Mills Estruturas e Serviços de Engenharia S.A.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

Interim Financial Information for the Quarter Ended September 30, 2012 and Report on Review of Interim Financial Information

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors and Shareholders of
Mills Estruturas e Serviços de Engenharia S.A.
Rio de Janeiro – RJ

Introduction

We have reviewed the accompanying interim financial information, of Mills Estruturas e Serviços de Engenharia S.A. ("Company") included in the Interim Financial Information Form (ITR), for the quarter ended September 30, 2012, which comprises the balance sheet as of September 30, 2012 and the related statements of income and comprehensive income, for the three and nine-month periods then ended and the statement of changes in equity and statement of cash flows for the nine-month period then ended, including the explanatory notes.

Management is responsible for the preparation of interim financial information in accordance with CPC 21 (R1) - Interim Financial Reporting and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion on the interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information included in the ITR referred to above is not prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34 applicable to the preparation of Interim Financial Information (ITR) and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM).

Other matters

Statements of value added

We have also reviewed the interim statement of value added ("DVA"), for the nine-month period ended September 30, 2012, prepared under the responsibility of the Company's management, the presentation of which is required by the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Interim Financial Information (ITR), and considered as supplemental information for IFRS that does not require the presentation of DVA. This statement was subject to the same review procedures described above and based on our review, nothing has come to our attention that causes us to believe that it is not prepared, in all material respects, in relation to the interim financial information taken as a whole.

The accompanying interim financial information has been translated into English for the convenience of readers outside Brazil.

Rio de Janeiro, November 7, 2012

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Antônio Carlos Brandão de Sousa
Engagement Partner

MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

BALANCE SHEETS AS AT SEPTEMBER 30, 2012 AND DECEMBER 31, 2011
(In thousands of Brazilian reais - R$) - Unaudited

	Note	9/30/2012	12/31/2011
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	299,358	35,179
Trade receivables	4	168,080	139,142
Inventories		21,281	11,191
Recoverable taxes	5	27,780	22,051
Advances to suppliers		6,908	11,485
Derivative financial instruments	22	40	2,841
Other assets		4,562	2,980
		528,009	224,869
NON-CURRENT ASSETS			
Trade receivables	4	2,549	2,608
Recoverable taxes	5	29,520	31,577
Deferred taxes	13	2,783	4,888
Judicial deposits	14	11,476	10,911
		46,328	49,984
investments	6	87,392	87,392
Property, plant and equipment	7	978,642	872,886
intangible assets	8	51,556	45,488
		1,117,590	1,005,766
TOTAL ASSETS		1,691,927	1,280,619

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MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

BALANCE SHEETS AS AT SEPTEMBER 30, 2012 AND DECEMBER 31, 2011
(In thousands of Brazilian reais - R$) - Unaudited

	Note	9/30/2012	12/31/2011
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade payables		46,138	35,898
Borrowings, financing and finance leases	9	109,081	65,282
Debentures	10	13,233	6,126
Payroll and related taxes		37,180	24,967
Income tax and social contribution	13	4,688	2,742
Tax debt refinancing program (REFIS)		895	353
Taxes payable		9,949	8,119
Profit sharing payable	12	11,787	7,917
Dividends payable	16	18,784	21,892
Other liabilities		6,273	4,441
		258,008	177,737
NON-CURRENT LIABILITIES			
Borrowings, financing and finance leases	9	40,442	71,110
Debentures	10	537,265	268,428
Tax debt refinancing program (REFIS)		9,918	10,519
Provision for tax, civil and labor claims	14	11,023	16,079
Other liabilities		550	606
		599,198	366,742
TOTAL LIABILITIES		857,206	544,479
EQUITY			
Issued capital	15	536,179	527,587
Capital reserves	15	(1,852)	(5,581)
Earnings reserves	15	210,892	212,032
Equity valuation adjustments	15	254	2,102
Retained earnings		89,248	-
Total equity		834,721	736,140
TOTAL LIABILITIES AND EQUITY		1,691,927	1,280,619

The accompanying notes are an integral part of this interim financial information.

MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

INCOME STATEMENTS FOR THE THREE-MONTH AND
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2012 AND 2011
(In thousands of Brazilian reais - R$) - Unaudited

		9/30/2012		9/30/2011	
	Note	Three-month period	Nine-month period	Three-month period	Nine-month period
Net revenue from sales and services	18	222,227	632,465	175,059	484,044
Cost of sales and services	19	(105,181)	(290,758)	(92,263)	(244,786)
GROSS PROFIT		117,046	341,707	82,796	239,258
General and administrative expenses	19	(48,301)	(153,385)	(52,071)	(130,962)
OPERATING PROFIT		68,745	188,322	30,725	108,296
Finance income	20	1,056	3,466	4,619	12,043
Finance costs	20	(11,179)	(35,085)	(16,584)	(34,016)
FINANCE COSTS, NET		(10,123)	(31,619)	(11,965)	(21,973)
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		58,622	156,703	18,760	86,323
Income tax and social contribution	13	(20,643)	(46,815)	(883)	(23,691)
PROFIT FOR THE PERIOD		37,979	109,888	17,877	62,632
Basic earnings per share - R$	17 (a)	0.30	0.87	0.14	0.49
Diluted earnings per share - R$	17 (b)	0.30	0.87	0.14	0.49

The accompanying notes are an integral part of this interim financial information.

MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2012 AND 2011
(In thousands of Brazilian reais - R$, unless otherwise stated) - Unaudited

		9/30/2012		9/30/2011	
	Note	Three-month period	Nine-month period	Three-month period	Nine-month period
PROFIT FOR THE PERIOD		37,979	109,888	17,877	62,632
OTHER COMPREHENSIVE INCOME					
Cash flow hedge	22	(847)	(1,848)	7,612	3,931
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		37,132	108,040	25,489	66,563

The accompanying notes are an integral part of this interim financial information.

MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2011
(In thousands of Brazilian reais - R$) - Unaudited

	Subscribed capital	Capital reserve	Earnings reserves				Equity valuation adjustments	Retained earnings	Total
			Legal	Expansion	retention	Special			
AT JANUARY 1, 2011	525,123	(8,170)	8,583	61,243	71,527	3,849	(7,003)	-	655,152
Capital contribution - share issue	1,674	-	-	-	-	-	-	-	1,674
Purchase of treasury shares	-	-	-	-	-	(535)	-	-	(535)
Cancelation of treasury shares	-	(535)	-	-	-	535	-	-	-
Stock option plan	-	2,203	-	-	-	-	-	-	2,203
Realization of special reserve - tax amortization of Itapoã merged goodwill	-	-	-	-	-	(1,140)	-	1,140	-
Comprehensive income for the period - cash flow hedge	-	-	-	-	-	-	3,931	-	3,931
Profit for the period	-	-	-	-	-	-	-	62,632	62,632
Interest on capital proposed (R$0.17 per share)	-	-	-	-	-	-	-	(22,000)	(22,000)
AT SEPTEMBER 30, 2011	526,797	(6,502)	8,583	61,243	71,527	2,709	(3,072)	41,772	703,057

The accompanying notes are an integral part of this interim financial information.

MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2012
(In thousands of Brazilian reais - R$) - Unaudited

	Subscribed capital	Capital reserve	Earnings reserves: Legal	Earnings reserves: Expansion	Earnings reserves: Special	Earnings reserves: Earnings retention	Equity valuation adjustments	Retained earnings	Total
AT JANUARY 1, 2012	527,587	(5,581)	13,192	61,243	2,329	135,268	2,102	-	736,140
Capital contribution - share issue	8,592	-	-	-	-	-	-	-	8,592
Purchase / cancelation of treasury shares	-	(23)	-	-	-	-	-	-	(23)
Stock option plan	-	3,752	-	-	-	-	-	-	3,752
Realization of special reserve - tax amortization of Itapoã merged goodwill	-	-	-	-	(1,140)	-	-	1,140	-
Comprehensive income for the period - cash flow hedge	-	-	-	-	-	-	(1,848)	-	(1,848)
Profit for the period	-	-	-	-	-	-	-	109,888	109,888
Interest on capital proposed (R$0.17 per share)	-	-	-	-	-	-	-	(21,780)	(21,780)
AT SEPTEMBER 30, 2012	536,179	(1,852)	13,192	61,243	1,189	135,268	254	89,248	834,721

The accompanying notes are an integral part of this interim financial information.

MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

STATEMENTS OF CASH FLOWS FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2012 AND 2011
(In thousands of Brazilian reais - R$) - Unaudited

	9/30/2012	9/30/2011
CASH FLOWS FROM OPERATING ACTIVITIES		
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	156,703	86,323
Adjustments:		
Depreciation and amortization	78,521	53,415
Provision for contingencies	(2,844)	1,539
Accrued expenses on stock options	3,752	2,203
Profit sharing payable	11,787	4,695
Gain on sale of property, plant and equipment and intangible assets	(22,279)	(14,946)
Interest, indexation and exchange differences on borrowings, contingencies and judicial deposits	32,465	29,021
Present value adjustment	(115)	-
Allowance for doubtful debts	12,207	11,606
Tax debt refinancing program (REFIS)	(59)	349
Changes in assets and liabilities:		
Trade receivables	(41,962)	(15,412)
Inventories	(10,090)	(6,208)
Recoverable taxes	12,922	(10,265)
Judicial deposits	(565)	(474)
Other assets	5,796	(1,998)
Trade payables	(5,979)	(4,885)
Payroll and related taxes	12,213	12,047
Taxes payable	(1,830)	2,373
Other liabilities	1,776	4,183
Lawsuits settled	(2,585)	-
Interest paid	(24,514)	(9,939)
Income tax and social contribution paid	(39,762)	(17,655)
Profit sharing paid	(7,917)	(17,504)
NET CASH GENERATED BY OPERATING ACTIVITIES	172,301	108,468

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MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

STATEMENTS OF CASH FLOWS FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2012 AND 2011
(In thousands of Brazilian reais - R$) - Unaudited

	9/30/2012	9/30/2011
Cash flows from investing activities:		
Securities	-	136,146
Acquisitions of investments	-	(93,465)
Purchases of property, plant and equipment and intangible assets (*)	(205,083)	(328,205)
Proceeds from sale of property, plant and equipment and intangible assets	27,729	19,507
NET CASH USED IN INVESTING ACTIVITIES	(177,354)	(266,017)
Cash flows from financing activities		
Capital contributions	8,592	1,674
Acquisition of treasury shares	(23)	(535)
Dividends and interest on capital paid	(21,892)	(28,112)
Repayment of borrowings	(25,548)	(78,290)
Borrowings raised	308,103	328,861
NET CASH GENERATED BY FINANCING ACTIVITIES	269,232	223,598
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET	264,179	66,049
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (NOTE 3)	35,179	6,192
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (NOTE 3)	299,358	72,241

(*) PIS and COFINS credits are included in total purchases of property, plant and equipment and intangible assets.

The accompanying notes are an integral part of this interim financial information.

MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

STATEMENTS OF VALUE ADDED FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2012 AND 2011
(In thousands of Brazilian reais - R$) - Unaudited

	9/30/2012	9/30/2011
REVENUES:		
Sales of merchandise, products and services	737,273	561,715
Cancelations and discounts	(40,847)	(32,511)
Other revenues (sale of assets)	2,675	532
Allowance for doubtful debts - Recognition	(12,207)	(11,578)
	686,894	518,158
INPUTS PURCHASED FROM THIRD PARTIES		
Cost of sales and services	(15,000)	(12,588)
Materials, energy, outside services and other	(92,692)	(86,639)
Write-off of leased assets	(14,288)	(3,836)
Other	-	(393)
	(121,980)	(103,456)
Gross value added	564,914	414,702
Depreciation, amortization and depletion	(78,521)	(53,416)
Wealth created by the Company	486,393	361,286
Wealth received in transfer:		
Finance income	3,466	12,043
Wealth for distribution	489,859	373,329
DISTRIBUTION OF WEALTH		
Personnel and payroll taxes	187,762	162,658
Salaries and wages	148,121	126,892
Benefits	30,463	27,606
Severance Pay Fund (FGTS)	9,178	8,160
Taxes and contributions	143,917	99,804
Federal	132,797	90,121
State	3,174	2,514
Municipal	7,946	7,169
Lenders and lessors	48,292	48,235
Interest and exchange differences	35,037	34,165
Leases	13,255	14,070
Shareholders	109,888	62,632
Interest on capital and dividends	21,780	22,000
Retained earnings/loss for the period	88,108	40,632
Wealth distributed	489,859	373,329

The accompanying notes are an integral part of this interim financial information.

1. GENERAL INFORMATION

Mills Estruturas e Serviços de Engenharia S.A. ("Mills" or "Company") is a publicly-traded corporation with registered offices in the City of Rio de Janeiro, Brazil. The Company basically operates in the construction and industrial maintenance markets, engaging in the following principal activities:

(a) Rental and sale, including export, of steel and aluminum structures for construction works, as well as reusable concrete forms, along with optional supply of related engineering projects, supervisory and assembly services.

(b) Rental, assembly, and dismantling of access tubular scaffolding in industrial areas.

(c) Performance of industrial painting, sand-blasting, heat insulation, boilermaker and refractory services, as well as other services inherent in such activities.

(d) Sale, lease and distribution of aerial work platforms and telescopic manipulators, as well as parts and components, and technical assistance and maintenance services for such equipment.

The accounting information contained in this interim financial information was approved by the Company's Board of Directors and authorized for issue on November 7, 2012.

2. PRESENTATION OF INTERIM FINANCIAL INFORMATION

2.1. Basis of presentation

The Company's interim financial information comprises the interim financial statements and has been prepared in accordance with Accounting Pronouncement CPC 21, which addresses interim financial reporting, and in accordance with International Accounting Standard (IAS) 34.

This interim financial information does not include all the information and disclosures required in annual financial statements and should, therefore, be read in conjunction with the financial statements of Mills for the year ended December 31, 2011, which have been prepared in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Boards (IASB).

In compliance with Brazilian Securities Commission (CVM) Circular 003/2011, of April 28, 2011, we present below the notes to the most recent annual financial statements (for the year ended December 31, 2011), which, in view of the lack of significant changes this quarter, are not being reproduced in full in this interim financial information:

Notes not included in the period ended September 30, 2012	Location of the note in the 2011 annual financial statements
Financial risk management	Note 4
Tax debt refinancing program (REFIS)	Note 19

2.2. Basis of preparation

The accounting policies, calculation methods, significant accounting judgments, estimates and assumptions used in this interim financial information are the same used in the financial statements for the year ended December 31, 2011, disclosed in note 2. These financial statements were published on March 6, 2012 on the newspapers Valor Econômico and Official Gazette.

2.3. Reclassification

As at September 30, 2012 the comparative balances amounting to R$3,245 of judicial deposits and provision for tax, civil, and labor claims at December 31, 2011 have been reclassified for comparability purposes.

As at September 30, 2012, the comparative balances amounting to R$4,888 of deferred income tax assets and liabilities at December 31, 2011 were presented on a net basis.

2.4 Adoption of the new and revised International Financial Reporting Standards (IFRSs) without material impacts on the interim financial information

The information related to the Accounting Pronouncements and Interpretations Recently Issued did not suffer significant changes in relation to that disclosed in Note 2.4 to the Financial Statements for the Year ended December 31, 2011. Below is the list of new and revised standards and interpretations already issued but not yet adopted:

IFRS 9	Financial Instruments (1)
IFRS 10	Consolidated Financial Statements (2)
IFRS 11	Joint Arrangements (2)
IFRS 12	Disclosure of Interests in Other Entities (2)
IFRS 13	Fair Value Measurement (2)
Amendments to IAS 1 (revised in 2011)	Presentation of Items of Other Comprehensive Income (3)
IAS 19 (revised in 2011)	Employee Benefits (2)
IAS 27 (revised in 2011)	Separate Financial Statements (2)
IAS 28 (revised in 2011)	Investments in Associates and Joint Ventures (2)

(1) Effective for annual periods beginning on or after January 1, 2015.

(2) Effective for annual periods beginning on or after January 1, 2013.

(3) Effective for annual periods beginning on or after July 1, 2012.

3. CASH AND CASH EQUIVALENTS

	9/30/2012	12/31/2011
Cash and banks	7,756	7,131
Short-term investments	291,602	28,048
	299,358	35,179

The balances recorded as cash and cash equivalents refer to deposits and highly liquid short-term investments, readily convertible into a known amount of cash and subject to an insignificant risk of change in value. As at September 30, 2012, short-term investments refer bank deposit certificates (CDBs) issued by banks Santander and Votorantim, bearing interest at rates ranging from 100.5% to 102.70% of the interbank deposit certificate (CDI) (102% to 103.5% at December 31, 2011).

4. TRADE RECEIVABLES

	9/30/2012	12/31/2011
Construction division	47,989	40,934
Jahu division	49,358	31,844
Industrial services divisions	56,565	49,755
Rental division (Mills Rental)	45,288	34,708
Events division (**)	4,282	5,155
	203,482	162,396
Allowance for doubtful debts (*)	(32,853)	(20,646)
	170,629	141,750
Current	168,080	139,142
Non-current	2,549	2,608

(*) The allowance for doubtful debts is calculated based on the amount considered sufficient to cover potential losses on the realization of receivables, considering an individual analysis of the Company’s major customers.

(**) Amount receivable from sale of property, plant and equipment of the events division, which was discontinued in 2008.

As at September 30, 2012, trade receivables totaling R$32,853 (2011 - R$20,646) were accrued. The increase in the amount of this allowance refers basically to the accrual of the balance receivable from specific customers that during the nine months of 2012 were having difficulties to discharge their obligations.

Mills holds receivables corresponding to assets of the Events Division, whose activities have been discontinued. Part of these assets was sold in the course of 2008 and 2009 under an agreement for the sale of chattels with reserve of title entered into on February 18, 2009. The total amount will be received over a period not exceeding eight years, and the installments are adjusted using the percentage fluctuation of the Extended Consumer Price Index (IPCA). The asset is discounted to present value. As at September 30, 2012, management, based on the

collaterals provided for in the agreement, believes that the amount will be fully realized by the due date of the last installment.
To determine whether or not trade receivables are recoverable, the Company takes into consideration any change in the customer's creditworthiness from the date the credit was originally granted to the end of the reporting period. The credit risk concentration is limited because the customer base is comprehensive and there is no relationship between customers. The Company does not have any customer concentration in its revenue or trade receivables as no single customer or corporate group represents 10% or more of its trade receivables in any of its segments.

The aging list of the Company's trade receivables is as follows:

	9/30/2012	12/31/2011
Current	107,457	94,892
Current (bills with original due dates extended)	20,730	14,330
1 to 60 days past due (*)	37,795	20,743
61 to 120 days past due (*)	7,149	10,675
More than 120 days past due (*)	30,351	21,756
Total	203,482	162,396

(*) The analysis above was conducted considering the extended due dates of the bills.

5. RECOVERABLE TAXES

	9/30/2012	12/31/2011
Taxes on revenue (PIS and COFINS) (*)	50,804	48,506
Income tax (IRPJ) and social contribution (CSLL)	846	606
State VAT (ICMS)	2,378	2,051
Other	3,272	2,465
	57,300	53,628
Current	27,780	22,051
Non-current	29,520	31,577

(*) PIS and COFINS credits refer basically to the amounts recoverable on purchases of property, plant and equipment and that will be offset against non-cumulative PIS and COFINS federal tax obligations. Mills expects that these credits will be realized by 2016.

Since December 2009, the Company used the credits claimed on the purchase of property, plant and equipment for rental at the rate of 1/12th to calculate and pay PIS/COFINS. Due to different interpretations of Article 1 of Law 11,774/08 as regards the possibility of accelerated utilization of such credits for chattel lease operations, the Company filed a formal inquiry to the Brazilian Federal Revenue Service to verify the procedure adopted until then. The reply received in July 2011 stated that such leasing operations were not included in said legal provision and, therefore, the Company was not entitled to utilize credits at the rate of 1/12th. Accordingly, the Company immediately changed its calculation methodology of PIS and COFINS credits from 1/12th to 1/48th and paid the taxes theoretically postponed, totaling R$25,548 including all charges due.

This payment was recorded as a balancing item to recoverable taxes to be utilized in the future at the rate of 1/48th. As the Company did not agree with the Federal Revenue Service's interpretation, it filed a lawsuit requesting an injunction to allow it to utilize the credits at the 1/12th rate and is awaiting a decision on this lawsuit.

6. INVESTMENTS

a) Investment carried at cost

On February 8, 2011, the Company acquired 25% of the capital of Rohr S.A. Estruturas Tubulares ("Rohr") for R$90,000. Rohr is a privately-held company specialized in access engineering and supplying construction solutions, which operates mainly in the heavy construction and industrial maintenance sectors. In 2011 the Company received R$2,035 and R$573 (net of taxes) of interest on capital and dividends relating to its investment in Rohr. These amounts were recorded as a reduction of the investment amount since they were received right after the acquisition of the investee's shares and dividends arising on profits or reserves already existing at the share acquisition date, respectively.

The Company assessed its influence over the management of Rohr and concluded that, even though it holds 27.47% of the investee's capital, such investment should be recorded at the acquisition cost, due to the following facts: Mills does not have power to influence Rohr's financial, operational and strategic policies, it does not control, either individually or jointly, such policies, and it is not represented in the investee's management. Furthermore, there is no shareholders' agreement that might give Mills the right to have influence over the investee's management. Based on these factors, the Company concluded that it does not have significant influence in the investee and will keep the investment recorded at acquisition cost.

