



**Link S.A. - Corretora de Câmbio,
Títulos e Valores Mobiliários**

**Financial statements
December 31, 2010**

(A free translation of the original report in Portuguese containing financial statements prepared in accordance with accounting practices adopted in Brazil applicable to financial institutions authorized to operate by the Central Bank of Brazil.)



Link S.A. - Corretora de Câmbio, Títulos e Valores Mobiliários

Financial statements

December 31, 2010 and 2009

Contents

Independent auditors' report on the financial statements	3 - 4
Balance sheets	5
Statements of income	6
Statements of changes in shareholders' equity	7
Statements of cash flows	8
Notes to the financial statements	9 - 25



KPMG Auditores Independentes
R. Dr. Renato Paes de Barros, 33
04530-904 - São Paulo, SP - Brasil
Caixa Postal 2467
01060-970 - São Paulo, SP - Brasil

Central Tel 55 (11) 2183-3000
Fax Nacional 55 (11) 2183-3001
Internacional 55 (11) 2183-3034
Internet www.kpmg.com.br

Independent auditors' report on the financial statements

To
The Shareholders
Link S.A - Corretora de Câmbio, Títulos e Valores Mobiliários
São Paulo - SP

We have examined the financial statements of Link S.A - Corretora de Câmbio, Títulos e Valores Mobiliários (the "Institution"), which comprise the balance sheet as of December 31, 2010 and the respective statements of income, changes in shareholders' equity and cash flows for the year and semester then ended, and a summary of significant accounting practices and other notes to the financial statements.

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, applicable to institutions authorized to operate by the Central Bank of Brazil, and for designing, implementing and maintaining the internal control relevant to the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit carried out in accordance with the Brazilian auditing and international accounting standards. 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 an 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 controls relevant to the Institution preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Institution's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and 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 basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Link S.A - Corretora de Câmbio, Títulos e Valores Mobiliários at December 31, 2010, the financial performance of its operations and its cash flows, for the year and semester then ended, in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil.

Other matter

As disclosed in Note 1, on April 29, 2010, a purchase agreement of 100% of Link Holding S.A.'s capital, parent company of Link S.A. Corretora de Câmbio Títulos e Valores Mobiliários, by UBS AG, was entered into. This operation has outstanding confirmation of the Central Bank of Brazil.

São Paulo, February 14, 2011

KPMG Auditores Independentes
CRC 2SP014428/O-6
Original report in Portuguese signed by
Zenko Nakassato
Accountant CRC 1SP160769/O-0

Link S.A. - Corretora de Câmbio, Títulos e Valores Mobiliários

Balance sheets

December 31, 2010 and 2009

(In thousands of Reais)

Assets	2010	2009	Liabilities	2010	2009
Current assets	<u>301,559</u>	<u>320,191</u>	Current liabilities	<u>281,015</u>	<u>297,892</u>
Cash and banks	261	226	Deposits	<u>1,748</u>	<u>2,353</u>
Interbank funds applied	<u>87,684</u>	<u>97,832</u>	Other deposits	1,748	2,353
Money market	87,684	97,832	Other liabilities	<u>279,267</u>	<u>295,539</u>
Securities and derivative financial instruments	<u>25,427</u>	<u>23,432</u>	Social and statutory	2,040	807
Own portfolio - CDB and Mutual Funds - Note 4	-	9,549	Taxes payable	14,700	12,333
Subject to guarantees provided	25,427	13,883	Due in connection with securities dealings	254,066	273,704
Loans	<u>3,111</u>	<u>-</u>	Other - Sundry	8,461	8,695
Securities financing	3,111	-	Long-term liabilities	<u>6,009</u>	<u>4,944</u>
Other receivables	<u>183,851</u>	<u>197,150</u>	Other liabilities	<u>6,009</u>	<u>4,944</u>
Income receivable	356	829	Taxes payable	1,475	733
Securities clearing accounts	177,762	191,489	Other - Sundry	4,534	4,211
Other	5,930	4,925	Shareholders' equity	<u>38,422</u>	<u>39,858</u>
(Allowance for other doubtful loans)	(197)	(93)	Capital:	<u>29,387</u>	<u>27,455</u>
Other assets	<u>1,225</u>	<u>1,551</u>	Domestic	29,387	27,455
Prepayments	1,225	1,551	Capital reserves	-	1,932
Long-term assets	<u>6,511</u>	<u>6,042</u>	Revenue reserves	9,029	10,471
Other receivables	<u>6,511</u>	<u>6,042</u>	Market adjustment - Securities	6	-
Securities clearing accounts	116	58			
Other	6,395	5,984			
Permanent assets	<u>17,376</u>	<u>16,461</u>			
Investments	<u>49</u>	<u>49</u>			
Membership certificates	1	1			
Other investments	178	262			
(Provision for losses)	(130)	(214)			
Property and equipment in use	<u>7,050</u>	<u>6,380</u>			
Other property and equipment in use	11,676	9,436			
(Accumulated depreciation)	(4,626)	(3,056)			
Deferred charges	<u>4,591</u>	<u>6,199</u>			
Organization and expansion costs	9,824	9,824			
(Accumulated amortization)	(5,233)	(3,625)			
Intangible assets	<u>5,686</u>	<u>3,833</u>			
Intangible assets	7,304	4,486			
(Accumulated amortization)	(1,618)	(653)			
Total assets	<u><u>325,446</u></u>	<u><u>342,694</u></u>	Total liabilities and shareholders' equity	<u><u>325,446</u></u>	<u><u>342,694</u></u>

