	<b>112.6</b>	<b>47.0</b>	<b>139.6</b>
Exchange Rate Variation On Exports	2.3	2.5	(8.0)
<b>EBITDA ( Adjusted)</b>	<b>114.9</b>	<b>49.5</b>	<b>132.1</b>



## NET INCOME

Consolidated Net Income for 1Q10 totaled R\$ 69.1 million with a margin of 10.2%, as opposed to R\$ 21.5 million and a margin of 4.6% during 1Q09. The increase in net margin was due to the contribution of producing units outside Brazil, the increase in the volume produced at the consolidated level, which generated productivity gains and increased dilution of general fixed costs and better financial results. For Marcopolo South Africa, the orders for buses for the World Cup Football Games this year benefited overall performance. In India, there was a significant increase in production that offered gains in profitability. In Argentina and Colombia there were also productivity and profitability gains.

## FINANCIAL INDEBTEDNESS

Net financial indebtedness totaled R\$ 727.8 million on March 31, 2010, (R\$ 709.6 million on December 31, 2009). Of this total R\$ 219.3 million was the result of operations in the industrial segment (R\$ 231.1 million on December 31, 2009) and R\$ 508.5 million from the financial segment (R\$ 478.5 million on December 31, 2009).

It should be pointed out that indebtedness in the financial segment stems from the consolidation of activities of Banco Moneo, and should be analyzed separately, since it has distinct characteristics that come from the operational activities of the Company. The financial liabilities of the Banco Moneo are offset in the "clients" account under Bank's Assets. The credit risk is duly provided for according to the rules of the Central Bank of Brazil. Because it involves a FINAME transaction, each payment from the BNDES has an exact offset in the accounts receivable from clients of Banco Moneo.

On March 31, the net financial debt of the industrial segment represented 0.9 times EBITDA for the last 12 months.

## CASH GENERATION

In 1Q10, operating activities generated income of R\$ 93.2 million. Investments in fixed assets required R\$ 28.5 million and financing activities consumed R\$ 71.7 million. As a result, the initial cash balance of R\$ 499.0 million, including R\$ 0.2 million for the exchange rate variation on cash holdings, declined to R\$ 491.7 million on March 31, 2010.

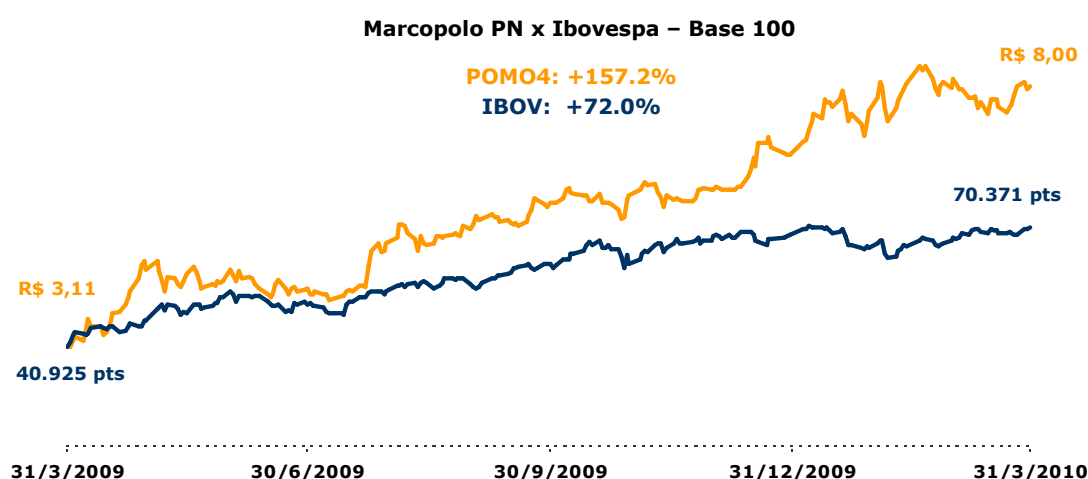
## INVESTMENTS IN FIXED ASSETS

In 1Q10, the Company invested R\$ 24.0 million in capital goods, of which R\$ 11.1 million was spent by the holding company and invested as follows: R\$ 1.9 million for machinery and equipment; and R\$ 0.1 million in buildings land and improvements; R\$ 0.3 million in computer equipment and software; R\$ 6.5 million in premiums for the acquisition of additional shares of Metalpar; and R\$ 2.3 million in other fixed assets. R\$ 12.9 million was invested in subsidiaries and affiliates, of which R\$ 4.1 million in GB Polo; R\$ 3.0 million in Tata Marcopolo Motors Limited; R\$ 0.3 million in Marcopolo South Africa; R\$ 1.6 million in Ciferal; and R\$ 3.9 million in other units.



