A free translation from Portuguese into English of Individual Interim Financial Information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil, and of Consolidated Interim Financial Information prepared in Brazilian currency in accordance with International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board – IASB and accounting practices adopted in Brazil

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Company Information / Capital Breakdown

Number of Shares (in thousands)	Current Quarter 3/31/2012
Paid-in Capital	
Common	181,524
Preferred	171,932
Total	353,456
Treasury Shares	
Common	0
Preferred	5,093
Total	5,093

Company Information / Cash Dividends

Event	Approval	Type	Date of Payment	Type of Share	Class of Share	Amount per Share (R$/share)
Board of Directors Meeting	3/16/2012	Interest on Equity	4/18/2012	Common		0.05917
Board of Directors Meeting	3/16/2012	Interest on Equity	4/18/2012	Preferred		0.06509
Board of Directors Meeting	5/4/2012	Interest on Equity	7/4/2012	Common		0.05429
Board of Directors Meeting	5/4/2012	Interest on Equity	7/4/2012	Preferred		0.05972

Individual Quarterly Financial Information / Balance Sheet - Assets

R$ (in thousands)

Code	Description	3/31/2012	12/31/2011
1	Total Assets	2,086,467	2,040,628
1.01	Current Assets	1,310,563	1,291,951
1.01.01	Cash and Cash Equivalents	450,902	451,388
1.01.02	Short-Term Investments	152,573	160,487
1.01.02.02	Short-Term Investments Measured at Amortized Cost	152,573	160,487
1.01.02.02.01	Securities Held to Maturity	152,573	160,487
1.01.03	Accounts Receivable	421,197	433,456
1.01.03.01	Trade Accounts Receivable	421,197	433,456
1.01.04	Inventories	221,126	198,200
1.01.06	Recoverable Taxes	17,131	15,886
1.01.06.01	Current Recoverable Taxes	17,131	15,886
1.01.07	Prepaid Expenses	22,332	6,293
1.01.07.01	Prepaid Expenses	4,733	4,977
1.01.07.02	Prepaid Advertising Expenses	17,599	1,316
1.01.08	Other Current Assets	25,302	26,241
1.01.08.03	Other	25,302	26,241
1.01.08.03.01	Advance to Suppliers	837	1,077
1.01.08.03.02	Accounts Receivable - Employees	2,981	3,458
1.01.08.03.03	Accounts Receivable from Sale of Subsidiary	17,514	17,094
1.01.08.03.04	Dividends Receivable	1,045	1,045
1.01.08.03.05	Other	2,925	3,567
1.02	Non-Current Assets	775,904	748,677
1.02.01	Long-Term Receivables	94,776	90,389
1.02.01.06	Deferred Taxes	50,387	46,838
1.02.01.06.01	Deferred Income and Social Contribution Taxes	50,387	46,838
1.02.01.08	Receivables from Related Parties	1,574	1,448
1.02.01.08.02	Receivables from Subsidiaries	1,574	1,448
1.02.01.09	Other Non-Current Assets	42,815	42,103
1.02.01.09.03	Judicial Deposits	13,898	13,665
1.02.01.09.04	Recoverable Taxes	6,671	6,490
1.02.01.09.05	Compulsory Deposits	269	269
1.02.01.09.06	Other Accounts Receivable	21,977	21,679
1.02.02	Investments	355,692	357,367
1.02.02.01	Equity Interest	355,692	357,367
1.02.02.01.02	Interest in Subsidiaries	355,497	357,172
1.02.02.01.04	Other Equity Interest	195	195
1.02.03	Property, Plant and Equipment	234,058	204,700
1.02.03.01	Operational Property, Plant and Equipment	159,962	160,014
1.02.03.03	Construction in Progress	74,096	44,686
1.02.04	Intangible Assets	91,378	96,221
1.02.04.01	Intangible Assets	91,378	96,221

Individual Quarterly Financial Information / Balance Sheet – Liabilities

R$ (in thousands)

Code	Description	3/31/2012	12/31/2011
2	Total Liabilities	2,086,467	2,040,628
2.01	Current Liabilities	385,330	390,402
2.01.01	Social Charges and Labor Liabilities	80,005	64,745
2.01.01.01	Social Charges	8,218	8,668
2.01.01.02	Labor Liabilities	71,787	56,077
2.01.01.02.01	Salaries and Social Charges	71,787	56,077
2.01.02	Trade Accounts Payable	211,790	218,573
2.01.02.01	Trade Accounts Payable - Domestic	176,907	177,612
2.01.02.02	Trade Accounts Payable - Foreign	34,883	40,961
2.01.03	Tax Liabilities	6,375	4,127
2.01.03.01	Federal Tax Liabilities	3,239	132
2.01.03.01.03	Other Tax Liabilities	3,239	132
2.01.03.02	State Tax Liabilities	3,136	3,995
2.01.04	Loans and Financing	40,896	67,824
2.01.04.01	Loans and Financing	40,896	67,824
2.01.04.01.01	In Domestic Currency	40,896	63,030
2.01.04.01.02	In Foreign Currency	0	4,794
2.01.05	Other Liabilities	38,809	27,950
2.01.05.02	Other	38,809	27,950
2.01.05.02.01	Dividends and Interest on Equity Payable	19,507	843
2.01.05.02.04	Provisions and Other Liabilities	19,302	27,107
2.01.06	Provisions	7,455	7,183
2.01.06.01	Provisions for Tax, Social Security, Labor and Civil Claims	7,455	7,183
2.01.06.01.02	Provisions for Social Security and Labor Claims	7,455	7,183
2.02	Non-Current Liabilities	170,541	172,538
2.02.01	Loans and Financing	48,866	53,907
2.02.01.01	Loans and Financing	48,866	53,907
2.02.01.01.01	In Domestic Currency	48,866	53,907
2.02.02	Other Liabilities	94,552	94,476
2.02.02.02	Other	94,552	94,476
2.02.02.02.03	Other Liabilities	5,172	4,974
2.02.02.02.04	Suspended Tax Payments and Others	86,559	86,654
2.02.02.02.05	Provisions for Employee Benefits	1,947	1,973
2.02.02.02.06	Tax Installment Payment - Law 11941/09	874	875
2.02.03	Deferred Taxes	8,552	5,690
2.02.03.01	Deferred Income and Social Contribution Taxes	8,552	5,690
2.02.04	Provisions	18,571	18,465
2.02.04.01	Provisions for Tax, Social Security, Labor and Civil Claims	18,571	18,465
2.02.04.01.01	Provisions for Tax Claims	4,877	4,877
2.02.04.01.02	Provisions for Social Security and Labor Claims	10,480	10,480
2.02.04.01.04	Provisions for Civil Claims	3,214	3,108
2.03	Equity	1,530,596	1,477,688
2.03.01	Paid-In Capital	518,922	518,922
2.03.02	Capital Reserves	126,946	126,514
2.03.02.05	Treasury Shares	(40,587)	(40,587)
2.03.02.07	Other Reserves	177,739	177,739

Individual Quarterly Financial Information / Balance Sheet – Liabilities

R$ (in thousands)

Code	Description	3/31/2012	12/31/2011
2.03.02.08	Negative Goodwill on Sale of Treasury Shares	(14,217)	(14,217)
2.03.02.09	Additional Paid-In Capital	4,011	3,579
2.03.04	Income Reserves	922,710	865,824
2.03.04.01	Legal Reserve	49,676	49,676
2.03.04.05	Income Retention Reserve	359,574	336,604
2.03.04.07	Tax Incentive Reserve	513,460	479,544
2.03.06	Equity Valuation Adjustments	33,319	33,640
2.03.07	Cumulative Translation Adjustments	(71,301)	(67,212)

Individual Quarterly Financial Information / Statement of Income

R$ (in thousands)

Code	Description	YTD Current Year 1/1/2012 to 3/31/2012	YTD Previous Year 1/1/2011 to 3/31/2011
3.01	Revenue from Sales of Goods and/or Services	484,973	387,984
3.02	Cost of Goods and/or Services Sold	(266,095)	(198,828)
3.03	Gross Profit	218,878	189,156
3.04	Operating Expenses/Income	(148,342)	(110,021)
3.04.01	Selling Expenses	(117,947)	(94,424)
3.04.02	General and Administrative Expenses	(31,890)	(27,038)
3.04.04	Other Operating Income	7,804	1,824
3.04.05	Other Operating Expenses	(8,724)	(9,083)
3.04.05.01	Amortization of Intangible Assets	(5,024)	(4,038)
3.04.05.02	Other Operating Expenses	(3,700)	(5,045)
3.04.06	Equity Pickup	2,415	18,700
3.05	Income Before Financial Income (Expenses) and Taxes	70,536	79,135
3.06	Net Financial Income	13,644	12,700
3.06.01	Financial Income	19,552	20,018
3.06.01.01	Foreign Exchange Fluctuations	2,052	1,703
3.06.01.02	Other Financial Income	17,500	18,315
3.06.02	Financial Expenses	(5,908)	(7,318)
3.06.02.01	Foreign Exchange Fluctuations	(1,443)	(1,316)
3.06.02.02	Other Financial Expenses	(4,465)	(6,002)
3.07	Income Before Income Taxes	84,180	91,835
3.08	Income Tax and Social Contribution Tax	(6,015)	(4,584)
3.08.01	Current	(6,702)	(6,987)
3.08.02	Deferred	687	2,403
3.09	Net Income	78,165	87,251
3.11	Income/Loss for the Period	78,165	87,251

Individual Quarterly Financial Information / Statement of Comprehensive Income

R$ (in thousands)

Code	Description	YTD Current Year 1/1/2012 to 3/31/2012	YTD Previous Year 1/1/2011 to 3/31/2011
4.01	Net Income for the Period	78,165	87,251
4.02	Other Comprehensive Income	(4,089)	(2,190)
4.02.01	Losses on Translation of Financial Statements of Subsidiaries Abroad	(4,089)	(2,190)
4.03	Comprehensive Income for the Period	74,076	85,061

Individual Quarterly Financial Information / Statement of Cash Flows – Indirect Method

R$ (in thousands)

Code	Description	YTD Current Year 1/1/2012 to 3/31/2012	YTD Previous Year 1/1/2011 to 3/31/2011
6.01	Net Cash from Operating Activities	58,027	32,146
6.01.01	Cash Generated by Operations	91,258	71,985
6.01.01.01	Net Income for the Period	78,165	87,251
6.01.01.02	Depreciation and Amortization	10,055	8,720
6.01.01.03	Income from Sale/Write-Off of Property, Plant and Equipment	254	119
6.01.01.05	Equity Pickup	(2,415)	(18,700)
6.01.01.06	Interest, Monetary and Foreign Exchange Fluctuations	962	(2,389)
6.01.01.07	Provisions for Tax, Civil and Labor Risks	1,797	2,336
6.01.01.08	Deferred Income and Social Contribution Taxes	(687)	(2,403)
6.01.01.09	Allowance for (Reversal of) Doubtful Accounts	1,271	(823)
6.01.01.11	Amortization of Loans and Financing - Charges	(2,647)	(3,705)
6.01.01.12	Provision for Inventory Losses	4,071	1,262
6.01.01.14	Stock Option Plan Granted	432	317
6.01.02	Changes in Assets and Liabilities	(33,231)	(39,839)
6.01.02.01	Trade Accounts Receivable	10,988	46,119
6.01.02.02	Inventories	(26,997)	(37,063)
6.01.02.03	Prepaid Expenses	(16,040)	(18,814)
6.01.02.04	Recoverable Taxes	(1,427)	(2,220)
6.01.02.05	Trade Accounts Payable	(6,782)	(11,001)
6.01.02.06	Taxes Payable	7,784	660
6.01.02.07	Salaries and Social Charges	15,260	12,354
6.01.02.09	Payment of Income Tax and Social Contribution Tax	(7,427)	(5,673)
6.01.02.10	Other	(8,590)	(24,201)
6.02	Net Cash from Investing Activities	(24,582)	(96,613)
6.02.02	Acquisition of Property, Plant and Equipment and Intangible Assets	(34,824)	(6,591)
6.02.05	Short-Term Investments	10,242	(90,022)
6.03	Net Cash from Financing Activities	(33,931)	(29,444)
6.03.01	Borrowings and Financing	21,318	14,523
6.03.02	Amortization of Loans and Financing - Principal	(52,313)	(26,471)
6.03.03	Acquisition of Treasury Shares	0	(15,308)
6.03.04	Payment of Dividends and Interest on Equity	(2,936)	(2,188)
6.05	Increase (Decrease) in Cash and Cash Equivalents	(486)	(93,911)
6.05.01	Opening Balance of Cash and Cash Equivalents	451,388	494,962
6.05.02	Closing Balance of Cash and Cash Equivalents	450,902	401,051

Individual Quarterly Financial Information / Statement of Changes in Equity - 1/1/2012 to 3/31/2012

R$ (in thousands)

Code	Description	Paid-In Capital	Capital Reserves, Options Granted and Treasury Shares	Income Reserve	Accumulated Losses	Other Comprehensive Income	Equity
5.01	Opening Balances	518,922	126,514	865,824	0	(33,572)	1,477,688
5.03	Adjusted Opening Balances	518,922	126,514	865,824	0	(33,572)	1,477,688
5.04	Capital Transactions with Shareholders	0	432	0	(21,600)	0	(21,168)
5.04.03	Recognized Options Granted	0	432	0	0	0	432
5.04.07	Interest on Equity	0	0	0	(21,600)	0	(21,600)
5.05	Total Comprehensive Income	0	0	0	78,165	(4,089)	74,076
5.05.01	Net Income for the Period	0	0	0	78,165	0	78,165
5.05.02	Other Comprehensive Income	0	0	0	0	(4,089)	(4,089)
5.05.02.04	Translation Adjustments for the Period	0	0	0	0	(4,089)	(4,089)
5.06	Internal Changes in Equity	0	0	60,615	(60,294)	(321)	0
5.06.01	Set Up of Reserves	0	0	60,615	(60,615)	0	0
5.06.04	Realization of Other Comprehensive Income	0	0	0	321	(321)	0
5.07	Closing Balances	518,922	126,946	926,439	(3,729)	(37,982)	1,530,596

Individual Quarterly Financial Information / Statement of Changes in Equity - 1/1/2011 to 3/31/2011

R$ (in thousands)

Code	Description	Paid-In Capital	Capital Reserves, Options Granted and Treasury Shares	Income Reserve	Retained Earnings	Other Comprehensive Income	Equity
5.01	Opening Balances	441,171	144,513	757,956	0	(33,165)	1,310,475
5.03	Adjusted Opening Balances	441,171	144,513	757,956	0	(33,165)	1,310,475
5.04	Capital Transactions with Shareholders	0	(14,991)	0	(19,500)	0	(34,491)
5.04.03	Recognized Options Granted	0	317	0	0	0	317
5.04.04	Acquired Treasury Shares	0	(17,273)	0	0	0	(17,273)
5.04.05	Sold Treasury Shares	0	1,965	0	0	0	1,965
5.04.07	Interest on Equity	0	0	0	(19,500)	0	(19,500)
5.05	Total Comprehensive Income	0	0	0	87,251	(2,190)	85,061
5.05.01	Net Income for the Period	0	0	0	87,251	0	87,251
5.05.02	Other Comprehensive Income	0	0	0	0	(2,190)	(2,190)
5.05.02.04	Translation Adjustments for the Period	0	0	0	0	(2,190)	(2,190)
5.06	Internal Changes in Equity	0	0	68,949	(67,751)	(1,198)	0
5.06.01	Set Up of Reserves	0	0	68,949	(68,949)	0	0
5.06.04	Realization of Other Comprehensive Income	0	0	0	1,198	(1,198)	0
5.07	Closing Balances	441,171	129,522	826,905	0	(36,553)	1,361,045

Individual Quarterly Financial Information / Statement of Value Added

R$ (in thousands)

Code	Description	YTD Current Year 1/1/2012 to 3/31/2012	YTD Previous Year 1/1/2011 to 3/31/2011
7.01	Income	577,170	452,640
7.01.01	Sales of Goods, Products and Services	570,142	450,310
7.01.02	Other Income	8,299	1,507
7.01.04	Allowance for (Reversal of) Doubtful Accounts	(1,271)	823
7.02	Inputs Acquired from Third Parties	(343,616)	(253,846)
7.02.01	Costs of Products, Goods and Services Sold	(197,678)	(142,564)
7.02.02	Materials, Electricity, Third Party Services and Other Expenses	(144,245)	(108,330)
7.02.03	Impairment of Assets	(1,153)	(2,101)
7.02.04	Other	(540)	(851)
7.03	Gross Value Added	233,554	198,794
7.04	Retentions	(10,055)	(8,720)
7.04.01	Depreciation, Amortization and Depletion	(10,055)	(8,720)
7.05	Net Value Added Produced	223,499	190,074
7.06	Value Added Received in Transfer	21,968	37,128
7.06.01	Equity Pickup	2,415	18,700
7.06.02	Financial Income	19,552	18,315
7.06.03	Other	1	113
7.06.03.01	Other	1	113
7.07	Total Value Added to be Distributed	245,467	227,202
7.08	Distribution of Value Added	245,467	227,202
7.08.01	Personnel	83,585	73,273
7.08.01.01	Salaries	65,922	59,227
7.08.01.02	Benefits	13,115	10,957
7.08.01.03	Unemployment Compensation Fund (FGTS)	4,548	3,089
7.08.02	Taxes, Fees and Contributions	65,203	51,711
7.08.02.01	Federal	51,066	44,574
7.08.02.02	State	13,847	6,921
7.08.02.03	Municipal	290	216
7.08.03	Yield on Third Party Capital	18,514	14,967
7.08.03.01	Interest	5,833	5,580
7.08.03.02	Rents	7,477	4,190
7.08.03.03	Other	5,204	5,197
7.08.04	Equity Yield	78,165	87,251
7.08.04.01	Interest on Equity	21,600	19,500
7.08.04.03	Retained Earnings/Loss for the Period	56,565	67,751

Consolidated Quarterly Financial Information / Balance Sheet - Assets

R$ (in thousands)