See the accompanying notes to the financial statements.

Link S.A. - Corretora de Câmbio, Títulos e Valores Mobiliários

Statements of income

Years ended December 31, 2010 and 2009 and Semester ended December 31, 2010

(In thousands of Reais, except for net income/(loss) per share)

	<u>2nd Semester</u>	<u>Years</u>	
	<u>2010</u>	<u>2010</u>	<u>2009</u>
Financial operations income	8,201	14,381	10,279
Loans	604	749	1
Securities income	7,547	13,540	10,226
Derivative financial instruments	50	92	52
Financial operations income	<u>(72)</u>	<u>(104)</u>	<u>(93)</u>
Allowance for doubtful loans	(72)	(104)	(93)
Gross profit from financial operations	<u>8,129</u>	<u>14,277</u>	<u>10,186</u>
Other operational income/expenses	<u>3,010</u>	<u>17,078</u>	<u>14,204</u>
Service income	56,986	114,330	87,483
Personnel expenses	(17,177)	(30,351)	(26,700)
Other administrative expenses	(31,133)	(53,533)	(38,306)
Taxes	(5,973)	(11,885)	(9,113)
Other operating income	1,560	1,943	2,434
Other operating expenses	(1,253)	(3,426)	(1,594)
Operational results	<u>11,139</u>	<u>31,355</u>	<u>24,390</u>
Non operational results	<u>-</u>	<u>-</u>	<u>(54)</u>
Net income before income and social contribution taxes and profit sharing	<u>11,139</u>	<u>31,355</u>	<u>24,336</u>
Income and social contribution taxes	<u>(171)</u>	<u>(3,797)</u>	<u>(4,757)</u>
Provision for income tax	(65)	(2,315)	(2,925)
Provision for social contribution	(106)	(1,482)	(1,832)
Profit sharing	<u>(11,343)</u>	<u>(24,510)</u>	<u>(16,353)</u>
Net income (loss) for the period	<u><u>(375)</u></u>	<u><u>3,048</u></u>	<u><u>3,226</u></u>
Number of shares	<u>1,945,096</u>	<u>1,945,096</u>	<u>1,945,096</u>
Net Income/(loss) per share R\$	<u>-</u>	<u>1.57</u>	<u>1.66</u>

See the accompanying notes to the financial statements.

Link S.A. - Corretora de Câmbio, Títulos e Valores Mobiliários

Statements of changes in shareholders' equity

Years ended December 31, 2010 and 2009 and Semester ended December 31, 2010

(In thousands of Reais)

