ITR - Quarterly Financial Information

Alpargatas S.A.

September 30, 2013

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 on Quarterly Information

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

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Financial Information (ITR) of Alpargatas S.A. ("Company") for the quarter ended September 30, 2013, comprising the balance sheet as of September 30, 2013 and the related income statements and statements of comprehensive income for the three and nine-month periods then ended, and the statements of changes in equity and cash flow statements for the nine-month period then ended, including the explanatory notes.

Management is responsible for the preparation and presentation of individual interim financial information in accordance with CPC 21 (R1) – Interim Financial Statements and of consolidated interim financial information in accordance with CPC 21 (R1) 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 and Exchange 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 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review on 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 fairly prepared and presented, in all material aspects, in accordance with CPC 21 (R1) applicable to the preparation of quarterly information (ITR), and consistently with the rules issued by the CVM.

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 fairly prepared, in all material aspects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of quarterly information (ITR), and presented consistently with the rules issued by the CVM.

Emphasis of matter

Restatement of corresponding figures

As described in Note 39, as a result of the corrected classification of short-term investments previously classified as cash equivalents, the corresponding amounts for the quarter of the previous year, presented for comparison purposes, were adjusted and are restated as provided for by NBCTG23 or CPC23 – Accounting Policies, Changes in Accounting Estimates and Errors). Our conclusion is not modified in respect of this matter.

Other matters

Statements of value added

We have also reviewed the individual and consolidated interim statements of value added (SVA) for the nine-month period ended September 30, 2013, prepared under Company management responsibility, whose presentation in the interim financial information is required by rules issued by the CVM applicable to preparation of Quarterly Information (ITR), and 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 fairly presented, in all material respects, in relation to the overall accompanying individual and consolidated interim financial information.

São Paulo, November 8, 2013.

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

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

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

Table of Contents

Company information

Capital Breakdown....1
Cash Dividend....2

Individual Quarterly Financial Information

Balance Sheet - Assets....3
Balance Sheet - Liabilities....4
Income statement....6
Statement of Comprehensive Income....7
Cash flow statement....8

Statement of Changes in Equity

1/1/2013 to 9/30/2013....9
1/1/2012 to 9/30/2012....10
Statement of Value Added....11

Consolidated Quarterly Financial Information

Balance Sheet - Assets....12
Balance Sheet - Liabilities....13
Income statement....15
Statement of Comprehensive Income....16
Cash flow statement....17

Statement of Changes in Equity

1/1/2013 to 9/30/2013....18
1/1/2012 to 9/30/2012....19
Statement of value added....20
Notes to Quarterly Financial Information....21

Company information / Capital Breakdown

Number of shares (in thousands)	Current quarter 09/30/2013
Paid-in capital	
Common	219,644
Preferred	208,038
Total	427,682
Treasury shares	
Common	-
Preferred	6,163
Total	6,163

Company information / Cash Dividend

Event	Approval	Earnings	Date of payment	Type of share	Class of share	Earnings per share - (Reais / share)
Board of Directors Meeting	03/15/2013	Dividend	04/17/2013	Common		0.06300
Board of Directors Meeting	03/15/2013	Dividend	04/17/2013	Preferred		0.06931
Board of Directors Meeting	03/15/2013	Interest on equity	04/17/2013	Common		0.05429
Board of Directors Meeting	03/15/2013	Interest on equity	04/17/2013	Preferred		0.05972
Board of Directors Meeting	05/10/2013	Interest on equity	06/19/2013	Common		0.04505
Board of Directors Meeting	05/10/2013	Interest on equity	06/19/2013	Preferred		0.04956
Board of Directors Meeting	08/09/2013	Interest on equity	09/18/2013	Common		0.04890
Board of Directors Meeting	08/09/2013	Interest on equity	09/18/2013	Preferred		0.05379
Board of Directors Meeting	11/08/2013	Interest on equity	12/18/2013	Common		0.04935
Board of Directors Meeting	11/08/2013	Interest on equity	12/18/2013	Preferred		0.05429

Individual Quarterly Financial Information / Balance Sheet - Assets

R$ (in thousands)

Code	Description	09/30/2013	12/31/2012
1	Total assets	2,850,878	2,348,309
1.01	Current assets	1,690,407	1,456,488
1.01.01	Cash and cash equivalents	113,472	82,533
1.01.02	Short-term investments	552,209	458,833
1.01.02.01	Short-term investments at fair value	552,209	458,833
1.01.02.01.02	Securities available for sale	552,209	458,833
1.01.03	Accounts receivable	577,242	604,367
1.01.03.01	Trade accounts receivable	577,242	604,367
1.01.04	Inventories	373,043	248,323
1.01.06	Taxes recoverable	43,137	33,968
1.01.06.01	Current taxes recoverable	43,137	33,968
1.01.07	Prepaid expenses	13,485	3,563
1.01.07.01	Prepaid expenses	3,179	1,051
1.01.07.02	Prepaid advertising expenses	10,306	2,512
1.01.08	Other current assets	17,819	24,901
1.01.08.03	Other	17,819	24,901
1.01.08.03.01	Advances to suppliers	1,865	1,515
1.01.08.03.02	Accounts receivable - employees	3,315	3,923
1.01.08.03.03	Dividend receivable	-	12,252
1.01.08.03.04	Unrealized gains from derivative transactions	10,808	-
1.01.08.03.05	Other	1,831	7,211
1.02	Noncurrent assets	1,160,471	891,821
1.02.01	Long-term receivables	96,038	92,435
1.02.01.06	Deferred taxes	37,764	32,888
1.02.01.06.01	Deferred income and social contribution taxes	37,764	32,888
1.02.01.08	Receivables from related parties	-	4,536
1.02.01.08.02	Receivables from subsidiaries	-	4,536
1.02.01.09	Other noncurrent assets	58,274	55,011
1.02.01.09.03	Compulsory deposits	269	269
1.02.01.09.04	Judicial deposits	11,785	11,685
1.02.01.09.05	Taxes recoverable	12,116	8,609
1.02.01.09.06	Accounts receivable from sale of subsidiary	12,872	12,872
1.02.01.09.07	Other accounts receivable	21,232	21,576
1.02.02	Investments	524,204	359,140
1.02.02.01	Interest held	524,204	359,140
1.02.02.01.02	Interest held in subsidiaries	524,009	358,945
1.02.02.01.04	Other interest held	195	195
1.02.03	Property, plant and equipment	471,938	362,923
1.02.03.01	Property and equipment in operation	339,599	188,057
1.02.03.03	Construction in progress	132,339	174,866
1.02.04	Intangible assets	68,291	77,323
1.02.04.01	Intangible assets	68,291	77,323

Individual Quarterly Financial Information / Balance Sheet - Liabilities

R$ (in thousands)

Code	Description	09/30/2013	12/31/2012
2	Total liabilities	2,850,878	2,348,309
2.01	Current liabilities	565,498	487,290
2.01.01	Labor and social charges	100,805	73,836
2.01.01.01	Social charges	7,896	8,535
2.01.01.02	Labor liabilities	92,909	65,301
2.01.01.02.01	Salaries and social charges	92,909	65,301
2.01.02	Trade accounts payable	319,827	280,840
2.01.02.01	Trade accounts payable - domestic	174,443	181,043
2.01.02.02	Trade accounts payable - foreign	145,384	99,797
2.01.03	Tax liabilities	12,497	11,031
2.01.03.01	Federal tax liabilities	4,582	5,180
2.01.03.01.01	Income and social contribution taxes payable	1,587	-
2.01.03.01.02	Other tax liabilities	2,995	5,180
2.01.03.02	State tax liabilities	7,915	5,851
2.01.04	Loans and financing	74,027	69,601
2.01.04.01	Loans and financing	74,027	69,601
2.01.04.01.01	In domestic currency	74,027	69,601
2.01.05	Other liabilities	53,300	46,131
2.01.05.02	Other	53,300	46,131
2.01.05.02.01	Dividends and interest on equity (IOE) payable	1,690	1,725
2.01.05.02.04	Unrealized losses on derivative transactions	7,558	-
2.01.05.02.05	Provisions and other liabilities	44,052	44,406
2.01.06	Provisions	5,042	5,851
2.01.06.01	Provisions for tax, social security, labor and civil contingencies	5,042	5,851
2.01.06.01.02	Social security and labor	5,042	5,851
2.02	Noncurrent liabilities	510,241	205,395
2.02.01	Loans and financing	250,662	64,581
2.02.01.01	Loans and financing	250,662	64,581
2.02.01.01.01	In domestic currency	250,662	64,581
2.02.02	Other liabilities	240,399	121,829
2.02.02.01	Liabilities - related parties	85	-
2.02.02.01.02	Payables to subsidiaries	85	-
2.02.02.02	Other	240,314	121,829
2.02.02.02.03	Other liabilities	6,305	5,961
2.02.02.02.04	Taxes with suspended enforceability and other	134,360	114,109
2.02.02.02.05	Employee benefits	885	885
2.02.02.02.06	Tax installment payment program - Law No. 11941/09	874	874
2.02.02.02.07	Accounts payable due to acquisition of interest	97,890	-
2.02.04	Provisions	19,180	18,985
2.02.04.01	Provisions for tax, social security, labor and civil contingencies	19,180	18,985
2.02.04.01.01	Tax	5,003	5,149
2.02.04.01.02	Social security and labor	10,480	10,480
2.02.04.01.04	Civil	3,697	3,356
2.03	Equity	1,775,139	1,655,624
2.03.01	Paid-in capital	624,610	562,158
2.03.02	Capital reserves	120,993	125,028

Individual Quarterly Financial Information / Balance Sheet - Liabilities

R$ (in thousands)

Code	Description	09/30/2013	12/31/2012
2.03.02.05	Treasury shares	(47,652)	(42,828)
2.03.02.07	Other reserves	177,739	177,739
2.03.02.08	Discount on sale of treasury shares	(15,653)	(14,556)
2.03.02.09	Stock options granted and recognized	6,559	4,673
2.03.04	Income reserves	1,098,879	1,014,253
2.03.04.01	Legal reserve	49,676	49,676
2.03.04.05	Retained earnings reserve	325,098	313,385
2.03.04.07	Reserve for tax incentives	724,105	625,892
2.03.04.08	Additional proposed dividend	-	25,300
2.03.06	Equity valuation adjustment	30,807	32,254
2.03.07	Cumulative translation adjustments	(85,712)	(78,069)
2.03.08	Other comprehensive income	(14,438)	-
2.03.08.01	Unrealized losses on hedge transactions	(14,438)	-

Individual Quarterly Financial Information / Income statement

R$ (in thousands)

Code	Description	Current Quarter 07/01/2013 to 09/30/2013	YTD Current Year 01/01/2013 to 09/30/2013	Same Quarter of Previous Year 07/01/2012 to 09/30/2012	YTD Previous Year 01/01/2012 to 09/30/2012
3.01	Revenue from goods sold and/or services rendered	620,439	1,749,941	595,110	1,576,932
3.02	Cost of goods sold and/or services rendered	(343,134)	(972,975)	(334,816)	(878,532)
3.03	Gross income	277,305	776,966	260,294	698,400
3.04	Operating income / expenses	(221,292)	(576,671)	(189,750)	(506,398)
3.04.01	Selling expenses	(160,252)	(425,376)	(137,474)	(394,931)
3.04.02	General and administrative expenses	(37,923)	(113,031)	(32,633)	(98,055)
3.04.04	Other operating income	668	2,421	1,021	9,672
3.04.05	Other operating expenses	(21,477)	(53,481)	(10,775)	(35,588)
3.04.05.01	Amortization of intangible assets	(5,189)	(15,595)	(5,089)	(15,136)
3.04.05.02	Other operating expenses	(16,288)	(37,886)	(5,686)	(20,452)
3.04.06	Equity pickup	(2,308)	12,796	(9,889)	12,504
3.05	Income before financial income/(expenses) and taxes	56,013	200,295	70,544	192,002
3.06	Financial income (expenses)	27,082	61,594	9,891	35,707
3.06.01	Financial income	60,441	125,457	14,749	58,304
3.06.01.01	Exchange fluctuation	11,555	25,611	2,541	14,283
3.06.01.02	Gains from derivative transactions	34,762	67,429	-	-
3.06.01.03	Other financial income	14,124	32,417	12,208	44,021
3.06.02	Financial expenses	(33,359)	(63,863)	(4,858)	(22,597)
3.06.02.01	Exchange fluctuation	(6,257)	(23,025)	(2,014)	(10,752)
3.06.02.02	Losses on derivative transactions	(20,920)	(24,541)	-	-
3.06.02.03	Other financial expenses	(6,182)	(16,297)	(2,844)	(11,845)
3.07	Income before income taxes	83,095	261,889	80,435	227,709
3.08	Income and social contribution taxes	(8,572)	(24,529)	(6,375)	(14,046)
3.08.01	Current	(5,263)	(21,967)	(15,615)	(19,303)
3.08.02	Deferred	(3,309)	(2,562)	9,240	5,257
3.09	Net income from continuing operations	74,523	237,360	74,060	213,663
3.11	Profit/(loss) for the period	74,523	237,360	74,060	213,663
3.99	Earnings(loss) per share - (Reais / share)				

Individual Quarterly Financial Information / Statement of Comprehensive Income

R$ (in thousands)

Code	Description	Current Quarter 07/01/2013 to 09/30/2013	YTD Current Year 01/01/2013 to 09/30/2013	Same Quarter of Previous Year 07/01/2012 to 09/30/2012	YTD Previous Year 01/01/2012 to 09/30/2012
4.01	Net income for the period	74,523	237,360	74,060	213,663
4.02	Other comprehensive income	(19,374)	(22,081)	(4,328)	(3,767)
4.02.01	Gains from (losses on) translation of the financial statement of subsidiaries abroad	(4,936)	(7,643)	(4,328)	(3,767)
4.02.02	Unrealized losses on hedge transactions	(21,876)	(21,876)	-	-
4.02.03	Deferred taxes on unrealized losses on hedge transactions	7,438	7,438	-	-
4.03	Comprehensive income (loss) for the period	55,149	215,279	69,732	209,896

Individual Quarterly Financial Information / Cash flow statement Indirect Method

R$ (in thousands)

Code	Description	YTD Current Year 1/1/2013 to 9/30/2013	YTD Previous Year 1/1/2012 to 9/30/2012
6.01	Net cash from operating activities	200,762	121,584
6.01.01	Cash generated by operations	254,470	240,501
6.01.01.01	Net income for the period	237,360	213,663
6.01.01.02	Depreciation and amortization	34,046	31,045
6.01.01.03	Income from disposal/sale of PP&E	691	2,482
6.01.01.04	Equity pick-up	(12,796)	(12,504)
6.01.01.05	Interest and exchange and monetary variations	(4,000)	(8,664)
6.01.01.06	Provisions for tax, civil and labor contingencies	5,894	8,567
6.01.01.07	Deferred income and social contribution taxes	2,562	(5,257)
6.01.01.08	Taxes with suspended enforceability	14,631	10,730
6.01.01.09	Provision for (Reversal of) allowance for doubtful accounts	2,186	1,877
6.01.01.10	Amortization of loans and financing - charges	(7,861)	(5,996)
6.01.01.11	Unrealized gains from derivative transactions	(25,127)	-
6.01.01.12	Provision for (reversal of) inventory loss	5,143	3,263
6.01.01.13	Stock option plan granted	1,886	1,295
6.01.01.14	Provision for impairment of PP&E and intangible assets	(145)	-
6.01.02	Changes in assets and liabilities	(53,708)	(118,917)
6.01.02.01	Trade accounts receivable	24,939	(112,321)
6.01.02.02	Inventories	(129,863)	(121,763)
6.01.02.03	Prepaid expenses	(9,922)	(4,742)
6.01.02.04	Taxes recoverable	(12,676)	(9,490)
6.01.02.05	Trade accounts payable	38,987	112,882
6.01.02.06	Taxes payable	14,245	20,328
6.01.02.07	Salaries and social charges	26,969	21,043
6.01.02.08	Payment of income and social contribution taxes	(12,256)	(8,035)
6.01.02.09	Other	5,869	(16,819)
6.02	Net cash from investing activities	(263,075)	(71,139)
6.02.01	Investment acquisition	(68,316)	(96)
6.02.02	Acquisition of PP&E and intangible assets	(131,957)	(95,101)
6.02.03	Short-term investments	(77,958)	31,157
6.02.04	Proceeds from investment disposed of	2,000	5,650
6.02.05	Receipt of dividend and interest on equity	21,252	-
6.02.06	Acquisition of noncontrolling interest	(8,096)	(12,749)
6.03	Net cash from financing activities	93,252	(63,753)
6.03.01	Loans and financing obtained	287,307	98,481
6.03.02	Amortization of loans and financing - principal	(99,763)	(96,601)
6.03.03	Payment of dividend and interest on equity	(88,371)	(63,053)
6.03.04	Acquisition of treasury shares, net	(5,921)	(2,580)
6.05	Increase (decrease) in cash and cash equivalents	30,939	(13,308)
6.05.01	Cash and cash equivalents - opening balance	82,533	163,131
6.05.02	Cash and cash equivalents - closing balance	113,472	149,823

Individual Quarterly Financial Information / Statement of Changes in Equity - 1/1/2013 to 9/30/2013

R$ (in thousands)

Code	Description	Paid-in Capital	Capital reserves, options granted and treasury shares	Income reserves	Accumulated Profits or Losses	Other Comprehensive Income	Equity
5.01	Opening balances	562,158	125,028	1,014,253	-	(45,815)	1,655,624
5.03	Adjustments to opening balances	562,158	125,028	1,014,253	-	(45,815)	1,655,624
5.04	Capital transactions with shareholders	62,452	(4,035)	(90,881)	(63,300)	-	(95,764)
5.04.01	Capital increase	62,452	-	(62,452)	-	-	-
5.04.03	Stock options granted and recognized	-	1,886	-	-	-	1,886
5.04.04	Treasury shares purchased	-	(9,280)	-	-	-	(9,280)
5.04.05	Treasury shares sold	-	3,359	-	-	-	3,359
5.04.06	Dividend	-	-	(25,037)	-	-	(25,037)
5.04.07	Interest on equity	-	-	-	(63,300)	-	(63,300)
5.04.08	Goodwill on interest increase in subsidiary	-	-	(3,392)	-	-	(3,392)
5.05	Total comprehensive income	-	-	-	237,360	(22,081)	215,279
5.05.01	Net income for the period	-	-	-	237,360	-	237,360
5.05.02	Other comprehensive income	-	-	-	-	(22,081)	(22,081)
5.05.02.01	Adjustments to financial instruments	-	--	-	-	(21,876)	(21,876)
5.05.02.02	Taxes on adjustments to financial instruments:	-	-	-	-	7,438	7,438
5.05.02.04	Translation adjustments in the period	-	-	-	-	(7,643)	(7,643)
5.06	Changes in equity	-	-	175,507	(174,060)	(1,447)	-
5.06.01	Set up of reserves	-	-	175,507	(175,507)	-	-
5.06.04	Realization of other comprehensive income	-	-	-	1,447	(1,447)	-
5.07	Closing balances	624,610	120,993	1,098,879	-	(69,343)	1,775,139