Code	Description	3/31/2012	12/31/2011
1	Total Assets	2,516,935	2,442,554
1.01	Current Assets	1,670,648	1,609,539
1.01.01	Cash and Cash Equivalents	507,312	510,467
1.01.02	Short-Term Investments	173,368	160,487
1.01.02.02	Short-Term Investments Measured at Amortized Cost	173,368	160,487
1.01.02.02.01	Securities Held to Maturity	173,368	160,487
1.01.03	Accounts Receivable	511,658	505,858
1.01.03.01	Trade Accounts Receivable	511,658	505,858
1.01.04	Inventories	382,243	351,023
1.01.06	Recoverable Taxes	29,743	27,959
1.01.06.01	Current Recoverable Taxes	29,743	27,959
1.01.07	Prepaid Expenses	28,778	11,433
1.01.07.01	Prepaid Expenses	11,173	9,845
1.01.07.02	Prepaid Advertising Expenses	17,605	1,588
1.01.08	Other Current Assets	37,546	42,312
1.01.08.01	Non-Current Assets Available for Sale	309	323
1.01.08.03	Other	37,237	41,989
1.01.08.03.01	Advance to Suppliers	11,087	14,544
1.01.08.03.02	Accounts Receivable - Employees	3,046	3,904
1.01.08.03.03	Accounts Receivable from Sale of Subsidiary	17,514	17,094
1.01.08.03.06	Other Assets	5,590	6,447
1.02	Non-Current Assets	846,287	833,015
1.02.01	Long-Term Receivables	153,949	153,175
1.02.01.06	Deferred Taxes	90,328	89,551
1.02.01.06.01	Deferred Income and Social Contribution Taxes	90,328	89,551
1.02.01.09	Other Non-Current Assets	63,621	63,624
1.02.01.09.03	Judicial Deposits	14,732	14,528
1.02.01.09.04	Recoverable Taxes	25,265	25,848
1.02.01.09.05	Other Accounts Receivable	23,355	22,979
1.02.01.09.06	Compulsory Deposits	269	269
1.02.02	Investments	70,430	74,462
1.02.02.01	Equity Interest	70,430	74,462
1.02.02.01.01	Interest in Associates	70,235	74,267
1.02.02.01.04	Other Equity Interest	195	195
1.02.03	Property, Plant and Equipment	364,486	341,980
1.02.03.01	Operational Property, Plant and Equipment	279,530	285,946
1.02.03.03	Construction in Progress	84,956	56,034
1.02.04	Intangible Assets	257,422	263,398
1.02.04.01	Intangible Assets	257,422	263,398
1.02.04.01.02	Intangible Assets	257,422	263,398

Consolidated Quarterly Financial Information / Balance Sheet – Liabilities

R$ (in thousands)

Code	Description	3/31/2011	12/31/2011
2	Total Liabilities	2,516,934	2,442,554
2.01	Current Liabilities	655,441	666,299
2.01.01	Social Charges and Labor Liabilities	114,229	98,897
2.01.01.01	Social Charges	14,054	16,791
2.01.01.02	Labor Liabilities	100,175	82,106
2.01.02	Trade Accounts Payable	283,418	297,150
2.01.02.01	Trade Accounts Payable - Domestic	193,236	194,580
2.01.02.02	Trade Accounts Payable - Foreign	90,182	102,570
2.01.03	Tax Liabilities	19,475	15,515
2.01.03.01	Federal Tax Liabilities	16,188	11,308
2.01.03.01.01	Income and Social Contribution Taxes Payable	5,893	4,192
2.01.03.01.03	Other Tax Liabilities	10,295	7,116
2.01.03.02	State Tax Liabilities	3,287	4,207
2.01.04	Loans and Financing	149,959	180,077
2.01.04.01	Loans and Financing	149,810	179,894
2.01.04.01.01	In Domestic Currency	40,898	63,441
2.01.04.01.02	In Foreign Currency	108,912	116,453
2.01.04.03	Financing under Finance Lease	149	183
2.01.05	Other Liabilities	76,252	63,224
2.01.05.02	Other	76,252	63,224
2.01.05.02.01	Dividends and Interest on Equity Payable	19,507	843
2.01.05.02.04	Debt Restructuring Agreements	13,818	14,758
2.01.05.02.05	Provisions and Other Liabilities	42,927	47,623
2.01.06	Provisions	12,108	11,436
2.01.06.01	Provisions for Tax, Social Security, Labor and Civil Claims	12,108	11,436
2.01.06.01.02	Provisions for Social Security and Labor Claims	11,692	11,000
2.01.06.01.04	Provision for Civil Claims	416	436
2.02	Non-Current Liabilities	319,191	286,396
2.02.01	Loans and Financing	91,564	55,856
2.02.01.01	Loans and Financing	91,564	55,814
2.02.01.01.01	In Domestic Currency	48,866	53,907
2.02.01.01.02	In Foreign Currency	42,698	1,907
2.02.01.03	Financing under Finance Lease	0	42
2.02.02	Other Liabilities	156,602	159,988
2.02.02.02	Other	156,602	159,988
2.02.02.02.03	Debt-Restructuring Agreements of Subsidiaries	60,092	63,537
2.02.02.02.04	Suspended Tax Payments	86,625	86,780
2.02.02.02.05	Provisions for Employee Benefits	1,991	1,973
2.02.02.02.06	Tax Installment Payment - Law 11941/09	874	875
2.02.02.02.07	Other Liabilities	7,020	6,823
2.02.03	Deferred Taxes	44,831	44,307
2.02.03.01	Deferred Income and Social Contribution Taxes	44,831	44,307
2.02.04	Provisions	26,194	26,245
2.02.04.01	Provisions for Tax, Social Security, Labor and Civil Claims	26,194	26,245
2.02.04.01.01	Provisions for Tax Claims	9,009	9,075
2.02.04.01.02	Provisions for Social Security and Labor Claims	13,386	13,449
2.02.04.01.04	Provisions for Civil Claims	3,799	3,721
2.03	Consolidated Equity	1,542,303	1,489,859

Consolidated Quarterly Financial Information / Balance Sheet – Liabilities

R$ (in thousands)

Code	Description	3/31/2012	12/31/2011
2.03.01	Paid-In Capital	518,922	518,922
2.03.02	Capital Reserves	126,946	126,514
2.03.02.05	Treasury Shares	(40,587)	(40,587)
2.03.02.07	Other Capital Reserves	177,739	177,739
2.03.02.08	Negative Goodwill on Sale of Treasury Shares	(14,217)	(14,217)
2.03.02.09	Additional Paid-In Capital	4,011	3,579
2.03.04	Income Reserves	922,710	865,824
2.03.04.01	Legal Reserve	49,676	49,676
2.03.04.05	Income Retention Reserve	359,574	336,604
2.03.04.07	Tax Incentive Reserve	513,460	479,544
2.03.06	Equity Valuation Adjustments	33,319	33,640
2.03.07	Cumulative Translation Adjustments	(71,301)	(67,212)
2.03.09	Non-Controlling Interest	11,707	12,171

Consolidated Quarterly Financial Information / Statement of Operations

R$ (in thousands)

Code	Description	YTD Current Year 1/1/2012 to 3/31/2012	YTD Previous Year 1/1/2011 to 3/31/2011
3.01	Revenue from Sales of Goods and/or Services	648,939	554,637
3.02	Cost of Goods and/or Services Sold	(361,274)	(295,542)
3.03	Gross Profit	287,665	259,095
3.04	Operating Expenses/Income	(204,935)	(170,712)
3.04.01	Selling Expenses	(159,443)	(129,933)
3.04.02	General and Administrative Expenses	(37,154)	(31,506)
3.04.04	Other Operating Income	7,919	1,935
3.04.05	Other Operating Expenses	(12,528)	(9,911)
3.04.05.01	Amortization of Intangible Assets	(5,814)	(4,368)
3.04.05.02	Other Operating Expenses	(6,714)	(5,543)
3.04.06	Equity Pickup	(3,729)	(1,297)
3.05	Income Before Financial Income (Expenses) and Taxes	82,730	88,383
3.06	Net Financial Income	6,063	8,568
3.06.01	Financial Income	21,309	22,078
3.06.01.01	Foreign Exchange Fluctuations	2,563	3,261
3.06.01.02	Other Financial Income	18,746	18,817
3.06.02	Financial Expenses	(15,246)	(13,510)
3.06.02.01	Foreign Exchange Fluctuations	(2,952)	(1,545)
3.06.02.02	Other Financial Expenses	(12,294)	(11,965)
3.07	Income Before Income Taxes	88,793	96,951
3.08	Income and Social Contribution Taxes	(10,550)	(8,448)
3.08.01	Current	(10,316)	(10,689)
3.08.02	Deferred	(234)	2,241
3.09	Net Income from Going Concern Operations	78,243	88,503
3.11	Consolidated Income/Loss for the Period	78,243	88,503
3.11.01	Attributed to Shareholders of the Parent Company	78,165	87,251
3.11.02	Attributed to Non-Controlling Interest	78	1,252

Consolidated Quarterly Financial Information / Statement of Comprehensive Loss

R$ (in thousands)

Code	Description	YTD Current Year 1/1/2012 to 3/31/2012	YTD Previous Year 1/1/2011 to 3/31/2011
4.01	Consolidated Net Income for the Period	78,243	88,503
4.02	Other Comprehensive Income	(4,631)	(3,787)
4.02.01	Losses in Translation of Financial Statements of Subsidiaries Abroad	(4,631)	(3,787)
4.03	Consolidated Comprehensive Income for the Period	73,612	84,716
4.03.01	Attributed to Shareholders of the Parent Company	74,076	85,061
4.03.02	Attributed to Non-Controlling Interest	(464)	(345)

Consolidated Quarterly Financial Information / Statement of Cash Flows – Indirect Method

R$ (in thousands)

Code	Description	YTD Current Year 1/1/2012 to 3/31/2012	YTD Previous Year 1/1/2011 to 3/31/2011
6.01	Net Cash from Operating Activities	43,721	39,118
6.01.01	Cash Generated by Operations	106,548	100,107
6.01.01.01	Net Income for the Period	78,243	88,503
6.01.01.02	Depreciation and Amortization	14,378	12,649
6.01.01.03	Income from Sale/Write-Off of Property, Plant and Equipment	254	393
6.01.01.05	Equity Pickup	3,729	1,297
6.01.01.06	Interest, Monetary and Foreign Exchange Fluctuations	4,883	766
6.01.01.07	Provisions for Tax, Civil and Labor Risks	2,288	2,421
6.01.01.08	Deferred Income and Social Contribution Taxes	234	(2,241)
6.01.01.09	Allowance for (Reversal of) Doubtful Accounts	1,083	(705)
6.01.01.10	Provision for Inventory Losses	4,822	1,094
6.01.01.13	Amortization of Loans and Financing - Charges	(3,798)	(4,387)
6.01.01.14	Stock Option Plan Granted	432	317
6.01.02	Changes in Assets and Liabilities	(62,872)	(60,989)
6.01.02.01	Trade Accounts Receivable	(9,201)	29,630
6.01.02.02	Inventories	(40,883)	(44,476)
6.01.02.03	Prepaid Expenses	(17,393)	(19,107)
6.01.02.04	Recoverable Taxes	(2,359)	(6,194)
6.01.02.05	Trade Accounts Payable	(11,116)	(9,263)
6.01.02.06	Taxes Payable	11,305	(22,655)
6.01.02.07	Salaries and Social Charges	16,544	14,615
6.01.02.09	Payment of Income and Social Contribution Taxes	(9,558)	(6,624)
6.01.02.10	Other	(166)	3,085
6.02	Net Cash from Investing Activities	(48,828)	(99,756)
6.02.02	Acquisition of Property, Plant and Equipment and Intangible Assets	(38,569)	(9,734)
6.02.04	Short-Term Investments	(10,259)	(90,022)
6.03	Net Cash from Financing Activities	1,922	(30,940)
6.03.01	Borrowings and Financing	92,312	41,877
6.03.02	Amortization of Loans and Financing - Principal	(84,022)	(51,586)
6.03.03	Acquisition of Treasury Shares	0	(15,308)
6.03.04	Payment of Dividends and Interest on Equity	(2,936)	(2,188)
6.03.05	Amortization for Debt Restructuring of Subsidiaries	(3,432)	(3,735)
6.04	Foreign Exchange Fluctuations on Cash and Cash Equivalents	30	(614)
6.05	Increase (Decrease) in Cash and Cash Equivalents	(3,155)	(92,192)
6.05.01	Opening Balance of Cash and Cash Equivalents	510,467	523,356
6.05.02	Closing Balance of Cash and Cash Equivalents	507,312	431,164

Consolidated Quarterly Financial Information / Statement of Changes in Equity - 1/1/2012 to 3/31/2012

R$ (in thousands)

Code	Description	Paid-In Capital	Capital Reserves, Options Granted and Treasury Shares	Income Reserve	Accumulated Losses	Other Comprehensive Income	Equity Attributable to Controlling Shareholders	Non-controlling interest	Consolidated Equity
5.01	Opening Balances	518,922	126,514	865,824	0	(33,572)	1,477,688	12,171	1,489,859
5.03	Adjusted Opening Balances	518,922	126,514	865,824	0	(33,572)	1,477,688	12,171	1,489,859
5.04	Capital Transactions with Shareholders	0	432	0	(21,600)	0	(21,168)	0	(21,168)
5.04.03	Recognized Options Granted	0	432	0	0	0	432	0	432
5.04.07	Interest on Equity	0	0	0	(21,600)	0	(21,600)	0	(21,600)
5.05	Total Comprehensive Income	0	0	0	78,165	(4,089)	74,076	(464)	73,612
5.05.01	Net Income for the Period	0	0	0	78,165	0	78,165	78	78,243
5.05.02	Other Comprehensive Income	0	0	0	0	(4,089)	(4,089)	(542)	(4,631)
5.05.02.04	Translation Adjustments for the Period	0	0	0	0	(4,089)	(4,089)	(542)	(4,631)
5.06	Internal Changes in Equity	0	0	60,615	(60,294)	(321)	0	0	0
5.06.01	Set Up of Reserves	0	0	60,615	(60,615)	0	0	0	0
5.06.04	Realization of Other Comprehensive Income	0	0	0	321	(321)	0	0	0
5.07	Closing Balances	518,922	126,946	926,439	(3,729)	(37,982)	1,530,596	11,707	1,542,303

Consolidated Quarterly Financial Information / Statement of Changes in Equity – 1/1/2011 to 3/31/2011

R$ (in thousands)

Code	Description	Paid-In Capital	Capital Reserves, Options Granted and Treasury Shares	Income Reserve	Retained Earnings	Other Comprehensive Income	Equity Attributable to Controlling Shareholders	Non-controlling interest	Consolidated Equity
5.01	Opening Balances	441,171	144,513	757,956	0	(33,165)	1,310,475	37,598	1,348,073
5.03	Adjusted Opening Balances	441,171	144,513	757,956	0	(33,165)	1,310,475	37,598	1,348,073
5.04	Capital Transactions with Shareholders	0	(14,991)	0	(19,500)	0	(34,491)	0	(34,491)
5.04.03	Recognized Options Granted	0	317	0	0	0	317	0	317
5.04.04	Acquired Treasury Shares	0	(17,273)	0	0	0	(17,273)	0	(17,273)
5.04.05	Sold Treasury Shares	0	1,965	0	0	0	1,965	0	1,965
5.04.07	Interest on Equity	0	0	0	(19,500)	0	(19,500)	0	(19,500)
5.05	Total Comprehensive Income	0	0	0	87,251	(2,190)	85,061	(345)	84,716
5.05.01	Net Income for the Period	0	0	0	87,251	0	87,251	1,252	88,503
5.05.02	Other Comprehensive Income	0	0	0	0	(2,190)	(2,190)	(1,597)	(3,787)
5.05.02.04	Translation Adjustments for the Period	0	0	0	0	(2,190)	(2,190)	(1,597)	(3,787)
5.06	Internal Changes in Equity	0	0	68,949	(67,751)	(1,198)	0	0	0
5.06.01	Set Up of Reserves	0	0	68,949	(68,949)	0	0	0	0
5.06.04	Realization of Other Comprehensive Income	0	0	0	1,198	(1,198)	0	0	0
5.07	Closing Balances	441,171	129,522	826,905	0	(36,553)	1,361,045	37,253	1,398,298

Consolidated Quarterly Financial Information / Statement of Value Added

R$ (in thousands)

Code	Description	YTD Current Year 1/1/2012 to 3/31/2012	YTD Previous Year 1/1/2011 to 3/31/2011
7.01	Income	768,376	645,770
7.01.01	Sales of Goods, Products and Services	761,607	643,416
7.01.02	Other Income	8,376	1,649
7.01.04	Allowance for (Reversal of) Doubtful Accounts	(1,607)	705
7.02	Inputs Acquired from Third Parties	(427,137)	(341,098)
7.02.01	Costs of Products, Goods and Services Sold	(249,267)	(205,146)
7.02.02	Materials, Electricity, Third Party Services and Other Expenses	(174,993)	(133,000)
7.02.03	Impairment of Assets	(2,337)	(2,101)
7.02.04	Other	(540)	(851)
7.03	Gross Value Added	341,239	304,672
7.04	Retentions	(14,378)	(12,649)
7.04.01	Depreciation, Amortization and Depletion	(14,378)	(12,649)
7.05	Net Value Added Produced	326,861	292,023
7.06	Value Added Received in Transfer	17,624	17,637
7.06.01	Equity Pickup	(3,729)	(1,297)
7.06.02	Financial Income	21,309	18,817
7.06.03	Other	44	117
7.07	Total Value Added to be Distributed	344,485	309,660
7.08	Distribution of Value Added	344,485	309,660
7.08.01	Personnel	129,883	111,521
7.08.01.01	Salaries	108,832	93,127
7.08.01.02	Benefits	16,199	15,044
7.08.01.03	Unemployment Compensation Fund (FGTS)	4,852	3,350
7.08.02	Taxes, Fees and Contributions	108,231	90,147
7.08.02.01	Federal	91,841	80,967
7.08.02.02	State	16,020	8,883
7.08.02.03	Municipal	370	297
7.08.03	Yield on Third Party Capital	28,128	19,489
7.08.03.01	Interest	13,048	8,669
7.08.03.02	Rents	9,106	5,310
7.08.03.03	Other	5,974	5,510
7.08.04	Equity Yield	78,243	88,503
7.08.04.01	Interest on Equity	21,600	19,500
7.08.04.03	Retained Earnings/Loss for the Period	56,565	67,751
7.08.04.04	Non-Controlling Interest in Retained Earnings	78	1,252

ALPARGATAS S.A.