	Capital			Revenue reserves	Market adjustment Securities	Retained earnings/ Accumulated losses	Total
	Capital	Capital increase	Capital reserves				
Balances at July 1, 2010	27,455	-	1,932	8,381	-	3,423	41,191
Reversal of reserves	-	-	-	(34)	-	34	-
Market adjustment securities	-	-	-	-	6	-	6
Capital increase under approval from BACEN	-	1,932	(1,932)	-	-	-	-
Net income (loss) for the semester	-	-	-	-	-	(375)	(375)
Allocations:	-	-	-	682	-	(3,082)	(2,400)
Interest on own capital	-	-	-	-	-	(2,400)	(2,400)
Legal reserve	-	-	-	66	-	(66)	-
Special revenue reserves	-	-	-	616	-	(616)	-
Balances at December 31, 2010	<u>27,455</u>	<u>1,932</u>	<u>-</u>	<u>9,029</u>	<u>6</u>	<u>-</u>	<u>38,422</u>
Changes in the period	<u>-</u>	<u>1,932</u>	<u>(1,932)</u>	<u>648</u>	<u>6</u>	<u>(3,423)</u>	<u>(2,769)</u>
Balances at January 1, 2010	27,455	-	1,932	10,471	-	-	39,858
Prior year adjustments	-	-	-	663	-	-	663
Reversal of reserves	-	-	-	(34)	-	34	-
Interim dividends	-	-	-	(2,753)	-	-	(2,753)
Market adjustment securities	-	-	-	-	6	-	6
Capital increase under approval from BACEN	-	1,932	(1,932)	-	-	-	-
Net income (loss) for the year	-	-	-	-	-	3,048	3,048
Allocations:	-	-	-	682	-	(3,082)	(2,400)
Interest on own capital	-	-	-	-	-	(2,400)	(2,400)
Legal reserve	-	-	-	66	-	(66)	-
Special revenue reserves	-	-	-	616	-	(616)	-
Balances at December 31, 2010	<u>27,455</u>	<u>1,932</u>	<u>-</u>	<u>9,029</u>	<u>6</u>	<u>-</u>	<u>38,422</u>
Changes in the period	<u>-</u>	<u>1,932</u>	<u>(1,932)</u>	<u>(1,442)</u>	<u>6</u>	<u>-</u>	<u>(1,436)</u>
Balances at January 1, 2009	26,655	-	1,932	11,382	-	-	39,969
Reversal of reserves	-	-	-	(3,330)	-	3,330	-
Interim dividends	-	-	-	-	-	(3,330)	(3,330)
Capital increase	800	-	-	-	-	-	800
Net income (loss) for the year	-	-	-	-	-	3,226	3,226
Allocations:	-	-	-	2,419	-	(3,226)	(807)
Dividends	-	-	-	-	-	(807)	(807)
Legal reserve	-	-	-	161	-	(161)	-
Special revenue reserves	-	-	-	2,258	-	(2,258)	-
Balances at December 31, 2009	<u>27,455</u>	<u>-</u>	<u>1,932</u>	<u>10,471</u>	<u>-</u>	<u>-</u>	<u>39,858</u>
Changes in the period	<u>800</u>	<u>-</u>	<u>-</u>	<u>(911)</u>	<u>-</u>	<u>-</u>	<u>(111)</u>

See the accompanying notes to the financial statements.

Link S.A. - Corretora de Câmbio, Títulos e Valores Mobiliários

Statements of cash flows

**Years ended December 31, 2010 and 2009 and
Semester ended December 31, 2010**

(In thousands of Reais)

	2nd Semester	Years	
	2010	2010	2009
Cash flows from operational activities			
Brokerage and commission received	56,909	114,803	86,798
Income from loans	604	749	1
Income from securities and financial instruments	7,597	13,632	10,278
Payments to employees and suppliers	(66,973)	(98,870)	(80,646)
Taxes and contributions paid	(968)	(7,958)	(8,840)
Income tax and social contribution paid	(2,944)	(5,603)	(3,618)
Other payments and receiving	308	(1,482)	786
Cash generated from operations	(5,467)	15,271	4,759
(Increase) decrease in operational assets			
Securities and derivative financial instruments	2,536	4,744	1,993
Loans	(1,984)	(3,111)	-
Securities clearing accounts	(81,179)	13,669	(119,820)
Other receivables - other	(808)	(432)	785
Other assets	44	326	(1,106)
Increase (Decrease) in operational liabilities			
Deposits	(72)	(605)	628
Due in connection with securities dealings	71,551	(22,022)	169,707
Other liabilities	(601)	(1,179)	515
Net cash generated from operational activities	(15,980)	6,661	57,461
Cash flows from investment activities			
Purchases of fixed assets	(1,855)	(2,283)	(616)
Investments in intangible	(1,939)	(4,501)	(3,338)
Net cash used in investment activities	(3,794)	(6,784)	(3,954)
Cash flows from financing activities			
Received from capital payment	-	-	800
Pagament of dividends and interest on capital	(360)	(3,920)	(3,330)
Prior year adjustment	-	663	-
Net cash used in financing activities	(360)	(3,257)	(2,530)
Net increase in cash and cash equivalents	(20,134)	(3,380)	50,977
Cash and cash equivalent at the start of the period	117,574	100,820	49,843
Cash and cash equivalent at the end of the period	97,440	97,440	100,820

See the accompanying notes to the financial statements.

Link S.A. - Corretora de Câmbio, Títulos e Valores Mobiliários

Notes to the financial statements

Years ended December 30, 2010 and 2009

(In thousands of Reais)

1 Operations

Link S.A. Corretora de Câmbio, Títulos e Valores Mobiliários is a stock company, with its head office in São Paulo and its activities include operating in a closed area/precinct or through stock exchange systems, subscribing to securities individually or in a consortium with other authorized companies, issuing securities for resale, intermediating in the public offer and distribution of securities on the market, purchasing and selling securities on its own account or for third parties, assuming responsibility for managing portfolios and the custody of securities, introducing, organizing and managing investment funds and clubs, acting as an intermediary in operations on the foreign exchange market and exercising other activities expressly authorized by both the Central Bank of Brazil (BACEN) and the Brazilian Securities Exchange Commission (CVM).