7. PROPERTY, PLANT AND EQUIPMENT

	Equipment for rental and operational use	Leasing	Rental equipment in progress	Total leased equipment	Leasehold improvements	Buildings and land	Computers and peripherals	Vehicles	Facilities	Furniture and fixtures	Construction in progress	Total assets in use	Total PP&E
Gross cost of PP&E													
Balances at December 31, 2011	902,920	98,971	57,503	1,059,394	9,953	11,049	8,526	951	1,197	6,145	11,596	49,417	1,108,811
Purchases	134,956	-	71,768	206,724	2,067	-	547	170	175	1,238	3,353	7,550	214,274
Disposals	(22,158)	(2,547)	(11)	(24,716)	(669)	-	(648)	(67)	-	(373)	-	(1,757)	(26,473)
Adjustment for PIS and COFINS credits	(16,594)	-	-	(16,594)	-	-	-	-	-	-	-	-	(16,594)
Reclassification	-	-	-	-	-	-	369	-	-	-	-	369	369
Transfers	57,143	(56)	(60,094)	(3,007)	-	-	48	2,804	-	(62)	217	3,007	-
Balances at September 30, 2012	1,056,267	96,368	69,166	1,221,801	11,351	11,049	8,842	3,858	1,372	6,948	15,166	58,586	1,280,387
Accumulated depreciation													
Balances at December 31, 2011	(190,827)	(32,722)	-	(223,549)	(2,620)	(884)	(4,999)	(324)	(569)	(2,980)	-	(12,376)	(235,925)
Depreciation	(70,630)	(4,816)	-	(75,446)	(765)	(112)	(859)	(213)	(61)	(337)	-	(2,347)	(77,793)
Disposals	9,514	1,005	-	10,519	573	-	636	43	-	339	-	1,591	12,110
Reclassification	-	-	-	-	-	-	(137)	-	-	-	-	(137)	(137)
Transfers	1,918	-	-	1,918	-	-	(36)	(1,918)	-	36	-	(1,918)	-
			-										
Balances at September 30, 2012	(250,025)	(36,533)	-	(286,559)	(2,812)	(996)	(5,395)	(2,412)	(630)	(2,942)	-	(15,187)	(301.745)
Annual depreciation rates - %	10	10	-	-	10	4	20	20	10	10	-	-	-
Property, plant and equipment, net													
Balance at December 31, 2011	712,093	66,249	57,503	835,845	7,333	10,165	3,527	627	628	3,165	11,596	37,041	872,886
Balance at September 30, 2012	806,242	59,835	69,166	935,243	8,539	10,053	3,447	1,446	742	4,006	15,166	43,399	978,642

Rental equipment can be summarized as follows: access scaffolding (Mills and Elite tubular scaffolding), forms (Noe and Aluma forms), props (MillsTour and Aluma), aerial platforms (JLG and Genie) and telescopic manipulators.

We highlight below the main purchases up to September 2012, by group of assets:

	R$
Props	31,248
Platforms	105,928
Reusable concrete forms	46,541
Suspended scaffolding and access structures	21,254
Other	9,303
Total purchases	214,274

As at September 30, 2012, depreciation for the period, allocated to cost of sales and services and to general and administrative expenses, amounts to R$75,446 and R$2,347 (R$51,145 and R$1,782 at September 30, 2011), respectively.

Certain items of the Company’s property, plant and equipment are pledged as collateral of borrowing and financing transactions (Note 9).

Property, plant and equipment are measured at historical cost, less accumulated depreciation. Historical cost includes costs directly attributable to the purchase of items and may also include transfers from equity of any gains/losses on cash flow hedges qualified as referring to the purchase of property, plant and equipment in foreign currency.

Review of estimated useful life

The Company issued, based on the valuation conducted by technical experts, a valuation report dated December 29, 2011, approved at an executive committee’s meeting. In order to prepare its report, the technical experts also considered the Company’s operational planning for the coming fiscal years, past experience, such as the level of maintenance and use of the items, external elements for benchmarking, such as available technologies, manufacturers’ recommendations and technical manuals, and the service lives of the assets. There was no change in the remaining estimated useful lives of property, plant and equipment items for 2011 and there were no events during the period ended September 30, 2012 that would affect the valuation undertaken in 2011.

The Company concluded that there were no events or changes in circumstances that would indicate that such assets may be impaired.

8. INTANGIBLE ASSETS

	Software	Trademarks and patents	Goodwill on investments	Total intangible assets
Gross cost of intangible assets				
Balances at December 31, 2011	8,370	63	44,294	52,727
Purchases	6,159	869	-	7,028
Disposals	(1)	-	-	(1)
Reclassification	(369)	-	-	(369)
Balances at September 30, 2012	14,159	932	44,294	59,385
Accumulated amortization				
Balances at December 31, 2011	(2,997)	(10)	(4,232)	(7,239)
Amortization	(660)	(68)	-	(728)
Disposals	1	-	-	1
Reclassification	137	-	-	137
Balances at September 30, 2012	(3,519)	(78)	(4,232)	(7,829)
Annual amortization rates - %	20	10	-	-
Intangible assets, net				
Balance at December 31, 2011	5,373	53	40,062	45,488
Balance at September 30, 2012	10,640	854	40,062	51,556

Allowance for impairment of goodwill

Goodwill arose on the acquisition of Jahu in 2008 and the acquisition of GP Sul in 2011, which are considered business segments and cash-generating units (CGU) to which the entire goodwill is allocated.

The recoverable amount of the Jahu CGU was determined based on the actual cash flows of this segment in 2011, before income tax and social contribution, projected for a 10-year period by the Company according to financial forecasts approved by management, at a discount rate of around 12% per year and without taking into consideration any growth rate. No need to recognize an allowance for impairment losses of this goodwill was identified.

The recoverable amount of the GP Sul CGU was determined based on a report at market value issued by a specialized firm in August 2011.

In 2011, the Company reviewed the recoverable amount of goodwill allocated to GP Andaimes Sul Locadora LTDA., based on a valuation report prepared by a specialized firm. The recoverable amount of this asset was determined based on economic projections to determine the market value of GP Sul using the income approach by projecting discounted cash flows, in order to support the amount paid. The discount rate used to measure the recoverable amount was around 12% per year.

Management understands that any type of change reasonably possible in key assumptions, on which the recoverable amount is based, would not lead the total carrying amount to exceed the total recoverable amount of the cash-generating unit.

9. BORROWINGS, FINANCING AND FINANCE LEASES

Borrowings were contracted by Mills for purchase of equipment and are being indexed to the Certificate of Interbank Deposit (CDI) rate or at the Long-term Interest Rate (TJLP).

Borrowings indexed to the CDI rate also bear interest of between 0.49% and 4.5% per year, and principal and interest are amortized on a monthly basis.

The financing agreements for rental equipment have been contracted at TJLP charges plus interest of 0.2% to 3.3% per year, with amortization on a monthly basis through June 2021.

Promissory notes

On December 7, 2011 the Company issued a single series of 3 commercial promissory notes with unit face value of R$9,000, for a total amount of R$27,000 maturing on December 1, 2012. The unit face value of the commercial notes bears interest corresponding to 100% of the accumulated fluctuation of the average daily interbank deposit (DI) rates, plus 1.10% per year. Interest will be fully paid on the maturity date.

On April 23, 2012 the Company issued a single series of 30 commercial promissory notes with unit face value of R$1,000, for a total amount of R$30,000 maturing on December 3, 2012. The unit face value of the commercial notes bears interest corresponding to 104.9% of the accumulated fluctuation of the average daily interbank deposit (DI) rates. Interest will be fully paid on the maturity date.

Borrowings, financing and finance leases are as follows:

	9/30/2012	12/31/2011
Current:		
Borrowings and financing	93,350	39,214
Finance leases	15,731	26,068
	109,081	65,282
Non-current:		
Borrowings and financing	24,200	45,019
Finance leases	16,242	26,091
Total	40,442	71,110

Borrowings and financing

	Current liabilities	
	9/30/2012	12/31/2011
Financing from financial institutions:		
Indexed to CDI plus interest of 0.49% to 4.5% per year	90,705	35,553
Indexed to TJLP plus interest of 0.2% to 3.3% per year	2,645	3,661
	93,350	39,214

	Non-current liabilities	
	9/30/2012	12/31/2011
Financing from financial institutions:		
Indexed to CDI plus interest of 0.49% to 4.5% per year	-	26,545
Indexed to TJLP plus interest of 0.2% to 3.3% per year	24,200	18,474
	24,200	45,019

The financial institutions with which the Company has borrowing and financing transactions as at September 30, 2012 are as follows:

- Santander
- Banco do Brasil
- Banco Fibra
- Bradesco
- Itaú Unibanco
- HSBC
- Banco Alfa

On May 27, 2011 the Company entered into a borrowing agreement with the Nassau Branch of Banco Itaú BBA S.A. totaling US$15.8 million (equivalent to R$25.4 million). The borrowing will be settled in a bullet payment on May 28, 2013 and interest will be paid semiannually. In order to eliminate the foreign exchange risk on this borrowing, on the same date a swap was contracted with Banco Itaú BBA S.A. in the amount of R$25.4 million so that the obligations (principal and interest) are fully converted into local currency and carried out on the same maturity dates.

Accordingly, the financial instruments and related charges are considered in the Company's balance sheet and income statement as a single financial instrument, thus reflecting in the most appropriate manner the amounts and indication of future cash flows, as well as the risks to which such cash flows will be exposed.

The table below shows a breakdown of the contractual guarantees outstanding on the indicated dates:

	9/30/2012	12/31/2011
Guarantees provided:		
Receivables	1,547	3,684
Liens	-	2,106
Collateral sale (*)	100,094	121,302
Total collaterals	101,641	127,092
Promissory notes	58,047	91,751

(*) Refer to equipment acquired under the Federal Equipment Financing Program (FINAME) and leases.

The promissory notes are enforceable guarantees and serve as additional guarantees in relation to the borrowings and financing.

The maturities of the non-current portions at September 30, 2012 are as follows:

2013	1,046
2014	4,621
2015	3,412
2016	3,009
2017	3,009
2018 to 2021	9,103
	24,200

Covenants

The financing agreement entered into with Banco Itaú establishes limits for certain financial ratios linked to the Company’s debt and interest payment capacity, as follows:

(1) Net debt-to-EBITDA ratio equal to three (3) or less; and

(2) EBITDA-to-net financial expenses equal to two (2) or higher.

On the closing of the interim financial information for the quarter ended September 30, 2012 the Company was compliant with all ratios.

Finance leases

Refer basically to agreements for purchase of property, plant and equipment for rental for periods between 36 and 60 months, with maturities through 2015 and indexed to the CDI plus interest of 1.0% to 5.41% per year. These obligations are collateralized by the leased assets. The Company is not presenting the undiscounted debt payment cash outflows since payments are calculated at a floating rate basis according to CDI fluctuation.

	9/30/2012	12/31/2011
2012	13,906	26,068
2013	11,693	18,490
2014	6,112	7,386
2015	262	215
Present value of minimum lease payments	31,973	52,159
	31,973	52,159
Current portion	15,731	26,068
Non-current portion	16,242	26,091

There are no significant differences between the present value of minimum lease payments and the market value of such financial liabilities. Interest charges are at floating rates and are recognized on a prorated basis.

The Company has finance lease agreements with purchase option at the end of the contractual term. The purchase option is based on the guaranteed residual value that can be paid at the beginning of, end of or during the contractual term. There is also an option to renew the lease agreement for the period and under the terms agreed by the parties.

The Company's current finance leases do not contain any restrictive covenants.

10. DEBENTURES

1st issue of debentures

The first issue by the Company of a total of 27,000 unsecure, nonconvertible registered debentures in single series was approved on April 8, 2011, totaling R$270,000 and unit face value of R$10.00. These debentures mature on April 18, 2016 and pay interest equivalent to 112.5% of the CDI, payable semiannually, and will be amortized in three annual, consecutive installments, commencing on April 18, 2014. The transaction costs associated with this issue, in the amount of R$2,358, are being recognized as borrowing costs, in accordance with the contractual terms of the issue.