NOTES TO INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED MARCH 31, 2012
(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

1. OPERATIONS

1.1. General considerations

Alpargatas S.A. (the "Company") is a publicly-traded corporation headquartered in the city of São Paulo, at Rua Doutor Cardoso de Melo, 1336, listed in the São Paulo Stock Exchange (BMF&BOVESPA) under the ticker symbols "ALPA4" and "ALPA3".

On April 26, 2011, the Special Shareholders' Meeting approved the change in the Company's corporate name from São Paulo Alpargatas S.A. to Alpargatas S.A.

The Company and its subsidiaries ("Alpargatas Group" or the "Group") are primarily engaged in the manufacture and sale of footwear and footwear components, apparel items, textiles and textile components, leather, resin and natural or synthetic rubber goods, and sports items.

The direct and indirect subsidiaries and associate through which the Company conducts activities in Brazil and abroad are described in note 5.

1.2. Increase in interest in subsidiary Alpargatas S.A.I.C. - Argentina.

Details on acquisition and increase in interest in subsidiary Alpargatas S.A.I.C. - Argentina are set out in note 13.

2. BASIS OF PREPARATION OF INTERIM FINANCIAL INFORMATION

2.1. Statement of compliance

The Company's interim financial information, contained in the Quarterly Financial Information Form (ITR) for the quarter ended March 31, 2012, comprises:

- The consolidated interim financial information prepared in accordance with the International Financial Reporting Standards - IFRSs, issued by the International Accounting Standards Board - IASB, and accounting practices adopted in Brazil, under accounting pronouncements IAS 34 and CPC 21 - Interim Financial Reporting.

- The individual interim financial information of the parent company prepared in accordance with accounting practices adopted in Brazil, under accounting pronouncement CPC 21 - Interim Financial Reporting.

Accounting practices adopted in Brazil comprise those set out in Brazilian Corporate Law and the pronouncements, guidance and interpretations issued by the Brazilian FASB - CPC, approved by the Brazilian SEC - CVM.

The individual interim financial information presents the valuation of investments in subsidiaries and associate under the equity method, pursuant to prevailing Brazilian Corporate Law. Accordingly, this individual interim financial information is not considered as being in conformity with IFRSs, which require the valuation of these investments in the parent company's separate interim financial information at cost or fair value; however, equity pickup is prescribed by Brazilian Corporate Law.

2.2. Basis of preparation

The interim financial information was prepared based on the historical cost, except for, as applicable, certain financial instruments measured at their fair values, as described in the following accounting practices. The historical cost is generally based on the fair value of the consideration paid in exchange for assets.

As mentioned in item 2.1, the interim financial information was prepared and is presented in accordance with IAS 34 and CPC 21 - Interim Financial Reporting, and, accordingly, should be read together with the Company's annual financial statements for the year ended December 31, 2011, disclosed on March 16, 2012.

3. SIGNIFICANT ACCOUNTING PRACTICES

The interim financial information was prepared consistently with the accounting practices described in note 3 to annual financial statements for the year ended December 31, 2011. There are no new interpretations and amendments to existing standards at March 31, 2012 in addition to those described in note 5 to annual financial statements for the year ended December 31, 2011.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

When applying accounting practices, management must make judgments and prepare estimates related to carrying amounts of assets and liabilities not easily obtained from other sources. The estimates and respective assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. The effects of accounting estimate reviews are recognized in the period in which estimates are reviewed, if the review only affects that period, or also in later periods, if the review affects both current and future periods.

Significant accounting judgments and estimates applied in the preparation of the interim financial information are consistent with those described in note 4 to annual financial statements for the year ended December 31, 2011.

5. CONSOLIDATED FINANCIAL INFORMATION

Consolidation criteria, definition of subsidiaries and changes in interest in existing subsidiaries

The consolidation criteria used in the preparation of the interim financial information were applied consistently with the criteria described in note 6 to annual financial statements for the year ended December 31, 2011.

The consolidation comprises the Company's financial information and the following direct and indirect subsidiaries:

	Interest and voting rights - %	
	3/31/2012	12/31/2011
Direct interest:		
CBS S.A. - Companhia Brasileira de Sandálias	100.00	100.00
Fibrasil Agrícola e Comercial Ltda.	100.00	100.00
Alpargatas Imobiliária S.A.	100.00	100.00
Alpargatas Chile Ltda. – Chile	100.00	100.00
Alpargatas Internacional APS – Denmark	100.00	100.00
Alpargatas S.A.I.C. - Argentina	91.45	91.45
Indirect interest (by means of Alpargatas Internacional APS):		
Alpargatas Europe S.L.U. – Spain	100.00	100.00
Alpargatas USA Inc. – United States	100.00	100.00
Alpargatas UK Limited – United Kingdom	100.00	100.00
Alpargatas France S.A.R.L. – French	100.00	100.00
Alpargatas Itália S.R.L. – Italy	100.00	100.00
Alpargatas Portugal Limited – Portugal	100.00	100.00
Grupo Tavex S.A.	18.69	18.69

- CBS S.A. - Companhia Brasileira de Sandálias: acquired in November 2007. It is engaged in the manufacture and sale of rubber sandals.

- Fibrasil Agrícola e Comercial Ltda.: acquired in November 1989. It is engaged in the import and export activities in general, purchase, sale and lease of own properties, and holding interest in other companies, in Brazil or abroad. The subsidiary is currently dormant.

- Alpargatas Imobiliária S.A.: organized in January 2005. It is engaged in the purchase, sale and lease of own properties and holding interest in other companies, in Brazil or abroad.

- Alpargatas S.A.I.C. - Argentina: acquired in October 2007, but its control was transferred to the Company in October 2008. It is engaged in the manufacture and sale of footwear and textile products mainly in the Argentinean market.

- Alpargatas Europe S.L.U. - Spain, Alpargatas France S.A.R.L. - France, Alpargatas UK Limited - United Kingdom, Alpargatas Itália S.R.L. - Italy and Alpargatas Portugal Limited - Portugal: organized in July, August and September 2008, and April and May 2009, respectively. They are primarily engaged in the import and sale of footwear in the European market.

- Alpargatas USA Inc. - United States: organized after the merger of Expasa Florida Inc. in December 2006. It is primarily engaged in the import and sale of footwear in the U.S. market.

- Alpargatas Chile Ltda. - Chile: organized in November 2007. It is primarily engaged in the import and sale of footwear in the Chilean market. In November 2009, Company management approved the discontinuation of the operations of this subsidiary, and, as of May 2010, the Company will sell its products through an independent distributor, under a sales representation agreement.

6. TAX INCENTIVES - INVESTMENT GRANTS

The Company and its subsidiaries have tax incentives granted by state governments where the main plants are located, which will expire between 2018 and 2020. The Company and its subsidiaries also have tax incentives granted by federal governments through the income from exploitation in the Northeast Region.

Investment grants, including income tax incentives, recorded for the quarters ended March 31, 2012 and 2011, are as follows:

		Company		Consolidated	
		3/31/2012	3/31/2011	3/31/2012	3/31/2011
ICMS incentive:					
Paraíba	(a)	28,966	31,905	28,966	31,905
Pernambuco	(b)	-	-	1,867	2,257
IRPJ incentives:					
Northeast Region	(c)	4,951	2,831	4,951	3,594
Total		33,917	34,736	35,784	37,756

(a) Amounts of the investment grant in the State of Paraíba, used in the calculation of deemed ICMS (State VAT) credit, calculated by Santa Rita, Campina Grande and João Pessoa plants. The amounts refer to unpaid ICMS installments, thus committed with what was agreed with the state government. The Company is compliant with the established agreement, consisting of expanding the manufacturing facilities in that region, increasing its production of footwear and generating direct jobs in plants in the State of Paraíba.

Additionally, during the quarters ended March 31, 2012 and 2011, there were no incentive installments to be accounted for, arising from obligations established by the incentive program, to be complied with by the Company. Tax incentive installments are credited to "Sales taxes" in the statement of income.

(b) Amounts of the investment grant in the State of Pernambuco, used in the calculation of deemed ICMS (State VAT) credit, thus committed with what was agreed with the state government by subsidiary CBS S.A. - Companhia Brasileira de Sandálias. The subsidiary is compliant with the established agreement, consisting of maintaining a minimum number of direct jobs in the region and reaching gross revenue of at least R$ 2,500 per month.

(c) These are credited to "Income and social contribution taxes - current" in the statement of income (see details in note 11.b).

7. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

a) Cash and cash equivalents

	Company		Consolidated	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011
Cash and banks	1,246	458	22,661	14,847
Yield on current account (i)	-	644	-	2,458
Short-term investments:				
Fixed and floating Bank Deposit Certificates - CDBs (ii)	60,775	133,208	63,036	136,610
Repurchase agreements (ii)	378,354	306,968	402,956	345,351
National Treasury Notes - type B (iii)	10,527	10,110	10,527	10,110
Other - Alpargatas S.A.I.C. - Argentina (iv)	-	-	7,972	809
Other - Alpargatas Europe S.L.U. - Spain (iv)	-	-	160	282
Total	450,902	451,388	507,312	510,467

The Company's short-term investment policy establishes that short-term investments can only be realized in financial institutions with a minimum rating of "AA", as classified by credit rating agencies Fitch and Standard & Poor's, or "Aa" according to Moody's. Any management's proposal to invest in financial institutions with an inferior rating will depend on Board of Directors' approval.

The Company's policy does not establish criteria for determining breakdown of "Cash and cash equivalents". However, the accounting classification of cash and cash equivalent components used by Company and its subsidiary management is described in note 3.

Short-term investments held by the Company and its subsidiaries are as follows:

(i) At December 31, 2011, the Company and its subsidiaries held a balance in a current account yielded at 20% of Interbank Deposit Certificate - CDI variation.

(ii) At March 31, 2012, CDBs were distributed among various financial institutions with average yield of 103.93% of CDI (103.66% at December 31, 2011), and repurchase agreements were distributed among various financial institutions with average yield of 103.36% of CDI (103.32% at December 31, 2011). At March 31, 2012, CDBs and securities relating to repurchase agreements mature between May 2012 and November 2016 and are classified into "Cash and cash equivalents" as their grace period for redemption is less than 90 days or as they are considered as financial assets with immediate redemption guaranteed, subject to an insignificant risk of change in value.

(iii) The Company acquired National Treasury Notes - type B (NTN-B) indexed to changes in the Extended Consumer Price Index - IPCA plus interest of 6% p.a., maturing in August 2020. As they are highly liquid securities, the Company adjusts them to market value, thus classifying them as "Cash and cash equivalents".

(iv) Short-term investments held by subsidiaries Alpargatas S.A.I.C. - Argentina and Alpargatas Europe S.L.U. - Spain at March 31, 2012 are represented by fixed-income securities, with average annual yield of 10.92% and 1.60%, respectively (3.38% and 1.60%, respectively, at December 31, 2011).

b) Short-term investments

At March 31, 2012, these refer to CDBs and repurchase agreements with average yield of 103.67% of CDI (103.61% at December 31, 2011), broken down as follows:

	Company		Consolidated	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011
Fixed and floating CDBs	91,063	10,737	91,063	10,737
Repurchase agreements	61,510	149,750	82,305	149,750
Total	152,573	160,487	173,368	160,487

They are classified into current assets as they can be redeemed within 360 days from the investment date and are not classified into "Cash and cash equivalents" as their grace period for redemption is 90 days and as there is a significant risk of change in value in the event of early redemption.

8. TRADE ACCOUNTS RECEIVABLE

a) Breakdown of trade accounts receivable is as follows:

	Company		Consolidated	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011
Domestic market	379,165	413,346	376,704	436,915
Foreign market	32,410	17,309	160,487	93,393
Related parties (note 20 b)	27,469	19,377	-	-
Allowance for doubtful accounts	(17,847)	(16,576)	(25,533)	(24,450)
Total	421,197	433,456	511,658	505,858

Trade accounts receivable are classified into "Loans and receivables", stated at amortized cost. Their net book value is equivalent to their fair value, as described in significant accounting practices. Foreign trade accounts receivable are denominated in U.S. dollars, euros and Argentinean pesos.

b) Aging list of trade accounts receivable

	Company		Consolidated	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011
Falling due	382,792	396,982	450,346	452,512
Overdue:				
Up to 30 days	21,682	20,627	34,657	30,114
From 31 to 90 days	29,261	4,994	35,388	10,954
Over 91 days	5,309	27,429	16,800	36,728
Total	439,044	450,032	537,191	530,308

c) Allowance for doubtful accounts

Changes in allowance for doubtful accounts are as follows:

	Company	Consolidated
Balances at December 31, 2011	(16,576)	(24,450)
Additions	(2,627)	(2,887)
Reversals and write-offs	1,356	1,804
Balances at March 31, 2012	(17,847)	(25,533)

Breakdown of aging list of trade accounts receivable, included in allowance for doubtful accounts, is as follows:

	Consolidated	
	3/31/2012	12/31/2011
Up to 30 days	(962)	(298)
From 31 to 90 days	(1,443)	(983)
Over 91 days	(23,128)	(23,169)
Total	(25,533)	(24,450)

Expense on setting up allowance for doubtful accounts was recorded under the "Selling expenses" account in the statement of income.

The maximum exposure to credit risk at the interim financial information date is the carrying amount of each aging range, as detailed in the aging list of trade accounts receivable above. No provision for losses was set up for defaulting customers with rescheduled debts, for which the Company and its subsidiaries have letters of credit and properties as collaterals. For other past due trade accounts receivable, which are not collateralized, allowance for doubtful accounts was set up.

9. INVENTORIES

	Company		Consolidated	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011
Finished goods	134,104	114,366	245,130	218,866
Work in process	12,368	11,560	29,763	29,707
Raw materials	43,053	38,858	73,666	69,149
Imports in transit	13,634	12,777	13,634	13,552
Other	26,358	24,959	34,116	28,993
Provision for inventory losses	(8,391)	(4,320)	(14,066)	(9,244)
Total	221,126	198,200	382,243	351,023

Changes in provision for inventory losses are as follows:

	Company	Consolidated

Balances at December 31, 2011	(4,320)	(9,244)
Additions	(4,071)	(4,822)
Balances at March 31, 2012	(8,391)	(14,066)

10. RECOVERABLE TAXES

	Company		Consolidated	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011
Prepayments of income and social contribution taxes	9,708	10,270	12,048	12,250
Withholding Income Tax – IRRF	5,530	4,013	5,863	4,013
State VAT – ICMS	2,954	2,687	3,125	2,874
Federal VAT – IPI	128	108	128	108
Contribution Tax on Gross Revenue for Social Integration Program - PIS and Contribution Tax on Gross Revenue for Social Security Financing - COFINS to be offset	5,039	4,785	5,483	5,275
Value Added Tax - VAT - Alpargatas Europe	-	-	1,742	2,046
Prepayments of income tax - Alpargatas S.A.I.C. – Argentina	-	-	20,947	15,880
Value Added Tax - VAT – Argentina	-	-	1,067	8,326
Other	443	513	4,605	3,035
Total	23,802	22,376	55,008	53,807
Current portion	17,131	15,886	29,743	27,959
Non-current portion	6,671	6,490	25,265	25,848

11. INCOME AND SOCIAL CONTRIBUTION TAXES

a) Deferred

	Company and Consolidated	
	3/31/2012	12/31/2011
Non-current assets:		
Allowance for doubtful accounts	6,068	5,636
Provision for inventory losses	2,852	1,469
Provision for tax, civil and labor risks	8,178	8,050
Provision for suspended tax payments	22,089	20,853
Write-off of deferred assets	441	601
Adjustment to recognition of sales revenue	6,563	3,721
Other temporary differences	4,196	6,508
Total – company	50,387	46,838
Subsidiaries:		
Alpargatas S.A.I.C. – Argentina		
- Provision for trust	6,067	7,259
- Provisions for tax, civil and labor risks	13,076	12,149

- Other temporary differences		7,075	7,328
		26,218	26,736
Alpargatas Europe S.L.U. – Spain:			
- Income tax losses	(i)	7,438	9,750
CBS S.A. - Companhia Brasileira de Sandálias:			
- Temporary differences		1,815	1,816
- Income and social contribution tax losses	(i)	2,860	3,376
		4,675	5,192
Unrealized profit		1,610	1,035
Total – consolidated		90,328	89,551
Non-current liabilities:			
Company:			
Goodwill on acquisition of subsidiaries amortized for tax purposes	(ii)	6,085	5,690
Provision CSLL – Depreciation incentive		2,467	-
Total – company		8,552	5,690
Subsidiaries:			
Alpargatas S.A.I.C. – Argentina:			
Present value adjustment to renegotiated obligations and tax difference in the valuation of property, plant and equipment items		36,277	38,617
Alpargatas USA Inc. - United States		2	-
Total – consolidated		44,831	44,307

(i) Recognition of tax credits of subsidiaries

Alpargatas Europe S.L.U. - Spain

For the closing of the financial statements for the year ended December 31, 2009, based on a technical feasibility study, approved by the Board of Directors, management decided to recognize a deferred income tax credit on income tax losses incurred by subsidiary Alpargatas Europe S.L.U. - Spain. Based on projections of future taxable profit of the subsidiary as of 2011, management, in compliance with CPC 32 and IAS 12 - Income Taxes, decided to recognize deferred tax credit, which is expected to be realized until 2015. According to the Spanish tax law, the maximum statute of limitations of income tax losses is 18 years from the date they are incurred.

CBS S.A. - Companhia Brasileira de Sandálias

In June 2010, this subsidiary recognized a tax credit on income and social contribution tax losses, based on the expected future generation of taxable profit, as prescribed in CPC 32 and IAS 12 - Income Taxes. Recognized credit is now offset and is expected to be realized through 2012.