On April 29, 2010 a sale contract of 100% of the capital of Link Holding S.A. (controller of 100% of the capital of Link S.A. Corretora de Câmbio Títulos e Valores Mobiliários) was executed by UBS AG. This operation has outstanding confirmation of the Central Bank of Brazil.

2 Presentation of the financial statements

Company management is responsible for the financial statements, which were prepared based on accounting practices adopted in Brazil, which include Brazilian Corporation Law and rules and instructions from the Central Bank of Brazil (Bacen), together with the Accounting Chart for Institutions of the National Financial System (COSIF) and the Committee for Accounting Procedures (CPC), when applicable.

Law 11638 was enacted on December 28, 2007, amended by Law 11941/09, which amended Law 6404 (Corporate Law) which came into force as from January 01, 2008. The norms published by the Central Bank of Brazil to date, consider: (a) the treatment of the balance for capital reserves and the allocation of retained earnings; (b) the treatment of fixed assets and deferred charges; (c) recognition, measurement and disclosure of the impairment of fixed assets; (d) presentation of a statement of cash flows, (e) the disclosure of related party information and (f) recognition, measurement and disclosure of provisions, contingent assets and liabilities.

Link S.A. - Corretora de Câmbio, Títulos e Valores Mobiliários

Notes to the financial statements

(In thousands of Reais)

3 Description of a significant accounting policies

a. Statement of income

Income and expenses are recognized on the accrual basis.

b. Accounting estimates

Accounting estimates are adopted for purposes of preparing the financial statements, which are based on objective and subjective factors and take into consideration Management's judgment in determining the appropriate amounts to be recorded in the financial statements. Settlement of the transactions involving these estimates could result in different amounts given the subjectivity inherent to the process for determining them. The Institution Management reviews the estimates and assumptions at least every six months.

c. Cash and cash equivalents

Cash and cash equivalents are represented by cash and cash equivalents in local currency, interbank deposits and interbank repasses, whose maturities of the operations on date of the effective investment are equal or shorter than 90 days and present an insignificant risk of change in the fair value, which are used by the Company in the management of its short-term commitments.

d. Interbank funds applied

Represented by committed operations, remunerated at pre-fixed rates, tied to public securities (LTNs/LFTs). Stated at investment values, plus income incurred, calculated on a pro-rata daily basis.

e. Securities and derivatives financial instruments

Securities are classified as trading, available for sale or held to maturity depending on Management's intentions.

Link S.A. - Corretora de Câmbio, Títulos e Valores Mobiliários

Notes to the financial statements

(In thousands of Reais)

Securities that are classified as “trading securities” are included in current assets and valued at market value; those classified as “available for sale” are valued at market value and those classified as “held to maturity” are stated at cost, plus any contractual income.

The adjustments to market value of securities classified as “for trading” are recorded as a corresponding entry against income or expenses for the period.

The adjustments to market value of securities classified as “available for sale” are recorded as a corresponding entry to an account included in shareholders’ equity, less any tax effects, and when the securities are sold, these adjustments are transferred to the respective income accounts for the period.

f. Loans operations - Financing of securities

They represent financing operations of the Home Broker’s clients, in the acquisition of new shares on the on-demand market, regulated by the Brazilian Securities and Exchange Commission (CVM) Instruction 51/86. The remuneration of these operations are of up to 4%p.m. The limit of credit granted in the product margin account has a minimum guarantee of 140%.

g. Securities clearings accounts

Stated at the balance for operations involving the purchase and sale of shares and amounts receivable from BM&F Bovespa S.A., on behalf of clients, pending settlement within the regulatory terms or maturity of contracts.

h. Other current and noncurrent assets

Sated at realizable values, including, when applicable, monetary variations, and income earned to the balance sheet date.

i. Permanent assets

- **Investments** - Refers mainly to registration of brands and patents.

Link S.A. - Corretora de Câmbio, Títulos e Valores Mobiliários

Notes to the financial statements

(In thousands of Reais)

- **Property and equipment in use** - Recorded at cost of acquisition and depreciation is calculated using the straight-line method, based on rates that take into account their estimated useful lives according to parameters and rates established by tax legislation - 20% p.a. for Data Processing Systems and 10% p.a. for the other assets.
- **Deferred charges** - Until December 03, 2008, when Circular Letter 3357, came into force, which restricted the recording of deferred charges, the expenses from logistics development and purchases and also the costs from improvements to leasehold property, required to adapt the premises to the company's needs, were recorded at acquisition or formation cost, less amortization, and were amortized at the rate of 20% p.a., and over the period of the contract, respectively.
- **Intangible assets:** Rights acquired, the objects of which are intangible assets aimed at the maintenance of the Company's activities or exercised for this purpose are recorded. The aforementioned rights refer to software, recorded at the cost of acquisition and amortized using the straight line basis, based on the estimated useful life and in accordance with parameters and rates established by the tax legislation, at the rate of 20% p.a.

j. Other current and noncurrent liabilities

Other current and noncurrent liabilities - Stated at known or calculated amounts, plus, when applicable, the related charges, and monetary and/or foreign exchange variations, incurred to the balance sheet date.