Individual Quarterly Financial Information / Statement of Changes in Equity - 1/1/2012 to 9/30/2012

R$ (in thousands)

Code	Description	Paid-in capital	Capital reserves, options granted and treasury shares	Income reserves	Acumullated Profits or Losses	Other Comprehensive Income	Equity
5.01	Opening balances	518,922	126,514	865,824	-	(33,572)	1,477,688
5.03	Adjustments to opening balances	518,922	126,514	865,824	-	(33,572)	1,477,688
5.04	Capital transactions with shareholders	43,236	(1,285)	(48,941)	(64,000)	-	(70,990)
5.04.01	Capital increase	43,236	-	(43,236)	-	-	-
5.04.03	Stock options granted and recognized	-	1,295	-	-	-	1,295
5.04.04	Treasury shares purchased	-	(5,723)	-	-	-	(5,723)
5.04.05	Treasury shares sold	-	3,143	-	-	-	3,143
5.04.06	Dividend	-	-	118	-	-	118
5.04.07	Interest on equity	-	-	-	(64,000)	-	(64,000)
5.04.08	Goodwill on interest increase in subsidiary	-	-	(5,358)	-	-	(5,358)
5.04.09	Write-off of investment	-	-	(465)	-	-	(465)
5.05	Total comprehensive income	-	-	-	213,663	(3,767)	209,896
5.05.01	Net income for the period	-	-	-	213,663	-	213,663
5.05.02	Other comprehensive income	-	-	-	-	(3,767)	(3,767)
5.05.02.04	Translation adjustments in the period	-	-	-	-	(3,767)	(3,767)
5.06	Changes in equity	-	-	151,867	(149,663)	(2,204)	-
5.06.01	Set up of reserves	-	-	151,867	(151,867)	-	-
5.06.04	Realization of other comprehensive income	-	-	-	2,204	(2,204)	-
5.07	Closing balances	562,158	125,229	968,750	-	(39,543)	1,616,594

Individual Quarterly Financial Information / Statement of Value Added

R$ (in thousands)

Code	Description	YTD Current Year 1/1/2013 to 9/30/2013	YTD Previous Year 1/1/2012 to 9/30/2012
7.01	Revenues	2,038,801	1,885,999
7.01.01	Goods and products sold and services rendered	2,037,948	1,877,083
7.01.02	Other revenues	827	9,573
7.01.04	Allowance for/(Reversal of) doubtful accounts	26	(657)
7.02	Inputs acquired from third parties	(1,243,170)	(1,161,224)
7.02.01	Cost of products/goods sold and services rendered	(757,033)	(685,481)
7.02.02	Materials, energy, third-party services and other	(478,336)	(470,014)
7.02.03	Loss/recovery of asset values	(5,361)	(3,607)
7.02.04	Other	(2,440)	(2,122)
7.03	Gross value added	795,631	724,775
7.04	Retentions	(34,046)	-31,045
7.04.01	Depreciation, amortization and depletion	(34,046)	-31,045
7.05	Net value added produced by Company	761,585	693,730
7.06	Value added received in transfer	138,273	70,826
7.06.01	Equity pickup	12,796	12,504
7.06.02	Financial income	125,457	58,304
7.06.03	Other	20	18
7.06.03.01	Other	20	18
7.07	Total value added to be distributed	899,858	764,556
7.08	Distribution of value added	899,858	764,556
7.08.01	Personnel	317,759	272,138
7.08.01.01	Salaries	248,651	215,227
7.08.01.02	Benefits	52,415	42,447
7.08.01.03	Unemployment Compensation Fund (FGTS)	16,693	14,464
7.08.02	Taxes, charges and contributions	225,339	212,331
7.08.02.01	Federal	194,517	160,918
7.08.02.02	State	29,894	50,679
7.08.02.03	Municipal	928	734
7.08.03	Debt remuneration	119,400	66,424
7.08.03.01	Interest	63,576	22,366
7.08.03.02	Rent	23,590	20,293
7.08.03.03	Other	32,234	23,765
7.08.04	Equity remuneration	237,360	213,663
7.08.04.01	Interest on equity	63,300	64,000
7.08.04.03	Profit (loss) for the period	174,060	149,663

Consolidated Quarterly Financial Information / Balance Sheet - Assets

R$ (in thousands)

Code	Description	9/30/2013	12/31/2012
1	Total assets	3,317,639	2,740,729
1.01	Current assets	2,150,123	1,838,987
1.01.01	Cash and cash equivalents	160,231	122,830
1.01.02	Short-term investments	587,291	494,078
1.01.02.01	Short-term investments at fair value	587,291	494,078
1.01.02.01.02	Securities available for sale	587,291	494,078
1.01.03	Accounts receivable	711,765	694,169
1.01.03.01	Trade accounts receivable	711,765	694,169
1.01.04	Inventories	577,377	443,938
1.01.06	Taxes recoverable	65,004	54,461
1.01.06.01	Current taxes recoverable	65,004	54,461
1.01.07	Prepaid expenses	18,278	6,583
1.01.07.01	Prepaid expenses	7,920	3,994
1.01.07.02	Prepaid advertising expenses	10,358	2,589
1.01.08	Other current assets	30,177	22,928
1.01.08.03	Other	30,177	22,928
1.01.08.03.01	Advances to suppliers	11,826	9,850
1.01.08.03.02	Accounts receivable - employees	3,670	4,243
1.01.08.03.03	Unrealized gains from derivative transactions	10,808	-
1.01.08.03.04	Other assets	3,873	8,835
1.02	Noncurrent assets	1,167,516	901,742
1.02.01	Long-term receivables	141,275	129,900
1.02.01.06	Deferred taxes	58,112	52,554
1.02.01.06.01	Deferred income and social contribution taxes	58,112	52,554
1.02.01.09	Other noncurrent assets	83,163	77,346
1.02.01.09.03	Compulsory deposits	269	269
1.02.01.09.04	Judicial deposits	12,177	12,203
1.02.01.09.05	Taxes recoverable	32,740	28,300
1.02.01.09.06	Accounts receivable from sale of subsidiary	12,872	12,872
1.02.01.09.07	Other accounts receivable	25,105	23,702
1.02.02	Investments	192,321	33,564
1.02.02.01	Interest held	192,321	33,564
1.02.02.01.01	Interest held in affiliates	192,126	33,369
1.02.02.01.04	Other interest held	195	195
1.02.03	Property, plant and equipment	598,080	494,369
1.02.03.01	Property, plant and equipment in operation	454,201	305,948
1.02.03.03	Construction in progress	143,879	188,421
1.02.04	Intangible assets	235,840	243,909
1.02.04.01	Intangible assets	235,840	243,909
1.02.04.01.02	Intangible assets	235,840	243,909

Consolidated Quarterly Financial Information / Balance Sheet - Liabilities

R$ (in thousands)

Code	Description	9/30/2013	12/31/2012
2	Total liabilities	3,317,639	2,740,729
2.01	Current liabilities	949,778	755,459
2.01.01	Labor and social charges	147,804	109,466
2.01.01.01	Social charges	15,202	19,047
2.01.01.02	Labor liabilities	132,602	90,419
2.01.02	Trade accounts payable	406,319	359,079
2.01.02.01	Trade accounts payable - domestic	190,156	198,220
2.01.02.02	Trade accounts payable - foreign	216,163	160,859
2.01.03	Tax liabilities	28,267	13,496
2.01.03.01	Federal tax liabilities	20,619	7,395
2.01.03.01.01	Income and social contribution taxes payable	3,107	149
2.01.03.01.02	Other tax liabilities	17,512	7,246
2.01.03.02	State tax liabilities	7,648	6,101
2.01.04	Loans and financing	263,219	188,406
2.01.04.01	Loans and financing	263,210	188,334
2.01.04.01.01	in domestic currency	74,027	69,601
2.01.04.01.02	in foreign currency	189,183	118,733
2.01.04.03	Financing - Finance lease	9	72
2.01.05	Other liabilities	96,516	73,629
2.01.05.02	Other	96,516	73,629
2.01.05.02.01	Dividend and interest on equity (IOE) payable	1,690	1,725
2.01.05.02.04	Debt-restructuring agreements of subsidiaries	11,208	11,687
2.01.05.02.05	Unrealized losses on derivative transactions	7,558	-
2.01.05.02.06	Provisions and other liabilities	76,060	60,217
2.01.06	Provisions	7,653	11,383
2.01.06.01	Provisions for tax, social security, labor and civil contingencies	7,653	11,383
2.01.06.01.02	Social security and labor provisions	7,653	11,383
2.02	Noncurrent liabilities	592,722	324,372
2.02.01	Loans and financing	258,189	110,347
2.02.01.01	Loans and financing	258,189	110,340
2.02.01.01.01	In domestic currency	250,661	64,580
2.02.01.01.02	in foreign currency	7,528	45,760
2.02.01.03	Financing - Finance lease	-	7
2.02.02	Other liabilities	301,136	188,257
2.02.02.02	Other	301,136	188,257
2.02.02.02.03	Debt-restructuring agreements of subsidiaries	54,867	60,773
2.02.02.02.04	Taxes with suspended enforceability	134,360	114,109
2.02.02.02.05	Provisions for employee benefits	3,488	3,104
2.02.02.02.06	Tax installment payment program - Law No. 11941/09	874	874
2.02.02.02.07	Other liabilities	9,657	9,397
2.02.02.02.08	Accounts payable due to acquisition of interest	97,890	-
2.02.04	Provisions	33,397	25,768
2.02.04.01	Provisions for tax, social security, labor and civil contingencies	33,397	25,768
2.02.04.01.01	Tax	10,399	10,587
2.02.04.01.02	Social security and labor	18,864	11,296
2.02.04.01.04	Civil	4,134	3,885

Consolidated Quarterly Financial Information / Balance Sheet - Liabilities

R$ (in thousands)

Code	Description	9/30/2013	12/31/2012
2.03	Consolidated equity	1,775,139	1,660,898
2.03.01	Paid-in capital	624,610	562,158
2.03.02	Capital reserves	120,993	125,028
2.03.02.05	Treasury shares	(47,652)	(42,828)
2.03.02.07	Other capital reserves	177,739	177,739
2.03.02.08	Discount on sale of treasury shares	(15,653)	(14,556)
2.03.02.09	Stock options granted and recognized	6,559	4,673
2.03.04	Income reserves	1,098,879	1,014,253
2.03.04.01	Legal reserve	49,676	49,676
2.03.04.05	Retained earnings reserve	325,098	313,385
2.03.04.07	Reserve for tax incentives	724,105	625,892
2.03.04.08	Additional dividend proposed	-	25,300
2.03.06	Equity valuation adjustment	30,807	32,254
2.03.07	Cumulative translation adjustments	(85,712)	(78,069)
2.03.08	Other comprehensive income	(14,438)	-
2.03.08.01	Unrealized losses on hedge transactions	(14,438)	-
2.03.09	Noncontrolling interest	-	5,274

Consolidated Quarterly Financial Information / Income statement

R$ (in thousands)

Code	Description	Current Quarter 7/1/2013 to 9/30/2013	YTD Current Year 1/1/2013 to 9/30/2013	Same Quarter of Previous Year 7/1/2012 to 9/30/2012	YTD Previous Year 1/1/2012 to 9/30/2012
3.01	Revenue from goods sold and/or services rendered	865,020	2,461,071	794,183	2,170,416
3.02	Cost of goods sold and/or services rendered	(510,786)	(1,416,211)	(472,063)	(1,247,330)
3.03	Gross income	354,234	1,044,860	322,120	923,086
3.04	Operating income / expenses	(287,834)	(807,080)	(239,413)	(706,167)
3.04.01	Selling expenses	(218,638)	(605,688)	(189,100)	(552,935)
3.04.02	General and administrative expenses	(44,849)	(132,990)	(39,387)	(116,394)
3.04.04	Other operating income	2,199	6,829	7,588	23,764
3.04.05	Other operating expenses	(26,499)	(66,370)	(14,516)	(50,800)
3.04.05.01	Amortization of intangible assets	(6,282)	(18,562)	(6,043)	(17,674)
3.04.05.02	Other operating expenses	(20,217)	(47,808)	(8,473)	(33,126)
3.04.06	Equity pickup	(47)	(8,861)	(3,998)	(9,802)
3.05	Income before financial income/(expenses) and taxes	66,400	237,780	82,707	216,919
3.06	Financial income (expenses), net	14,274	30,669	(935)	6,137
3.06.01	Financial income	62,218	130,717	16,548	62,614
3.06.01.01	Exchange fluctuation	11,778	26,912	3,294	14,724
3.06.01.02	Gains from derivative transactions	34,762	67,429	-	-
3.06.01.03	Other financial income	15,678	36,376	13,254	47,890
3.06.02	Financial expenses	(47,944)	(100,048)	(17,483)	(56,477)
3.06.02.01	Exchange fluctuation	(7,661)	(23,617)	(4,601)	(17,271)
3.06.02.02	Losses on derivative transactions	(20,920)	(24,541)	-	-
3.06.02.03	Other financial expenses	(19,363)	(51,890)	(12,882)	(39,206)
3.07	Income before income taxes	80,674	268,449	81,772	223,056
3.08	Income and social contribution taxes	(6,151)	(31,337)	(7,659)	(8,790)
3.08.01	Current	(6,735)	(29,429)	(18,197)	(26,535)
3.08.02	Deferred	584	(1,908)	10,538	17,745
3.09	Net income from continuing operations	74,523	237,112	74,113	214,266
3.11	Consolidated Profit (loss) for the period	74,523	237,112	74,113	214,266
3.11.01	Attributed to controlling shareholders	74,523	237,360	74,060	213,663
3.11.02	Attributed to noncontrolling shareholders	-	(248)	53	603
3.99	Earnings(loss) per share - (Reais / share)				

Consolidated Quarterly Financial Information / Statement of Comprehensive Income

R$ (in thousands)

Code	Description	Current Quarter 7/1/2013 to 9/30/2013	YTD Current Year 1/1/2013 to 9/30/2013	Same Quarter of Previous Year 7/1/2012 to 9/30/2012	YTD Previous Year 1/1/2012 to 9/30/2012
4.01	Consolidated net income for the period	74,523	237,112	74,113	214,266
4.02	Other comprehensive income	(19,374)	(21,915)	(4,503)	(3,615)
4.02.01	Gains from (losses on) translation of the financial statement of subsidiaries abroad	(4,936)	(7,477)	(4,503)	(3,615)
4.02.02	Unrealized losses on hedge transactions	(21,876)	(21,876)	-	-
4.02.03	Deferred taxes on unrealized losses on hedge transactions	7,438	7,438	-	-
4.03	Consolidated comprehensive income for the period	55,149	215,197	69,610	210,651
4.03.01	Attributed to controlling shareholders	55,149	215,279	69,732	209,896
4.03.02	Attributed to noncontrolling shareholders	-	(82)	(122)	755

Consolidated Quarterly Financial Information / Cash flow statement - Indirect Method

R$ (in thousands)

Code	Description	YTD Current Year 1/1/2013 to 9/30/2013	YTD Previous Year 1/1/2012 to 9/30/2012
6.01	Net cash from operating activities	218,068	110,721
6.01.01	Cash generated by operations	304,272	281,684
6.01.01.01	Net income for the period	237,112	214,266
6.01.01.02	Depreciation and amortization	48,415	44,594
6.01.01.03	Income from sale/disposal PP&E	1,373	6,171
6.01.01.04	Equity pick-up	8,861	9,802
6.01.01.05	Interest and exchange and monetary variations	16,688	7,344
6.01.01.06	Provisions for tax, civil and labor contingencies	10,467	9,497
6.01.01.07	Deferred income and social contribution taxes	1,908	(17,745)
6.01.01.08	Taxes with suspended enforceability	14,631	10,730
6.01.01.09	Provision for (Reversal of) allowance for doubtful accounts	4,957	4,272
6.01.01.10	Provision for (reversal of) inventory loss	6,087	3,404
6.01.01.11	Amortization of loans and financing - charges	(22,837)	(13,444)
6.01.01.12	Unrealized gains from derivative transactions	(25,127)	-
6.01.01.13	Stock option plan granted	1,886	1,295
6.01.01.14	Provision for impairment of PP&E and intangible assets	(149)	1,498
6.01.02	Changes in assets and liabilities	(86,204)	(170,963)
6.01.02.01	Trade accounts receivable	(28,075)	(144,322)
6.01.02.02	Inventories	(148,782)	(148,429)
6.01.02.03	Prepaid expenses	(11,733)	(3,817)
6.01.02.04	Taxes recoverable	(16,850)	(11,619)
6.01.02.05	Trade accounts payable	50,889	107,873
6.01.02.06	Taxes payable	42,473	17,549
6.01.02.07	Salaries and social charges	40,356	29,945
6.01.02.08	Payment of income and social contribution taxes	(26,869)	(18,731)
6.01.02.09	Other	12,387	588
6.02	Net cash from investing activities	(291,079)	(106,327)
6.02.01	Investment acquisition	(67,500)	-
6.02.02	Acquisition of PP&E and intangible assets	(148,568)	(108,293)
6.02.03	Short-term investments	(75,011)	(3,684)
6.02.04	Proceeds from investment disposed of	-	5,650
6.03	Net cash from financing activities	107,865	(34,798)
6.03.01	Loans and financing obtained	382,186	222,392
6.03.02	Amortization of loans and financing - principal	(163,035)	(168,453)
6.03.03	Payment of dividend and interest on equity	(88,371)	(63,053)
6.03.04	Amortization - debt restructuring of subsidiary	(8,898)	(10,355)
6.03.05	Acquisition of noncontrolling interest	(8,096)	(12,749)
6.03.06	Acquisition of treasury shares, net	(5,921)	(2,580)
6.04	Exchange rate fluctuation on cash and cash equivalents	2,547	(348)
6.05	Increase (decrease) in cash and cash equivalents	37,401	(30,752)
6.05.01	Cash and cash equivalents - opening balance	122,830	222,210
6.05.02	Cash and cash equivalents - closing balance	160,231	191,458

Consolidated Quarterly Financial Information / Statements of Changes in Equity - 1/1/2013 to 9/30/2013

R$ (in thousands)

