(A free translation of the original in Portuguese)

Mills Estruturas e Serviços de Engenharia S.A.

Financial Statements in Accordance with Accounting Practices Adopted in Brazil and with the IFRS at December 31, 2010 and on Financial Independent Auditor's Report

(A free translation of the original in Portuguese)

Independent Auditor's Report on the Financial Statements

To the Managers and Stockholders
Mills Estruturas e Serviços de Engenharia S.A.

We have audited the financial statements of Mills Estruturas e Serviços de Engenharia S.A. (the Company) which comprise the balance sheet as at December 31, 2010 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but nor for the purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Mills Estruturas e Serviços de Engenharia S.A.

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of Mills Estruturas e Serviços de Engenharia S.A. as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB).

Other Matters

Supplementary information

We also audited the value added statement, related to the year ended December 31, 2010, whose presentation is required by Brazilian Corporation Legislation for publicly traded Companies and as supplementary information for IFRS that do not require the presentation of the value added statement. This statement was submitted to the same audit procedures previously described and, in our opinion, presents fairly, in all material respects, in relation to the financial statements taken as a whole.

Rio de Janeiro, February 25, 2011

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

Patricio Marques Roche
Contador CRC 1RJ081115/O-4

Mills Estruturas e Serviços de Engenharia S.A.

Balance Sheets

In thousands of reais

(A free translation of the original in Portuguese)

Assets	Note	As at December 2010	As at December 2009	As at January 1, 2009
Current				
Cash and cash equivalents	6	6,192	1,575	1,629
Marketable securities	7	136,146		
Trade accounts receivable	8	122,136	71,504	51,528
Inventories		5,630	1,382	413
Recoverable taxes	9	26,157	25,727	6,136
Prepaid expenses		312	218	236
Other assets		11,342	4,051	2,560
		307,915	104,457	62,502
Non-current				
Trade accounts receivable	8	3,781	4,413	5,216
Recoverable taxes	9	3,943	173	172
Deferred taxes	15	8,057	10,038	10,397
Judicial deposits	16	7,328	5,960	6,298
		23,109	20,584	22,083
Investments				1,810
Property, plant and equipment	10	551,174	275,988	218,423
Intangible assets	11	41,895	39,265	39,147
		616,178	335,837	281,463
Total assets		924,093	440,294	343,965

Liabilities and stockholders' equity	Note	As at December 31, 2010	As at December 31, 2009	As at January 1, 2009
Current				
Suppliers		32,743	11,713	14,077
Loans and financing	12	46,698	56,811	45,958
Salaries and social charges		21,264	14,716	13,184
Income tax and social contribution	15		74	2,214
Tax recovery program (REFIS)	17	717	786	
Taxes payable		4,357	4,023	3,607
Profit-sharing payable		17,504	13,824	8,523
Proposed dividends	19	28,112	16,242	
Other liabilities		9,395	1,251	141
		160,790	119,440	87,704
Non-current				
Loans and financing	12	85,925	127,127	142,063
Taxes payable			375	629
Tax recovery program (REFIS)	17	10,041	11,008	
Accounts payable - Share plan	14		583	
Provision for contingency	16	11,139	8,527	21,929
Other liabilities		1,046	593	1,295
		108,151	148,213	165,916
		268,941	267,653	253,620
Stockholders' equity				
Capital	18	525,123	80,681	67,124
Revenue reserves	18	145,202	86,232	23,279
Capital reserves	18	(8,170)	5,728	(58)
Equity adjustment	18	(7,003)		
Total stockholders' equity		655,152	172,641	90,345
Total liabilities and stockholders' equity		924,093	440,294	343,965

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

	Note	2010	2009
Net sales and services revenue	21	549,884	404,193
Cost of goods sold and services rendered	22	(254,798)	(169,603)
Gross profit		295,086	234,590
General and administrative expenses	22	(147,623)	(108,791)
Operating profit			
Finance income	23	18,673	941
Finance expenses	23	(24,306)	(25,316)
Finance expenses, net		(5,633)	(24,375)
Profit before income tax and social contribution		141,830	101,424
Income tax and social contribution	15	(38,547)	(33,036)
Profit for the year		103,283	68,388
Earnings per share - R$ (Note 20 (a))		0.82	0.78
Diluted earnings per share - R$ (Note 20 (b))		0.81	0.77

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

Mills Estruturas e Serviços de Engenharia S.A.

Statements of Comprehensive Income
Year Ended December 31
In thousands of reais (A free translation of the original in Portuguese)

	Note	2010	2009
Net income for the year		103,283	68,388
Other components of the comprehensive income			
Cash flows hedge	25b)	(7,003)	
Total comprehensive income for the year		96,280	68,388

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

Mills Estruturas e Serviços de Engenharia S.A.

Statements of Changes in Equity
In thousands of reais

(A free translation of the original in Portuguese)

	Capital			Revenue reserves				
	Subscribed	To be paid up	Capital reserve	Legal	For investiments	Special	Accumulated profit/loss	Total
At January 1, 2009	67,124		(58)		23,279			90,345
Merger of the net equity of Mills Andaimes Tubulares and Mills Indústria e Comercio	13,725	(337)	1,837		4,044			19,269
Merger of Itapoã Participações	20					6,763		6,783
Payment of capital		15						15
Capital increase-subscription of new shares	134							134
Realization of capital reserve			58					58
Realization of special reserve - tax amortization of merged goodwill for Itapoá						(1,394)	1,394	
Profit for the year							68,388	68,388
Equity adjustment - Share options plan			3,891					3,891
Profit allocation								
Constitution of statutory reserves on profit				3,419	50,121		(53,540)	
Dividends and interest on capital proposed							(16,242)	(16,242)
At December 31, 2009	81,003	(322)	5,728	3,419	77,444	5,369		172,641

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

Mills Estruturas e Serviços de Engenharia S.A.

Statement of Changes in Stockholders' Equity

In thousands of reais **(continued)**

	Capital			Revenue reserves						
	Subscribed	To be paid up	Capital reserve	Legal	For investiments	For Retention	Special	Equity adjustment	Accumulated profit (loss)	Total
At January 1, 2010	81.003	(322)	5.728	3.419	77.444		5.369			172.641
Payment of capital		322								322
Capital increase - capitalization of expansion reserve	16,201				(16,201)					
Capital increase - issue - IPO	408,261									408,261
Capital increase - issue - abroad	17,665									17,665
Capital increase - of shares - share options	1,993									1,993
Cost with the issuing of shares			(15,068)							(15,068)
Share options premium			1,170							1,170
Realization of special reserve - tax amortization of merged goodwill Itapoã							(1,520)		1,520	
Overall result for the period - cash flows hedge								(7,003)		(7,003)
Profit for the year									103,283	103,283
Profit appropriation										
Constitution of statutory reserves on profit				5,164		71,527			(76,691)	
Dividends and interest on capital proposed									(28,112)	(28,112)
At December 31, 2010	525,123		(8,170)	8,583	61,243	71,527	3,849	(7,003)		655,152

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

Mills Estruturas e Serviços de Engenharia S.A.

Statements of Cash Flows
Years Ended December 31

In thousands of reais (A free translation of the original in Portuguese)

	2010	2009
Cash flows from operations		
Profit before income tax and social contribution	141.830	101.424
Adjustments		
Depreciation and amortization	47,052	31,854
Provision for contingencies	1,361	1,285
Provision for share option expense	586	4,060
Profit-sharing	17,504	13,824
Book value of investments and operations with associates written off		2
Gain on disposal of property, plant and equipment and intangible assets written off	13,770	(3,943)
Yield on marketable securities	(4,812)	
Interest, monetary variation and exchange variations on loans, contingencies and judicial deposits	22,020	21,013
Tax recovery program (REFIS)- Law 11.941/2009	(1,036)	
	68,905	68,095
Changes in assets and liabilities		
Trade accounts receivable	(50,000)	(18,890)
Inventories	(4,248)	(927)
Recoverable taxes	10,560	(9,363)
Judicial deposits	(1,368)	(170)
Other assets	(7,385)	(1,474)
Suppliers	21,030	(1,872)
Salaries and social charges	6,548	1,532
Taxes payable	(755)	819
Other liabilities	1,551	6,564
	(24.063)	(23,781)
Cash from operations	186,672	(145,738)
Profit-sharing paid	(13,824)	(8,523)
Interest paid	(19,282)	(19,180)
Income tax and social contribution paid	(31,941)	(28,334)
Net cash from operations	121,625	89,701
Cash flows of investments and subsidiaries		
Marketable Securities	(131,334)	
Acquisitions of property, plant and equipment and intangible assets	(348,481)	(76,356)
Amount from sale of property, plant and equipment and intangible assets	17,999	4,822
Net cash used for investments	(461,816)	(71,534)
Cash flows of financing activities		
Capital contributions	428,241	149
Cost of issuing shares	(15,068)	
Dividends and JCP paid	(15,527)	(7,476)
Amortization of loans	(99,451)	(42,918)
Loans received	46,613	31,895
Net cash from (invested in) financing activities	344,808	(18,350)
Net increase in cash and cash equivalents	4,617	(183)
Cash and cash equivalents at the beginning of the period (Note 6)	1,575	1,758 (*)
Cash and cash equivalents at the end of the period (Note 6)	6,192	1,575

(*) Without the effects of the merger described in Note 1(iii).

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

Mills Estruturas e Serviços de Engenharia S.A.

Statement of Value Added
Years Ended December 31,

In thousands of reais (A free translation of the original in Portuguese)

	2010	2009
Revenue		
Sales of goods, products and services	632,990	459,654
Cancellations and discounts	(28,455)	(18,020)
Other income (sale of assets)	125	177
Provision for doubtful accounts - Reversal/(Constitution)	(1,525)	(3,581)
	603,135	438,230
Input materials purchased from third parties		
Cost of products sold	(23,227)	(7,458)
Materials, energy, outsourced services and others	(90,498)	(59,798)
Disposal of rental assets	(3,859)	(379)
Others	(1,276)	(1,511)
	(118,860)	(69,146)
Gross value added	484,275	369,084
Depreciation, amortization and depletion	(47,050)	(31,854)
Net value added generated by the entity	437,225	337,230
Value added received through transfer		
Financial income	18,673	5,826
Total value added to distribute	455,898	343,056
Distribution of value added		
Personnel and payroll charges	185,052	131,761
Direct remuneration	144,584	104,573
Benefits	31,168	20,706
FGTS	9,300	6,482
Taxes, fees and contributions	126,236	91,545
Federal	112,882	83,304
State	4,161	1,301
Municipal	9,193	6,940
Interest on third-party capital	41,327	51,362
Interest exchange variations	24,666	30,474
Rentals	16,661	20,888
Interest on capital	103,283	68,388
Interest on capital and dividends	28,112	16,242
Retained earnings	75,171	52,146
Value added distributed	455,898	343,056

The value added statement is not part of the financial statements in conformity with IFRS.

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

1 General Information

Mills Estruturas e Serviços de Engenharia S.A. ("Mills" or "Company"), a publicly held corporation, is based in the city of Rio de Janeiro - Brazil. The Company largely operates in the construction and industrial maintenance markets, in the following main activities:

(a) Rental and sales, including export, of steel and aluminum building structures and reusable concreting forms, with optional supply of the related engineering designs, supervision and the option of assembly.

(b) Rental, assembly and dismounting of scaffolding in industrial areas.

(c) Providing industrial painting, blasting, thermal insulation, boiler and refractory services as well as other related services.

(d) Sale, rental and distribution of aerial work platforms and telescopic handlers, as well as spare parts and components, and technical assistance and maintenance for this equipment.

The issue of these financial statements was authorized by the Board of Directors on February 24, 2011.

Corporate reorganization

Until December 31, 2008, the Mills Group was comprised of the following companies: Mills Andaimes Tubulares do Brasil S.A. ("MAT"), Mills Indústria e Comércio Ltda. ("MIC") and Mills Estruturas e Serviços de Engenharia S.A.

At the beginning of 2009, the Company underwent a corporate reorganization process, which included (i) transformation into a closed joint-stock company, approved on January 29, 2009, and (ii) merger of the companies MIC, MAT and Itapoã Participações S.A. ("ltapoã"), approved on January 30, 2009.

Mergers

The financial statements at December 31, 2009 and 2010 refer to the operations of the Company and of the merged companies, which were:

(i) Mills Indústria e Comércio Ltda. ("MIC")

(ii) Mills Andaimes Tubulares do Brasil S.A. ("MAT")

(iii) Itapoã Participações S.A. ("Itapoã")

The mergers, based on valuation reports of the stockholders' equity of the merged companies as at January 2, 2009, involved transfers of assets and liabilities as summarized below:

Group of accounts	MIC	MAT	ITAPOÃ	Total as at January 2, 2009	Changes in equity as at January 30, 2009
Cash and cash equivalents	26	102	20	148	120
Tax credits on goodwill			6,763	6,763	(1)
Investments		90,104	22,151	112,255	
Property, plant and equipment		28,535		28,535	(257)
Other current and non-current assets	1,836	9,370	1,600	6,806	433
Total assets	1,863	128,111	30,534	154,508	295
Current and non-current liabilities	53	18,738	1,600	20,272	(162)
Stockholders' equity	1,810	109,373	28,934	134,236	457
Adjustment of merger to determine The net book assets (i)	1,810	90,104	22,151	114,064	
Contributions to stockholders' equity:		19,269	6,783	20,171	
Capital		13,388	20	13,408	
Revenue reserves - Special reserve			6,763	6,763	
Reserve for investment		4,044		4,044	
Capital reserve		1,837		1,837	

(i) Refers to the eliminations of inter-company investments as a result of the merger process for determination of the net book assets.