Provision - A provision is recognized in the balance sheet when the Institution has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amounts involved can be measured with sufficient security. The provisions are recorded considering the best estimates of the risk specific to the liability.

Link S.A. - Corretora de Câmbio, Títulos e Valores Mobiliários

Notes to the financial statements

(In thousands of Reais)

k. Provision for income and social contribution taxes

The provision for income tax was recorded at the rate of 15% of taxable income, plus a surcharge of 10% on income in excess of R\$ 240 per annum. The provision for social contribution was recorded at the rate of 15% of adjusted profit before income tax.

l. Contingencies

Contingent liabilities are recognized when, based on the opinion of its legal counsel, the risk of loss of judicial or administrative proceedings is considered probable, generating a probable outflow of resources for the settlement of the obligation and when the amounts involved are measurable with sufficient security. Contingent assets are recognized when the management has total control of the situation or when there are secured guarantees or favorable legal decisions on which there can be no more appeals.

4 Securities and derivative financial instruments

As of December 31, 2010 and 2009, the securities were classified in the category Available for sale and are represented by:

	<u>2010</u>			<u>2009</u>
	<u>Accrual value</u>	<u>Adjust to market value</u>	<u>Market value</u>	<u>Market value</u>
Own portfolio:				
Bank deposit certificates (*)	-	-	-	9,534
Other	-	-	-	15
	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,549</u>
Subject to guarantees provided:				
Financial Treasury Bill (**)	6,199	8	6,207	5,716
Bank deposit certificates (*)	<u>19,220</u>	<u>-</u>	<u>19,220</u>	<u>8,167</u>
	<u>25,419</u>	<u>8</u>	<u>25,427</u>	<u>13,883</u>

Link S.A. - Corretora de Câmbio, Títulos e Valores Mobiliários

Notes to the financial statements

(In thousands of Reais)

(*) The bank deposit certificates were corrected by the respective indices - i.e. the interbank deposit (DI) rate, have maturity in more than 365 days and due to a repurchase agreement they are frequently traded. This is the reason why they are considered as “available for sale” and are classified as short-term.

(**) Securities with maturity up of 90 days represented R\$9,495 (R\$ 2,762 in 2009).

There were no investments in derivative financial instruments outstanding as of the balance sheet date.

5 Other receivable and other liabilities - Securities clearing accounts

	2010	2009
Current assets		
Other receivable:		
Securities clearing accounts	<u>177,762</u>	<u>191,489</u>
Debtors pending settlement	167,752	191,312
Operations with financial assets	9,790	-
Swap intermediating transactions	23	84
Credit transactions by trading and intermediating securities	197	93
Current liabilities		
Other liabilities:		
Due in connection with securities dealing	<u>254,066</u>	<u>273,704</u>
Till cash and liquidation	29,579	145,484
Creditors account settlement pending	222,103	127,940
Commissions and brokerage fees payable	2,384	-
Market operations and financial assets to settle	-	280

Link S.A. - Corretora de Câmbio, Títulos e Valores Mobiliários

Notes to the financial statements

(In thousands of Reais)

6 Other receivable - Other

	2010	2009
Current assets		
Taxes to compensate (i)	5,758	4,771
Other	<u>172</u>	<u>154</u>
	<u>5,930</u>	<u>4,925</u>
Long-term assets		
Deposits in court (Note 9)	<u>6,395</u>	<u>5,984</u>

(i) Refers mainly to prepayment of income and social contribution taxes.

7 Permanent assets

a. Investments

As of December 31, 2010 and 2009, the investments are represented by:

	2010	2009
	<u>49</u>	<u>49</u>
Investment certificates	-	84
Quotas - Funcine Fund	130	130
(-) Provision for losses in quotas of Funcine Fund and Investimet certificates	(130)	(214)
São Paulo Stock exchange - Bovespa - Membership certificates	1	1
Trademarks and patents	48	48