2nd issue of debentures

The second issue by the Company of a total of 27,000 unsecure, nonconvertible registered debentures in two series was approved on August 3, 2012, totaling R$270,000 and unit face value of R$10.00. The transaction costs associated with this issue, in the amount of R$1,810, are being recognized as borrowing costs, in accordance with the contractual terms of the issue. The debentures have their maturities according to the issue of each series, as follows:

- 1^{st} series - 16,094 debentures of the first series, totaling R$160,940, with maturity on August 15, 2017, not subject to adjustment for inflation. The nominal amount of the debentures of the first series will be amortized in two annual installments as from the fourth year of their issue and interest paid semiannually will correspond to a surcharge of 0.88% p.a. levied on 100% of the accumulated variation of the DI rate;
- 2^{nd} series - 10,906 debentures of the second series, totaling R$109,060, with maturity on August 15, 2017, subject to adjustment for inflation based on the accumulated variation of the IPCA index. The nominal amount of the debentures of the second series will be amortized in three annual installments as from the sixth year of their issue and interest paid semiannually will correspond to 5.50% p.a. of the amount adjusted for inflation as indicated above.

As at September 30, 2012 the balance of debentures including transaction costs is R$13,972 recorded in current liabilities and R$540,000 in non-current liabilities, and R$13,233 and R$537,265, net of transaction costs, respectively. (As at December 31, 2011 the balance of debentures is R$6,598 in current liabilities and R$270,000 in non-current liabilities, and R$6,126 and R$268,546, net of transaction costs, respectively.)

Covenants

The indentures of the debentures require the compliance of debt and interest coverage ratios under preset parameters, as follows:

(1) Net debt-to-EBITDA ratio equal to three (3) or less; and

(2) EBITDA-to-net financial expenses equal to two (2) or higher.

On the closing of the interim financial information for the quarter ended September 30, 2012 the Company was compliant with all ratios.

11. RELATED PARTIES

a) Transactions and balances

There were no loans between the Company and any of its officers during the period.

As at September 30, 2012 the Company had no service agreements with members of its Board of Directors.

b) Management compensation

The amounts relating to compensation paid to the members of the Company's management are as follows:

	9/30/2012		9/30/2011	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Salaries and payroll charges - officers	1,168	3,255	37	1,060
Profit sharing	365	1,077	319	956
Directors' fees	285	868	61	340
Share-based payments	479	1,133	335	789
Total	2,297	6,333	752	3,145

12. EMPLOYEE BENEFITS

a) Employee profit sharing

The provision for profit sharing of employees and executives is set up on an accrual basis and is accounted for as an expense. The determination of the amount, which is paid in the year following the year the provision is set up, takes into consideration the targets established together with the employees' union under a collective labor agreement, in accordance with Law 10,101/00 and the Company's Bylaws.

The Company's Board of Directors decided on March 27, 2012 that the amount of the profit sharing will no longer be set at 25% of profit and can vary between 20% and 30% (*) of the economic value added (EVA), which is calculated based on operating profit deducted from or added to non-recurring profits, less taxes and interest on capital. The metrics for this calculation is approved by the Company's management.

The profit sharing is recognized over the year and paid in the following year. The amount recorded in current liabilities and profit as at September 30, 2012 is R$11,787 (December 2011 - R$7,917 in current liabilities and September 2011 - R$4,695 in profit).

(*) The precise percentage within this band will be set by the last business day on the relevant year to generate the basis for the payment in the following year.

b) Stock option plan

The Company has stock option plans approved by the shareholders' meeting aimed at integrating its executives in the Company development process over the medium and long terms. These plans are managed by the Company and the options granted are approved by the board of directors.

Description of the plans

2002 Plan

This plan was approved at the extraordinary shareholders' meeting held on August 1, 2002, granted on the same date and implemented on August 31, 2002. The plan consists of a Company common stock purchase scheme.

A total of 612,157,000 shares of the then Mills Andaimes Tubulares do Brasil S.A. (MAT), former Group holding company merged into Mills Estruturas e Serviços de Engenharia S.A. (ME) on January 30, 2009, were acquired, equivalent at December 31, 2009 to 3,920 ME shares at the strike price of R$2.2632 per thousand shares. The corresponding amount was fully paid up and the 3-year lock-up for performance of the service has already been fulfilled.

Top Mills and CEO Special Plans

These plans were approved by the Board of Directors on November 27, 2007 and ratified at the extraordinary shareholders' meeting held on May 28, 2008. A total of 140,825,000 options were granted between January 1, 2008 and January 1, 2009 to purchase shares of the former MAT, corresponding to 901,000 ME stock options at December 31, 2009.

These options will be converted into shares at the price of R$12.0294 per thousand shares, adjusted for inflation using the IPCA between January 2008 and the exercise date.

In return, the beneficiaries are required to perform services to the Company for a three-year period after the date of the IPO.

The Top Mills special plan became effective on January 1, 2008 and will be discontinued by July 10, 2015 or at any other time, at the discretion of the extraordinary shareholders' meeting.

The CEO special plan became effective on November 1, 2008 and was discontinued by July 10, 2012 or at any other time, at the discretion of the extraordinary shareholders' meeting.

Ex-CEO Plan

A total of 24,000,000 stock options of the former MAT were granted on May 1, 2008 under this plan, corresponding to 154,000 ME stock options at December 31, 2009. This plan is equal to the Top Mills and CEO special plans described above, including as regards the strike price, except for the fact that there is no lock-up period. The plan has already been exercised and was capitalized on March 12, 2010, corresponding to 154,000 shares.

Mills Rental Executives Plan

This plan was granted on December 29, 2008 and also involved options for purchase of shares of the former MAT, granted to the main executives of the Rental division, which started to operate in January 2008. The exercise of the options is contingent to the attaining of EBITDA targets.

During the first stage of the plan, stock options equivalent to US$387,000 were granted, the exercise of which is contingent to the division's reaching EBITDA of R$11 million. During the second stage, stock options equivalent to US$1,162,000 were granted, the exercise of which is contingent to the division's reaching EBITDA of R$22 million. The number of shares corresponding to these amounts was obtained by converting the above amounts into reais at the closing rate of the year when the target was attained and dividing the amount in reais by the amount per share corresponding to the appreciation of Mills at 6.6 times the EBITDA, less the net debt for the same year in which the target was attained. A small amount is added to this amount to gross up the withholding income tax (IRRF) levied thereon at the rate of 15%.

The strike price of these stock options is R$3.95 per thousand, indexed to the IPCA from January 2007 through the exercise date. When the plan was granted, it was projected that the first target would be attained on December 31, 2008 and the second on December 31, 2009, resulting in granting 137,031,000 options on former MAT shares, corresponding, at December 31, 2009, to 438,000 options on ME stock. The first target was indeed attained on December 31, 2008 and resulted in the issue and purchase of 199,853 ME shares, through a capital increase, approved at the extraordinary shareholders' meeting held on October 1, 2009, in the amount of R$134,000. The second target was also attained and the stock options were exercised.

The Rental division special plan became effective on January 1, 2008 and will be discontinued by December 31, 2013 or at any other time, at the discretion of the extraordinary shareholders' meeting.

2010 Stock Purchase Option Plan

The extraordinary shareholders' meeting held on February 8, 2010 approved the Stock Option Plan for purchase of Company shares. The beneficiaries eligible for this new plan are officers and employees holding leadership positions at the Company or company subsidiaries. This plan is managed by the Board of Directors. The Board of Directors can impose terms and/or conditions for exercise of the stock options, and restrictions on the transfer of shares acquired through exercise of the stock options. The stock options granted under the new plan may grant rights for acquisition of up to 5% of the Company's capital stock. Furthermore, the number of stock options granted under this plan cannot exceed 1% of capital stock each year on the plan approval date.

The price of the common shares to be acquired by the beneficiaries by exercising the stock options is to be set by the Board of Directors based on their average quotation on the São Paulo Stock Exchange (BM&F BOVESPA), weighted by the trading volume in the month or in the two months prior to the grant, adjusted for inflation using the IPCA, less dividends and interest on capital per share paid by the Company as from the grant date. Exceptionally, on the first grant, the strike price for the stock options will be based on the issue price of the shares under the IPO, indexed to the IPCA, less dividends and interest on capital per share paid as from the grant date. The options granted under the terms of this plan are subject to a vesting period of up to 72 months for conversion of the options into shares. A total of 1,432,000 stock options were granted on May 31, 2010.

The purchase options will remain in effect for a six-year period, beginning on the contract date May 31, 2010, i.e., up to May 31, 2016.
The second grant of stock options took place on July 5, 2010, at the strike exercise price of the initial public offering, i.e., R$11.50, indexed to the IPCA from that date through the stock option exercise date, less dividends and interest on capital paid by the Company since the grant date. The second grant stock options of this plan are subject to a vesting period of up to 72 months for conversion of the options into shares. A total of 43,000 stock options were granted.

The purchase options will remain in effect for a six-year period as from July 5, 2010, i.e., up to July 5, 2016.

2011 Stock Purchase Option Plan

The extraordinary shareholders’ meeting held on March 25, 2010 approved the Stock Option Plan for purchase of Company shares. The beneficiaries eligible for this new plan are officers and employees holding leadership positions at the Company or company subsidiaries. This plan is managed by the Board of Directors. The Board of Directors can impose terms and/or conditions for exercise of the stock options, and restrictions on the transfer of shares acquired through exercise of the stock options. The stock options granted under the new plan may grant rights for acquisition of up to 5% of the Company’s capital stock. Furthermore, the number of stock options granted under this plan cannot exceed 1% of capital stock each year on the plan approval date.

The price of the common shares to be acquired by the beneficiaries by exercising the stock options, set by the Board of Directors when the program was implemented, is equal to the average price of the shares purchased according to the brokerage note, indexed to the IPCA as from the date the stock option contract is executed through the date the option is exercised, less the amount of dividends and interest on capital per share paid by the Company as from the grant date.

The options granted under the terms of this plan are subject to a vesting period of up to 48 months for conversion of the options into shares. A total of 1,184,000 stock options were granted on April 16, 2011.

The purchase options will remain in effect for a six-year period, beginning on the contract date April 16, 2011.

2012 Stock Purchase Option Plan

The extraordinary shareholders' meeting held on May 30, 2012 approved the Stock Option Plan for purchase of Company shares. The beneficiaries eligible for this new plan are officers and employees holding leadership positions at the Company or company subsidiaries. The plan is managed by the Board of Directors, which can impose terms and/or conditions for exercise of the stock options, and restrictions on the transfer of shares acquired through exercise of the stock options. The stock options granted under the new plan may grant rights for acquisition of up to 5% of the Company's capital stock. Furthermore, the number of stock options granted under this plan cannot exceed 1% of capital stock each year on the plan approval date.

The strike prices of options granted to beneficiaries were set by the Board of Directors as follows: (i) In the case of purchase options at basic grant level - R$5.86, corresponding to the amount of equity at December 31, 2011; (ii) In the case of purchase options at discretionary grant level - R$19.22 corresponding to the weighted average based on the trading volume of the Company's common shares on BM&FBOVESPA S.A. during the fiscal year 2011. Both prices will be adjusted for inflation based on the IPCA, as from the Option Contract execution date to the Option exercise date, less the amount of dividends and interest on capital per share paid by the Company as from the grant date.

The options granted under the terms of this plan are subject to a vesting period of up to 48 months for conversion of the options into shares. A total of 1,258,000 stock options were granted on June 30, 2012.

The purchase options will remain in effect for a six-year period, beginning on the contract date June 30, 2012.