(ii) Goodwill on acquisition of subsidiaries amortized for tax purposes

Due to the cancellation of the amortization of goodwill on acquisition of subsidiaries, in accordance with amendments to accounting practices adopted in Brazil enacted by Laws 11638/07 and 11941/09, as of January 1, 2009, the Company is now enjoying goodwill tax benefit on acquisition of subsidiary CBS S.A. - Companhia Brasileira de Sandálias, after the merger of the former subsidiary Atlântico Participações S.A., through the Transition Tax Regime (RTT), effect of which was offset previously at the ratio of 1 to 60th per month, with a monthly amortization of R$ 400, which has been resulting in a tax effect of R$ 136/month. Therefore, as required by paragraph 21.b of CPC 32, the difference between the base for enjoying tax benefits and accounting amortization is considered a temporary difference for deferred Corporate Income Tax - IRPJ and Social Contribution Tax on Net Profit – CSLL, effects of which are recorded in non-current liabilities.

Deferred tax credits, on a consolidated basis, are expected to be realized as follows:

	3/31/2012	12/31/2011
2012 (nine months)	3,387	4,478
2013	4,516	4,758
2014	4,516	4,758
As from 2015	77,909	75,557
Total – consolidated	90,328	89,551

At March 31, 2012, the Company had unrecognized tax credits on income tax losses and unrecognized temporary differences in the consolidated interim financial information, generated by its foreign subsidiaries, which, in view of the lack of

projected taxable profit for the next years, were not recorded by the corresponding foreign subsidiaries.

Tax credits, calculated at rates in force in the corresponding countries where the subsidiaries are located, are as follows:

	R$
Total temporary differences	3,805
Income tax losses:	
Alpargatas USA Inc. - United States	37,725
Alpargatas France S.A.R.L. - France	327
Alpargatas Itália S.R.L. - Italy	48
Total	41,905

Tax credits on income tax losses generated by subsidiaries have no offset date (expiration date).

Changes in deferred income and social contribution tax assets and liabilities for the quarters ended March 31, 2012 and 2011 are as follows:

	12/31/2011	(Charged) credited in the statement of income	Foreign exchange fluctuations, charges and other changes	3/31/2012
Non-current assets:				
Company:				
Allowance for doubtful accounts	5,636	432	-	6,068
Provision for inventory losses	1,469	1,023	-	2,492
Provision for tax, civil and labor risks	8,050	128	-	8,178
Provision for suspended tax payments	20,853	1,236	-	22,089
Write-off of deferred assets	601	(160)	-	441
Adjustment to recognition of sales revenue	3,721	2,842	-	6,563
Other temporary differences	6,508	(1,952)	-	4,556
Total – company	46,838	3,549	-	50,387
Subsidiaries:				
Alpargatas S.A.I.C. - Argentina:				
Provision for trust	7,259	(848)	(345)	6,066
Provision for tax, civil and labor risks	12,149	1,441	(514)	13,076
Other temporary differences	7,328	72	(325)	7,075
	26,736	665	(1,184)	26,217
Alpargatas Europe S.L.U. – Spain	9,750	(2,144)	(168)	7,438
CBS S.A. - Companhia Brasileira de Sandálias:				
Temporary differences	1,816	(1)	-	1,815
Income and social contribution tax losses	3,376	(517)	1	2,860
	5,192	(518)	1	4,675

	12/31/2011	(Charged) credited in the statement of income	Foreign exchange fluctuations, charges and other changes	3/31/2012
Unrealized profit	1,035	576	-	1,611
Total – consolidated	89,551	2,128	(1,740)	90,328
Non-current liabilities:				
Company:				
Goodwill on acquisition of subsidiaries amortized for tax purposes	5,690	395	-	6,085
Payment of CSLL – 25% on depreciation	-	2,467	-	2,467
Total – company	5,690	2,862	-	8,552
Subsidiaries:				
Alpargatas S.A.I.C. – Argentina:				
Present value adjustment to negotiated obligations and tax difference in the valuation of property, plant and equipment items	38,617	(502)	(1,837)	36,278
Alpargatas USA Inc.	-	2	(1)	1
Total – consolidated	44,307	2,362	(1,838)	44,831
Total net – company		687		
Total net – consolidated		(234)		

	12/31/2010	(Charged) credited in the statement of income	Foreign exchange fluctuations, charges and other changes	3/31/2011
Non-current assets:				
Company:				
Allowance for doubtful accounts	4,449	(280)	-	4,169
Provision for inventory losses	1,913	429	-	2,342
Provision for contingencies	6,963	25	-	6,988
Provision for suspended tax payments	15,844	1,160	-	17,004
Write-off of deferred assets	1,328	(187)	-	1,141
Other temporary differences	9,301	1,664	-	10,965
Income and social contribution tax losses	3,207	-	-	3,207
Total – company	43,005	2,811	-	45,816
Subsidiaries:				
Alpargatas S.A.I.C. – Argentina				
Provision for trust	13,516	1,365	(470)	11,681
Provision for tax and labor risks	7,829	153	(273)	7,403
Other temporary differences	5,988	(1,098)	(209)	6,877
	27,333	(420)	(952)	25,961
Alpargatas Europe S.L.U – Spain	8,567	-	327	8,894
Alpargatas Chile	2,046	-	(2,003)	43
CBS- Companhia Brasileira de Sandálias				
Total temporary differences	1,970	(94)	-	1,876
Income and social contribution tax losses	7,157	(592)		6,565
	9,127	(686)	-	8,441
Unrealized profit	765	(10)	-	755
(-) Provision for realization risk	(2,046)	-	2,046	-
Total – consolidated	88,797	1,695	(582)	89,910
Non-current liabilities:				

	12/31/2011	(Charged) credited in the statement of income	Foreign exchange fluctuations, charges and other changes	3/31/2012
Company:				
Income and social contribution tax losses	34,849	-	347	35,196
Judicial deposits	(6,277)	-	-	(6,277)
Amortized goodwill on acquisition of subsidiaries	3,261	408	-	3,669
IRPJ - exclusion of CSLL from IRPJ tax base	3,830	-	157	3,987
Provision for IRPJ (other contingencies)	2,803	-	-	2,803
Total – company	38,466	408	504	39,378
Subsidiary:				
Alpargatas S.A.I.C. – Argentina				
Negotiated obligations and valuation of property, plant and equipment items	39,364	(954)	(1,433)	36,977
Total – consolidated	77,830	(546)	(929)	76,355
Total net credit – company		2,403		
Total net credit – consolidated		2,241		

b) Current

Reconciliation of Income and Social Contribution Taxes:

	Company		Consolidated	
	3/31/2012	3/31/2011	3/31/2012	3/31/2011
Income before income and social contribution taxes	84,180	91,835	84,180	96,951
Combined income and social contribution tax rate	34%	34%	34%	34%
Expected income and social contribution tax expenses at statutory rate in force	(28,621)	(31,224)	(28,621)	(32,963)
Equity pickup	821	6,358	(1,268)	(441)
Interest on equity benefit	7,344	6,630	7,344	6,630
Tax effects from adopting RTT:				
Investment grant – ICMS	9,848	10,848	10,483	11,615
Stock option plan granted	(147)	(108)	(147)	(108)
Federal government subsidies - IRPJ (note 6)	4,951	2,831	4,951	3,594
Use of tax credit of subsidiaries not recognized in previous years	-	-	(1,153)	3,429
Other permanent exclusions (additions), net	(211)	81	(2,139)	(204)
Income and social contribution tax expenses	(6,015)	(4,584)	(10,550)	(8,448)
Current	(6,702)	(6,987)	(10,316)	(10,689)
Deferred	687	2,403	(234)	2,241

12. JUDICIAL DEPOSITS

These represent the Company's and its subsidiaries' restricted assets and refer to amounts deposited and held in court until the resolution of the pending litigation to which they are related.

At March 31, 2012 and December 31, 2011, balances are represented basically by judicial deposits related to labor and tax claims. These deposits, which do not involve current obligations, were necessary to proceed with claims. Based on the management's and its legal

advisors' opinion, the likelihood of loss is not considered as probable; therefore, no provision for tax, civil and labor risks was set up.

Judicial deposits are as follows:

	Company		Consolidated	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011
Tax claims	6,571	6,571	6,681	6,680
Labor claims	7,327	7,094	8,051	7,848
	13,898	13,665	14,732	14,528

13. INVESTMENTS

Investments are as follows:

	Company		Consolidated	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011
Investments	205,367	207,042	70,235	74,267
Goodwil	150,130	150,130	-	-
	355,497	357,172	70,235	74,267

Information at March 31, 2012	Fibrasil Agrícola e Comercial Ltda.	Alpargatas Internacional APS - Denmark	Alpargatas Imobiliária S.A.	CBS S.A. - Companhia Brasileira de Sandálias	Alpargatas S.A.I.C. - Argentina	Alpargatas Chile Ltda. - Chile	Total
Number of shares or units of interest held	1,157,111	30,393,854	5,585,855	750,645	64,126,833	-	
Total assets	2,261	163,024	18,009	89,690	396,172	4	
Total liabilities	11	159,067	80	30,315	259,236	249	
Capital	1,157	74,334	8,766	20,848	29,199	9,477	
Equity (capital deficiency)	2,250	3,957	17,929	59,375	136,936	(245)	
Unrealized profit		(2,906)		(37)	(184)		
		1,051		59,338	136,752		
Net income for the quarter	-	45,632	19	30,272	109,525	-	
Net income (loss) for the quarter	28	1,606	95	4,583	909	(129)	
Interest - %	100,00	100,00	100,00	100,00	91,45	100,00	
Carrying amount of investments:							
Balances at December 31, 2011	2,222	2,175	17,834	54,755	130,162	(106)	207,042
Equity pickup	28	(3,005)	95	4,583	842	(129)	2,414
Foreign exchange fluctuations on investments	-	1,881	-	-	(5,960)	(10)	(4,089)
Balances at March 31, 2012	2,250	1,051	17,929	59,338	125,044	(245)	205,367

Information at March 31, 2011	Fibrasil Agrícola e Comercial Ltda.	Alpargatas Internacional APS - Denmark	Alpargatas Imobiliária S.A.	CBS S.A. - Companhia Brasileira de Sandálias	Alpargatas S.A.I.C. - Argentina	Alpargatas Chile Ltda. - Chile	Total
Number of shares or units of interest held	1,157,111	30,262,854	4,468,061	750,645	49,569,771	-	
Total assets	2,104	158,785	23,318	65,161	324,959	1,125	
Total liabilities	-	115,952	-	30,272	198,200	1,246	
Capital	1,157	70,450	8,766	20,848	28,189	8,331	
Equity (capital deficiency)	2,104	42,833	23,318	34,889	126,617	(123)	
Unrealized profit		(1,464)					
		41,369					
Net income for the quarter	-	46,819	48	29,965	106,736	22	
Net income (loss) for the quarter	-	8,784	339	6,536	4,275	19	
Interest - %	100,00	100,00	100,00	100,00	70,69	100,00	
Carrying amount of investments:							
Balances at December 31, 2010	2,104	30,939	22,979	28,353	90,325	(147)	174,553
Equity pickup	-	8,784	339	6,536	3,022	19	18,700
Foreign exchange fluctuations on investments	-	1,646	-	-	(3,841)	5	(2,190)
Balances at March 31, 2011	2,104	41,369	23,318	34,889	89,506	(123)	191,063

At March 31, 2012 and December 31, 2011, goodwill on subsidiaries is as follows:

CBS S.A. - Companhia Brasileira de Sandálias	Atlântico Participações S.A.	Alpargatas S.A.I.C. - Argentina	Total
11,498	42,364	96,268	150,130

Indirect investments through the holding company Alpargatas Internacional APS

Information at March 31, 2012	Alpargatas Europe S.L.U. - Spain	Alpargatas France S.A.R.L. - France	Alpargatas UK Limited - United Kingdom	Alpargatas Itália S.R.L. - Italy	Alpargatas Portugal Limited - Portugal	Alpargatas USA Inc. - United States	Grupo Tavex S.A.	Total
Number of shares or units of interest held	100,000	5,000	100	1	2	10	106,733,526	
Total assets	51,292	3,192	1,454	1,703	458	26,673	1,603,904	
Total liabilities	70,076	4,125	1,286	1,792	378	104,356	1,228,045	
Equity (capital deficiency)	(18,784)	(933)	168	(90)	80	(77,683)	375,859	
Net income for the quarter	35,901	799	764	643	214	12,151	268,588	
Net income (loss) for the year	3,623	(198)	34	(71)	(68)	(842)	(19,954)	
Indirect interest - %	100,00	100,00	100,00	100,00	100,00	100,00	18,687	
Carrying amount of investments:								
Balances at December 31, 2011	(22,472)	(726)	125	(15)	152	(79,087)	74,267	(27,756)
Equity pickup	3,623	(198)	34	(71)	(68)	(842)	(3,729)	(1,251)
Foreign exchange fluctuations on investments	65	(9)	8	(3)	(4)	2,246	(303)	2,000
Balances at March 31, 2012	(18,784)	(933)	167	(89)	80	(77,683)	70,235	(27,007)

Information at March 31, 2011	Alpargatas Europe S.L.U. - Spain	Alpargatas France S.A.R.L. - France	Alpargatas UK Limited - United Kingdom	Alpargatas Itália S.R.L. - Italy	Alpargatas Portugal Limited - Portugal	Alpargatas USA Inc. - United States	Grupo Tavex S.A.	Total
Number of shares or units of interest held	100,000	5,000	100	1	2	10	106,733,526	
Total assets	58,771	1,221	1,012	726	174	11,651	1,648,506	
Total liabilities	69,112	1,800	930	648	158	65,262	1,242,613	
Equity (capital deficiency)	(10,341)	(579)	82	78	16	(53,611)	406,027	
Net income for the quarter	11,775	768	595	493	81	8,263	272,881	
Net income (loss) for the year	10,366	22	32	28	5	(401)	(6,943)	
Indirect interest - %	100	100	100	100	100	100	18,687	
Carrying amount of investments:								
Balances at December 31, 2010	(19,973)	(579)	51	48	11	(54,445)	77,143	2,256
Equity pickup	10,366	22	32	28	5	(401)	(1,297)	8,755

Foreign exchange fluctuations on investments	(734)	(22)	(1)	2	-	1,235	28	508
Balances at March 31, 2011	(10,341)	(579)	82	78	16	(53,611)	75,874	11,519

Additional information on acquisitions of subsidiaries

Alpargatas S.A.I.C. ("Alpargatas Argentina")

In continuation of the process for acquiring non-controlling interest, in April 2011, the Company acquired more 11,483,857 shares with a par value of AR$8.71 (eight Argentinean pesos and seventy-one cents) each. These shares, together with the 49,569,771 shares already held, grant the Company a total of 61,053,628 shares, representing 87.067% of the total capital of Alpargatas S.A.I.C. - Argentina. The amounts of investment and goodwill paid in this acquisition were broken down into R$ 20,242 and R$ 18,999, respectively.

In July 2011, the Company acquired 3,073,205 shares with a par value of US$ 1.98 (one dollar and ninety-eight cents) each. These shares, together with the 61,053,628 shares already held, grant the Company a total of 64,126,833 shares, representing 91.4502% of the total capital of Alpargatas S.A.I.C. - Argentina. The consideration paid in this acquisition was broken down into R$ 5,267 referring to acquisition cost and R$ 4,285 referring to goodwill, respectively.

The total amount of the two acquisitions made in 2011 was R$ 23,509 referring to acquisition of non-controlling interest and R$ 23,284 of goodwill.

On October 11, 2011, the Company filed with "Comisión Nacional de Valores - CNV" of Argentina an application for the registration of a share takeover bid ("OPA") to acquire all outstanding book-entry common shares and preferred shares of Alpargatas S.A.I.C. - Argentina with a par value of AR$ 8.14 each. In March 2012, the Comisión Nacional de Valores ("CNV") of Argentina approved such request.

After acquiring the control of Alpargatas S.A.I.C., all the goodwill paid in subsequent acquisitions of non-controlling shares was recorded in Equity, as it refers to transactions among partners, as established by accounting standards.

CBS S.A. - Companhia Brasileira de Sandálias

On September 20, 2007, the Company entered into a share purchase and sale agreement with all shareholders of CBS S.A. - Companhia Brasileira de Sandálias, owner of the brand "Dupé", among others.

In November 2007, the Company acquired, for R$ 49,500, all shares representing the capital of CBS S.A. - Companhia Brasileira de Sandálias, 21.89% of which were held by individuals and 78.11% by a holding company named Atlântico Participações S.A.

On April 15, 2008, holding Atlântico Participações S.A. was merged into the Company, directly holding 100% of interest in CBS S.A. - Companhia Brasileira de Sandálias.

Grupo Tavex S.A.

On May 8, 2008, the Special Shareholders' Meeting of Grupo Tavex S.A. (formerly Tavex Algodonera S.A.) approved a capital increase arising from a capital contribution amounting to € 5,166 thousand. As a result thereof, Company's interest in Grupo Tavex S.A., by means of Company's subsidiary Alpargatas Internacional APS - Denmark, was reduced from 20.504% to 18.687%.

Although the Company has an indirect interest of 18.687%, management considers the investment as an associate, decisions of which are influenced thereby, by maintaining a seat on the Board of Directors in Spain. Therefore, in accordance with accounting practices adopted in Brazil, the Company has been valuing the investment according to the equity method.

On February 13, 2012, the controlling shareholder, Camargo Correa S.A., disclosed material information that it received an indicative non-binding offer from a Private Equity fund for selling the package of shares held in Grupo Tavex S.A., including the interest held by the Company of 18.687%, with a par value of € 0.41 each. Such transaction was not carried out.

Given that this investment cannot be considered as available for sale, Company management, based on the requirements of IAS 28, tested such investment for impairment at December 31, 2011, taking into account the cash flow discounted from future operations of the associate, in accordance with the plans approved by the investee's Board for the next five years.

Net cash flows obtained by projections were adjusted to present value and subject to a sensitivity analysis at discount rates between 11 and 15%, and there was no need to set up provision for impairment losses based on the valor in use thereof.

14. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

a) Property, plant and equipment

	Company						
	Weighted average annual depreciation rate	3/31/2012			12/31/2011		
	(%)	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Land	-	9,650	-	9,650	9,650	-	9,650
Buildings and construction	4	119,373	(58,468)	60,905	117,913	(57,684)	60,229
Machinery and equipment	8	199,817	(127,423)	72,394	198,976	(125,657)	73,319
Furniture and fixtures	10	23,017	(11,121)	11,896	21,879	(10,674)	11,205
Vehicles	15	2,766	(1,863)	903	2,829	(1,878)	951
Leasehold improvements	20	14,177	(9,212)	4,965	14,177	(8,766)	5,411
Construction in progress	-	74,096	-	74,096	44,686	-	44,686
Other property, plant and equipment	-	545	-	545	545	-	545
Provision for impairment losses	-	(449)	-	(449)	(449)	-	(449)
Portion of government subsidies to be appropriated from land		(847)	-	(847)	(847)	-	(847)
Total		442,145	(208,087)	234,058	409,359	(204,659)	204,700

	Consolidated					
	Weighted average annual depreciation rate	3/31/2012			12/31/2011		
	(%)	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Land	-	14,490	-	14,490	15,373	-	15,373
Buildings and construction	4	304,900	(177,237)	127,663	283,519	(152,588)	130,931
Machinery and equipment	8	456,524	(336,260)	120,264	520,881	(397,389)	123,492
Furniture and fixtures	10	76,494	(58,306)	18,188	80,165	(61,920)	18,245
Vehicles	15	4,924	(3,676)	1,248	5,287	(3,946)	1,341
Leasehold improvements	20	19,646	(12,081)	7,565	20,016	(12,586)	7,430
Construction in progress	-	85,046	(90)	84,956	56,034	-	56,034
Other property, plant and equipment	-	5,343	-	5,343	5,016	-	5,016
Provision for losses	-	(585)	-	(585)	(585)	-	(585)
Portion of government subsidies to be appropriated from land		(847)	-	(847)	(847)	-	(847)
Provision for impairment losses		(13,799)	-	(13,799)	(14,450)	-	(14,450)
Total		952,136	(587,650)	364,486	970,409	(628,429)	341,980

Additional information on property, plant and equipment

(i) Review of the useful life of property, plant and equipment

Company and its subsidiary management did not change the remaining economic useful life of property, plant and equipment items, for the quarter ended March 31, 2012, due to the lack of significant changes in the conditions for the use of property, plant and equipment items.

(ii) Assets pledged as collateral

At March 31, 2012, the Company and its subsidiaries had property, plant and equipment items pledged as collateral in bank loan and financing transactions, as well as items listed in the defense of lawsuits, as follows:

	R$
Buildings and construction	6,156
Machinery and equipment	7,011
Other	130
Total	13,297

(iii) Impairment test of assets

There were no risk factors indicating the need for an impairment test of assets of the parent company and subsidiaries for the quarter, or facts indicating impairment loss in subsidiary Alpargatas S.A.I.C.

b) Intangible assets

	Company						
	Annual amortization rate (%)	3/31/2012			12/31/2011		
		Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
With finite useful life:							
Trademarks, rights and patents	10	17,849	(17,652)	197	17,849	(17,652)	197
ERP system (iv)	10	120,756	(49,309)	71,447	120,756	(45,696)	75,060
Customer portfolio (i)	20	27,311	(16,498)	10,813	27,311	(15,088)	12,223
Construction in progress		4,858	-	4,858	4,678	-	4,678
With indefinite useful life:							
Assignment of trade rights (iii)	-	4,297	(234)	4,063	4,297	(234)	4,063
Total		175,071	(83,693)	91,378	174,891	(78,670)	96,221

	Consolidated						
	Annual amortization rate (%)	3/31/2012			12/31/2011		
		Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
With finite useful life:							
Trademarks, rights and patents	10	26,300	(17,652)	8,648	26,650	(17,652)	8,998
ERP system (iv)	10	124,890	(51,842)	73,048	124,689	(47,941)	76,748
Customer portfolio (i)	20	31,938	(16,498)	15,440	32,326	(15,088)	17,238
Construction in progress		4,858	-	4,858	4,678	-	4,678
With indefinite useful life:							
Goodwill on acquisition of subsidiaries (ii)	-	150,130	-	150,130	150,130	-	150,130
Assignment of trade rights (iii)	-	5,532	(234)	5,298	5,840	(234)	5,606
Total		343,648	(86,226)	257,422	344,313	(80,915)	263,398

(i) It refers to amounts paid on acquisition of customer portfolios of former sales representatives of the Company (which basically sold "Havaianas" sandals) in certain European countries, for which the Company is now acting by means of its indirect subsidiaries located in Europe. Costs are amortized under the straight-line method according to the five-year term of future cash flows expected by Company management. At March 31, 2012, in view of indications that the Company will enjoy expected future benefits, based on the Company management's economic projections, no provision for impairment losses was set up on these balances.

(ii) See the breakdown in note 14. Considering the accounting changes introduced by Laws 11638/07 and 11941/09, as of January 1, 2009, the goodwill balance at December 31, 2008 was no longer amortized and is tested for impairment annually. Accordingly, as of January 1, 2009, tax benefit of goodwill on the merger of former subsidiary Atlântico Participações S.A., as described in note 14, was used in the monthly calculations of income and social contribution taxes based on the Transition Tax Regime (RTT), pursuant to provisions of Law 11941/09, the effects of which are described in note 12.a).

(iii) It substantially refers to amounts paid on acquisition of rights of use of points of sale where certain "Timberland" and "Concept Havaianas" stores are located. As these are sellable intangible assets, they are not amortized, subject to annual impairment test.

(iv) It refers to expenses incurred in acquisition, development and implementation of ERP systems that are used by the Company and its subsidiaries. These are represented substantially by SAP/R3, WMS and LINX and costs incurred in the value chain management project. Expenses are amortized under the straight-line method according to the ten-year term of future benefit expected by Company management for SAP/R3 management system and five-year term for other systems. At December 31, 2011, in view of indications that the Company will enjoy expected future benefits by these systems and projects, no provision for impairment losses was set up on these balances.

Consolidated amortization expenses on intangible assets estimated for the next periods are as follows:

2012 (nine months)	17,511
2013	23,057
2014	22,237
As from 2015	34,331
Total	97,136

Additional information on intangible assets

(i) Research and development expenses of products recorded in profit or loss for the period

	Consolidated	
	3/31/2012	3/31/2011
Research and development expenses of products	4,405	3,066

(ii) Impairment test of goodwill

No indication of impairment of goodwill was identified for the quarter.

c) Changes

	Company					
Property, plant and equipment	12/31/2011	Additions	Transfers (i)	Depreciation	Write-offs	3/31/2012
Land	9,650	-	-	-	-	9,650
Buildings and construction	60,229	-	1,684	(856)	(152)	60,905
Machinery and equipment	73,319	-	2,382	(3,213)	(94)	72,394
Furniture and fixtures	11,205	-	1,175	(482)	(2)	11,896
Vehicles	951	-	(8)	(34)	(6)	903
Leasehold improvements	5,411	-	-	(446)	-	4,965
Construction in progress	44,686	34,644	(5,234)	-	-	74,096
Other property, plant and equipment	545	-	-	-	-	545
Provision for impairment losses	(449)	-	-	-	-	(449)
Portion of government subsidies to be appropriated from land	(847)		-	-	-	(847)
Total	204,700	34,644	(1)	(5,031)	(254)	234,058

	Company					
Intangible assets	12/31/2011	Additions	Transfers (i)	Amortization	Write-offs	3/31/2012
With finite useful life:						
Trademarks, rights and patents	197	-	-	-	-	197
ERP system	75,060	-	1	(3,613)	-	71,447
Customer portfolio	12,223	-	-	(1,410)	-	10,813
Construction in progress	4,678	180	-	-	-	4,858
With indefinite useful life:						
Assignment of trade rights	4,063	-	-	-	-	4,063
Total	96,221	180	1	(5,024)	-	91,378
Total	300,921	34,824	-	(10,055)	(254)	325,436

	Consolidated						
Property, plant and equipment	12/31/2011	Additions	Transfers (i)	Depreciation	Write-offs	Foreign exchange fluctuations (ii)	3/31/2012
Land	15,373	-	-	-	-	(883)	14,490
Buildings and construction	130,931	26	1,684	(1,757)	(152)	(3,069)	127,663
Machinery and equipment	123,492	233	2,382	(4,924)	(94)	(825)	120,264
Furniture and fixtures	18,245	163	1,175	(1,113)	(2)	(280)	18,188
Vehicles	1,341	-	(8)	(62)	(6)	(17)	1,248
Leasehold improvements	7,430	100	-	(708)	-	743	7,565
Construction in progress	56,034	36,285	(5,234)	-	-	(2,129)	84,956
Other property, plant and equipment	5,016	-	-	-	-	327	5,343
Provision for impairment losses	(15,035)	-	-	-	-	651	(14,384)
Portion of government subsidies to be appropriated from land	(847)	-	-	-	-	-	(847)
Total	341,980	36,807	(1)	(8,564)	(254)	(5,482)	364,486

	Consolidated						
Intangible assets	12/31/2011	Additions	Transfers (i)	Amortization	Write-offs	Foreign exchange fluctuations (ii)	3/31/2012
With finite useful life:							
Trademarks, rights and patents	8,998	-	-	(335)	-	(15)	8,648
ERP system	76,748	397	1	(3,929)	-	(169)	73,048
Customer portfolio	17,238	-	-	(1,410)	-	(388)	15,440
Construction in progress	4,678	180	-	-	-	-	4,858
With indefinite useful life:							
Goodwill on acquisition of subsidiaries	150,130	-	-	-	-	-	150,130
Assignment of trade rights	5,606	1,185	-	(140)	-	(1,353)	5,298
Total	263,398	1,762	1	(5,814)	-	(1,925)	257,422
Total	605,378	38,569	-	(14,378)	(254)	(7,407)	621,908

(i) Transfers correspond to reclassification of assets from “Construction in progress” to the related definite accounts of “Property, plant and equipment” and “Intangible assets”, upon the completion of projects.

(ii) Foreign exchange fluctuations arising from the translation of the financial statements of foreign subsidiaries.

(iii) Additions recorded under the “Construction in progress” account substantially refer to the following projects: (1) construction of a new plant of sandals in the city of Montes Claros - MG, investing R$ 14,700; (2) improvements in the new Company's headquarters in the city of São Paulo - SP, investing approximately R$ 13,600; and (3) various improvements and expansion of the manufacturing process, investing approximately R$ 5,000.

15. TRADE ACCOUNTS PAYABLE

	Company		Consolidated	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011
Domestic	176,907	177,612	193,236	194,580
Foreign	34,883	40,961	90,182	102,570
Total	211,790	218,573	283,418	297,150

The balance of foreign trade accounts payable refers mainly to amounts denominated in U.S. dollars.

16. LOANS AND FINANCING

		Currency	Index and annual interest rate	Company		Consolidated	
				3/31/2012	12/31/2011	3/31/2012	12/31/2011
Denominated in Brazilian reais:							
FNE (BNB)	(a)		8.42%	53,907	57,424	53,907	57,424
Finame			6.55%	8,017	8,321	8,017	8,321
Finem (BNDES)	(b)		Currency basket and TJLP: 8.53%	7,105	8,245	7,105	8,245
Assignment of receivables	(c)		9.83%	20,733	42,947	20,733	42,947
Automatic Finem (BNDES) - CBS			TJLP + 2.8% and Currency basket + 2.3%	-	-	246	369
Total in reais				89,762	116,937	90,008	117,306
Denominated in foreign currency:							
Finimp – Import Financing	(d)	US$	2.77%	-	4,794	-	4,794
"Working capital" - Alpargatas USA	(e)	US$	1.83%	-	-	83,771	82,616
"Working capital" - Alpargatas Europe	(e)	€	2.50%	-	-	2,511	-
Working capital" - Alpargatas International APS	(e)	€	3.69%	-	-	17,260	17,131
Finance leases - Alpargatas S.A.I.C. - Argentina		AR$	22.00%	-	-	149	225
"Working capital" - Alpargatas S.A.I.C. - Argentina		AR$	19.74%	-	-	47,797	13,819
ACC/prepayment - CBS		US$	-	-	-	26	42
Total in foreign currency				-	4,794	151,515	118,627
Grand total				89,762	121,731	241,524	235,933
Current liabilities				40,896	67,824	149,959	180,077
Non-current liabilities				48,866	53,907	91,564	55,856

(a) On February 23, 2006, the Company entered into with Banco do Nordeste do Brasil (BNB) a financing agreement, limited to R$ 112,000, to fund investment programs in the Northeast Region. The financing has been monthly amortized since 2008 and will be amortized in ten years. The release of funds is linked to the investment disbursement schedule. The guarantee is backed by a bank letter of guarantee.

(b) In October 2007, the Company entered into with the Brazilian Development Bank (BNDES) a financing agreement of R$ 22,180 to fund the implementation of an ERP system. The financing has been amortized in monthly installments since November 2008 and is expected to be fully settled by October 2013. The guarantee is backed by a bank letter of guarantee.

(c) In October 2010, the Company executed with Banco Santander the credit assignment agreement. These transactions are usually settled within 90 days. The assignments are amortized to Banco Santander in accordance with trade accounts receivable.

(d) In September 2011, the Company executed import financing agreements (Finimp) with Banco Itau BBA. These transactions are settled within 180 days.

(e) Loans and financing raised by foreign subsidiaries are guaranteed by the Company, within the limits approved by the Board of Directors. These transactions are settled within 180 and 360 days.

The other loans are guaranteed by Promissory Notes and chattel mortgage of the Company and its subsidiaries.

Maturities of non-current liabilities are as follows:

	Company		Consolidated	
Year	3/31/2012	12/31/2011	3/31/2012	12/31/2011
2013	14,287	19,326	56,985	21,266
2014	15,323	15,323	15,323	15,332
2015	15,323	15,324	15,323	15,324
2016	2,454	2,454	2,454	2,454
2017	1,187	1,187	1,187	1,187
2018	264	264	264	264
2019	28	29	28	29
Total	48,866	53,907	91,564	55,856

Restrictive covenants

At March 31, 2012 and December 31, 2011, loan and financing agreements entered into by the Company and its subsidiaries did not contain restrictive covenants establishing obligations as to the maintenance of financial ratios by the Company and its subsidiaries.

17. DEBT RESTRUCTURING AGREEMENTS OF SUBSIDIARIES

On September 26, 2001, subsidiary Alpargatas S.A.I.C. - Argentina requested a preventive debt restructuring from creditors, a decision ratified by the General Shareholders' Meeting held on March 1, 2002, and the request was approved by the competent Commercial Court on March 7, 2002.

In December 2005, such Commercial Court, as requested by subsidiary management, issued a decision acknowledging the existence of a pre-agreement with creditors and, on September 15, 2006, after fulfilling certain legal obligations previously required, the subsidiary started to implement the debt-restructuring agreement with creditors.

The amounts are reported in the consolidated interim financial information under the "Debt-restructuring agreements" account, in current and non-current liabilities, amounting to R$ 13,818 and R$ 60,092, respectively, at March 31, 2012 (R$ 14,758 and R$ 63,537, respectively, at December 31, 2011), net of present value adjustments, amounting to R$ 50,664 and R$ 53,630, respectively, at March 31, 2012 and December 31, 2011.

The present value adjustment is calculated based on the difference between the Argentinean basic interest rate and the fixed adjustment rate of liabilities, as established in debt-restructuring agreements. At March 31, 2012, the average discount rate adopted for the present value adjustment was 15% per year.

The effects of the net reversal of the present value adjustment are recorded under the "Financial expenses" account, in the consolidated, and totaled R$ 718 in profit or loss for the quarter ended March 31, 2012 (R$ 1,088 for the same period in 2011).

Total liabilities are subject to annual interest from 1% to 3%, maturing between 15 and 25 years, with grace period from 6 to 10 years, as of the dates the agreements are entered into.

At March 31, 2012, reversals expected for the next periods, related to the present value adjustment, are as follows:

2012 (nine months)	3,228
2013	4,239
2014	4,144
As from 2015	39,053
Total	50,664

Expected maturities of non-current liabilities are as follows:

2013	4,239
2014	4,144
As from 2015	51,709
Total	60,092

Balances at December 31, 2011	78,294
Interest	2,586
Foreign exchange fluctuations	(3,538)
Payment	(3,432)
Balances at March 31, 2012	73,910

18. TAX LIABILITIES

	Company		Consolidated	
	3/31/2021	12/31/2011	3/31/2012	12/31/2011
Contribution Tax on Gross Revenue for Social Integration Program - PIS and Contribution Tax on Gross Revenue for Social Security Financing - COFINS	4,736	1,145	4,867	1,554
Federal VAT – IPI	108	212	108	212
Income and social contribution taxes	-	-	3,290	4,192
Alpargatas Europe S.L.U. - Spain - Value Added Tax – VAT	-	-	751	306
Alpargatas USA Inc. - United States - Value Added Tax – VAT	-	-	36	14
Alpargatas S.A.I.C. - Argentina:				
Income tax	-	-	2,603	2,553
Value Added Tax – VAT	-	-	1,452	2,193
Other taxes	-	-	5,044	1,266
Other	1,531	2,770	1,324	3,225
	6,375	4,127	19,475	15,515

19. PROVISIONS AND OTHER LIABILITIES

	Company		Consolidated	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011
Royalties payable	5,316	13,448	5,316	13,448
Provision for freight payable	8,859	8,467	9,455	9,138
Commercial agreement termination commitments	-	-	4,870	5,014
Other accounts payable (commissions, third party services, utilities and others)	5,127	5,192	23,286	20,023
Total	19,302	27,107	42,927	47,623

20. RELATED PARTIES

a) Related party balances

	Company	
Non-current assets and (liabilities):	3/31/2012	12/31/2011
CBS S.A. - Companhia Brasileira de Sandálias	1,610	1,445
Alpargatas Internacional APS	(18)	(18)
Alpargatas Imobiliária S.A.	(18)	19
Fibrasil Agrícola e Comercial Ltda.	-	2
Total	1,574	1,448

The balance is represented by a current account between the Company and its subsidiaries due to the centralized management of cash and cash equivalents, not subject to financial charges.

b) Balances receivable and payable referring to related party transactions are as follows:

		Company		Company and consolidated	
		Accounts receivable		Accounts payable	
		3/31/2012	12/31/2011	3/31/2012	12/31/2011
Alpargatas USA Inc. - United States	(ii)	12,534	8,808	-	-
Alpargatas Europe S.L.U. - Spain	(ii)	14,935	8,814	-	-
Alpargatas S.A.I.C – Argentina		-	1,755	-	-
Camargo Corrêa Group	(iii)	-	-	1,000	794
Total		27,469	19,377	1,000	794

c) Dividends and interest on equity payable

Company and consolidated	
3/31/2012	12/31/2011
19,507	843

d) Related party transactions

Breakdown of related party transactions is as follows:

		Sale of products/services		Purchase of products/services	
		3/31/2012	12/31/2011	3/31/2012	12/31/2011
Alpargatas S.A.	(i)	19,440	16,345	5,158	4,193
Alpargatas USA Inc. - United States		-	-	6,250	2,309
Alpargatas Europe S.L.U. - Spain		-	-	13,175	14,036
Alpargatas Argentina S.A.I.C.		-	-	16	-
CBS S.A. - Companhia Brasileira de Sandálias		1,419	705	-	-
Camargo Corrêa Group:					
Rents and condominium fees		595	375	-	-
Shared services - SSC	(iv)	2,817	2,883	-	-
Corporate projects		303	165	-	-
Other		25	65	-	-
		24,599	20,538	24,599	20,538

(i) These basically consist of sales of “Havaianas” sandals to subsidiaries located in the United States and Europe, due to the operating model and design of the distribution channel established for Company’s international transactions, in which products are manufactured in Brazil and subsequently sold to foreign subsidiaries for resale.

