Quarterly Information

Alpargatas S.A.

September 30, 2016

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A free translation from Portuguese into English of Independent Auditor's Review Report on Individual and Consolidated Interim Financial Information prepared in Brazilian currency in accordance with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR)

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 of Alpargatas S.A. ("Company") contained in the Quarterly Information (ITR) referring to the quarter ended September 30, 2016, which comprise the balance sheet as at September 30, 2016, and the related statements of income and of comprehensive income for the three and nine-month periods then ended, and statements of changes in equity and of cash flows for the nine-month period then ended, including the explanatory information.

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

Scope of review

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

Conclusion on the individual and consolidated interim information

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

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Other matters

Statements of value added

We have also reviewed the individual and consolidated Statement of Value Added (SVA) for the nine-month period ended September 30, 2016, prepared under responsibility of the Company's management, whose presentation in the interim financial information is required by the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR), and considered as supplementary information by the 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 were not prepared, in all material respects, in accordance with the overall accompanying individual and consolidated interim financial information.

São Paulo, November 4, 2016.

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

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

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Company information / Capital breakdown

Number of shares (Thousands)	Current quarter 09/30/2016
Paid-in capital	
Common shares	241,609
Preferred shares	228,841
Total	470,450
Treasury shares	
Common shares	-
Preferred shares	7,396
Total	7,396

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Company information / Cash proceeds

Event	Approval	Proceeds	Beginning of payment	Type of share Class of share	Earnings per share (reais per share)
Board of Directors' Meeting	03/04/2016	Interest on equity	04/13/2016	Common	0.04390
Board of Directors' Meeting	03/04/2016	Interest on equity	04/13/2016	Preferred	0.04829
Board of Directors' Meeting	05/06/2016	Interest on equity	07/13/2016	Common	0.03627
Board of Directors' Meeting	05/06/2016	Interest on equity	07/13/2016	Preferred	0.03990
Board of Directors' Meeting	08/05/2016	Interest on equity	10/05/2016	Common	0.06574
Board of Directors' Meeting	08/05/2016	Interest on equity	10/05/2016	Preferred	0.07232
Board of Directors' Meeting	11/04/2016	Interest on equity	12/14/2016	Common	0.12737
Board of Directors' Meeting	11/04/2016	Interest on equity	12/14/2016	Preferred	0.14010

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Individual Financial Statements / Balance sheet - Assets

(In thousands of reais)

Account code	Account description	09/30/2016	12/31/2015
1	Total assets	3,083,224	3,106,748
1.01	Current assets	1,499,287	1,526,867
1.01.01	Cash and cash equivalents	177,849	220,465
1.01.02	Short-term investments	75,002	93,267
1.01.02.01	Short-term investments measured at fair value	75,002	93,267
1.01.02.01.02	Available-for-sale securities	75,002	93,267
1.01.03	Accounts receivable	634,908	727,949
1.01.03.01	Trade accounts receivable	634,908	727,949
1.01.04	Inventories	449,767	351,266
1.01.06	Taxes recoverable	55,170	51,718
1.01.06.01	Current taxes recoverable	55,170	51,718
1.01.07	Prepaid expenses	10,950	4,523
1.01.07.01	Prepaid expenses	3,031	4,102
1.01.07.02	Prepaid expenses – advertising	7,919	421
1.01.08	Other current assets	95,641	77,679
1.01.08.02	Assets of discontinued operations	65,564	54,667
1.01.08.03	Other	30,077	23,012
1.01.08.03.01	Advances to suppliers	8,475	6,549
1.01.08.03.02	Accounts receivable – employees	4,650	6,519
1.01.08.03.04	Unrealized gains on derivative transactions	48	1,397
1.01.08.03.06	Other	16,904	8,547
1.02	Noncurrent assets	1,583,937	1,579,881
1.02.01	Long-term receivables	127,649	110,248
1.02.01.06	Deferred taxes	71,474	59,166
1.02.01.06.01	Deferred income and social contribution taxes	71,474	59,166
1.02.01.08	Receivables from related parties	403	-
1.02.01.08.02	Receivables from subsidiaries	403	-
1.02.01.09	Other noncurrent assets	55,772	51,082
1.02.01.09.03	Compulsory deposits	73	269
1.02.01.09.04	Judicial deposits	19,885	19,419
1.02.01.09.05	Taxes recoverable	7,324	7,053
1.02.01.09.07	Other accounts receivable	28,490	24,341
1.02.02	Investments	783,373	782,146
1.02.02.01	Equity interest	783,373	782,146
1.02.02.01.02	Interest held in subsidiaries	783,228	781,951
1.02.02.01.04	Other equity interests	145	195
1.02.03	Property, plant and equipment	598,189	598,470
1.02.03.01	Property, plant and equipment in operation	574,296	563,319
1.02.03.03	Construction in progress	23,893	35,151
1.02.04	Intangible assets	74,726	89,017
1.02.04.01	Intangible assets	74,726	89,017

Individual Financial Statements / Balance sheet - Liabilities

(In thousands of reais)

Account code	Account description	09/30/2016	12/31/2015
2	Total liabilities	3,083,224	3,106,748
2.01	Current liabilities	579,392	884,731
2.01.01	Social and labor obligations	130,394	105,627
2.01.01.01	Social obligations	9,352	7,411
2.01.01.02	Labor obligations	121,042	98,216
2.01.01.02.01	Salaries and social charges	121,042	98,216
2.01.02	Trade accounts payable	290,778	327,685
2.01.02.01	Trade accounts payable – domestic	234,956	244,452
2.01.02.02	Trade accounts payable – foreign	55,822	83,233
2.01.03	Tax liabilities	13,690	12,758
2.01.03.01	Federal tax liabilities	11,376	11,706
2.01.03.01.02	Other tax liabilities	11,376	11,706
2.01.03.02	State tax liabilities	2,314	1,052
2.01.04	Loans and financing	64,670	362,608
2.01.04.01	Loans and financing	64,670	362,608
2.01.04.01.01	In local currency	64,670	362,608
2.01.05	Other liabilities	61,654	60,521
2.01.05.01	Payables to related parties	-	22
2.01.05.01.02	Payables to subsidiaries	-	22
2.01.05.02	Other	61,654	60,499
2.01.05.02.01	Dividends and IOE payable	31,731	4,785
2.01.05.02.04	Unrealized losses on derivative transactions	876	63
2.01.05.02.05	Provisions and other liabilities	29,047	55,651
2.01.06	Provisions	10,304	9,555
2.01.06.01	Provisions for tax, social security, labor and civil contingencies	10,304	9,555
2.01.06.01.02	Provisions for social security and labor contingencies	10,304	9,555
2.01.07	Liabilities on noncurrent assets for sale and discontinued assets	7,902	5,977
2.01.07.02	Liabilities on assets of discontinued operations	7,902	5,977
2.02	Noncurrent liabilities	548,756	382,488
2.02.01	Loans and financing	332,724	177,150
2.02.01.01	Loans and financing	332,724	177,150
2.02.01.01.01	In local currency	332,724	177,150
2.02.02	Other liabilities	203,259	192,368
2.02.02.02	Other	203,259	192,368
2.02.02.02.03	Other liabilities	5,079	5,593
2.02.02.02.04	Suspended tax payments and other	193,051	185,245
2.02.02.02.05	Provisions for employee benefits	172	235
2.02.02.02.07	Long-term incentive plan	4,957	1,295
2.02.04	Provisions	12,773	12,970
2.02.04.01	Provisions for tax, social security, labor and civil contingencies	12,773	12,970
2.02.04.01.01	Provisions for tax contingencies	4,285	4,185
2.02.04.01.02	Provisions for social security and labor contingencies	4,369	5,042
2.02.04.01.04	Provisions for civil contingencies	4,119	3,743
2.03	Equity	1,955,076	1,839,529
2.03.01	Paid-up Capital	648,497	648,497
2.03.02	Capital reserves	119,294	95,404
2.03.02.05	Treasury shares	(64,248)	(84,580)
2.03.02.07	Other reserves	169,241	169,241
2.03.02.08	Discount on sale of treasury shares	3,558	-
2.03.02.09	Recognized options granted	10,743	10,743
2.03.04	Income reserves	1,315,725	1,123,749
2.03.04.01	Legal reserve	49,676	49,676
2.03.04.05	Retained profits reserve	99,094	26,777
2.03.04.07	Tax incentive reserve	1,166,955	1,047,296

Individual Financial Statements / Balance sheet - Liabilities

(In thousands of reais)

Account code	Account description	09/30/2016	12/31/2015
2.03.06	Equity adjustments	13,974	14,696
2.03.07	Cumulative translation adjustments	(142,046)	(45,104)
2.03.08	Other comprehensive income (loss)	(368)	2,287
2.03.08.01	Unrealized income (loss) on hedging transactions	(368)	235
2.03.08.02	Unrealized income (loss) on hedging transactions - Subsidiaries	-	2,052

Individual Financial Statements / Income Statement

(In thousands of reais)

Account code	Account description	06/01/2016 to 09/30/2016	01/01/2016 to 09/30/2016	07/01/2015 to 09/30/2015	01/01/2015 to 09/30/2015
3.01	Revenue from sale of goods and/or services	673,157	1,864,348	688,912	1,745,716
3.02	Cost of sales and/or services	(396,730)	(1,142,137)	(397,820)	(1,036,365)
3.03	Gross profit	276,427	722,211	291,092	709,351
3.04	Operating expenses/income	(181,462)	(430,248)	(196,961)	(470,439)
3.04.01	Selling expenses	(129,402)	(378,091)	(144,658)	(388,022)
3.04.02	General and administrative expenses	(41,400)	(123,802)	(42,540)	(119,618)
3.04.04	Other operating income	4,063	11,886	2,708	4,650
3.04.05	Other operating expenses	(11,128)	(40,933)	(12,060)	(32,002)
3.04.05.01	Amortization of intangible assets	(5,056)	(15,967)	(6,036)	(16,369)
3.04.05.02	Other operating expenses	(6,072)	(24,966)	(6,024)	(15,633)
3.04.06	Equity pickup	(3,595)	100,692	(411)	64,553
3.05	Income before financial income (expenses) and taxes	94,965	291,963	94,131	238,912
3.06	Financial income (expenses)	(6,297)	(37,575)	(11,283)	(14,243)
3.06.01	Financial income	20,339	70,766	52,404	121,815
3.06.01.01	Exchange (losses) gains	(684)	13,648	41,545	78,650
3.06.01.02	Gains on derivative transactions	1,626	13,272	2,513	10,840
3.06.01.03	Other financial income	19,397	43,846	8,346	32,325
3.06.02	Financial expenses	(26,636)	(108,341)	(63,687)	(136,058)
3.06.02.01	Exchange (losses)	(3,736)	(11,175)	(43,642)	(75,126)
3.06.02.02	Losses on derivative transactions	(1,087)	(34,170)	(2,192)	(11,924)
3.06.02.03	Other financial expenses	(21,813)	(62,996)	(17,853)	(49,008)
3.07	Income (loss) before income taxes	88,668	254,388	82,848	224,669
3.08	Income and social contribution taxes	(3,991)	10,100	(2,461)	5,776
3.08.01	Current	(37)	(321)	-	30
3.08.02	Deferred	(3,954)	10,421	(2,461)	5,746
3.09	Net income from continuing operations	84,677	264,488	80,387	230,445
3.10	Net income (loss) from discontinued operations	658	(3,138)	(1,093)	(5,915)
3.11	Net Income for the period	85,335	261,350	79,294	224,530

Individual Financial Statements / Statement of Comprehensive Income

(In thousands of reais)

Account code	Account description	06/01/2016 to 09/30/2016	01/01/2016 to 09/30/2016	07/01/2015 to 09/30/2015	01/01/2015 to 09/30/2015
4.01	Net income for the period	85,335	261,350	79,294	224,530
4.02	Other comprehensive income (loss)	3,632	(99,597)	84,969	100,859
4.02.01	Gains/losses on translation of financial statements of foreign subsidiaries	3,131	(96,942)	81,473	99,451
4.02.02	Unrealized income (loss) on hedging transactions	759	(914)	5,296	2,132
4.02.03	Deferred tax on unrealized income (loss) on hedging transactions	(258)	311	(1,800)	(724)
4.02.04	Unrealized loss on hedging transactions - Subsidiaries	-	(2,052)	-	-
4.03	Comprehensive income for the period	88,967	161,753	164,263	325,389

Individual Financial Statements / Cash Flow Statement - Indirect Method

(In thousands of reais)

Account code	Account description	01/01/2016 to 09/30/2016	01/01/2015 to 09/30/2015
6.01	Net cash - operating activities	142,990	128,589
6.01.01	Cash from operating activities	231,479	219,968
6.01.01.01	Net income for the period	264,488	224,530
6.01.01.02	Depreciation and amortization	53,291	50,468
6.01.01.03	Income from disposal/derecognition of property, plant and equipment	941	1,444
6.01.01.04	Equity pickup	(100,692)	(64,553)
6.01.01.05	Interest, monetary and exchange gains (losses)	42,417	14,539
6.01.01.06	Provisions for tax, civil and labor contingencies	10,483	1,917
6.01.01.07	Deferred income and social contribution taxes	(10,421)	(8,795)
6.01.01.09	Allowance for doubtful accounts	4,584	4,100
6.01.01.10	Amortization of charges on loans and financing	(24,904)	(19,676)
6.01.01.11	Unrealized gains on derivative transactions	1,248	1,594
6.01.01.12	(Reversal of) Provision for inventory losses	8,100	10,644
6.01.01.13	Stock option plan granted	-	1,865
6.01.01.14	Provision for impairment of PP&E/intangible assets	-	1,891
6.01.01.17	Net cash used in discontinued operations	(18,056)	-
6.01.02	Changes in assets and liabilities	(88,489)	(91,379)
6.01.02.01	Trade accounts receivable	91,035	33,413
6.01.02.02	Inventories	(99,403)	(170,254)
6.01.02.03	Prepaid expenses	(6,366)	(7,165)
6.01.02.04	Taxes recoverable	5,816	(10,768)
6.01.02.05	Trade accounts payable	(40,867)	59,999
6.01.02.06	Taxes payable	(3,524)	(9,935)
6.01.02.07	Salaries and social charges	23,925	17,204
6.01.02.08	Payment of income and social contribution taxes	(236)	(554)
6.01.02.09	Other	(58,869)	(3,319)
6.02	Net cash - investing activities	(17,002)	26,708
6.02.02	Acquisition of PP&E and intangible assets	(40,103)	(78,393)
6.02.03	Short-term investments	22,680	41,247
6.02.05	Dividends and interest on equity received	421	11,125
6.02.07	Merger of subsidiary	-	52,729
6.03	Net cash – financing activities	(168,604)	(245,848)
6.03.01	Loans and financing raised	224,024	217,935
6.03.02	Amortization of loans and financing - principal	(373,368)	(230,293)
6.03.03	Payment of dividends and interest on equity	(43,150)	(230,447)
6.03.04	Sale/Acquisition of treasury shares, net	23,890	(3,043)
6.05	Increase (decrease) in cash and cash equivalents	(42,616)	(90,551)
6.05.01	Cash and cash equivalents at beginning of period	220,465	193,901
6.05.02	Cash and cash equivalents at end of period	177,849	103,350

Individual Financial Statements / Statement of Changes in Equity / SCE - 01/01/2016 to 09/30/2016

(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, options granted and treasury shares	Income reserves	Retained earnings/accumulated losses	Other comprehensive income (loss)	Equity
5.01	Opening balances	648,497	95,404	1,123,749	-	(28,121)	1,839,529
5.02	Prior-year adjustments	-	-	-	-	-	-
5.03	Adjusted opening balances	648,497	95,404	1,123,749	-	(28,121)	1,839,529
5.04	Capital transactions with shareholders	-	23,890	704	(70,800)	-	(46,206)
5.04.01	Capital increases	-	-	-	-	-	-
5.04.02	Share issue expenses	-	-	-	-	-	-
5.04.03	Recognized options granted	-	-	-	-	-	-
5.04.04	Treasury shares purchased	-	-	-	-	-	-
5.04.05	Treasury shares sold	-	23,890	-	-	-	23,890
5.04.06	Dividends	-	-	704	-	-	704
5.04.07	Interest on equity	-	-	-	(70,800)	-	(70,800)
5.04.08	Goodwill from increase in interest held in subsidiary	-	-	-	-	-	-
5.04.09	Dividends declared	-	-	-	-	-	-
5.04.10	Proposed additional dividend	-	-	-	-	-	-
5.04.11	Discount on sale of treasury shares	-	-	-	-	-	-
5.05	Total comprehensive income (loss)	-	-	-	261,350	(99,597)	161,753
5.05.01	Net income for the period	-	-	-	261,350	-	261,350
5.05.02	Other comprehensive income (loss)	-	-	-	-	(99,597)	(99,597)
5.05.02.01	Financial instrument adjustments	-	-	-	-	(2,966)	(2,966)
5.05.02.02	Taxes on financial instrument adjustments	-	-	-	-	311	311
5.05.02.03	Equity pickup on comprehensive income (loss) of subsidiaries and associates	-	-	-	-	-	-
5.05.02.04	Translation adjustments for the period	-	-	-	-	(96,942)	(96,942)
5.05.02.05	Taxes on translation adjustments for the period	-	-	-	-	-	-
5.05.03	Reclassifications to P&L	-	-	-	-	-	-
5.05.03.01	Financial instrument adjustments	-	-	-	-	-	-
5.06	Internal changes in equity	-	-	191,272	(190,550)	(722)	-
5.06.01	Setting up of reserves	-	-	191,272	(191,272)	-	-
5.06.02	Realization of revaluation reserve	-	-	-	-	-	-
5.06.03	Taxes on realization of revaluation reserve	-	-	-	-	-	-
5.06.04	Realization of other comprehensive income (loss)	-	-	-	722	(722)	-
5.07	Closing balances	648,497	119,294	1,315,725	-	(128,440)	1,955,076