The changes in equity between the base date of the valuation reports and the date of the merger were transferred directly to the Company's results for the year.

Under the merger, the Company received all the assets, rights and obligations of MIC, MAT and ltapoã at carrying value.

On April 14, 2010 the Company raised total funds of R$ 411 million, net of issuance costs, through an initial public offering (IPO).

The amounts stated in the balance sheet at January 1, 2009 show MIC as a Company investment.

2 Summary of Significant Accounting Policies

The main accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Declaration of conformity (in relation to the standards of the IFRS and the CPC)

The consolidated financial statements of the company have been prepared and are presented in accordance with accounting practices adopted in Brazil, based on the standards of the Brazilian Securities Commission (CVM) and the pronouncements of the Accounting Pronouncement Committee (CPC), which are in conformity with the International Financial Reporting Standards - IFRS issued by the IASB (International Accounting Standards Board).

These are the first financial statements presented in accordance with IFRS and the CPCs.

(b) Basis for measurement

The financial statements of the Company have been prepared under the historical cost convention, with the exception of the following material items recognized in the balance sheets:

- derivative financial instruments measured at fair value (Note 4 and 25);
- financial instruments measured at fair value through profit or loss (Note 4 and 25).

(c) Functional currency and presentation currency

The financial statements are presented in reais, which is the Company's functional currency. All the financial information is presented in thousands of reais, unless otherwise indicated.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive board, also responsible for making the Company's strategic decisions.

(e) Value added statements

The Company prepared value added statements in conformity with technical pronouncement CPC 09 - Value Added Statement, which are presented as an integral part of the financial statements in accordance with BRGAAP for public companies, while for the IFRS, they present additional financial information.

2.2 First adoption of the CPCs

In all previous periods, including the year ended December 31, 2009, the Company prepared its financial statements in accordance with the accounting policies previously adopted in Brazil (former BRGAAP). Application of the pronouncements and interpretations issued by the CPC had no effects on the Company's stockholders' equity and result; however, certain amounts were reclassified to comply with the new accounting standards. The financial statements for the year ended December 31, 2010 are the first to have been prepared entirely in accordance with the Accounting Pronouncements Committee (CPC).

Accordingly, the Company prepared its financial statements in compliance with the standards laid down in the CPCs for periods started January 1, 2010, as mentioned in its accounting policies.

Representation of the 2010 quarterly reports.

As permitted by CVM Decision No. 603/2009, the Company opted to present the quarterly information for 2010 in accordance with the accounting standards adopted in Brazil up to December 31, 2009. This decision allowed the quarterly information for 2010 to be represented together with the 2010 annual financial statements. However, on January 25, 2011, the CVM published Decision No. 656/11, amending CVM Decision No. 603/2009, postponing presentation of the quarterly information until presentation of the first quarterly information for 2011. The Company decided to take advantage of this prerogative and postpone presentation of the quarterly information until presentation of the first 2011 quarterly report. During 2010, application of the pronouncements and interpretations issued by the Accounting Pronouncements Committee - CPC did not generate effects on the Company's equity and results for the quarters ended March 31, June 30 and September 30, 2010; however, certain balances will be re-classified to comply with the new accounting standards.

2.2.1 Exemptions adopted

CPC 37 - First adoption of the international accounting standards permits certain exemptions in retrospective application of the requirements of the CPCs for the year ended December 2010. The Company applied the following exemption:

CPC 15 - the Company applied the exemption for business combination contracts described in CPC 15 and accordingly did not re-present the business combinations that occurred prior to the transition date of January 1, 2009.

The other optional exemptions do not apply to the Company:

- share-based payments and accounting for leases, as Brazilian accounting practices and the IFRSs were already aligned as regards these transactions in 2009;
- insurance contracts, as the Company did not enter into any operations of this type;
- assets and liabilities of subsidiaries, associates and joint ventures, as the Company has no subsidiaries, associates and joint ventures;
- compound financial instruments, because the Company does not have an outstanding balance of this type of financial instrument as at the date of transition to IFRS;
- renovation liabilities included in the cost of land, buildings and equipment, as the group does not have liabilities of this type;
- financial assets or intangible assets accounted for under ICPC 01/IFRIC 12, as the Company has not entered into agreements within the scope of this interpretation.

Exceptions to retrospective application followed by the Company

The Company applied the following compulsory exceptions to retrospective application.

(a) Hedge accounting exception

Management used hedge accounting from January 1, 2008 only in those cases the hedging relationship met the hedge accounting criteria set out in CPC 38/IAS 39 on that date.

(b) Exemption for estimates

The estimates used in preparation of these financial statements at January 1, 2009 and December 31, 2009 are consistent with the estimates as at the same dates made in conformity with the accounting practices adopted previously in Brazil ("former BR GAAP").

2.3 Significant accounting practices

(i) Cash and cash equivalents

Cash and cash equivalents are maintained to meet short-term cash commitments and not for investment or other purposes. They include cash in hand, bank deposits, short-term, highly-liquid investments with original maturities of three months or less, readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(ii) Financial instruments

(a) Initial recognition and measurement

The Company classifies its financial assets in the following categories: financial assets available for sale and financing and receivables. The classification depends on the purpose for which the financial assets were acquired.

Management determines the classification of its financial assets on initial recognition, the date on which it becomes part of the contractual provisions of the instrument. Financial assets are initially recognized at fair value plus direct transaction costs.

Purchases and sales of financial assets that require delivery of assets within a timeframe established by regulations or market convention (regular purchases) are recognized on the trade-date - the date on which the group commits to purchase or sell the asset. The Company's financial assets include cash and cash equivalents, trade and other accounts receivable and marketable securits.

(b) Financial assets available for sale

The financial assets available for sale are non-derivatives, which are designated in this category or are not classified in any other category. They are included in non-current assets unless management intends to dispose of the investment within 12 months after the balance sheet date. The fair value variations of the financial assets available for sale are charged to stockolder's equity. The interests on those titles are charged to the statements of income as finance income.

They comprise marketable securities with emmediate liquidaty with prime finance institutions and are indexed by the Interbank Deposits Cetificate - CDI with the interest being charged to the income statement under "finance income" in the period in which they arise. Those martable Securities book, once endered by CDI, are substantably closed to the fair valors.

(c) Financing and receivables

This category comprises non-derivative receivables with fixed or determinable payments, not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables, judicial deposits and cash and cash equivalents, excluding short-term investments. Loans and receivables are recorded at amortized cost, based on the effective interest rate method.

(d) Impairment of financial assets at amortized cost

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

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

(i) significant financial difficulty of the issuer or debtor;

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

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

(iv) the disappearance of an active market for that financial asset because of financial difficulties; or observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

- adverse changes in the payment status of borrowers in the portfolio;
- national or local economic conditions that correlate with defaults on the assets in the portfolio. The Company first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the income statement.

(e) Hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value are recorded in the income statement, except when the derivative is designated as cash flows hedge.

(i) Cash flows hedge

The Company documents, at the inception of the transaction, the relationship between the hedging instruments and the hedged items, as well as its risk management objectives and strategy for undertaking hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the statement of profit and loss.

The gain or loss relating to the ineffective portion, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, fixed assets), previously deferred in equity is transferred from equity and included in the initial measurement of the cost of the fixed asset. The deferred amounts are ultimately recognized in profit and loss by depreciation of the fixed assets.

In the year from June 2009 to June 2010, the gain or loss related to the cash flow hedge was recognized in profit or loss since the documentation described abouve had not been prepared.

The full fair value of a hedging derivative is classified as a non-current asset or liability, when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity is less than 12 months.

The fair value of derivative instruments is disclosed in Note 25.

(ii) Trade receivables

Receivables are recognized on an accrual basis at the time the service are provided and/or sale to the customers. Trade receivables are recognized at fair value at the time of the sale , adjusted by the provision for impairment of the accounts receivable. The provision for impairment is recorded when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the accounts receivable. The amount of the provision is based on credit risk analysis, which considers the individual situation of the customers, that of the economic group to which they belong, the collateral for the debts and the opinion of its legal advisors.

(iii) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the Weighted Average Cost method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable execution costs and selling expenses.

(iv) Current and deferred income tax and social contribution

The income tax and social contribution expenses for the period comprises current and deferred tax. Income tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity or in other comprehensive income. In this case the tax is also recognized in equity or comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted in Brazil at the balance sheet date, which is 15%, plus 10% on taxable income in excess of R$240, in the case of income tax, and 9% on taxable income in the case of a social contribution on net income. Management periodically evaluates positions taken with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax and social contribution is calculated on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The current tax rates of 25% for income tax and 9% for social contribution are used to calculate deferred taxes.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized, taking into consideration projections of future income based on internal assumptions and future economic scenarios which may, therefore, be subject to change.

For purposes of determination of income tax and social contribution on net income, the Company opted for the Transition Tax Regime - RTT, as established in Law 11.941/09, and follows the accounting criteria laid down by Law 6,404/76, prior to the changes introduced by Law 11,638/07.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(v) Judicial deposits

These deposits are stated at restated cost under non-current assets (Note 16).

(vi) Property, plant and equipment: own use and rental and operational use

The major part of the income of the Company is produced by equipment rental, whether through rental only or rental together with assembly and disassembly.

Property, plant and equipment for the Company's use comprises mainly the facilities for storing equipment, offices, improvements and furnishing and fittings required for these facilities.

Property, plant and equipment is recorded at historical cost, less accumulated depreciation and impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when future economic benefits associated with the item are probable and the cost of the item can be measured reliably. The carrying amount of the replaced part is excluded from the assets. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method, at the rates disclosed in Note 10, which take into account the estimated useful and economic life of the assets. Land is not depreciated.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in operating income (loss).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the balance sheet date. The Company's appraisals and measurements of the useful lives used have proved to be relatively accurate estimates of the actual wear on the equipment and assets.

(vii) Intangible assets

Computer Software

Software is valued at cost, less accumulated amortization and impairment losses, if applicable.

Costs associated with maintaining and developing computer software programs are recognized as an expense as incurred.

Computer software has an established useful life and is amortized over five years (Note 11).

(viii) Goodwill

Refers to the goodwill determined on the acquisition of Jahu and Kina in relation to the difference between the purchase price and the carrying value of the assets and liabilities. The goodwill is based on future profitability and was amortized to December 31, 2008. Since January 1, 2009, the goodwill is tested annually for impairment.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to the operating segment.

(ix) Impairment of assets

Property, plant and equipment and other non-current assets, including goodwill and intangible assets, are tested annually for impairment, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If this is the case, the recoverable amount is calculated to check for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and the value of an asset in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(x) Trade payables

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

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

(xi) Provisions

Provisions are recognized when: the Company has a present legal or unformalized obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

The provisions for contingencies are recorded at the amount of probable losses, considering the nature of each contingency (Note 15). Management, supported by the opinion of its legal advisors, understands that the constituted provisions are sufficient to cover eventual losses with ongoing lawsuits. Monthly charges are due on the provisions for contingencies using the correction index of the rate of the Special System for Settlement and Custody ("Sistema Especial de Liquidação e Custódia - SELIC"). The provision increments are recognized as operational expenses in the income statement.

A provision for onerous contracts is recognized when it is probable that the future economic benefits of the contract will be lower than the unavoidable cost of meeting the contractual obligations. The provision is measured at present value and at the lower of the estimated cost of terminating the contract and the estimated net cost of maintaining the contract.

(xii) Profit-sharing

Profit sharing is recognized throughout the year and paid in the following year. The amount distributed is 25% of the EVA (operating profit after tax), less interest on capital

(xiii) Share-based payment

The Company offers employees and executives a compensation plan based on share options, converted into common shares in the Company at the time of the initial public offer. Under this plan, the Company receives services from the employees in exchange for the grant of the options. The fair value of the options granted is recognized as an expense over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the balance sheet date, the Company reviews its estimates of the number of options to which the rights should be acquired based on the conditions, taking into account the impact of the review of the initial estimates, if any, on the statement of income, set against stockholders' equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(xiv) Loans and financing

Loans are recognized initially at fair value, and subsequently carried at amortized cost, that is, including interest proportionate to the period, according to the contractual conditions agreed with each financial institution. The calculation methodology for each loan follows the particular conditions of each contract, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan, and are also recorded under finance expenses.

Management controls the balances of the loans on a monthly basis, using management controls, that updates the financial indicators (interest rates) in accordance with each contract.

Loans and financing are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(xv) Leases

The Company leases certain property, plant and equipment. Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases.

The leased asset is initially recognized at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Subsequently, the asset is recorded in accordance with the pertinent accounting policy.

The balance of the finance lease account, presented under current and non-current liabilities, refers to lease payments still outstanding.

(xvi) Foreign currency translation

Foreign currency transactions are translated into reais using the exchange rates prevailing at the dates of the transactions. Balance sheet amounts are converted at the exchange rates on the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flows hedges.

(xvii) Capital stock

The Company's capital is divided into common shares with no par value.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(xviii) Distribution of dividends and interest on capital

Distribution of dividends and interest on capital to the Company's stockholders is recognized as a liability in the group's financial statements at year-end based on the Company's By-laws. Any amount that exceeds the minimum required is only provided on the date it is approved by the stockholders at the annual general meeting.

The tax benefit of interest on capital is recognized in the income statement.