Code	Description	Paid-in Capital	Capital reserves, shares granted and treasury shares	Income reserve	Retained earnings/ (Accumulated Losses)	Other comprehensive income	Equity Attributable to Controlling Shareholders	Noncontrolling interest	Consolidated equity
5.01	Opening balances	562,158	125,028	1,014,253	-	(45,815)	1,655,624	5,274	1,660,898
5.03	Adjustments to opening balances	562,158	125,028	1,014,253	-	(45,815)	1,655,624	5,274	1,660,898
5.04	Capital transactions with shareholders	62,452	(4,035)	(90,881)	(63,300)	-	(95,764)	(4,704)	(100,468)
5.04.01	Capital increase	62,452	-	(62,452)	-	-	-	-	-
5.04.03	Stock options granted and recognized	-	1,886	-	-	-	1,886	-	1,886
5.04.04	Treasury shares purchased	-	(9,280)	-	-	-	(9,280)	-	(9,280)
5.04.05	Treasury shares sold	-	3,359	-	-	-	3,359	-	(3,359)
5.04.06	Dividend	-	-	(25,037)	-	-	(25,037)	-	(25,037)
5.04.07	Interest on equity	-	-	-	(63,300)	-	(63,300)	-	(63,300)
5.04.08	Acquisition of noncontrolling interest	-	-	-	-	-	-	(4,704)	(4,704)
5.04.09	Goodwill on interest increase in subsidiary	-	-	(3,392)	-	-	(3,392)	-	(3,392)
5.05	Total comprehensive income	-	-	-	237,360	(22,081)	215,279	(82)	215,197
5.05.01	Net income for the period	-	-	-	237,360	-	237,360	(248)	237,112
5.05.02	Other comprehensive income	-	-	-	-	(22,081)	(22,081)	166	(21,915)
5.05.02.01	Adjustments to financial instruments	-	-	-	-	(21,876)	(21,876)	-	(21,876)
5.05.02.02	Taxes on adjustments to financial instruments	-	-	-	-	7,4380	7,438	-	7,438
5.05.02.04	Translation adjustments in the period	-	-	-	-	(7,643)	(7,643)	166	(7,477)
5.06	Changes in equity	-	-	175,507	(174,060)	(1,447)	-	(488)	(488)
5.06.01	Set up of reserves	-	-	175,507	(175,507)	-	-	(488)	(488)
5.06.04	Realization of other comprehensive income	-	-	-	1,447	(1,447)	-	-	-
5.07	Closing balances	624,610	120,993	1,098,879	-	(69,343)	1,775,139	-	1,775,139

Consolidated Quarterly Financial Information / Statements of Changes in Equity - 1/1/2012 to 9/30/2012

R$ (in thousands)

Code	Description	Paid-in Capital	Capital reserves, options granted and and treasury shares	Income reserve	Retained earnings (Accumulated losses)	Other Comprehensive income	Equity Attributable to Controlling Shareholders	Noncontrolling interest	Consolidated equity
5.01	Opening balances	518,922	126,514	865,824	-	(33,572)	1,477,688	12,171	1,489,859
5.03	Adjustments to opening balances	518,922	126,514	865,824	-	(33,572)	1,477,688	12,171	1,489,859
5.04	Capital transactions with shareholders	43,236	(1,285)	(48,941)	(64,000)	-	(70,990)	(7,391)	(78,381)
5.04.01	Capital increase	43,236	-	(43,236)	-	-	-	-	-
5.04.03	Stock options granted and recognized	-	1,295	-	-	-	1,295	-	1,295
5.04.04	Treasury shares purchased	-	(5,723)	-	-	-	(5,723)	-	(5,723)
5.04.05	Treasury shares sold	-	3,143	-	-	-	3,143	-	3,143
5.04.06	Dividend	-	-	118	-	-	118	-	118
5.04.07	Interest on equity	-	-	_	(64,000)	-	(64,000)	-	(64,000)
5.04.08	Acquisition of noncontrolling interest	-	-	-	-	-	-	(7,391)	(7,391)
5.04.09	Goodwill on interest increase in subsidiary	-	-	(5,358)	-	-	(5,358)	-	(5,358)
5.04.10	Write-off of investment	-	-	(465)	-	-	(465)	-	(465)
5.05	Total comprehensive income	-	-	-	213,663	(3,767)	209,896	755	210,651
5.05.01	Net income for the period	-	-	-	213,663	-	213,663	603	214,266
5.05.02	Other comprehensive income	-	-	-	-	(3,767)	(3,767)	152	(3,615)
5.05.02.04	Translation adjustments in the period	-	-	-	-	(3,767)	(3,767)	152	(3,615)
5.06	Changes in equity	-	-	151,867	(149,663)	(2,204)	-	-	-
5.06.01	Set up of reserves	_	-	151,867	(151,867)	-	-	-	-
5.06.04	Realization of other comprehensive income	_	-	-	2,204	(2,204)	-	-	-
5.07	Closing balances	562,158	125,229	968,750	-	(39,543	1,616,594	5,535	1,622,129

Consolidated Quarterly Financial Information / Statement of value added

R$ (in thousands)

Code	Description	YTD Current Year 1/1/2013 to 9/30/2013	YTD Previous Year 1/1/2012 to 9/30/2012
7.01	Revenues	2,874,120	2,595,232
7.01.01	Goods and products sold and services rendered	2,871,897	2,574,831
7.01.02	Other revenues	4,968	23,453
7.01.04	Allowance for/(Reversal of) doubtful accounts	(2,745)	(3,052)
7.02	Inputs acquired from third parties	(1,639,097)	(1,493,656)
7.02.01	Cost of products/goods sold and services rendered	(1,020,747)	(898,874)
7.02.02	Materials, energy, third-party services and other	(609,934)	(588,407)
7.02.03	Loss/recovery of asset values	(5,976)	(4,253)
7.02.04	Other	(2,440)	(2,122)
7.03	Gross value added	1,235,023	1,101,576
7.04	Retentions	(48,415)	(44,594)
7.04.01	Depreciation, amortization and depletion	(48,415)	(44,594)
7.05	Net value added produced by Company	1,186,608	1,056,982
7.06	Value added received in transfer	122,154	53,055
7.06.01	Equity pickup	(8,861)	(9,802)
7.06.02	Financial income	130,717	62,614
7.06.03	Other	298	243
7.07	Total value added to be distributed	1,308,762	1,110,037
7.08	Distribution of value added	1,308,762	1,110,037
7.08.01	Personnel	516,166	453,983
7.08.01.01	Salaries	434,961	379,040
7.08.01.02	Benefits	63,469	52,557
7.08.01.03	Unemployment Compensation Fund (FGTS)	17,736	22,386
7.08.02	Taxes, charges and contributions	395,219	342,274
7.08.02.01	Federal	357,299	280,427
7.08.02.02	State	36,897	60,788
7.08.02.03	Municipal	1,023	1,059
7.08.03	Debt remuneration	160,265	99,514
7.08.03.01	Interest	92,665	48,058
7.08.03.02	Rent	33,343	25,942
7.08.03.03	Other	34,257	25,514
7.08.04	Equity remuneration	237,112	214,266
7.08.04.01	Interest on equity	63,300	64,000
7.08.04.03	Profit (loss) for the period	174,060	149,663
7.08.04.04	Noncontrolling interest in retained profits	(248)	603

Notes to interim financial information

1. Operations

1.1. General considerations

Alpargatas S.A. ("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 ticker symbols "ALPA4" and"ALPA3".

Company and subsidiaries (hereinafter referred to as "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 the associate through which the Company conducts activities in Brazil and abroad are described in Note 5.

1.2. Acquisition of affiliate Terras de Aventura Indústria de Artigos Esportivos S.A. - Osklen

On March 4, 2013, the Company acquired 30% (thirty percent) of the capital of Terras de Aventura Indústria de Artigos Esportivos S.A. ("Osklen"). Detailed information on such acquisition is presented in Note 13.

2. Basis of preparation of quarterly interim financial information

2.1. Statement of compliance

Company quarterly interim financial information, contained in the Quarterly Information Form (ITR) for the quarter and nine-month period ended September 30, 2013, comprises:

- The consolidated quarterly interim financial information prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and accounting practices adopted in Brazil, under accounting pronouncements IAS 34 and CPC 21 (R1) - Interim Financial Reporting; and
- The individual quarterly interim financial information of the parent company prepared in accordance with accounting practices adopted in Brazil, under accounting pronouncement CPC 21 (R1) - Interim Financial Reporting.

Accounting practices adopted in Brazil comprise those included in the Brazilian Corporation Law, as well as pronouncements, guidance and interpretations issued by the CPC and approved by the Brazilian Securities and Exchange Commission (CVM).

The individual quarterly interim financial information presents the valuation of investments in subsidiaries and the associate under the equity method, pursuant to prevailing Brazilian Corporate Law. Accordingly, this individual quarterly interim financial information is not considered as being in conformity with IFRS, 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

Notes to interim financial information

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

As mentioned in item 2.1, the quarterly interim financial information was prepared and is presented in accordance with IAS 34 and CPC 21. R1 - Interim Financial Reporting, and, accordingly, is to be read in conjunction with Company annual financial statements for the year ended December 31, 2012, disclosed on March 15, 2013.

3. Summary of significant accounting practices

The quarterly interim financial information was prepared consistently with the accounting practices described in Note 3 to annual financial statements for the year ended December 31, 2012, except for adoption of the following accounting practices:

a) Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments such as Non-Deliverable Forwards (NDF) for protection against currency risk. Derivative financial instruments designated as hedge are initially measured at fair value on the respective contract execution date and are subsequently remeasured at fair value. Derivatives are presented as financial assets or liabilities upon fair value gain or loss on the respective instrument.

Any gains or losses resulting from changes in the fair value of derivatives during the year are directly posted to P&L, except for the effective portion of the cash flow hedges, which is directly recognized in equity under other comprehensive income.

For hedge accounting purposes, the Company adopts cash flow hedge, which provides protection against changes in cash flows attributable to a certain risk associated to an asset or liability recognized or a highly probable forecast transaction and that could affect profit or loss.

Upon initial recognition of the hedge, the Company formally documents the relation between hedge instruments and hedged items, including risk management objectives and the strategy adopted for carrying out the transaction, as well as the methods which will be used for assessing the effectiveness of referred to relation. The Company continuously assesses the agreement in order to determine whether the instrument will be “highly effective” to offset changes in fair value of respective hedged items throughout the period for which it is intended and whether the actual results of each hedge range from 80% to 125%.

For hedge accounting purposes, the effective portion of changes in the fair value of derivative instruments designated and classified for cash flow hedge accounting is directly recognized in equity under other comprehensive income. Gains from or losses on the ineffective portion thereof are recognized in P&L for the year under financial income (expenses).

Amounts accumulated in equity are posted to P&L in the periods over which the hedged item affects P&L for the year. Additionally, when the hedged transactions will result in the recognition of a nonfinancial asset, gains and losses previously deferred in equity are transferred and included in the initial measurement of the cost of the asset item.

When a hedged instrument expires or is sold, or when the hedge no longer meets hedge accounting requirements, all gains or losses then accumulated in equity remain in equity and are realized against P&L when the forecast transaction is recognized in P&L. When the hedged transaction is no longer expected to occur, the accumulated gain or loss recorded in equity is immediately transferred to P&L for the year under financial income (expenses).

Notes to interim financial information

b) Standards, amendments and interpretations of standards effective as from January 1, 2013.

The nature and impacts of new interpretations and amendments to standards are as follows:
IAS 1 – Presentation of financial statements

IAS 1 introduces the requirement for items recorded under other comprehensive income to be segregated and grouped into items that may or may not be subsequently reclassified to profit or loss. This standard had no impact on the presentation, financial position or performance of the Company.

IAS 19 Employee benefits

This standard eliminates the *corridor approach* and the concept of expected returns on plan assets to simple clarifications on appreciation, depreciation and reformulation. The standard had no impact on the presentation, financial position or performance of the Company.

IAS 28 (revised in 2011) - Investments in associates and joint ventures

Revision of IAS 28 to include the amendments introduced by IFRS 10, 11 and 12. This standard had no impact on the presentation, financial position or performance of the Company.

IFRS 7 – Disclosures: Offsetting Financial Assets and Financial Liabilities

Disclosures are required for recognized financial instruments that are not offset in accordance with IAS 32. This standard had no impact on the presentation, financial position or performance of the Company.

IFRS 10 – Consolidated Financial Statements

This standard replaced IAS 27 in relation to the requirements applicable to consolidated financial statements and SIC 12. IFRS 10 determined a single control-based consolidation model, regardless of the nature of the investment. The standard had no impact on the presentation, financial position or performance of the Company.

IFRS 11 - Joint Arrangements

IFRS 11 eliminated the proportional consolidation model for joint ventures and maintained only the equity method model. It also eliminated the “jointly-controlled assets” concept, only maintaining "jointly-controlled transactions" and "joint ventures”. This standard had no retrospective impact on the presentation, financial position or performance of the Company and was adopted for the new investment of the Company (Note 13).

IFRS 12 - Disclosures of Interests in Other Entities

IFRS 12 expands the disclosure requirements for investments in companies on which the Company exercises significant influence. This standard only impacted the presentation, rather than the financial position or performance of the Company.

IFRS 13 – Fair Value Measurement

Notes to interim financial information

This standard replaces and consolidates all guidance and requirements relating to fair measurement included in other IFRS in a sole standard. IFRS 13 defines fair value and provides guidance on how to determine fair value and the disclosure requirements referring to fair value measurement. It does not introduce, however, any new requirements or changes relating to the items that should be subject to fair value measurement, which remain in the original standards. Adoption of this standard had no impact on the presentation, financial position or performance of the Company.

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 significant. 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 quarterly interim financial information are consistent with those described in Note 4 to annual financial statements for the year ended December 31, 2012.

5. Consolidated financial information

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

The consolidation criteria applied in the preparation of the quarterly interim financial information are consistent with those described in Note 6 to annual financial statements for the year ended December 31, 2012.

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

Notes to interim financial information

	Interest held and voting rights - %	
	09/30/2013	12/31/2012
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 Internacional APS - Denmark	100.00	100.00
Alpargatas S.A.I.C. - Argentina	95.00	96.42
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. – France	100.00	100.00
Alpargatas Itália S.R.L. – Italy	100.00	100.00
Alpargatas Portugal Limited – Portugal	100.00	100.00
Indirect interest (by means of Fibrasil Agrícola e Comercial Ltda.)		
Alpargatas S.A.I.C. - Argentina	5.00	-

- CBS S.A. - Companhia Brasileira de Sandálias: acquired in November 2007, this company is engaged in the manufacture and sale of rubber sandals.
- Fibrasil Agrícola e Comercial Ltda.: acquired in November 1989, this subsidiary is engaged in import and export activities in general, purchase, sale and lease of own properties, and holding interest in other companies, in Brazil or abroad. Fibrasil 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; control, however, was transferred to the Company in October 2008. This subsidiary 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, these subsidiaries 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.

6. Tax incentives – investment grants

Company and subsidiaries are granted tax incentives by the government of the states where the main plants are located, which will expire between 2018 and 2020. Company and subsidiaries are also granted tax incentives by the federal government through profit from tax incentive activities (*lucro da exploração*) in the Northeastern Region.

Investment grants, including income tax incentives recorded for the nine-month periods ended September 30, 2013 and 2012, are as follows:

		Company		Consolidated	
		09/30/2013	09/30/2012	09/30/2013	09/30/2012
State VAT (ICMS) incentive:					
Paraíba	(a)	89,939	94,449	89,939	94,449
Pernambuco	(b)	-	-	5,902	5,754
IRPJ incentives:					
Northeastern Region	(c)	8,275	5,894	11,761	5,894
Total		98,214	100,343	107,602	106,097

Notes to interim financial information

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

Additionally, for the nine-month periods ended September 30, 2013 and 2012, 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 income statement.

(b) Amounts of the investment grant in the State of Pernambuco, used for computing matching State VAT (ICMS) credit, thus committed with what was agreed upon with the state government by subsidiary CBS S.A. - Companhia Brasileira de Sandálias. The subsidiary is compliant with the established agreement, which consists 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 income statement (Note 11.b).

7. Cash and cash equivalents, and short-term investments

a) Cash and cash equivalents

	Company		Consolidated	
	09/30/2013	12/31/2012	09/30/2013	12/31/2012
Cash and banks	1,113	1,483	30,181	18,400
Short-term investments:				
Bank Deposit Certificates (CDBs) – floating rates (i)	6,172	5,826	6,172	8,176
Repurchase agreements - floating rates (i)	106,187	75,224	122,978	94,953
Other - Alpargatas S.A.I.C. - Argentina (ii)	-	-	900	1,301
Total	113,472	82,533	160,231	122,830

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

Company policy does not establish criteria for determining breakdown of "Cash and cash equivalents". However, the accounting classification of cash and cash equivalents used by the management of Company and subsidiaries is described in Note 3.c. to annual financial statements for the year ended December 31, 2012.

Short-term investments classified as cash equivalents by Company and subsidiaries are as follows:

(i) On September 30 2013, CDBs and repurchase agreements were distributed among various financial institutions with average yield of 101.80% of CDI (101.78% at December 31, 2012). At September 30, 2013, CDBs and securities relating to repurchase agreements mature between October 2013 and November 2016 and are classified into "Cash and cash equivalents" as their grace period for redemption is less than 3 months and as they are considered financial assets with immediate redemption guaranteed, subject to low risk of change in value.

(ii) Short-term investments held by subsidiary Alpargatas S.A.I.C. – Argentina at September 30, 2013 refer to fixed-income securities, with average annual yield of 2.72% (6.19% at December 31, 2012).

b) Short-term investments

At September 30, 2013, these refer to CDBs and repurchase agreements at floating rates with average yield of 102.92% of CDI (103.52% at December 31, 2012). Investments in fixed CDB presented average yield of 10.64% p.a. (8.88% at December 31, 2012).

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. At September 30, 2013, the Company no longer had this type of assets.

	Company		Consolidated	
	09/30/2013	12/31/2012	09/30/2013	12/31/2012
Fixed and floating CDBs	185,034	137,834	185,034	137,834
Repurchase agreements - floating rates	367,175	313,604	402,257	348,849
National Treasury Notes – Type B	-	7,395	-	7,395
Total	552,209	458,833	587,291	494,078

These are classified into current assets since they can be redeemed within 360 days from investment date and are not classified into “Cash and cash equivalents” as their grace period for redemption is more than 3 months 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	
	09/30/2013	12/31/2012	09/30/2013	12/31/2012
Domestic market	564,029	573,804	585,809	597,845
Foreign market	19,999	25,994	153,909	123,452
Related parties (Note 20.b)	12,510	23,896	-	-
Allowance for doubtful accounts	(19,296)	(19,327)	(27,953)	(27,128)
Total	577,242	604,367	711,765	694,169

Trade accounts receivable are classified into “Loans and receivables”, stated at amortized cost. Their net book value approximates their fair value, as described in Note 3.d to significant accounting practices as at December 31, 2012. Foreign trade accounts receivable are denominated in U.S. dollars, Euros and Argentinean pesos.