Plan pricing and accounting

In order to price the cost of the portions of the plans relating to their equity component, the volatilities applicable to each one were determined at the risk-free rates and stock prices based on valuations of 6.6 times the EBITDA, less the net debt in the period of each plan, and the Company used the Black-Sholes model to calculate the fair values.

In relation to the 2002 Plan, as it involves a simple mechanism for purchase of common shares, the options already exercised are fully considered as equity instruments and recognized in the capital reserve account, in equity.

For the other plans granted until 2009, the Company classified them as compound instruments since they include a debt component (right/possibility of receiving payment in cash should the IPO not take place) and an equity component (right/possibility of receiving payment in an equity instrument should the IPO take place), in which the settlement method is beyond the control of both the Company and the beneficiary. For pricing of the fair value of the debt portion, consideration was given to how much the Company would disburse at present value, using the EBITDA multiple described above, weighted by the probability of the IPO taking place, and the resulting value was recognized in long-term liabilities. The

IPO took place on April 14, 2010 and, therefore, the debt component was extinguished on that date.

The plans granted as from 2010 have been classified as equity instruments. The weighted average fair value of the options granted during 2010 was determined using the Black-Scholes valuation model, and was R$3.86 (1st grant) and R$5.49 (2nd grant) per option. The significant data included in the model was as follows: weighted average price per share of R$11.95 (1st grant) and R$14.10 (2nd grant) on grant date, strike price of R$11.50 (1st and 2nd grants), volatility of 31% measured based on the Company’s historical EBTIDA, dividend yields of 1.52% (1st grant) and 1.28% (2nd grant), expected life of option of four years and annual risk-free interest rates of 6.60% and 6.37%, respectively.

The weighted average fair value of the options granted in 2011 was determined using the Black-Scholes valuation model, and was R$6.57 per option. The significant data included in the model was as follows: weighted average price per share of R$21.08 on grant date, strike price of R$19.28, volatility of 35.79% measured based on the historical behavior of the Company’s share price, dividend yield of 1.73%, expected life of option of four years, and annual risk-free interest rate of 6.53%.

The weighted average fair value of the options granted during 2012 was determined using the Black-Scholes valuation model, and was R$21.75 per share in the basic grant and R$12.57 per share in the discretionary grant. The significant data included in the model was as follows: share market price on grant date, strike price of R$19.22 for discretionary grant and R$5.86 for basic grant, volatility of 44.53% measured based on the historical behavior of the Company’s share price, dividend yield of 0.81%, expected life of option of four years, and annual risk-free interest rate of 3.95%.

The equity portion is priced only at the time of the grant and does not undergo any fair value remeasurements at the end of the reporting period. The equity and debt portions are allocated on a plan-by-plan basis, considering their related lock-up periods (i.e., the periods during which shares are blocked for trading), based on management’s best estimate regarding the final date thereof.

The table below shows the accumulated balances of the plans in balance sheet accounts and the effects on profit for the period.

	9/30/2012	12/31/2011
2002 Plan		
Capital reserve	1,446	1,446
Number of shares (thousands)	3,920	3,920
Top Mills, Special CEO and EX-CEO plans		
Capital reserve	1,148	1,021
Number of exercisable options (thousands)	95	143
Number of shares (thousands)	960	912
Mills Rental Executives Plan		
Capital reserve	4,007	3,959
Number of shares (thousands)	391	391
2010 Plan		
Capital reserve	3,297	2,236
Number of exercisable options (thousands)	805	1,281

	9/30/2012	12/31/2011
Number of shares (thousands)	670	194
2011 Plan		
Capital reserve	2,799	1,360
Number of exercisable options (thousands)	1,059	1,184
Number of shares (thousands)	125	-
2012 Plan		
Capital reserve	1,077	-
Number of exercisable options (thousands)	1,258	-
Total recognized as equity (accumulated)	13,774	10,022
Effect on profit (*)	(3,752)	(3,124)

(*) As at September 30, 2011, the effect on profit was an expense of R$2,203.

13. INCOME TAX AND SOCIAL CONTRIBUTION

a) Reconciliation of the income tax and social contribution benefit (expense)

Reconciliation between the income tax and social contribution expense at the statutory and effective rates is as follows:

	9/30/2012		9/30/2011	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Profit before income tax and social contribution	58,622	156,703	18,760	86,323
Statutory income tax and social contribution rate	34%	34%	34%	34%
Income tax and social contribution at statutory rate	(19,931)	(53,279)	(6,378)	(29,350)
Non-deductible provisions (*) and permanent differences	(1,007)	(1,746)	(2,025)	(1,898)
Interest on capital paid	-	7,405	7,480	7,480
Other	295	805	40	77
Total current and deferred income tax and social contribution	(20,643)	(46,815)	(883)	(23,691)
Effective tax rate	35%	30%	5%	27%
Current income tax	(16,024)	(43,757)	(3,563)	(26,790)
Deferred income tax	(4,619)	(3,058)	2,680	3,099

(*) Non-deductible provisions consist of stock option expenses, gifts, debt waivers, and fines for tax infractions.

b) Income tax and social contribution recognized in other comprehensive income

The deferred tax recognized in other comprehensive income is a result of the provision for gains/losses on cash flow hedging instruments transferred to the opening carrying amounts of the hedged items. The total income tax and social contribution recognized in comprehensive income in September 2012 is R$131.

c) Breakdown of deferred income tax and social contribution

Deferred income tax and social contribution is broken down as follows:

	9/30/2012	12/31/2011
Nature		
Assets		
Itapoã goodwill (*)	1,062	2,202
Discount to present value	121	160
Allowance for receivables impairment losses	5,321	4,370
Finance leases	1,510	3,351
Provision for tax, civil and labor claims	3,748	5,457
Profit sharing	4,008	-
Other provisions	152	577
Total	15,922	16,117
Liabilities		
Jahu goodwill (*)	(10,791)	(8,633)
GP Sul goodwill (*)	(157)	(56)
Income from adjustment for inflation of judicial deposits	(880)	(762)
NDF derivatives	(131)	(1,083)
Debentures - borrowing cost	(1,180)	(695)
Total	(13,139)	(11,229)

(*) The IRPJ and CSLL tax credits and charges consist of the benefit from the corporate reorganizations involving the mergers of Itapoã, Jahu and GP Sul, related to the temporary difference for the non-amortization of the goodwill arising on the acquisitions.

The rationale and expectations for realization of the deferred income tax and social contribution are shown below:

Nature	Realization rationale
Provision for tax, civil and labor claims	Tax realization of loss
Allowance for receivables impairment losses	Filing of lawsuits and past-due credits
Finance leases	Realization over straight-line depreciation period
Discount to present value	Tax realization of loss/gain
Other provisions	Payment
Itapoã goodwill	Tax amortization
Jahu goodwill/GP Sul goodwill	Asset disposal/impairment
Adjustment for inflation of judicial deposits	Deposit withdrawal
Debentures	Amortization of borrowing cost
Derivatives	Depreciation

The table below shows the expected realization of deferred income tax and social contribution at September 30, 2012:

	Deferred IR and CSLL assets	Deferred IR and CSLL liabilities
2012	5,218	(77)
2013	2,678	(309)
2014	1,998	(309)
2015	1,998	(309)
2016	2,377	(305)
2017	974	-
Beginning 2018	679	(11,830)
Total	15,922	(13,139)

Transition Tax Regime

The Transition Tax Regime (RTT) shall remain in effective until the enactment of a law governing the tax impacts of the new accounting methods to ensure tax neutrality.

14. PROVISION FOR TAX, CIVIL AND LABOR CLAIMS AND JUDICIAL DEPOSITS

a) Breakdown of the provision for tax, civil and labor claims

At the end of the reporting period, the Company recorded the following liabilities related to provisions:

		9/30/2012	12/31/2011
National Social Security Institute (INSS)	(i)	248	233
Labor claims	(ii)	2,133	1,396
IRPJ/CSLL - Jahu	(iii)	-	5,289
Civil liability	(iv)	462	440
Service tax (ISS) on leases	(v)	-	187
Accident Prevention Factor (FAP)	(vi)	-	2,754
Occupational Accident Insurance (SAT) - tax rate difference	(vii)	827	713
IRPJ/COFINS/PIS	(viii)	959	898
PIS/COFINS - Jahu	(ix)	3,382	3,073
Success fees	(x)	1,843	-
Other		1,169	1,096
		11,023	16,079

b) Breakdown of judicial deposits

		9/30/2012	12/31/2011
National Social Security Institute (INSS)	(i)	674	674
Labor claims	(ii)	1,915	1,413
Service tax (ISS) on leases	(v)	4,429	4,429
Accident Prevention Factor (FAP)	(vi)	181	171
PIS/COFINS - Jahu	(ix)	3,369	3,074
Other		908	1,150
		11,476	10,911

c) Nature of the provision for tax, civil and labor claims

The Company is a party to judicial and administrative proceedings involving tax, civil and labor matters filed in the normal course of business, which are covered by judicial deposits, where applicable.

Management believes, based on the opinion of its outside legal counsel, that the appropriate legal actions and steps already taken in each case are sufficient to cover any losses and protect the Company's assets and equity, and such actions and steps are periodically reassessed.

The main tax, civil and labor claims can be summarized as follows:

(i) National Social Security Institute (INSS)

In 2001 and 2005 the Company received assessment notices collecting allegedly unpaid social security taxes (INSS) and, based on the position of its outside legal counsel, management has maintained a provision of R$248 at September 30 2012 (December 31, 2011 - R$233).

(ii) Labor claims

The Company is a defendant in several labor lawsuits. Most of the lawsuits involve claims for compensation due to occupational diseases, overtime, hazardous duty premium and salary equalization.

During the period ended September 30, 2012, based on the position of its outside legal counsel, Mills performed a new analysis of the labor lawsuits in progress and, accordingly, recognized a provision complement of R$737, only for those considered as probable losses.

(iii) IRPJ/CSLL - Jahu

The former Jahu (before its merger into Mills), was assessed for the non-deductibility of expenses incurred on service providers, as well as withholding income tax on amounts paid to the latter.

After the procedural progress at the administrative levels, the lawsuit reached the Administrative Board of Tax Appeals (CARF). The members of the Board denied the mandatory appeal and accepted the voluntary appeal of Mills, ruling out the requirement of withholding income tax and the disallowance of expenses on service providers. In view of this decision, it was not necessary to make any subsequent payments.

We point out that the Office of Attorney-General of the National Treasury (PGFN) was informed of the decision and stated expressly in the records that it would not appeal to the Superior Board of Tax Appeals (CSRF), which resulted in the reversal of R$5,415 (December 31, 2011 - R$5,289) of the provision recognized in prior periods by the Company.

(iv) Civil liability lawsuits

The Company is a party to lawsuits filed against it relating to civil liability and compensation claims. Based on the opinion of its outside legal counsel, management set up a provision in the amount of R$462 at September 30, 2012 (December 31, 2011 - R$440) for losses considered probable.

(v) Service tax (ISS) on leases

In October 2001 the Company filed a lawsuit in the different cities where it operates aimed at recovering the ISS paid since 1991 on the rental of its chattels. The lawsuits are in progress, awaiting court decisions. After the enactment of Supplementary Law 116/2003 in August, 2003, Mills discontinued the payment of ISS on such rentals, although it continues taxing the assignment of its scaffolding and other structures for temporary use.