Individual Financial Statements / Statement of Changes in Equity / SCE - 01/01/2015 to 09/30/2015

(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, options granted and treasury shares	Income reserves	Retained earnings/accumulated losses	Other comprehensive income (loss)	Equity
5.01	Opening balances	648,497	92,457	1,281,816	-	(25,044)	1,997,726
5.02	Prior-year adjustments	-	-	-	-	-	-
5.03	Adjusted opening balances	648,497	92,457	1,281,816	-	(25,044)	1,997,726
5.04	Capital transactions with shareholders	-	(1,178)	(312,832)	(84,900)	-	(398,910)
5.04.01	Capital increases	-	-	-	-	-	-
5.04.02	Share issue expenses	-	-	-	-	-	-
5.04.03	Recognized options granted	-	1,865	-	-	-	1,865
5.04.04	Treasury shares purchased	-	(4,300)	-	-	-	(4,300)
5.04.05	Treasury shares sold	-	1,257	-	-	-	1,257
5.04.06	Dividends	-	-	(312,832)	-	-	(312,832)
5.04.07	Interest on equity	-	-	-	(84,900)	-	(84,900)
5.04.08	Goodwill from increase in interest held in subsidiary	-	-	-	-	-	-
5.04.09	Dividends declared	-	-	-	-	-	-
5.04.10	Proposed additional dividend	-	-	-	-	-	-
5.04.11	Discount on sale of treasury shares	-	-	-	-	-	-
5.05	Total comprehensive income (loss)	-	-	-	224,530	100,859	325,389
5.05.01	Net income for the period	-	-	-	224,530	-	224,530
5.05.02	Other comprehensive income (loss)	-	-	-	-	100,859	100,859
5.05.02.01	Financial instrument adjustments	-	-	-	-	2,132	2,132
5.05.02.02	Taxes on financial instrument adjustments	-	-	-	-	(724)	(724)
5.05.02.03	Equity pickup on comprehensive income (loss) of subsidiaries and associates	-	-	-	-	-	-
5.05.02.04	Translation adjustments for the period	-	-	-	-	99,451	99,451
5.05.02.05	Taxes on translation adjustments for the period	-	-	-	-	-	-
5.05.03	Reclassifications to P&L	-	-	-	-	-	-
5.05.03.01	Financial instrument adjustments	-	-	-	-	-	-
5.06	Internal changes in equity	-	-	140,511	(139,630)	(881)	-
5.06.01	Setting up of reserves	-	-	140,511	(140,511)	-	-
5.06.02	Realization of revaluation reserve	-	-	-	-	-	-
5.06.03	Taxes on realization of revaluation reserve	-	-	-	-	-	-
5.06.04	Realization of other comprehensive income (loss)	-	-	-	881	(881)	-
5.07	Closing balances	648,497	91,279	1,109,495	-	74,934	1,924,205

Individual Financial Statements / Statement of Value Added

(In thousands of reais)

Account code	Account description	01/01/2016 to 09/30/2016	01/01/2015 to 09/30/2015
7.01	Revenues	2,244,364	2,219,311
7.01.01	Sale of goods, products and services	2,193,907	2,221,308
7.01.02	Other revenues	55,041	2,103
7.01.04	Allowance for/reversal of doubtful accounts	(4,584)	(4,100)
7.02	Inputs acquired from third parties	(927,149)	(1,044,287)
7.02.01	Cost of products, goods and services sold	(762,869)	(837,261)
7.02.02	Materials, electric power, third-party services and other	(160,827)	(198,970)
7.02.03	Loss/recovery of assets	(1,497)	(7,900)
7.02.04	Other	(1,956)	(156)
7.03	Gross value added	1,317,215	1,175,024
7.04	Retentions	(53,291)	(50,468)
7.04.01	Depreciation, amortization and depletion	(53,291)	(50,468)
7.05	Net value added produced	1,263,924	1,124,556
7.06	Value added received in transfer	170,764	188,106
7.06.01	Equity pickup	100,692	64,553
7.06.02	Financial income	70,766	121,815
7.06.03	Other	(694)	1,738
7.06.03.01	Other	2,444	1,738
7.06.03.02	Income (loss) from discontinued operations	(3,138)	-
7.07	Total value added to be distributed	1,434,688	1,312,662
7.08	Distribution of value added	1,434,688	1,312,662
7.08.01	Personnel	468,536	395,663
7.08.01.01	Direct compensation	364,276	303,525
7.08.01.02	Benefits	78,703	71,151
7.08.01.03	Unemployment Compensation Fund (FGTS)	25,557	20,987
7.08.02	Taxes, charges and contributions	537,944	495,159
7.08.02.01	Federal	314,086	293,300
7.08.02.02	State	222,571	200,691
7.08.02.03	Local	1,287	1,168
7.08.03	Debt remuneration	166,858	197,310
7.08.03.01	Interest	108,138	138,299
7.08.03.02	Rentals	26,580	26,322
7.08.03.03	Other	32,140	32,689
7.08.04	Equity remuneration	261,350	224,530
7.08.04.01	Interest on equity	70,800	84,900
7.08.04.03	Retained profits/loss for the period	190,550	139,630

Consolidated financial statements / Balance sheet - Assets

(In thousands of reais)

Account code	Account description	09/30/2016	12/31/2015
1	Total assets	3,690,220	3,763,470
1.01	Current assets	2,179,017	2,208,631
1.01.01	Cash and cash equivalents	319,795	394,926
1.01.02	Short-term investments	75,002	93,267
1.01.02.01	Short-term investments measured at fair value	75,002	93,267
1.01.02.01.02	Available-for-sale securities	75,002	93,267
1.01.03	Accounts receivable	837,209	883,760
1.01.03.01	Trade accounts receivable	837,209	883,760
1.01.04	Inventories	712,994	633,664
1.01.06	Taxes recoverable	96,843	84,663
1.01.06.01	Current taxes recoverable	96,843	84,663
1.01.07	Prepaid expenses	21,017	14,797
1.01.07.01	Prepaid expenses	12,975	14,293
1.01.07.02	Prepaid expenses – advertising	8,042	504
1.01.08	Other current assets	116,157	103,554
1.01.08.02	Assets of discontinued operations	65,564	54,667
1.01.08.03	Other	50,593	48,887
1.01.08.03.01	Advance to suppliers	21,567	23,191
1.01.08.03.02	Accounts receivable – employees	4,989	6,847
1.01.08.03.03	Unrealized gains on derivative transactions	1,737	3,448
1.01.08.03.05	Other assets	22,300	15,401
1.02	Noncurrent assets	1,511,203	1,554,839
1.02.01	Long-term receivables	146,717	140,236
1.02.01.06	Deferred taxes	76,179	64,709
1.02.01.06.01	Deferred income and social contribution taxes	76,179	64,709
1.02.01.09	Other noncurrent assets	70,538	75,527
1.02.01.09.03	Compulsory deposits	73	269
1.02.01.09.04	Judicial deposits	22,213	20,969
1.02.01.09.05	Taxes recoverable	15,532	25,804
1.02.01.09.07	Other accounts receivable	32,720	28,485
1.02.02	Investments	2,634	2,319
1.02.02.01	Equity interest	2,634	2,319
1.02.02.01.04	Other equity interests	2,634	2,319
1.02.03	Property, plant and equipment	711,000	740,902
1.02.03.01	Property, plant and equipment in operation	681,336	694,987
1.02.03.03	Construction in progress	29,664	45,915
1.02.04	Intangible assets	650,852	671,382
1.02.04.01	Intangible assets	650,852	671,382
1.02.04.01.02	Intangible assets	650,852	671,382

Consolidated Financial Statements / Balance Sheet - Liabilities

(In thousands of reais)

Account code	Account description	09/30/2016	12/31/2015
2	Total liabilities	3,690,220	3,763,470
2.01	Current liabilities	994,342	1,309,519
2.01.01	Social and labor obligations	188,868	172,530
2.01.01.01	Social obligations	20,239	26,259
2.01.01.02	Labor obligations	168,629	146,271
2.01.02	Trade accounts payable	395,325	437,636
2.01.02.01	Trade accounts payable – domestic	244,864	270,451
2.01.02.02	Trade accounts payable – foreign	150,461	167,185
2.01.03	Tax liabilities	71,168	47,185
2.01.03.01	Federal tax liabilities	65,701	37,190
2.01.03.01.01	Income and social contribution taxes payable	39,791	11,962
2.01.03.01.02	Other tax liabilities	25,910	25,228
2.01.03.02	State tax liabilities	5,467	9,995
2.01.04	Loans and financing	183,734	495,243
2.01.04.01	Loans and financing	183,651	495,191
2.01.04.01.01	In local currency	100,077	406,953
2.01.04.01.02	In foreign currency	83,574	88,238
2.01.04.03	Financing through finance lease	83	52
2.01.05	Other liabilities	133,708	134,891
2.01.05.02	Other	133,708	134,891
2.01.05.02.01	Dividends and IOE payable	31,731	4,785
2.01.05.02.04	Debt-restructuring agreements of subsidiaries	6,559	8,124
2.01.05.02.05	Unrealized losses on derivative transactions	2,556	63
2.01.05.02.06	Provisions and other liabilities	92,862	121,919
2.01.06	Provisions	13,637	16,057
2.01.06.01	Provisions for tax, social security, labor and civil contingencies	13,637	16,057
2.01.06.01.01	Provisions for tax contingencies	1,061	-
2.01.06.01.02	Provisions for social security and labor contingencies	12,567	16,048
2.01.06.01.04	Provisions for civil contingencies	9	9
2.01.07	Liabilities on noncurrent assets for sale and discontinued assets	7,902	5,977
2.01.07.02	Liabilities on assets of discontinued operations	7,902	5,977
2.02	Noncurrent liabilities	654,823	522,715
2.02.01	Loans and financing	332,858	177,449
2.02.01.01	Loans and financing	332,725	177,150
2.02.01.01.01	In local currency	332,725	177,150
2.02.01.03	Financing through finance lease	133	299
2.02.02	Other liabilities	229,798	238,386
2.02.02.02	Other	229,798	238,386
2.02.02.02.03	Debt-restructuring agreements of subsidiaries	25,200	41,193
2.02.02.02.04	Suspended tax payments	193,051	185,245
2.02.02.02.05	Provisions for employee benefits	172	2,603
2.02.02.02.07	Other liabilities	5,943	7,746
2.02.02.02.08	Long-term incentive plan	5,432	1,599
2.02.03	Deferred taxes	66,705	82,868
2.02.03.01	Deferred income and social contribution taxes	66,705	82,868
2.02.04	Provisions	25,462	24,012
2.02.04.01	Provisions for tax, social security, labor and civil contingencies	25,462	24,012
2.02.04.01.01	Provisions for tax contingencies	4,285	6,102
2.02.04.01.02	Provisions for social security and labor contingencies	16,939	14,048
2.02.04.01.04	Provisions for civil contingencies	4,238	3,862

Consolidated Financial Statements / Balance Sheet - Liabilities

(In thousands of reais)

Account code	Account description	09/30/2016	12/31/2015
2.03	Consolidated equity	2,041,055	1,931,236
2.03.01	Paid-up capital	648,497	648,497
2.03.02	Capital reserves	119,294	95,404
2.03.02.05	Treasury shares	(64,248)	(84,580)
2.03.02.07	Other capital reserves	169,241	169,241
2.03.02.08	Discount on sale of treasury shares	3,558	-
2.03.02.09	Recognized options granted	10,743	10,743
2.03.04	Income reserves	1,315,725	1,123,749
2.03.04.01	Legal reserve	49,676	49,676
2.03.04.05	Retained profits reserve	99,094	26,777
2.03.04.07	Tax incentive reserve	1,166,955	1,047,296
2.03.06	Equity adjustments	13,974	14,696
2.03.07	Cumulative translation adjustments	(142,046)	(45,104)
2.03.08	Other comprehensive income (loss)	(368)	2,287
2.03.08.01	Unrealized income (loss) on hedging transactions	(368)	235
2.03.08.02	Unrealized income (loss) on hedging transactions - Subsidiaries	-	2,052
2.03.09	Noncontrolling interest	85,979	91,707

Consolidated Financial Statements / Income Statement

(In thousands of reais)

Account code	Account description	07/01/2016 to 09/30/2016	01/01/2016 to 09/30/2016	07/01/2015 to 09/30/2015	01/01/2015 to 09/30/2015
3.01	Revenue from sale of goods and/or services	982,831	2,988,493	1,085,240	2,926,806
3.02	Cost of sales and/or services	(564,243)	(1,643,322)	(636,338)	(1,672,445)
3.03	Gross profit	418,588	1,345,171	448,902	1,254,361
3.04	Operating expenses/income	(315,538)	(993,426)	(343,600)	(969,962)
3.04.01	Selling expenses	(234,116)	(732,962)	(254,376)	(714,494)
3.04.02	General and administrative expenses	(70,114)	(208,120)	(72,939)	(202,732)
3.04.04	Other operating income	5,361	14,327	3,411	8,309
3.04.05	Other operating expenses	(16,669)	(66,671)	(19,696)	(61,045)
3.04.05.01	Amortization of intangible assets	(8,197)	(25,483)	(8,781)	(24,311)
3.04.05.02	Other operating expenses	(8,472)	(41,188)	(10,915)	(36,734)
3.05	Income before financial income (expenses) and taxes	103,050	351,745	105,302	284,399
3.06	Financial income (expenses)	(16,665)	(69,303)	(19,638)	(37,439)
3.06.01	Financial income	24,985	87,293	57,881	133,347
3.06.01.01	Exchange gains (losses)	(579)	17,302	44,159	83,999
3.06.01.02	Gains on derivative transactions	8,952	20,598	2,513	10,840
3.06.01.03	Other financial income	16,612	49,393	11,209	38,508
3.06.02	Financial expenses	(41,650)	(156,596)	(77,519)	(170,786)
3.06.02.01	Exchange gains (losses)	(5,525)	(22,683)	(45,405)	(79,043)
3.06.02.02	Losses on derivative transactions	(9,197)	(42,280)	(2,192)	(11,924)
3.06.02.03	Other financial expenses	(26,928)	(91,633)	(29,922)	(79,819)
3.07	Income (loss) before income taxes	86,385	282,442	85,664	246,960
3.08	Income and social contribution taxes	(2,499)	(23,454)	(8,175)	(27,460)
3.08.01	Current	(4,104)	(48,105)	(4,570)	(18,171)
3.08.02	Deferred	1,605	24,651	(3,605)	(9,289)
3.09	Net income from continuing operations	83,886	258,988	77,489	219,500
3.10	Net income from discontinued operations	658	(3,138)	(1,093)	(5,915)
3.10.01	Net income/loss from discontinued operations	658	(3,138)	(1,093)	(5,915)
3.11	Consolidated income/loss for the period	84,544	255,850	76,396	213,585
3.11.01	Attributable to shareholders of parent company	85,335	261,350	79,294	224,530
3.11.02	Attributable to noncontrolling shareholders	(791)	(5,500)	(2,898)	(10,945)

Consolidated Financial Statements / Statement of Comprehensive Income

(In thousands of reais)

Account code	Account description	07/01/2016 to 09/30/2016	01/01/2016 to 09/30/2016	07/01/2015 to 09/30/2015	01/01/2015 to 09/30/2015
4.01	Consolidated net income for the period	84,544	255,850	76,396	213,585
4.02	Other comprehensive income (loss)	3,632	(99,825)	84,532	98,552
4.02.01	Gains/losses on translation of financial statements of foreign subsidiaries	3,131	(97,170)	81,036	97,144
4.02.02	Unrealized income (loss) on hedging transactions	759	(914)	5,296	2,132
4.02.03	Deferred tax on unrealized income (loss) on hedging transactions	(258)	311	(1,800)	(724)
4.02.04	Unrealized income (loss) on hedging transactions - Subsidiaries	-	(2,052)	-	-
4.03	Consolidated comprehensive income for the period	88,176	156,025	160,928	312,137
4.03.01	Attributable to shareholders of parent company	88,967	161,753	164,263	325,389
4.03.02	Attributable to noncontrolling shareholders	(791)	(5,728)	(3,335)	(13,252)

Consolidated Financial Statements / Cash Flow Statement - Indirect Method

(In thousands of reais)