Notes to interim financial information

b) Aging list of trade accounts receivable is as follows:

	Company		Consolidated	
	09/30/2013	12/31/2012	09/30/2013	12/31/2012
Falling due	554,658	571,116	665,530	650,369
Overdue:				
Up to 30 days	6,242	13,491	19,002	23,542
From 31 to 90 days	3,255	12,835	7,572	20,858
Over 91 days	32,383	26,252	47,614	26,528
Total	596,538	623,694	739,718	721,297

c) Allowance for doubtful accounts

Changes in allowance for doubtful accounts are as follows:

	Company	Consolidated
Balances at December 31, 2012	(19,327)	(27,128)
Additions	(2,186)	(4,957)
Reversals	-	-
Write-offs	2,217	4,132
Balances at September 30, 2013	(19,296)	(27,953)

Aging list of trade accounts receivable, included in allowance for doubtful accounts, is broken down as follows:

	Company		Consolidated	
	09/30/2013	12/31/2012	09/30/2013	12/31/2012
Up to 30 days	(17)	-	(213)	(315)
From 31 to 90 days	(451)	(1,396)	(831)	(2,238)
Over 91 days	(18,828)	(17,931)	(26,909)	(24,575)
Total	(19,296)	(19,327)	(27,953)	(27,128)

Expense on setting up the allowance for doubtful accounts was recorded under “Selling expenses” in the income statement.

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

Notes to interim financial information

9. Inventories

	Company		Consolidated	
	09/30/2013	12/31/2012	09/30/2013	12/31/2012
Finished products	180,154	163,931	315,188	303,476
Work-in-process	19,404	12,272	36,308	30,413
Raw materials	63,283	45,263	111,521	80,090
Imports in transit	77,422	24,536	77,422	24,536
Other	38,803	11,376	50,376	20,658
Provision for inventory losses	(6,023)	(9,055)	(13,438)	(15,235)
Total	373,043	248,323	577,377	443,938

Changes in the provision for inventory losses are as follows:

	Company	Consolidated
Balances at December 31, 2012	(9,055)	(15,235)
Additions	(5,143)	(6,310)
Reversals	-	223
Write-offs/Exchange rate fluctuation	8,175	7,884
Balances at September 30, 2013	(6,023)	(13,438)

10. Taxes recoverable

	Company		Consolidated	
	09/30/2013	12/31/2012	09/30/2013	12/31/2012
Prepaid income and social contribution taxes	15,419	17,486	16,548	19,937
Withholding Income Tax (IRRF)	2,346	1,001	3,062	1,444
State Value Added Tax (ICMS)	4,516	2,216	5,012	2,778
Federal Value Added Tax (IPI)	89	50	89	50
Federal contribution taxes on gross revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS) to be offset	15,304	7,473	16,057	8,327
Tax incentive - Brasil Maior	10,175	6,611	10,175	7,185
Value Added Tax - VAT - Alpargatas Europe	-	-	2,673	3,360
Pre-paid income tax - Alpargatas S.A.I.C. - Argentina	-	-	28,159	23,401
Value Added Tax - VAT - Alpargatas S.A.I.C. – Argentina	-	-	2,403	6,880
Other	7,404	7,740	13,566	9,399
Total	55,253	42,577	97,744	82,761
Current portion	43,137	33,968	65,004	54,461
Noncurrent portion	12,116	8,609	32,740	28,300

Notes to interim financial information

11. Income and social contribution taxes

a) Deferred

		Company and Consolidated	
		09/30/2013	12/31/2012
Assets:			
Company:			
Allowance for doubtful accounts		6,561	6,571
Provision for inventory losses		1,759	3,079
Provision for tax, civil and labor contingencies		7,516	7,712
Provision for taxes with suspended enforceability		30,340	26,647
Write-off of deferred assets		10	70
Adjustment to recognition of sales revenue		7,979	2,240
Other temporary differences		5,746	3,594
Total – Company		59,911	49,913
Subsidiaries:			
Alpargatas S.A.I.C. - Argentina			
Provision for trust		-	6,926
Provisions for tax, civil and labor contingencies		7,898	6,617
Deferred tax on tax losses	(iii)	22,714	13,943
Allowance for doubtful accounts		1,414	1,713
Provision for inventory losses		1,785	1,644
Other temporary differences		4,888	6,106
		38,699	36,949
Alpargatas Europe S.L.U. – Spain:			
Tax losses	(i)	8,080	10,681
CBS S.A. - Companhia Brasileira de Sandálias:			
Temporary differences		1,489	1,308
Income and social contribution tax losses	(i)	-	1,371
		1,489	2,679
Deferred taxes on unrealized profits		1,385	2,790
Total – consolidated		109,564	103,012
Liabilities:			
Company:			
Goodwill on acquisition of subsidiaries amortized for tax purposes	(ii)	8,545	7,321
Provision for IRPJ/CSLL on difference of useful lives of property, plant and equipment (depreciation)		10,045	7,237
Provision for CSLL - 25% on depreciation		2,452	2,467
Derivative financial instruments		1,105	-
Total – Company		22,147	17,025
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		29,305	33,240
Alpargatas USA Inc. – United States		-	193
		29,305	33,433
Total – consolidated		58,890	50,458
Net total - Company		37,764	32,888
Net total - consolidated		58,112	52,554

Notes to interim financial information

(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 from 2011, management, in compliance with CPC 32 and IAS 12 - Income Taxes, decided to recognize deferred tax credits, which are expected to be realized until 2015. According to the Spanish tax law, income tax loss may be carried forward for 18 years maximum from the date they are incurred.

CBS S.A. - Companhia Brasileira de Sandálias

In June 2010, CBS S.A. - Companhia Brasileira de Sandálias recognized a tax credit on income and social contribution tax losses, based on the expected future generation of taxable profit, as prescribed in Technical Pronouncement CPC 32/IAS 12.

(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 No. 11638/07 and No. 11941/09, as from January 1, 2009, the Company deducts goodwill on acquisition of subsidiary CBS S.A. - Companhia Brasileira de Sandálias, for tax purposes, after the merger of former subsidiary Atlântico Participações S.A., through the Transition Tax Regime (RTT), the effect of which was previously offset at the ratio of 1 to 60th per month, with monthly amortization of R$400, which has been resulting in a tax effect of R$136/month. Therefore, as required by accounting practices adopted in Brazil, the difference between the base for using tax benefits and accounting amortization is considered a temporary difference for deferred income and social contribution taxes (IRPJ and CSLL), the effects of which are recorded in noncurrent liabilities.

(iii) *Recording of tax credits provided by ownership reorganization*

In June 2012, Alpargatas S.A.I.C - Argentina recorded tax credits amounting to R$11,837 stemming from merger of subsidiaries (Note 1.3).

Deferred tax credits in the consolidated have the following estimated realizable terms:

	09/30/2013	12/31/2012
2013 (three months)	9,647	23,536
2014	12,639	17,027
2015	18,792	7,435
2016 onwards	68,486	55,014
Total – consolidated	109,564	103,012

At September 30, 2013, the Company had unrecognized tax credits on income tax losses and unrecognized temporary differences in the consolidated quarterly 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 corresponding foreign subsidiaries.

Notes to interim financial information

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

	R$
Total temporary differences	176
Tax losses:	
Alpargatas USA Inc. – United States	58,584
Alpargatas France S.A.R.L. - France	105
Total	58,865

Tax credits on income tax losses generated by subsidiaries may be carried indefinitely (no statutes of limitation).

Changes in deferred income and social contribution tax assets and liabilities for the nine-month period ended September 30, 2013 and year ended December 31, 2012 are as follows:

	12/31/2012	(Charged) credited to the income statement	Exchange fluctuations, charges and other changes	09/30/2013
Assets:				
Company:				
Allowance for doubtful accounts	6,571	(10)	-	6,561
Provision for inventory losses	3,079	(1,320)	-	1,759
Provision for tax, civil and labor contingencies	7,712	(196)	-	7,516
Provision for taxes with suspended enforceability	26,647	3,693	-	30,340
Write-off of deferred assets	70	(60)	-	10
Adjustment to recognition of sales revenue	2,240	5,739	-	7,979
Other temporary differences	3,594	2,152	-	5,746
Total – Company	49,913	9,998	-	59,911
Subsidiaries:				
Alpargatas S.A.I.C. – Argentina:				
Provision for trust	6,926	(6,603)	(323)	-
Provision for tax, civil and labor contingencies	6,617	1,845	(564)	7,898
Deferred tax on tax losses	13,943	10,212	(1,441)	22,714
Allowance for doubtful accounts	1,713	(178)	(121)	1,414
Provision for inventory losses	1,644	274	(133)	1,785
Other temporary differences	6,106	(207)	(1,011)	4,888
	36,949	5,343	(3,593)	38,699
Alpargatas Europe S.L.U. – Spain	10,681	(3,622)	1,021	8,080
CBS S.A. - Companhia Brasileira de Sandálias:				
Temporary differences	1,308	181	-	1,489
Income and social contribution tax losses	1,371	(1,371)	-	-
	2,679	(1,190)	-	1,489

Notes to interim financial information

	12/31/2012	(Charged) credited to the income statement	Exchange fluctuations, charges and other changes	09/30/2013
Deferred taxes on unrealized profits	2,790	(1,405)	-	1,385
Total – consolidated	103,012	9,124	(2,572)	109,564
Liabilities:				
Company:				
Goodwill on acquisition of subsidiaries amortized for tax purposes	7,321	1,224	-	8,545
Provision for IRPJ/CSLL on difference of useful lives of property, plant and equipment (depreciation)	7,237	2,808	-	10,045
Provision for CSLL - 25% on depreciation	2,467	(15)	-	2,452
Derivative financial instruments	-	8,543	(7,438)	1,105
Total – Company	17,025	12,560	(7,438)	22,147
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	33,240	(1,528)	(2,407)	29,305
Alpargatas USA Inc. – United States	193	-	(193)	-
	33,433	(1,528)	(2,600)	29,305
Total – consolidated	50,458	11,032	(10,038)	51,452
Net total - Company		(2,562)		
Net total - consolidated		(1,908)		

	12/31/2011	(Charged) credited to the income statement	Exchange fluctuations, charges and other changes	09/30/2012
Assets:				
Company:				
Allowance for doubtful accounts	5,636	223	-	5,859
Provision for inventory losses	1,469	1,463	-	2,932
Provision for contingencies	8,050	136	-	8,186
Provision for taxes with suspended enforceability	20,853	4,170	-	25,023
Write-off of deferred assets	601	(429)	-	172
Adjustment to recognition of sales revenue	3,721	6,628	-	10,349
Other temporary differences	6,508	(1,546)	-	4,962
Total – Company	46,838	10,645	-	57,483
Subsidiaries:				
Alpargatas S.A.I.C. - Argentina				
Provision for trust	7,259	-	(55)	7,204
Provision for tax and labor contingencies	7,253	832	(58)	8,027
Deferred tax on tax losses	4,896	10,041	(74)	14,863
Allowance for doubtful accounts	1,660	(154)	(12)	1,494
Provision for inventory losses	1,693	(327)	(12)	1,354
Other temporary differences	3,975	1,324	(30)	5,269

Notes to interim financial information

	12/31/2011	(Charged) credited to the income statement	Exchange fluctuations, charges and other changes	09/30/2012
	26,736	11,716	(241)	38,211
Alpargatas Europe S.L.U. – Spain	9,750	(2,086)	352	8,016
CBS S.A. - Companhia Brasileira de Sandálias:				
Total temporary differences	1,816	(8)	-	1,808
Income and social contribution tax losses	3,376	(1,729)	1	1,648
	5,192	(1,737)	1	3,456
Unrealized profits on inventories	1,035	1,685	15	2,735
Total – consolidated	89,551	20,223	127	109,901
Liabilities:				
Company:				
Goodwill on acquisition of subsidiaries	5,690	1,019	-	6,709
Provision for IRPJ/CSLL on difference of useful lives of property, plant and equipment (depreciation)	-	1,902	-	1,902
CSLL payment – 25% on depreciation	-	2,467	-	2,467
Total – Company	5,690	5,388	-	11,078
Subsidiaries:				
Alpargatas S.A.I.C. – Argentina:				
Debt restructuring and valuation of property, plant and equipment	38,617	(2,902)	251	35,966
Total – consolidated	44,307	2,486	251	47,044
Net total - Company		5,257		
Net total - consolidated		17,745		

b) Current

Reconciliation of income and social contribution taxes:

	Company		Consolidated	
	09/30/2013	09/30/2012	09/30/2013	09/30/2012
Income before income and social contribution taxes	261,889	227,709	268,449	223,056
Income and social contribution tax combined rate	34%	34%	34%	34%
Expected income and social contribution tax expense at statutory rate	(89,042)	(77,421)	(91,273)	(75,839)
Equity pickup	4,351	4,251	(3,013)	(3,333)
Interest on equity benefit	21,522	21,760	21,522	21,760
Tax effects from adopting RTT:				
Investment grant – State VAT (ICMS)	31,424	32,113	33,431	34,069
Stock option plan granted	(641)	(440)	(641)	(440)
Federal government subsidiaries - IRPJ (Note 6)	8,275	5,894	11,761	5,894
Use of tax credits of subsidiary not recognized in prior years	-	-	-	(3,920)
Sale of brand - Argentina	-	-	-	1,746
Tax credit recorded/(reversed) due to merger of subsidiary Alpargatas S.A.I.C. - Argentina	-	-	(1,853)	11,837
Other permanent exclusions (additions), net	(418)	(203)	(1,271)	(564)
Income and social contribution tax expense	(24,529)	(14,046)	(31,337)	(8,790)
Current	(21,967)	(19,303)	(29,429)	(26,535)
Deferred	(2,562)	5,257	(1,908)	17,745

12. Judicial deposits

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

At September 30, 2013 and December 31, 2012, these basically refer to judicial deposits concerning labor claims and tax proceedings. 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 probable; therefore, no provision for tax, civil and labor contingencies was set up.

Judicial deposits are as follows:

	Company		Consolidated	
	09/30/2013	12/31/2012	09/30/2013	12/31/2012
Tax claims	6,571	6,571	6,681	6,681
Civil claims	-	-	20	20
Labor claims	5,214	5,114	5,476	5,502
	11,785	11,685	12,177	12,203

Notes to interim financial information

13. Investments

Investments in subsidiaries and affiliates are as follows:

	Company		Consolidated	
	09/30/2013	12/31/2012	09/30/2013	12/31/2012
Investments	224,906	208,815	43,153	33,369
Goodwill	299,103	150,130	148,973	-
	524,009	358,945	192,126	33,369

Notes to interim financial information

	Subsidiaries						Joint venture	
Information at September 30, 2013	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	Total - subsidiaries	Terras de Avent. Ind. de Art. Esportivos S.A. - Osklen	Total
Number of shares or units of interest held	5,978,751	45,837,793	5,585,855	750,645	66,616,002		25,457,301	
Total current assets	397	66,796	7,437	92,602	309,454		101,310	
Total noncurrent assets	5,981	55,378	3,000	20,685	134,946		43,276	
Total current liabilities	-	129,451	-	21,615	246,026		62,987	
Total noncurrent liabilities	-	3,288	-	726	78,763		25,705	
Capital	5,979	138,940	8,766	20,848	27,004		84,858	
Equity (capital deficiency)	6,378	(10,565)	10,437	90,946	119,611		55,894	
Unrealized profits in inventories	-	(2,673)	-	(41)	(25)		-	
		(13,238)		90,905	119,636			
Net revenue for the nine-month period		195,562	60	109,690	444,735			
Net income/(loss) for the nine-month period	(349)	3,465	723	23,974	(18,001)			
Interest held - %	100,00	100,00	100,00	100,00	95,00		30,00	
Book value of investments:								
Balance at December 31, 2012	2,351	(21,091)	18,714	66,849	141,992	208,815	-	208,815
Capital increase	4,822	816	-	-	-	5,638	-	5,638
Acquisition	-	-	-	-	4,704	4,704	16,417	21,121
Sale of shares	-	-	-	-	(6,333)	(6,333)	-	(6,333)
Discount	(488)	-	-	-	-	(488)	-	(488)
Dividend paid	-	-	(9,000)	-	-	(9,000)	-	(9,000)
Equity pickup	(349)	5,350	723	24,056	(17,335)	12,445	351	12,796
Exchange fluctuation on investments	42	1,687	-	-	(9,372)	(7,643)	-	(7,643)
Balance at September 30, 2013	6,378	(13,238)	10,437	90,905	113,656	208,138	16,768	224,906

Notes to interim financial information

	Subsidiaries						
Information at September 30, 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 - subsidiaries**
Number of shares or units of interest held	1,157,111	30,393,854	5,585,855	750,645	67,611,095	-	
Total current assets	2,324	55,155	15,486	78,064	271,509	-	
Total noncurrent assets	-	94,960	3,000	21,680	132,653	-	
Total current liabilities	-	159,484	-	27,928	135,097	-	
Total noncurrent liabilities	-	1,708	-	2,467	114,503	-	
Capital	1,157	79,973	8,766	20,848	30,342	-	
Equity (capital deficiency)	2,324	(11,077)	18,486	69,349	154,562	-	
Unrealized profits in inventories	-	(4,985)	-	(151)	(174)	-	
		(16,062)		69,198	154,388		
Net revenue for the nine-month period	-	143,298	60	97,064	396,157	-	
Net income/(loss) for the nine-month period	102	(13,053)	652	14,594	13,796	106	
Interest held - %	100,00	100,00	100,00	100,00	96,42	100,00	
Book value of investments:							
Balance at December 31, 2011	2,222	2,175	17,834	54,755	130,162	(106)	207,042
Capital increase	-	96	-	-	1,156	-	1,252
Investments disposed of	-	-	-	-	-	(467)	(467)
Share acquisition	-	-	-	-	6,236	-	6,236
Equity pickup	102	(16,013)	652	14,442	13,214	106	12,503
Exchange fluctuation on investments	-	(2,319)	-	-	(1,914)	467	(3,766)
Balance at September 30, 2012	2,324	(16,061)	18,486	69,197	148,854	-	222,800

At September 30, 2013 and December 31, 2012, goodwill on subsidiaries and affiliates is as follows:

	Subsidiaries				Joint venture	
	CBS S.A. - Companhia Brasileira de Sandálias	**Atlântico Participações S.A.**	**Alpargatas S.A.I.C. – Argentina**	**Total - subsidiaries**	**Terras de Avent. Ind. de Art. Esportivos S.A. - Osklen**	**Total**
Balance at December 31, 2012	11,498	42,364	96,268	150,130	-	150,130
Balance at September 30, 2013	11,498	42,364	96,268	150,130	148,973	299,103

Notes to interim financial information

Indirect investments through holding company Alpargatas Internacional APS

	Indirect subsidiaries							Affiliate	
Information at September 30, 2013	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	Total - indirect subsidiaries	Grupo Tavex S.A.	Total
Number of shares or units of interest held	100,000	5,000	1	1	2	10		21,683,180	
Total current assets	40,039	1,793	2,622	1,595	1,301	18,966		656,473	
Total noncurrent assets	11,078	2,328	964	1,433	1,710	4,360		820,778	
Total current liabilities	25,486	4,168	1,973	2,440	2,105	93,236		1,035,039	
Total noncurrent liabilities	32,783	-	-	-	-	182		301,007	
Equity (capital deficiency)	(7,152)	(47)	1,613	588	906	(70,092)		141,205	
Net revenue for the nine-month period	130,584	4,563	6,947	4,784	3,279	45,405		827,373	
Net income/(loss) for the nine-month period	16,678	221	1,121	407	528	(4,730)		(49,301)	
Interest held - %	100,00	100,00	100,00	100,00	100,00	100,00		18,687	
Book value of investments:									
Balance at December 31, 2012	(24,189)	(255)	348	132	299	(60,178)	(83,843)	33,369	(50,474)
Equity pick-up	16,678	221	1,121	407	528	(4,730)	14,225	(9,213)	5,012
Exchange fluctuation on investments	359	(13)	144	49	79	(5,184)	(4,566)	2,231	(2,335)
Balance at September 30, 2013	(7,152)	(47)	1,613	588	906	(70,092)	(74,184)	26,387	(47,797)

Notes to interim financial information

	Indirect subsidiaries							Affiliate	
Information at September 30, 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	Total - indirect subsidiaries	Grupo Tavex S.A.	Total
Number of shares or units of interest held	100,000	5,000	1	1	2	10		21,683,180	
Total current assets	30,681	1,063	1,658	716	925	19,868		670,236	
Total noncurrent assets	10,829	2,344	501	1,509	37	4,742		964,826	
Total current liabilities	18,225	4,712	1,434	2,151	664	121,697		878,754	
Total noncurrent liabilities	36,837	-	-	-	-	166		396,020	
Equity (capital deficiency)	(13,552)	(1,305)	725	74	298	(97,253)		360,288	
Net revenue for the nine-month period	99,244	3,146	3,250	2,905	1,134	33,619		845,729	
Net income/(loss) for the nine-month period	9,505	(495)	552	(13)	127	(11,397)		(52,455)	
Interest held - %	100,00	100,00	100,00	100,00	100,00	100,00		18,687	
Book value of investments:									
Balance at December 31, 2011	(22,472)	(726)	125	(15)	152	(79,087)	(102,023)	74,267	(27,756)
Capital increase/payment	96	-	-	-	-	-	96	-	96
Equity pickup	9,506	(495)	552	(13)	127	(11,397)	(1,720)	(9,802)	(11,522)
Exchange fluctuation on investments	(682)	(84)	48	102	19	(6,769)	(7,366)	2,862	(4,504)
Balance at September 30, 2012	(13,552)	(1,305)	725	74	298	(97,253)	(111,013)	67,327	(43,686)

Notes to interim financial information

Indirect investments through Fibrasil Agrícola e Comercial Ltda.