Link S.A. - Corretora de Câmbio, Títulos e Valores Mobiliários

Notes to the financial statements

(In thousands of Reais)

b. Fixed assets, deferred charges and intangible assets

	2010		2009	
	Cost value	Accumulated amortization/ depreciation	Net balance	Net balance
Property and equipment in use				
Facilities	391	(129)	263	301
Furniture and equipment in use	2,560	(940)	1,619	1,617
Communication equipment system	1,064	(359)	705	750
Data processing system	7,554	(3,154)	4,400	3,639
Security system	<u>107</u>	<u>(44)</u>	<u>63</u>	<u>73</u>
Total	<u>11,676</u>	<u>(4,626)</u>	<u>7,050</u>	<u>6,380</u>
Deferred charges				
Leasehold improvements	3,182	(1,583)	1,599	1,911
Expenditures with the acquisition and development of software	<u>6,642</u>	<u>(3,650)</u>	<u>2,992</u>	<u>4,288</u>
Total	<u>9,824</u>	<u>(5,233)</u>	<u>4,591</u>	<u>6,199</u>
Intangible assets				
Software	<u>7,304</u>	<u>(1,618)</u>	<u>5,686</u>	<u>3,833</u>
Total	<u>7,304</u>	<u>(1,618)</u>	<u>5,686</u>	<u>3,833</u>

Link S.A. - Corretora de Câmbio, Títulos e Valores Mobiliários

Notes to the financial statements

(In thousands of Reais)

8 Other liabilities

	2010	2009
Current		
Taxes payable	<u>14,700</u>	<u>12,333</u>
Income and social contribution on income taxes (Note 10)	3,204	4,025
Taxes and contributions payable	5,492	4,003
Taxes and contingent contributions (Note 9)	6,004	4,305
Other	<u>8,461</u>	<u>8,695</u>
Provision for payments to be made	4,118	2,850
Taxes and contingent contributions (Note 9)	4,328	4,984
Others liabilities - Sundry	15	861
Long-term liabilities		
Taxes payable	<u>1,475</u>	<u>733</u>
Taxes and contingent contributions (Note 9)	1,475	733
Other	<u>4,534</u>	<u>4,211</u>
Taxes and contingent contributions (Note 9)	4,534	4,211

9 Contingent assets and liabilities and legal obligations

The Institution is party to judicial and administrative proceedings in various courts, arising from the normal course of operations, involving tax and other issues.

Link S.A. - Corretora de Câmbio, Títulos e Valores Mobiliários

Notes to the financial statements

(In thousands of Reais)

Legal obligations - The Company has been challenging the legality of certain taxes and contributions, which are fully provisioned for and presented under “Other liabilities - taxes payable”, and when required by the court, deposits are made in court, presented under “Other receivable - Other”. The Company, based on the opinion of its legal advisors, does not expect losses on the outcome of these proceedings, beyond those already provided for.

Contingent liabilities - They refer to legal and labor actions and, based on information from the legal advisors and on the analysis of the claims, a provision was recorded in amount considered sufficient to cover the probable losses.

The balance of the provisions recorded and the changes in the period are as follows:

	Opening balance 12/31/09	Addition to the provision	Write-off	Closing balance 12/31/10	(Assets) Deposit in court
Taxes:					
COFINS (1)	3,160	869	-	4,029	-
PIS (2)	1,145	830	-	1,975	-
IRPJ and CSLL (3)	7,767	545	-	8,312	4,536
CSLL 9% - 15% (4)	733	742	-	1,475	1,853
Other	<u>8</u>	<u>31</u>	<u>-</u>	<u>39</u>	<u>-</u>
	<u>12,813</u>	<u>3,017</u>	<u>-</u>	<u>15,830</u>	<u>6,389</u>
Labor	<u>1,420</u>	<u>-</u>	<u>908</u>	<u>512</u>	<u>6</u>

- 1. COFINS** - Refers to the provision recorded due to the litigation as a result of the expansion of the calculation basis of the Contribution for Social Security Financing (COFINS). An injunction was granted to suspend the demand for payment according to Law 9718/98 and permitting payment according to Complementary Law 70/91.

Link S.A. - Corretora de Câmbio, Títulos e Valores Mobiliários

Notes to the financial statements

(In thousands of Reais)

2. **PIS** - Refers to the provision recorded due to the litigation as a result of the expansion of the calculation basis of the contribution to the Social Integration Program (PIS). An injunction was granted suspending the liability of the tax in the form of Law 9701/98 and permitting payment based on the revenues earned on billing in the form of Complementary Law 07/70.
3. **IRPJ and CSLL** - Refers to the provision recorded for income tax and social contribution from correction of the membership certificates of Bovespa and BM&F, plus interest and a fine. Although Administrative Ruling 785/77 and the precedent represented by Decision 13/97 reached the conclusion that the tax in question is not due, given the uncertainties concerning the tax authorities' understanding of this issue, management, unanimously, based on the opinion of its legal advisors, decided to record a book provision for the amount equivalent to cover possible taxes due. The judicial deposit was voluntarily performed by the Management.
4. **CSLL** - Refers to the provision recorded with respect to the legal dispute questioning the increase in the rate from 9% to 15% as from May 2008 - an injunction was granted to suspend the liability under the terms of Law 11727/08, and which permitted payment under the terms of legislation applicable to other companies. Legal deposits have been made for the tax being questioned.