(xix) Revenue recognition

Sales revenue is recognized when significant risks and benefits of ownership of goods are transferred to the purchaser. The Company's policy of revenue recognition, therefore, is the date on which the product is delivered to the purchaser.

Income from services rendered is recognized based on the services performed to the reporting date as a percentage of the total services to be performed.

Rental income is recognized monthly in the income statement on a pro rata basis, using the straight-line basis, in accordance with equipment rental agreements.

The Company separates the identifiable components of an agreement or group of agreements in order to reflect the substance of the agreement or group of agreements, recognizing the revenue from each of the elements in proportion to its fair value. Accordingly, the Company's revenue is divided into rental, technical assistance, sales and indemnities/recovery of expense.

Interest income is recognized in proportion to the time elapsed, taking into consideration the outstanding principal and the effective rate during the period to maturity, when this revenue will be credited to the Company.

Revenue, expenses and assets are recognized net of taxes on sales.

(xx) Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to the controlling and minority equity holders of the Company by the weighted average number of common shares in issue during the period. Diluted earnings per share are calculated by adjusting the weighted average number of common shares in issue to assume conversion of all dilutive potential common shares, in the periods presented, pursuant to CPC 41 and IAS 33.

(xxi) New standards and interpretations not yet effective

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

The main IFRS standards, amendments and interpretations published by the IASB, are set out below:

- Comparative IFRS 7 Disclosures for First-time Adopters - offers entities adopting IFRS for the first time the same options allowed to current users of the IFRS in adopting the amendments to IFRS 7. It also explains the transition rules for the amendments to IFRS 7.

- Improvements to IFRS 2010 - various improvements have been made to IFRS 2010. The changes generally apply to annual periods after January 1, 2011, unless otherwise indicated. Early application, although permitted by the IASB, is not available in Brazil .

- IFRS 9 Financial Instruments - issued in November 2009. The standard is the first step in the process of substitution of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for classification and measurement of financial assets. The standard does not apply until January 1, 2013, but is available for early adoption.

- IAS 24 (revised), "Related Party Disclosures", issued in November 2009. Substitutes IAS 24, "Related Party Disclosures", issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after January 1, 2011. Full or partial early application is permitted. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities.

- Prepayment of a minimum fund requirement (Amendment to IFRIC 14) - the amendments correct an unintentional consequence of IFRIC 14, IAS 19 - "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction". Without the amendments, entities are not permitted to recognize as an asset voluntary prepayments of minimum funding contributions. This was not the intention when IFRIC 14 was issued, and the amendments correct this. The amendments are effective in annual periods beginning January 1, 2011. Early application is permitted. The amendments should be applied retrospectively to the first comparative period presented.

- Amendment to IAS 32, "Financial Instruments: Presentation - Classification of Rights Issues"- issued in October 2009, the amendment is effective for annual periods beginning on or after February 1, 2010, with earlier application permitted. The amendment addresses the accounting for rights issues denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, these share rights are now classified as equity, irrespective of the currency in which the exercise price is denominated. Previously, the shares had to be accounted for as derivative liabilities. The amendment applies retroactively, in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

- IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments" has been in effect since July 1, 2010. The interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (conversion of the debt). This requires recognition of a gain or loss in profit or loss, measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value is not reliably determinable, the equity instruments should be measured at the fair value of the liability extinguished.

The CPC has not yet issued pronouncements equivalent to the above-mentioned IFRSs, but is expected to do so prior to the date on which they become mandatory. Early adoption of the pronouncements of the IFRSs is conditional on prior approval in a regulatory act of the Brazilian Securities Commission.

The Company still has to estimate the total impact of these new standards, interpretations and amendments to the standards on its financial statements, however, it does not expect significant impacts as a result of adoption.

3 Critical Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments and estimates and adopt assumptions that affect the amounts of revenue, expenses, assets and liabilities stated, as well as disclosures of contingent liabilities, on the reporting date. However, the uncertainty as regards these assumptions and estimates may lead to results that require a material adjustment to the carrying amounts of the asset or liability affected in future periods.

The main assumptions in relation to sources of uncertainty in the future estimates and other significant sources of uncertainty in estimates at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

3.1 Impairment of non-financial assets

Impairment exists when an asset's carrying amount exceeds its recoverable value. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Calculation of the value in use is based on discounted cash flow analysis. The cash flows projections are based on the budget for the next five-year period and do not include reorganization procedures that the Company has not yet committed to or significant future investments that will improve the asset base of the cash generating unit tested. The recoverable amount is sensitive to the discount rate used in the discounted cash flow method, and to the receipt of estimated future cash and the growth rate used for purposes of extrapolation.

3.2 Share-based payment transactions

The Company measures the cost of share-based transactions with employees based on the fair value of the equity instruments at the grant date. Estimation of the fair value of share-based payments requires determination of the most appropriate valuation model for granting of equity instruments, which depends on the terms and conditions of the grant. This also requires determination of the most appropriate data for the valuation model, including the estimated life of the option, volatility and dividend yield and corresponding assumptions. The assumptions and models used to estimate the fair value of share-based payments are disclosed in Note 14.

3.3 Taxes

There are uncertainties with respect to the interpretation of complex tax regulations and the amount and period of future taxable income. Differences between the actual results and the assumptions adopted, or future changes in these assumptions, could require future adjustments to tax income and expense already recorded. The Company recorded provisions, based on reasonable estimates, for the potential consequences of audits by the tax authorities. The amount of these provisions is based on various factors, such as experience of previous tax audits and conflicting interpretations of the tax regulations by the taxable entity and the tax authority responsible. Such differences of interpretation may arise on a wide variety of matters, depending on the conditions in effect in the Company's respective domicile. Deferred tax assets are recognized for all temporary differences only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Significant judgment is required by management in determining the amount of the deferred tax asset that can be recognized, based on the probable term and level of future taxable income, together with tax planning strategies.

3.4 Fair value of financial instruments

The fair value of financial assets and liabilities, such as stock options, marketable securities and hedge instruments, stated in the balance sheet that are not traded in an active market, is determined by using valuation techniques, including the discounted cash flow method. The input for these methods is based on market conditions, whenever possible. When this is not feasible, a certain degree of judgment is required to establish the fair value. This judgment includes considerations as to the input used, such as liquidity risk, credit risk and volatility. Changes in the assumptions on these factors could affect the stated fair value of the financial instruments.

3.5 Provisions for tax, civil and labor risks

The Company recognizes a provision for tax, civil and labor suits. Assessment of probable losses includes evaluation of the available evidence, the hierarchy of the laws, available jurisprudence, the most recent decisions by the courts and their relevance in the legal order, supported by the opinion of the external legal advisors. The provisions are reviewed and adjusted to take into account changes in circumstances, such as pertinent statutes of limitations, conclusions of tax inspections or additional exposure identified based on new matters or court decisions.

4 Determination of fair value

A number of the Company's policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair values have been calculated for purposes of measurement and/or disclosure based on the following methods. Where applicable, additional information as to the assumptions used in determination of the fair values is disclosed in the notes specific to the asset or liability.

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

The following table presents the Company's assets and liabilities that are measured at fair value at December 31, 2010.

	Level 1	Level 2	Total balance
Assets			
Financial assets avaiable for sale marketable securities	136,146		136,146
Total assets	136,146		136,146
Financial Liabilities			
Derivatives used for hedging		7,003	7,003
Total liabilities		7,003	7,003

The following table presents the group's assets and liabilities that are measured at fair value at December 31, 2009.

	Level 1	Level 2	Total balance
Financial Liabilities			
Share options		6,311	6,311
Derivatives used for hedging		3,445	3,445
Total liabilities		6,655	6,655

(i) Trade receivables and other credits

The fair value of trade receivables and other credits is estimated as the present value of future cash flows, less the market interest rate at the reporting date. The fair value is determined for disclosure purposes.

(ii) Derivatives

The fair value of forward foreign exchange contracts is calculated at the present value, using market rates, which are determined on the date of each calculation.

The fair value of interest rate swaps is based on dealer quotes. These quotes are tested for soundness by discounted estimated future cash flows based on the conditions and maturity of each contract, using market interest rates for similar instruments at the measurement date. The fair values reflect the instrument's credit risk and include adjustments taking into account the credit rating of the Group member and counterparty, where appropriate.

(iii) Non-derivative financial liabilities

Calculation of the fair value, determined for disclosure purposes, is based on the present value of the principal and future cash flows, discounted at the market interest rates at the reporting date. The interest rate for finance leases is based on rates for similar lease contracts.

(iv) Share-based transactions

The Black-Scholes formula is used to measure the fair value of employees' share options and share appreciation rights. Changes in measurement include the share price on the measurement date, the exercise price of the instrument, the expected volatility (based on the historical weighted volatility, adjusted for changes expected due to publicly available information), the average weighted life of the instruments (based on historical experience and the general conduct of the option holder), dividends expected and risk-free interest rates (based on government bonds). Service conditions and performance outside the market inherent to the transactions are not taken into account in determination of the fair value.

5 Financial Risk Management

5.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures and it is Company policy not to participate in any trading of derivatives for speculative purposes.

Risk management is carried out by the Finance department, under policies approved by the Board of Directors. The Finance department identifies, evaluates and protects the Company from financial risks in co-operation with the Company's operating units. The Finance department establishes principles for overall risk management, as well as for specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

5.2 Market risk

(i) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the euro. Foreign exchange risk arises from future imports of equipment, mainly telescopic handlers and formwork.

It is Company policy, conservatively, to eliminate 100% of cash risk related to exchange rate, since all of its revenue is received in Brazilian reais. The Company uses swap contracts with financial institutions as a hedge. All these contracts provide for a simple exchange of indexes, under which the financial institution assumes the foreign exchange risk and the Company, in counterpart, undertakes to pay interest on the notional amount (corresponding to the original amount of our foreign currency liability).

(ii) Interest rate risk and monetary restatement

The Company's indebtedness is denominated in reais, subject to floating interest rates, particularly the Interbank deposit certificate - CDI and Long-term interest rate -TJLP rates. There is a risk that the Company might incur losses on account of interest rate fluctuations that increase the finance expense of loans and financing raised in the market.

It is Company policy not to use any instrument to reduce its exposure to interest rate fluctuations. This is a market risk arising from macroeconomic and regulatory conditions to which all companies operating in Brazil are subject.

The Company analyzes its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, financing and hedging. Based on these scenarios, the Company defines a reasonable change in the interest rate. The scenarios are run only for liabilities that represent the major interest-bearing positions. See the sensitivity analysis of potential interest rate fluctuations in Note 25(d).

5.3 Credit risk

Credit risk is the risk of financial loss for the Company if a customer or counterparty in a financial instrument fails to comply with their contractual obligations, in the course of its operations (mainly in relation to accounts receivable) and financing , including deposits in banks and financial institutions.

(i) Trade accounts receivable

The Company periodically bills the outstanding amounts due by its clients for rentals and services, generally for periods of 30 to 45 days, with average receipt terms of 50 days. Accordingly, it is subject to the risk of default on accounts receivable. The default rates are relatively low, which can be attributed to the background of long relationships with clients and, in the case of the Jahu and Rental Divisions, the pulverized client and project bases. The Company's trade credit portfolio comprises primarily Brazilian clients. The Company records a provision for impairment when it judges that there is a risk of default on the amounts due.

Client credit risk management is exercised by the Company's financial management, which assesses the clients' financial capacity to pay. This analysis is made prior to the effective commercial agreement between the parties and involves an individual analysis of each client, taking mainly the following information into consideration: (i) registrered data; (ii) financial information and indicators; (iii) risk categories (SERASA methodology); (iv) majority interests and; (v) pending items and protests in Serasa. It is not Company practice to obtain financial guarantees from its clients to manage credit risks.

(ii) Financial instruments and cash deposits

The credit risk of balances with banks and financial institutions is managed by the Company's treasury department in accordance with treasury policy. Surplus funds are only invested in approved counterparties.

It is Company policy only to use first-class financial institutions classified as "investment grade". Management does not expect any counterparty to fail to fulfill its obligations.

5.4 Liquidity risk

Liquidity risk is the risk of the Company having difficulties in meeting the obligations associated with its financial liabilities settled by cash payments or with another financial asset. The Company's approach to liquidity management is to ensure, as far as possible, that it always has sufficient liquidity to meet its obligations at maturity, under standard and stress conditions, without causing unacceptable losses or at the risk of damaging the Company's reputation.

The finance department monitors the Company's ongoing projections of liquidity requirements to ensure that it has sufficient cash to meet its operating needs. The monthly projections take into account the Company's debt financing plans, compliance with contractual clauses and with internal targets in accordance with the Company's strategic planning. The Company also had credit facilities with the main financial institutions operating in Brazil.

The following table analyzes the financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date, when the Company anticipates making the payment.

	Less than one year	One to two years	Two to five years	More than five years
At December 31, 2010				
Loans and financing	21,924	20,916	22,640	9,182
Finance lease obligations	28,460	25,477	37,737	
Derivative financial instruments	5,924	(385)		
Suppliers	32,743			
At December 31, 2009				
Loans and financing	42,467	38,123	52,954	
Finance lease obligations	23,704	26,354	57,471	
Derivative financial instruments	(263)			
Suppliers	11,713			
At January 1, 2009				
Loans and financing	46,283	44,543	95,985	3,695
Finance lease obligations	16,047	17,412	44,262	
Suppliers	14,077			

(*) The estimated interest rates (CDI and TJLP) for future commitments reflect the market rates in each period.

5.5 Capital management

The Company's objectives when managing capital structure is to protect its equity, safeguard its ability to continue as a going concern and provide good conditions for its employees and other stakeholders and satisfactory returns for stockholders.