Information at September 30, 2013	Affiliate Alpargatas S.A.I.C. – Argentina
Number of shares or units of interest held	3,506,106
Total current assets	309,454
Total noncurrent assets	134,946
Total current liabilities	246,026
Total noncurrent liabilities	78,763
Capital	27,004
Equity	119,611
Net revenue for the nine-month period	444,735
Net income/(loss) for the nine-month period	(18,001)
Interest held - %	5,00
Book value of investments:	
Balance at December 31, 2012	-
Share acquisition	6,821
Discount	(488)
Equity pickup	(394)
Exchange fluctuation on investments	42
Balance at September 30, 2013	5,981

Additional information on subsidiaries

Fibrasil Agrícola Comercial Ltda.

On April 10, 2013, the Company entered into a share purchase and sale agreement, by means of which 1,024,936 shares of Alpargatas S.A.I.C. – Argentina were sold to subsidiary Fibrasil Agrícola Comercial Ltda. for the total amount of R$ 2,000.

On the same date, a capital increase of Fibrasil Agrícola Comercial Ltda. amounting to R$4,822 through use of 2,478,170 common shares of Alpargatas S.A.I.C. – Argentina was approved.

Total capital of Fibrasil Agrícola Comercial Ltda. increased from R$1,157 to R$5,979, represented by 5,978,752 units of interest with par value of R$1.00 each.

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

In order to continue the process for acquiring noncontrolling interest, in April 2011, the Company acquired other 11,483,857 shares with par value of AR$8.71 (eight Argentinean pesos and seventy-one cents) each. These shares, in addition to the 49,569,771 shares already held, grant the Company a total 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 upon this acquisition were broken down into R$20,242 and R$18,999, respectively.

In July 2011, the Company acquired other 3,073,205 shares with par value of US$1.98 (one dollar and ninety-eight cents) each. These shares, in addition to the 61,053,628 shares already held, granted the

Notes to interim financial information

Company a total 64,126,833 shares, representing 91.4502% of the total capital of Alpargatas S.A.I.C. - Argentina. The consideration paid upon this acquisition was broken down into R$5,267 and R$4,285 referring to acquisition cost and goodwill, respectively.

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

In addition, in order to continue the process for acquiring 100% outstanding shares of the subsidiary, 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 par value of AR$8.14 each.

In March 2012, the Comisión Nacional de Valores da Argentina (“CNV”) approved such request.

In May 2012, the Company acquired other 2,971,857 shares with par value of AR$8.14 (eight Argentinean pesos and fourteen cents) each. These shares, in addition to the 64,126,833 shares already held, granted the Company a total 67,098,690 shares, representing 95.69% of the total capital of Alpargatas S.A.I.C. - Argentina. The consideration paid upon this acquisition was broken down into R$6,236 referring to acquisition cost and R$4,634 referring to goodwill.

In July 2012, the Company acquired other 512,405 shares with par value of AR$8.14 (eight Argentinean pesos and fourteen cents) each. These shares, in addition to the 67,098,690 shares already held, granted the Company a total 67,611,095 shares, representing 96.42% of the total capital of Alpargatas S.A.I.C. - Argentina. The consideration paid upon this acquisition was broken down into R$1,156 referring to acquisition cost and R$725 referring to goodwill.

On July 25, 2012, the Company disclosed a material news release, informing shareholders and the market in general that it would file with the *Comisión Nacional de Valores - CNV* of Argentina, a Declaration of Acquisition and Implementation of Offering of Residual Interest of all outstanding common and preferred shares of Alpargatas S.A.I.C. - Argentina, at AR$8.14 (eight Argentinean pesos and fourteen cents) each.

On March 19, 2013, the Company disclosed a significant fact, informing that the Declaration of Acquisition and Implementation of Offering of Residual Interest of all outstanding common and preferred shares of Alpargatas S.A.I.C. - Argentina, at the value of AR$8.14 each, had been approved by the *Comisión Nacional de Valores - CNV* of Argentina. Therefore, the Company now holds 100% capital of Alpargatas S.A.I.C. The consideration paid upon this acquisition was broken down into R$4,704 referring to acquisition cost and R$3,392 referring to goodwill.

On April 11, 2013, Alpargatas Argentina was delisted from the Buenos Aires Stock Exchange, becoming a privately-held company, fully controlled by Alpargatas S.A.

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 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, which, as a result, directly held 100% interest in CBS S.A. - Companhia Brasileira de Sandálias.

Additional information on associates

Notes to interim financial information

Grupo Tavex S.A.

Although the Company holds indirect interest of 18.687%, management considers this company an associate and influences decisions 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 this investment under the equity method.

Affiliate Grupo Tavex S.A. has undergone operational restructurings so as to gain competitiveness and profitability. In 2012, management of the affiliate reviewed the company's financial plan so as to adjust it to the most probable profit generation scenario, considering current economic situation. This review indicated, among other factors, that the Company will generate no taxable profit sufficient to fully use its deferred tax assets. Thus, adjusting the deferred tax asset account was necessary, which, in conjunction with operating losses, resulted in negative equity pickup for Alpargatas S.A. amounting to R$42,864 for the year ended December 31, 2012.

The independent auditor of Grupo Tavex S.A. issued an audit report dated February 27, 2013 emphasizing the restructuring process which the affiliate is going through, that the corresponding implementation costs and the development of the economic and consumption situation have rendered it difficult for the activity levels expected by the affiliate's management to be met, and have contributed to generation of loss over the past years. In addition to the significant adjustment to the 2012 P&L vis-à-vis the expected P&L, the independent auditor pointed out that, as of December 31, 2012, Grupo Tavex S.A. had recorded working capital deficiency amounting to 114 million Euros. In this context, the independent auditor of Grupo Tavex S.A. indicated uncertainty as to the affiliate's ability to continue as a going concern and that its management reviewed its business plan to adjust it to current situation and to the market where it operates. The business plan indicated that Group operations for the following years would reach the profitability level required. The auditor also pointed out that the affiliate's management is taking timely actions to meet the current bank loan renewal schedule, so as to obtain the necessary financial report and to realize certain real estate assets which the Group has as available for sale.

At December 31, 2012, the management of Alpargatas considered the adjustments made by the affiliate, and assessed that the book value of investments will be recovered and that there was no evidence of additional losses. Considering the facts and circumstances found in the third quarter of 2013, Company management understands that the assessment made in 2012 remains appropriate.

Notes to interim financial information

Terras de Aventura Indústria de Artigos Esportivos S.A.

On March 4, 2013, the Company acquired 30% of the capital of Terras de Aventura Indústria de Artigos Esportivos S.A. ("Osklen"), representing Alpargatas decision to be part of the fashion segment by means of a premium brand and with the same values as those of Alpargatas, such as innovation, modernity and interaction with its consumers. Osklen is a premium fashion retail chain headquartered in the State of Rio de Janeiro with 65 stores in Brazil and 6 abroad.

The acquisition amount shall be paid by Alpargatas in two installments, the first one on March 4, 2013, amounting to R$67,500, closing date thereof, and the second one, corresponding to the difference between the acquisition and the first installment, payable within five business days after determination of the total acquisition amount, which shall take place in April 2014.

Total acquisition amount will equal the percentage acquired (30%), by a multiple of 13 times the EBITDA of "Osklen" generated from March 1, 2013 to February 28, 2014, less net debt.

The recognition of Company interest in the net fair value of identifiable assets and liabilities and goodwill on interim information was based on the preliminary measurement of fair value, since the calculation thereof had not yet been completed when this interim information was approved by management.

The provisional fair value of identifiable assets and liabilities of Osklen at acquisition date is as follows:

	Acquisition base – 02/28/2013
Current assets	23,898
Noncurrent assets	9,352
Current liabilities	(10,692)
Noncurrent liabilities	(6,141)
Provisional fair value of interest in identifiable net assets	16,417
Estimated acquisition price	165,390
Goodwill	148,973
Amount paid on 03/20/13	67,500
Amount payable in April 2014	97,890
	165,390

In order to estimate the total acquisition price, the Company projected Osklen's EBITDA based on market assumptions.

Notes to interim financial information

The investment in Osklen is measured by using the equity method since it is classified as a jointly-controlled investment. The reporting date of the financial statements of Osklen is coincident with that of the parent company. Osklen information at September 30, 2013 is as follows:

	09/30/2013
Cash and cash equivalents	11,757
Other current assets	89,553
Current assets	101,310
Noncurrent assets	43,276
Total assets	144,586
Current financial liabilities	11,075
Other current liabilities	51,912
Current liabilities	62,987
Noncurrent financial liabilities	25,705
Other noncurrent liabilities	-
Total liabilities	88,692
Equity	55,894

	7 months ended 09/30/2013
Net revenue	91,249
Cost of products sold	(33,042)
Selling expenses	(22,720)
Administrative expenses	(25,399)
Depreciation and amortization	(1,185)
Equity pickup	(3,050)
Other operating income/expenses	(1,593)
Financial income (expenses)	(2,258)
Income and social contribution taxes	(830)
Net income (loss)	1,172

There are no unrecognized commitments that can give rise to future cash or other economic benefit outflow.

The Company has the purchase option for the acquisition of another 30% of Osklen's capital for 60 (sixty) days after payment of the 2nd installment, for the same acquisition price. The fair value of this option is not significant considering that the exercise thereof is based on the fair value of Osklen.

Notes to interim financial information

14. Property, plant and equipment and intangible assets

a) Property, plant and equipment

		Company					
		09/30/2013			12/31/2012		
	Weighted average annual depreciation rate (%)	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Land	-	9,650	-	9,650	9,650	-	9,650
Buildings and constructions	4	241,203	(63,842)	177,361	124,539	(61,031)	63,508
Machinery and equipment	8	252,758	(134,898)	117,860	216,122	(131,384)	84,738
Furniture and fixtures	10	31,623	(14,547)	17,076	28,696	(12,622)	16,074
Vehicles	15	3,689	(2,273)	1,416	3,283	(2,209)	1,074
Leasehold improvements	20	29,296	(11,804)	17,492	23,701	(9,287)	14,414
Construction in progress	-	132,339		132,339	174,866	-	174,866
Other investments	-	545	-	545	545	-	545
Allowance for losses	-	(954)	-	(954)	(1,099)	-	(1,099)
Land - Government grants		(847)	-	(847)	(847)	-	(847)
Total		699,302	(227,364)	471,938	579,456	(216,533)	362,923

		Consolidated					
		09/30/2013			12/31/2012		
	Weighted average annual depreciation rate (%)	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Land	-	14,132	-	14,132	14,503	-	14,503
Buildings and constructions	4	407,263	(166,950)	240,313	312,327	(182,988)	129,339
Machinery and equipment	8	469,473	(305,653)	163,820	474,616	(340,123)	134,493
Furniture and fixtures	10	85,352	(60,298)	25,054	82,519	(60,619)	21,900
Vehicles	15	5,927	(4,178)	1,749	5,547	(4,195)	1,352
Leasehold improvements	20	37,752	(17,026)	20,727	28,692	(12,435)	16,257
Construction in progress	-	143,879	-	143,879	188,421	-	188,421
Other investments	-	3,558	-	3,558	4,384	-	4,384
Allowance for losses	-	(14,303)	-	(14,303)	(15,433)	-	(15,433)
Land - Government grants		(847)	-	(847)	(847)	-	(847)
Total		1,152,186	(554,106)	598,080	1,094,729	(600,360)	494,369

Additional information on property, plant and equipment

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

The management of Company and subsidiaries did not change the remaining useful life of PP&E items for the nine-month period ended September 30, 2013, since there were no significant changes in the conditions under which these PP&E items are used.

Notes to interim financial information

(ii) *Assets pledged as collateral*

At September 30, 2013, Company and subsidiaries had PP&E items pledged as collateral in the defense of lawsuits, as follows:

	R$
Machinery and equipment	94

(iii) *Impairment of assets*

Management annually tests the net book value of assets of Company and subsidiaries in order to determine whether there are any events or changes in economic, operating, or technological circumstances that may indicate impairment. Assets were last tested for impairment for the year ended December 31, 2012 and no evidence of impairment was found. For the nine-month period ended September 30, 2013, no other significant factors were identified which could change the conclusion obtained.

b) Intangible assets

		Company					
		09/30/2013			12/31/2012		
	% - Annual amortization rate	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Finite useful life:							
Trademarks, rights and patents	10	17,849	(17,652)	197	17,849	(17,652)	197
ERP systems (iv)	5-10	125,857	(71,998)	53,859	124,480	(60,504)	63,976
Customer portfolio (i)	20	27,311	(24,960)	2,351	27,311	(20,729)	6,582
Indefinite useful life:				-			
Construction in progress		7,821	-	7,821	2,505	-	2,505
Assignment of trade rights (iii)	-	4,257	(194)	4,063	4,257	(194)	4,063
Total	10	183,095	(114,805)	68,291	176,402	(99,079)	77,323

Notes to interim financial information

		Consolidated					
		09/30/2013			12/31/2012		
	% - Annual amortization rate	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Finite useful life:							
Trademarks, rights and patents	10	25,988	(17,974)	8,014	25,988	(17,652)	8,336
ERP systems (iv)	10	131,382	(76,533)	54,849	129,889	(65,086)	64,803
Assignment of trade rights (iii)	-	6,449	(1,616)	4,834	3,424	(194)	3,230
Customer portfolio (i)	20	31,089	(24,960)	6,129	31,571	(20,729)	10,842
Indefinite useful life:							
Goodwill on acquisition of subsidiaries (ii)	-	150,130	-	150,130	150,130	-	150,130
Construction in progress	-	7,821	-	7,821	2,505	-	2,505
Assignment of trade rights (iii)	-	4,257	(194)	4,063	4,063	-	4,063
Total	-	357,117	(121,277)	235,840	347,570	(103,661)	243,909

(i) This 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 September 30, 2013, in view of indications that the Company will enjoy expected future benefits, based on Company management’s economic projections, no provision for impairment losses was recorded on these balances.

(ii) See breakdown in Note 13. Considering the accounting changes introduced by Laws No. 11638/07 and No. 11941/09, as from January 1, 2009, the goodwill balance at December 31, 2008 was no longer amortized and is tested for impairment annually. Accordingly, as from January 1, 2009, the 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 the provisions of Law No. 11941/09, the effects of which are described in Note11.a).

(iii) This 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 and are subject to annual impairment testing.

(iv) This refers to expenses incurred in the acquisition, development and implementation of ERP systems that are used by Company and subsidiaries. These are substantially represented 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 September 30, 2013, in view of indications that the Company will enjoy expected future benefits deriving from these systems and projects, no provision for impairment losses was recorded on these balances.