Account code	Account description	01/01/2016 to 09/30/2016	01/01/2015 to 09/30/2015
6.01	Net cash - operating activities	176,713	272,345
6.01.01	Cash from operating activities	349,025	323,619
6.01.01.01	Net income for the period	258,988	213,585
6.01.01.02	Depreciation and amortization	78,352	77,195
6.01.01.03	Income (loss) from disposal/derecognition of property, plant and equipment	2,161	1,735
6.01.01.06	Interest and monetary and exchange gains (losses)	53,804	23,760
6.01.01.07	Provisions for tax, civil and labor contingencies	14,681	5,865
6.01.01.08	Deferred income and social contribution taxes	(24,651)	6,240
6.01.01.10	Allowance for (reversal of) doubtful accounts	6,687	6,291
6.01.01.11	(Reversal of) Provision for inventory losses	8,333	11,188
6.01.01.12	Amortization of charges on loans and financing	(32,513)	(24,222)
6.01.01.13	Unrealized gains/losses on derivative transactions	3,291	1,594
6.01.01.14	Stock option plan granted	-	1,865
6.01.01.15	Provision for impairment of PP&E/intangible assets	-	1,891
6.01.01.17	Remeasurement adjustment – 1st acquisition Osklen	-	(3,368)
6.01.01.18	Unrealized gains/losses on derivative transactions - Subsidiaries	(2,052)	-
6.01.01.19	Net cash used in discontinued operations	(18,056)	-
6.01.02	Changes in assets and liabilities	(172,312)	(51,274)
6.01.02.01	Trade accounts receivable	(7,690)	(2,764)
6.01.02.02	Inventories	(148,614)	(119,509)
6.01.02.03	Prepaid expenses	(8,049)	(3,792)
6.01.02.04	Taxes recoverable	(3,054)	(12,105)
6.01.02.05	Trade accounts payable	(10,638)	46,942
6.01.02.06	Taxes payable	35,929	25,974
6.01.02.07	Salaries and social charges	31,761	31,907
6.01.02.08	Payment of income and social contribution taxes	(22,123)	(17,412)
6.01.02.10	Other	(39,834)	(515)
6.02	Net cash - investing activities	(34,089)	(25,593)
6.02.02	Acquisition of PP&E and intangible assets	(60,555)	(98,301)
6.02.03	Short-term investments	22,680	65,754
6.02.04	Amount received from sale of permanent assets	3,786	6,954
6.03	Net cash – financing activities	(179,631)	(263,415)
6.03.01	Loans and financing raised	267,555	258,820
6.03.02	Amortization of loans and financing - principal	(419,341)	(279,266)
6.03.03	Payment of dividends and interest on equity	(43,150)	(230,447)
6.03.04	Amortization through debt restructuring of subsidiary	(8,585)	(9,478)
6.03.06	Sale/Acquisition of treasury shares, net	23,890	(3,044)
6.04	Exchange gains (losses) on cash and cash equivalents	(38,124)	59,528
6.05	Increase (decrease) in cash and cash equivalents	(75,131)	42,865
6.05.01	Cash and cash equivalents at beginning of period	394,926	316,610
6.05.02	Cash and cash equivalents at end of period	319,795	359,475

Consolidated Financial Statements / Statement of Changes in Equity / SCE - 01/01/2016 to 09/30/2016

(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, options granted and treasury shares	Income reserves	Retained earnings/accumulated losses	Other comprehensive income (loss)	Equity	Noncontrolling interests	Consolidate equit
5.01	Opening balances	648,497	95,404	1,123,749	-	(28,121)	1,839,529	91,707	1,931,23
5.02	Prior-year adjustments	-	-	-	-	-	-	-	
5.03	Adjusted opening balances	648,497	95,404	1,123,749	-	(28,121)	1,839,529	91,707	1,931,23
5.04	Capital transactions with shareholders	-	23,890	704	(70,800)	-	(46,206)	-	(46,20
5.04.01	Capital increases	-	-	-	-	-	-	-	
5.04.02	Share issue expenses	-	-	-	-	-	-	-	
5.04.03	Recognized options granted	-	-	-	-	-	-	-	
5.04.04	Treasury shares purchased	-	-	-	-	-	-	-	
5.04.05	Treasury shares sold	-	23,890	-	-	-	23,890	-	23,89
5.04.06	Dividends	-	-	704	-	-	704	-	70
5.04.07	Interest on equity	-	-	-	(70,800)	-	(70,800)	-	(70,80
5.04.08	Noncontrolling interests	-	-	-	-	-	-	-	
5.04.09	Goodwill from increase in interest held in subsidiary	-	-	-	-	-	-	-	
5.04.10	Dividends declared	-	-	-	-	-	-	-	
5.04.11	Proposed additional dividend	-	-	-	-	-	-	-	
5.04.12	Discount on sale of treasury shares	-	-	-	-	-	-	-	
5.05	Total comprehensive income (loss)	-	-	-	261,350	(99,597)	161,753	(5,728)	156,02
5.05.01	Net income for the period	-	-	-	261,350	-	261,350	(5,500)	255,85
5.05.02	Other comprehensive income (loss)	-	-	-	-	(99,597)	(99,597)	(228)	(99,82
5.05.02.01	Financial instrument adjustments	-	-	-	-	(2,966)	(2,966)	-	(2,96
5.05.02.02	Taxes on financial instrument adjustments	-	-	-	-	311	311	-	31
5.05.02.03	Equity pickup on comprehensive income (loss) of subsidiaries and associates	-	-	-	-	-	-	-	
5.05.02.04	Translation adjustments for the period	-	-	-	-	(96,942)	(96,942)	(228)	(97,17
5.05.02.05	Taxes on translation adjustments for the period	-	-	-	-	-	-	-	
5.05.03	Reclassifications to P&L	-	-	-	-	-	-	-	
5.05.03.01	Financial instrument adjustments	-	-	-	-	-	-	-	
5.06	Internal changes in equity	-	-	191,272	(190,550)	(722)	-	-	
5.06.01	Setting up of reserves	-	-	191,272	(191,272)	-	-	-	
5.06.02	Realization of revaluation reserve	-	-	-	-	-	-	-	
5.06.03	Taxes on realization of revaluation reserve	-	-	-	-	-	-	-	
5.06.04	Realization of other comprehensive income (loss)	-	-	-	722	(722)	-	-	
5.06.05	Absorption of retained earnings arising from changes in accounting practices	-	-	-	-	-	-	-	
5.07	Closing balances	648,497	119,294	1,315,725	-	(128,440)	1,955,076	85,979	2,041,05

Consolidated Financial Statements / Statement of Changes in Equity / SCE - 01/01/2015 to 09/30/2015

(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, options granted and treasury shares	Income reserves	Retained earnings/accumulated losses	Other comprehensive income (loss)	Equity	Noncontrolling interests	Consolidated equity
5.01	Opening balances	648,497	92,457	1,281,816	-	(25,044)	1,997,726	103,178	2,100,904
5.02	Prior-year adjustments	-	-	-	-	-	-	-	-
5.03	Adjusted opening balances	648,497	92,457	1,281,816	-	(25,044)	1,997,726	103,178	2,100,904
5.04	Capital transactions with shareholders	-	(1,178)	(312,832)	(84,900)	-	(398,910)	-	(398,910)
5.04.01	Capital increases	-	-	-	-	-	-	-	-
5.04.02	Share issue expenses	-	-	-	-	-	-	-	-
5.04.03	Recognized options granted	-	1,865	-	-	-	1,865	-	1,865
5.04.04	Treasury shares purchased	-	(4,300)	-	-	-	(4,300)	-	(4,300)
5.04.05	Treasury shares sold	-	1,257	-	-	-	1,257	-	1,257
5.04.06	Dividends	-	-	(312,832)	-	-	(312,832)	-	(312,832)
5.04.07	Interest on equity	-	-	-	(84,900)	-	(84,900)	-	(84,900)
5.04.08	Discount on sale of treasury shares	-	-	-	-	-	-	-	-
5.04.09	Noncontrolling interests	-	-	-	-	-	-	-	-
5.04.10	Dividends declared	-	-	-	-	-	-	-	-
5.04.11	Proposed additional dividend	-	-	-	-	-	-	-	-
5.05	Total comprehensive income (loss)	-	-	-	224,530	100,859	325,389	(13,252)	312,137
5.05.01	Net income for the period	-	-	-	224,530	-	224,530	(10,945)	213,585
5.05.02	Other comprehensive income (loss)	-	-	-	-	100,859	100,859	(2,307)	98,552
5.05.02.01	Financial instrument adjustments	-	-	-	-	2,132	2,132	-	2,132
5.05.02.02	Taxes on financial instrument adjustments	-	-	-	-	(724)	(724)	-	(724)
5.05.02.03	Equity pickup on comprehensive income (loss) of subsidiaries and associates	-	-	-	-	-	-	-	-
5.05.02.04	Translation adjustments for the period	-	-	-	-	99,451	99,451	(2,307)	97,144
5.05.02.05	Taxes on translation adjustments for the period	-	-	-	-	-	-	-	-
5.05.03	Reclassifications to P&L	-	-	-	-	-	-	-	-
5.05.03.01	Financial instrument adjustments	-	-	-	-	-	-	-	-
5.06	Internal changes in equity	-	-	140,511	(139,630)	(881)	-	-	-
5.06.01	Setting up of reserves	-	-	140,511	(140,511)	-	-	-	-
5.06.02	Realization of revaluation reserve	-	-	-	-	-	-	-	-
5.06.03	Taxes on realization of revaluation reserve	-	-	-	-	-	-	-	-
5.06.04	Realization of other comprehensive income (loss)	-	-	-	881	(881)	-	-	-
5.06.05	Absorption of retained earnings arising from changes in accounting practices	-	-	-	-	-	-	-	-
5.07	Closing balances	648,497	91,279	1,109,495	-	74,934	1,924,205	89,926	2,014,131

Notas explicativas

Consolidated Financial Statements / Statement of Value Added

(In thousands of reais)

Account code	Account description	01/01/2016 to 09/30/2016	01/01/2015 to 09/30/2015
7.01	Revenues	3,562,854	3,625,426
7.01.01	Sale of goods, products and services	3,513,858	3,626,906
7.01.02	Other revenues	55,683	4,811
7.01.04	Allowance for/reversal of doubtful accounts	(6,687)	(6,291)
7.02	Inputs acquired from third parties	(1,473,764)	(1,648,572)
7.02.01	Cost of products, goods and services sold	(1,262,982)	(1,469,742)
7.02.02	Materials, electric power, third-party services and other	(204,751)	(173,047)
7.02.03	Loss/recovery of assets	(4,075)	(5,627)
7.02.04	Other	(1,956)	(156)
7.03	Gross value added	2,089,090	1,976,854
7.04	Retentions	(78,352)	(77,195)
7.04.01	Depreciation, amortization and depletion	(78,352)	(77,195)
7.05	Net value added produced	2,010,738	1,899,659
7.06	Value added received in transfer	87,235	135,496
7.06.02	Financial income	87,293	133,347
7.06.03	Other	(58)	2,149
7.06.03.01	Other	3,080	2,149
7.06.03.02	Income (loss) from discontinued operations	(3,138)	-
7.07	Total value added to be distributed	2,097,973	2,035,155
7.08	Distribution of value added	2,097,973	2,035,155
7.08.01	Personnel	758,484	694,142
7.08.01.01	Direct compensation	636,704	587,516
7.08.01.02	Benefits	92,585	85,524
7.08.01.03	Unemployment Compensation Fund (FGTS)	29,195	21,102
7.08.02	Taxes, charges and contributions	820,821	865,635
7.08.02.01	Federal	569,233	658,366
7.08.02.02	State	250,129	205,991
7.08.02.03	Local	1,459	1,278
7.08.03	Debt remuneration	262,818	261,793
7.08.03.01	Interest	149,836	161,331
7.08.03.02	Rentals	76,808	65,511
7.08.03.03	Other	36,174	34,951
7.08.04	Equity remuneration	255,850	213,585
7.08.04.01	Interest on equity	70,800	84,900
7.08.04.03	Retained profits/loss for the period	190,550	139,630
7.08.04.04	Noncontrolling interests in retained profits	(5,500)	(10,945)

Notes to quarterly information

1. Operations

1.1. General considerations

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

The Company and its subsidiaries (hereinafter collectively referred to as "Alpargatas Group" or the "Group") are primarily engaged in the manufacturing 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 through which the Company conducts activities in Brazil and abroad are described in Note 4.

The Board of Directors authorized the issue of this interim financial information on November 4, 2016.

1.2. Acquisition of controlling interest by J&F Investimentos S.A.

On November 23, 2015, J&F Investimentos S.A. ("J&F") entered into a Controlling Interest Purchase and Sale Agreement and Other Covenants with Camargo Corrêa S.A. ("CCSA"), the Company's controlling shareholder, for acquisition of the controlling interest of Alpargatas S.A. by J&F. The purpose of this agreement was the acquisition of 207,575,464 shares issued by Alpargatas (161,846,378 common shares and 45,729,086 preferred shares), i.e. 44.12% of the Company's capital (66.99% of total common shares and 19.98% of total preferred shares).

On December 4, 2015, the Brazil's Administrative Council for Economic Defense (CADE) approved this acquisition.

On December 23, 2015, J&F and CCSA entered into the Closing Document for the Controlling Interest Purchase and Sale Agreement and Other Covenants, through which the acquisition of all shares issued by Alpargatas and held by CCSA was concluded.

The price, after adjustments made due to payment of dividends and interest on equity to CCSA, was R$2,614,172, and the price per common share amounted to R$12.60 and per preferred share R$12.57.

On July 12, 2016, Alpargatas communicated to the shareholders and to the market in general that J&F Investimentos S.A., its Parent company, in the capacity of offeror of the mandatory public offering (Mandatory IPO) of shares issued by Alpargatas, (i) contracted Banco Bradesco BBI to provide intermediation services related to the Mandatory IPO; and (ii) resubmitted, within the scope of the Mandatory IPO, all documents provided for in CVM Ruling No. 361. The Mandatory IPO notice was published on August 17, 2016. As a result of this IPO, J&F Investimentos S.A. acquired 45,322,491 common shares issued by the Company, representing 56.82% of the common shares submitted to the IPO, and now holds 207,168,869 common shares, representing 85.75% of total common shares. These shares were acquired for the unit price of R$11.02, totaling R$499,454. Considering that J&F had already owned 47,937,043 preferred shares of Company, its total interest in Alpargatas is now 54.23%. The settlement of the Mandatory IPO was on October 5, 2016.

Notes to quarterly information

1.3. Disposal of Topper and Rainha operations

On November 3, 2015, for the purpose of increasing its focus on its most strategic businesses, the Company entered into with a group of investors led by Mr. Carlos Roberto Wizard Martins: (a) Purchase and Sale Agreement referring to disposal of 100% of the business unit that will comprise all operations related to the Topper brand in Brazil, and to Rainha brand in Brazil and worldwide; (b) Purchase and Sale Agreement referring to disposal of 20% of the business unit that will comprise all operations related to the Topper brand in Argentina and worldwide (except in the United States and China), currently conducted by the subsidiary Alpargatas S.A.I.C.; and (c) License Agreement referring to the Topper brand, for the period of 15 years, in the United States and China.

Such transactions will be closed on different dates, and such closing is subject to compliance with certain conditions precedent.

As provided in the transaction structuring, in February 2016, Alpargatas segregated the business unit responsible for Topper and Rainha brands activities in Brazil into a new company "BRS Comércio e Indústria de Material Esportivo S.A. (BRS)", which was acquired by the buyers on May 2, 2016.

The transaction in Argentina will also be completed through segregation of the operation into a new company ("NewCo Argentina"), to be organized by Alpargatas S.A.I.C. - Argentina within 12 months from May 2, 2016, closing date of the first transaction. The buyers will acquire shares representing 20% of NewCo Argentina's capital.

The Brazil operation purchase price amounted to R$49,836. The Argentina operation purchase price will be equivalent to the disposed interest of 20% multiplied by 6.5 times the effective EBITDA of the Argentina Topper business for the fiscal year ended December 31, 2015, adjusted by the net indebtedness on the respective closing date (see details in Note 11).

On May 2, 2016, the Company received the first installment related to purchase price of the Brazil operation in the amount of R$24,345. The other receipts will take place as from July 2016.

1.4. Licensing of Timberland brand

On May 13, 2016, through a material news release, the Company disclosed that as from January 1, 2017 it will no longer represent Timberland brand in Brazil. This decision is aligned with the Company's strategy regarding its positioning in the market of sports items (see details in Note 11).

2. Basis of preparation and summary of significant accounting practices

The individual and consolidated quarterly information was prepared and are presented in accordance with accounting pronouncements CPC 21 (R1) and IAS 34 - Interim Financial Reporting issued by the Brazilian Financial Accounting Standards Board - FASB (CPC) and the International Accounting Standards Board (IASB) respectively, and consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of quarterly information (ITR).

The accounting practices adopted in Brazil comprise those set out in the Brazilian Corporation Law and the pronouncements, guidance and interpretations issued by the Brazilian Financial Accounting Standards Board – FASB (CPC), approved by the Brazilian Securities and Exchange Commission (CVM).

Notes to quarterly information

The information referring to the basis of preparation and presentation of quarterly information and to the summary of significant accounting practices, and to the use of estimates and judgments, has not changed in relation to the information disclosed in Note 2 to the annual financial statements for the year ended December 31, 2015 (hereinafter named "financial statements at December 31, 2015"), disclosed on March 4, 2016 in Valor Econômico newspaper and in the Federal Official Gazette (DOU), and disclosed in the websites: www.cvm.gov.br, www.bmfbovespa.com.br and www.alpargatas.com.br.

3. New standards, interpretations and amendments to standards

There were no significant changes in accounting pronouncements and interpretations that were effective at September 30, 2016 for this quarterly information in relating to that disclosed in Note 2 to the financial statements as of December 31, 2015. Regarding accounting pronouncements and interpretations that became effective as from January 1, 2016, as disclosed in Note 3 to the financial statements as of December 31, 2015, there are no significant impacts for the Company and its subsidiaries.

4. Consolidated financial information

The consolidation includes accounting information of the Company and of the following direct and indirect subsidiaries:

		Equity interest (%)	
Direct interest	**Main activity**	**09/30/2016**	**12/31/2015**
Fibrasil Agrícola e Comercial Ltda.	Import and export activities in general, purchase, sale and lease of own properties, and equity interest in other companies, in Brazil or abroad.	**100.00**	100.00
Alpargatas Imobiliária S.A.	Sale and lease of own properties and equity interest in other companies, in Brazil or abroad.	**100.00**	100.00
Alpargatas Internacional APS – Denmark	Holding company with investment in other companies (Alpargatas USA Inc. and Alpargatas Europe S.L.U.).	**100.00**	100.00
Alpargatas S.A.I.C. - Argentina	Manufacturing and sale of footwear and textile products, mainly in the Argentine market.	**98.35**	98.35
Terras de Aventura Indústria de Artigos Esportivos S.A. - Osklen	Premium fashion retail chain with stores in Brazil and abroad.	**60.00**	60.00
Alpargatas Asia Ltd. - Hong Kong	Sale of footwear.	**100.00**	-
Indirect interest (through Alpargatas Internacional APS):			
Alpargatas USA Inc. - United States	Import and sale of footwear in the U.S. market	**100.00**	100.00
Alpargatas Europe S.L.U. - Spain		**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
Alpargatas Germany GmbH - Germany	Import and sale of footwear in the European market.	**100.00**	100.00
Indirect interest (through Fibrasil Agrícola e Comercial Ltda.):			
Alpargatas S.A.I.C. - Argentina	Manufacturing and sale of footwear and textile products, mainly in the Argentine market.	**1.65**	1.65
Dialog S.A.	Logistics services.	**10.00**	10.00
Indirect interest (through Alpargatas S.A.I.C. - Argentina):			
Dialog S.A.	Logistics services.	**90.00**	90.00

Notes to quarterly information

5. Tax incentives - investment grants

The Company has tax incentives granted by state governments where the main plants are located, which will expire between 2018 and 2020. The Company also has tax incentives granted by the federal government through profit from tax-incentive activities in the Brazilian Northeast Region, which will expire in 2021.

