

(Convenience translation into English from the original previously issued in Portuguese)



BALANCE SHEETS AS OF 31 DECEMBER 2010 AND 2009

(In thousands of Brazilian reais)

ASSETS	NOTES	COMPANY			CONSOLIDATED			LIABILITIES AND SHAREHOLDERS' EQUITY	NOTES	COMPANY			CONSOLIDATED		
		2010	2009	01/01/09	2010	2009	01/01/09			2010	2009	01/01/09	2010	2009	01/01/09
CURRENT ASSETS		347.114	271.342	332.959	347.115	271.343	332.963	CURRENT LIABILITIES		94.278	97.283	135.519	93.606	96.577	134.567
Cash and cash equivalents	6	88.326	41.575	76.358	88.327	41.575	76.361	Trade payables		33.322	47.188	16.706	33.322	47.188	16.706
Trade receivables	7	142.417	97.358	84.021	142.417	97.359	84.022	Salaries, wages and other compensation		6.297	5.680	5.203	6.297	5.680	5.203
Inventories	8	79.638	86.025	125.951	79.638	86.025	125.951	Other payables	15	4.314	6.082	11.488	3.642	5.376	10.536
Receivables	11	11.100	11.118	12.740	11.100	11.118	12.740	Taxes payable	15	5.624	2.669	3.999	5.624	2.669	3.999
Recoverable taxes	9	24.962	34.916	33.555	24.962	34.916	33.555	Loans and financings	16	32.968	33.839	85.012	32.968	33.839	85.012
Prepaid expenses		671	350	334	671	350	334	Dividends and profit sharing	18	11.753	1.825	13.111	11.753	1.825	13.111
NON-CURRENT ASSETS		286.102	326.508	336.903	285.030	325.383	335.386	NON-CURRENT LIABILITIES		73.021	68.015	101.414	72.622	67.597	100.853
Long-term assets								Loans and financing	16	11.234	10.621	22.647	11.234	10.621	22.647
Deferred taxes	10b	36.757	44.752	27.456	36.757	44.752	27.456	Provision for taxes and contributions	19a	22.390	21.322	45.736	22.390	21.322	45.736
Deferred income and social contribution taxes	9	20.159	33.222	49.610	20.159	33.222	49.610	Provision for contingencies	19b	35.748	31.697	27.760	35.748	31.697	27.760
Receivables	11	8.198	13.306	17.476	8.198	13.306	17.476	Intercompany loan		399	418	561	-	-	-
Other receivables		3.247	3.562	2.730	3.247	3.562	2.730	Deferred income and social contribution taxes	10b	3.250	3.957	4.710	3.250	3.957	4.710
		68.361	94.842	97.272	68.361	94.842	97.272								
Investments	12	8.416	8.505	8.627	7.344	7.380	7.110	SHAREHOLDER'S EQUITY		465.917	432.552	432.929	465.917	432.552	432.929
Property, plant and equipment	13	208.647	222.275	230.262	208.647	222.275	230.262	Share capital	20a	220.000	220.000	220.000	220.000	220.000	220.000
Intangible assets		678	886	742	678	886	742	Capital reserves		37.084	37.084	37.084	37.084	37.084	37.084
		217.741	231.666	239.631	216.669	230.541	238.114	Other comprehensive income		101	445	383	101	445	383
								Income reserves	20c	208.732	175.023	175.462	208.732	175.023	175.462
TOTAL ASSETS		633.216	597.850	669.862	632.145	596.726	668.349	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		633.216	597.850	669.862	632.145	596.726	668.349

The accompanying notes are an integral part of these financial statements.

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STATEMENT OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

(In thousands of Brazilian reais)