In order to maintain or adjust the capital structure, the Company may, for example, under the by-laws, increase capital, issue new shares, approve debenture issues and purchase of its own shares. The Company also uses performance indicators to assess its financial leverage, such as: (i) ratio of total net indebtedness (total bank debt less total cash and cash equivalents) to EBITDA, (ii) ratio of net current debt (current debt less total cash and cash equivalents) total net indebtedness and (iii) ratio of net finance expense to EBITDA.

	2010	2009
Total bank debt	132,623	183,938
Short-term bank debt	46,698	56,811
Long-term bank debt	85,925	127,127
Net finance expense	5,633	24,375
Finance income	(18,673)	(941)
Finance expense	24,306	25.316
Total cash and cash equivalents	142,338	1,575
Net indebtedness	(9,715)	182,363
EBITDA	194,523	157,650
Indicators		
Net indebtedness / EBITDA		1.2
Net short-term bank debt / Net indebtedness		0.3
EBITDA / Net finance expense	35	6.5

At December 31, 2010 the total cash and cash equivalents were greater than the bank debt, accordingly the Net indebtedness/EBITDA and Net ST Bank Debt/Bank Debt do not apply.

6 Cash and Cash Equivalents

	December 31, 2010	December 31, 2009	January 1º, 2009
Cash	275	148	113
Banks	5,917	1,371	1,329
Short-term financial investments		56	188
	6,192	1,575	1,629

7 Marketable Securities

As marketable securities at December 31, 2010 relate mainly to bank repurchase agreements with immediate liquidity with the Santander and Votorantim Banks, derived from the funds raised at the time of the flotation (IPO). The yield on these operations was R$ 4,812 in 2010.

8 Trade Accounts Receivable

	December 31, 2010	December 31, 2009	January 1º, 2009
Construction division	47,960	34,729	23,789
Jahu division	19,143	7,608	4,059
Maintenance and assembly division	45,550	27,826	20,497
Rental division (Mills Rental)	16,616	7,002	5,964
Events	6,563	7,500	7,875
	135,832	84,665	62,184
Provision for impairment of trade receivables	(9,293)	(7,767)	(4,186)
	126,539	76,898	57,998
Present value adjustment	(622)	(981)	(1,254)
	125,917	75,917	56,744
Current	122,136	71,504	51,528
Non-current	3,781	4,413	5,216

The changes in receivables in the period reflect the increase in the Company's operations**.** The Company's client base is not concentrated in its revenue and trade receivables, as no customer or economic group represents 10% or more of its receivables in any of its segments.

(*) The provision for impairment of trade receivables is calculated based on the amount considered sufficient to cover potential losses on realization of the amounts receivable and considering on individual clients analisys.

Movements on the Company's provision for impairment of trade receivables are as follows:

	2010	2009
At January 1	7,767	4,186
Provision for receivables impairment	1,807	3,895
Receivables written off during the year as uncollectible	(253)	(254)
Amounts received	(29)	(60)
At December 31	9,293	7,767

At December 31, 2010, trade receivables of R$ 32,049 (2009 - R$ 9,872, January 1, 2009 R$ 8,555) are overdue but not impaired. These accounts relate to a series of independent clients with no recent history of default.

At December 31, 2010, trade receivables totaling R$ 9,293 (2009 - R$ 7,767 January 1, 2009 R$ 4,186) were impaired and provided for. The individually impaired receivables mainly relate to clients who are in difficult economic situations. Assessment and historical information indicate that a portion of the receivables is expected to be recovered.

The analysis of maturities of trade receivables is as follows:

	December 31, 2010	December 31, 2009	January 1º, 2009
Not yet due	94,490	67,016	49,443
Overdue			
By 1 to 2 months	22,448	10,116	8,293
By 2 to 4 months	4,481	638	466
Over 4 months	14,413	6,885	3,982
	135,832	84,665	62,184

The analysis of maturities of trade receivables overdue but not impaired is as follows:

	December 31, 2010	December 31, 2009	January 1º, 2009
Overdue			
1 to 2 months	22,359	8,963	8,293
2 to 4 months	3,454	329	254
More than 4 months	6,236	580	8
	32,049	9,872	8,555

The Company does not record a provision for impairment of amounts overdue for more than 4 months, as these amounts related to a single customer with no history of default. The amounts have been renegotiated and the customer is honoring its financial commitment to the Company.

9 Recoverable Taxes

	December 31, 2010	December 31, 2009	January 1º, 2009
Tax for Social Security Financing - COFINS and Social Integration Program - PIS to be offset (*)	18,747	18,561	4,084
Corporate Income Tax - IRPJ and Social Contribution on Net Income -CSLL to be offset	6,647	4,753	162
State value-added tax on sales and services - ICMS to be offset	934	517	
Others	3,772	2,069	2,062
	30,100	25,900	6,308
Current	26,157	25,727	6,136
Non-current	3,943	173	172

(*) The COFINS and PIS tax credits mainly relate to recoverable amounts of acquisitions of fixed assets, which will be offset against the non-cumulative federal PIS and Cofins obligations as from the January 2011 payment. It is anticipated that they will have been used by November 2013. In 2009, the Company changed the way in which it uses these tax credits, and now records the credit at 1/48th or 1/12th, in accordance with the pertinent legislation, instead of taking advantage of the depreciation term of the fixed asset, the practice followed until 2008.

10 Property, Plant and Equipment

	Equipment for rental and operational use	Leasing	Rental equipment to be capitalized	Total rental equipment	Leasehold improvements	Buildings and land	Computers and peripherals	Vehicles	Facilities	Furniture and fittings	Projects In progress	Total own use assets	Total property, plant and equipment
Gross cost of property, plant and equipment													
At January 1, 2009	231,033	58,426	7,555	297,014	3,832	6,939	3,902	778	184	2,027	294	17,956	314,970
Balance of merger with MAT	30,936		37	30,973	86	1,375	261		287	1,088		3,097	34,070
Balance of merger with MIC	369			369			2		38	12		52	421
Acquisitions	8,523	27,579	22,894	58,996	671		724	74	75	406	478	2,428	61,424
Disposals	(2,027)	(291)	(282)	(2,600)			(12)	(76)				(88)	(2,688)
Transfers	16,425	4,441	(21,017)	(151)		119	1	(2)		38	(119)	37	(114)
At December 31, 2009	285,259	90,155	9,187	384,601	4,589	8,433	4,878	774	584	3,571	653	23,482	408,083
Acquisitions	162,956	4,147	147,707	314,810	2,340		1,974	472	505	1,102	4,817	11,210	326,020
Disposals	(9,039)	(430)		(9,469)	(52)		(12)	(349)		(1)		(414)	(9,883)
Transfers	92,150	7,010	(99,199)	(39)	33							33	(6)
At December 31, 2010	531,326	100,882	57,695	689,903	6,910	8,433	6,840	897	1,089	4,672	5,470	34,311	724,214
Accumulated depreciation													
At January 1, 2009	(84,678)	(6,640)		(91,318)	(908)	(33)	(2,734)	(209)	(167)	(1,178)		(5,229)	(96,547)
Balance of merger with MAT	(3,303)			(3,303)	(86)	(543)	(261)		(254)	(1,088)		(2,232)	(5,535)
Balance of merger with MIC	(369)			(369)			(2)		(38)	(12)		(52)	(421)
Depreciation	(23,047)	(7,293)		(30,340)	(364)	(98)	(416)	(145)	(10)	(143)		(1,176)	(31,516)
Disposals	1,722	55		1,777			7	26				33	1,810
Transfers	94	31		125						(11)		(11)	114
At December 31, 2009	(109,581)	(13,847)		(123,428)	(1,358)	(674)	(3,406)	(328)	(469)	(2,432)		(8,667)	(132,095)
Depreciation	(35,128)	(9,778)		(44,906)	(512)	(100)	(630)	(214)	(32)	(213)		(1,701)	(46,607)
Disposals	5,286	65		5,351	52		2	251		1		306	5,657
Transfers	5			5									5
At December 31, 2010	(139,418)	(23,560)		(162,978)	(1,818)	(774)	(4,034)	(291)	(501)	(2,644)		(10,062)	(173,040)
Annual depreciation rates - %	10	10			10	4	20	20	10	10			
Property, plant and equipment, net													
At January 1, 2009	146,355	51,786	7,555	205,696	2,924	6,906	1,168	569	17	849	294	12,727	218,423
At December 31, 2009	175,678	76,308	9,187	261,173	3,231	7,759	1,472	446	115	1,139	653	14,815	275,988
At December 31, 2010	391,908	77,322	57,695	526,925	5,092	7,659	2,806	606	588	2,028	5,470	24,249	551,174

Rental equipment can be summarized as: access scaffolding (Tubos Mills and Elite), formwork (Formas Noe and Aluma), shoring (Mills Tour and Aluma), aerial platforms (JLG and Genie) and telescopic handlers.

In 2010, the Company purchased rental equipment to increase its service provision capacity, substantially with funds raised by the initial public offer and from third parties.

Depreciation for the period, allocated to production and services costs and general administrative expenses, amounted to R$ 44,898 and R$ 2,198 at December 31, 2010 (December 31, 2009 - R$ 30,342 and R$ 1,174), respectively..

Certain assets are used as collateral for loans and financing items (Note 12).

Property, plant and equipment is stated at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Review of the estimated useful life

Pursuant to Technical Interpretation ICPC - 10 issued by the Accounting Pronouncements Committee and approved by CFC Resolution No. 1.263/2009, in 2009, the Company completed the first of the periodic analyses to review and adjust the estimated economic useful life for calculation of depreciation. For the purposes of this analysis, based on the assessment of the technical supervisors, the Company issued an appraisal report dated November 23, 2009 , approved by a Board meeting. In 2010, in order to corroborate the valuation of its technical supervisors, the Company contracted independent experts, who issued an appraisal report dated February 4, 2011. In preparing these reports, the technical supervisors and the independent experts took into account the Company's operational planning for the coming years, previous in-house experience, such as the level of maintenance and use of the equipment, external comparison factors, such as available technology, manufacturers' instructions and manuals and life spans of the assets. The calculation of the estimated remaining useful life of fixed asset in the rental equipment category is in line with the depreciation rates used by the Company and there will therefore be no change in the depreciation rate from January 1, 2010.

Attributed cost

The Company did not adopt the option of using the valuation cost attributed for valuation of its fixed assets, as its property, plant and equipment as stated in conformity with the previous accounting practices (BR GAAP effective in 2009) already substantially meets the main requirements for recognition, valuation and presentation of CPC 27 (IAS 16), mainly because: (i) the internal controls in the fixed assets area already included periodic reviews at the transition date (1.1.2009) as to the best estimate of useful life and residual value of the main categories of fixed assets; (ii) the segmentation and classification of the main items of property, plant and equipment subject to depreciation already took into consideration the impacts of depreciation on the main components of the fixed assets. Additionally, the Company is of the opinion that the accounting practice of valuing fixed assets at historical cost less best estimates of depreciation and the provision for impairment, where required, is the accounting practice that best represents its fixed assets.

11 Intangible Assets

	Software	Trademarks and licenses	Premium on investments	Total intangible assets
Gross cost of intangible assets				
At January 1, 2009	2,541	26	42,317	44,884
Balance of merger with MAT	39			39
Balance of merger with MIC				
Acquisitions	427	30		457
Disposals				
At December 31, 2009	3,007	56	42,317	45,380
Acquisitions	3,070	7		3,077
Disposals	(2)			(2)
At December 31, 2010	6,075	63	42,317	48,455
Accumulated amortization				
At January 1, 2009	(1,497)	(8)	(4,232)	(5,737)
Balance of merger with MAT	(39)			(39)
Balance of merger with MIC				
Amortization	(337)	(2)		(339)
Disposals				
At December 31, 2009	(1,873)	(10)	(4,232)	(6,115)
Amortization	(445)			(445)
Disposals				
At December 31, 2010	(2,318)	(10)	(4,232)	(6,560)
Annual amortization rates - %	20	10		
Intangible assets , net				
At January 1, 2009	1,044	18	38,085	39,147
At December 31, 2009	1,134	46	38,085	39,265
At December 31, 2010	3,757	53	38,085	41,895

Provision for impairment of goodwill

Refers to the goodwill determined on the acquisition of Jahu and Kina and the Jahu segment is therefore identified as the cash generating unit (CGU), to which all the goodwill is allocated.

The recoverable amount of the Jahu CGU is determined based on actual cash flow for this segment, before income tax and social contribution, projected for a ten-year period, considering a discount rate of 10% per annum (p.a.) and without taking any growth rate into account. Recognition of a provision for impairment of the goodwill was not considered necessary.

12 Loans, Financing and Finance Leases

Loans were used to purchase equipment and are indexed to the Interbank deposit certificate - CDI or Long-term interest rate - TJLP.

Loans indexed to the CDI increased by 1.0% to 4.5% a year and principal and interest are amortized on a monthly basis.

Financing of rental equipment was contracted with charges at the Long-term interest rate (TJLP) plus 0.2% to 7.0% a year and amortization on a monthly basis to February 17, 2020.