These investments grants and tax incentives are as follows:

		Company		Consolidated	
		09/30/2016	09/30/2015	09/30/2016	09/30/2015
State VAT (ICMS) incentive:					
Paraíba	(a)	**93,395**	80,109	**93,395**	80,109
Pernambuco	(b)	**11,071**	6,448	**11,071**	6,813
Minas Gerais	(c)	**15,193**	11,124	**15,193**	11,124
Corporate Income Tax (IRPJ) incentives:					
Brazilian Northeast Region	(d)	-	-	-	638
Total		**119,659**	97,681	**119,659**	98,684

(a) Amounts of the investment grant in the State of Paraíba, recorded under "Income taxes", used in the calculation of ICMS matching credit. The amounts refer to unpaid ICMS installments, thus committed to what was agreed upon with the state government. The Company is compliant with the established agreement, which consists of expanding the manufacturing facilities in that region, increasing its production of footwear and generating direct jobs in plants in the State of Paraíba.

Additionally, for the nine-month periods ended September 30, 2016 and 2015, 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, recorded under "Income taxes", used in the calculation of ICMS matching credit, thus committed to what was agreed with the state government by subsidiary CBS S.A. - Companhia Brasileira de Sandálias, which was merged by the parent company on February 1, 2015. The Company 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) Calculation of ICMS matching credit by the plant in the city of Montes Claros recorded under "Taxes on revenue". The amounts refer to unpaid ICMS installments, thus committed to what was agreed with the state government. The Company has agreed to invest, issue bills and create direct jobs in this Minas Gerais state plant.

(d) These are credited to "Income and social contribution taxes - current" in the income statement (see details in Note 10.b).

Notes to quarterly information

6. Cash and cash equivalents and short-term investments

a) Cash and cash equivalents

	Company		Consolidated	
	09/30/2016	12/31/2015	09/30/2016	12/31/2015
Cash and banks	**17,903**	6,018	**149,576**	129,604
Short-term investments:				
Floating CDBs (i)	**77,966**	7,642	**77,966**	7,642
Floating rate repurchase agreements (i)	**81,980**	206,805	**91,611**	219,158
Other - Alpargatas S.A.I.C. - Argentina (ii)	**-**	-	**642**	38,522
Total	**177,849**	220,465	**319,795**	394,926

(i) At September 30, 2016, the Bank Deposit Certificates (CDBs) average yield was 100.09% of Interbank Deposit Certificates (CDI) (101.14% at December 31, 2015). Their aging list goes from October 2016 to January 2023, and they have a grace period for redemption lower than three months and are subject to an insignificant risk of change in value.

(ii) Short-term investments held by subsidiary Alpargatas S.A.I.C. - Argentina are represented by fixed-income securities, with average annual yield of 27.01% (24.27% at December 31, 2015).

b) Short-term investments

At September 30, 2016, short-term investments refer to CDBs and floating repurchase agreements with average yield of 102.97% of CDI (102.02% at December 31, 2015). Investments in fixed-income CDB have a fixed yield of 14.45% p.a. (9.90% at December 31, 2015).

	Company		Consolidated	
	09/30/2016	12/31/2015	09/30/2016	12/31/2015
Fixed CDBs/repurchase agreements (i)	**13,724**	44,792	**13,724**	44,792
Floating CDBs (i)	**42,069**	5,866	**42,069**	5,866
Floating rate repurchase agreements (i)	**19,209**	42,609	**19,209**	42,609
Total	**75,002**	93,267	**75,002**	93,267

(i) Their grace period for redemption is over three months and they are subject to the risk of change in value in case of early redemption.

7. Trade accounts receivable

a) Breakdown:

	Company		Consolidated	
	09/30/2016	12/31/2015	09/30/2016	12/31/2015
Domestic market	**596,164**	627,647	**635,267**	692,014
Foreign market (i)	**55,281**	83,741	**241,640**	234,014
Related parties (Note 21.b)	**18,151**	52,923	**-**	-
Allowance for doubtful accounts	**(34,688)**	(36,362)	**(39,698)**	(42,268)
Total	**634,908**	727,949	**837,209**	883,760

(i) Foreign trade accounts receivable are denominated in U.S. dollars, euros and Argentine pesos.

Notes to quarterly information

b) Aging list of trade accounts receivable

	Company		Consolidated	
	09/30/2016	12/31/2015	09/30/2016	12/31/2015
Falling due	**588,234**	685,869	**767,969**	826,595
Overdue:				
Within 30 days	**11,523**	24,322	**24,039**	34,272
From 31 to 60 days	**2,540**	4,002	**6,762**	6,605
From 61 to 90 days	**864**	7,452	**4,847**	8,862
Above 91 days	**66,435**	42,666	**73,290**	49,694
Total	**669,596**	764,311	**876,907**	926,028

c) Allowance for doubtful accounts

Changes in allowance for doubtful accounts are as follows:

	Company	Consolidated
Balances at December 31, 2015	(36,362)	(42,268)
Additions	(4,584)	(8,052)
Reversals	-	1,365
Exchange gains (losses)	6,258	9,257
Balances at September 30, 2016	**(34,688)**	**(39,698)**

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

	Company		Consolidated	
	09/30/2016	12/31/2015	09/30/2016	12/31/2015
Within 30 days	**(21)**	(2)	**(991)**	(480)
From 31 to 90 days	**(104)**	(125)	**(636)**	(507)
Above 91 days	**(34,563)**	(36,235)	**(38,071)**	(41,281)
Total	**(34,688)**	(36,362)	**(39,698)**	(42,268)

Additions and reversals of the allowance for doubtful accounts are recorded under the "Selling expenses" account in the income statement.

Maximum exposure to credit risk at the financial statement date is the book value of each aging range, as detailed in the table above. No allowance 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.

8. Inventories

	Company		Consolidated	
	09/30/2016	12/31/2015	09/30/2016	12/31/2015
Finished products	**266,346**	210,281	**444,943**	406,443
Work-in-process	**27,678**	27,637	**50,871**	50,127
Raw materials	**109,085**	74,182	**159,315**	130,340
Imports in transit	**31,484**	44,115	**31,484**	44,115
Other	**21,461**	13,897	**37,710**	29,005
Provision for inventory losses	**(6,287)**	(18,846)	**(11,329)**	(26,366)
Total	**449,767**	351,266	**712,994**	633,664

Notes to quarterly information

Changes in provision for inventory losses are as follows:

	Company	Consolidated
Balances at December 31, 2015	(18,846)	(26,366)
Additions	(8,100)	(11,030)
Reversals	-	2,697
Other changes/exchange gains (losses) (*)	20,659	23,370
Balances at September 30, 2016	**(6,287)**	**(11,329)**

(*) The amount of R$13,499 refers to a lot of defective Mizuno Empower products that was reimbursed by Mizuno USA INC.

9. Taxes recoverable

	Company		Consolidated	
	09/30/2016	12/31/2015	09/30/2016	12/31/2015
Prepayments of income and social contribution taxes	**2,248**	16,172	**23,949**	29,075
Withholding Income Tax (IRRF)	**17,979**	7,841	**18,172**	10,383
State VAT (ICMS)	**1,353**	686	**5,029**	4,811
Federal Value Added Tax (IPI)	**1,435**	771	**1,463**	811
Contribution Taxes on Gross Revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS)	**2,207**	3,065	**3,643**	3,880
Tax incentive - Brasil Maior	**25,768**	20,629	**25,768**	20,629
Receivables – INSS-related lawsuit	**6,249**	6,249	**6,249**	6,249
Value Added Tax (VAT) - Alpargatas Europe	-	-	**2,314**	3,488
Income tax prepayments - Alpargatas S.A.I.C. - Argentina	-	-	**5,573**	14,013
Value Added Tax (VAT) - Alpargatas S.A.I.C. - Argentina	-	-	**1,263**	1,156
Export duties - Alpargatas S.A.I.C. - Argentina	-	-	**7,680**	9,895
Other	**5,255**	3,358	**11,272**	6,077
Total	**62,494**	58,771	**112,375**	110,467
Current portion	**55,170**	51,718	**96,843**	84,663
Noncurrent portion	**7,324**	7,053	**15,532**	25,804

10. Income and social contribution taxes

Deferred tax assets and liabilities are generally recognized on all temporary differences only when the Company is likely to recognize future taxable profit at an amount sufficient for such deductible temporary differences to be used. The amounts are calculated based on the rates provided for by the tax legislation prevailing on the balance sheet dates.

Notes to quarterly information

a) Deferred

		Company and consolidated	
		09/30/2016	12/31/2015
Assets:			
Company:			
Allowance for doubtful accounts		**10,521**	9,984
Provision for inventory losses		**1,376**	1,840
Provision for tax, civil and labor contingencies		**7,462**	7,284
Provision for suspended tax payments		**32,249**	32,675
Adjustment to recognition of sales revenue		**4,264**	2,813
Transactions with derivative financial instruments		**190**	(121)
Income and social contribution tax losses		**48,510**	35,831
Other temporary differences		**7,825**	8,149
Total - Company		**112,397**	98,455
Subsidiaries:			
Alpargatas S.A.I.C. - Argentina:			
- Provisions for tax, civil and labor contingencies		**4,405**	5,732
- Deferred tax on tax losses	(iii)	**166**	870
- Allowance for doubtful accounts		**568**	971
- Tax difference on inventory valuation		**1,096**	1,467
- Other temporary differences		**5,087**	3,963
		11,322	13,003
Alpargatas Europe S.L.U. - Spain:			
- Tax losses	(i)	**2,768**	1,563
Deferred taxes on unrealized income		**1,937**	3,980
Total - Consolidated		**128,424**	117,001
Liabilities:			
Company:			
Goodwill on acquisition of subsidiaries amortized for tax purposes	(ii)	**13,940**	12,131
Provision for IRPJ/CSLL on difference of useful life of PP&E (depreciation)		**27,074**	26,826
Transactions with derivative financial instruments		**(91)**	332
Total - Company		**40,923**	39,289
Subsidiaries:			
Alpargatas S.A.I.C. - Argentina:			
- Present value adjustment to renegotiated obligations and tax difference in the valuation of PP&E items		**13,041**	20,230
Terras de Aventura Indústria de Artigos Esportivos S.A. - Osklen	(iv)	**64,986**	75,641
Total - Consolidated		**118,950**	135,160
Company – noncurrent assets		**71,474**	59,166
Consolidated – noncurrent assets		**76,179**	64,709
Consolidated – noncurrent liabilities		**(66,705)**	(82,868)

(i) In 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 deferred income tax credit on tax losses incurred by subsidiary Alpargatas Europe S.L.U. - Spain. Based on future taxable profit projections of the subsidiary, as from 2011, and in compliance with CPC 32/IAS 12 - Income Taxes, management decided to recognize deferred tax credit, which is expected to be realized until 2018. According to Spanish tax legislation, the maximum statute of limitations regarding income tax losses is 18 years from the date they are incurred.

(ii) Beginning January 1, 2009, the Company started enjoying the goodwill tax benefit on acquisition of subsidiary CBS S.A. - Companhia Brasileira de Sandálias, after the merger of former subsidiary Atlântico Participações S.A., through the Transition Tax Regime (RTT), whose effect was offset previously at the ratio of 1/60 per month, with monthly amortization of R$400, which has resulted in a R$136/month tax effect. Therefore, as required by accounting practices adopted in Brazil, the difference between the base for enjoying tax benefits and accounting amortization is considered a temporary difference for deferred income and social contribution taxes (IRPJ and CSLL) purposes.

(iii) The subsidiary in Argentina records deferred tax credits on tax losses that may be offset in any of the 10 years subsequent to the recording of credits, according to the legislation prevailing in that country.

Notes to quarterly information

(iv) Refers to deferred income and social contribution tax liabilities on fair value of assets acquired and liabilities assumed upon acquisition of the controlling interest of Osklen. Liabilities are reversed as the acquired finite-lived intangible assets are amortized.

The deferred tax credits (consolidated) have the following estimated realization terms:

	09/30/2016	12/31/2015
2016 (three months)	**14,048**	22,528
2017	**17,208**	15,246
2018	**17,204**	15,213
2019	**17,063**	15,297
From 2020 onwards	**63,901**	48,717
Total - Consolidated	**128,424**	117,001

At September 30, 2016, the Company had the following unrecognized tax credits on income tax losses and unrecognized temporary differences in the consolidated financial statements, generated by its foreign subsidiaries, which, in view of the lack of projected taxable profits for the next years, were not recorded by the corresponding foreign subsidiaries:

Alpargatas USA Inc. - United States	
Total temporary differences	80
Tax losses	89,069
Total	89,149

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

Changes in balances of deferred income and social contribution tax assets and liabilities for the nine-month period ended September 30, 2016 and year ended December 31, 2015 are as follows:

	Company			Consolidated		
	Assets	**Liabilities**	**Total**	**Assets**	**Liabilities**	**Total**
Balance at December 31, 2015	98,455	39,289	59,166	117,001	135,160	(18,159)
Effects on P&L	12,055	1,634	10,421	13,943	(10,708)	24,651
Other comprehensive income (loss)	311	-	311	311	-	311
Taxes on discontinued operations	1,615	-	1,615	1,615	-	1,615
Exchange gains (losses), charges and other changes	(39)	-	(39)	(4,446)	(5,502)	1,056
Balance at September 30, 2016	**112,397**	**40,923**	**71,474**	**128,424**	**118,950**	**9,474**

Notes to quarterly information

b) Current

Reconciliation of income and social contribution taxes:

	Company		Consolidated	
	09/30/2016	09/30/2015	09/30/2016	09/30/2015
Income before income and social contribution taxes	**254,387**	224,670	**282,443**	246,960
Combined rate of income and social contribution taxes	**34%**	34%	**34%**	34%
Expected income and social contribution tax expense at the effective tax rate	**(86,492)**	(76,388)	**(96,031)**	(83,966)
Equity pickup	**34,235**	21,948	**-**	-
Interest on equity benefit	**24,072**	28,866	**24,072**	28,866
Investment grant - ICMS	**40,922**	33,606	**40,922**	33,730
Stock option plan granted	**-**	(634)	**-**	(634)
Federal government grants - IRPJ (Note 5)	**-**	-	**-**	638
Adjustment for rate equalization of subsidiaries	**-**	-	**10,159**	(4,769)
Other permanent exclusions (additions), net	**(2,637)**	(1,622)	**(2,576)**	(1,325)
Income and social contribution tax expense	**10,100**	5,776	**(23,454)**	(27,460)
Current	**(321)**	30	**(48,105)**	(18,171)
Deferred	**10,421**	5,746	**24,651**	(9,289)
Effective rate	**(4%)**	(3%)	**8%**	11%

11. Discontinued operations

As reported in Note 1.3, on November 3, 2015, the Company entered into an agreement on purchase and sale of the Topper and Rainha brands operations in Brazil and Argentina. On May 13, 2016, through a material news release, the Company disclosed that as from January 1, 2017 it will no longer represent Timberland brand in Brazil. At September 30, 2016, the asset and liability balances and revenues and expenses of such operations were classified as discontinued operations, causing an impact on the business segment "Domestic operations".

Certain financial statement accounts corresponding to the nine-month period ended September 30, 2015 were reclassified for better comparability.

P&L from Topper and Rainha operations in Brazil and from Timberland for the nine-month periods was as follows:

Notes to quarterly information

At September 30, 2016:

	Topper and Rainha	Timberland	Total
Revenue	40,502	59,978	100,480
Cost	(34,281)	(37,547)	(71,828)
Gross profit (loss)	6,221	22,431	28,652
Operating income (expenses)	(12,633)	(22,011)	(34,644)
Financial costs	453	785	1,238
Income (loss) on discontinued operations before taxes	(5,959)	1,205	(4,754)
Tax income (expense):			
Related to income (loss) before taxes	2,026	(410)	1,616
Income (loss) for the period on discontinued operations - attributable to controlling shareholders	(3,933)	795	(3,138)

At September 30, 2015:

	Topper and Rainha	Timberland	Total
Revenue	98,101	67,726	165,827
Cost	(77,181)	(40,465)	(117,646)
Gross profit (loss)	20,920	27,261	48,181
Operating income (expenses)	(31,211)	(23,327)	(54,538)
Financial costs	(369)	(2,238)	(2,607)
Income (loss) on discontinued operations before taxes	(10,660)	1,696	(8,964)
Tax income (expense):			
Related to income (loss) before taxes	3,625	(576)	3,049
Income (loss) for the period on discontinued operations - attributable to controlling shareholders	(7,035)	1,120	(5,915)

At September 30, 2016, the main classes of assets and liabilities of business unit Timberland classified as assets/liabilities of discontinued operations are as follows:

	Timberland
Assets	
Accounts receivable	26,523
Inventories	35,421
Other assets	3,620
	65,564
Liabilities	
Trade accounts payable	5,653
Labor and social security liabilities	1,115
Tax liabilities	30
Other liabilities	1,104
	7,902
Net assets directly associated with the group of discontinued operations	57,662

Notes to quarterly information

At September 30, 2016, net cash flows incurred by the business units Topper and Rainha in Brazil and Timberland are as follows:

	Topper and Rainha	Timberland	Total
Operating activities	(6,890)	(11,166)	(18,056)
Investing activities	-	-	-
Financing activities	-	-	-
Net cash generated (used)	(6,890)	(11,166)	(18,056)

12. Judicial deposits

	Company		Consolidated	
	09/30/2016	12/31/2015	09/30/2016	12/31/2015
Tax proceedings	**10,040**	10,781	**10,040**	10,785
Civil proceedings	**13**	13	**13**	13
Labor claims	**9,832**	8,625	**12,160**	10,171
Total	**19,885**	19,419	**22,213**	20,969

These judicial deposits, which do not involve current obligations, were necessary to proceed with these 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.

