(Convenience Translation into English from the Original Previously Issued in Portuguese)

São Paulo Alpargatas S.A.

Interim Financial Statements for the Quarter Ended March 31, 2009 and Independent Accountants' Review Report

Deloitte Touche Tohmatsu Auditores Independentes

(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Management and Shareholders of
São Paulo Alpargatas S.A.
São Paulo - SP

1. We have reviewed the accounting information included in the accompanying interim financial statements of São Paulo Alpargatas S.A. (the "Company") and subsidiaries, for the quarter ended March 31, 2009, consisting of the individual (Company) and consolidated balance sheets, the related statements of income, changes in shareholders' equity and cash flows, the performance report and the related notes, prepared under the responsibility of the Company's Management.

2. Our review was conducted in accordance with specific standards established by the Brazilian Institute of Independent Auditors (IBRACON), together with the Brazilian Federal Accounting Council (CFC), and consisted, principally, of: (a) inquiries of and discussions with certain officials of the Company and its subsidiaries who have responsibility for accounting, financial and operating matters about the criteria adopted in the preparation of the interim financial statements; and (b) review of the information and subsequent events that have, or might have had, material effects on the financial position and results of operations of the Company and its subsidiaries.

3. Based on our review, we are not aware of any material modifications that should be made to the accounting information included in the interim financial statements referred to in paragraph 1 for them to be in conformity with accounting standards adopted in Brazil and rules established by the Brazilian Securities and Exchange Commission (CVM), specifically applicable to the preparation of the interim financial statements.

4. As mentioned in note 3, in view of the changes in Brazilian accounting practices in 2008, the statements of income, changes in shareholders' equity and cash flows (Company and consolidated) for the quarter ended March 31, 2008, presented for comparative purposes, have been adjusted and are being restated as prescribed by NPC 12 - Accounting Policies, Changes in Accounting Estimates and Restatement due to Errors, approved by CVM Resolution 506/06.

5. The accompanying interim financial statements have been translated into English only for the convenience of readers outside Brazil.

São Paulo, May 15, 2009

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

José Roberto Bravin
Engagement Partner

(Convenience Translation into English from the Original Previously Issued in Portuguese)

SÃO PAULO ALPARGATAS S.A.

BALANCE SHEETS AS OF MARCH 31, 2009 AND DECEMBER 31, 2008
(In thousands of Brazilian reais - R$, except book value per share)

	Company		Consolidated	
ASSETS	03/31/09	12/31/08	03/31/09	12/31/08
CURRENT ASSETS				
Cash and cash equivalents	155,589	142,506	194,909	177,045
Trade accounts receivable	318,385	373,351	377,677	432,088
Inventories	159,266	133,739	305,330	283,011
Recoverable taxes	28,662	19,928	47,993	34,130
Deferred income tax and social contribution	14,264	16,743	21,282	21,770
Prepaid expenses	13,258	3,112	16,321	5,455
Other receivables	12,955	14,078	21,574	28,816
Total current assets	702,379	703,457	985,086	982,315
NONCURRENT ASSETS				
Long-term assets:				
Properties held for sale	612	612	7,330	7,635
Recoverable taxes	5,962	6,415	21,434	22,979
Escrow deposits	10,968	10,439	11,364	10,764
Deferred income tax and social contribution	23,361	23,024	26,434	26,087
Due from related parties	30,198	27,212		-
Other receivables	20,989	21,178	21,857	22,856
Investments:				
Subsidiaries and associates	135,661	156,012	106,787	113,686
Other	195	195	195	195
Property, plant and equipment	187,874	186,312	325,321	333,798
Intangible assets	251,578	245,248	273,336	269,397
Deferred charges	7,793	8,416	7,934	8,498
Total noncurrent assets	675,191	685,063	801,992	815,895
TOTAL ASSETS	1,377,570	1,388,520	1,787,078	1,798,210

	Company		Consolidated	
LIABILITIES AND SHAREHOLDERS' EQUITY	03/31/09	12/31/08	03/31/09	12/31/08
CURRENT LIABILITIES				
Trade accounts payable	41,136	68,555	76,612	112,568
Loans and financing	100,760	84,761	230,899	182,781
Payroll and related taxes	50,098	44,392	75,334	73,471
Accrual for contingencies	4,590	4,957	8,720	9,502
Interest on capital and dividends payable	13,597	1,020	13,597	1,020
Taxes payable	7,593	5,327	22,059	14,103
Debt restructuring agreements	-	-	16,735	18,190
Provisions and other payables	15,188	19,169	27,223	34,300
Total current liabilities	232,962	228,181	471,179	445,935
NONCURRENT LIABILITIES				
Loans and financing	101,279	121,433	160,835	186,489
Deferred income tax and social contribution	16,386	16,272	16,386	16,272
Accrual for contingencies	18,771	18,771	28,475	28,723
Taxes with suspended payment and others	27,908	25,208	43,162	43,279
Debt restructuring agreements	-	-	45,778	50,548
Other payables	3,421	3,473	5,856	6,059
Total noncurrent liabilities	167,765	185,157	300,492	331,370
MINORITY INTEREST	-	-	45,490	49,713
SHAREHOLDERS' EQUITY				
Capital	391,804	391,804	391,804	391,804
Capital reserve	270,146	270,146	270,146	270,146
Earnings reserve	369,664	360,828	362,738	356,838
Valuation adjustments to equity	(26,271)	(19,096)	(26,271)	(19,096)
Treasury shares	(28,500)	(28,500)	(28,500)	(28,500)
Total shareholders' equity	976,843	975,182	969,917	971,192
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,377,570	1,388,520	1,787,078	1,798,210
Book value per share - R$	56.08	55.99		

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

SÃO PAULO ALPARGATAS S.A.