For the quarters ended March 31, 2012 and 2011, the Company did not record any write-off or allowance for doubtful accounts on balances receivable from its foreign subsidiaries.

(ii) Accounts receivable for sales of products described in item (i), which will be received between April and September 2012.

(iii) Accounts payable for the provision of services described in item (iv).

(iv) These consist of shared corporate service costs, such as telephone, insurance, and administrative and IT services, provided under an agreement entered into with the Shared Service Center of Camargo Corrêa Group.

At March 31, 2012, except for the guarantees provided to support loans and financing, as described in note 16, the Company and its subsidiaries did not provide any other guarantees to related parties.

e) Key management personnel compensation

Management fees

	3/31/2012				
	Compensation			Options grant	
	Fixed	Variable (i)	Total	Options balance (number) (ii)	Average exercise price - R$ (iii)
Board of Directors and Supervisory Board	686	-	686	-	-
Officers	1,206	1,164	2,370	3,838,457	5.59
	1,892	1,164	3,056	3,838,457	

	3/31/2011				
	Compensation			Options grant	
	Fixed	Variable (i)	Total	Options balance (number) (ii)	Average exercise price - R$ (iii)
Board of Directors and Supervisory Board	720	-	720	-	-
Officers	768	700	1,468	3,974,300	4.72
	1,488	700	2,188	3,974,300	

(i) It refers to profit sharing for the year. The amounts include additions to and/or reversals of, if any, the prior-year provision due to the final determination of goals set to statutory officers.

(ii) It refers to vested and non-vested options not exercised at the balance sheet date.

(iii) It refers to the weighted average exercise price of the option on the date of option plans, adjusted for inflation through the balance sheet date.

According to details described in note 27, for the quarter ended March 31, 2012, an expense referring to stock option plans of R$ 432 (R$ 317 for the quarter ended March 31, 2011) was recognized.

For the quarter ended March 31, 2012, in addition to management fee, the Company made contributions to the private pension plan amounting to R$ 90 (R$ 74 at March 31, 2011) on behalf of statutory officers.

The total annual management fee fixed for 2011 at the General Shareholder's Meeting held on April 25, 2012 was R$ 12,127.

21. PROVISION FOR TAX, CIVIL AND LABOR RISKS

At March 31, 2012 and December 31, 2011, the Company and its subsidiaries are parties to tax, civil and labor claims arising from tax delinquency notices by tax authorities and from claims filed by third parties and former employees or from legal proceedings and challenges. For these contingencies, provisions were set up, when, in the management's and its legal advisors' opinion, the risk of loss was considered as probable. These provisions are as follows:

		Company		Consolidated	
		3/31/2012	12/31/2011	3/31/2012	12/31/2011
Labor claims	(a)	17,934	17,663	25,076	24,449
Tax claims	(b)	9,057	9,056	13,189	13,255
Judicial deposits	(b)	(4,179)	(4,179)	(4,179)	(4,179)
Civil claims		3,214	3,108	4,216	4,156
		26,026	25,648	38,302	37,681
Current portion		7,455	7,183	12,108	11,436
Non-current portion		18,571	18,465	26,194	26,245

(a) These refer to lawsuits filed against the Company and its subsidiaries by former and current employees, whose claims basically refer to severance pay, salary premiums, overtime and amounts considered due for joint liability. The provisioned amounts refer to the best estimates for each lawsuit considered as probable loss.

(b) These basically consist of: (i) tax delinquency notice concerning COFINS in July and from September to December 1992 issued against the Company, which discusses differences not taxed, amount adjusted of which for March 31, 2012 is R$ 3,951; and (ii) discussion on the collection of the difference of the Accident Prevention Factor - FAP and Occupational Accident Insurance - SAT, totaling R$ 5,106, in which the Company discusses collection at the maximum rate applied in the industry. The lawsuit is pending a legal decision by a higher court, judicial deposit of which amounts to R$ 4,179.

Changes

	Company				
	Labor	Tax	Civil	Judicial deposits	Total
Balances at December 31, 2011	17,663	9,056	3,108	(4,179)	25,648
Addition/Reversal	1,353	338	106	-	1,797
Payments	(1,082)	(337)	-	-	(1,419)
Balances at March 31, 2012	17,934	9,057	3,214	(4,179)	26,026

	Consolidated				
	Labor	Tax	Civil	Judicial deposits	Total
Balances at December 31, 2011	24,449	13,254	4,157	(4,179)	37,681
Additions	1,844	338	106	-	2,288
Payments/Foreign exchange fluctuations	(1,217)	(403)	(47)	-	(1,667)
Balances at March 31, 2012	25,076	13,189	4,216	(4,179)	38,302

Possible losses

The Company and its subsidiaries are parties to tax and civil claims that are not provisioned as their risk of loss was classified by management and its attorneys and legal advisors as possible. Contingent liabilities are as follows:

	Company and Consolidated	
	3/31/2012	12/31/2011
Tax:		
Tax delinquency notice - IRRF (a)	8,529	8,439
CSLL and IRPJ	9,326	3,781
IPI (b)	97,238	91,668
Other	885	783
	115,978	104,671
Civil (compensation actions)	5,612	5,655

(a) Tax delinquency notice for collection of IRRF, offset against IRPJ credits.

(b) Tax delinquency notices related to the non-approval of IPI credit offset in the acquisition of exempt inputs from former subsidiary Locomotiva da Amazônia Indústria e Comércio de Têxteis Industriais Ltda., from July 2004 to June 2008. Such tax delinquency notices are under administrative defense and their risk of loss was classified by the Company's legal advisors as possible.

Additionally, in December 2005, a company holding the rights to a certain sports brand filed a civil claim against the Company for compensation of losses on alleged breach of the license agreement, which was terminated in prior years. In the opinion of the Company's legal advisors, likelihood of loss was considered as possible and the amount involved could not be calculated yet; therefore, no provision was recognized to cover such contingency. In February 2007, there was a decision favorable to the Company resulting in the termination of the claim. This decision is subject to appeal that will be judged by the São Paulo Court of Justice on a date not yet defined.

Contingent assets

The Company also has the following relevant contingent assets:

a) IPI tax credit - the Company is legally claiming IPI tax credit, an export tax incentive created by Decree-Law No. 491/69, granted to manufacturers and exporters of goods manufactured from 1979 to 1990. The questioning is divided into three phases: phase I (from December 7, 1979 to March 31, 1981), phase II (from April 1, 1981 to April 30, 1985), and phase III (from May 1, 1985 to October 5, 1990). By virtue of a favorable decision referring to the discussion on the amounts of phase II, the Company recorded an asset of R$ 14,665 adjusted at March 31, 2012, recorded under the "Other receivables" account in current assets. Amounts referring to phases I and II are under assessment by the Company.

b) PIS and COFINS taxation related to the Free Trade Zone of Manaus – the Company legally questions PIS and COFINS levy on sales made to the Free Trade Zone of Manaus from 1998 to 2004. In July 2003, the Company was granted a preliminary injunction and, by applying it, suspended the collection of amounts questioned until July 2004 and recognized a liability with suspended payment, amounts of which at March 31, 2012 total R$ 3,068 (note 23).

c) Occupational Accident Insurance - SAT - the Company legally questions the differentiated application of SAT rates, established under the risk level. From December 2002 to May 2011, the Company judicially deposited the amounts questioned. Recorded judicial deposits totaled R$ 4,179 at March 31, 2012.

Although the likelihood of success in these lawsuits is considered as probable by Company's legal advisors, except for the amount referred to in item (a) above, such contingent assets were not recorded in the financial statements as the decision referring thereto is not favorable to the Company yet, as required by accounting practices.

22. SUSPENDED TAX PAYMENTS

		Company and consolidated	
		3/31/2012	12/31/2011
PIS/COFINS - Law No. 9718/98		30,372	30,008
Judicial deposits		(30,372)	(30,008)
	(a)	-	-
COFINS - exclusion of ICMS from tax base		86,795	83,484
Judicial deposits		(10,355)	(10,106)
	(b)	76,440	73,378
IRPJ - exclusion of CSLL from IRPJ tax base	(c)	7,048	6,906
Provision for IRPJ (other contingencies)		-	2,803
Other		3,072	3,567
Total – company		86,560	86,654
Alpargatas S.A.I.C. - Argentina		65	126
Total – consolidated		86,625	86,780

(a) COFINS - Law No. 9718/98

On March 8, 1999, the Company was granted an injunction on the ordinary lawsuit challenging the unconstitutionality of Law 9718/98 and Constitutional Amendment 20, more specifically the 1% increase in COFINS rate and broadening of COFINS and PIS tax base. This injunction authorized the payment of these contributions as provided for in legislation prevailing until January 1999.

As of that date, the amounts of these contributions determined for the periods under litigation were recorded in liabilities as suspended tax payments and started to be adjusted for inflation at the SELIC rate, monetary restatement effects of which were recorded under the "Financial expenses" account in the statement of income. From September 2002 to January 2004, the Company judicially deposited the amount under litigation.

In March 2006, after an unfavorable decision rendered by the Federal Supreme Court (STF) on the extraordinary appeal related to the 1% increase in COFINS rate, the Company decided to pay the amount calculated for the periods from: (i) March 1999 to August 2002; and (ii) February 2004 to March 2006, totaling R$ 43,041. This decision did not impact the continuity of the litigation from September 2002 to January 2004, and the Company started to make payments of monthly calculations as of April 2006, amount of which was recorded as suspended tax payment and judicial deposit, totaling R$ 28,804, adjusted for inflation.

Law 11941/09 revoked article 3, paragraph 1, of Law 9718/98, which addressed the broadening of PIS and COFINS tax base, which strengthened the grounds challenged by the Company. Based on such amendment, considering the decision issued by STF, the Brazilian Institute of Independent Auditors (IBRACON) issued Technical Bulletin (CT)

05/09 allowing part of PIS and COFINS related to the broadening of tax base to be reversed by some companies. On June 30, 2009, the Company reversed the portion corresponding to this liability with suspended payment, totaling R$ 12,401.

Therefore, the amounts recorded at March 31, 2012 and December 31, 2011 refer solely to the portion related to the 1% increase in COFINS rate, on which STF issued an unfavorable decision to the Company in August 2009. At December 31, 2011, the Company's lawsuit was not judged yet; however, based on the judgment of the grounds, it will have an unfavorable outcome, and the judicial deposits will be transferred to the Federal Government.

At March 31, 2012 and December 31, 2011, the provisioned amounts, as well as judicial deposits, are adjusted for inflation at the SELIC rate.

(b) COFINS - exclusion of ICMS from tax base

The Company has been legally challenging since 1993 the inclusion of ICMS in the COFINS tax base, and made judicial deposits from May 1993 to February 1996.

As of June 2008, the Company started to use the suspended tax payment obtained in an Injunction filed with STF to continue excluding ICMS from COFINS tax base; however, the Company is not required to make judicial deposits anymore. Notwithstanding, such amounts have been recorded as liability with suspended payment.

At March 31, 2012, the litigation is pending a decision by STF; therefore, the Company adjusts for inflation the amounts of liabilities and judicial deposits at the SELIC rate at such date and at December 31, 2011.

Tax installment payment programs created by Law 11941/09

By virtue of the adoption of the federal tax installment payment program created by Law 11941/09, on November 30, 2009, the Company formally dropped this lawsuit and increased the tax liability by R$ 14,264, including lawsuits previously classified by its legal advisors with remote chances of an unfavorable outcome.

The Company concurrently recognized R$ 11,234 for the year ended 2009, related to deferred income and social contribution tax assets on income and social contribution tax losses at issue, which were realized in 2009.

On June 30, 2011, the consolidation process of tax debts before the Brazilian IRS and PGFN was concluded. The Company, as of that date, will pay the monthly installments referring thereto. The total balance of R$ 29,478 was reclassified into the "Tax Installment Payment - Law 11941/09" account, R$ 8,581 of which into current liabilities and R$ 20,897 into non-current liabilities.

At September 30, 2011, the Company opted to prepay some installments, totaling R$ 25,508, and the remaining amount of R$ 7,151, or R$ 875 net of judicial deposit, was recorded under the "Tax Installment Payment - Law 11941/09" account.

In accordance with the current tax installment payment program rules, it is not possible to make prepayments. The Company is awaiting the Brazilian IRS and PGFN (National

Treasury Attorney General) to provide the tools required to settle this installment. Up to that date, the Company will continue to pay the minimum monthly installment of R$ 100.00.

(c) IRPJ - exclusion of CSLL from IRPJ tax base

The Company filed a lawsuit claiming the exclusion of CSLL from IRPJ tax base as the Company understands that it is not part of the taxable event thereof. In July 2009, the court issued a decision favorable to the Company and it started to exclude CSLL from IRPJ tax base and record these amounts as suspended tax payment.

At March 31, 2012, the litigation is pending a decision by STF; therefore, the Company adjusts for inflation the amounts of liabilities at the SELIC rate.

Changes in suspended tax payments - parent company

	12/31/2011	Restatements	Additions/Reversals	3/31/2012
PIS/COFINS	30,008	364	-	30,372
Judicial deposits	(30,008)	(364)	-	(30,372)
	-	-	-	-
COFINS – ICMS	83,484	1,890	1,421	86,795
Judicial deposits	(10,106)	(249)	-	(10,355)
	73,378	1,641	1,421	76,440
IRPJ - exclusion of CSLL from IRPJ tax base	6,906	141	-	7,047
Provision for IRPJ (other contingencies)	2,803	-	(2,803)	-
	9,709	141	(2,803)	7,047
Other	3,567	201	(696)	3,072
Total	86,654	1,982	(2,078)	86,559

23. EQUITY

a) Capital

Paid-in capital at March 31, 2012 and December 31, 2011 is R$ 518,922.

On February 24, 2010, the Company split its common and preferred shares at the ratio of 1:20, and the total number of its shares increased to 353,455,880 registered shares without par value, 181,524,080 of which are common shares and 171,931,800 are preferred shares.

This stock split was designed to benefit investors as it allowed the amount of shares to be adjusted to ideal market levels, resulting in a more accessible trading lot (100 shares), thus increasing share liquidity.

As a result of the amendment to the Company's Articles of Incorporation, the authorized capital limit is 363,048,160 preferred shares, and the Board of Directors shall determine the terms and conditions applicable to the issuance of shares, based on the authorized capital limit, as well as whether the preemptive rights of current shareholders shall apply, pursuant to article 172 of Law 10303/01.

Breakdown of subscribed and paid-in capital is as follows:

At March 31, 2012:

	Common shares		Preferred shares		Total	
Shareholders	Number	%	Number	%	Number	%
Controlling shareholders (Camargo Corrêa Group)	121,597,580	66.99	34,356,940	19.98	155,954,520	44.12
Management:						
Board of Directors	35,963,700	19.81	7,199,980	4.19	43,163,680	12.21
Supervisory Board	22,000	0.01	202,000	0.12	224,000	0.06
Other shareholders	23,940,800	13.19	130,172,880	75.71	154,113,680	43.61
Total	181,524,080	100.00	171,931,800	100.00	353,455,880	100.00

At December 31, 2011:

	Common shares		Preferred shares		Total	
Shareholders	Number	%	Number	%	Number	%
Controlling shareholders (Camargo Corrêa Group)	121,597,580	66.99	34,356,940	19.98	155,954,520	44.12
Board of Directors	35,963,700	19.81	7,199,980	4.19	43,163,680	12.21
Supervisory Board	22,000	0.01	202,000	0.12	224,000	0.06
Other shareholders	23,940,800	13.19	130,172,880	75.71	154,113,680	43.61
Total	181,524,080	100.00	171,931,800	100.00	353,455,880	100.00

b) Share buyback plan

The Board of Directors Meeting, held on December 9, 2011, approved the buyback plan of up to 8,664,266 preferred shares and 5,992,650 common shares. The authorization shall be effective for not later than 361 days and shall expire on December 12, 2012. The Company has not acquired its own preferred shares or common shares in the last program authorized on December 11, 2009, comprising a period from December 15, 2009 to December 10, 2010.

The plan was approved to support the exercise of the Company's options, as detailed in note 28.

For the quarter ended March 31, 2012, changes in "Treasury shares" were as follows:

	Number of	Average price per share -

	shares	R$
At December 31, 2010	5,093,220	5.75
Disposed (*)	1,908,060	4.84
Acquisitions (*)	(1,908,060)	11.57
Balances at December 31, 2011	5,093,220	7.88
Disposed (*)	-	-
Acquisitions (*)	-	-
Balances at March 31, 2012	5,093,220	7.88

(*) Disposals and acquisitions referring to stock option plans.

c) Dividends and interest on equity

Every year shareholders are entitled to receive minimum dividends of 25% of net income, calculated in accordance with Brazilian Corporate Law and Articles of Incorporation.

For the quarter ended March 31, 2012, interest on equity was recorded by management amounting to R$ 21,600 (R$ 18,667, net of Withholding Income Tax - IRRF).

The payment of dividends and interest on equity proposed by management is as follows:

	Per share - R$ (gross)			
	3/31/2012		12/31/2011	
	Preferred	Common	Preferred	Common
Interest on equity	0.0651	0.0592	0.2368	0.2153

d) Goodwill (negative goodwill) on the sale of treasury shares

It refers to goodwill or negative goodwill on the sale of treasury shares mainly arising from the exercise of stock option plans described in note 28.

e) Tax incentive reserve

As of January 1, 2008, tax incentives started to be recorded directly in profit or loss and, thereafter, at the annual financial statement closing date, recognized under the "Tax incentive reserve" account in "Income reserves".