13. Investments

Investments are as follows:

	Company		Consolidated	
	09/30/2016	12/31/2015	09/30/2016	12/31/2015
Investments	**455,973**	454,696	-	-
Goodwill	**327,255**	327,255	-	-
Total	**783,228**	781,951	-	-

Notes to quarterly information

	Subsidiaries						
Information at September 30, 2016	Fibrasil Agrícola e Comercial Ltda.	Alpargatas Internacional APS - Denmark		Alpargatas Imobiliária S.A.	Alpargatas S.A.I.C. - Argentina	Terras de Avent. Ind. Artigos Esportivos S.A. - Osklen	Total
Number of shares or units of interest held	**5,978,751**	**57,734,570**		**10,296,177**	**507,021,800**	**50,914,603**	
Total current assets	**284**	**216,655**		**8,873**	**365,327**	**112,438**	
Total noncurrent assets	**3,821**	**36,927**		**3,234**	**66,048**	**275,497**	
Total current liabilities	**-**	**156,256**		**89**	**175,102**	**102,059**	
Total noncurrent liabilities	**-**	**939**		**-**	**34,197**	**70,929**	
Capital	**5,979**	**211,360**		**10,296**	**109,858**	**76,292**	
Noncontrolling interests	**-**	**-**		**-**	**157**	**85,979**	
Equity – controlling interests	**4,105**	**96,387**		**12,018**	**221,919**	**128,968**	
Unrealized income in inventories	**-**	**(3,755)**		**-**	**(7)**	**-**	
		92,632			**221,912**		
Net revenue for the period	**-**	**442,369**		**76**	**613,417**	**152,768**	
Net income (loss) for the period	**607**	**66,797**	(i)	**818**	**37,498**	**(13,751)**	
Interest - %	**100.00**	**100.00**		**100.00**	**98.35**	(ii) **60.00**	
Book value of investments:							
Balance at December 31, 2015	4,904	40,097		11,200	260,934	137,561	454,696
Hedging transactions	(34)	-		-	(2,018)	-	(2,052)
Payment of dividends	-	-		-	-	(421)	(421)
Equity pickup	607	70,622	(i)	818	36,896	(8,251)	100,692
Exchange gains/losses on investments	(1,372)	(18,087)		-	(77,562)	79	(96,942)
Balance at September 30, 2016	**4,105**	**92,632**		**12,018**	**218,250**	**128,968**	**455,973**

(i) The difference of R$(3,825) between income earned by Alpargatas APS and equity pickup for the period refers to unrealized income in inventories of subsidiary.

(ii) The other 1.65% interest of Alpargatas S.A.I.C. - Argentina is held by Fibrasil Agrícola e Comercial Ltda. and totals R$3,662 at September 30, 2016.

Notes to quarterly information

	Subsidiaries						
Information at September 30, 2015	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	Terras de Avent. Ind. de Art. Esportivos S.A. - Osklen	Total
Number of shares or units of interest held	5,978,751	57,734,570	10,296,177	-	507,021,800	50,914,603	
Total current assets	296	247,150	12,165	-	526,590	114,957	
Total noncurrent assets	5,926	46,589	3,234	-	131,336	282,422	
Total current liabilities	-	216,955	100	-	234,873	68,917	
Total noncurrent liabilities	-	1,016	-	-	83,278	103,646	
Capital	5,979	256,924	10,296	-	217,550	76,292	
Noncontrolling interests	-	-	-	-	325	89,926	
Equity	6,222	75,768	15,749	-	339,450	134,890	
Unrealized income in inventories	-	(5,086)	-	-	(67)	-	
		70,682			339,383		
Net revenue for the period	-	359,335	103	-	727,305	141,982	
Net income for the period	787	31,737 (i)	963	-	43,268	(27,363)	
Interest - %	100.00	100.00	100.00	100.00	98.35 (ii)	60.00	
Book value of investments:							
Balance at December 31, 2014	4,087	16,211	25,230	104,206	215,486	154,769	519,989
Merger of subsidiary	-	-	-	(108,173)	-	-	(108,173)
Reclassification of goodwill	-	-	-	-	-	(3,369)	(3,369)
Payment of dividends	-	-	(10,444)	-	-	(681)	(11,125)
Equity pickup	787	32,986 (i)	963	3,967	42,268	(16,418)	64,553
Exchange gains/losses on investments	1,348	21,485	-	-	76,029	589	99,451
Balance at September 30, 2015	6,222	70,682	15,749	-	333,783	134,890	561,326

(i) The difference of R$(1,249) between income earned by Alpargatas APS and equity pickup for the period refers to unrealized income in inventories of subsidiary.

(ii) The other 1.65% interest of Alpargatas S.A.I.C. - Argentina is held by Fibrasil Agrícola e Comercial Ltda. and totals R$5,600 at September 30, 2015.

Notes to quarterly information

At September 30, 2016 and December 31, 2015, goodwill in subsidiaries is as follows:

	CBS S.A. - Companhia Brasileira de Sandálias	Alpargatas S.A.I.C. - Argentina	Terras de Avent. Ind. de Art. Esportivos S.A. - Osklen	Total
Balance at December 31, 2015	53,862	96,268	177,125	327,255
Balance at September 30, 2016	**53,862**	**96,268**	**177,125**	**327,255**

Indirect investments through the holding company Alpargatas Internacional APS

	Indirect subsidiaries							
Information at September 30, 2016	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 Germany GmbH - Germany	Alpargatas USA Inc. - United States	Total indirect subsidiaries
Number of shares or units of interest held	**100,000**	**5,000**	**1**	**1**	**2**	**25,000**	**10**	
Total current assets	**151,338**	**12,434**	**6,109**	**2,198**	**3,417**	**818**	**40,106**	
Total noncurrent assets	**8,480**	**4,601**	**1,984**	**4,062**	**2,902**	**217**	**12,159**	
Total current liabilities	**51,193**	**15,413**	**3,138**	**3,952**	**4,158**	**714**	**118,125**	
Total noncurrent liabilities	**598**	**-**	**-**	**-**	**-**	**-**	**342**	
Equity (capital deficiency)	**108,027**	**1,622**	**4,955**	**2,308**	**2,161**	**321**	**(66,202)**	
Net revenue for the period	**295,265**	**19,811**	**12,359**	**13,128**	**7,175**	**2,608**	**92,023**	
Net income (loss) for the period	**67,890**	**561**	**565**	**926**	**1,157**	**177**	**(378)**	
Indirect interest held - %	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	
Book value of investments								
Balance at December 31, 2015	58,596	1,289	6,258	1,696	1,277	183	(78,081)	(8,782)
Equity pickup	67,890	561	565	926	1,157	177	(378)	70,898
Exchange gains/losses on investments	(18,459)	(228)	(1,868)	(314)	(273)	(39)	12,257	(8,924)
Balance at September 30, 2016	**108,027**	**1,622**	**4,955**	**2,308**	**2,161**	**321**	**(66,202)**	**53,192**

Notes to quarterly information

	Indirect subsidiaries							
Information at September 30, 2015	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 Germany GmbH - Germany	Alpargatas USA Inc. - United States	Total
Number of shares or units of interest held	100,000	5,000	1	1	2	25,000	10	
Total current assets	121,910	10,543	11,531	2,445	2,655	70	41,974	
Total noncurrent assets	11,272	5,723	910	2,699	1,955	49	18,461	
Total current liabilities	58,470	15,016	4,241	3,048	2,760	332	133,024	
Total noncurrent liabilities	691	-	-	-	-	-	324	
Equity (capital deficiency)	74,021	1,250	8,200	2,096	1,850	(213)	(72,913)	
Net revenue for the period	222,973	16,052	16,054	12,305	7,228	1,077	83,646	
Net income (loss) for the period	37,739	749	3,827	1,086	822	(346)	(7,573)	
Indirect interest held - %	100.00	100.00	100.00	100.00	100.00	100.00	100.00	
Book value of investments								
Balance at December 31, 2014	13,122	359	2,836	726	742	101	(43,300)	(25,414)
Equity pickup	37,739	749	3,827	1,086	822	(346)	(7,573)	36,304
Exchange gains/losses on investments	23,160	142	1,537	284	286	32	(22,040)	3,401
Balance at September 30, 2015	74,021	1,250	8,200	2,096	1,850	(213)	(72,913)	14,291

Notes to quarterly information

14. Property, plant and equipment

		Company					
		09/30/2016			12/31/2015		
	Weighted average annual depreciation rate (%)	Cost	Accumulated depreciation (i)	Net	Cost	Accumulated depreciation (i)	Net
Land	-	**10,321**	-	**10,321**	10,321	-	10,321
Buildings and constructions	4	**340,000**	**(86,762)**	**253,238**	331,268	(80,071)	251,197
Machinery and equipment	8	**467,526**	**(206,074)**	**261,452**	436,311	(187,422)	248,889
Furniture and fixtures	10	**46,410**	**(23,928)**	**22,482**	45,149	(20,812)	24,337
Vehicles	15	**6,905**	**(3,894)**	**3,011**	6,762	(3,363)	3,399
Leasehold improvements	20	**33,067**	**(20,603)**	**12,464**	32,051	(18,203)	13,848
Projects in progress	-	**23,893**	-	**23,893**	35,151	-	35,151
Other PP&E	-	**11,675**	-	**11,675**	13,566	-	13,566
Provision for impairment	-	**(347)**	-	**(347)**	(2,238)	-	(2,238)
Total		**939,450**	**(341,261)**	**598,189**	908,341	(309,871)	598,470

		Consolidated					
		09/30/2016			12/31/2015		
	Weighted average annual depreciation rate (%)	Cost	Accumulated depreciation (i)	Net	Cost	Accumulated depreciation (i)	Net
Land	-	**12,014**	-	**12,014**	13,196	-	13,196
Buildings and constructions	4	**472,338**	**(192,977)**	**279,361**	514,589	(221,249)	293,340
Machinery and equipment	8	**645,197**	**(358,835)**	**286,362**	686,457	(404,042)	282,415
Furniture and fixtures	10	**108,040**	**(76,339)**	**31,701**	117,968	(82,829)	35,139
Vehicles	15	**9,214**	**(5,963)**	**3,251**	9,415	(5,715)	3,700
Leasehold improvements	20	**101,220**	**(53,745)**	**47,475**	86,050	(29,823)	56,227
Projects in progress	-	**29,664**	-	**29,664**	45,915	-	45,915
Other PP&E	-	**21,519**	-	**21,519**	25,211	(2,005)	23,206
Provision for impairment	-	**(347)**	-	**(347)**	(12,236)	-	(12,236)
Total		**1,398,859**	**(687,859)**	**711,000**	1,486,565	(745,663)	740,902

(i) Depreciation is computed under the straight-line method, based on the estimated useful life of each asset, which is reviewed on an annual basis.

Changes

	Company						
	12/31/2015	Additions	Transfers (i)	Depreciation	Write-offs	Other changes	09/30/2016
Property, plant and equipment							
Land	10,321	-	-	-	-	-	**10,321**
Buildings and constructions	251,197	-	8,804	(6,917)	(21)	175	**253,238**
Machinery and equipment	248,889	-	36,330	(24,022)	(574)	829	**261,452**
Furniture and fixtures	24,337	-	1,528	(3,258)	(107)	(18)	**22,482**
Vehicles	3,399	-	145	(533)	-	-	**3,011**
Leasehold improvements	13,848	-	1,299	(2,594)	(89)	-	**12,464**
Projects in progress	35,151	37,539	(48,797)	-	-	-	**23,893**
Other PP&E	13,566	-	(1,891)	-	-	-	**11,675**
Provision for impairment	(2,238)	-	1,891	-	-	-	**(347)**
Total	598,470	37,539	(691)	(37,324)	(791)	986	**598,189**

Notes to quarterly information

	Consolidated						
	12/31/2015	Additions	Transfers (i)	Depreciation	Write-offs	Exchange gains (losses)/other changes (ii)	09/30/2016
Property, plant and equipment							
Land	13,196	-	-	-	-	(1,182)	**12,014**
Buildings and constructions	293,340	385	8,804	(8,671)	(21)	(14,476)	**279,361**
Machinery and equipment	282,415	3,634	37,217	(27,103)	(607)	(9,194)	**286,362**
Furniture and fixtures	35,139	2,966	(367)	(6,199)	(379)	541	**31,701**
Vehicles	3,700	24	130	(605)	-	2	**3,251**
Leasehold improvements	56,227	4,406	1,239	(10,291)	(680)	(3,426)	**47,475**
Projects in progress (iii)	45,915	42,311	(49,042)	-	(5)	(9,515)	**29,664**
Other PP&E	23,206	-	(545)	-	(31)	(1,111)	**21,519**
Provision for impairment	(12,236)	-	1,891	-	-	9,998	**(347)**
Total	740,902	53,726	(673)	(52,869)	(1,723)	28,363	**711,000**

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

(ii) These refer to exchange gain (loss) of subsidiaries based abroad.

(iii) The balances recorded under "Construction in progress" refer to the following projects: (1) maintenance and modernization of plants, with investments of approximately R$4,978; (2) various improvements in, and expansion of the manufacturing process, with investments of approximately R$8,943; and (3) other projects - R$15,743.

15. Intangible assets

	Company						
	Annual amortization rate (%)	09/30/2016			12/31/2015		
		Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Finite useful life:							
ERP system (iii)	5-10	**193,854**	**(132,386)**	**61,468**	193,257	(115,923)	77,334
Customer portfolio (i)	20	**27,311**	**(27,311)**	**-**	27,311	(27,311)	-
Indefinite useful life:							
Trademarks, rights and patents	10	**1,027**	**-**	**1,027**	1,027	-	1,027
Projects in progress	-	**6,510**	**-**	**6,510**	3,946	-	3,946
Assignment of trade rights (ii)	-	**5,721**	**-**	**5,721**	6,710	-	6,710
Total		**234,423**	**(159,697)**	**74,726**	232,251	(143,234)	89,017

	Consolidated						
	Annual amortization rate (%)	09/30/2016			12/31/2015		
		Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Finite useful life:							
Trademarks, rights and patents	10	**23,513**	**(20,991)**	**2,522**	24,534	(19,831)	4,703
ERP system (iii)	5-10	**200,656**	**(137,154)**	**63,502**	202,604	(122,754)	79,850
Assignment of trade rights	5	**10,504**	**(3,468)**	**7,036**	10,961	(4,807)	6,154
Customer portfolio (i)	20	**37,488**	**(33,607)**	**3,881**	43,961	(37,430)	6,531
Noncompetition agreement	25	**20,850**	**(8,206)**	**12,644**	20,850	(5,212)	15,638
Indefinite useful life:							
Trademarks, rights and patents	-	**143,916**	**-**	**143,916**	143,916	-	143,916
Goodwill on acquisition of subsidiaries	-	**327,255**	**-**	**327,255**	327,255	-	327,255
Projects in progress	-	**7,451**	**-**	**7,451**	3,946	-	3,946
Assignment of trade rights (ii)	-	**82,645**	**-**	**82,645**	83,389	-	83,389
Total		**854,278**	**(203,426)**	**650,852**	861,416	(190,034)	671,382

Notes to quarterly information

(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.

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

(iii) This refer to expenses incurred on acquisition, development and implementation of ERP systems, such as SAP/R3, WMS and LINX, and to costs incurred with supply chain management project.

Additional information on intangible assets

i) *Expenses with research and development of products*

	Consolidated	
	09/30/2016	09/30/2015
Research and development expenses of products recorded in P&L:	**15,358**	13,447

ii) *Impairment test of goodwill*

No factors indicating impairment of goodwill were identified in the period.

Changes

	Company						
	12/31/2015	Additions	Transfers (i)	Amortization	Write-offs	Other changes	09/30/2016
Intangible assets							
Finite useful life:							
ERP system	77,334	-	691	(15,967)	(150)	(440)	**61,468**
Indefinite useful life:							
Trademarks, rights and patents	1,027	-	-	-	-	-	**1,027**
Projects in progress	3,946	2,564	-	-	-	-	**6,510**
Assignment of trade rights	6,710	-	-	-	-	(989)	**5,721**
Total	89,017	2,564	691	(15,967)	(150)	(1,429)	**74,726**

	Consolidated						
	12/31/2015	Additions	Transfers (i)	Amortization	Write-offs	Exchange gains (losses)/other changes (ii)	09/30/2016
Intangible assets							
Finite useful life:							
Trademarks, rights and patents	4,703	-	-	(1,645)	-	(536)	**2,522**
ERP system	79,850	1,372	(921)	(17,362)	(150)	713	**63,502**
Assignment of trade rights	6,154	2,886	-	(1,060)	-	(944)	**7,036**
Customer portfolio	6,531	-	-	(2,421)	-	(229)	**3,881**
Noncompetition agreement	15,638	-	-	(2,995)	-	1	**12,644**
Indefinite useful life:							
Trademarks, rights and patents	143,916	-	(10)	-	-	10	**143,916**
Goodwill on acquisition of subsidiaries	327,255	-	-	-	-	-	**327,255**
Projects in progress (iii)	3,946	2,564	-	-	-	941	**7,451**
Assignment of trade rights	83,389	7	1,604	-	(288)	(2,067)	**82,645**
Total	671,382	6,829	673	(25,483)	(438)	(2,111)	**650,852**

Notes to quarterly information

Transfers correspond to reclassification of assets from "Projects in progress" to the related definite "Intangible assets" accounts, upon completion of the projects.