Loans, financing and finance leases are shown below:

	December 31, 2010	December 31, 2009	January 1º, 2009
Current			
Bank loans	19,034	34,088	31,877
Finance lease obligations	27,664	22,723	14,081
	46,698	56,811	45,958
Non-current			
Bank loans	40,645	71,745	102,314
Finance lease obligations	45,280	55,382	39,749
Total	85,925	127,127	142,063

Loans and financing

	Current liabilities		
	December 31, 2010	December 31, 2009	January 1º, 2009
Financing by financial institutions (indexed to the CDI plus interest of 1% to 4.5% a year)	17,030	32,036	29,129
Financing by financial institutions (indexed to the TJLP plus interest of 2% to 7.0% a year.)	2,004	2,052	2,748
	19,034	34,088	31,877

	Non-current liabilities		
	December 31, 2010	**December 31, 2009**	**January 1º, 2009**
Financing by financial institutions (operation indexed to the CDI plus interest of 1% to 4,5% a year)	24,878	69,515	98,210
Financing by financial institutions (operations indexed to the TJLP plus interest of 0.2% to 7.0% a year.)	15,767	2,230	4,104
	40,645	71,745	102,314

The table below discloses the composition of guarantees outstanding at the following dates:

	December 31, 2010	**December 31, 2009**	**January 1º, 2009**
Guarantees given			
Property			1000
Pledge of trade acceptance bills	1,416	2,616	3,016
Receivables	6,683	10,368	1,000
Collateral	2,106	35.355	31,893
Chattel mortgage	121,696	107,889	79,231
Total guarantees	131,901	156,228	116,140
Promissory notes	96,891	87,710	64,647

The promissory notes are executable guarantees and act as additional guarantees for the loans and financing.

The maturities of the non-current amounts are shown below:

	December 31, 2010	**December 31, 2009**	**January 1º, 2009**
2010			32,259
2011		30,487	29,421
2012	16,876	24,264	23,564
2013	10,663	13,339	13,336
2014	5,959	3,655	3,734
2015	1,658		
2016	1,336		
2017 to 2021	4,153		
	40,645	71,745	102,314

Finance leases

These are mainly agreements to purchase rental property, plant and equipment with terms of 36 to 60 months, maturing by 2015 and indexed to the CDI plus 1.0% to 4.5% a year. This obligation is secured on the leased assets themselves. The cash flows of payments not deducted from the debt are not presented, as the payments are calculated subsequently in accordance with changes in the CDI rate.

	Current liabilities		
Financial institution	**December 31, 2010**	**December 31, 2009**	**January 1º, 2009**
Banco ABN Amro Real S.A.	808	804	850
Banco Alfa S.A.	7,338	5,282	4,774
Banco Bradesco S.A.	4,636	4,186	3,085
Banco de Lage	137	126	99
Banco Dibens	727		
Banco do Brasil	1,280	1,144	
Banco Itaú S.A.	2,540	2,012	1,252
Banco Rodobens S.A.		13	29
Banco Safra S.A.	369	327	411
Banco Unibanco S.A.		654	587
Banco Santander S.A.	2,525	2,460	
HSBC Bank Brasil S.A.	7,304	5,715	2,994
	27,664	22,723	14,081

	Non-current liabilities		
Financial institution	**December 31, 2010**	**December 31, 2009**	**January 1º, 2009**
Banco ABN Amro Real S.A	576	1,239	1,832
Banco Alfa S.A	4,327	6,410	10,417
Banco Bradesco S.A	7,494	10,832	9,865
Banco de Lage	260	365	433
Banco Dibens	1,284		
Banco do Brasil	3,107	3,918	
Banco Itaú S.A.	5,474	5,449	5,436
Banco Rodobens S.A.	175		11
Banco Safra S.A.	6,559	483	721
Banco Unibanco S.A		1,807	2,212
Banco Santander S.A.	16,024	7,767	
HSBC Bank Brasil S.A.		17,112	8,822
	45,280	55,382	39,749

The maturities of the long-term amounts are shown below:

	December 31, 2010	December 31, 2009	January 1º, 2009
2010			13,609
2011		21,720	13,147
2012	22,122	17,207	8,999
2013	16,227	11,999	3,994
2014	6,731	4,453	
2015	200	3	
Total	45,280	55,382	39,749

Covenants

Certain financing and lease agreements with Banco Itaú BBA S.A. establish limits for certain indicators in relation to indebtedness and interest payment capacity. These parameters take into account the ratio of EBTIDA to net indebtedness, net current debt to total net debt and net financial expense, to EBTIDA.

These obligations are being complied with.

13 Related Parties

(a) Transactions and balance

There were no loans by Mills Estruturas e Serviços de Engenharia S.A. to its officers in 2009 and 2010.

(b) Remuneration of management personnel

The amounts of remuneration of members of the Company's management are shown below:

	December 31, 2010	December 31, 2009
Salary and charges - Executive Board	3,981	2,270
Board of Directors fees	808	567
Profit-sharing	1,859	1,615
Share-based payments	354	2,522
	7,002	6,974

At December 31, 2010 the Company had consultancy agreements amounting to R$ 295 annually (2009 - R$ 95) with certain members of the Board of Directors and Executive Boards.

14 Employee benefits

(a) Employee profit-sharing

The provision for profit-sharing for employees and officers is established on the accrual basis and recorded as an expense. Determination of the amount, which is paid in the year after the provision is recorded, takes into account the program of targets established with the class union in a collective labor agreement, pursuant to Law No. 10.101/00 and the Company's bylaws.

(b) Share option plan

The objective of the Company's share option plans, approved by the Annual General Meeting, is to integrate the officers in the Company's medium and long-term development process. These plans are managed by the Company and approval of granting the options is sanctioned by the Board of Directors.

Description of the plans

Plan 2002

This plan was approved by the Extraordinary General Meeting held on August 1, 2002, granted on the same date and exercised on August 31, 2002. It consists of a mechanism for purchasing common shares in the Company.

On January 30, 2009, 612,157 thousand shares were acquired in the then Mills Andaimes Tubulares do Brasil S.A. (MAT), former group holding company, merged by Mills Estruturas e Serviços de Engenharia S.A. (ME), on January 30, 2009, equivalent at December 31, 2009 to 3,920 shares in ME, for the strike price of 2.2632 per thousand shares. The corresponding amount has already been paid up 100% and the three-year service provision lock up has been fulfilled.

Special Top Mills Plans and Special CEO Plan

These plans were approved by the Board of Directors on November 27, 2007, and ratified in an Extraordinary General Meeting held on May 28, 2008. Between January 1, 2008 and January 1, 2009, a total of 140,825 thousand share purchase options of the former company MAT were granted, equivalent, at December 31, 2009, to 901 thousand ME options.

These options were converted into shares, at the price of R$ 12.0294 per thousand, adjusted by the IPCA between January 2008 and the date on which they were exercised.

In exchange, the beneficiaries are obliged to provide services to the Company for a period of three years after the public offer date.

The special Top Mills Plan came into effect on January 1, 2008 and will be terminated by July 10, 2015, or at any time, as decided by an Extraordinary General Meeting.

The special CEO plan came into effect on November 1, 2008 and will be terminated by July 10, 2012, or at any time, as decided by an Extraordinary General Meeting.

Plan Ex-CEO

Under this plan, 24,000 thousand options, also of the former MAT, were granted on May 1, 2008, equivalent, at December 31, 2009, to 154 thousand ME options. This plan is the same as the Top Mills and Special CEO plans described above, including in respect of the exercise price, the difference being that there is no "lock up period". The plan has already been exercised and the equivalent of 154 thousand shares were capitalized on March 12, 2010.

Mills Rental Executive Plan

The plan was granted on December 29, 2008, also with options of the former MAT, for the key officers in the Rental division, which started operations in January 2008. Exercise of the options is conditional on reaching the EBITDA targets.

During the first stage of the plan, options equivalent to US$ 387 thousand (three hundred and eighty-seven thousand US dollars) were distributed, conditional on the division obtaining EBITDA of R$ 11 million. In the second stage, options equivalent to US$ 1,162,500 (one million, one hundred and sixty-two thousand five hundred US dollars) were distributed, conditional on the division achieving EBITDA of R$ 22 million. The number of options corresponding to these amounts was obtained by translating the above amounts into Brazilian reais at the exchange rate of the closing date of the year in which the target was achieved, and dividing the amount in reais by the amount per share corresponding to Mills' valuation of 6.6 times EBITDA, less the net debt for the year in which the target was reached. A small amount was added as a gross up, corresponding to the withholding tax rate of 15%.

The exercise price for these options is R$ 3.95 per thousand, adjusted by the IPCA from January 2007 to the exercise date. When the plan was granted, it was estimated that the first target would be reached by December 31, 2008 and the second by December 31, 2009, resulting in the granting of 137,031 thousand options of the former MAT, equivalent at December 31, 2009 to 438 thousand ME options. The first target was, in fact, reached on December 31, 2008, resulting in the issue and acquisition of 199,853 shares in ME, through a capital increase, approved in the EGM of October 1, 2009, amounting to R$ 134 thousand. The second target has been reached and the options may now be exercised.

The special Mills Rental division plant came into effect on January 1, 2008 and will be terminated on December 31, 2013, or at any time, as decided by an Extraordinary General Meeting.

2010 Share purchase options plan

The Options Plan for purchase of shares issued by the Company was approved in the Extraordinary General Meeting held on February 8, 2010. Directors and employees in management positions of the Company or of companies under its control may be elected as beneficiaries. The plan is managed by the Board of Directors. The Board of Directors may impose terms and/or conditions for exercising the option, as well as restrictions on transfer of shares acquired by exercising the options. The share purchase options granted in the ambit of the plan may confer rights to acquire up to 5% of the shares of our capital stock. The plan also has a share purchase options target, not exceeding, in each year, 1% of the capital shares, on the plan approval date.

The price of the common shares to be acquired by the beneficiaries, on exercising the options, will be fixed by the Board of Directors, based on the average quoted value of the shares on the BM&F BOVESPA, weighted by the trading volume in the month, or in the two months preceding the

grant, restated by inflation in accordance with the IPCA, less dividends and interest on capital per share paid by the Company from the grant date. Exceptionally, at the time of the first grant, the option exercise price will be based on the launch value of the shares in the ambit of the offer, restated for inflation in accordance with the IPCA, less dividends and interest on capital per share paid from the grant date. The options granted under this plan will be subject to a grace period of up to 72 months for conversion of the options into shares. On May 31, 2010, 1,432 thousand share options were granted.

The share options will have a validity of six full years, from the start of the agreement on May 31, 2010, i.e. May 31, 2016.

A second share options grant was made on July 5, 2010 with the exercise price of the first public offer of the Company's shares, R$ 11.50, restated at the IPCA rate from July 15, 2010 to the purchase option exercise date, (iii) less dividends and interest on capital per share paid by the Company from the grant date. The second grant of options under this plan will be subject to a grace period of up to 72 months for conversion of the options into shares. A total of 43,478 share options were granted.

The share options will have a validity of six full years from July 5, 2010 , i.e. until July 5 2016.

Pricing and accounting for the plans

In pricing the equity component cost of the plan the applicable volatility, risk-free rates and stock prices were determined for each plan, based on valuations of 6.6 times EBITDA, less net debt in the plan period. The Black-Sholes-Merton Model was used to calculate the fair values.

With regard to the plan 2002, as this is a straightforward mechanism for purchasing common shares, the options, which have already been exercised, are entirely considered as equity instruments and recorded in the capital reserve account, under stockholders' equity.

The Company classified the other plans granted to 2009 as compound instruments, as they include a debt component (right/possibility of receiving payment in cash if there is no public offer) and a capital component (right/possibility of receiving payment by an equity instrument in the event of a public offer) in which the settlement choice is beyond the control of the Company and the beneficiary. Calculation of the fair value of the debt amount took into account how much the Company would disburse, the current value, according to the EBITDA multiple mentioned above, weighted by the probability of the occurrence of a public share offer. The resulting amount is recorded in long-term liabilities. The public offer took place on April 14, 2010, and there is therefore no debt amount as from that date.

The weighted average fair value of options granted during 2010 determined using the Black-Scholes valuation model was R$ 3.86 (1st grant) and 5.49 (2nd grant) per option. The significant inputs into the model were weighted average share price of R$ 11.95 (1st grant) and 14.10(2nd grant) at the grant date, exercise price of R$ 11,5 (1st and 2nd grants), volatility of 31% measured at the Company's historic EBTIDA, dividend yield of 1.52% (1st grant) and 1.28 % (2nd grant), an expected option life of four years, and an annual risk-free interest rate of 6.6% and 6.37% respectively.

The equity portion was priced only at the grant date and the fair value is not remeasured on every reporting date. The portions of equity and debt are appropriated plan by plan, taking into consideration the respective lock up periods, based on management's best estimate as to their end dates. The lock up period considered by management took into account the scenario of the public offer being made in 2010.

The following table shows the accumulated balances of the plans in each year in the balance sheet accounts and the effects on the results for the years.