24. BUSINESS SEGMENT REPORTING

CPC 22/IFRS 08 - Segment Reporting requires segment reporting consistently with managerial reports provided and revised by the chief operating decision-maker to assess the performance

of each segment and allocation of funds. The Company's chief operating decision-maker is the CEO.

Although the Company has a matrix management structure in which sales revenues are analyzed by the chief operating decision-maker at various levels, considering that products manufactured and sold by the Company and its subsidiaries are divided into several brands of shoes, sports items, sandals and clothing, operations are managed according to geographic areas divided into as follows: (i) Domestic Operations: Company's and its subsidiaries' performance in Brazil; and (ii) Foreign Operations: subsidiaries' performance in Argentina and subsidiaries' consolidated performance in the United States and Europe, as well as direct exports and Tavex Corporation S.A.'s exports, in which the Company holds an interest of 18.687%.

Net revenue by segment is represented for the quarter ended March 31, 2012 as follows:

- Domestic Operations:
  - Brazil: 71.3%
- Foreign Operations:
  - Argentina: 16.9%
  - Europe, United States and Exports: 11.8%

The accounting policies of each segment are those applied in the preparation of the Company's interim financial information. The performance of each segment was determined based on net operating income, net income and capital allocated (total assets less current liabilities and non-current liabilities) in each segment. This basis of measurement includes financial effects, income and social contribution taxes, depreciation and amortization and is consistent with the amounts reported in the consolidated financial information.

Information is as follows:

	3/31/2012					
Profit and loss accounts	Net operating income	Net income (loss)	Depreciation and amortization	Financial income (expenses)	Net foreign exchange gains (losses)	Income and social contribution taxes
Domestic operations:						
Brazil	462,555	66,402	(10,275)	14,054	196	(7,507)
Foreign operations:						
Argentina	109,524	909	(2,484)	(7,121)	176	(277)
Europe/United States/Exports	76,860	14,583	(1,619)	(481)	(761)	(2,766)
TAVEX	-	(3,729)	-	-	-	-
Non-controlling interest	-	78	-	-	-	-
Consolidated	648,939	78,243	(14,378)	6,452	(389)	(10,550)

	3/31/2011					
Profit and loss accounts	Net operating income	Net income (loss)	Depreciation and amortization	Financial income (expenses)	Net foreign exchange gains (losses)	Income and social contribution taxes
Domestic operations:						
Brazil	377,290	66,523	(9,218)	12,722	1,341	(5,859)
Foreign operations:						
Argentina	106,736	4,275	(2,477)	(5,455)	681	(2,589)
Europe/United States/Exports	70,611	17,750	(954)	(415)	(306)	-
TAVEX	-	(1,297)	-	-	-	-
Non-controlling interest	-	1,252	-	-	-	-
Consolidated	554,637	88,503	(12,649)	6,852	1,716	(8,448)

Asset and liability balances at March 31, 2012 and December 31, 2011 are as follows:

	3/31/2012			12/31/2011		
Balance sheet accounts	Total assets	Current and non-current liabilities	Addition PP&E and intangible assets	Total assets	Current and non-current liabilities	Addition PP&E and intangible assets
Domestic operations:						
Brazil	1,906,091	551,168	34,866	1,871,511	565,591	71,214
Foreign operations:						
Brazil – exports	51,666	5,179	-	43,055	5,631	-
Argentina	396,171	259,236	2,096	384,469	242,114	13,930
Europe / United States	92,772	159,049	1,607	69,252	139,359	9,337
TAVEX	70,235	-	-	74,267	-	-
Consolidated	2,516,935	974,632	38,569	2,442,554	952,695	94,481

The Company's customer portfolio is diluted, and no individual customer accounts for more than 6% of sales revenues.

Breakdown of consolidated net operating income for the quarter ended March 31, 2012 is as follows: sandals R$ 408,736, sports items R$ 169,220, retail R$ 58,342 and others R$ 12,641 (R$ 337,558, R$ 142,139, R$ 47,587 and R$ 27,353, respectively, for the same quarter ended March 31, 2011).

25. NET OPERATING INCOME

	Company		Consolidated	
	3/31/2012	3/31/2011	3/31/2012	3/31/2011
Gross operating income:				
Domestic market	535,245	425,448	565,671	457,187
Foreign market	47,528	37,069	218,803	201,000
	582,773	462,517	784,474	658,187
Returns and cancellations	(12,631)	(12,207)	(22,868)	(14,613)
Sales taxes	(85,169)	(62,326)	(112,667)	(88,937)
Net operating income	484,973	387,984	648,939	554,637

26. EXPENSES BY NATURE

The Company's statement of income is presented based on a classification of expenses according to their function. Expenses by nature are as follows:

	Company		Consolidated	
	3/31/2012	3/31/2011	3/31/2012	3/31/2011
Cost of goods sold:				
Raw material	181,345	124,500	235,503	168,876
Salaries, charges and benefits	59,580	48,779	98,464	79,471
Other costs	25,170	25,549	27,307	47,195
Total	266,095	198,828	361,274	295,542
Selling expenses:				
Salaries, charges and benefits	20,800	17,452	31,338	26,187
Freight costs	17,832	13,530	22,928	17,994
Advertising and publicity	44,410	42,003	53,676	50,013
Commissions	3,131	3,652	6,329	6,290
Royalties	5,204	5,167	5,974	5,482
Collective Packaging	4,805	-	5,359	-
Legal entity fees	2,516	2,835	4,578	5,641
Rents/Leases	3,117	2,522	4,602	3,620
Travel expenses	1,020	1,166	1,738	1,907
Storage expenses	610	863	5,378	3,876
Transportation insurance	1,524	1,187	1,937	1,570
Other	12,978	4,047	15,606	7,353
	117,947	94,424	159,443	129,933
General and administrative:				
Salaries, charges and benefits	15,715	16,302	19,060	19,027
Management fees (note 21.e)	2,885	1,947	3,056	2,188
Third party services	7,774	7,220	8,765	7,220
Other	5,516	1,569	6,273	3,071
	31,890	27,038	37,154	31,506

27. STOCK OPTION PLANS

The Company grants preferred stock options to some executive officers under a program approved at Special Shareholders' Meetings held on April 26, 2002, October 26, 2006 and April 29, 2011, for the purpose of retaining and encouraging them to contribute to the interests and objectives of the Company and its shareholders. The plans are managed by the Human Resources Department of the Company.

General criteria of stock option plans

The grace period for exercising the option plans for 2002, 2003, 2004 and 2005 was two years, vesting 20% in the second year, 20% in the third year, 20% in the fourth year and 40% in the fifth year after the vesting date, and the options granted should be exercised not later than ten years.

The grace period for exercising the option plans from 2006 to 2009 was three years, vesting 30% in the third year (two-month exercise period), 30% in the fourth year (two-month exercise period) and 40% in the fifth year, and the options granted should be exercised not later than five years and two months. As regards to these plans, the option exercise is contingent to the attainment of performance goals, based on internal performance indicators.

The grace period for exercising the option plans for 2010 was that of 2006-2009, but the options granted should be exercised not later than three years after the expiration of each grace period, for each tranche. As regards to these plans, the option exercise is also contingent to the attainment of performance goals, based on internal performance indicators.

The criteria to determine initial prices for the exercise of options granted according to the plans are as follows:

(i) 2002-2005 plans: initial exercise price equivalent to the average quotation weighted by the closing trading volume of the Company's preferred shares traded on the São Paulo Stock Exchange (BM&FBOVESPA) in the last 60 trading sessions before the date of approval of each annual plan. The exercise price is adjusted at the General Market Price Index (IGP-M).

(ii) 2006-2009 plans: initial exercise price equivalent to the average quotation weighted by the closing trading volume of the Company's preferred shares traded on the São Paulo Stock Exchange (BM&FBOVESPA) in the last 60 trading sessions before May 31 of the vesting year. The exercise price is adjusted at the Extended Consumer Price Index (IPCA).

(iii) 2010 plans: exercise price equivalent to the average quotation weighted by the closing trading volume of the Company's preferred shares traded on the São Paulo Stock Exchange (BM&FBOVESPA) in the last 60 trading sessions before May 31 of the vesting year. This exercise price is not adjusted at any index.

Changes in stock option plans

Changes in stock option plans at March 31, 2012 and December 31, 2011 are as follows:

	3/31/2012		12/31/2011	
	Number of options	Weighted average exercise price – R$	Number of options	Weighted average exercise price – R$
Outstanding options at the beginning of the period/year	3,838,457	5.55	5,252,900	3.84
Options granted	-	-	566,617	1.64
Options exercised	-	-	1,908,060	2.90
Options cancelled	-	-		0.12
Outstanding options at the end of the period/year	3,838,457	5.55	3,838,457	5.55

Outstanding stock options are as follows:

	Outstanding options			
	Options not exercised at the end of the year / period	Remaining contractual life (months)	Exercise price rate - R$	Options exercisable at the end of the year / period
March 31, 2012	3,838,457	44	1.61-11.13	1,280,840
December 31, 2011	3,838,457	52	1.60-11.13	1,280,840

Outstanding stock options by plan are as follows:

	3/31/2012			
Vesting date	Options not exercised at the end of the year	Remaining contractual life (months)	Exercise price - R$	Options exercisable at the end of the year
July 1, 2004	71,200	27	1.61	71,200
July 1, 2005	889,240	39	2.28	889,240
July 1, 2007	258,400	5	9.29	200,400
July 1, 2008	435,000	17	6.39	120,000
July 1, 2009	1,060,000	29	4.10	-
July 1, 2010	558,000	75	6.21	-
July 1, 2011	566,617	87	11.13	-
Total	3,838,457	44	1.61 – 11.13	1,280,840

	12/31/2011			
Vesting date	Options not exercised at the end of the year	Remaining contractual life (months)	Exercise price - R$	Options exercisable at the end of the year
July 1, 2004	71,200	33	1.60	71,200
July 1, 2005	889,240	2	2.27	889,240
July 1, 2007	258,400	8	9.17	200,400
July 1, 2008	435,000	20	6.32	120,000
July 1, 2009	1,060,000	32	4.05	-
July 1, 2010	558,000	78	6.21	-
July 1, 2011	566,617	90	11.13	-
Total	3,838,457	52	1.60-11.13	1,280,840

For accounting purposes, the fair value of options was estimated by using a binomial valuation model. The accounting expense recorded in the profit and loss account relating to stock option plans totaled R$ 432 for the quarter ended March 31, 2012 compared to R$ 317 for the quarter ended March 31, 2011. For calculation of expenses, a probability of attainment of

performance conditions of 100% (for 2006-2010 grants) and an expected stock cancellation rate of 0% were adopted.

On the vesting date, the fair value of stock options granted on July 1, 2011 totaled R$ 5.40. The performance conditions were not reflected in the fair value as they are based on internal performance indicators. The expected volatility assumption was based on a five-year historical volatility previous to the vesting date, and early exercises were reflected by using a Hull-White binomial valuation model, with a voluntary exercise trigger of 150% of the exercise price.

The main assumptions used in the calculation are as follows:

	Amounts stated in (R$)
Price per share	12.10
Exercise price	11.13
Expected volatility	37.00%
Expected dividends	2.75%
Risk-free rate (nominal rate)	12.50%
Post-vesting rate	10.00%
Fair value	5.40

The following are the simulated effects arising from:

(i) Scenario I: exercise of the stock options granted up to March 31, 2012.

(ii) Scenario II: exercise of all stock options to be granted under the stock option plan.

In both scenarios, it was assumed that all options were exercisable at March 31, 2012, based on parent company's equity at that date.

Amounts stated in Reais:

	Scenario I	Scenario II
Weighted average exercise price	5.59	5.59
Number of preferred shares	171,931,800	171,931,800
Number of outstanding preferred shares	166,838,580	166,838,580
Number of shares to be purchased by exercising the options	3,838,457	12,000,000
Book value per outstanding share	4.43	4.43
Book value per share considering the exercise of options	4.33	4.12
Dilution of book value per share	0.10	0.31
Percentage dilution	2.23%	6.98%

28. EMPLOYEE BENEFITS

The Company and its subsidiaries sponsor two supplementary pension plans and also provide, by means of an own pension plan, life annuity and health care benefits for a certain group of former employees and their spouses. The actuarial liability of these plans at March 31, 2012 is R$ 1,947 (R$ 1,973 at December 31, 2011).

The assumptions on and calculations of actuarial liabilities are described in note 30 to annual financial statements for the year ended December 31, 2011.

29. FINANCIAL INCOME AND EXPENSES, NET

	Company		Consolidated	
	3/31/2012	3/31/2011	3/31/2012	3/31/2011
Financial income:				
Income from short-term investments	16,064	16,830	17,183	16,939
Interest receivable	1,215	1,243	1,265	1,637
Other	221	242	298	241
	17,500	18,315	18,746	18,817
Financial expenses:				
Interest and charges on loans and financing	(1,494)	(3,693)	(3,123)	(4,224)
Interest and charges on debt restructuring of subsidiaries	-	-	(2,586)	(2,624)
IOF	(75)	(36)	(268)	(36)
Tax on bank transactions (Argentina)	-	-	(1,929)	(1,543)
Inflation adjustment of taxes	(1,826)	(1,641)	(1,827)	(1,641)
Other	(1,070)	(632)	(2,561)	(1,897)
	(4,465)	(6,002)	(12,294)	(11,965)

30. NET FOREIGN EXCHANGE GAINS (LOSSES)

	Company		Consolidated	
	3/31/2012	3/31/2011	3/31/2012	3/31/2011
Foreign exchange gains	2,052	1,703	2,563	3,261
Foreign exchange losses	(1,443)	(1,316)	(2,952)	(1,545)
	609	387	(389)	1,716

31. OTHER OPERATING INCOME (EXPENSES)

	Company		Consolidated	
	3/31/2012	3/31/2011	3/31/2012	3/31/2011
Other operating income:				
Receivable Eletrobras (a)	7,726	-	7,726	-
Other	78	1,824	193	1,935
	7,804	1,824	7,919	1,935
Other operating expenses:				
Amortization of intangible assets	(5,024)	(4,038)	(5,814)	(4,368)
Provisions for tax, civil and labor risks (note 22)	(1,797)	(2,336)	(2,288)	(2,421)
Other	(1,903)	(2,709)	(4,426)	(3,122)
Other operating expenses	(8,724)	(9,083)	(12,528)	(9,911)

(a) It refers to a lawsuit filed by the Company for reimbursement of compulsory loans made to Eletrobras with full inflation adjustment and interest on principal. The Superior Court of Justice (STJ) decided the lawsuit favorably to taxpayers upon RESP 1003955 and RESP 1028592 judgment, under the sequence of repeated appeals, in accordance with article 543-C of the Code of Civil Procedure, whereby it decided favorably with respect to all lawsuits addressing the matter. In turn, through the judgment of Interlocutory Appeal 735933 filed by Eletrobras, the Federal Supreme Court (STF) ratified the understanding of STJ in the sense that the discussion of the matter is infraconstitutional. Although the lawsuit filed by the Company has not yet received a final and unappealable decision, a decision that the understanding expressed by STJ should be applied to the matter was issued.

In March 2012, the Company received R$ 7,726 in addition to the credit right assignment and acquisition agreement and other covenants for third parties unrelated to the Companies of the Group, to which all risks and benefits arising from such lawsuit were transferred, for R$ 19,765, entered into in December 2011, when the Company ensured its right to complement the sales amount based on information that could be obtained in the future from electric power companies.

32. PROFIT SHARING

The Company and its subsidiaries provide their employees with profit sharing linked to the achievement of operating goals and specific objectives, annually established and approved for each plant/unit. For the quarters ended March 31, 2012 and 2011, profit sharing recognized in the statement of income was as follows:

	Company		Consolidated	
	3/31/2012	3/31/2011	3/31/2012	3/31/2011
Profit-sharing program	7,359	8,775	9,586	10,447

Profit sharing is recorded under the “Salaries and social charges payable” account in current liabilities.

33. PLEDGES AND COLLATERALS

At March 31, 2012 and December 31, 2011, in addition to the information disclosed in notes 15 and 17, pledges and collaterals provided by the Company to financial institutions related to vendor financing transactions were R$ 1,132 and R$ 2,007, respectively.

For the quarter ended March 31, 2012 and year ended December 31, 2011, the Company did not record losses arising from these pledges and collaterals.

34. RISK AND FINANCIAL INSTRUMENT MANAGEMENT

a) General considerations and policies

The Company and its subsidiaries are engaged in transactions involving short-term investments, including derivatives, when applicable, which are recorded in balance sheet accounts in order to meet their operating and financial needs. The Company and its subsidiaries contract short-term investments, loans and financing, loans, as well as derivative financial instruments.

These financial instruments are managed by means of policies, definition of strategies and establishment of control systems, which are monitored by Company management.

Treasury procedures set by the policy in effect include monthly projection routines and assessment of the consolidated currency exposure of the Company and its subsidiaries, based on which management makes its decisions.

Short-term investments

The short-term investment policy established by Company and its subsidiary management elects the financial institutions with which agreements may be entered into based on the evaluation of credit rating of the counterparty in question, maximum exposure percentage by institution based on the rating and bank's maximum equity percentage. At March 31, 2012 and December 31, 2011, short-term investments are within those limits.

Related party current accounts

In parent company, related party balances refer to management of a single cash (cash and cash equivalents) by the Company, and there are no financial charges on these transactions.

Policies for contracting derivative financial instruments

Due to financial liabilities in foreign currencies assumed by the Company and its subsidiaries, management, pursuant to guidelines established by the Company's Board of Directors, may contract derivative financial instrument transactions to minimize currency risks arising from financial liabilities and accounts payable for productive input import within the exposure limits linked to these risks.

Treasury procedures under the policy in effect include monthly projection and currency exposure assessment routines of the Company and its subsidiaries, based on which management makes decisions on the contracting of such financial instruments.