(i) These refer to exchange gain (loss) of foreign subsidiaries.

(ii) The balances recorded under "Construction in progress" refer to the following projects: (1) maintenance and modernization of plants, with investments of approximately R$1,218; (2) infrastructure and IT of the manufacturing process, with investments of approximately R$5,432.

16. Trade accounts payable

	Company		Consolidated	
	09/30/2016	12/31/2015	09/30/2016	12/31/2015
Domestic	**234,956**	244,452	**244,864**	270,451
Foreign	**55,822**	83,233	**150,461**	167,185
Total	**290,778**	327,685	**395,325**	437,636

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

17. Loans and financing

		Curren cy	Index and annual interest rate	Company		Consolidated	
				09/30/2016	12/31/2015	09/30/2016	12/31/2015
Denominated in Brazilian reais:							
FNE (BNB)	(a)		2.53%	**116,493**	131,604	**116,492**	131,604
Finame	(b)		3.45%	**43,729**	49,011	**43,729**	49,011
Finem	(c)		13.09%	**27,295**	25,888	**27,296**	25,888
Exim (BNDES)	(d)		13.39%	**184,014**	-	**184,013**	-
Export Credit Note (NCE) / Pre-export financing (PPE)	(e)		13.71%	**25,863**	238,651	**25,863**	238,652
Assignment of receivables	(f)		16.88%	-	94,604	-	94,604
Secured account	(g)		16.13%	-	-	**4,169**	-
Working capital	(g)		14.96%	-	-	**30**	1,631
External credit facility (4131)	(g)		15.31%	-	-	**15,408**	42,713
Risk withdrawn			16.13%	-	-	**15,802**	-
Total in reais				**397,394**	539,758	**432,802**	584,103
Denominated in foreign currency:							
External credit facility (4131)	(h)		16.11%	-	-	**27,354**	-
Working capital - Alpargatas USA	(i)	US$	2.78%	-	-	**56,207**	86,969
Finance leases - Alpargatas S.A.I.C. - Argentina		AR$	23.88%	-	-	**216**	351
Working capital - Alpargatas S.A.I.C. - Argentina	(j)	AR$	15.70%	-	-	**13**	1,269
Total in foreign currency				-	-	**83,790**	88,589
Overall total				**397,394**	539,758	**516,592**	672,692
Current liabilities				**64,670**	362,608	**183,734**	495,243
Noncurrent liabilities				**332,724**	177,150	**332,858**	177,449

(a) Intended to support investment programs in the Northeast region and investments in the Montes Claros plant in the North region of Minas Gerais state. The release of contractual installments is linked to the investment disbursement schedule. Both guarantees are backed by a bank letter of guarantee.

(b) The purpose of loans and financing referring to the Government Fund for Financing of Machinery and Equipment (FINAME), raised by the parent company, is to finance equipment to be used by the company in order to improve and increase production (generally equipment for plants). The average term of such transactions is 96 months (eight years). This financing is amortized on a monthly basis, with a portion referring to principal and the other to interest.

Notes to quarterly information

(c) In October 2015, the Company received a credit of R$25,445 referring to Pro Design (Government Business Financing - FINEM). The purpose of the amounts raised under this financing line is to contribute to and promote the brand development and strengthening, as well as product creation. There are two agreements under this financing line, one for sandals and the other focused on sports items. Both expire within 60 months.

(d) In June 2016, the Company received R$180,840 referring to the BNDES-EXIM Pre-shipment financing entered into with Santander and Safra banks. The purpose of these funds is to finance exports of sandals, requiring, at the end of the transaction, evidence of export performance over the term of the agreement. This financing will be amortized in a single installment in 2018.

(e) The credit facility is similar to the BNDES-EXIM transaction and also requires, at the end of the transaction, evidence of export performance over the term of the agreement.

(f) These transactions are usually settled within 90 days. The assignments are amortized to Santander bank as trade accounts are received.

(g) Loans raised by subsidiary Terras de Aventura Indústria de Artigos Esportivos S.A. to finance working capital.

(h) In August 2016, through its subsidiary Terras de Aventura Indústria de Artigos Esportivos S.A., the Company raised US$4,746 (four million, seven hundred and fourty-six thousand dollars) through the External Credit Facility 4131, maturing in February 2017. On that same date, a swap contract was entered into as interest rate hedge, converting the financial charges (Libor + 1.65% p.a.) into 114.00% of CDI (see Note 35.c), assigning the derivative financial instrument to fair value hedge. In September 2016, also through its subsidiary Terras de Aventura Indústria de Artigos Esportivos S.A., the Company raised US$3,773 (three million, seven hundred and seventy-three thousand dollars) through the External Credit Facility 4131, maturing in August 2017. On that same date, a swap contract was entered into as interest rate hedge, converting the financial charges (Libor + 1.85% p.a.) into 114.00% of CDI (see Note 35.c), assigning the derivative financial instrument to fair value hedge. Thus, both loans and swap are stated at fair value.

(i) Loans and financing raised by foreign subsidiaries are guaranteed by the Company, within the limits approved by the Board of Directors.

(j) Loans and financing taken out by Alpargatas S.A.I.C - Argentina are used for working capital purposes and have no covenants or guarantees.

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

Maturities of the portion recorded under noncurrent liabilities are as follows:

	Company		Consolidated	
	09/30/2016	12/31/2015	09/30/2016	12/31/2015
2017	**8,326**	33,592	**8,351**	33,742
2018	**213,436**	32,596	**213,532**	32,745
2019	**32,141**	32,141	**32,154**	32,141
2020	**26,660**	26,660	**26,660**	26,660
From 2021 onwards	**52,161**	52,161	**52,161**	52,161
Total	**332,724**	177,150	**332,858**	177,449

Covenants

At September 30, 2016 and December 31, 2015, loan and financing agreements entered into by the Company and its subsidiaries did not contain covenants establishing obligations as to the maintenance of financial ratios by the Company and its subsidiaries.

18. Debt-restructuring agreements of subsidiaries

	Consolidated	
	09/30/2016	12/31/2015
Current	**6,559**	8,124
Noncurrent	**25,200**	41,193
Total	**31,759**	49,317

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

Notes to quarterly information

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 above are net of present value adjustments, totaling R$16,601 and R$25,249, respectively, at September 30, 2016 and December 31, 2015. The present value adjustment is calculated based on the difference between the Argentinean basic interest rate and the fixed rate for restatement of liabilities, as established in the debt-restructuring agreements. At September 30, 2016, the average discount rate adopted for the present value adjustment was 15% per year.

The effects of the net reversal of the present value adjustment are recorded under the "Financial expenses" account, in the consolidated, and totaled R$1,419 in P&L for the nine-month period ended September 30, 2016 (R$2,819 for the same period in 2015).

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

At September 30, 2016, reversals expected for the next years, related to the present value adjustment, are as follows:

2016 (three months)	525
2017	1,823
2018	1,744
2019	1,633
From 2020 onwards	10,876
Total	16,601

Expected maturities of the portion recorded under noncurrent liabilities are as follows:

2017	1,091
2018	4,455
From 2019 onwards	19,654
Total	25,200

Balance at December 31, 2015	49,317
Interest	5,082
Exchange gains (losses)	(14,055)
Payments	(8,585)
Balance at September 30, 2016	**31,759**

Notes to quarterly information

19. Tax liabilities

	Company		Consolidated	
	09/30/2016	12/31/2015	09/30/2016	12/31/2015
State VAT (ICMS)	-	-	**754**	8,943
Contribution Taxes on Gross Revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS)	**9,703**	7,649	**13,158**	12,441
Income and social contribution taxes	-	-	**39,791**	11,962
Plano Brasil Maior	**3,602**	3,267	**3,602**	3,267
Alpargatas S.A.I.C. - Argentina:				
Value Added Tax (VAT)	-	-	**3,637**	2,321
Other taxes	-	-	**1,798**	3,361
Alpargatas Europe S.L.U. – Spain:				
Value Added Tax (VAT)	-	-	**1,410**	-
Other taxes	-	-	**2,437**	978
Other	**385**	1,842	**4,581**	3,912
Total	**13,690**	12,758	**71,168**	47,185

20. Provisions and other liabilities

	Company		Consolidated	
	09/30/2016	12/31/2015	09/30/2016	12/31/2015
Royalties payable	**215**	3,783	**227**	3,860
Provision for freight payable	**9,812**	9,575	**11,576**	10,471
Advertising payable	**7,999**	10,903	**18,953**	14,608
Commissions payable	**3,502**	2,659	**8,925**	5,638
Import expenses - USA	-	-	**6,074**	7,308
Expenses with change in ownership control - J&F	-	14,461	**65**	14,461
Other accounts payable (commissions, third-party services, utilities and other)	**7,519**	14,270	**47,042**	65,573
Total	**29,047**	55,651	**92,862**	121,919

21. Related parties

a) Balances with related parties

	Company	
Noncurrent assets (liabilities)	09/30/2016	12/31/2015
Alpargatas Imobiliária S.A.	**(23)**	(23)
Fibrasil Agrícola e Comercial Ltda.	**1**	1
Terras de Aventura Ind. Artigos Esportivos S.A. - Osklen	**425**	-
Total	**403**	(22)

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

b) Balances receivable and payable referring to related-party transactions

		Company Accounts receivable		Company and consolidated Accounts payable	
		09/30/2016	12/31/2015	09/30/2016	12/31/2015
Alpargatas USA Inc. - United States	(ii)	**10,118**	14,023	-	-
Alpargatas Europe S.L.U. - Spain	(ii)	**7,678**	38,053	-	-
Alpargatas S.A.I.C. - Argentina		-	13	-	-
Alpargatas S.A.I.C. - Uruguay		**355**	735	-	-
Terras de Aventura Ind. Artigos Esportivos S.A. - Osklen		-	99	-	-
Total		**18,151**	52,923	-	-

Notes to quarterly information

c) Dividends and interest on equity payable

	Company and consolidated	
	09/30/2016	12/31/2015
Interest on equity	**31,731**	4,785

d) Transactions with related parties

Breakdown of transactions with related parties is as follows:

		Sale of products/services			Purchase of products/services	
		09/30/2016	09/30/2015		09/30/2016	09/30/2015
Alpargatas S.A.	(i)	**60,395**	60,316	(iii)	-	11,195
Alpargatas USA Inc. - United States		-	-	(i)	**11,914**	13,709
Alpargatas Europe S.L.U. - Spain		-	-	(i)	**47,993**	45,825
Alpargatas S.A.I.C. - Argentina		-	-		**355**	782
Terras de Aventura Ind. Artigos Esportivos S.A. - Osklen		-	-		**133**	-
Grupo Camargo Corrêa (former controlling shareholder):						
Shared services - CSC	(iii)	-	10,180		-	-
Corporate projects	(iii)	-	990		-	-
Other		-	25		-	-
Total		**60,395**	71,511		**60,395**	71,511

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

In the nine-month periods ended September 30, 2016 and 2015, the Company did not record any write-off or allowance for doubtful accounts referring to balances receivable from its foreign subsidiaries.

(ii) Accounts receivable for sales of products described in item (i), which will be received until March 2017.

(iii) These consist of shared corporate service costs, such as telephone, insurance and administrative and IT services, provided under an agreement entered into with the Shared Service Center of Grupo Camargo Corrêa. On December 23, 2015, the sale of the Company's equity interest held by Camargo Corrêa S.A. to J&F Investimentos S.A. was concluded, as disclosed in Note 1.2.

At September 30, 2016, except for the guarantees provided to support loans and financing, as described in Note 17, the Company and its subsidiaries did not provide any other guarantees to related parties.

e) Key management personnel compensation

Total key management personnel compensation is as follows:

	09/30/2016				
	Compensation			Options grant	
	Fixed compensation	Variable compensation (i)	Total	Balance of options (number) (ii)	Average price for the year – R$ (iii)
Board of Directors and Supervisory Board	**2,539**	-	**2,539**	-	-
Officers	**5,677**	**4,713**	**10,390**	-	-
Total	**8,216**	**4,713**	**12,929**	-	

Notes to quarterly information

	09/30/2015				
	Compensation			Options grant	
	Fixed compensation	Variable compensation (i)	Total	Balance of options (number) (ii)	Average price for the year – R$ (iii)
Board of Directors and Supervisory Board	2,795	-	2,795	-	-
Officers	5,156	5,502	10,658	2,749,270	4.67-11.99
Total	7,951	5,502	13,453	2,749,270	

(i) This refers to profit sharing for the period.

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

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

As described in Note 28, in the nine-month period ended September 30, 2016, no expense was recognized related to the stock option plans due to the plan's termination in 2015. In the nine-month period ended September 30, 2015, the expense recognized amounted to R$1,865.

According to Note 29, in the nine-month period ended September 30, 2016, an expense amounting R$3,662 was recognized related to the long-term incentive plan.

In addition to management compensation, during the nine-month period ended September 30, 2016, the Company contributed R$420 (R$387 in the nine-month period ended September 30, 2015) to the private pension plan on behalf of statutory officers.

The annual management compensation determined for 2016 at the Annual Shareholders' Meeting held on April 13, 2016 totaled R$22,257.

22. Provision for tax, civil and labor contingencies

At September 30, 2016 and December 31, 2015, the Company and its subsidiaries are parties to tax, civil and labor claims arising from tax delinquency notices issued by tax authorities, and from claims filed by third parties and former employees, or from legal proceedings and challenges. For these contingencies, provisions were set up, when, in the management's and its legal advisors' opinion, the risk of loss was assessed as probable. These provisions are as follows:

		Company		Consolidated	
		09/30/2016	12/31/2015	09/30/2016	12/31/2015
Labor claims	(a)	**14,673**	14,597	**28,082**	28,672
Tax proceedings	(b)	**4,285**	4,185	**5,346**	6,102
Civil proceedings		**4,119**	3,743	**4,128**	3,752
Contingent liabilities	(c)	-	-	**1,543**	1,543
Total		**23,077**	22,525	**39,099**	40,069
Current portion		**10,304**	9,555	**13,637**	16,057
Noncurrent portion		**12,773**	12,970	**25,462**	24,012

(a) These refer to lawsuits filed against the Company and its subsidiaries by former and current employees, whose claims basically refer to severance pay, salary premiums, overtime and amounts considered due for joint liability.

(b) These basically consist of a tax delinquency notice concerning COFINS in July and from September to December 1992 issued against the Company, which challenges differences over which taxes had not been levied, the respective restated amount at September 30, 2016 totals R$4,211. This lawsuit is pending a legal decision by a higher court.

(c) This refers to the contingent liability set up at fair value by virtue of acquisition of subsidiary Osklen.

Notes to quarterly information

Changes

	Company				
	Labor	Tax	Civil	Judicial deposits	Total
Balance at December 31, 2015	14,597	4,185	3,743	-	22,525
Additions	8,526	100	1,857	-	10,483
Reversals	-	-	-	-	-
Payments	(8,450)	-	(1,481)	-	(9,931)
Balance at September 30, 2016	**14,673**	**4,285**	**4,119**	**-**	**23,077**

	Consolidated					
	Labor	Tax	Civil	Contingent liabilities	Judicial deposits	Total
Balance at December 31, 2015	28,672	6,102	3,752	1,543	-	40,069
Additions	12,692	100	1,889	-	-	14,681
Reversals	-	-	-	-	-	-
Payments/exchange gains (losses)	(13,282)	(856)	(1,513)	-	-	(15,651)
Balance at September 30, 2016	**28,082**	**5,346**	**4,128**	**1,543**	**-**	**39,099**

Possible losses

Contingent liabilities classified as possible loss:

	Company and consolidated	
	09/30/2016	12/31/2015
Tax:		
Tax delinquency notice - IRRF (a)	**10,154**	9,801
CSLL and IRPJ (b)	**11,387**	10,940
Royalties (c)	**7,209**	56,421
IPI (d)	**46,340**	44,390
Other	**17,647**	17,119
Total	**92,737**	138,671
Civil (indemnification actions)	**4,387**	4,859

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

(b) Tax delinquency notices related to the non-approval of offset of tax debts against IRPJ and CSLL credits.

(c) Tax delinquency notices for collection of import duty (II), IPI, PIS-Import and COFINS-Import on royalties remitted abroad, from 2007 to 2010. The Company obtained a final favorable decision at an administrative court in the amount of R$51,569. The remaining amount of R$7,209 refers to tax delinquency notices awaiting a decision.

(d) Tax delinquency notices related to the non-approval of IPI credit offset in the acquisition of exempt inputs from former subsidiary Locomotiva da Amazônia Indústria e Comércio de Têxteis Industriais Ltda., from July 2004 to June 2008.

23. Suspended tax payments

	Company and consolidated			
	12/31/2015	Restatements	Additions/(Reversals)	09/30/2016
COFINS - ICMS	195,833	11,456	-	**207,289**
Judicial deposits	(14,238)	-	-	**(14,238)**
(a)	181,595	11,456	-	**193,051**
Other	3,650	83	(3,733)	-
Total	185,245	11,539	(3,733)	**193,051**

Notes to quarterly information

(a) COFINS - exclusion of ICMS from tax base.

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

From June 2008, the Company started to use the suspended tax payment obtained in a Preliminary Injunction filed with the Federal Supreme Court of Brazil (STF) to continue excluding ICMS from COFINS tax base; however, the Company is no longer required to make judicial deposits. Nonetheless, such amounts have been recorded as liability with suspended payment.

As from January 2015, the Company began to include ICMS in the COFINS tax base by virtue of Law No. 12973/14, which amended Decree Law No. 1598/77 and expressly provides that ICMS meets the definition of gross revenue.