	December 31, 2010
2002 plan	
Capital reserve	1,446
Number of shares (thousands)	3,920
Top Mills Plan, Special CEO and EX-CEO Plans	
Capital reserve	679
Number of options to be exercised (thousands)	190
Number of shares (thousands)	865
Mills Rental Executive Plan	
Capital reserve	3,865
Number of options to be exercised (thousands)	65
Number of shares (thousands)	372
2010 plan	
Capital reserve	580
Number of options to be exercised (thousands)	1,474
Total recorded as equity (accumulated)	6,898
Annual effect on result	(586)

	December 31, 2009
2002 plan	
Capital reserves	1,446
Subscribed capital	573
Capital to be paid up	(255)
Historical exercise price (per thousand)	
Number of shares (thousands)	3,920
Top Mills Plan, Special CEO and Ex-CEO Plans	
Probability of a share offer	95%
Capital reserves	418
Debt portion (non-current liability)	309
Total debt + reserve	727
Historical exercise price (per thousand)	
Number of options to be exercised (thousands)	1,055
Mills Rental Executive Plan	
Probability of a share offer	95%
Capital reserves	3,864
Debt portion (non-current liability)	275
Total debt + reserve	4,138
Historical exercise price (per thousand)	
Number of options to be exercised (thousands)	658
Number of options exercised (thousands)	219
Subscribed capital	134
Capital to be paid up	(67)
Total recorded as debt	583
Total recorded as equity (accumulated)	5,728
Annual effect on result	4,060

15 Income tax and social contribution

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

The reconciliation between the income tax and social contribution expense at the nominal and effective rate is shown below:

	December 31, 2010	December 31, 2009
Profit for the year before income tax and social contribution	141,830	101,424
Nominal combined income tax and social contribution rate	34%	34%
Income tax and social contribution at the nominal rate	(48,222)	(34,484)
Effect on income tax and social contribution expense arising from the adjustments to net income		
Interest on capital	8,636	1,876
Non-deductible provisions	(817)	(528)
Others	1,856	100
Total current and deferred income tax and social contribution	(38,547)	(33,036)
Effective rate	27%	32%
Current income tax	(36,565)	(25,915)
Deferred income tax	(1,982)	(7,121)

(b) Breakdown of income tax and social contribution

The breakdown of income tax and social contribution is as follows:

	December 31, 2010	December 31, 2009	January 1º, 2009
Goodwill Itapoã (*)	3,848	5,369	
Present value adjustment	212	334	427
Other provisions		135	788
Provision for impairment losses on trade receivables	1,241	1,440	660
Finance leases	3,425	2,475	1,435
Provisions for contingencies	4,319	3,163	7,087
Derivatives swap	1,523		
Goodwill Jahu (*)	(5,755)	(2,878)	
Income from restatement of judicial deposits	(756)		
Net tax credit	8,057	10,038	10,397

(*) The deferred tax credits and debits on income tax - IR and social contribution on net income - CSLL comprise the benefit of the corporate reorganizations, involving the merger of Itapoã and Jahu, in relation to the temporary difference resulting from non amortization of the goodwill generated on the acquisition for accounting purposes.

The movement in deferred income tax and social contribution on net income during the year, without taking into consideration the offset of balances, is as follows:

	Goodwill Itapoã	Adjustment to Present Value	Other Provisions	Impairment of Accounts Receivable	Finance Lease	Provisions for Contingencies	Swap Derivatives	Goodwill Jahu	Restated income from judicial deposits
At January 1º, 2009		427	788	660	1,435	7,087			
Additions	6,763		135	780	5,207	932		(2,878)	
Disposals	(1,394)	(92)	(788)		(4,167)	(4,856)			
At December 31,	5,369	334	135	1,440	2,475	3,163		(2,878)	
Additions				814	6,807	1,754	1,751	(2,877)	(756)
Disposals	(1,521)	(122)	(135)	(1,013)	(5,857)	(598)	(228)		
At December 31, 2010	3,848	212	-	1,241	3,425	4,319	1,523	(5,755)	(756)

The bases and expectations for realization are stated below:

(a) **Deferred income tax and social contribution assets**

Type	Basis for realization
Provision for contingencies	Tax realization of the loss
Provision for impairment of trade receivables	Filing of the overdue shares and credits
Finance leases	Realization on the straight-line depreciation term of the assets
Present value adjustment	Tax realization of the loss /gain
Other provisions	By payment
Goodwill Itapoã	By fiscal amortization
Goodwill Jahu	Disposal or impairment of the asset
Restatement of judicial deposits	Withdrawal of the deposit

We show below the expectations of realization of the deferred income tax and social contribution for December 31, 2010:

	Deferred IR and CSLL assets/liabilities
2012	8,446
2013	2,610
2014	1,802
2015	342
From 2016	(5,143)
	8,057

As the tax base for income tax and social contribution on net income is not only the profit that may be generated, but also the existence of untaxable income, non-deductible expenses, tax incentives and other variables, there is no immediate correlation between the Company's net income and the income tax and social contribution result. The expectation of use of the tax credits should therefore not be taken to be the only indication of the Company's future income.

Transition Tax Regime

The Transition Tax Regime (RTT) will be effective until a law governing the tax effects of the new accounting methods comes into effect, for purposes of tax neutrality.

The Company elected to adopt the RTT in 2008. Consequently, for purposes of determination of income tax and social contribution on net income for the years ended 2009 and 2008, the Company took advantage of the prerogatives established in the RTT, which became mandatory as from 2010.

16 Contingencies and judicial deposits

(a) Breakdown of the contingencies

On the reporting date, the Company had the following liabilities, related to contingencies:

	Provision for contingencies		
	December 31, 2010	December 31, 2009	January 1º, 2009
National Social Security Institute - INSS	209	909	173
PIS/COFINS - rental			15,436
Civil liability	430	803	422
Labor claims	1,672	1,420	865
IRPJ/CSLL - Jahu	4,975	4,708	4,466
Accident Insurance Factor - FAP	2,112		
Others	1,741	687	567
	11,139	8,527	21,929

(a.1) Movement on contingencies

The movements in the provision for contingencies are summarized below:

	2010	2009
At the beginning of the year	8,527	21,929
Additions	2,844	1,343
Restatement	1,251	1,420
Reversals	(1,483)	(58)
Enrolment in REFIS (Note 16)		(16,107)
At the end of the year	11,139	8,527

(b) Breakdown of the judicial deposits

	Judicial deposits		
	December 31, 2010	December 31, 2009	January 1º, 2009
National Social Security Institute - INSS	674	383	383
PIS/COFINS- rental			736
ISS - rental	4,429	3,810	3,822
Civil liability			
Labor claims	1,109	1,011	910
IRPJ/CSLL - Jahu			
Other	1,116	756	447
	7,328	5,960	6,298

(c) Nature of the contingencies

The Company is challenging in the courts payment of various taxes, largely based on the argument of unconstitutionality of their creation and collection.

Based on the position of its external legal consultants, provisions have been recorded for all lawsuits in which loss is regarded as probable for the companies and management believes that the provisions recorded are sufficient to cover any losses on the cases in progress.

The main contingencies disputed are summarized below:

(i) INSS

In 2001 and 2005, the Company received tax assessment notices in relation to alleged non-payment of social security contributions and, based on the position of its external legal consultants, recorded a provision of R$ 203 (December 31, 2009 - R$ 909).

In view of the change in prognosis caused by the lower court decision published on November 30, 2009, the Company, in relation to the dispute involving the arbitration of part of Tax delinquency notice - NFLD Nº 35.102.800-5, relating to the amount due as an additional contribution to the labor accident insurance - SAT to finance special retirement, decided to include this debt in the tax recovery program - Law Nº 11.941/2009 (Note 17).

(ii) Labor suits

The Company is defending several labor suits. The chances of success are considered favorable in the majority of the suits and, based on the position of the companies' external legal consultants; provisions are maintained only for those in which a loss is regarded as probable.

(iii) Income tax and social contribution

The former Jahu received a tax assessment for depreciating its assets over five years and non-deductibility of expense with service providers, as well as withholding tax on the amounts paid to them. Jahu had a technical report supporting depreciation over five years and accordingly, the legal consultants classified the chances of loss as remote. Provisions were recorded for other amounts in the tax assessment, totaling R$ 4,975, updated to December 31, 2010 (December 31, 2009 - R$ 4,708), as in this case, the chance of success is considered remote.

(iv) Civil liability suits

Certain suits have been brought against the Company in relation to civil liability cases and indemnities. Supported by its external legal consultants, management recorded a provision of R$ 430 on December 30, 2010 for the losses considered probable.

(v) ISS on rental of movable assets

In October 2001, the Company filed suits in the various municipalities in which it operates to recover the ISS paid since 1991 on rental of movable assets. The suits are in progress, awaiting a court decision. After the enactment of Complementary Law No. 116/2003, since August 2003, Mills has stopped paying ISS on rental of movable assets, while continuing to pay tax on assignment of scaffolding and other structures for temporary use.

The former Jahu filed suits challenging the levying of ISS on the rental of movable assets depositing the amounts in court, even after Law 116/2003. There are no provisions for this deposit as the chance of success is probable.

(d) Possible losses

The Company is party to tax, civil and labor lawsuits, involving risks of loss classified by management as possible, based on the opinion of its legal consultants, for which no provisions have been recorded, as shown and estimated below:

	December 31, 2010	December 31, 2009
Tax	11,501	9,582
Labor	12,649	10,787
Civil	772	1,547
Others		18
	24,922	21,934

17 Tax Recovery Program - Law Nº 11.941/2009

In November 2009, the Company enrolled for the tax recovery program, introduced by Law No. 11.941/2009 and Provisional Measure No. 470/2009, with a view to balancing and regularizing the tax liabilities through this special financing system for tax and social security obligations.

The general conditions of the financing are summarized below:

(a) Financing term of 180 months.

(b) Reduction of 60% in amounts relating to official and late payment fines and 25% reduction in arrears interest.

(c) The following debts were financed:

(i) PIS and COFINS (for the periods between April 2002 and May 2004).

(ii) IRPJ (for December 2003, January 2004 and April 2004).

(iii) CSLL (for November 2003, January 2004 and April 2004).

(iv) INSS - Additional SAT contribution

The amounts for PIS/COFINS, IRPJ and CSLL had been offset against PIS and COFINS credits on rentals (from September 1993 to January 1999), in relation to rental and assembly of own rented assets. The credits originated from a decision of the Federal Supreme court which did not consider rental of movable assets as service provision.

In view of the new jurisprudential guide, signed in the Superior Court of Justice (1st Section of the STJ - judgment in September 2009 of Special Appeal No. 929.521), which settled the understanding with regard to the levying of COFINS on revenue received from rental of movable assets, the Company decided to pay the amount of the above-mentioned debts in installments.

As a result of signing up for this tax recovery program, the Company undertakes to pay the installments without delays of more than three months, to discontinue proceedings and forego any claims to rights on which these proceedings were based, under penalty of immediate rescission of the financing, and consequently, loss of the above-mentioned benefits.

Scope of the financed debts:

	At December 31, 2009					Movement in 2010				
	Provision for contingencies	Proscribed debts	Debts subject to financing	Benefit Refis - reduction of fine and interest	Amounts financed	Additions	Write-offs	Restatement - SELIC	At December 31, 2010
PIS	2,434	(137)	2,297	(374)	1,923		(352)	154	1,725
COFINS	10,255	(1,069)	9,186	(1,505)	7,681		(2,396)	516	5,801
IRPJ	2,328		2,328	(370)	1,958			191	2,149
CSLL	1,090	(814)	276	(44)	232			23	255
INSS						755		73	828
	16,107	(2,020)	14,087	(2,293)	(c) 11,794	755	(a) (2,748)	(b) 956	10,758

(a) At the first stage of consolidation of the financed debts, on June 30, 2010, the Company, decided to include an INSS debt in view of the change in the prospects of success of the claim, from probable to remote, in the opinion of the external legal consultants.

(b) Debts for PIS and COFINS considered as proscribed by the external legal consultant were also excluded at the preliminary stage of consolidation of the financed debts.

(c) The gain of R$ 2,293 thousand corresponding to the reduction in the charges (arrears fine and interest), previously recorded in liabilities, was recorded in general and administrative expenses in the result of the year ended December 31, 2009.

18 Stockholders' equity

(a) Subscribed capital

The fully subscribed and paid-up capital at December 31, 2010 is R$ 525,123(December 31, 2009 - R$ 81,003 subscribed and R$ 322 to be paid up) divided into 125,495 thousand (December 31, 2009 - 87,421 thousand) common registered shares with no par value.

At the General and Extraordinary Meeting held on March 12, 2010, the stockholders decided on an increase of R$ 16,201 in the Company's capital, as a result of capitalization of part of the statutory expansion reserve, without the issuance of shares.

At the same date, the amount of R$ 322 was also paid up with regard to the exercise of share purchase options granted in prior years.

An increase in the Company's capital stock to R$ 523,453 was approved on April 14, 2010, corresponding to an increase of R$ 410,858, net of commissions and expenses, through a public subscription of 37,037,037 shares, at a price of R$ 11.50 per share. The shares were paid up immediately, on subscription, in Brazilian legal tender.

In 2009, each class A preferred share gave the right to a vote in the decisions of a General Meeting and had priority in the distribution of dividends and repayment of capital, without a premium, in the event of liquidation. As a result of going public, all the preferred shares were converted into common shares.

Increases in the Company's capital were approved on March 12, 2010 and November 30, 2010, within the authorized capital limit indicated in Article 5, § 2 of the by-laws and in accordance with the provisions of Article 170, main clause, of Law Nº 6.404/76, as a result of the exercise of share purchase options by some of the beneficiaries of the Company's share purchase option plans, in the total amounts of R$ 323 and R$ 1,670, respectively, through issue of 154 thousand and 884 thousand new common registered shares with no par value.

As a result of these events, the Company's capital is now R$ 525,123, comprising 125,495 thousand common registered book-entry shares with no par value.

(a.1) Contra-account to Stockholders' equity

Transaction costs of R$ 15,068 incurred with the initial share offer are shown as a contra-account to Stockholders' equity, net of tax effects.