The former Jahu filed lawsuits challenging the levy of ISS on rentals of chattels and made judicial deposits, even after enactment of Law 116/2003. The Company had recognized a provision for loss in the amount of R$190 to cover this expense in the event of an unfavorable outcome. However, the reversal of this provision was not made due to the change of the likelihood of loss, which was previously considered probable for the city of Niterói. As in the other cities the likelihood of a favorable outcome is possible, no provisions have been recognized.

(vi) Accident Prevention Factor (FAP)

After the disclosure of the FAP index, which is the multiplier of the contribution to finance benefits granted based on the level of working disability incidence resulting from work environment risks (RAT) applicable to 2010, the Company filed an administrative objection and appeal challenging the criteria used to determine this index. The Company filed a lawsuit for an injunction to suspend the collection of the RAT increased by the FAB in light of the administrative appeal, and the Company opted to deposit in court the amount for January 2010 (R$168), since the injunction was granted only in March 2010.

As regards the FAP disclosed for 2011, the Company did not file an administrative objection and elected to file a lawsuit for an injunction challenging the legality and constitutionality of RAT increased by the FAP. The injunction was granted to stay the application of the FAP, but the Federal Government successfully managed to suspend the injunction through an appeal. In March 2012 this appeal was upheld and, therefore, the Company paid the unpaid amounts including arrears interest, totaling R$2,585, without late payment fine, based on the opinion of its outside legal counsel. The exceeding amount that had been provided for (R$207) was reversed to profit.

(vii) Occupational Accident Insurance (SAT) - tax rate difference

The Company filed a lawsuit aimed at suspending, as an early relief, the collection of INSS and ensure the Company’s right to pay over the Occupational Accident Insurance (SAT) based on the level of working disability incidence resulting from work environment risks at its administrative head offices (Mills Barra) and authorizing the offset of unduly paid amounts.

The Company pays the SAT at the rate of 1% (low risk) and deposits in courts the 2% rate difference, recognizing a provision for contingency related to the difference.

The amounts provided for at September 30, 2012 total R$827 (December 31, 2011 - R$713).

(viii) IRPJ/COFINS/PIS

These debts refer to administrative collection proceedings of COFINS for the periods January to April 2004 and IRPJ and PIS for 1985.

The Company recognized a provision for loss in the amount of R$959 (December 31, 2011 - R$898) since the likelihood of a favorable outcome was considered remote by the outside legal counsel.

(ix) PIS/COFINS - Jahu

The balance accrued as PIS/COFINS refers to the injunction lawsuit filed by the former Jahu (before the merger into Mills) challenging the increase of the PIS and COFINS tax rates under the non-cumulative regime after the enactment of Law 10,637/2002 and Law 10,833/2003. As a result of the lawsuit, the former Jahu started to deposit in courts the 1% PIS and 4.6% COFINS difference, paying these taxes using the tax rates under the cumulative taxation regime. The Company discontinued the deposits in October 2005 and started to pay the non-cumulative regime tax rates (1.65% PIS and 7.6% COFINS).

(x) Success fees

Provisions related to success fees, which usually are up to 10% of the amount pledged in each claim, payable to outside legal counsel depending on the success of the demand of each case. The payment is contingent upon a favorable outcome of the lawsuits.

d) Contingent assets

The Company does not record any contingent assets.

15. EQUITY

a) Subscribed capital

The Company’s fully subscribed and paid-in capital stock as at September 30, 2012 is R$536,179 (December 31, 2011 - R$527,587) represented by 126,314,000 registered common shares without par value (December 31, 2011 - 125,657,000). Each common share corresponds to the right to one vote in decisions made by the shareholders.

Under the Company’s bylaws, the Board of Directors may increase the capital up to a ceiling of 200,000,000 shares.

(a.1) Treasury shares

The Company repurchased 4,000 preferred shares of its own issue, acquired from a shareholder that exercised his right to withdraw, for cancelation. The total amount paid on the acquisition of the shares, net of income tax and social contribution, was R$23, deducted from the capital reserve in equity. On June 21, 2012, the Company's Board of Directors approved the cancelation of all the shares, pursuant to item (o) of the Company's bylaws.

(a.2) Share issue

The Company’s Board of Directors meetings held on January 24 and February 28, 2012 approved the issue of 33,000 shares, totaling a capital increase of R$403, due to the exercise by beneficiaries of stock options granted under the 2010 Stock

Option Plan. The shares issued were fully subscribed and paid up by the related beneficiaries.

At the meeting held on April 2, 2012 the Board of Directors approved the increase of the Company's capital through the issue of 47,131 registered common shares without par value, within the authorized capital ceiling, at the issue price of R$2.38 per share, totaling R$112, in view of the exercise by beneficiaries of stock options granted under the Top Mills Special Stock Option Plan.

At the meeting held on April 24, 2012 the Board of Directors approved the increase of the Company's capital through the issue of 371,448 and 44,421 registered common shares without par value, within the authorized capital ceiling, at the issue price of R$12.42 and R$20.10 per share, respectively, totaling a capital increase of R$5,506, in view of the exercise by the beneficiaries of stock options granted under the 2010 and 2011 Stock Option Plans, respectively.

At the meeting held on July 2, 2012 the Board of Directors approved the increase of the Company's capital through the issue of 13,032 registered common shares without par value, within the authorized capital ceiling, at the issue price of R$2.40 per share, totaling R$31, in view of the exercise by beneficiaries of stock options granted under the Top Mills Special Stock Option Plan.

On August 9, 2012, the Board of Directors approved the increase of the Company's capital through the issue of 70,550 and 1,600 registered common shares without par value, within the authorized capital ceiling, respectively, at the issue price of R$12.56 and R$12.50, due to the exercise by beneficiaries of stock options granted under the 2010 Stock Option Plan, and 80,422 registered common shares without par value, at the issue price of R$20.31, due to the exercise by beneficiaries of stock options granted under the 2011 Stock Option Plan, totaling R$2,540.

The table below shows the shareholding structure at the reporting dates:

	9/30/2012		12/31/2011	
Shareholders	Number of shares (in thousands)	Percentage	Number of shares (in thousands)	Percentage
Nacht Participações S.A.	27,422	21,71%	27,422	21.82 %
Jeroboam Investments LLC. (*)	-	-	19,233	15.31 %
Snow Petrel S.L. (**)	17,728	14,04%	-	-
Capital Group International Inc. (***)	6,310	4,99%	7,032	5.60 %
FMR LLC (****)	6,232	4,94%	6,587	5.24 %
Other	68,622	54,32 %	65,383	52.03 %
	126,314	100,00%	125,657	100.00 %

(*) Transfer of all common shares held by Snow Petrel due to its dissolution and consequent liquidation.

(**) On July 20, 2012, Snow Petrel S.L. reduced its equity interest in Mills and currently holds 14.05% of its share capital.

(***) Quantity of shares according to information received officially by the Company on April 20, 2010.

(****) On February 27, its interest in Mills was reduced to less than 5% of total voting capital.

Quantity of shares according to information received officially by the Company on

November 11, 2010 and February 27, 2012.

b) Earnings reserves

(b.1) Legal reserve

The legal reserve is set up annually by allocating 5% of profit for the year until it reaches a ceiling of 20% of the share capital. The purpose of the legal reserve is to ensure the integrity of share capital and it can only be used to offset losses and increase capital.

(b.2) Expansion reserve

The purpose of the expansion reserve is to provide funding to finance additional investments in fixed and working capital and expand corporate activities. Under the Company's bylaws, the ceiling of the expansion reserve is 80% of total subscribed capital.

(b.3) Special reserve

The Company's special reserve refers to the tax benefit generated by the corporate restructuring undertaken in 2009.

c) Other reserves

(c.1) Capital reserve

The capital reserve incorporates the transaction costs incurred in capital funding, amounting to R$15,068, net of taxes, related to the distribution of shares under the IPO, the premium reserve of the stock options amounting to R$13,774 related to the employees' stock option plans, and the cost of the cancelled shares amounting to R$558, totaling R$1,852 at September 30, 2012 (December 31, 2011 - R$5,581).

d) Earnings retention

This earnings retention reserve refers to the remaining balance of retained earnings used to fund the business growth project set out in the Company's investment plan, according to the capital budget proposed by management, to be submitted to and approved at a Shareholders' Meeting, pursuant to Article 196 of the Brazilian Corporate Law.

e) Equity valuation adjustment - cash flow hedge

The cash flow hedge reserve incorporates the effective portion of the cash flow hedges through the end of the reporting period, amounting to R$254, net of taxes (December 31, 2011 - R$2,102).

f) Mandatory minimum dividends

The Company's bylaws provide for the payment of mandatory minimum dividends equivalent to 25% of the profit for the year, after the respective allocations, pursuant to article 202 of the Brazilian Corporation Law (Law 6,404).

16. DIVIDENDS AND INTEREST ON CAPITAL PROPOSED

At the meeting held on June 21, 2012 the Board of Directors approved the declaration of interest on capital as part of the mandatory minimum dividend, amounting to R$21,780 (R$18,784, net of taxes) related to R$0.17 per share. The interest on capital proposed will be part of the compensation to be distributed as mandatory minimum dividend at the end of 2012.

17. EARNINGS PER SHARE

a) Basic

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted average number of common shares issued during the period.

	9/30/2012		9/30/2011	
	Three-month period	Nine-month period	Three-month period	Nine-Month period
Profit attributable to owners of the Company	37,979	109,888	17,877	62,632
Weighted average number of common shares issued (thousands)	126,235	125,997	125,534	125,534
Basic earnings per share	0.30	0.87	0.14	0.49

b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The Company has one category of dilutive potential common shares: stock options. A calculation is made for the stock options to determine the number of shares that would be acquired at fair value (determined as the annual average market price of the Company’s share), based on the monetary amount of the subscription rights linked to the outstanding stock options. The number of shares calculated as described above is compared with the number of shares issued, assuming exercise of the stock options.

	9/30/2012		9/30/2011	
	Three-month period	Nine-month period	Three-month period	Nine-Month period
Profit				
Profit used to determine diluted earnings per share	37,979	109,888	17,877	62,632
Weighted average number of common shares issued (thousands)	126,235	125,997	125,534	125,534
Adjustments for:				
Stock options (thousands)	1,332	828	(193)	2,674
Weighted average number of common shares for diluted earnings per share				128,208

(thousands)	127,567	126,825	125,341	
Diluted earnings per share	0.30	0.87	0.14	0.49

18. NET REVENUE FROM SALES AND SERVICES

The information on net revenue from sales and services below refers only to the nature of the revenue per type of service:

	9/30/2012		9/30/2011	
	Three-month period	Nine-month period	Three-month period	Nine-Month period
Rentals	187,237	515,058	139,811	374,575
Sales	13,346	33,138	9,423	25,003
Technical assistance	51,893	150,859	46,897	139,430
Indemnities and recoveries	14,999	38,218	7,855	22,707
Total gross revenue	267,475	737,273	203,986	561,715
Taxes on sales and services	(23,165)	(63,961)	(16,352)	(45,160)
Cancelations and discounts	(22,083)	(40,847)	(12,575)	(32,511)
Total net revenue	222,227	632,465	175,059	484,044

19. COST OF SALES AND SERVICES AND GENERAL AND ADMINISTRATIVE EXPENSES (BY NATURE)

The costs refer mainly to personnel expenses for assembly and dismantling of Company-owned leased assets, when such assembly is carried out by Mills itself, the equipment sublet from third parties when the Company's inventory is insufficient to meet demand, freight for transportation of equipment between branches and occasionally to customers, and expenses on supplies consumed in the projects, from personal protective equipment (PPE) to wood, paint and thermal insulation.