Contingent assets and liabilities - In the period no contingent assets were recognized. Management is not aware of any contingent liabilities of civil nature whose chance of risk are classified as probable.

Link S.A. - Corretora de Câmbio, Títulos e Valores Mobiliários

Notes to the financial statements

(In thousands of Reais)

10 Income and social contribution taxes

a. *The reconciliation of the income and social contribution taxes is presented below:*

	2010		2009	
	IRPJ	CSLL	IRPJ	CSLL
Calculation of income tax (IRPJ) and social contribution (CSLL)				
Results before tax on income	31,355	31,355	24,336	24,336
Interest on own capital	(2,400)	(2,400)	-	-
Profit sharing	<u>(24,510)</u>	<u>(24,510)</u>	<u>(16,353)</u>	<u>(16,353)</u>
Calculation base	<u>4,445</u>	<u>4,445</u>	<u>7,983</u>	<u>7,983</u>
Additions/(exclusions):				
Non deductible expenses	3,084	3,084	1,091	1,091
PIS and COFINS contingency provisions	1,312	1,408	1,034	1,034
Dividends	(11)	(11)	(15)	(15)
Monetary correction of contingent	123	123	999	999
Non deductible expenses (Write-off software license)	1,025	1,025	-	-
Monetary correction of deposits in court	(339)	(339)	(463)	(463)
Provision for contingencies	44	44	1,420	1,420
Audio-visual certificates	-	-	-	54
Donations and sponsorships - Audio visual	-	-	18	18
Allowance for doubtful losses	<u>104</u>	<u>104</u>	<u>93</u>	<u>93</u>
Taxable income	<u>9,787</u>	<u>9,883</u>	<u>12,160</u>	<u>12,214</u>
Charges at the rate of 15% and 9%/15% for IRPJ and CSLL, respectively	(1,468)	(1,482)	(1,824)	(1,832)
Surcharge of 10% for IRPJ	(955)	-	(1,192)	-
(-) P.A.T. Incentive	20	-	19	-
(-) Fiscal incentives	<u>88</u>	<u>-</u>	<u>72</u>	<u>-</u>
Total	<u>(2,315)</u>	<u>(1,482)</u>	<u>(2,925)</u>	<u>(1,832)</u>

Link S.A. - Corretora de Câmbio, Títulos e Valores Mobiliários

Notes to the financial statements

(In thousands of Reais)

b. Tax credits

The Institution has tax credits of income tax (IRPJ) and social contribution (CSLL) non recorded, deriving from temporary differences on legal claims in the amount of R\$ 2,244 (R\$ 1,511 in 2009).

11 Capital

Capital is represented by 1,945,096 common shares, which 972,548 common shares and 972,548 preferred shares subscribed by a shareholder domiciled in Brazil.

Event	Data of event	Date of ratification	Amount	Number of shares			Capital amount
				Common	Preferred	Total	
Balances at January 1, 2009				954,150	954,150	1,908,300	26,655
Capital increase	3/19/2009	4/9/2009	800	18,398	18,398	36,796	27,455
Capital increase	12/20/2010	-	1,932	-	-	-	29,387
Balances at December 31, 2010				<u>972,548</u>	<u>972,548</u>	<u>1,945,096</u>	<u>29,387</u>

The corporate bylaws determine the distribution of minimum dividends of 25% of the net income, after deducting the legal reserve. Management, considering the General Meeting and based on what is permitted by Article 202, Paragraph 3 of the Corporate Law, paid dividends in the amount of R\$ 2,753 (R\$ 4,137 in 2009).

In the Extraordinary General Meeting of December 20, 2010 was approved a capital increase in the amount of R\$ 1,932, through the incorporation of the account balance of capital reserves.

Prior year adjustments refer to prior year differences of tax and interest on shareholders' equity.

12 Interest on own capital

In the Extraordinary General Meeting of December 22, 2010 the payment of Interest on own capital was deliberated, in the amount of R\$ 2,400, according to article 9 of Law 9249/95, and was classified in the Statements of income and changes in shareholders' equity, in accordance with Circular 2739/97, and with tax effects of R\$ 580 of IRPJ and R\$ 360 of CSLL.