## CAPITAL MARKETS

- Performance of Marcopolo shares on the BM&Fbovespa



During 1Q10, Marcopolo's preferred shares – POM04 – increased in value 19.2%, compared to the 2.6% rise of the IBOVESPA, while over the last 12 months, POM04 rose substantially, 157.2%, compared with 72.0% of the Ibovespa index. The excellent outlook for Marcopolo have been driving the Company's stocks on the BM&FBOVESPA. Trades of shares issued by Marcopolo totaled R\$ 205.9 million during 1Q12, on 26.8 million shares. Nevertheless, the Company's Management continues to search for ways to increase the liquidity of its securities and its shareholder base.

INDICATORS	1Q10	1Q09
Number of Trades	25,399	11,441
Shares Traded (millions)	26.8	21.0
Amount Traded (R\$ millions)	205.9	65.0
Market Value (R\$ millions) <sup>(1)</sup>	1,793.8	697.3
Shares Outstanding (thousands) <sup>(2)</sup>	224.2	224.2
Equity per Share (R\$)	3.56	3.26
Price POM04 (31/03/10)	8.00	3.11

Notes: <sup>(1)</sup> Price on the last trade per share of Registered Preferred (PE) shares, multiplied by the total number of shares (OE + PE) at standing during the same period; <sup>(2)</sup> Of this total, 192,700 preferred shares were held by the treasury on March 31, 2010.



## OUTLOOK

The performance of Marcopolo's companies abroad provided significant results during 1Q10. In South Africa, deliveries for the Football World Cup Games are driving the results of that unit in the first half of the year. The Tata Marcopolo Motors Lmted joint venture in India produced 2,693 units during the quarter, of which 1,566 units were minis and 1,127 units were urban vehicles. In Colombia, Superpolo increased its production by 8.6% during 1Q10. The Mexican bus market is beginning to show signs of recovery, and should recover to normal activities during the second half of this year. In Egypt, GB Polo has already produced more than 200 units this quarter. With regard to exports, demand continues to be below normal, but the recovery of orders from countries that are traditional importers of buses from Brazil is taking place in a gradual manner.

In Brazil, the production of bus bodies should continue to be strong in the coming years. The recovery of economic growth, more employment generation and increase the average income of the population contribute to a positive outlook for the bus sector in Brazil.

Infrastructure construction for the World Cup in 2014 and the Olympic Games for 2016 also represent good news for the sector. Investments in the improvement of urban transportation and Brazil will result in the renovation and expansion of the bus fleet. Among the 12 cities that will host the World Cup games in Brazil, at least nine will be increasing their bus rapid transit systems (BRTs), which will require more than R\$ 11 billion in investments. Although it is still too early to evaluate precisely the number of articulated and bi-articulated buses that will be required for these projects, it is possible to say that the solution for public urban transportation in Brazil will necessarily require investments in BRTS.

Still with regard to the domestic market, the auction for concessions of the interstate and international transportation rights, scheduled for the middle of 2011, have accelerated the renovation of the intercity and interstate bus fleet. There are more than 2,500 lines, served by more than 250 companies that have a fleet of more than 14,000 buses. In the tenders the quality standards for service providers will be defined, among which there will be an age limit for the fleet, which implies a renovation of a large part of the current fleet.

Along with this, the extension of FINAME-PSI financing program for the acquisition of buses to December 2010, with an increase of funding in the order of R\$ 80 billion, with fixed annual rates of interest of 7% through July, and 8% beginning in July, are also providing stimulus to the sector.

In the school bus sector a new electronic auction program that is part of the Federal Government's "Road to School" Program guaranteed that Marcopolo would be able to deliver, directly or indirectly, 2,450 school buses throughout 2010. This program has aroused increasing interest on the part of public authorities, since it makes it possible for states and municipalities to provide transportation for students living in rural areas under favorable terms.

As the company reported on December 11, 2009, the "guidance for performance" for 2010 is: (i) achieve a consolidated net revenues of R\$ 2.55 billion; and (ii) produce 24,700 buses between the units in Brazil and those overseas. The investments in fixed assets will require funding of about R\$ 60.0 million. These forecasts will be revised throughout the year if and when conditions indicate that it is wise to do so.

The Management.