General and administrative expenses refer to the management of each Company contract, encompassing the project teams and sales function engineers, which correspond basically to salaries, payroll taxes and benefits, and other expenses on travel, representations and communications, as well as the administrative function overheads.

Nature	At September 30, 2012 - Three-month period			At September 30, 2012 - Nine-month period			At September 30, 2011 - Three-month period			At September 30, 2011 - Nine-month period		
	Direct project and rental costs	General and administrative expenses	Total	Direct project and rental costs	General and administrative expenses	Total	Direct project and rental costs	General and administrative expenses	Total	Direct project and rental costs	General and administrative expenses	Total
Personnel	(45,770)	(27,687)	(73,456)	(130,106)	(78,771)	(208,877)	(45,549)	(22,832)	(68,381)	(119,925)	(65,603)	(185,528)
Third parties	(2,220)	(5,536)	(7,756)	(4,757)	(15,082)	(19,839)	(1,839)	(4,201)	(6,040)	(4,570)	(14,120)	(18,690)
Freight	(3,881)	(147)	(4,028)	(10,477)	(634)	(11,111)	(3,688)	(320)	(4,008)	(10,500)	(386)	(10,886)
Construction/maintenance material and repair	(10,069)	(1,132)	(11,201)	(28,062)	(3,101)	(31,163)	(10,384)	(872)	(11,256)	(27,013)	(2,902)	(29,915)
Equipment and other rentals	(1,383)	(2,354)	(3,737)	(5,438)	(7,817)	(13,255)	(2,977)	(2,547)	(5,524)	(7,448)	(6,622)	(14,070)
Travel	(2,205)	(2,908)	(5,113)	(6,004)	(8,463)	(14,467)	(2,744)	(3,003)	(5,747)	(6,175)	(8,615)	(14,790)
Depreciation	(26,301)	(872)	(27,173)	(75,446)	(2,347)	(77,793)	(19,361)	(644)	(20,005)	(51,145)	(1,782)	(52,927)
Amortization of intangible assets	-	(259)	(259)	-	(728)	(728)	-	(178)	(178)	-	(489)	(489)
Allowance for doubtful debts	-	(1,988)	(1,988)	-	(12,207)	(12,207)	-	(9,220)	(9,220)	-	(11,578)	(11,578)
Stock option plan	-	(1,910)	(1,910)	-	(3,752)	(3,752)	-	(932)	(932)	-	(2,203)	(2,203)
Reversal and adjustment for inflation of provisions	-	4,844	4,844	-	2,844	2,844	-	(732)	(732)	-	(1,239)	(1,239)
Profit sharing	-	(3,927)	(3,927)	-	(11,787)	(11,787)	-	(1,217)	(1,217)	-	(4,695)	(4,695)
Other	(13,352)	(4,425)	(17,777)	(30,468)	(11,540)	(42,008)	(5,721)	(5,373)	(11,094)	(18,010)	(10,728)	(28,738)
Total	(105,181)	(48,301)	(153,482)	(290,758)	(153,385)	(444,143)	(92,263)	(52,071)	(144,334)	(244,786)	(130,962)	(375,748)

20. FINANCE INCOME (COSTS)

a) Finance income

	9/30/2012		9/30/2011	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Interest income on past-due bills	431	1,102	240	824
Income from short-term investments	599	2,023	3,980	10,414
Discounts obtained	21	330	23	163
Foreign exchange and inflation gains	4	9	376	634
Other	-	2	-	8
	1,056	3,466	4,619	12,043

b) Finance costs

	9/30/2012		9/30/2011	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Borrowing costs	(2,026)	(6,735)	(1,901)	(5,980)
Inflation losses	(196)	(709)	(534)	(1,216)
interest on finance leases	(1,038)	(3,929)	(2,269)	(6,971)
Interest - debentures	(7,739)	(21,805)	(9,391)	(16,273)
Bank fees	(123)	(246)	(1,991)	(2,505)
Tax on financial transactions (IOF)	(1)	(15)	(277)	(645)
Other	(56)	(1,646)	(221)	(426)
	(11,179)	(35,085)	(16,584)	(34,016)

21. SEGMENT REPORTING

Information by operating segment is being presented in accordance with CPC 22 Operating Segments (IFRS 8).

The Company’s reportable segments are business units that offer different products and services and are managed separately, since each business requires different technologies and market strategies. The main information used by management to assess the performance of each segment is as follows: total property, plant and equipment, since these are the assets that generate the Company’s revenue, and profit and EBITDA of each segment to evaluate the return on these investments. The information on liabilities by segment is not being reported since it is not used by the Company’s chief decision makers to manage the segments. Management does not use analyses by geographic area to manage its businesses.

The Company’s segments involve completely different activities, as described below, and thus their assets are specific for each segment. The assets have been allocated into each reportable segment according to the nature of each item.

The Company's operations are segmented according to the organization and management model approved by the Board of Directors, containing the following divisions:

Construction division

This division provides specific engineering and equipment solutions, specifically in relation to concrete forms and props used in the construction of large structures, planning, design, technical supervision, equipment and related services.

Jahu division

This division supplies forms and concrete, props and scaffolding in the context of the services performed, involving specialized engineering construction solutions, with emphasis on the residential and commercial construction sector, by supplying planning, design, technical supervision, equipment and related services.

Industrial services division

This division supplies structures developed to permit access of personnel and supplies during the equipment and tubular scaffolding assembling phases, as well as for preventive and corrective maintenance in large plants, including industrial painting, surface treatment and insulation services.

Rental division

This division supplies motorized access equipment (aerial working platforms) and telescopic manipulators for lifting personnel and carrying loads at considerable heights.

The accounting policies for the operating segments are the same described in the summary of significant accounting policies. The Company assesses the performance by segment based on pretax profit or loss and EBITDA.

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Income statement by business segment - Nine-month period

	Construction		Jahu		Industrial services		Rental		Total	
	9/30/2012	9/30/2011	9/30/2012	9/30/2011	9/30/2012	9/30/2011	9/30/2012	9/30/2011	9/30/2012	9/30/2011
Net revenue	126,761	95,578	171,940	103,306	154,507	164,611	179,257	120,549	632,465	484,044
(-) Costs and expenses	(62,568)	(57,257)	(84,606)	(61,199)	(143,523)	(146,228)	(74,925)	(57,648)	(365,622)	(322,332)
(-) Depreciation and amortization	(18,116)	(15,352)	(22,285)	(10,675)	(8,529)	(7,609)	(29,591)	(19,780)	(78,521)	(53,416)
Operating profit	46,077	22,969	65,049	31,432	2,455	10,774	74,741	43,121	188,322	108,296
Finance income	619	3,564	1,023	2,804	506	1,960	1,318	3,715	3,466	12,043
Finance costs	(7,661)	(10,037)	(11,124)	(7,830)	(4,537)	(5,646)	(11,763)	(10,503)	(35,085)	(34,016)
Profit before IRPJ/CSL	39,035	16,496	54,948	26,406	(1,576)	7,088	64,296	36,333	156,703	86,323
(-) IRPJ/CSL	(11,661)	(3,847)	(16,415)	(8,370)	471	(2,248)	(19,210)	(9,226)	(46,815)	(23,691)
Profit for the period	27,374	12,649	38,533	18,036	(1,105)	4,840	45,086	27,107	109,888	62,632
EBITDA	64,193	38,321	87,334	42,107	10,984	18,383	104,332	62,901	266,843	161,712

(*) EBITDA is a non-accounting measure prepared by the Company pursuant to the provisions of CVM Circular 01/2007, when applicable. EBITDA is calculated based on the operating profit before finance income (costs), the effects of depreciation of assets in use and rental equipment, and amortization of intangible assets. EBITDA is not a measure recognized by either by accounting practices adopted in Brazil or IFRSs, does not have a standard meaning and cannot be comparable with measures using similar names provided by other entities. EBITDA should not be considered on isolated basis or as a replacement of profit or operating profit as operating performance or cash flow indicators, or to measure liquidity or debt payment capacity. Information not subject to review by independent auditors.

Income statement by business segment - Three-month period

	Construction		Jahu		Industrial services		Rental		Total	
	9/30/2012	9/30/2011	9/30/2012	9/30/2011	9/30/2012	9/30/2011	9/30/2012	9/30/2011	9/30/2012	9/30/2011
Net revenue	45,503	33,191	60,536	39,366	48,820	56,875	67,368	45,627	222,227	175,059
(-) Costs and expenses	(21,416)	(24,554)	(26,715)	(22,919)	(48,707)	(52,764)	(29,212)	(23,914)	(126,050)	(124,151)
(-) Depreciation and amortization	(6,647)	(5,180)	(7,379)	(4,742)	(2,853)	(2,706)	(10,553)	(7,555)	(27,432)	(20,183)
Operating profit	17,440	3,457	26,442	11,705	(2,740)	1,405	27,603	14,158	68,745	30,725
Finance income	182	1,256	330	1,059	93	787	451	1,517	1,056	4,619
Finance costs	(2,355)	(4,637)	(3,603)	(3,802)	(1,370)	(2,813)	(3,851)	(5,332)	(11,179)	(16,584)
Profit before IRPJ/CSL	15,267	76	23,169	8,962	(4,017)	(621)	24,203	10,343	58,622	18,760
(-) IRPJ/CSL	(5,927)	1,714	(7,807)	(2,505)	1,601	373	(8,510)	(465)	(20,643)	(883)
Profit for the period	9,340	1,790	15,362	6,457	(2,416)	(248)	15,693	9,878	37,979	17,877
EBITDA	24,087	8,637	33,821	16,447	113	4,111	38,156	21,703	96,177	50,897

Assets by business segment

	Construction		Jahu		Industrial services		Rental		Other		Total	
	9/30/2012	12/31/2011	9/30/2012	12/31/2011	9/30/2012	12/31/2011	9/30/2012	12/31/2011	9/30/2012	12/31/2011	9/30/2012	12/31/2011
PP&E	216,637	193,138	309,812	287,499	76,387	79,900	375,806	312,349	-	-	978,642	872,886
Other assets	131,745	59,825	188,768	94,075	159,283	93,346	136,895	72,958	96,594	87,529	713,285	407,733
Total assets	348,382	252,963	498,580	381,574	235,670	173,246	512,701	385,307	96,594	87,529	1,691,927	1,280,619

22. FINANCIAL INSTRUMENTS

22.1. Category of financial instruments

The classification of financial instruments, by category, can be summarized as shown in the table below:

	Carrying amount	
	9/30/2012	12/31/2011
Cash and cash equivalents	299,358	35,179
Loans and receivables:		
Trade receivables	170,629	141,750
Judicial deposits	11,476	10,911
Financial liabilities measured at amortized cost		
Borrowings and financing	57,206	57,023
Finance leases	31,973	52,159
Debentures	550,498	274,554
Promissory notes	60,344	27,210
Trade payables	46,138	35,898
Financial assets at fair value:		
Derivatives	40	2,841
Equity financial instruments:		
Stock option plans	13,774	10,022

22.2. Fair value of financial instruments

Several Company policies and accounting disclosures require the determination of the fair value both for financial assets and liabilities and for non-financial assets and liabilities. The fair values have been determined for the purpose of measurement and/or disclosure based on the methods below. When applicable, additional information on the assumptions used in calculating the fair values are disclosed in specific notes applicable to such asset or liability.