Notes to interim financial information

Consolidated amortization expenses on intangible assets estimated for the following periods are as under:

2013 (three months)	6,203
2014	24,170
2015	21,533
2016 onwards	21,916
Total	73,822

Additional information on intangible assets

(i) *Expenses with product research and development*

	Consolidated	
	09/30/2013	09/30/2012
Expenses with product research and development recorded in P&L:	13,989	14,554

(ii) *Impairment test of goodwill*

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

c) Changes

	Company						
	12/31/2012	Additions	Transfers (i)	Depreciation	Write-offs	Impairment	09/30/2013
Property, plant and equipment							
Land	9,650	-	-	-	-	-	9,650
Buildings and constructions	63,508	-	116,722	(2,830)	(39)	-	177,361
Machinery and equipment	84,738	-	44,673	(10,915)	(636)	-	117,860
Furniture and fixtures	16,074	-	3,019	(2,017)	-	-	17,076
Vehicles	1,074	-	503	(155)	(6)	-	1,416
Leasehold improvements	14,414	-	5,596	(2,518)	-	-	17,492
Construction in progress	174,866	129,260	(171,777)	-	(10)	-	132,339
Other property, plant and equipment	545	-	-	-	-	-	545
Provision for impairment losses	(1,099)	-	-	-	-	145	(954)
Portion of government subsidies to be appropriated from land	(847)	-	-	-	-	-	(847)
Total	362,923	129,260	(1,264)	(18,435)	(691)	145	471,938

	Company						
	12/31/2012	Additions	Transfers (i)	Amortization	Write-offs	Impairment	09/30/2013
Intangible assets							
Finite useful life:							
ERP system	63,976	-	1,264	(11,381)	-	-	53,859
Customer portfolio	6,582	-	(1)	(4,230)	-	-	2,351
Indefinite useful life:							
Construction in progress	2,505	5,315	1	-	-	-	7,821
Assignment of trade rights	4,063	-	-	-	-	-	4,063
Trademarks, rights and patents	197	-	-	-	-	-	197
Total	77,323	5,315	1,264	(15,611)	-	-	68,291
Total	440,246	134,575	-	(34,046)	(691)	145	540,229

Notes to interim financial information

	Consolidated							
	12/31/2012	Additions	Transfers (i)	Depreciation	Write-offs	Impairment	Exchange fluctuations (ii)	09/30/2013
Property, plant and equipment								
Land	14,503	-	-	-	(24)	-	(347)	14,132
Buildings and constructions	129,339	3,021	118,816	(5,816)	(92)	(10)	(4,945)	240,313
Machinery and equipment	134,493	1,742	47,707	(16,657)	(640)	(2)	(2,823)	163,820
Furniture and fixtures	21,900	4,142	3,019	(4,189)	(10)	16	176	25,054
Vehicles	1,352	148	503	(218)	(6)	-	(30)	1,749
Leasehold improvements	16,257	1,020	6,170	(3,041)	(18)	-	338	20,726
Construction in progress (iii)	188,421	133,550	(177,479)	-	(10)	-	(603)	143,879
Other property, plant and equipment	4,384	-	-	-	(573)	-	(254)	3,557
Provision for impairment losses	(15,433)	-	-	-	-	145	985	(14,303)
Portion of government subsidies to be appropriated from land	(847)	-	-	-	-	-	-	(847)
Total	494,369	143,623	(1,264)	(29,921)	(1,373)	149	(7,503)	598,080

	Consolidated							
	12/31/2012	Additions	Transfers (i)	Amortization	Write-offs	Impairment	Exchange fluctuations (ii)	09/30/2013
Intangible assets								
Finite useful life:								
Trademarks, rights and patents	8,336	-	-	(1,128)	-	-	806	8,014
ERP systems	64,803	607	1,323	(11,863)	-	-	(21)	54,849
Assignment of trade rights	3,230	1,641	(59)	(445)	-	-	467	4,834
Customer portfolio	10,842	-	(1)	(5,058)	-	-	346	6,129
Indefinite useful life:								
Construction in progress (iii)	2,505	5,315	1	-	-	-	-	7,821
Goodwill on acquisition of subsidiaries	150,130	-	-	-	-	-	-	150,130
Assignment of trade rights	4,063	-	-	-	-	-	-	4,063
Total	243,909	7,563	1,264	(18,494)	-	-	1,598	235,840
Total	738,278	151,186	-	(48,415)	(1,373)	149	(5,905)	833,920

(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 completion of the projects.

(ii) Exchange fluctuations arising from the translation of interim information of foreign subsidiaries.

(iii) Amounts recorded under “Construction in progress” refer to the following projects: (1) construction of a new sandals plant in the city of Montes Claros – State of Minas Gerais, investing R$112,668; (2) various improvements and expansion of the manufacturing process, with investments of approximately R$5,575; (3) improvement of infra-structure and information systems amounting to R$6,630 and (4) Other ongoing projects R$26,827.

Notes to interim financial information

15. Trade accounts payable

	Company		Consolidated	
	09/30/2013	12/31/2012	09/30/2013	12/31/2012
Domestic	174,443	181,043	190,156	198,220
Foreign	145,384	99,797	216,163	160,859
Total	319,827	280,840	406,319	359,079

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	
				09/30/2013	12/31/2012	09/30/2013	12/31/2012
Denominated in reais:							
FNE (BNB)	(a)		Interest of 4.01%	122,798	43,361	122,798	43,361
Finame			Interest of 3.22%	33,370	6,898	33,370	6,898
Finem (BNDES)	(b)		Basket of currencies and TJLP: 7.57%	385	3,775	385	3,775
Exim (BNDES)	(c)		Interest of 8.00%	100,640	30,498	100,640	30,498
NCE (Exim – Compulsory)	(d)		Interest of 7.46%	35,352	-	35,352	-
Assignment of receivables	(e)		Interest of 10.06%	32,144	49,650	32,144	49,650
Total in reais				324,689	134,182	324,689	134,182
Denominated in foreign currency:							
Working capital - Alpargatas USA	(f)	US$	Interest of 1.45%	-	-	82,881	73,532
Working capital - Alpargatas Europe	(f)	€	Interest of 2.43%	-	-	-	7,241
Working capital - Alpargatas International APS	(f)	€	Interest of 1.17%	-	-	-	10,807
Finance leases - Alpargatas S.A.I.C. – Argentina		AR$	Interest of 22.00%	-	-	9	79
Working capital - Alpargatas S.A.I.C. - Argentina	(g)	AR$	Interest of 20.85%	-	-	113,830	72,912
Total in foreign currency				-	-	196,720	164,571
Grand total				324,689	134,182	521,409	298,753
Current liabilities				74,027	69,601	263,220	188,406
Noncurrent liabilities				250,662	64,581	258,189	110,347

Notes to interim financial information

(a) On February 23, 2006, the Company entered into a financing agreement with Banco do Nordeste do Brasil (BNB), limited to R$112,000, to fund investment programs in the Northeastern Region. The financing has been monthly repaid since 2008, with settlement expected in ten years. On December 26, 2012, the Company entered into another financing agreement with BNB, limited to R$148,498, to fund the investment in the plant of Montes Claros in the northern region of Minas Gerais. The financing will be monthly amortized for 8 years from January/2015 to December/2022. The release of both funds is linked to the investment disbursement schedule. Both guarantees are backed by a bank letter of guarantee.

(b) In September 2007, the Company entered into a financing agreement of R$22,200 with the Brazilian Development Bank (BNDES) 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 September 2012 and August 2013, the Company received R$30,000 and R$70.00 respectively, referring to the BNDES-EXIM Pre-Shipment financing executed with Banco Alfa de Investimento, Banco Bradesco S.A. e Banco Itaú – Unibanco S.A. The purpose of the funds is to finance exports of sandals, requiring, at the end of the transaction, evidence of export performance over the term of the agreement. The financing will be repaid in six installments, maturing between 2014 and 2015.

(d) In February 2013 and July 2013, the Company received R$25,000 and R$10,000 respectively, referring to the Export Credit Note (NCE) executed with Banco Itaú-Unibanco S.A. The loan facility is similar to the BNDES-EXIM Pre-Shipment transaction and also requires, at the end of the transaction, evidence of export performance over the term of the agreement. The financing agreements will be repaid in sole installments upon maturity in February 2016.

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

(f) 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.

(g) Loans and financing raised by Alpargatas S.A.I.C - Argentina are used for working capital purposes. Only one loan with BBVA Banco Francés, amounting to R$ 38,635, was guaranteed by Alpargatas S/A. The other transactions have no covenants or guarantees.

The other loans are guaranteed by Promissory Notes and chattel mortgage of Company and subsidiaries assets, except for working capital transactions of Alpargatas S.A.I.C. - Argentina.

Maturities of noncurrent liabilities are as follows:

	Company		Consolidated	
	09/30/2013	12/31/2012	09/30/2013	12/31/2012
Year				
2014	8,831	45,324	10,085	86,930
2015	99,609	15,324	104,414	19,483
2016	52,151	2,454	53,619	2,454
2017	15,884	1,187	15,884	1,188
2018	14,961	264	14,961	264
2019 onwards	59,226	28	59,226	28
Total	250,662	64,581	258,189	110,347

Covenants

At September 30, 2013 and December 31, 2012, loan and financing agreements entered into by Company and subsidiaries did not contain covenants establishing obligations as to the maintenance of financial ratios by Company and subsidiaries.

Notes to interim financial information

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 relevant 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 quarterly interim financial information under "Debt-restructuring agreements", in current and noncurrent liabilities, amounting to R$11,208 and R$54,867, respectively, at September 30, 2013 (R$11,687 and R$60,773, respectively, at December 31, 2012), net of present value adjustments, amounting to R$40,180 and R$46,439, respectively, at September 30, 2013 and December 31, 2012.

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 September 30, 2013, the average discount rate adopted for present value adjustment was 15% per annum.

The effects of the net reversal of present value adjustment are recorded under "Financial expenses", in the consolidated, and totaled R$2,926 in P&L for the nine-month period ended September 30, 2013 (R$2,983 for the same period in 2012).

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 from the dates when the agreements were entered into.

At September 30, 2013, reversals expected for the next periods, referring to present value adjustment, are as follows:

2013 (three months)	1,055
2014	3,745
2015	3,624
2016 onwards	31,756
Total	40,180

Expected maturities of noncurrent liabilities are as follows:

2014	1,989
2015	7,504
2016 onwards	45,374
Total	54,867

Notes to interim financial information

Balance at December 31, 2012	72,460
Interest	7,852
Exchange rate fluctuation	(5,339)
Payment	(8,898)
Balance at September 30, 2013	66,075

18. Tax liabilities

	Company		Consolidated	
	09/30/2013	12/31/2012	09/30/2013	12/31/2012
State Value Added Tax (ICMS)	1,394	3,516	1,127	3,433
Federal contribution taxes on gross revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS)	6,365	5,341	6,434	5,435
Federal Value Added Tax (IPI)	445	337	445	337
Income and social contribution taxes	1,587	-	1,660	-
Alpargatas S.A.I.C. – Argentina:	-			
Income tax	-	-	1,447	149
Value Added Tax (VAT)	-	-	7,486	395
Other taxes	-	-	1,555	1,359
Alpargatas Europe S.L.U. – Spain				
Value Added Tax (VAT)	-	-	5,231	517
Other	2,706	1,837	2,882	1,871
	12,497	11,031	28,267	13,496

19. Provisions and other liabilities

	Company		Consolidated	
	09/30/2013	12/31/2012	09/30/2013	12/31/2012
Royalties payable	19,222	17,735	19,222	17,735
Provision for freight payable	7,009	11,670	6,903	11,778
Advertising payable	4,634	3,326	4,634	3,326
Derivative financial instruments	7,558	-	7,558	-
Other accounts payable (commissions, third-party services, utilities and others)	13,187	11,675	45,301	27,378
Total	51,610	44,406	83,618	60,217

20. Transactions with related parties

a) Accounts payable to related parties

	Company	
Noncurrent assets (liabilities)	09/30/2013	12/31/2012
CBS S.A. - Companhia Brasileira de Sandálias	212	4,708
Alpargatas Internacional APS	(23)	(20)
Alpargatas Imobiliária S.A.	(274)	(152)
Total	(85)	4,536

This balance refers to a current account between Company and subsidiaries due to the centralized management of cash and cash equivalents, not subject to financial charges.

Notes to interim financial information

b) Balances receivable and payable referring to transactions with related parties

		Company		Company and Consolidated	
		Accounts receivable		Accounts payable	
		09/30/2013	12/31/2012	09/30/2013	12/31/2012
Alpargatas USA Inc. – United States	(ii)	6,319	12,232	-	-
Alpargatas Europe S.L.U. – Spain	(ii)	5,331	10,773	-	-
Alpargatas S.A.I.C. - Argentina		861	891	-	-
Grupo Camargo Corrêa	(iii)	-	-	1	338
Total		12,511	23,896	1	338

c) Dividends and interest on equity payable

	Company and Consolidated	
	09/30/2013	12/31/2012
Interest on equity	1,690	1,725

d) Transactions with related parties

Breakdown of transactions with related parties is as follows:

		Sale of products/services			Purchase of products/services	
		09/30/2013	09/30/2012		09/30/2013	09/30/2012
Alpargatas S.A.	(i)	34,836	38,198	(iv)	16,862	16,285
Alpargatas USA Inc. – United States		-	-	(i)	5,802	13,169
Alpargatas Europe S.L.U. – Spain		-	-	(i)	23,678	25,013
Alpargatas S.A.I.C. - Argentina		1,594	-	(i)	-	16
CBS S.A. - Companhia Brasileira de Sandálias		3,253	4,454		5,356	-
Grupo Camargo Corrêa (controlling shareholder):		-				
Rent and condo fees		-	595		-	-
Shared services - CSC	(iv)	9,322	9,827		-	-
Corporate projects	(iv)	2,659	1,380		-	-
Other		34	29		-	-
		51,698	54,483		51,698	54,483

(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 international transactions, in which products are manufactured in Brazil and subsequently sold to foreign subsidiaries for resale.

For the periods ended June 30, 2013 and 2012, 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 October 2013 and March 2014.

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

Notes to interim financial information

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

At September 30, 2013, except for the guarantees provided so as to support loan and financing transactions (Note 16), Company and subsidiaries did not provide any other guarantees to related parties.

e) Key management personnel compensation

Total key management personnel compensation is as follows:

	09/30/2013				
	Compensation			Options granted	
	Fixed	Variable (i)	Total	Options balance (number) (ii)	Average strike price - R$ (iii)
Board of Directors and Supervisory Board	2,019	-	2,019	-	-
Officers	4,451	2,530	6,981	4,162,973	6.50
	6,470	2,530	9,000	4,162,973	-

	09/30/2012				
	Compensation			Options granted	
	Fixed	Variable (i)	Total	Options balance (number) (ii)	Average strike price - R$ (iii)
Board of Directors and Supervisory Board	2,099	-	2,099	-	-
Officers	3,618	3,296	6,914	3,633,464	5.22
	5,717	3,296	9,013	3,633,464	

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

(ii) This refers to vested and nonvested options not exercised at balance sheet date.

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

As described in Note 27, for the nine-month period ended September 30, 2013, an expense referring to stock option plans of R$1,886 (R$1,295 for the nine-month period ended September 30, 2012) was recognized.

For the nine-month period ended September 30, 2013, in addition to management fees, the Company made contributions to the private pension plan amounting to R$338 (R$279 for the nine-month period ended September 30, 2012) on behalf of the statutory officers.

Total annual management fee established for 2013 at the General Shareholder's Meeting held on April 24, 2013 was R$13,441.

Notes to interim financial information

21. Provision for tax, civil and labor contingencies

At September 30, 2013 and December 31, 2012, Company and subsidiaries are party to proceedings of a tax, civil and labor nature arising from tax delinquency notices by tax authorities and from claims filed by third parties and former employees or from legal proceedings and challenges. Provisions were recorded for these contingencies when, in the opinion of management and its legal advisors, the likelihood of loss was estimated as probable. These provisions are as follows:

		Company		Consolidated	
		09/30/2013	12/31/2012	09/30/2013	12/31/2012
Labor claims	(a)	15,522	16,331	26,517	22,679
Tax claims	(b)	9,182	9,328	14,578	14,766
Judicial deposits	(b)	(4,179)	(4,179)	(4,179)	(4,179)
Civil claims		3,697	3,356	4,134	3,885
		24,222	24,836	41,050	37,151
Current portion		5,042	5,851	7,653	11,383
Noncurrent portion		19,180	18,985	33,397	25,768

(a) These refer to lawsuits filed against Company and 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 whose likelihood of loss is estimated as probable.

(b) These basically consist of: (i) tax delinquency notice concerning COFINS for July and from September to December 1992 issued against the Company, which discusses differences not subject to taxation, whose adjusted amount for September 30, 2013 is R$3,844; 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 challenges collection at the maximum rate applied in the industry. The lawsuit is pending a legal decision by a higher court, the judicial deposit of which amounts to R$4,179.

Changes

	Company				
	Labor	Tax	Civil	Judicial deposits	Total
Balance at December 31, 2012	16,331	9,328	3,356	(4,179)	24,836
Additions	5,682	-	346	-	6,028
Reversals	-	(134)	-	-	(134)
Payments	(6,491)	(12)	(5)	-	(6,508)
Balance at September 30, 2013	15,522	9,182	3,697	(4,179)	24,222

	Consolidated				
	Labor	Tax	Civil	Judicial deposits	Total
Balance at December 31, 2012	22,679	14,766	3,885	(4,179)	37,151
Additions	10,347	-	346	-	10,693
Reversals	(92)	(134)	-	-	(226)
Payments/Exchange fluctuations	(6,417)	(54)	(97)	-	(6,568)
Balance at September 30, 2013	26,517	14,578	4,134	(4,179)	41,050

Possible loss

Notes to interim financial information

Company and subsidiaries are parties to proceedings of a tax and civil nature for which no provision was recorded, since their likelihood of loss was rated as possible by management, its attorneys and legal advisors. Contingent liabilities are as follows:

	Company and Consolidated	
	09/30/2013	12/31/2012
Tax:		
Tax delinquency notice – Withholding Income Tax (IRRF) (a)	8,930	8,723
CSLL and IRPJ (b)	9,835	9,573
Royalties (c)	49,233	53,090
Federal VAT (IPI) (d)	39,568	38,424
Other	15,615	10,590
	123,181	120,400
Civil (compensatory actions)	5,856	5,732

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

(b) Tax delinquency notices relating to nonapproval of the offset of tax debts against IRPJ and CSLL credits.

(c) Tax delinquency notices seeking collection of II, IPI, PIS-Imports and COFINS-Imports on amounts remitted abroad by way of royalties from 2007 to 2010.

(d) Tax delinquency notices relating to nonapproval 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.

Additionally, in 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 February 2007, a decision was handed down in favor of the Company and the claim was dismissed. In November 2011, the São Paulo Court of Justice confirmed referred to decision and Company legal advisors began rating the likelihood of loss in this claim as remote. In June 2013, the Brazilian High Court of Justice (STJ) rejected the dismissal of this claim and determined that the case records be returned to trial court, for the merits of the action to be judged. The Company filed a Motion for Clarification, which was denied in August 2013. The decision may still be subject to appeal.

Notes to interim financial information

22. Taxes with suspended enforceability

		Company and Consolidated	
		09/30/2013	12/31/2012
PIS/COFINS – Law No. 9718/98		32,003	31,226
Judicial deposits		(32,003)	(31,226)
	(a)	-	-
COFINS – exclusion of ICMS from tax base		130,751	111,391
Judicial deposits		(11,555)	(10,942)
	(b)	119,196	100,449
IRPJ – exclusion of CSLL from IRPJ base		11,304	10,498
Other		3,860	3,162
		15,164	13,660
Total - Company and consolidated		134,360	114,109

(a) COFINS – Law No. 9718/98

On March 8, 1999, the Company was granted an injunction on the ordinary lawsuit challenging the constitutionality of Law No. 9718/98 and Constitutional Amendment No. 20, more specifically the 1% increase in the COFINS rate and the broadening of the COFINS and PIS tax base. This injunction authorized the payment of these contributions as provided for in legislation prevailing until January 1999.

As from that date, these contribution amounts determined for the periods under litigation were recorded in liabilities as taxes with suspended enforceability and started to be adjusted for inflation at the SELIC rate, the monetary restatement effects of which were recorded under “Financial expenses” in income statement for the year. From September 2002 to January 2004, the Company judicially deposited the amount under litigation.

In March 2006, after an unfavorable decision rendered by the Brazilian 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 from April 2006, the amounts of which were recorded as taxes with suspended enforceability and judicial deposits, totaling R$28,804, adjusted for inflation.