## BALANCE SHEETS

*in thousands of reais*

ASSETS	Consolidated	
	03/31/10	12/31/09
<b>Current assets</b>		
Cash and cash equivalents	491,712	498,972
Short-term investment	12,306	37,438
Trade accounts receivable	741,810	701,260
Inventories	262,552	237,403
Taxes recoverable	90,425	93,228
Other accounts receivable	43,117	48,062
	<b>1,641,923</b>	<b>1,616,363</b>
<b>Non-current assets</b>		
<b>Long-term receivables</b>		
Related parties	-	102
Taxes recoverable	3,029	2,243
Deferred income tax and social contribution	51,050	54,956
Judicial Deposits	13,667	13,618
Trade accounts receivable	423,633	398,943
Other accounts receivable	7,973	14,390
	<b>499,352</b>	<b>484,252</b>
Investments	18,713	20,114
Property, plant and equipment	295,661	282,278
Intangible assets	77,185	71,887
	<b>391,560</b>	<b>374,279</b>
<b>TOTAL ASSETS</b>	<b>2,532,835</b>	<b>2,474,894</b>
LIABILITIES AND STOCKHOLDERS' EQUITY	Consolidated	
	03/31/10	12/31/09
<b>Current liabilities</b>		
Suppliers	243,936	204,920
Loans and financing	292,253	372,898
Derivatives	28,921	6,906
Salaries and vacation pay	61,474	57,008
Taxes and contributions payable	53,645	41,303
Related parties	-	90
Advances from customers	15,808	19,573
Commissioned representatives	17,150	20,330
Interest on own capital and dividends	11,610	43,576
Management profit sharing	2,350	7,552
Other accounts payable	66,814	67,824
	<b>793,961</b>	<b>841,980</b>
<b>Non-current liabilities</b>		
Loans and financing	910,411	866,156
Provision for contingencies	16,159	27,149
Other accounts payable	6,474	936
	<b>933,044</b>	<b>894,241</b>
<b>Stockholders' equity</b>		
Capital	450,000	450,000
Capital reserves	(102)	(806)
Revenue reserves	351,824	309,570
Treasury stock	(843)	(2,427)
Equity adjustments	(3,714)	(26,479)
	<b>797,165</b>	<b>729,858</b>
<b>Non-controlling Interest</b>	<b>8,665</b>	<b>8,815</b>
	<b>805,830</b>	<b>738,673</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>2,532,835</b>	<b>2,474,894</b>

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## STATEMENTS OF INCOME

*in thousands of reais*

ACCOUNTS	Consolidated	
	1Q10	1Q09
<b>Net sales and service revenues</b>	<b>679,222</b>	<b>463,363</b>
Cost of sales and services	(515,491)	(363,544)
<b>Gross Profit</b>	<b>163,732</b>	<b>99,819</b>
<b>Operating expenses (income)</b>		
Selling expenses	(39,730)	(40,005)
Management fees	(2,130)	(2,113)
Administrative expenses	(26,045)	(20,343)
Other operating expenses (income), net	6,434	1,985
Equity in the results of investees	1,254	463
<b>Operating profit before financial income (expenses)</b>	<b>103,515</b>	<b>39,806</b>
Financial income	50,048	26,720
Financial expenses	(45,051)	(26,133)
<b>Financial result net</b>	<b>4,997</b>	<b>587</b>
<b>Income before taxation and profit sharing</b>	<b>108,512</b>	<b>40,393</b>
<b>Income tax and social contribution</b>		
For the year	(36,707)	(24,273)
Deferred	(778)	7,178
<b>Management profit sharing</b>	<b>(1,958)</b>	<b>(1,813)</b>
<b>Minority interest</b>	<b>-</b>	<b>-</b>
<b>Net income for the year</b>	<b>69,070</b>	<b>21,485</b>
<b>Net income per share - R\$</b>	<b>0.309</b>	<b>0.096</b>

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## CASH FLOWS

	Consolidated	
	1Q10	1Q09
<b>Cash flows from operating activities</b>		
<b>Net income for the year</b>	<b>69,070</b>	<b>21,485</b>
Adjustments to reconcile net income with cash generated by (used in) operating activities:		
Depreciation and amortization	9,120	7,167
Cost of fixed and intangible asset sales	3,003	381
Equity in the results of investees	(1,254)	(463)
Allowance for doubtful accounts	4,986	16,636
Deferred income tax and social contribution	778	(7,178)
Interest and appropriated exchange variations	16,120	(29,357)
Minority interest	(503)	224
<b>Changes in assets and liabilities</b>		
(Increase) decrease in trade accounts receivable	(58,944)	38,856
(Increase) decrease in other accounts receivable	12,179	33,402
(Increase) decrease in inventories	(22,746)	(5,741)
Increase (decrease) in marketable securities	25,132	(3,532)
Increase (decrease) in suppliers	33,521	4,353
Increase (decrease) in accounts payable and provisions	2,701	(39,366)
<b>Net cash provided by (used in) operating activities</b>	<b>93,163</b>	<b>36,867</b>
<b>Cash flows from investing activities</b>		
Investments	(4,457)	(1,369)
Related parties	11	5,530
Fixed assets variation	(16,804)	(34,747)
Intangible assets variation	(7,242)	(3,315)
<b>Net cash used in investing activities</b>	<b>(28,492)</b>	<b>(33,901)</b>
<b>Cash flows from financing activities</b>		
Gain on sale of treasury stock	2,288	2,117
Dividends and interest on capital paid	(43,508)	(50,417)
New loans and financing	251,838	151,873
Payment of loans and interest	(282,333)	(244,667)
<b>Net cash provided by (used in) financing activities</b>	<b>(71,715)</b>	<b>(141,094)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(7,260)</b>	<b>(138,704)</b>
<b>Exchange variation on cash and cash equivalents</b>	<b>(216)</b>	<b>(576)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>498,972</b>	<b>416,077</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>491,712</b>	<b>277,373</b>

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