At September 30, 2016, this lawsuit awaits judgment by the STF.

24. Equity

a) Capital

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

At September 30, 2016:

	Common shares		Preferred shares		Total	
	Number	%	Number	%	Number	%
Shareholders						
Controlling shareholders (J&F Investimentos)	**207,168,869**	**85.75**	**47,937,043**	**20.95**	**255,105,912**	**54.23**
Management:						
Board of Directors	**25,220,333**	**10.44**	**26,345,811**	**11.51**	**51,566,144**	**10.96**
Supervisory Board	**-**	**-**	**5,250**	**-**	**5,250**	**-**
Other shareholders	**9,219,349**	**3.81**	**154,553,122**	**67.54**	**163,772,471**	**34.81**
Total	**241,608,551**	**100.00**	**228,841,226**	**100.00**	**470,449,777**	**100.00**

At December 31, 2015:

	Common shares		Preferred shares		Total	
	Number	%	Number	%	Number	%
Shareholders						
Controlling shareholders (J&F Investimentos)	161,846,378	66.99	45,729,086	19.98	207,575,464	44.12
Management:						
Board of Directors	61,109,052	25.29	33,481,029	14.63	94,590,081	20.11
Supervisory Board	10,000	-	10,000	-	20,000	-
Other shareholders	18,643,121	7.72	149,621,111	65.39	168,264,232	35.77
Total	241,608,551	100.00	228,841,226	100.00	470,449,777	100.00

b) Share buyback plan

For the nine-month period ended September 30, 2016, changes in "Treasury shares" were as follows:

	Number	Average cost - R$
Balance at December 31, 2015	9,604,360	8.80
Disposed (*)	(2,207,957)	9.21
Acquisitions (*)	-	-
Share buyback	-	-
Balance at September 30, 2016	**7,396,403**	**8.69**

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

Notes to quarterly information

c) Dividends and interest on equity

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

In the nine-month period ended September 30, 2016, interest on equity amounting to R$70,800 (R$60,859, net of Withholding Income Tax - IRRF) was declared by management.

Furthermore, on April 13, 2016, the Annual Shareholders' Meeting approved the proposal for interest on equity amounting to R$114,900, which have already been proposed by the Board of Directors on March 4, 2016.

Payment of dividends and interest on equity proposed by management is detailed below:

	Per share – R$ (gross)			
	09/30/2016		12/31/2015	
	Preferred shares	Common shares	Preferred shares	Common shares
Interest on equity	**0.16051**	**0.14591**	0.26183	0.23803

d) Tax incentive reserve

From January 1, 2008, tax incentives started to be recorded directly in P&L and, thereafter, at the annual financial statement closing date, recognized under the "Tax incentive reserve" account in "Income reserves".

25. Business segment reporting

The Company's chief operating decision-maker is the CEO.

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

Net revenue by segment for the nine-month period ended September 30, 2016 is as follows:

- Domestic operations:
  - Brazil: 60.5%
- Foreign operations:
  - Argentina: 20.5%
  - Europe, United States and Exports: 19.0%

Notes to quarterly information

The performance of each segment was determined based on net operating revenue, 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 contribution taxes, depreciation and amortization.

The information is broken down as follows:

	09/30/2016					
P&L accounts – Continuing operations	Net operating revenue	Net income (loss)	Depreciation and amortization	Financial income (expenses)	Exchange gains (losses), net	Income and social contribution taxes
Domestic operations:						
Brazil	1,656,252	149,311	(49,527)	(40,620)	13,305	7,810
Terras de Avent. Ind. Art. Esport. S.A. - Osklen	152,768	(13,751)	(11,018)	(7,876)	(2,095)	9,545
Foreign operations:						
Argentina	613,417	37,498	(5,314)	(13,673)	(1,711)	(17,579)
Europe/United States/exports	566,056	80,432	(12,493)	(1,753)	(14,880)	(23,230)
Noncontrolling interest	-	5,498	-	-	-	-
Consolidated	2,988,493	258,988	(78,352)	(63,922)	(5,381)	(23,454)

	09/30/2015					
P&L accounts	Net operating revenue	Net income (loss)	Depreciation and amortization	Financial income (expenses)	Exchange gains (losses), net	Income and social contribution taxes
Domestic operations:						
Brazil	1,500,255	67,629	(46,905)	(16,218)	(19,543)	4,443
Terras de Avent. Ind. Art. Esport. S.A. - Osklen	141,982	(27,363)	(11,606)	(4,553)	4,919	10,635
Foreign operations:						
Argentina	727,305	43,268	(8,047)	(20,745)	182	(22,666)
Europe/United States/exports	557,264	125,089	(10,637)	(879)	19,398	(19,872)
Noncontrolling interest	-	10,877	-	-	-	-
Consolidated	2,926,806	219,500	(77,195)	(42,395)	4,956	(27,460)

Asset and liability balances at September 30, 2016 and December 31, 2015 are as follows:

	09/30/2016			12/31/2015		
Balance sheet accounts	Total assets	Current and noncurrent liabilities	Additions to PP&E and intangible assets	Total assets	Current and noncurrent liabilities	Additions to PP&E and intangible assets (i)
Domestic operations:						
Brazil	2,501,628	1,085,585	40,105	2,453,969	1,190,822	95,225
Terras de Avent. Ind. Art. Esport. S.A. - Osklen	387,934	172,988	4,150	421,503	192,236	8,321
Foreign operations:						
Argentina	431,374	209,298	8,438	495,460	229,768	14,716
Europe/United States/exports	369,284	181,294	7,862	392,538	219,408	8,542
Consolidated	3,690,220	1,649,165	60,555	3,763,470	1,832,234	126,804

(i) In the nine-month period ended September 30, 2015, additions to PP&E and intangible assets totaled R$98,301 (Brazil: R$78,530, Osklen: R$4,808; Argentina: R$8,150 and; Europe/USA/Exports: R$6,813).

Notes to quarterly information

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

26. Net operating revenue

	Company		Consolidated	
	09/30/2016	09/30/2015	09/30/2016	09/30/2015
Gross operating revenue:				
Domestic market	**2,056,352**	1,808,536	**2,233,117**	2,009,916
Foreign market	**182,515**	253,636	**1,365,415**	1,497,499
	2,238,867	2,062,172	**3,598,532**	3,507,415
Returns and cancellations	**(44,960)**	(38,659)	**(84,674)**	(78,305)
Sales taxes	**(329,559)**	(277,797)	**(525,365)**	(502,304)
Net operating revenue	**1,864,348**	1,745,716	**2,988,493**	2,926,806

27. Expenses by nature

The Company presented its income statement classifying expenses based on their function. Expenses by nature are as follows:

	Company		Consolidated	
	09/30/2016	09/30/2015	09/30/2016	09/30/2015
Cost of sales:				
Raw materials	**708,993**	720,894	**961,086**	1,044,907
Salaries, charges and benefits	**320,003**	241,139	**517,199**	466,431
Depreciation	**31,049**	25,782	**34,836**	32,041
Hedge accounting	**5,951**	(4,759)	**5,951**	(4,759)
Other costs	**76,141**	53,309	**124,250**	133,825
Total	**1,142,137**	1,036,365	**1,643,322**	1,672,445
Selling expenses:				
Salaries, charges and benefits	**50,094**	45,938	**135,884**	123,408
Profit sharing	**4,781**	8,618	**8,476**	12,873
Freight	**59,466**	59,902	**94,037**	95,358
Advertising and publicity	**139,892**	151,074	**208,030**	221,077
Commissions	**5,386**	6,478	**36,875**	36,971
Customers' agreement	**11,736**	14,363	**13,362**	16,288
Depreciation	**2,111**	2,082	**6,192**	5,049
Royalties	**29,250**	29,503	**30,448**	29,959
Third-party services	**10,137**	8,850	**35,770**	27,335
Rental/leases	**7,092**	6,238	**52,567**	46,043
Travel	**3,564**	2,318	**7,543**	5,643
Storage	**4,469**	3,645	**32,303**	26,563
Collective packaging	**20,771**	15,888	**20,771**	16,136
Transportation insurance	**3,072**	2,698	**5,465**	5,925
Other	**26,270**	30,427	**45,239**	45,866
Total	**378,091**	388,022	**732,962**	714,494
General and administrative expenses:				
Salaries, charges and benefits	**63,838**	60,655	**108,339**	106,264
Management compensation (Note 21.e)	**12,632**	13,132	**12,929**	13,453
Third-party services	**18,813**	20,012	**37,086**	35,291
Depreciation	**2,873**	2,906	**10,597**	12,602
Rental and condominium fees	**10,557**	8,996	**11,006**	10,432
Maintenance and repair	**5,692**	5,103	**6,185**	6,011
Other	**9,397**	8,814	**21,978**	18,679
Total	**123,802**	119,618	**208,120**	202,732

Notes to quarterly information

28. Stock option plans

The Company granted preferred stock options to some employees under a program approved at Special Shareholders' Meetings for the purpose of retaining and encouraging them to contribute to the interests and objectives of the Company and its shareholders. The plans are managed by the Human Resources Department of the Company.

General criteria of stock option plans

	Plans per year:		
	2002 to 2005	2006 to 2009	2010 to 2012
Grace period	2 years	3 years	3 years
Vesting:			
1st year	0%	0%	0%
2nd year	20%	0%	0%
3rd year	20%	30%	30%
4th year	20%	30%	30%
5th year	40%	40%	40%
Maximum period for exercising the option plan	10 years	5 years*	3 years after each vesting*
Strike price	Average – trading sessions	Average – trading sessions	Average – trading sessions
Strike price adjustment	IGP-M	IPCA	n/a

(*) As regards to these plans, the option exercise is contingent on the attainment of performance goals, based on internal performance indicators.

Changes in stock option plans

	09/30/2016		12/31/2015	
	Number of shares	Weighted average strike price R$	Number of shares	Weighted average strike price R$
Outstanding options at the beginning of the period/year	**2,207,957**		3,490,212	
Options granted	-	-	-	-
Options exercised	**(2,207,957)**	**8.36-11.99**	(1,100,567)	2.08-8.36
Cancelled options	-	-	(181,688)	4.67-11.99
Outstanding options at the end of the period/year	-		2,207,957	

The Annual and Special Shareholders' Meeting held on April 23, 2015 approved the termination of the Company's Stock Option Plan, preserving the options already granted and not yet exercised, under the effective agreements.

By virtue of the change in the Company shareholding structure, as disclosed in Note 1.2, the beneficiaries of the option plan are entitled to early exercise of their stock options, and the new controlling shareholder must acquire the shares for the same price paid to Camargo Corrêa S.A. The beneficiaries of the program exercised their options in February 2016.

Notes to quarterly information

29. Long-term incentive plan

On April 23, 2015, the Annual and Special Shareholders' Meeting approved the new Long-term Incentive (ILP) plan. The ILP plan, which technically is not classifiable as share-based compensation or variable compensation, is based on a value generation policy that allows certain employees of Company and its subsidiaries to acquire rights from the Company, based on the distribution of a portion of the future value created for the Company that exceeds the minimum return rate (ke/hurdle rate) for its shareholders, with the following value parameters: (i) market (BM&F Bovespa); (ii) economic (EBITDA multiple); and (iii) multiple of dividend.

The individual participation of beneficiaries in the creation of value exceeding the minimum rate is operationalized through the assignment of Virtual Value Units ("UVVs"), whose individual value is calculated through: (i) weighted average quotation of shares for the past 60 trading sessions (40%); (ii) EBITDA multiple discounted from net debt divided by the number of shares (40%); and (iii) dividends and interest on equity per share divided by the dividend yield (20%).

The conversions of UVVs into payment will be made by the beneficiary within five years and three months from the beginning of each annual program, subject to the following grace periods: (i) up to 36 months: conversion is not allowed; (ii) after 36 months: up to 33%; (iii) after 48 months: up to 66%, discounting the ones already exercised; and (iv) after 60 months: up to 100%, discounting the ones already exercised. The settlement will be made in cash.

The new plan began on January 1, 2015 and five annual programs are expected from 2015 to 2019. The Company's Board of Directors may approve new programs after 2019.

If a beneficiary ceases to be an employee or management member of the Company and its subsidiaries while the ILP plan is in effect, except for death, retirement or permanent disability, the conversion into payment of UVVs granted to the beneficiary will be restricted to the UVVs that had already been released for conversion. In case any beneficiary ceases to be an employee or management member of the Company and its subsidiaries due to dismissal for cause, all UVVs not exercised, either released or not, will be cancelled. In the event of death, permanent disability or retirement, all UVVs, including those not yet released for conversion into payment will become early exercisable and will be converted to cash. This right must be exercised by the beneficiary, his/her heirs or successors.

The accounting expense recorded referring to long-term incentive plans in the six-month period ended September 30, 2016 amounted to R$3,662.

30. Employee benefits

The Company and its subsidiaries sponsor two supplementary pension plans and also provide, by means of an own pension and life annuity plan for a certain group of former employees and their spouses. The actuarial liability referring to these plans at September 30, 2016 and December 31, 2015 amounted to R$172.

Notes to quarterly information

31. Financial income and expenses, net

	Company		Consolidated	
	09/30/2016	09/30/2015	09/30/2016	09/30/2015
Financial income:				
Short-term investment yield	**30,080**	28,048	**33,453**	33,430
Interest income	**4,606**	3,816	**6,240**	4,625
Monetary restatement - Reintegra	**5,053**	-	**5,053**	-
Other	**4,107**	461	**4,647**	453
Total	**43,846**	32,325	**49,393**	38,508
Financial expenses:				
Interest and charges on loans and financing	**(27,237)**	(16,539)	**(33,604)**	(21,507)
Interest and charges on debt restructuring of subsidiary	-	-	**(5,082)**	(8,605)
Tax on Financial Transactions (IOF)	**(202)**	(366)	**(1,427)**	(4,271)
Tax on bank transactions (Argentina)	-	-	**(6,687)**	(7,805)
Inflation adjustment of taxes	**(11,538)**	(11,811)	**(11,538)**	(11,811)
Banking expenses	**(4,601)**	(6,266)	**(7,277)**	(9,531)
Present value adjustment	**(16,842)**	(13,404)	**(16,842)**	(13,404)
Other	**(2,576)**	(622)	**(9,176)**	(2,885)
Total	**(62,996)**	(49,008)	**(91,633)**	(79,819)
Gains on transactions with derivative financial instruments	**13,272**	10,840	**20,598**	10,840
Losses on transactions with derivative financial instruments	**(34,170)**	(11,924)	**(42,280)**	(11,924)
Total	**(20,898)**	(1,084)	**(21,682)**	(1,084)
Total	**(40,048)**	(17,767)	**(63,922)**	(42,395)

32. Exchange gains (losses), net

	Company		Consolidated	
	09/30/2016	09/30/2015	09/30/2016	09/30/2015
Exchange gains	**13,648**	78,650	**17,302**	83,999
Exchange losses	**(11,175)**	(75,126)	**(22,683)**	(79,043)
Total	**2,473**	3,524	**(5,381)**	4,956

Notes to quarterly information

33. Other operating income (expenses)

	Company		Consolidated	
	09/30/2016	09/30/2015	09/30/2016	09/30/2015
Other operating income:				
Scrap sales	**567**	523	**567**	526
Franchise fee	**1,248**	806	**1,248**	806
Gain on sale of property, plant and equipment	**80**	550	**105**	564
Divestiture	**574**	-	**574**	-
Sale of Eletrobrás' shares	**1,330**	-	**1,330**	-
Escrow - Osklen	**2,286**	1,281	**2,286**	1,281
Favorable decision - PIS/COFINS ZFE proceeding	**3,638**	-	**3,638**	-
Other	**2,163**	1,490	**4,579**	5,132
Total	**11,886**	4,650	**14,327**	8,309
Other operating expenses:				
Amortization of intangible assets	**(15,967)**	(16,369)	**(25,483)**	(24,311)
Provisions for tax, civil and labor contingencies (Note 22)	**(10,483)**	(1,917)	**(14,681)**	(5,865)
Options grant	**-**	(1,865)	**-**	(2,421)
Long-term incentive plan	**(3,662)**	-	**(3,662)**	-
Special projects	**(749)**	(2,979)	**(749)**	(2,979)
Depreciation on revaluation of useful life - plant 22	**(1,291)**	-	**(1,291)**	-
Severance pay for labor terminations	**(2,222)**	(612)	**(7,753)**	(2,950)
Profit sharing program	**(10,277)**	-	**(12,679)**	-
Third-party services	**(3,269)**	(3,318)	**(3,307)**	(3,318)
Import expenses - USA	**-**	-	**-**	(6,455)
Reversal of provision for change in ownership control	**11,442**	-	**13,337**	-
Other	**(4,455)**	(4,942)	**(10,403)**	(12,746)
Total	**(40,933)**	(32,002)	**(66,671)**	(61,045)
Total	**(29,047)**	(27,352)	**(52. 344)**	(52,736)

34. Profit sharing

The Company and its subsidiaries provide their employees with profit sharing linked to the achievement of operating goals and specific objectives, annually established and approved for each plant/unit. For the nine-month periods ended September 30, 2016 and 2015, profit sharing recognized in P&L was as follows:

	Company		Consolidated	
	09/30/2016	09/30/2015	09/30/2016	09/30/2015
Profit-sharing program	**43,186**	30,917	**50,654**	41,782

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

35. Risk management and financial instruments

a) General considerations and policies

Financial instruments, including derivatives, are managed by means of policies, definition of strategies and establishment of control systems, which are monitored by Company management.