Law No. 11941/09 revoked article 3, paragraph 1, of Law No. 9718/98, which addressed the broadening of the 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. At September 30, 2009, the Company reversed the portion corresponding to this liability with suspended payment, totaling R$12,401.

Therefore, the amounts recorded at September 30, 2013 and December 31, 2012 refer solely to the portion related to the 1% increase in the COFINS rate, on which the Brazilian Supreme Court (STF) issued an unfavorable decision to the Company in August 2009. At September 30, 2013, the Company’s lawsuit had not yet been judged; 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 September 30, 2013 and December 31, 2012, the provisioned amounts, as well as the judicial deposits, are adjusted for inflation at the SELIC rate.

(b) COFINS – exclusion of ICMS from tax base

Notes to interim financial information

The Company has been legally challenging the inclusion of ICMS in the COFINS tax base since 1993, and made judicial deposits from May 1993 to February 1996.
Since June 2008, the Company has used the suspensive effect obtained through an injunction filed with STF to continue excluding ICMS from the COFINS tax base; however, the Company is no longer required to make judicial deposits. Notwithstanding, such amounts have been recorded as liabilities with suspended enforceability.

At September 30, 2013, this litigation awaits the STF decision; therefore, the Company monetarily restates the amounts of liabilities and judicial deposits at the SELIC rate.

Changes in taxes with suspended enforceability - Company

	12/31/2012	Restatements	Additions/ (Reversals)	09/30/2013
PIS/COFINS	31,226	777	-	32,003
Judicial deposits	(31,226)	(777)	-	(32,003)
	-	-	-	-
COFINS – ICMS	111,391	5,011	14,349	130,751
Judicial deposits	(10,942)	(613)	-	(11,555)
	100,449	4,398	14,349	119,196
IRPJ – exclusion of CSLL from IRPJ base	10,498	524	282	11,304
Other	3,162	698	-	3,860
	13,660	1,222	282	15,164
Total	114,109	5,620	14,631	134,360

23. Equity

a) Capital

At September 30, 2013, paid-in capital amounted to R$624,610, after increase due to payment of the amount allocated to the income reserve in 2007, approved on April 24, 2013, through issue of 38,880,147 new shares, 19,967,649 of which are common shares and 18,912,498 of which are preferred shares, including treasury shares. Bonus shares were granted in the proportion of 10 shares for each 100 shares held on April 24, 2013.

Due to referred to granting of bonus shares on April 30, 2013, Company shares now total 427,681,615 book-entry shares with no par value, 219,644,137 of which are common shares and 208,037,478 preferred shares.

Under the amendment to Company articles of incorporation, the authorized limit for capital increase is now 439,288,274 preferred shares and the Board of Directors is incumbent for establishing the conditions applicable to the issue of shares, based on authorized capital, as well as for determining whether or not the preemptive right of subscription of current shareholders applies, under the terms of article 172 of Law No. 10303/01.

Notes to interim financial information

Breakdown of subscribed paid-in capital is as follows:

At September 30, 2013:

	Common shares		Preferred shares		Total	
Shareholders	Number	%	Number	%	Number	%
Controlling shareholders (Grupo Camargo Corrêa)	147,133,071	66.99	41,571,897	19.98	188,704,968	44.12
Managing officers:						
Board of Directors	43,562,673	19.83	8,744,459	4.20	52,307,132	12.23
Supervisory Board	-	-	-	-	-	-
Other shareholders	28,948,393	13.18	157,721,122	75.82	186,669,515	43.65
Total	219,644,137	100.00	208,037,478	100.00	427,681,615	100.00

At December 31, 2012:

	Common shares		Preferred shares		Total	
Shareholders	Number	%	Number	%	Number	%
Controlling shareholders (Grupo Camargo Corrêa)	133,757,338	66.99	37,792,634	19.98	171,549,972	44.12
Managing officers:						
Board of Directors	39,560,580	19.81	7,948,700	4.20	47,509,280	12.22
Supervisory Board	24,200	0.01	222,200	0.12	246,400	0.06
Other shareholders	26,334,370	13.19	143,161,446	75.70	169,495,816	43.60
Total	199,676,488	100.00	189,124,980	100.00	388,801,468	100.00

b) Share buyback plan

The Board of Directors Meeting held on December 7, 2012 approved the buyback plan of up to 9,530,692 preferred shares and up to 6,591,915 common shares. The authorization shall be effective for no longer than 361 days, expiring on December 6, 2013. The Company acquired no preferred or common shares of its own issue in the last Program, authorized on December 9, 2011, effective from December 12, 2011 to December 7, 2012.

The plan was approved to support the exercise of Company stock options (Note 27).

In the nine-month period ended September 30, 2013, the change recorded in the “Treasury shares” account was solely due to the bonus shares granted on April 30, 2013, in the proportion of 10 shares for each 100 shares held, including treasury shares. As such, treasury shares totaled 6,162,796 preferred shares, at the average cost of 7.73.

	Number	Average cost – R$
At December 31, 2012	5,602,542	7.64
Bonus shares (April 30, 2013)	560,254	(0.69)
Disposals (*)	(43,076)	(2.04)
Acquisitions (*)	43,076	14.05
June 30, 2013	6,162,796	7.00
Disposals (**)	(627,869)	(5.19)
Acquisitions (**)	627,869	13.86
Balance at September 30, 2013	6,162,796	7.73

(*) Disposals and acquisitions refer to stock option plans up until June 30, 2013.
(**) Disposals and acquisitions refer to stock option plans from June 30, 2013 to September 30, 2013.

Notes to interim financial information

c) Dividend and interest on equity

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

For the nine-month period ended September 30, 2013, interest on equity recorded by management amounted to R$63,300 (R$54,657, net of Withholding Income Tax - IRRF).

Additionally, on April 24, 2013, the General Shareholders' Meeting approved the proposal for payment of dividend amounting to R$25,300 presented by the Board of Directors on March 15, 2013. Such dividend was paid on April 17, 2013.

Detailed information on the payment of dividend and interest on equity proposed by management is as follows:

	Per share – R$ (gross)			
	09/30/2013		12/31/2012	
	Preferred	Common	Preferred	Common
Interest on equity	0.16307	0.14824	0.23876	0.21706
Dividend	-	-	0.06931	0.06300

d) Premium (discount) on the sale of treasury shares

This refers to premiums or discounts in connection with the sale of treasury shares, mostly deriving from the exercise of the stock-option plans mentioned in Note 27.

e) Tax incentive reserve

On January 1, 2008, tax incentives started to be recorded directly in P&L and, thereafter, at 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 for the purpose of assessing the performance of each segment and allocation of funds. The CEO is the Company's chief operating decision-maker.

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 Company and 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: the performance of Company and subsidiaries in Brazil; and (ii) Foreign Operations: the performance of subsidiaries in Argentina and the consolidated performance of subsidiaries in the United States and Europe, as well as direct exports and those of Tavex Corporation S.A., in which the Company holds interest of 18.687%.

Notes to interim financial information

Net revenue by segment for the nine-month period ended September 30, 2013 is as follows:

- Domestic operations:
  - Brazil: 68.5%

- Foreign operations:
  - Argentina: 18.1%
  - Europe, United States and Exports: 13.4%

The accounting practices of each segment are those applied in the preparation of Company quarterly 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 noncurrent liabilities) in each segment. This measurement basis includes financial effects, income and social contributions taxes, depreciation and amortization, and is consistent with the information recorded in the consolidated accounting information.

Information is as follows:

	09/30/2013					
P&L accounts	**Net operating revenue**	**Net profit (loss)**	**Depreciation and amortization**	**Financial income (expense)**	**Exchange gains (losses), net**	**Income and social contribution taxes**
Domestic operations:						
Brazil	1,685,234	211,650	(34,308)	61,425	(561)	(29,654)
Foreign operations:						
Argentina	444,735	(17,753)	(8,125)	(34,008)	(354)	6,848
Europe/United States/Exports	331,102	52,324	(5,982)	(43)	4,210	(8,531)
Grupo Tavex S.A./Osklen	-	(8,861)	-	-	-	-
Noncontrolling interest	-	(248)	-	-	-	-
Consolidated	2,461,071	237,112	(48,415)	27,374	3,295	(31,337)

	09/30/2012					
P&L accounts	**Net operating revenue**	**Net profit (loss)**	**Depreciation and amortization**	**Financial income (expense)**	**Exchange gains (losses), net**	**Income and social contribution taxes**
Domestic operations:						
Brazil	1,509,630	159,847	(32,396)	34,848	(5,351)	(17,743)
Foreign operations:						
Argentina	396,156	13,193	(7,946)	(24,782)	(121)	13,736
Europe/United States/Exports	264,630	50,425	(4,252)	(1,382)	2,925	(4,783)
Grupo Tavex S.A.	-	(9,802)	-	-	-	-
Noncontrolling interest	-	603	-	-	-	-
Consolidated	2,170,416	214,266	(44,594)	8,684	(2,547)	(8,790)

Notes to interim financial information

At September 30, 2013 and December 31, 2012, balance sheet accounts are as follows:

	09/30/2013			12/31/2012		
Balance sheet accounts	**Total assets**	**Current and noncurrent liabilities**	**Addition to PP&E and intangible assets**	**Total assets**	**Current and noncurrent liabilities**	**Addition to PP&E and intangible assets**
Domestic operations:						
Brazil	2,634,670	1,072,437	135,798	2,166,954	680,299	191,682
Foreign operations:						
Argentina	444,400	324,789	12,004	402,845	255,579	9,880
Europe / United States/Exports	144,333	145,274	3,384	137,561	143,953	3,948
Grupo Tavex S.A.	26,385	-	-	33,369	-	-
Terras de Avent. Ind. Art. Esport. S.A. – Osklen	67,851	-	-	-	-	-
Consolidated	3,317,639	1,542,500	151,186	2,740,729	1,079,831	205,510

Company customer base is dispersed and no individual customer accounts for over 6% of sales revenues.

25. Net operating revenue

	Company		Consolidated	
	09/30/2013	**09/30/2012**	**09/30/2013**	**09/30/2012**
Gross operating revenue:				
Domestic market	1,939,888	1,773,691	2,593,445	2,114,888
Foreign market	142,876	147,120	367,222	544,580
	2,082,764	1,920,811	2,960,667	2,659,468
Returns and cancellations	(44,816)	(43,727)	(88,770)	(84,637)
Sales taxes	(288,007)	(300,152)	(410,826)	(404,415)
Net operating revenue	1,749,941	1,576,932	2,461,071	2,170,416

Notes to interim financial information

26. Expenses by nature

The Company presents its income statement using a classification of expenses based on the nature thereof. Expenses by nature are as follows:

	Company		Consolidated	
	09/30/2013	09/30/2012	09/30/2013	09/30/2012
Cost of sales:				
Raw materials and other materials	690,137	630,168	899,540	789,949
Salaries, social charges and benefits	187,943	173,482	355,855	319,684
Depreciation	13,564	11,995	22,036	19,971
Other costs	81,331	62,887	138,780	117,726
Total	972,975	878,532	1,416,211	1,247,330
Selling expenses:				
Salaries, social charges and benefits	68,193	59,753	108,832	95,277
Freight	59,600	57,511	81,877	76,257
Advertising and promotion	157,654	155,417	208,421	198,226
Commissions	15,339	11,773	30,492	23,103
Depreciation	2,573	2,394	4,033	4,192
Royalties	32,234	23,765	34,257	25,514
Third-party services	11,556	8,484	23,294	18,090
Rent/Leases	9,042	8,729	16,994	13,937
Travel expenses	3,932	4,031	6,638	6,619
Storage expenses	2,822	2,302	14,662	19,711
Transportation insurance	5,291	4,986	7,234	7,035
Other	57,140	55,786	68,954	64,974
	425,376	394,931	605,688	552,935
General and administrative:				
Salaries, social charges and benefits	62,177	45,494	75,260	57,609
Management fees (Note 20.e)	8,180	8,445	8,602	9,013
Third-party services	16,186	22,343	20,503	25,550
Depreciation	2,214	1,518	3,768	2,765
Other	24,274	20,255	24,857	21,457
	113,031	98,055	132,990	116,394

27. Stock option plans

The Company grants preferred stock options to some employees 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 Company and shareholders. The plans are managed by Company Human Resources Department.

General criteria for stock option plans

The restriction period for exercising the option plans for 2002, 2003, 2004 and 2005 is 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 grant date, and the options granted should be exercised in no later than ten years.

The restriction period for exercising the option plans from 2006 to 2009 is 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 in no later than five years and two months. As regards these plans, the option exercise is contingent on the attainment of performance goals, based on internal performance indicators.

The restriction period for exercising the option plans for 2010 and 2012 is that of 2006-2009, but the options granted should be exercised in no later than three years after the expiration of each restriction period, for each tranche. As regards these plans, the option exercise is also contingent on the attainment of performance goals, based on internal performance indicators.

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

(i) 2002-2005 plans: initial strike price equivalent to the average quotation weighted by the closing trading volume of Company 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 strike price is adjusted at the General Market Price Index (IGP-M).

(ii) 2006-2009 plans: initial strike price equivalent to the average quotation weighted by the closing trading volume of Company 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 strike price is adjusted at the Extended Consumer Price Index (IPCA).

(iii) 2010-2012 plans: initial strike price equivalent to the average quotation weighted by the closing trading volume of Company 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 strike price is not adjusted at any index.

Changes in stock option plans

Changes in stock option plans for the nine-month period ended September 30, 2013 and for the year ended December 31, 2012 are as follows. The numbers of options and prices informed as at 12/31/2012 were adjusted based on the bonus shares granted in proportion of 1:10, which was approved at the Special Shareholders' Meeting of April 24, 2013.

	09/30/2013		12/31/2012	
	Number of options	Weighted average strike price R$	Number of options	Weighted average strike price R$
Outstanding options at beginning of period/year	4,833,910	6.23	4,644,533	4.58
Granted options	-	-	1,026,939	2.28
Exercised options	(670,937)	13.83	(480,612)	6.54
Cancelled options	-	-	(356,950)	4.34
Outstanding options at end of period/year	4,162,973	6.50	4,833,910	6.23

Notes to interim financial information

Outstanding stock options are as follows:

	Outstanding options			
	Options not exercised at end of year/period	Remaining contractual life (months)	Strike price range R$	Options exercisable at end of year/period
September 30, 2013	4,162,973	46	1.48-13.19	1,496,576
December 31, 2012	4,833,910	50	1.43-13.19	1,590,472

Detailed information on outstanding stock option plans, by plan, is as follows:

	09/30/2013			
Data da outorga	Options not exercised at end of year	Remaining contractual life (months)	Strike price (R$)	Options exercisable at end of year/period
July 01, 2004	86,152	9	1.48	86,152
July 01, 2005	1,032,904	21	2.10	1,032,904
July 01, 2009	796,672	11	3.67	377,520
July 01, 2010	534,699	57	5.13	-
July 01, 2011	875,446	69	9.20	-
July 01, 2012	837,100	81	13.19	-
Total	4,162,973	46	1.48-13.19	1,496,576

	12/31/2012			
Grant date	Options not exercised at end of year	Remaining contractual life (months)	Strike price (R$)	Options exercisable at end of year/period
July 01, 2004	86,152	18	1.43	86,152
July 01, 2005	1,075,980	30	2.02	1,075,980
July 01, 2008	423,500	8	5.53	239,580
July 01, 2009	922,262	20	3.54	188,760
July 01, 2010	613,470	66	5.14	-
July 01, 2011	875,446	78	9.20	-
July 01, 2012	837,100	90	13.19	-
Total	4,833,910	50	1.43-13.19	1,590,472

For accounting purposes, the fair value of options was estimated by using a binomial valuation model. The accounting expense recorded in the income statement account relating to stock option plans totaled R$1,886 for the nine-month period ended September 30, 2013 compared to R$2,033 for the year ended December 31, 2012. For calculation of expenses, a probability of attainment of performance conditions of 100% (for 2006-2012 grants) and an expected stock cancellation rate of 0% were adopted.

On grant date, the fair value of stock options granted on July 1, 2012 was estimated in R$4.54. 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 prior to grant date, and early exercises were reflected by using a Hull-White binomial valuation model, with a voluntary exercise trigger of 150% of the strike price.

Notes to interim financial information

Major hypotheses used in referred to calculation are as follows (share price, strike price and fair value were adjusted based on the bonus of 1:10 approved at the Special Shareholders' Meeting of April 24, 2013):

	Amounts stated in (R$)
Share price	12.18
Strike price	13.19
Expected volatility	38%
Expected dividend	2.5%
Risk-free rate (nominal rate)	9.5%
Post-vesting rate	10%
Fair value	4.54

The following are the simulated effects arising from:

(i) Scenario I: exercise of stock options granted up until September 30, 2013.
(ii) Scenario II: exercise of all stock options to be granted under the stock option plan.

In both scenarios, the assumption adopted was that all options were exercisable at September 30, 2013, based on parent company equity at referred to base date.

Amounts stated in reais:

	Scenario I	Scenario II
Weighted average strike price	6.50	6.50
Number of preferred shares	208,037,478	208,037,478
Number of outstanding preferred shares	201,874,681	201,874,681
Number of shares to be purchased by exercising the options	4,833,910	14,520,000
Book value per outstanding share	4.18	4.18
Book value per share considering the exercise of options	4.08	3.89
Dilution of book value per share	0.10	0.29
Percentage dilution	2.32%	6.98%

28. Employee benefits

Company and subsidiaries sponsor two supplementary pension plans and also provide, by means of a pension plan of its own, life annuity and health care benefits for a certain group of former employees and their spouses. The actuarial liability of these plans at September 30, 2013 amounts to R$886 (R$886 at December 31, 2012).

The assumptions on actuarial liabilities and calculations thereof are described in Note 29 to the financial statements for the year ended December 31, 2012.