At March 31, 2012 and December 31, 2011, the Company and its subsidiaries did not have any outstanding derivative financial instrument transactions.

b) Financial risk management

Financial risk factors

The Company's and its subsidiaries' activities expose them to various financial risks: market risk (including currency and interest rate risk), credit risk and liquidity risk. The Company's risk management is focused on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance, using derivative financial instruments to hedge against certain risk exposures, if necessary.

Risk management is carried out by the Company's Treasury Department, and the policies must be approved by the Board of Directors. The Treasury Department identifies, assesses and contracts financial instruments in order to hedge the Company against potential financial risks, mainly those arising from interest and exchange rates.

b1) Market risk

The Company is exposed to market risks arising from its business activities. These market risks mainly comprise possible changes in exchange and interest rates.

i) Currency risk

Due to different types of accounts receivable and financial liabilities assumed by the Company in foreign currencies, the Exchange Rate Hedging Policy was implemented establishing exposure limits linked to this risk.

This policy considers foreign currency-denominated amounts from accounts receivable and payable related to commitments already made and recorded in the financial statements arising from the Company's operations and future cash flows.

ii) Interest rate risk

The Company's interest rate risk arises from short-term investments and short and long-term loans and financing. Company management adopts the policy of maintaining the rates of its exposures at asset and liability interest rates pegged to floating rates. Short-term investments and loans and financing are adjusted based on the floating CDI rate, pursuant to agreements entered into with financial institutions.

b2) Credit risk

Sales are mainly made to retailers and wholesalers. The credit risk is reduced due to the high dilution of the customer portfolio, credit assessment and granting policies. The result of this management is reflected under the "Allowance for doubtful accounts" account, as described in note 9.

The Company and its subsidiaries are also subject to credit risks related to financial instruments contracted for the management of their business.

The risk of not settling transactions with financial institutions is low, as these are considered by the market as prime banks.

b3) Liquidity risk

Effectively managing liquidity risk implies maintaining enough cash and marketable securities, funds available through credit facilities used and the ability to gain market share. Due to the active nature of the Company's and its subsidiaries' business, the Treasury Department is flexible in raising funds through the maintenance of committed credit lines.

Management monitors the Company's consolidated liquidity level considering the expected cash flow against unused credit lines and cash and cash equivalents. The table below analyzes financial liabilities by maturity ranges corresponding to the remaining period in the balance sheet compared to the contractual maturity date. Amounts presented in the table are undiscounted cash flows contracted.

c) Financial liabilities

The consolidated carrying amounts of financial liabilities are measured by the amortized cost method, and the corresponding fair values are as follows:

	3/31/2012						
	Less than one year	Between one and two years	Between three and five years	Over five years	Fair value	Discount effects	Carrying amount
Current:							
Finance lease transactions	152	-	-	-	152	(3)	149
Loans and financing	149,810	-	-	-	149,810	-	149,810
Trade accounts payable	283,418	-	-	-	283,418	-	283,418
Non-current:							
Finance lease transactions	-	20	-	-	20	(20)	-
Loans and financing	-	56,985	30,646	3,933	91,564	-	91,564

	12/31/2011						
	Less than one year	Between one and two years	Between three and five years	Over five years	Fair value	Discount effects	Carrying amount
Current:							
Finance lease transactions	215	-	-	-	215	(32)	183
Loans and financing	179,894	-	-	-	179,894	-	179,894
Trade accounts payable	297,150	-	-	-	297,150	-	297,150
Non-current:							
Finance lease transactions	-	48	-	-	48	(6)	42
Loans and financing	-	21,224	33,110	1,480	55,814	-	55,814

d) Capital management

The Company's objectives in managing its capital are to safeguard its ability to continue as a going concern in order to provide returns for its shareholders and benefits to other interested parties, as well as to maintain an optimal capital structure to reduce such cost.
The consolidated net financial position is equivalent to total cash, cash equivalents and short-term investments, less short and long-term loans and financing.

	3/31/2012	12/31/2011
Cash, cash equivalents and short-term investments	680,680	670,954
(-) Short and long-term loans and financing	(241,523)	(235,933)
Net financial position	439,157	435,021
Equity	1,542,306	1,489,859

e) Currency exposure

		Company		Consolidated	
		3/31/2012	12/31/2011	3/31/2012	12/31/2011
Assets:					
Trade accounts receivable	(i)	59,879	36,686	134,954	93,393
Total assets		59,879	36,686	134,954	93,393
Liabilities:					
Loans and financing	(ii)	-	4,794	151,514	118,627
Trade accounts payable		34,883	40,961	90,182	102,570
Royalties payable		5,316	13,448	5,316	13,448
Total liabilities		40,199	59,203	247,012	234,645
Net exposure		19,680	(22,517)	(112,058)	(141,252)
(-) Financial assets and liabilities of foreign subsidiaries		-	-	137,808	122,460
Total exposure for sensitivity analysis purpose		19,680	(22,517)	25,750	(18,792)

(i) In consolidated at March 31, 2012, 71.5% (77.4% at December 31, 2011) refer to trade accounts receivable of foreign subsidiaries (Alpargatas USA Inc. - United States, Alpargatas Europe S.L.U. - Spain, Alpargatas Chile Ltda. - Chile and Alpargatas S.A.I.C. - Argentina) and 28.5% refer to foreign trade accounts receivable of the parent company in Brazil.

(ii) In consolidated at March 31, 2012, 100.0% (95.9% at December 31, 2011) refer to currency-denominated loans of foreign subsidiaries (Alpargatas USA Inc. - United States, Alpargatas Europe S.L.U. - Spain, Alpargatas Chile Ltda. - Chile and Alpargatas S.A.I.C. - Argentina), as described in note 16.

Currency risk arises from fluctuations in foreign exchange rates on foreign currency-denominated loans and financing, trade accounts receivable and trade accounts payable and royalties.

f) Market values

At March 31, 2012 and December 31, 2011, market values of short-term investments approximate the amounts recorded in the interim financial information as they are pegged to the CDI rate fluctuation. Loans and financing are adjusted for inflation based on interest rates contracted according to the usual market conditions; therefore, balances payable at the balance sheet dates substantially approximate their market values, including those classified as “non-current”, considering the type of the corresponding financing.

The fair value of financial instruments that are not traded in active markets (for example, over-the-counter derivatives) is determined by using valuation techniques. The Company and its subsidiaries use various methods and define assumptions that are based on market conditions existing at the balance sheet date. The fair value of forward exchange contracts is determined based on forward exchange rates quoted at the balance sheet date.

It is estimated that the amounts of trade accounts receivable and trade accounts payable recognized at their carrying amounts approximate their fair market value in view of the short term of transactions conducted.

The Company and its subsidiaries use hierarchy rules to measure the fair values of their financial instruments, as set out in IFRS 7/CPC 40, for financial instruments measured in the balance sheet, which requires the disclosure of fair value measurements at the following hierarchy level:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1).

- Information, in addition to quoted prices, included in Level 1, used by the market for assets or liabilities, either directly (that is, based on prices) or indirectly (that is, deriving from prices) (Level 2).

- Exemptions for assets or liabilities that are not based on the data adopted by the market (i.e., unobservable inputs) (Level 3).

The fair value of the financial instruments traded in active markets (such as held-for-trading and available-for-sale securities) is based on market prices at the balance sheet date. A

market is considered active if quoted prices are readily and regularly available from a stock exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The quoted market price used for the financial assets held by the Group is the price of current competitors. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in active markets (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques make maximum use of data adopted by the market, when available, and rely as little as possible on entity's specific estimates. If all material information required for the fair value of an instrument is adopted by the market, the instrument will be included in Level 2.

If any material information is not based on the data adopted by the market, the instrument will be included in Level 3.

Specific valuation techniques used to measure financial instruments, according to Level 2 rules, include:

- Quoted market prices or quotations of financial institutions or brokers for similar instruments.
- The fair value of interest rate swaps is measured at the present value of future cash flows estimated based on the yield curves adopted by the market.
- The fair value of future foreign exchange contracts is determined at future exchange rates at the balance sheet date, and the amount resulting therefrom is discounted to present value.
- Other techniques, such as the analysis of discounted cash flows, are used to determine the fair value of the remaining financial instruments.

The Company and its subsidiaries did not have financial instruments measured at fair value for the quarter ended March 31, 2012 and for the year ended December 31, 2011.

g) Sensitivity analysis of financial instruments

Currency risk

For the consolidated currency exposure sensitivity analysis at March 31, 2012, effects of which reflect only the impacts on monetary assets and liabilities, the Company did not consider the balances of trade accounts receivable and loans and financing of foreign subsidiaries, as they are denominated in local functional currencies of each one of these subsidiaries; therefore, Company management understands that there is no currency exposure risk for such subsidiaries.

Considering currency exposures described in item (e) above, at March 31, 2012, the sensitivity analysis of outstanding positions is as follows:

	Loss		
Company's risk	Probable scenario	Possible scenario	Remote scenario
Depreciation of the U.S. dollar	773	6,437	12,875

The probable scenario considers a 3% depreciation of the Brazilian real against the U.S. dollar at the average exchange rate of R$ 1.7667, based on market references.

The possible scenario considers a 25% depreciation of the Brazilian real against the U.S. dollar at the exchange rate at March 31, 2012 of R$ 1.8221/US$ (R$ 1.3666/US$), and the remote scenario considers a 50% depreciation (R$ 0.9111/US$).

Interest rate risk

The sensitivity analysis was determined based on the exposure to interest rates of non-derivative financial instruments at the end of each reporting period. For financial assets indexed at the CDI rate and liabilities indexed to the floating TJLP rate, the analysis is prepared assuming that the net amount between the asset and liability outstanding at the end of the reporting period remained outstanding throughout the year. A 3 percentage point increase or decrease is used to internally present the interest rate risks to key management personnel and corresponds to management's assessment of possible changes in interest rates.

Had interest rates been 3 percentage points higher or lower and all other variables remained stable, net income for the quarter ended March 31, 2012 would have increased or decreased by approximately R$ 4,994. This is mainly due to the Company's net exposure to the CDI rate on short-term investments, considering that the financial liabilities are mainly stated at fixed rates, as described in note 16.

The Company's sensitivity to interest rates increased during the current period mainly due to the increase in balances of cash and cash equivalents and short-term investments indexed to the CDI rate.

35. NET EARNINGS PER SHARE

	3/31/2012		
	Common - ON	Preferred - PN (a)	Total
Denominator			
Total weighted average number of shares	181,524,080	171,931,800	353,455,880
Weighted number of treasury shares	-	(5,093,220)	(5,093,220)
Weighted average number of outstanding shares	181,524,080	166,838,580	348,362,660
% of shares in relation to the total number	52.11%	47.89%	100.00%
Numerator – basic			
Net income for the period attributable to each class of shares	38,858	39,307	78,165
Basic net earnings per share for the period from going concern operations	0.2141	0.2356	0.2244
Total basic net earnings per share for the period	0.2141	0.2356	0.2244
Numerator – diluted			
Weighted average number of outstanding shares	181,524,080	166,838,580	348,362,660
Number of shares of weighted stock option plans	-	3,344,840	3,344,840
Weighted average number of outstanding shares	181,524,080	170,183,420	351,707,500
Diluted net earnings per share for the period from going concern operations	0.2141	0.2310	0.2222
Total diluted net earnings per share for the period	0.2141	0.2310	0.2222

	3/31/2011		
	Common - ON	Preferred - PN (a)	Total
Denominator			
Total weighted average number of shares	181,524,080	171,931,800	353,455,880
Weighted number of treasury shares	-	(5,082,711)	(5,082,711)
Weighted average number of outstanding shares	181,524,080	166,849,089	348,373,169
% of shares in relation to the total number	52.11%	47.89%	100.00%
Numerator – basic			
Net income for the quarter attributable to each class of shares	43,374	43,877	87,251
Basic net earnings per share for the quarter from going concern operations	0.2389	0.2630	0.2505
Total basic net earnings per share for the quarter	0.2389	0.2630	0.2505
Numerator – diluted			
Weighted average number of outstanding shares	181,524,080	166,849,089	348,373,169
Number of shares of weighted stock option plans	-	5,011,192	5,011,192
Weighted average number of outstanding shares	181,524,080	171,860,281	353,384,361
Diluted net earnings per share for the quarter from going concern operations	0.2389	0.2553	0.2469
Total diluted net earnings per share for the quarter	0.2389	0.2553	0.2469

(a) Preferred shares are entitled to dividends 10% greater than those of common shares.

36. COMMITMENTS MADE

36.1. Operating leases

Stores leased

At March 31, 2012, the Company had lease agreements entered into with third parties, which management reviewed and concluded that they qualify as operating leases.

The lease amount of properties is the greater of: (i) the equivalent to the average rate between 3% and 4% of the store's monthly gross sales; or (ii) the minimum monthly amount annually adjusted at various inflation rates. The average monthly lease expenses paid totaled R$ 853 (R$ 659 at March 31, 2011). Such lease agreements expire between 5 and 15 years, subject to renewal.

For the quarter ended March 31, 2012, rental expenses, net of recoverable taxes, totaled R$ 2,558 (R$ 1,978 at March 31, 2011) in consolidated.

Other leases

The Company also has warehouse lease agreements for the warehousing of products and goods and commercial offices with monthly fixed amounts, adjusted annually at usual market inflation rates.

In August 2011, the Company entered into a lease agreement to set up its head office in a new office space in 2012. The agreement is effective for 10 years, beginning September 2011, grace period of which is 90 days from such date. The monthly lease amount is R$893, annually adjusted at the accumulated positive variation of General Market Price Index (IGP-M) / FGV.

For the quarter ended March 31, 2012, rental expenses, net of recoverable taxes, totaled R$ 6,809 (R$ 3,787 at March 31, 2011) in consolidated.

Future commitments

Total future commitments arising from operating lease agreements totaled a minimum fixed amount of R$ 59,328 at March 31, 2012, distributed as follows:

Period	R$
2012 (nine months)	23,953
2013	30,353
2014	29,476
2015 to 2016	59,318
	143,100

Such transactions are subject to usual restrictive covenants, such as guarantees for early termination of agreement, among others. These covenants, at March 31, 2012, were complied with by the Company; therefore, no effective lease agreement at such date was considered as onerous by Company management. In addition, no contingent payment was made by the Company for the period ended March 31, 2012.

36.2. Input supply agreements

The Company has commitments deriving from an electric power supply agreement effective through 2011, providing for the purchase of a minimum monthly volume of 25,883 kW, equivalent to R$ 611, which can be amended not less than six months. At March 31, 2012, the Company was compliant to the agreement's commitments.

37. INSURANCE COVERAGE

The Company and its subsidiaries have insurance coverage for property, plant and equipment items and inventories subject to fire damage for the technical replacement amount and to cover loss of profits. Our auditor's work scope does not include issuing an opinion on the sufficiency of the insurance coverage, which was determined by Company management. At March 31, 2012, consolidated insurance coverage was considered sufficient by management to cover the risks involved.

38. ADDITIONAL INFORMATION TO THE STATEMENTS OF CASH FLOWS

	Company		Consolidated	
	3/31/2012	3/31/2011	3/31/2012	3/31/2011
Acquisitions of property, plant and equipment without cash effect	-	840	-	840
Limits of unused secured accounts	-	-	26,822	25,142

39. RECLASSIFICATIONS

39.1. Statements of cash flows

Certain transactions of statements of cash flows for the quarter ended March 31, 2011 were reclassified in comparison with those originally published for better comparability with the classification adopted in 2012. Accordingly, the Company restates these statements, as follows:

	Company		Consolidated	
	Restated	Original	Restated	Original
Operating activities	32,146	27,810	39,118	34,782
Investing activities	(96,613)	(112,805)	(99,756)	(115,948)
Financing activities	(29,444)	(28,604)	(30,940)	(30,100)

39.2. Adjustment to sales revenue recognition cutting

In order to better present the effects of adjustment to product sales revenue recognition cutting, reclassifications were made in balances of net sales revenue and costs of goods and products sold in relation to balances at March 31, 2011, as such accounting practice was adopted through that quarter considering the net effect of the adjustment determined by the Company. There was no change in net income or equity, only reclassifications between accounts.

The effects reclassified at March 31, 2011 were as follows:

	Company		Consolidated	
	Restated	Original	Restated	Original
Net operating income	387,984	420,048	554,637	586,701
Cost of goods and products sold	198,828	217,926	295,542	314,640
Selling expenses	94,424	101,490	129,933	136,999
Other operating expenses	7,259	14,983	7,976	11,443

40. APPROVAL FOR DISCLOSURE OF THE INTERIM FINANCIAL INFORMATION

This interim financial information of the Company was approved for disclosure by the Board of Directors at a meeting held on May 4, 2012.

A free translation from Portuguese into English of Independent Auditor's Review Report on Individual Interim Financial Information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil, and on Consolidated Interim Financial Information prepared in Brazilian currency in accordance with International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board – IASB and accounting practices adopted in Brazil

INDEPENDENT AUDITOR'S REVIEW REPORT

The Board of Directors and Shareholders of
Alpargatas S.A.
São Paulo - SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Alpargatas S.A., contained in the Quarterly Financial Information Form (ITR) for the quarter ended March 31, 2012, which comprises the balance sheet at March 31, 2012 and the related statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, including the explanatory notes.

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

Scope of review

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

Conclusion on the individual interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the quarterly information referred to above is not prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of Quarterly Financial Information (ITR), consistently with the rules issued by the Brazilian Securities Commission.

Conclusion on the consolidated interim financial information

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

Other matters

Statements of value added

We have also reviewed the individual and consolidated statements of value added (SVA) for the quarter ended March 31, 2012, prepared under management's responsibility, whose presentation in the interim financial information is required by specific rules issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Financial Information (ITR), and considered as supplementary information by IFRS, which do not require SVA presentation. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in relation to the overall accompanying individual and consolidated interim financial information.

Audit and review of prior year corresponding figures

The corresponding figures for the quarter ended March 31, 2011, presented for comparison purposes, were previously reviewed by other independent auditors who issued an unqualified opinion dated May 13, 2011.

The corresponding figures for the year ended December 31, 2011, presented for comparison purposes, were previously audited by other independent auditors who issued an unqualified opinion dated March 16, 2012.

São Paulo, May 4, 2012.

ERNST & YOUNG TERCO
Auditores Independentes S.S.
CRC-2SP015199/O-6

Waldyr Passetto Junior
Accountant CRC-1SP173518/O-8