The share composition of the capital stock is shown below:

	December 31, 2010		December 31, 2009	
Stockholders	**Number of shares (thousands)**	**Percentage**	**Number of shares (thousands)**	**Percentage**
Nacht Participações S.A (*)	48,983	39.03%	2	0.01%
Participação e Empreend. Staldzene S.A.			63,427	72.55%
Península Fundo de Investimentos em Participações			11,995	13.72%
Natipriv Global L.L.C			11,995	13.72%
Capital Group International Inc	7,032	5.60%		
FMR LLC	6,587	5.25%		
Other (**)	62,893	50.12%	2	0.01%
	125,495	100.00%	87.421	100.00%

(*) On November 30, 2010, Participação e Empreendimentos Staldzene S.A., Mills' majority stockholder, was taken over by Nacht Participações S.A. which then became the parent company of Mills, as shown above.

(**) On April 14, 2010, as a result of the public offer and the capital increase, the share interest of the holding companies decreased due to the increase in the number of shares outstanding in the market.

(b) Revenue reserves

(b.1) Legal reserve

The legal reserve is constituted annually, by allocation of 5% of net income for the year, and may not exceed 20% of capital. The purpose of the legal reserve is to ensure the integrity of the capital and it may only be used to offset losses and increase capital.

(b.2) Retained earnings reserve

The retained earnings reserve refers to the retention of the remaining balance of accumulated profits, to meet the requirements of the business growth project established in the investment plan, in accordance with the capital budget proposed by Company management, to be discussed at the Annual General Meeting pursuant to Article 196 of Brazilian Corporation Law.

(b.3) Special reserve

The special reserve refers to the tax benefit generated by the corporate reorganization mentioned in Note 1.

(c) Other reserves

(c.1) Cash flow hedge reserve (Equity adjustment)

The cash flow hedging reserve comprises the effective portion of the cash flow hedges to the balance sheet date in the amount of R$7,003. In the year June 2009 to June 2010, the gain or loss on these operations was recognized in profit or loss because the Company had not yet prepared the documentation required for Hedge Accounting.

(c.2) Capital reserve

The capital reserve comprises the transaction costs of raising capital resources amounting to R$ 15,068 after tax, referring to the first public share issue and reserve for share option premiums of the employees' share option plans, amounting to R$ 6,898 (December 31, 2009 - R$ 5,728), as mentioned in Note 13.

19 Proposed dividends and interest on capital

In accordance with accounting practices adopted in Brazil, the minimum mandatory dividends are recognized at the end of the year, even if the dividends will not be officially declared until the following year. Amounts in excess are only recognized when the legal obligation is established, which is generally when payment of the dividend is decided on.

It is management policy to assess the needs for investment and the continuity of the business in order to propose the highest amount possible in excess of the minimum mandatory dividends.

In the light of current needs to reinvest the net income for the year in operating property, plant and equipment, this year management will distribute the minimum mandatory dividend, as shown below.

The by-laws assure the stockholders of a minimum mandatory dividend of 25% of net income for the year, calculated in accordance with Brazilian Corporation Law.

At December 31, 2010, as part of the minimum mandatory dividend, the Company credited its stockholders with interest on capital of R$ 25,400 (December 31, 2009 - R$ 5,519). Pursuant to Art. 9 of Law Nº 9.249/1995, for purposes of determination of taxable income, legal entities may deduct interest paid or credited individually to the owner, partners or stockholder, as interest on capital, calculated on the equity accounts and restricted to the pro rate variation of the Long-term interest rate (TJLP). Accordingly, the amount credited by the Company as interest on capital is within the legal deductibility limits.

The dividend proposal stated in the Company's financial statements, subject to approval by the stockholders in a General Meeting, calculated in accordance with the law, particularly with regard to the provisions of Articles 196 and 197, is shown below:

	December 31, 2010	December 31, 2009
Net income for the year	103,283	68,388
Legal reserve	(5,164)	(3,419)
Dividend calculation base	98,119	64,969
Minimum mandatory dividends - 25% (net of tax)	24,530	16,242
Dividends distributed from income for the year		
Interest on capital proposed for payment in the following year	25,400	5,519
Withholding tax - 15%	(3,582)	(714)
Interest on net capital proposed for payment in the following year	21,818	4,805
Dividends proposed for payment in the following year	2,712	10,723
Total gross dividends proposed for payment	28,112	16,242
Percentage dividends before IR for the year on the net income for the year	28.65%	25.00%
Total dividends net of IR proposed for payment	24,530	15,528
Percentage dividends net of witholding tax for the year on the net income for the year	25%	24%

(*) As from 2010, the amount of interest on capital proposed is considered net of withholding tax, for calculation of the minimum mandatory dividends. To 2009, interest on capital - JCP was calculated without taking withholding tax into consideration.

The amount of R$ 28,112 (December 2009 - R$ 15,527 net of withholding tax of R$ 714 on the interest on capital) was recorded in current liabilities at December 31, 2010.

20 Earnings per share

(a) Basic

The basic earnings per share are calculated by dividing the profit attributable to the Company's stockholders by the weighted average of common shares issued during the year.

	2010	2009
Profit attributable to equity holders of the company	103,283	68,388
Weighted average number of common shares in issue (thousands)	125,495	87,421
Basic earnings per share	0.82	0.78

(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: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2010	2009
Earnings		
Net income used to determine diluted earnings per share	103,283	68,388
Weighted average number of common shares In issue (thousands)	125,495	87,421
Adjustments for:		
Share options (thousands)	1,729	1,713
Weighted average number of common shares for diluted earnings per share (thousands)	127,224	89,134
Diluted earnings per share	0.81	0.77

21 Sales revenue

The net operating sales and services revenue shown below refers only to the nature of the revenue by type of service:

	December 31, 2010	December, 31, 2009
Rental	394,034	316,335
Sales	44,530	15,131
Technical assistance	173,074	122,339
Indemnities and recovery	21,362	5,849
Taxes on sales and services	(54,662)	(37,441)
Cancellations and discounts	(28,454)	(18,020)
	549,884	404,193

22 Selling cost and general and administrative expenses (by nature)

	December 31, 2010			December 31, 2009		
	Direct costs projects and rental	General and administrative expenses	Total	Direct costs projects and rental	General and administrative expenses	Total
Personnel	(122,256)	(79,961)	(202,217)	(83,108)	(54,527)	(137,635)
Third parties	(5,090)	(14,977)	(20,067)	(5,011)	(8,849)	(13,860)
Freight	(12,350)	(367)	(12,717)	(6,372)	(863)	(7,235)
Consumables/maint. and repair	(24,346)	(6,150)	(30,496)	(13,947)	(6,827)	(20,774)
Rental of equipment	(4,894)		(4,894)	(13,721)		(13,721)
Other rental	(6,368)	(5,399)	(11,767)	(3,688)	(3,479)	(7,167)
Travel	(6,188)	(8,518)	(14,706)	(4,407)	(4,375)	(8,782)
Depreciation	(44,898)	(1,717)	(46,615)	(30,338)	(1,174)	(31,512)
Amortization of intangible assets		(445)	(445)		(338)	(338)
Disposal of assets	(4,031)		(4,031)	(325)		(325)
Sales (CMV)	(23,226)		(23,226)	(7,458)		(7,458)
Provision debtors-PDD		(1,504)	(1,504)		(3,465)	(3,465)
Share plan		(586)	(586)		(4,061)	(4,061)
Restatement provisions		2,609	2,609		1,460	1,460
Profit-sharing		(17,562)	(17,562)		(13,824)	(13,824)
Others	(1,151)	(13,046)	(14,197)	(1,228)	(8,469)	(9,697)
	(254,798)	(147,623)	(402,421)	(169,603)	(108,791)	(278,394)

Costs refer to personnel expense for setting up and dismantling Company assets rented out, when set up by Mills itself, equipment subcontracted from third parties, when Mills' stock is insufficient to cope with the demand, freight for transporting equipment between branches and occasionally for the customers, and to the expense of materials used in the projects, from individual protection equipment (IPEs) to timber, paint and thermal insulation.

The general and administrative expenses refer to expense for deposits, management of each of the Company's agreements, including the design and engineering teams in the commercial area, and related substantially to salaries, charges and benefits. Other expenses refer to travel, representation and communications and to the expenses of the administrative departments.

Details of these three groups are provided below:

	2010	2009
Deposit expense	20,702	15,210
Agreement coordination expense	69,564	57,122
Administrative expenses	26,174	15,061
	116,440	87,393

23 Finance income and expenses

(a) Finance income

	December 31, 2010	December, 31, 2009
Interest on late payment of invoices	815	446
Investment revenue	17,329	441
Discounts	454	42
Monetary and exchange variation gains	69	5
Others	6	7
	18,673	941

(b) Finance expenses

	December 31, 2010	December 31, 2009
Interest on loans	10,693	15,719
Monetary variation losses	1,097	
Financial lease interest	9,841	7,658
Interest - others	1,314	477
Bank charges	613	416
Financial transaction tax - IOF	477	59
Net result of swap transactions	514	634
Others	116	625
Present value adjustment	(359)	(272)
	24,306	25,316

24 Result by business segment

Information by business area (operating segment) is presented in accordance with CPC 22 - Information by Segment (IFRS-8).

The Company's reportable segments are business units offering a variety of products and services and are managed separately, as each business calls for different technology and market strategies. The main information used by management to assess the performance of each segment is the total property, plant and equipment, as this is what generates the Company's revenue and net income and EBTIDA of each segment to assess the return on these investments. The information on liabilities by segment is not disclosed as it is not used by the directors in segment management. Management does not use analyses by geographic area in managing the business.

The activities of the Company's segments are completely separate, as described below, and the assets are therefore specific for each segment. The assets have been allocated to each reportable segment in accordance with the nature of each item.

The Company's operations are divided into segments in accordance with the organization and management model approved by the Board of Directors, with the following divisions:

Construction division

Provision of specific engineering designs and equipment, specifically in relation to concreting forms and shoring structures for large structures, planning, design, technical supervision , equipment and related services.

Jahu division

Supply of formwork and concreting, shoring and scaffolding within the scope of provision of special engineering solutions for construction work, focusing on residential and commercial building, providing planning, design, technical supervision , equipment and related services.

Industrial Services Division

Supply of structures developed to allow access of personnel and materials during assembly of equipment and tubing and for preventive and corrective maintenance in large industrial plants, industrial painting, surface treatments and thermal insulation services.

Rental division

Supply of motorized access equipment (aerial work platforms) and telescopic handlers to lift people and carry loads to considerable heights.

The accounting policies for the operating segments are as described in the summary of the significant accounting policies. The Company assesses the performance by segment based on the profit or loss of the operations before income tax and on EBITDA**.**

Income statement by business segment

	Construction		Jahu		Industrial Services		Rental		Total	
	December 31,2010	December 31,2009	December 31,2010	December 31,2009	December 31,2010	December 31,2009	December 31,2010	December 31,2009	December 31,2010	December 31,2009
Net revenue	154,270	146,210	105,151	62,177	195,396	141,412	95,067	54,394	549,884	404,193
(-) Costs and expenses	(80,697)	(72,559)	(61,277)	(30,331)	(169,276)	(120,597)	(44,111)	(23,056)	(355,361)	(246,543)
(-) Depreciation	(16,824)	(13,308)	(6,847)	(3,254)	(7,832)	(6,719)	(15,557)	(8,569)	(47,060)	(31,850)
Operating profit	56,749	60,343	37,027	28,592	18,288	14,096	35,399	22,769	147,463	125,800
Finance income	6,575	358	4,203	192	3,410	174	4,486	218	18,674	942
Finance expense	(8,557)	(9,630)	(5,471)	(5,152)	(4,438)	(4,682)	(5,839)	(5,852)	(24,305)	(25,316)
Profit before IRPJ/CSL	54,767	51.071	35,757	23.632	17,260	9.588	34,046	17.135	141,832	101,426
(-) IRPJ/CSL	(14,885)	(15,076)	(9,718)	(6,268)	(4,691)	(6,347)	(9,255)	(5,347)	(38,549)	(33,038)
Net income	39,882	35.995	26,041	17.364	12,569	3.241	24,791	11.788	103,283	68,388
EBITDA	73,573	73,651	43,874	31,846	26,120	20,815	50,956	31,338	194,523	157,650

Assets by business segment

	December 31, 2010				
	Construction	**Jahú**	**Industrial Services**	**Rental**	**Total**
Property, plant and equipment	166,105	125,396	70,555	189,117	551,173
Other assets	110,209	108,687	81,642	78,893	379,431
Total assets	276,314	234,083	152,197	268,010	930,604

	December 31, 2009				
	Construction	**Jahú**	**Industrial Services**	**Rental**	**Total**
Property, plant and equipment	110,122	35,715	49,290	80,861	275,988
Other assets	47,674	56,650	52,294	10,566	167,184
Total assets	157,796	92,365	101,584	91,427	443,172

25 Financial instruments

	Carrying value		
	December 31, 2010	**December 31, 2009**	**January 1º, 2009**
Financing and receivables			
Cash and cash equivalents	6,192	1,575	1,629
Trade accounts receivable and others	125,917	75,917	56,744
Judicial deposits	7,328	5,960	6.298
Available for sale			
Marketable securities	136,146		
Total	275,583	83,452	64,671
Other financial liabilities			
Loans at post-fixed rates	59,679	105,833	134,191
Finance leases	72,944	78,105	53,830
Accounts payable to suppliers	32,743	11,713	14,077
Derivative financial liabilities at fair value			
Derivatives in effective hedge	7,003		
Share option plans		6,311	
Total	172.369	201.962	202.098

(a) Financial assets at fair value through profit or loss

(a.1) Fair value of marketable securities

Marketable securities avaiable for sale are indexed by variation of Interbank Deposits Certificate (CDI). Considering that this index reflect the interbank market conditions, the marketable securities book values are substantially closed to the fair value

(a.2) Fair value of receivables and suppliers

The fair values of trade receivables and payables to suppliers, based on the discounted cash flow methodology, approximate the carrying amounts.