	Note	COMPANY		CONSOLIDATED	
		2010	2009	2010	2009
Operating revenue, net	22	850.533	571.210	850.533	571.210
Costs of products sold		(703.648)	(495.214)	(703.648)	(495.214)
GROSS INCOME		146.885	75.996	146.885	75.996
OPERATING INCOME (LOSS)					
Selling expenses		(39.759)	(33.126)	(39.759)	(33.126)
General and administrative		(40.485)	(36.098)	(40.490)	(36.103)
Other operating income (expenses), net	23	(14.750)	11.670	(14.750)	11.670
Equity in earnings of controlled company	12	(5)	(146)	-	(141)
Non-recurring inventory losses	30	-	(43.354)	-	(43.354)
OPERATING INCOME (LOSS)		51.886	(25.058)	51.886	(25.058)
FINANCIAL INCOME					
Financial revenue	24	31.043	20.529	31.043	20.529
Financial expenses	24	(24.257)	(17.185)	(24.257)	(17.185)
NET FINANCIAL INCOME		6.786	3.344	6.786	3.344
INCOME (LOSS) BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES		58.672	(21.714)	58.672	(21.714)
INCOME AND SOCIAL CONTRIBUTION TAXES					
Current	10	(6.183)	-	(6.183)	-
Deferred	10	(7.288)	23.893	(7.288)	23.893
NET INCOME FOR THE YEAR		45.201	2.179	45.201	2.179
Net income attributable to:					
Company shareholders	25			45.201	2.179
Minority interest				-	-
				45.201	2.179
EARNINGS PER SHARE (IN R\$), BASIC AND DILUTED	26	1,436	0,069	1,436	0,069

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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

(In thousands of Brazilian reais)

	Share Capital	Capital Reserves			Income reserves		Retained earnings (accumulated losses)	Other Comprehensive Income	TOTAL
		Goodwill Reserve	Tax Incentives	Statutory Reserve	Tax Incentive	Elekeiroz Special Reserve			
BALANCES AS OF 31 DECEMBER 2008	220.000	28.757	8.327	14.273	7.034	162.616	-	383	441.390
Adoption of IFRS - Opening balance sheet	-	-	-	(423)	-	(8.038)	-	-	(8.461)
BALANCES AS OF 1 JANUARY 2009	220.000	28.757	8.327	13.850	7.034	154.578	-	383	432.929
Net income for the year	-	-	-	-	-	-	2.179	-	2.179
Other comprehensive income	-	-	-	-	-	-	-	62	62
Market value adjustments	-	-	-	-	-	-	-	448	448
Foreign currency translation adjustments	-	-	-	-	-	-	-	(386)	(386)
Destination of profit:	-	-	-	109	(263)	(285)	(2.179)	-	(2.618)
Statutory reserve	-	-	-	109	-	-	(109)	-	-
Tax incentives	-	-	-	-	(263)	-	-	-	(263)
Interest on equity capital	-	-	-	-	-	(755)	(1.600)	-	(2.355)
Special reserve	-	-	-	-	-	470	(470)	-	-
BALANCES AS OF 31 DECEMBER 2009	220.000	28.757	8.327	13.959	6.771	154.293	-	445	432.552
Other comprehensive income for the year	-	-	-	-	-	-	-	62	62
Net income for the year	-	-	-	-	-	-	-	2.179	2.179
Company's comprehensive income	-	-	-	-	-	-	-	2.241	2.241
Net income for the year	-	-	-	-	-	-	45.201	-	45.201
Other comprehensive income (loss)	-	-	-	-	-	-	-	(344)	(344)
Market value adjustments	-	-	-	-	-	-	-	(296)	(296)
Foreign currency translation adjustments	-	-	-	-	-	-	-	(48)	(48)
Destination of profit	-	-	-	2.260	4.140	27.309	(45.201)	-	(11.492)
Statutory reserve	-	-	-	2.260	-	-	(2.260)	-	-
Tax incentives	-	-	-	-	4.140	-	(4.140)	-	-
Interest on equity capital	-	-	-	-	-	-	(11.492)	-	(11.492)
Special reserve	-	-	-	-	-	27.309	(27.309)	-	-
BALANCES AS OF 31 DECEMBER 2010	220.000	28.757	8.327	16.219	10.911	181.602	-	101	465.917
Other comprehensive loss for the year	-	-	-	-	-	-	-	(344)	(344)
Net income for the year	-	-	-	-	-	-	-	45.201	45.201
Company's comprehensive income	-	-	-	-	-	-	-	44.857	44.857

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STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

(In thousands of Brazilian reais)