Notes to interim financial information

29. Financial income, expenses and hedging transactions, net

	Company		Consolidated	
	09/30/2013	09/30/2012	09/30/2013	09/30/2012
Financial income:				
Gains from short-term investments	29,298	39,416	32,671	42,708
Interest receivable	2,893	3,796	3,480	4,098
Other	226	809	225	1,084
	32,417	44,021	36,376	47,890
Financial expenses:				
Interest and charges on loans and financing	(6,322)	(4,170)	(21,943)	(11,906)
Interest and charges on debt restructuring of subsidiary	-	-	(7,852)	(7,939)
Tax on financial operations (IOF)	(286)	(231)	(1,754)	(1,887)
Tax on bank transactions (Argentina)	-	-	(5,628)	(6,524)
Monetary restatement on taxes	(5,193)	(3,967)	(5,193)	(3,967)
Bank charges	(3,851)	(2,969)	(7,096)	(4,997)
Other	(645)	(508)	(2,424)	(1,986)
	(16,297)	(11,845)	(51,890)	(39,206)
Gains from derivative financial instruments	67,429	-	67,429	-
Losses on derivative financial instruments	(24,541)	-	(24,541)	-
	42,888	-	42,888	-
	59,008	32,176	27,374	8,684

30. Exchange gains (losses), net

	Company		Consolidated	
	09/30/2013	09/30/2012	09/30/2013	09/30/2012
Exchange gains	25,611	14,283	26,912	14,724
Exchange losses	(23,025)	(10,752)	(23,617)	(17,271)
	2,586	3,531	3,295	(2,547)

Notes to interim financial information

31. Other operating income (expenses)

	Company		Consolidated	
	09/30/2013	09/30/2012	09/30/2013	09/30/2012
Other operating income:				
Receivable - Eletrobrás (a)	-	7,726	-	7,726
Taxes on operating income	(313)	(1,248)	(323)	(1,261)
Income from sale of properties (Argentina)	-	-	3,025	7,294
Income from sale of brand (Argentina)	-	-	-	5,031
Sale of scrap	515	940	543	973
Income from franchise fee	1,086	1,328	1,086	1,328
Other	1,133	926	2498	2,673
	2,421	9,672	6,829	23,764
Other operating expenses:				
Amortization of intangible assets	(15,595)	(15,136)	(18,562)	(17,674)
Provisions for tax, civil and labor contingencies (Note 21)	(5,911)	(5,600)	(10,575)	(6,527)
Other	(31,975)	(14,852)	(37,233)	(26,599)
	(53,481)	(35,588)	(66,370)	(50,800)

(a) This refers to a lawsuit filed by the Company for reimbursement of compulsory loans made to Eletrobrás with full inflation adjustment and interest on principal. The Brazilian High Court of Justice (STJ) decided the lawsuit favorably to taxpayers upon RESP 1003955 and RESP 1028592 judgment, using the repeated appeal track, 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 judgment of Interlocutory Appeal No. 735933 filed by Eletrobrás, the Federal Supreme Court (STF) ratified the understanding of STJ in the sense that the discussion of the matter is subordinated to the Constitution. 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

Company and 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 nine-month periods ended September 30, 2013 and 2012, profit sharing recognized in P&L was as follows:

	Company		Consolidated	
	09/30/2013	09/30/2012	09/30/2013	09/30/2012
Profit sharing program	32,769	25,029	39,923	32,338

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

Notes to interim financial information

33. Pledges and collaterals

At September 30, 2013 and December 31, 2012, in addition to the information disclosed in Notes 14 and 16, pledges and collaterals provided by the Company to financial institutions related to vendor financing transactions were R$2,030 and R$478, respectively.

For the nine-month period ended September 30, 2013 and year ended December 31, 2012, the Company did not record losses arising from these pledges and collaterals.

34. Risk and financial instruments management

a) General considerations and policies

Company and subsidiaries are engaged in transactions involving financial instruments, including derivatives, when applicable, which are recorded in balance sheet accounts in order to meet their operating and financial needs.

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 Company and subsidiaries, based on which management makes its decisions.

Short-term investments

The short-term investment policy established by the management of Company and subsidiaries 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 September 30, 2013 and December 31, 2012, short-term investments are within those limits.

Related-party current accounts

In the parent company, related-party balances refer to management of 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 Company and subsidiaries, management, pursuant to guidelines established by Company Board of Directors, may contract derivative financial instrument transactions so as 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 routines and assessment of the consolidated currency exposure of Company and subsidiaries, based on which management makes its decisions on the contracting of such financial instruments.

Notes to interim financial information

b) Financial risk management

Financial risk factors

Company and subsidiaries are exposed to financial risks arising from their operations, such as market risk (including currency and interest rate risk), credit risk and liquidity risk. Company 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 Company 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 Company operations and future cash flows.

ii) Interest rate risk

The Company's interest rate risk arises from short-term investments and current and noncurrent 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 current and noncurrent loans and financing are adjusted based on the floating CDI rate, pursuant to agreements entered into with financial institutions.

b2) *Credit risk*

Sales are substantially made to retailers and wholesalers. Credit risk is reduced due to the high dispersion of customer portfolio, credit assessment and granting policies. The result of this management is reflected in "Allowance for doubtful accounts" (Note 8).

Company and 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, and these are considered top-tier banks by the market.

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 Company and subsidiaries business, the Treasury Department is flexible in raising funds through the maintenance of committed credit facilities.

Notes to interim financial information

Management monitors Company consolidated liquidity level, considering expected cash flow against unused credit facilities 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) Derivative financial instruments and hedge accounting

The Company imports finished goods and raw materials in U.S. dollars, particularly referring to the Sporting Goods business unit. In addition, the Company also purchases part of its domestic raw materials at a price indirectly impacted by exchange fluctuation.

On the other hand, the Company also exports sandals that are mostly sold in dollars.

The volume of imports and payments in foreign currency is greater than the volume of exports and amounts received also in foreign currency. Therefore, the Company has currency exposure, as its imports exceed exports, i.e. the risk of increase in exchange rates.

In order to mitigate this risk and to particularly hedge cash flow, in December 2012 Company Board of Directors approved the Currency Risk Management Policy. This Policy establishes guidelines for cash flow hedge by using derivative financial instruments.

Hedging transactions aim at hedging Company future cash flow by minimizing the currency exposure over a 12-month horizon. Future currency exposure is based on projected payables and receivables in foreign currency. At September 30, 2013, the total hedged amount (Notional) represented US$159,637 (one hundred and fifty-nine million, six hundred and thirty-seven thousand dollars) in NDF (Non-Deliverable Forward) transactions.

Cash flow hedge

As from September 01, 2013, in accordance with Technical Pronouncement CPC 38 and IAS 39, hedge accounting was applied to all NDF-type derivative instruments, and the hedged items were highly probable future inventory purchases in foreign currency and imports. The Company adopted cash flow hedge accounting. Hedge accounting was not applied to any of the hedging transactions by means of derivative financial instruments. All derivatives are recorded in Company balance sheet at fair value (Mark-to-Market), and any gains (losses) on derivatives are recognized directly in Company financial income (expenses).

Hedging activities are performed only in the parent company, not involving the other subsidiaries and affiliates of the Company.

At September 30, 2013, the Company had an NDF (Non-Deliverable Forward) position designated as hedge for forwards transactions in US dollars, estimated by Alpargatas as highly probable, with finished product and raw material suppliers. These transactions have different maturities over a 12-month horizon. This type of instrument is settled based on the PTAX rate at maturity date. At September 30, 2013, the accounting balance recorded in Company balance sheet is as follows:

	09/30/2013		12/31/2012	
	Assets	**Liabilities**	**Assets**	**Liabilities**
NDF – Non Deliverable Forward (Fair value - MtM)	10,808	7,558	-	-

Notes to interim financial information

As from hedge accounting implementation on September 1, 2013, not only Company asset and liability balances, but also MtM amounts of derivatives designated as hedge will be recorded in the balance sheet. These amounts will be maintained in equity and transferred to net income for the year in the periods in which the hedged item impacts net income. At September 30, 2013, book balance recorded in Company equity is as follows:

	09/30/2013	12/31/2012
Gross balance maintained in equity	(21,876)	-
Deferred income tax assets on hedge transactions	7,438	-
Net balance maintained in equity	14,438	-

At September 30, 2013, cash flow hedges of forwards over a 12-month horizon were assessed as highly efficient.

The equity amount transferred in the period from other comprehensive income reserve to the book balance of hedged items zeroed, given that the Company designated hedges of purchases as from October.

Prior to cash flow hedge adoption, up until October 31, 2013, changes deriving from fair value (MtM) of derivatives were recognized directly in net income. The accumulated impacts of derivative instruments in net income for the period amounted to R$42,888 (Note 29).

Settlement of derivative financial instruments in the nine-month period ended September 30, 2013 amounted to a cash inflow of R$17,762.

d) Financial liabilities

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

	09/30/2013						
	Within 1 year	From 1 to 2 years	From 03 and 05 years	Over five years	Fair value	Discount effect	Book balance
Current:							
Finance lease liabilities	9	-	-	-	9	(2)	7
Loans and financing	263,212	-	-	-	263,212	-	263,212
Trade accounts payable	406,319	-	-	-	406,319	-	406,319
Noncurrent:							
Finance lease liabilities	-	-	-	-	-	-	-
Loans and financing	-	114,499	84,464	59,226	258,189	-	258,189

Notes to interim financial information

	12/31/2012						
	Within 1 year	From 1 to 2 years	From 03 and 05 years	Over five years	Fair value	Discount effect	Book balance
Current:							
Finance lease liabilities	76	-	-	-	76	(4)	72
Loans and financing	188,334	-	-	-	188,334	-	188,334
Trade accounts payable	359,079	-	-	-	359,079	-	359,079
Noncurrent:							
Finance lease liabilities	-	7	-	-	7	-	7
Loans and financing	-	86,922	23,125	293	110,340	-	110,340

e) Capital management

In managing capital, Company objective is to safeguard its capacity to continue as a going concern providing return to shareholders and benefits to other stakeholders, in addition to maintaining an optimal capital structure to reduce costs.

The consolidated net financial position is equivalent to total cash, cash equivalents and short-term investments, less current and noncurrent loans and financing.

	09/30/2013	12/31/2012
Cash and cash equivalents, and short-term investments	747,522	616,908
(-) Current and noncurrent loans and financing	(521,408)	(298,753)
Net financial position	226,114	318,155
Equity	1,775,139	1,660,898

Notes to interim financial information

f) Currency exposure

		Company		Consolidated	
		09/30/2013	12/31/2012	09/30/2013	12/31/2012
Assets:					
Trade accounts receivable	(i)	32,509	49,890	42,379	55,198
Total assets		32,509	49,890	42,379	55,198
Liabilities:					
Trade accounts payable		145,384	99,797	145,384	99,797
Royalties payable		19,222	17,735	19,222	17,735
Total liabilities		164,606	117,532	164,606	117,532
Net exposure		(132,097)	(67,642)	(122,227)	(62,334)
Derivative financial instruments	(ii)	3,250	-	3,250	-
Total exposure for sensitivity analysis purpose		(128,847)	(67,642)	(118,977)	(62,334)

(i) In the consolidated, at September 30, 2013, 76.7% (90.4% at December 31, 2012) refer to accounts receivable from foreign customers of the parent company in Brazil and 23.3% refer to accounts receivable from foreign customers of subsidiary CBS S.A. - Companhia Brasileira de Sandálias.

(ii) As described in item c).

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

g) Market value

At September 30, 2013 and December 31, 2012, 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 monetarily restated based on interest rates contracted according to usual market conditions; therefore, balances payable at balance sheet dates substantially approximate their market values, including those classified as “noncurrent”, considering the type of the corresponding financing.

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

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

Company and 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 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 current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in active markets (for instance, OTC derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of data adopted in the market where it is available and rely as little as possible on specific Company estimates. If all significant information required for the fair value of an instrument is provided by the market, the instrument will be classified under Level 2.

If any material information is not based on the data provided by the market, the instrument falls under Level 3.

Specific valuation techniques used for measuring 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 exchange contracts is determined at future exchange rates at 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 for determining the fair value of the remaining financial instruments.

h) Sensitivity analysis of financial instruments

Currency risk

For the consolidated currency exposure sensitivity analysis at September 30, 2013, the effects of which reflect only the impacts on monetary assets and liabilities, the Company did not take into consideration the balances of trade accounts receivable and loans and financing of foreign subsidiaries, as they are denominated in local functional currencies of each of these subsidiaries; therefore, Company management understands that there is no currency exposure risk for said subsidiaries.

Notes to interim financial information

Considering currency exposures described in item (e) above, at September 30, 2013, the sensitivity analysis of outstanding positions is as follows:

		Gain/(loss)		
		Probable scenario	**Possible scenario**	**Remote scenario**
Impacts of U.S. dollar fluctuation				
Trade accounts receivable		1,314	10,595	21,190
Trade accounts payable		(4,507)	(36,346)	(72,692)
Royalties payable		(596)	(4,806)	(9,611)
Total impact on P&L		(3,789)	(30,557)	(61,113)
Derivative financial instruments	(i)	11,060	88,082	176,164
Total impact on P&L with derivatives		7,271	57,525	115,051

(i) Derivative financial instruments aim at hedging currency exposure for 12 (twelve) months, as mentioned in item (c).

The probable scenario considers a 3.1% appreciation of the Brazilian real against the U.S. dollar at the average exchange rate of R$2.3000, 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 September 30, 2013 of R$2.2300/US$ (R$2.7875/US$), and the remote scenario considers a 50% depreciation (R$3,3450/US$).

Interest rate risk

The sensitivity analysis was determined based on the exposure to interest rates of nonderivative 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 under the assumption that the net amount between the outstanding assets and liabilities at the end of the reporting period remained outstanding throughout the year. A 3 percentage point increase or decrease is used for internally presenting the interest rate risks to key management personnel and corresponds to management 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 nine-month period ended September 30, 2013 would have increased or decreased by approximately R$13,816. This is mainly due to Company net exposure to the CDI rate on short-term investments, considering that financial liabilities are mainly stated at fixed rates (Note 16).

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

Notes to interim financial information

35. Earnings per share

	09/30/2013		
	Common - ON	Preferred - PN (a)	Total
Denominator			
Total weighted average number of shares	219,644,137	208,037,478	427,681,615
Weighted number of treasury shares	-	6,160,311	6,160,311
Weighted average number of outstanding shares	219,644,137	214,197,789	433,841,926
% of shares in relation to total number	50.63%	49.37%	100.00%
Numerator – Basic			
Net income for the year attributed to each class of shares	114,316	123,044	237,360
Weighted average number of outstanding shares	219,644,137	214,197,789	433,841,926
Total basic earnings per share for the year	0.5205	0.5744	0.5471
Numerator – Diluted			
Net income for the year attributed to each class of shares	113,089	124,271	237,360
Weighted average number of outstanding shares	219,644,137	214,197,789	433,841,926
Number of shares of weighted stock option plans	-	4,659,272	2,659,27
Weighted average number of outstanding shares	219,644,137	218,857,061	438,501,198
% of shares in relation to total number	50.09%	49.91%	100.00%
Total diluted earnings per share for the year	0.5149	0.5678	0.5413

	09/30/2012		
	Common - ON	Preferred - PN (a)	Total
Denominator			
Total weighted average number of shares	219,644,137	208,037,478	427,681,615
Weighted number of treasury shares	-	6,160,311	6,160,311
Weighted average number of outstanding shares	219,644,137	214,197,789	433,841,926
% of shares in relation to total number	50.63%	49.37%	100.00%
Numerator – Basic			
Net income for the year attributed to each class of shares	102,903	110,760	213,663
Weighted average number of outstanding shares	219,644,137	214,197,789	433,841,926
Total basic earnings per share for the year	0.4685	0.5171	0.4925
Numerator – Diluted			
Net income for the year attributed to each class of shares	101,798	111,865	213,663
Weighted average number of outstanding shares	219,644,137	214,197,789	433,841,926
Number of shares of weighted stock option plans	-	4,659,272	4,659,272
Weighted average number of outstanding shares	219,644,137	218,857,061	438,501,198
% of shares in relation to total number	50.09%	49.91%	100.00%
Total diluted earnings per share for the year	0.4635	0.5111	0.4873

(a) Preferred shares are entitled to dividend 10% above that of common shares.

Due to the bonus shares, disclosed in Note 23.a), the number of common and preferred shares at September 3, 2012 was adjusted to reflect the current number of shares, as required by paragraph 64 of Accounting Pronouncement CPC 41 - Earnings per Share.

Notes to interim financial information

36. Commitments assumed

36.1. Operating leases

Stores leased

At September 30, 2013, the Company had entered into lease agreements with third parties. Management analyzed these agreements and concluded that they could be classified as operating lease agreements.

The lease amount of properties is the higher of: (i) the average rate between 3% and 4% of the store's monthly gross sales; or (ii) a minimum monthly amount adjusted annually at various inflation rates. The average monthly expense with leases paid totaled R$875 (R$842 at September 30, 2012). The effective terms of these lease agreements range between 5 and 15 years, subject to renewal.

For the nine-month period ended September 30, 2013, lease expenses, net of taxes recoverable, in the consolidated, amounted to R$7,872 (R$7,581 for the same period in 2012).

Other leases

The Company has also entered into lease agreements for warehouses aimed at storing products and goods, and for commercial offices at fixed monthly amounts, adjusted annually at usual market inflation rates.

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

For the nine-month period ended September 30, 2013, lease expenses, net of taxes recoverable, in the consolidated, amounted to R$27,785 (R$22,286 for the same period in 2012).

Future commitments

At September 30, 2013, future commitments arising from operating lease agreements totaled a minimum fixed amount of R$180,674, distributed as follows:

Notes to interim financial information

Period	R$
2013 (three months)	14,623
2014	45,101
2015	43,581
2016 to 2017	77,369
	180,674

These transactions are subject to customary covenants, such as guarantees for early termination of agreement, among others. At September 30, 2013, these covenants were complied with by the Company; therefore, no effective lease agreement at such date was considered onerous by Company management. In addition, no contingent payment was made by the Company for the nine-month period ended June 30, 2013.

36.2. Input supply agreements

The Company has commitments deriving from an electric power supply agreement effective through 2013, providing for the purchase of a minimum monthly volume of 27,948 kw, equivalent to R$584, which can be amended in not less than six months. At September 30, 2013, the Company was compliant with the agreement commitments.

36.3. **Service agreement for construction of a new plant in Montes Claros - MG and equipment supply**

The Company assumed commitments arising from engineering service and equipment supply agreements for the construction of a new plant in the city of Montes Claros – State of Minas Gerais (MG). At September 30, 2013, these commitments totaled R$111,193 for civil construction in progress and R$74,691 for industrial equipment to be purchased from various suppliers.

37. Insurance coverage

Company and subsidiaries take out insurance coverage for PP&E items and inventories subject to fire damage for the technical replacement amount and to cover loss of profits. At September 30, 2013, consolidated insurance coverage was considered sufficient by management to cover the risks involved.

38. Additional information to cash flow statements

	Company		Consolidated	
	09/30/2013	09/30/2012	09/30/2013	09/30/2012
Noncash acquisitions of PP&E items	2,618	-	2,618	-
Unused secured account limits	-	-	22,115	25,721

Notes to interim financial information

39. Reclassifications

39.1. Cash flow statements

As a result of the reclassifications of cash equivalents into short-term investments mentioned in the financial statements as at December 31, 2012, the cash flow statements for the nine-month period ended September 30, 2012 are restated as follows. This information replaces the information previously presented:

	Company			Consolidated		
	Restated	Reclassification	Original	Restated	Reclassification	Original
Operating activities	121,584	(13,901)	135,485	110,721	(15,273)	125,994
Investing activities	(71,139)	(3,390)	(67,749)	(106,327)	(32,821)	(73,506)
Increase/(decrease) in cash and cash equivalents	(13,308)	(17,291)	3,983	(30,752)	(48,094)	17,342

40. Approval for disclosure of quarterly interim financial information

This quarterly interim financial information was approved by Company Board of Directors at a meeting held on November 8, 2013.