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

Notes to quarterly information

Management monitors the Company's consolidated liquidity level considering the expected cash flow against unused credit facilities and cash and cash equivalents. The following table in item d) analyzes the aging list of financial liabilities corresponding to the remaining period in the balance sheet in relation to the contractual maturity date. The amounts presented in the table are undiscounted cash flows contracted.

c) Derivative financial instruments and hedge accounting

The Company imports finished products and raw materials in US dollars, referring to the Sports Items and Sandals business units. In addition, the Company also purchases part of its domestic raw materials at a price indirectly impacted by currency fluctuation.

On the other hand, the Company also exports sandals that are mostly sold in US 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., risk of loss related to increase in currency rates.

In addition, the Company may occasionally take out currency derivatives against exchange fluctuation risk on debts in foreign currency (for instance Export Credit Note (NCE) and Pre-export financing (PPE), among others).

In order to mitigate this risk and particularly to hedge cash flow, the 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 time span. Future currency exposure is based on projected payables and receivables in foreign currency. At September 30, 2016, the total hedged amount (Notional) amounted to US$10,982 (ten million nine hundred and eighty-two thousand dollars) through Non-Deliverable Forward transactions. The purpose of these transactions is to hedge the Company's import and export operations against exchange fluctuation impacts.

Cash flow hedge

The Company applies hedge accounting to all transactions with NDF derivative financial instruments, in order to hedge imports and highly probable future purchases of inventories in foreign currency.

At September 30, 2016, the Company had NDF derivative financial instruments designated as hedge of future purchases in US dollar with suppliers of finished products and raw materials, whose transactions are deemed highly probable by Alpargatas. These transactions mature in different dates within a 12-month time span. This type of instrument is settled by reference to PTAX on its maturity date. The book balance recorded in the Company's balance sheet as at September 30, 2016 is as follows:

Notes to quarterly information

	09/30/2016		12/31/2015	
	Assets	Liabilities	Assets	Liabilities
Non-Deliverable Forward - NDF (Fair value - MtM)	**48**	**876**	1,397	63

The book balance recorded in the Company's equity as at September 30, 2016 is as follows:

	09/30/2016	Other comprehensive income (loss)	12/31/2015
Gross balance kept in equity	**(557)**	(2,965)	2,408
Deferred income and social contribution tax assets on hedging transactions	**190**	311	(121)
Net balance kept in equity	**(367)**	(2,6540)	2,287

Expected cash flow hedging transactions of future purchases over a 12-month time span were assessed as highly efficient as at September 30, 2016.

The amount transferred during the period from equity under "Other comprehensive income reserve" to the book balance of hedged items amounted to R$5,951, since the transactions were designated for purchases from January 2016 onwards.

The accumulated impacts from NDF derivative financial instruments on P&L for the period totaled R$(5,832).

Settlements of derivative financial instruments for the nine-month period ended September 30, 2016 totaled a cash outflow of R$4,608.

Fair value hedge

The Company applies hedge accounting to all transactions with swap derivative financial instruments, in order to hedge the exchange variation risk on debt in foreign currency.

At September 30, 2016, through its subsidiary Terras de Aventura Indústria de Artigos Esportivos S.A., the Company recorded swap derivative financial instruments to hedge debts in foreign currency raised through the External Credit Facility 4131, maturing on February 22, 2017 and August 22, 2017. Settlement of this type instrument is based on its present value on the settlement date. The book balance recorded in the Company's balance sheet as at September 30, 2016 is as follows:

	09/30/2016		12/31/2015	
	Assets	Liabilities	Assets	Liabilities
Swap	**276**	-	-	-

The hedging transactions of fair value of loans in foreign currency were assessed as highly efficient at September 30, 2016.

The accumulated impacts from swap derivative financial instruments on P&L for the period totaled R$(364).

Notes to quarterly information

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:

	09/30/2016						
	Within 1 year	From 1 to 2 years	From 3 to 5 years	Above 5 years	Fair value	Discount effect	Book balance
Current:							
Finance lease liabilities	**83**	-	-	-	**83**	-	**83**
Loans and financing	**183,651**	-	-	-	**183,651**	-	**183,651**
Trade accounts payable	**395,325**	-	-	-	**395,325**	-	**395,325**
Noncurrent:							
Lease obligations	-	**133**	-	-	**133**	-	**133**
Loans and financing	-	**221,750**	**83,657**	**27,318**	**332,725**	-	**332,725**

	12/31/2015						
	Within 1 year	From 1 to 2 years	From 3 to 5 years	Above 5 years	Fair value	Discount effect	Book balance
Current:							
Finance lease liabilities	52	-	-	-	52	-	52
Loans and financing	495,191	-	-	-	495,191	-	495,191
Trade accounts payable	437,636	-	-	-	437,636	-	437,636
Noncurrent:							
Finance lease liabilities	-	299	-	-	299	-	299
Loans and financing	-	33,442	91,547	52,161	177,150	-	177,150

e) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

	09/30/2016	12/31/2015
Cash and cash equivalents and short-term investments	**394,797**	488,193
(-) Short and long-term loans and financing	**(516,592)**	(672,692)
Net financial position	**(121,795)**	(184,499)
Equity	**2,041,055**	1,931,236

Notes to quarterly information

f) Currency exposure

	Company		Consolidated	
	09/30/2016	12/31/2015	09/30/2016	12/31/2015
Assets:				
Banks	**15,017**	-	**15,017**	-
Trade accounts receivable	**73,432**	129,597	**73,432**	129,597
Total assets	**88,449**	129,597	**88,449**	129,597
Liabilities:				
Trade accounts payable	**55,822**	83,233	**56,479**	83,299
Royalties payable	**215**	3,783	**217**	3,854
Total liabilities	**56,037**	87,016	**56,696**	87,153
Net exposure	**32,412**	42,581	**31,753**	42,444
Derivative financial instruments	**(828)**	1,334	**(819)**	1,334
Total exposure for sensitivity analysis purpose	**31,584**	43,915	**30,934**	43,778

g) Market values

At September 30, 2016 and December 31, 2015, market values of floating short-term investments approximate the amounts recorded in the financial statements as they are pegged to the CDI rate fluctuation. The Company makes mark-to-market adjustments for its fixed rate investments recorded in the balance sheet. Loans and financing are adjusted for inflation based on interest rates contracted according to the usual market conditions; therefore, balances payable at the balance sheet dates substantially approximate their market values, including those classified as "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 the balance sheet date. The fair value of forward exchange contracts is determined based on forward exchange rates quoted at the balance sheet date.

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

The Company and its subsidiaries apply hierarchy rules to measure the fair values of their financial instruments, 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).
- Input, in addition to quoted prices, included in Level 1, used by the market for assets or liabilities, either directly (i.e. based on prices) or indirectly (i.e. 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 quoted market price used for the financial assets held by the Group is the price of current competitors. These instruments are included in Level 1.

Notes to quarterly information

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

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

h) Sensitivity analysis of financial instruments

Currency risk

For the consolidated currency exposure sensitivity analysis at September 30, 2016, the effects of which reflect only the impacts on monetary assets and liabilities, the Company did not consider the balances of trade accounts receivable and loans and financing of foreign subsidiaries, as they are denominated in local functional currencies of each subsidiary; therefore, the Company management understands that there is no currency exposure risk for such subsidiaries.

Considering currency exposures described in item (f) above, at September 30, 2016, the sensitivity analysis of outstanding positions is as follows:

	Gain/(loss)		
	Probable scenario	**Possible scenario**	**Remote scenario**
Impacts of U.S. dollar fluctuation			
Banks	(1,051)	(3,754)	(7,509)
Trade accounts receivable	(5,140)	(18,358)	(36,716)
Trade accounts payable	3,954	14,120	28,240
Royalties payable	15	54	109
Total impact on P&L	(2,222)	7,938	15,876
Derivative financial instruments	748	2,441	4,793
Total impact on income (loss) on derivatives	(1,474)	(5,497)	(11,083)

The probable scenario considers a 7% appreciation of the Brazilian real against the US dollar at an exchange rate of R$3.4374, based on market references.

The possible scenario considers a 25% appreciation of the Brazilian real against the US dollar at the exchange rate at September 30, 2016 of (R$2.4347/ US$), and the remote scenario considers a 50% appreciation (R$1.6231/US$).

Interest rate risk

The sensitivity analysis was determined based on the exposure of non-derivative financial instruments to interest rates at the end of each reporting period. For financial assets pegged to CDI, the analysis is prepared considering that the net amount between outstanding assets and liabilities at the end of the reporting period was outstanding throughout the entire period.

Notes to quarterly information

At September 30, 2016, 94% of total amount was pegged to CDI and 16% had fixed rate. Thirty-four percent of total loans were directly pegged to interest rate and 66% had fixed rates + long-term interest rate (TJLP).

	Gain/(loss)		
	Probable scenario	Possible scenario	Remote scenario
Impacts of interest rate fluctuation			
Short-term investment yield	(241)	(7,096)	(14,193)
Expenses from interest on loans	79	2,330	4,661
Total impact on P&L	(162)	(4,766)	(9,532)

Considering the interest rate (CDI) at September 30, 2016 of 14.13% p.a., the probable scenario simulates an interest rate increase of 12 base points on the CDI rate, resulting in a rate of 14.01% p.a.

The possible scenario considers an interest rate decrease of 353 base points on the CDI rate, resulting in a rate of 10.60% p.a. at September 30, 2016, and the remote scenario considers an interest rate decrease of 707 base points to 7.07% p.a.

36. Earnings per share

	09/30/2016		
Continuing operations	Registered common shares	Registered preferred shares (a)	Total
Denominator			
Total weighted average number of shares	241,608,551	228,841,226	470,449,777
Weighted number of treasury shares	-	(7,813,462)	(7,813,462)
Weighted average number of outstanding shares	241,608,551	221,027,764	462,636,315
% of shares in relation to the total number	52.22%	47.78%	100.00%
Numerator - basic			
Earnings for the period attributable to each class of shares	131,797	132,691	264,488
Weighted average number of outstanding shares	241,608,551	221,027,764	462,636,315
Total basic earnings per share for the period	0.5455	0.6003	0.5717
Numerator - diluted			
Earnings for the period attributable to each class of shares	131686	132802	264,488
Weighted average number of outstanding shares	241,608,551	221,027,764	462,636,315
Number of shares of weighted stock option plans	-	417,059	417,059
Weighted average number of outstanding shares	241,608,551	221,444,823	463,053,374
% of shares in relation to the total number	52.18%	47.82%	100.00%
Total diluted earnings per share for the period	0.5450	0.5997	0.5712

Notes to quarterly information

Discontinued operations	09/30/2016 Registered common shares	Registered preferred shares (a)	Total
Denominator			
Total weighted average number of shares	241,608,551	228,841,226	470,449,777
Weighted number of treasury shares	-	(7,813,462)	(7,813,462)
Weighted average number of outstanding shares	241,608,551	221,027,764	462,636,315
% of shares in relation to the total number	52.22%	47.78%	100.00%
Numerator - basic			
Net loss for the period attributable to each class of shares	(1,564)	(1,574)	(3,138)
Weighted average number of outstanding shares	241,608,551	221,027,764	462,636,315
Total basic net loss per share for the period	(0.0065)	(0.0071)	(0.0068)
Numerator - diluted			
Net loss for the period attributable to each class of shares	(1,562)	(1,576)	(3,138)
Weighted average number of outstanding shares	241,608,551	221,027,764	462,636,315
Number of shares of weighted stock option plans	-	417,059	417,059
Weighted average number of outstanding shares	241,608,551	221,444,823	463,053,374
% of shares in relation to the total number	52.18%	47.82%	100.00%
Total diluted earnings per share for the year	(0.0065)	(0.0071)	(0.0068)

	09/30/2016 Registered common shares	Registered preferred shares (a)	Total
Denominator			
Total weighted average number of shares	241,608,551	228,841,226	470,449,777
Weighted number of treasury shares	-	(7,813,462)	(7,813,462)
Weighted average number of outstanding shares	241,608,551	221,027,764	462,636,315
% of shares in relation to the total number	52.22%	47.78%	100.00%
Numerator - basic			
Earnings for the period attributable to each class of shares	130,233	131,117	261,350
Weighted average number of outstanding shares	241,608,551	221,027,764	462,636,315
Total basic earnings per share for the period	0.5390	0.5932	0.5649
Numerator - diluted			
Earnings for the period attributable to each class of shares	130,124	131,226	261,350
Weighted average number of outstanding shares	241,608,551	221,027,764	462,636,315
Number of shares of weighted stock option plans	-	417,059	417,059
Weighted average number of outstanding shares	241,608,551	221,444,823	463,053,374
% of shares in relation to the total number	52.18%	47.82%	100.00%
Total diluted earnings per share for the period	0.5386	0.5926	0.5644

Notes to quarterly information

	09/30/2015		
Continuing operations	Registered common shares	Registered preferred shares (a)	Total
Denominator			
Total weighted average number of shares	241,608,551	228,841,226	470,449,777
Weighted number of treasury shares	-	(7,813,462)	(7,813,462)
Weighted average number of outstanding shares	241,608,551	221,027,764	462,636,315
% of shares in relation to the total number	52.22%	47.78%	100.00%
Numerator - basic			
Earnings for the period attributable to each class of shares	114,834	115,613	230,447
Weighted average number of outstanding shares	241,608,551	221,027,764	462,636,315
Total basic earnings per share for the period	0.4753	0.5231	0.4981
Numerator - diluted			
Earnings for the period attributable to each class of shares	114,737	115,710	230,447
Weighted average number of outstanding shares	241,608,551	221,027,764	462,636,315
Number of shares of weighted stock option plans	-	417,059	417,059
Weighted average number of outstanding shares	241,608,551	221,444,823	463,053,374
% of shares in relation to the total number	52.18%	47.82%	100.00%
Total diluted earnings per share for the period	0.4749	0.5225	0.4977

	09/30/2015		
Discontinued operations	Registered common shares	Registered preferred shares (a)	Total
Denominator			
Total weighted average number of shares	241,608,551	228,841,226	470,449,777
Weighted number of treasury shares	-	(7,813,462)	(7,813,462)
Weighted average number of outstanding shares	241,608,551	221,027,764	462,636,315
% of shares in relation to the total number	52.22%	47.78%	100.00%
Numerator - basic			
Net loss for the period attributable to each class of shares	(2,949)	(2,968)	(5,917)
Weighted average number of outstanding shares	241,608,551	221,027,764	462,636,315
Total basic net loss per share for the period	(0.0122)	(0.0134)	(0.0128)
Numerator - diluted			
Net loss for the period attributable to each class of shares	(2,946)	(2,971)	(5,917)
Weighted average number of outstanding shares	241,608,551	221,027,764	462,636,315
Number of shares of weighted stock option plans	-	417,059	417,059
Weighted average number of outstanding shares	241,608,551	221,444,823	463,053,374
% of shares in relation to the total number	52.18%	47.82%	100.00%
Total diluted net loss per share for the period	(0.0122)	(0.0134)	(0.0128)

Notes to quarterly information

	09/30/2015		
	Registered common shares	Registered preferred shares (a)	Total
Denominator			
Total weighted average number of shares	241,608,551	228,841,226	470,449,777
Weighted number of treasury shares	-	(7,813,462)	(7,813,462)
Weighted average number of outstanding shares	241,608,551	221,027,764	462,636,315
% of shares in relation to the total number	52.22%	47.78%	100.00%
Numerator - basic			
Earnings for the period attributable to each class of shares	111,886	112,644	224,530
Weighted average number of outstanding shares	241,608,551	221,027,764	462,636,315
Total basic earnings per share for the period	0.4631	0.5096	0.4853
Numerator - diluted			
Earnings for the period attributable to each class of shares	111,791	112,739	224,530
Weighted average number of outstanding shares	241,608,551	221,027,764	462,636,315
Number of shares of weighted stock option plans	-	417,059	417,059
Weighted average number of outstanding shares	241,608,551	221,444,823	463,053,374
% of shares in relation to the total number	52.18%	47.82%	100.00%
Total diluted earnings per share for the period	0.4627	0.5091	0.4849

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

37. Commitments assumed

37.1. Operating lease agreement

Stores leased

At September 30, 2016, the Company had lease agreements with third parties. Such agreements were reviewed by management who concluded that they could be classified as operating lease agreements.

The property rent is the higher of: (i) the amount equivalent to the average rate between 3% and 4% of the store's monthly gross sales; or (ii) a minimum monthly amount restated on an annual basis based on various inflation rates. The referred to lease agreements' terms are from 5 to 15 years, subject to renewal.

In the nine-month period ended September 30, 2016, rental expenses, net of taxes recoverable, totaled R$22,773 (R$19,602 at September 30, 2015) in consolidated.

Other leases

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

In the nine-month period ended September 30, 2016, other rental expenses, net of taxes recoverable, totaled R$58,142 (R$56,461 at September 30, 2015) in consolidated.

Notes to quarterly information

Future commitments

Total future commitments arising from operating lease agreements totaled a minimum fixed amount of R$396,341 at September 30, 2016, distributed as follows:

Period	R$
2016 (three months)	34,951
2017	93,008
2018	91,241
2019	90,304
2020	86,837
Total	396,341

Such transactions are subject to usual covenants, such as guarantees for early termination of agreement, among others. At September 30, 2016, the Company was compliant with these covenants.

37.2. Input supply agreements

The Company has commitments deriving from an electric power supply agreement, providing for the purchase of a minimum monthly volume of 33,329kw, equivalent to R$319, which can be amended within a minimum six-month term. At September 30, 2016, the Company was compliant with this agreement's commitments.

38. Insurance coverage

The Company and its subsidiaries have insurance coverage for property, plant and equipment items and inventories subject to fire damage for the technical replacement amount, and to cover loss of profits. At September 30, 2016, consolidated insurance coverage was deemed sufficient by management to cover the risks involved.

39. Additional information to cash flow statements

	Company		Consolidated	
	09/30/2016	09/30/2015	09/30/2016	09/30/2015
Non-cash acquisitions of PP&E	-	-	-	-
Unused secured account limits	-	-	**134,107**	28,734