	COMPANY		CONSOLIDATED	
	2010	2009	2010	2009
OPERATING ACTIVITIES				
Adjustments to net income				
Net income	45.201	2.179	45.201	2.179
Deferred income and social contribution taxes	7.288	(18.048)	7.288	(18.048)
Depreciation and amortisation	28.125	24.552	28.125	24.552
Equity in earnings (losses) of controlled companies	5	146	-	141
Losses (gains) on the disposal of property, plant and equipment and investments	595	27	595	27
Tax incentives	-	(263)	-	(263)
Provision for contingencies	5.068	(22.768)	5.068	(22.768)
Decrease (increase) in assets				
Trade receivables	(45.059)	(27.020)	(45.058)	(27.020)
Inventories	6.387	39.925	6.387	39.925
Escrow deposits	364	1.459	364	1.459
Other accounts receivable	9.652	246	9.652	246
Non-current recoverable taxes	13.062	16.388	13.062	16.388
Non-current receivables	5.109	4.170	5.109	4.170
Increase (decrease) in liabilities				
Trade payables	(13.866)	30.481	(13.866)	30.481
Salaries, wages and other compensation	3.570	(867)	3.570	(867)
Other payables	8.160	(16.676)	8.195	(16.430)
Cash provided by operating activities	73.661	33.931	73.692	34.172
INVESTING ACTIVITIES				
Ownership interest	-	(443)	(48)	(830)
Acquisition of property, plant and equipment	(14.804)	(16.823)	(14.804)	(16.823)
Increase in intangible assets	(123)	(53)	(123)	(53)
Derivative and financial instruments	(296)	448	(296)	448
Revenue from the disposal of assets	82	171	82	171
Cash used in investing activities	(15.141)	(16.700)	(15.189)	(17.087)
FINANCING ACTIVITIES				
Loans and financing - principal and interest	(277)	(49.658)	(259)	(49.515)
Distribution of dividends	(11.492)	(2.356)	(11.492)	(2.356)
Cash used in financing activities	(11.769)	(52.014)	(11.751)	(51.871)
Increase (decrease) in cash and cash equivalents	46.751	(34.783)	46.752	(34.786)
Cash and cash equivalents at beginning of year	41.575	76.358	41.575	76.361
Cash and cash equivalents at end of year	88.326	41.575	88.327	41.575

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STATEMENT OF VALUE ADDED FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

(In thousands of Brazilian reais)

	COMPANY		CONSOLIDATED	
	2010	2009	2010	2009
1 REVENUES	1.049.020	712.689	1.049.020	712.689
Sale of goods	1.049.348	712.842	1.049.348	712.842
Allowance for doubtful accounts	(328)	(153)	(328)	(153)
2 INPUTS ACQUIRED FROM THIRD PARTIES	907.247	659.112	907.252	659.117
Cost of goods sold	826.350	587.450	826.350	587.450
Materials, electricity, third-party services, and expenses	80.897	71.662	80.902	71.667
3 GROSS VALUE ADDED (1 - 2)	141.773	53.577	141.768	53.572
4 DEDUCTIONS	28.125	24.552	28.125	24.552
Depreciation, amortisation, and depletion	28.125	24.552	28.125	24.552
5 NET VALUE ADDED GENERATED BY THE COMPANY (3 - 4)	113.648	29.025	113.643	29.020
6 VALUE ADDED RECEIVED IN TRANSFER	31.038	20.383	31.043	20.388
Equity in earnings (losses) of controlled companies	(5)	(146)	-	(141)
Financial income	31.043	20.529	31.043	20.529
7 TOTAL VALUE ADDED AVAILABLE FOR DISTRIBUTION (5 + 6)	144.686	49.408	144.686	49.408
8 VALUE ADDED DISTRIBUTION	144.686	49.408	144.686	49.408
Personnel	56.167	47.278	56.167	47.278
Direct compensation	46.049	37.865	46.049	37.865
Benefits	7.222	6.632	7.222	6.632
Severance Pay Fund - FGTS	2.896	2.781	2.896	2.781
Taxes, fees and contributions	35.491	615	35.491	615
Federal	30.999	(10.491)	30.999	(10.491)
State	3.621	10.146	3.621	10.146
Municipal	871	960	871	960
Return on debt	7.827	(664)	7.827	(664)
Interest	7.827	(664)	7.827	(664)
Return on equity	45.201	2.179	45.201	2.179
Interest on equity capital	11.492	2.355	11.492	2.355
Withheld net income (loss)	33.709	(176)	33.709	(176)

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