The Company applies CPC 40/IFRS 7 for financial instruments measured in the balance sheet at their fair values, which requires disclosure of the fair value measurements at the level of the following fair value measurement hierarchy:

- Quoted (unadjusted) prices on active markets for identical assets and liabilities (Level 1).
- In addition to the quoted prices, included in Level 1, inputs used by the market for assets or liabilities, whether directly (e.g. prices) or indirectly (e.g., derived from prices) (Level 2).

The Company does not have financial instruments measured at fair value that are classified as Level 3, i.e., obtained based on valuation techniques that include variables for the asset or liability, but which are not based on observable market inputs.

The table below shows the Company's assets and liabilities measured at their fair values at September 30, 2012.

	Level 1		Level 2		Total balance	
	9/30/2012	12/31/2011	9/30/2012	12/31/2011	9/30/2012	12/31/2011
Assets						
Available-for-sale financial assets						
Securities	-	34,449	-	-	-	34,449
Financial assets - derivatives used for hedging	-	-	40	2,841	40	2,841
Total assets	-	34,449	40	2,841	40	37,290

(a) Fair value of securities

Available-for-sale securities consist of short-term investments made with prime financial institutions that are indexed to the CDI fluctuation. Considering that the CDI rate already reflects the interbank market position, it is assumed that the carrying amounts of securities approximate their fair values.

(b) Fair value of trade receivables and payables

The fair value of trade and other receivables is estimated according to the present value of future cash flows, discounted at the market interest rate determined at the end of the reporting period.

The fair values of trade receivables and trade payables, considering as the criterion for calculation the discounted cash flow method, are substantially similar to their carrying amounts.

(c) Fair value of borrowings and financing

Fair value determined for disclosure purposes is calculated based on the present value of principal and future cash flows, discounted at the market interest rate determined at the end of the reporting period. For finance leases, the interest rate is determined by reference to similar lease agreements.

The Company's management believes that the carrying amounts of borrowings and financings, which are stated in the quarterly information, are substantially similar to their fair values.

Borrowings and financing

		Fair value		Carrying amount	
Debt	Indicator	9/30/2012	12/31/2011	9/30/2012	12/31/2011
BNDES	TJLP	26,994	22,611	27,481	22,134
Working capital	CDI	28,806	35,374	29,725	34,889
Leasing	CDI	29,699	52,612	31,973	52,159

(d) Fair value of share-based payments

The fair values of the employees' stock options and rights to Company share appreciation are measured using the Black-Scholes approach. Changes in measurement include share prices on measurement date, the strike price of the related instrument, the expected volatility (based on the historical weighted average volatility adjusted for expected changes based on publicly available information), the average weighted life of the instruments (based on historical experience and the overall behavior of option holders), expected dividends and risk-free interest rate (based on government bonds). Service conditions and performance conditions outside the market, which are inherent to the transactions, are not taken into account in determining the fair value.

(e) Derivatives

The fair value of exchange forwards is calculated at present value, using market rates that are accrued on each measurement date.

The fair value of interest rate swaps is based on quotations obtained with brokers. These quotations are tested as to their reasonableness by discounting the estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument calculated on the measurement date. The fair values reflect the credit risk of the instrument and include adjustments to consider the credit risk of the entity and the counterparty, when appropriate.

22.3. Derivative financial instruments - hedging

(a) Derivative policy

In order to protect its assets from the exposure to commitments assumed denominated in a foreign currency, the Company has developed its own strategy to mitigate such market risk. When applied, the strategy is carried out to reduce the volatility of cash flows to the desirable level, i.e., to maintain the planned disbursements.

Mills believes that the management of such risks is key to support its growth strategy without potential financial losses that reduce its operating profits, as the Company does not aim at obtaining financial gains through the use of derivatives. Foreign currency risks are managed by the Finance Manager and the CFO, who evaluate possible exposures to risks and set guidelines to measure, monitor and manage the risk related to the Company's activities.

Based on this objective, the Company contracts derivative transactions, usually NDFs (non-deliverable forwards) with prime financial institutions (with credit ratings of brAAA - national scale, Standard & Poor's or similar), in order to guarantee the agreed trading value at the time the imported goods are ordered. Likewise, swaps or NDFs are entered into to guarantee the flow of payments (amortization of principal and interest) for foreign currency-denominated financing.

Pursuant to the Company's bylaws, any contract or obligation assumed in amounts exceeding R$10,000 (ten million reais) has to be approved by the Board of Directors, unless it is already set out in the Business Plan. For amounts under R$100 (one hundred thousand reais) for periods of less than 90 days, it is not necessary to contract hedge transactions. Other commitments should be hedged against foreign exchange exposure.

The swap and NDF transactions are carried out to convert into reais future financial commitments in foreign currency. At the time such transactions are entered into, the Company mitigates the foreign exchange risk by matching the commitment amount and the exposure period. The derivative cost is pegged to the interest rate, usually a percentage of the CDI rate. The swaps and NDFs with maturities shorter or longer than the final maturity of the commitments may, over time, be renegotiated so that their final maturities match or approximate the final maturity of the commitment. Accordingly, on settlement date, the gain or loss on the swap or NDF could offset part of the impact of the exchange fluctuation in relation to the real, thus helping to stabilize cash flows.

As these transactions involve derivatives, the calculation of the monthly position is carried out using the fair value method and they are valued by calculating their present value using market rates that are affected on the date of each calculation. This widely used methodology can present monthly distortions in relation to the curve of the contracted derivative; however, the Company believes that this is the best applicable method, since it measures the financial risk should an early settlement of the derivative be required.

Monitoring the commitments assumed and the monthly valuation of the fair value of the derivatives permits following up on the financial results and the impact on cash flows, and ensure that the initially planned objectives are achieved. The calculation of the fair value of the positions is made available on a monthly basis for management monitoring purposes.

The derivatives contracted by the Company are intended to hedge its equipment import transactions against exchange rate fluctuation risks during the period between the time an order is placed and the time the equipment is delivered in Brazil.

(b) Derivatives can be summarized as follows:

	9/30/2012		
Type	Notional amount	Fair value	Amounts receivable/ payable
NDF	37,902	45	45
Forward US dollar purchase contracted 1.89 to 1.94 (USD)			
NDF	726	(5)	(5)
Forward euro purchase contracted 2.64 (EURO)	38,628	40	40

Type	Notional amount	Fair value	Amounts receivable/ payable
	12/31/2011		
NDF	67,958	2,842	2,842
Forward US dollar purchase contracted 1.64 to 1.94 (USD)			
NDF	206	(1)	(1)
Forward euro purchase contracted 2.44 (EURO)	68,164	2,841	2,841

(c) Derivatives fair value calculation method

Derivatives are measured at present value at the market rate, on the base date of the future flow calculated using the contractual rates through maturity. For capped or double-index contracts, the Company also takes into consideration the option embedded in the swap contract.

(d) Hedge effectiveness calculation method

The Company’s hedges (swaps) are aimed at hedging against the impact of foreign exchange fluctuations on its machinery and equipment imports. These transactions are classified as hedge accounting.

The Company evidences the effectiveness of these instruments using the dollar offset method, which is commonly used by derivatives market players. This method consists of comparing the present value, net of future exposures in foreign currency, of commitments assumed by the Company with the derivatives contracted for such foreign exchange hedging.

As at September 30, 2012, no ineffectiveness was recognized in profit or loss as a result of the Company’s hedging transactions.

(e) Gains and losses for the period

Since the Company evidences the effectiveness of the conducted hedge accounting swap transactions, the losses and gains on these derivative transactions are recognized as a balancing item to the hedged assets (property, plant and equipment) as part of the initial cost of the asset at the same time the asset is accounted for. As at June 30, 2012 the amount of R$1,443 was transferred from equity and added to the initial cost of the equipment.

The allowance for unrealized losses/gains is recognized in other liabilities/assets, in the balance sheet, as a balancing item to Equity valuation adjustments, in equity.

As at September 30, 2012, total unrealized gains on currency futures, recognized in ‘Other comprehensive income’, accumulated in equity, in line item 'Equity valuation adjustments' and related to such future purchases scheduled, amounted to R$1,848 (unrealized losses of R$2,102 in 2011). The Company expects that the purchases will occur in the next period, when the amount then deferred in equity will be included in the carrying amount of the imported equipment.

(f) Embedded derivatives

All contracts with potential derivative instrument clauses or securities are assessed by the Company's Finance Manager together with the legal counsel team before their execution, for guidance regarding any effectiveness testing, the definition of the accounting policy to be adopted, and the fair value calculation method.

Currently, the Company is not party to any contracts with embedded derivatives.

(g) Value and type of margins pledged as guarantees

The current foreign currency-denominated derivative transactions do not require the deposit of any margin calls.

(h) Sensitivity analysis

The table below shows the sensitivity analysis of the financial instruments, including derivatives, which describes the risks that can produce material losses for the Company, with the most probable scenario (scenario I), as assessed by management, considering a three-month timeframe, after which the next financial information containing this analysis will be disclosed. Additionally, the table shows two other scenarios, as required by the Brazilian Securities Commission, in Instruction 475/2008, to present a 25% and 50% stress of the risk variable considered, respectively (scenarios II and III):

		9/30/2012		
Debt	Indicator	Scenario I (probable)	Scenario II 25%	Scenario III 50%
BNDES	TJPL	27,481	27,481	27,481
Leasing	CDI	31,973	31,984	31,997
Working capital	CDI	29,725	29,754	29,782
Debentures	CDI/IPCA	553,972	557,815	561,577
Promissory notes	CDI	60,344	60,640	60,954
		703,495	707,674	711,791
	Change		0.59%	1.18%

Benchmark	Scenario I rate maintenance	Scenario II 25%	Scenario III 50%
CDI	7.39%	9.24%	11.09%
TJLP	5.75%	7.19%	8.63%
IPCA	053%	0.66%	0.80%
US$	2.03	2.54	3.05
Euro	2.61	3.26	3.92

The sensitivity analysis above takes into consideration changes regarding a certain risk but maintains constant the other variables, associated to other risks.

23. INSURANCE

It is the Company's policy to constantly monitor the risks inherent in its operations. Accordingly, the Company has taken out insurance to cover civil liability risks, with coverage amounting to R$29,000 at September 30, 2012 (December 31, 2011 - R$29,000).

24. NON-CASH TRANSACTIONS

During the period ended June 30, 2012, the Company declared interest on capital of R$18,784, net of income tax.

At September 30, 2012, the Company made an installment purchase of equipment amounting to R$39,628 as part of its non-cash investing activities. Accordingly, this investment is not reflected in the statement of cash flows (December 31, 2011 - R$23,410).

25. EVENTS AFTER THE REPORTING PERIOD

On October 24, 2012, the Company entered into agreements for purchase of motor equipment for the Rental division, totaling US$71 million, with monthly deliveries scheduled as from the end of this year, in order to continue to meet the strong demand in this market. To protect against the risk of foreign exchange fluctuation of this investment, the Company entered into a hedge contract in the amount of R$147,000.

On October 30, 2012, the Company was notified about an extraordinary general meeting of Nacht Participações S.A. where the shareholders approved the reduction of its capital, with the transfer of all its equity interest in Mills to its shareholders.

Still according to the terms of the above mentioned notification, neither the capital reduction, nor the corresponding transfer of Mills shares, when executed, will represent change in the shareholding control of Mills.