(a.3) Fair value of loans and financing

Company management considers that the carrying values of loans and financing recognized in the financial statements are substantially similar to the market value.

		Fair value			Loans and financing Carrying value		
Debt	**Indicator**	**December 31, 2010**	**December 31, 2009**	**January 1º, 2009**	**December 31, 2010**	**December 31, 2009**	**January 1º, 2009**
BNDES	TJLP	17,408	4,187	6,866	17,771	4,284	6,852
Working capital	CDI	41,594	105,216	126,211	41,908	101,550	127,339
Leasing	CDI	72,517	78,149	52,969	72,944	78,105	53,830

(b) Credit quality of financial assets

(b.1) Trade accounts receivable

The credit quality of trade receivables is checked against historical information and financial position.

		Trade receivables		
Receipt risk	**Level**	**December, 31, 2010**	**December 31, 2009**	**January 1º, 2009**
Very low	1	81,464	55,339	45,566
Low	2	37,795	14,413	8,924
Moderate	3	7,280	7,146	3,508
Total		126,539	76,898	57,998

(1) Very low risk - Level 1: customers with excellent credit rating (average billing of more than R$ 100 million) and a long business record with the Company (more than 5 years).

(2) Low risk - Level 2: customers with good credit rating (average billing of R$ 20 to 100 million) and a good business record with the Company (1 to 05 years).

(3) Moderate risk - level 3: customers with reasonable credit rating (average billing of up to R$ 20 million) and with a short business record with the Company (less than 1 year).

(b.2) Banks and marketable securities

	December 31, 2010	December 31, 2009	January 1º, 2009
Current account			
Bank (1)	5,611	1,553	1,547
Bank (2)	305	22	82
Total	5,916	1,575	1,629
Investments			
Bank (1)	136,146		
Total	136,146		
Total cash and cash equivalents	142,062	1,575	1,629

(1) Principal financial institutions with extensive presence in Brazil and Investment Grade.

(2) Financial institutions with a good performance record in Brazil but without Investment Grade.

(c) Derivative financial instruments - hedge

(a) Derivatives contracting policy

In order to protect equity from exposure to foreign currency commitments, the Company developed a strategy to mitigate the market risk. When applied, the objective of the strategy is to reduce the volatility of the desirable cash flow, maintaining the planned disbursement of resources.

Mills considers management of these risks essential to support its growth strategy without potential financial losses reducing its operating income, as the Company does not seek financial gains from derivatives. Foreign currency risk management is carried out by the Financial Management and Directors, who assess the potential exposure to risks and establish guidelines for measurement, monitoring and management of the risks of the Company's operations.

Based on this objective, the Company contracts derivative operations, normally swaps and NDF (Non Deliverable Forwards), with prime financial institutions (brAAA credit rating - national scale, Standard & Poor's or similar), to guarantee the commercial value agreed on ordering the item to be imported. Similarly, swap or NDF contracts should be contracted to guarantee the payment flow (amortization of principal and interest) of foreign currency financing. Under the Company's by-laws, any contract or assumption of obligation in excess of R$ 10,000 (ten million reais) must be approved by the Board, unless foreseen in the Business Plan. It is not necessary to contract hedge operations for amounts of less than R$ 100 (one hundred thousand reais), with maturities of less than 90 days. Other commitments should be protected against foreign exchange exposure.

Swap and NDF transactions are carried out to translate future foreign currency financial commitments into reais. By contracting these operations, the Company minimizes the foreign exchange risk by leveling both the amount of the commitment and the exposure period. The cost of contracting the derivative is tied to the interest rate, normally to the CDI (Interbank deposit certificate) percentage. Swaps and NDFs maturing before or after the final maturity of the commitments may, in time, be renegotiated so that their final maturities are the same as - or close to - the final maturity of the commitment. In this way, on the settlement date, the result of the swap and the NDF may offset part of the impact of the exchange variation of the foreign currency against the real, assisting stabilization of the cash flow.

As derivatives, the monthly position is calculated by the fair value methodology, calculating the present value by applying the market rates that are impacted on the determination dates. This widely used methodology may result in monthly distortions in relation to the curve of the derivative contracted, however, the Company is of the opinion that this is the best methodology to use, as it measures the financial risk in the event of the need for early settlement of the derivative.

By monitoring the commitments assumed and the monthly valuation of the fair value of the derivatives, it is possible to monitor the financial results and the impact on the cash flow and to ensure that the original objectives are achieved. The calculation of the fair value of the positions is provided monthly for management supervision.

The derivative instruments contracted by the Company are intended to protect its equipment import operations against fluctuations in the exchange rate in the interval between placing the order and the corresponding formal receipt in Brazil. They are not used for speculative purposes.

(b) The derivatives are summarized in the following table:

Type	Reference value (notional)	Fair value	Amounts receivable/ payable	Unrealized losses
	December 31, 2009	December 31, 2009	December 31, 2009	December 31, 2009
Swap contracts				
Assets position				
Citibank				
Santander/ABN	65,969	65,950	66,053	
Liabilities position				
Citibank				
Santander/ABN	65,969	66,294	66,192	(344)

Type	Reference value (notional)	Fair value	Amounts receivable/ payable
	December 31, 2010	December 31, 2010	December 31, 2010
Dollar futures			
Bradesco	909	(16)	(16)
Santander	133,145	(6,974)	(6,974)
Itaú	658	(13)	(13)
	134,712	(7,003)	(7,003)

Type	Reference value (notional)	Fair value	Amounts receivable/ payable
	December 30, 2010	December 30, 2010	December 30, 2010
NDF			
Euro futures			
Santander	283		

(c) Methodology for calculating the fair value of derivatives

Derivatives are valued at present value, at the market rate, on the base date of the future flow determined by applying the contractual rates to maturity. In the case of contracts with a ceiling or double index, the option built in to the swap contract was also taken into consideration.

(d) Sensitivity analysis

The following table shows the sensitivity analysis of the financial instruments, including the derivatives, describing the risks that could generate material losses for the Company, with the most probable scenario (scenario I), as assessed by management, considering the three-month horizon until the next financial information containing this analysis is due for disclosure. Two other scenarios are also shown, as required by the Brazilian Securities Commission - CVM, in Instruction No. 475/2008, in order to show deterioration of 25% and 50% in the risk variable considered, respectively (scenarios II and III):

Risk	Instrument/operation	Description	Scenario I (probable)	Scenario II +25%	Scenario III +50%
Interest rate	Debt				
	BNDES - TJLP	Increase in the indicator	18,122	18,152	18,179
	Leasing - CDI	Increase in the indicator	72,945	75,742	78,584
	Working capital - CDI	Increase in the indicator	41,557	42,017	42,473
Total			132,624	135,911	139,236
		Variation		2%	5%
Risk	**Instrument/operation**	**Description**			
Exchange rate (US$)	Commercial commitments *	Increase in the exchange rate	(121,368)	(151,710)	(182,052)
	NDF	Increase in the exchange rate	(13,326)	17,239	47,852
Total			(134,695)	(134,472)	(134,200)
		Variation		0%	0%
Risk	**Instrument/operation**	**Description**			
Exchange rate (EURO)	Commercial commitments*	Increase in the exchange rate	(284)	(355)	(426)
	NDF	Increase in the exchange rate	(1)	71	141
Total			(285)	(284)	(285)
		Variation		0%	0%

* Commercial commitments in foreign currency (US$) to purchase equipment, not recorded in the accounts (Note 26).

** The swap contracts are made to change 100% of the foreign currency (US$) risk into Brazilian currency (R$).

The sensitivity analysis takes into consideration changes in relation to a certain risk, while the other variables associated to other risks remain constant.

Reference	Scenario I Maintenance of the rate	Scenario II +25%	Scenario III +50%
CDI (%) (i)	10.75%	13.44%	16.13%
TJLP (%) (ii)	6.00%	7.50%	9.00%
US$ (%) (iii)	1.6662	2.0828	2.4993
Euro (%) (iv)	2.228	2.7850	3.342

(i) In relation to interest risk, company management considers maintenance of the Selic rate, and consequently, of the CDI rate, as a probable assumption (scenario I), as there is a direct relation between the rates, and an increase in the rate as an assumption for the other two scenarios.

(ii) In the case of financial liabilities related to loans and financing - BNDES, company management considered that a probable assumption (scenario I) would be maintenance of the TJLP rate for the next three months, as there is no evidence of a change in the rate in the short-term, and an increase in the rate as an assumption for the other two scenarios.

(iii) and (iv) Company management considered maintenance of the exchange rate for the next three months as a probable assumption (scenario I) and an increase in the rate as an assumption for the other two scenarios.

(e) Methodology for calculating the effectiveness of hedges

The objective of the Company's hedge (swap) operations is to seek protection against foreign currency fluctuations on its imports of machinery and equipment. These operations are classified as hedge accounting.

The Company calculates the effectiveness of these instruments by the "Dollar offset" methodology . This methodology is commonly used by derivative market operators and consists of comparing the present value, net of future foreign currency exposure, of commitments assumed by the Company with the derivatives contracted for exchange protection.

(f) Gains and losses in the period

As the Company calculates the effectiveness of the hedge accounting (swap) operations, gains and losses on derivative operations are recognized against the hedged assets (property, plant and equipment) as part of the initial cost on accounting for the assets. The provision for unrealized losses is recorded in the other liabilities account, in the balance sheet, offset in the equity adjustment account in stockholders' equity.

The amount of R$ 2,588 was recorded in the year for losses on swap operations, set against property, plant and equipment.

(g) Embedded derivatives

All contracts to be entered into with potential derivative instrument or marketable securities clauses are assessed by Financial Management together with the legal department, prior to signing, to provide guidance in respect of carrying out tests of effectiveness, establishing the accounting policy to be followed and the methodology for calculation of the fair value.

The Company currently has no outstanding contracts with embedded derivatives.

(h) Amount and type of margins pledged in guarantee

The existing foreign currency derivative operations do not require a margin of guarantee.

26 Obligations and commitments

The Company has equipment purchase orders amounting to approximately US$ 72,8 thousand and EUR 127,5 thousand (at December 31, 2009 - US$ 34 million), all with payment scheduled for 2011. As mentioned in Note 25, the Company contracted derivative instruments as protection against exchange exposure between the order date and settlement date for these obligations.

27 Insurance

The Company has a policy of monitoring the risks inherent to its operations and accordingly took out insurance against civil liability risks, with coverage, at December 31, 2010, of R$ 24,000 (December 31, 2009 - R$ 13,000), considered sufficient to cover potential losses.

28 Subsequent events

Aquisition of interest in Rohr S/A Estruturas Tubulares

On January 19, 2010, Mills Estruturas e Serviços de Engenharia S.A. (Mills) entered into a purchase and sale agreement to acquire 25% of the voting and total capital of Rohr S/A Estrutura Tubulares (Rohr) for R$ 90 million, paid on February 8, 2011. Rohr has not yet published its financial statements for the year ended December 31, 2010, and it was therefore not possible to determine the probable goodwill on the operation.

Rohr is a private company specializing in access engineering and the provision of construction solutions, with more than 45 years of experience in the market. The company operates in the heavy construction and infrastructure, building construction, industrial maintenance and events sector.

The Company will not participate in the management of Rohr, as this is a strategic acquisition, whereby Mills aims to increase its presence in its areas of activity - infrastructure, residential and commercial construction, oil and gas, etc .

Capital decrease of the principal stockholder

Nacht Participações S.A. - Nacht, (majority interest and holding company) decreased its capital, as approved in the Extraordinary General Meeting held on February 17, 2011.

Nacht's capital was decreased after capitalization of part of the retained earnings and the statutory reserve. This will be effected by transferring shares issued and currently held by Mills to certain stockholders, after the mandatory 60-day period for opposition by creditors.

As a result of the capital decrease, Nacht's interest in the voting and total capital of Mills will decrease by 17.2%, from 39.0% to 21.8%, and the stockholders Jeroboam Investments LLC (Jeroboam), Andres Cristian Nacht (Cristian Nacht) and Jytte Kjellerup Nacht (Jytte Nacht) will hold direct interests of 15.3%, 1.4% and 0.5%, respectively, in Mills.

Additionally, in order to adjust their relationship as Mills stockholders and continue to qualify jointly as Mills' controlling group, even after the decrease in Nacht's capital, all Nacht's stockholders, who include the Jeroboam company and the members of the Nacht family (Nacht Family), including Cristian Nacht and Jytte Nacht, signed a stockholders' agreement on February 11, 2011, to regulate the voting rights and the transfer of Nacht and Mills shares.

The main terms of the stockholders' agreement are: (a) maintenance of the Nacht Family and Jeroboam as Mills' controlling group, (b) joint exercise of voting rights in all decisions pertinent to Mills, (c) appointment of Cristian Nacht as the representative of the controlling group on Mills' Board of Directors and in its Meetings, and (d) ban on disposal, individually, of Mills shares amounting to more than 10% of the interest held by any of the stockholders to third parties.

The decrease in Nacht's capital and signing of the stockholders' agreement have no effect on the administrative structure and control of the Company, which is still held by the Nacht family in the same proportion as previously. Neither does this operation involve any change in the number of shares or in the amount of Mills' capital.

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