Link S.A. - Corretora de Câmbio, Títulos e Valores Mobiliários

Notes to the financial statements

(In thousands of Reais)

13 Related parties

Transactions between related parties were undertaken at usual market values, terms, and average rates in force on the respective dates and under commutative conditions:

a. Balances of credit and debit transactions, of revenue and expenses involving related parties are the following:

		2010	2009
Liabilities			
Other liabilities - Due in connection with securities clearing accounts	(3)	66	561
Other liabilities - Sundry creditors	(2)	-	861
Expenses			
Other administrative expenses - Specialized technical services	(1)	234	394

(1) Other parent companies

(2) Indirect subsidiary

(3) Management's key personnel

b. Compensation of Management's key personnel

In the semester ended December 31, 2010 the Institution spent the sum of R\$ 2,270 (R\$ 1,570 in 2009) as compensation for the Management's key personnel.

Link S.A. - Corretora de Câmbio, Títulos e Valores Mobiliários

Notes to the financial statements

(In thousands of Reais)

14 Other information

a. Other administrative expenses

	2010	2009
Communication	7,792	7,029
Data processing	10,531	8,292
Financial system services	12,867	5,939
Travel and meals	2,523	1,891
Advertising, publicity and publications	1,606	1,512
Specialized technical services	3,790	3,118
Events, promotions and public relations	1,279	1,301
Expense from monetary correction of liabilities	1,046	888
Write-off software license	1,025	-
Rent	1,974	1,672
Maintenance and preservation	825	1,034
Transport	515	510
Depreciation and amortization	5,827	3,648
Other expenses	<u>1,933</u>	<u>1,472</u>
Total	<u>53,533</u>	<u>38,306</u>

b. The volume of third party funds managed, privately and through investment clubs, at December 31, 2010 was R\$ 303,855 (R\$ 301,218 in 2009).

c. Link has benefits to its employees who adopted the supplementary pension plan, defined contribution. The expense with fixed and variable contribution performed by Link during the year was R\$ 1,877 and is presented in personnel expenses. The pension plan is managed by Santander Seguros S.A.

Link S.A. - Corretora de Câmbio, Títulos e Valores Mobiliários

Notes to the financial statements

(In thousands of Reais)

15 Statement of cash flows

Reconciliation of the net cash and cash equivalents increase and net income:

	2 nd Semester	2010	2009
Adjusted net income	<u>(2,825)</u>	<u>(2,351)</u>	<u>(1,217)</u>
Net income (loss for the period)	(375)	3,048	3,226
Dividends and interest on own capital payments	(2,400)	(5,153)	(4,137)
(Purchase)/disposal of permanent assets	(1,804)	(2,241)	(616)
(Expenditures) disposal of intangible	(1,939)	(4,501)	(3,338)
Depreciation and amortization	3,687	5,827	3,648
Prior year adjustments	-	663	-
Changes in adjustment market value - Securities	6	6	-
Changes in operational assets and liabilities	<u>(17,309)</u>	<u>(1,029)</u>	<u>51,394</u>
Increase/decrease in current assets (except cash and cash equivalents)	(83,577)	15,252	(115,728)
Increase/decrease in long term assets	(807)	(469)	843
Increase/decrease in current liabilities	66,814	(16,877)	167,186
Increase/decrease in long term liabilities	260	1,065	(907)
Funds from shareholders	<u>-</u>	<u>-</u>	<u>800</u>
Net increase in cash and cash equivalents	<u>(20,134)</u>	<u>(3,380)</u>	<u>50,977</u>
	12/31/2010	12/31/2009	
Cash			
Cash	2	2	
Cash and Banks	259	224	
Interbank funds applied			
Financial Treasury Bill	87,684	97,832	
Securities			
Bank deposit certificates	9,495	-	
Financial Treasury Bill	<u>-</u>	<u>2,762</u>	
Total Cash and cash equivalents	<u>97,440</u>	<u>100,820</u>	

Link S.A. - Corretora de Câmbio, Títulos e Valores Mobiliários

Notes to the financial statements

(In thousands of Reais)

16 Risk management

Operating risk management - Actions were carried out aiming at implementing an operating risk management structure in conformity with CMN 3380, which affect the risk model, the concept, the operating risk categories and policies, the documentation and information storage procedures, the operating risk management reports and the disclosure process.

Market risk management - Market risk management is carried out in a centralized manner by an administrative department that is independent from the operations desk. The Company is in a position to comply within the established timeframes with the requirements of CMN Resolution 3464/07, which addresses the market risk management structure.

Liquidity risk management - Liquidity risk management is carried out by a system that permits permanent monitoring of the positions assumed by the clients in all the transactions in the markets in which it operates, so as to evidence the liquidity risk arising from the activities carried out by the Company, as required by CMN Resolution 2804/00.

Credit risk management - The credit risk run by the Company is immaterial, given that almost all the transactions are carried out within the environment of clearing houses - CBLC and BM&F - where the Company operates exclusively as an intermediary.

* * *

Reinaldo Dantas
Accountant CRC 1SP 110330/O-6

Daniel Cardoso Mendonça de Barros
Director