STATEMENTS OF INCOME
FOR THE QUARTERS ENDED MARCH 31, 2009 AND 2008
(In thousands of Brazilian reais - R$, except earnings per share)

	Company		Consolidated	
	2009	2008	2009	2008
GROSS SALES				
Sales of products	386,543	391,574	539,984	419,728
Taxes on sales	(57,057)	(63,543)	(84,053)	(66,810)
NET SALES	329,486	328,031	455,931	352,918
Cost of sales	(184,859)	(174,462)	(276,192)	(191,815)
GROSS PROFIT	144,627	153,569	179,739	161,103
OPERATING INCOME (EXPENSES)				
Selling	(79,953)	(78,901)	(111,513)	(89,534)
General and administrative	(24,167)	(18,289)	(30,575)	(18,303)
Equity in subsidiaries and associates	(13,175)	(3,545)	(4,452)	1,128
Amortization of deferred charges	(3,388)	(2,735)	(3,996)	(2,750)
Amortization of goodwill	-	(2,544)	-	(2,544)
Other operating income (expenses), net	3,615	3,830	2,074	3,415
	(117,068)	(102,184)	(148,462)	(108,588)
INCOME FROM OPERATIONS BEFORE FINANCIAL INCOME (EXPENSES)	27,559	51,385	31,277	52,515
Financial income	6,410	3,065	7,262	3,608
Financial expenses	(6,321)	(4,152)	(15,597)	(5,156)
Exchange rate changes, net	(255)	(590)	(1,776)	50
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	27,393	49,708	21,166	51,017
Income tax and social contribution	(3,955)	(6,981)	(1,349)	(8,295)
Minority interest	-	-	685	-
NET INCOME	23,438	42,727	20,502	42,722
EARNINGS PER SHARE - R$	1.35	2.45		

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

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SÃO PAULO ALPARGATAS S.A.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (COMPANY)
FOR THE QUARTER ENDED MARCH 31, 2009
(In thousands of Brazilian reais - R$)

	Capital	Capital reserve	Earnings reserve	Accumulated earnings	Valuation adjustments to equity	Total
BALANCES AS OF DECEMBER 31, 2008	391,804	270,146	332,328	-	(19,096)	975,182
Net income for the quarter	-	-	-	23,438	-	23,438
Allocations:	-	-	-	(14,602)	-	(14,602)
Interest on capital	-	-	-	(14,602)	-	(14,602)
Valuation adjustment to equity	-	-	-	-	(7,175)	(7,175)
Accumulated translation adjustment	-	-	-	-	(7,175)	(7,175)
BALANCES AS OF MARCH 31, 2009	391,804	270,146	332,328	8,836	(26,271)	976,843

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

SÃO PAULO ALPARGATAS S.A.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONSOLIDATED)
FOR THE QUARTER ENDED MARCH 31, 2009
(In thousands of Brazilian reais - R$)

	Capital	Capital reserve	Earnings reserve	Accumulated earnings	Valuation adjustments to equity	Total
BALANCES AS OF DECEMBER 31, 2008	391,804	270,146	328,338	-	(19,096)	971,192
Net income for the quarter	-	-	-	20,502	-	20,502
Allocations:	-	-	-	(14,602)	-	(14,602)
Interest on capital	-	-	-	(14,602)	-	(14,602)
Valuation adjustment to equity	-	-	-	-	(7,175)	(7,175)
Accumulated translation adjustment	-	-	-	-	(7,175)	(7,175)
BALANCES AS OF MARCH 31, 2009	391,804	270,146	328,338	5,900	(26,271)	969,917

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

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SÃO PAULO ALPARGATAS S.A.

STATEMENTS OF CASH FLOWS
FOR THE QUARTERS ENDED MARCH 31, 2009 AND 2008
(In thousands of Brazilian reais - R$)

	Company		Consolidated	
	2009	2008	2009	2008
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the quarter	23,438	42,727	20,502	42,722
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	9,269	8,537	14,913	8,972
Amortization of goodwill/deferred charges	-	2,544	-	2,544
Loss (gain) on sale of property, plant and equipment	-	(365)	-	(365)
Gain on sale of properties held for sale	-	(1,272)	-	(1,272)
Equity in subsidiaries and associates	13,175	2,462	4,452	(1,128)
Interest, monetary restatement and exchange rate changes	5,711	4,173	9,691	4,786
Accrual (reversal) for contingencies and industrial optimization costs	(367)	294	(325)	151
Deferred income tax and social contribution	2,030	(838)	(1,575)	(359)
Allowance for doubtful accounts	(1,580)	1,495	-	1,141
	51,676	59,757	47,658	57,192
Decrease (increase) in assets:				
Trade accounts receivable	56,546	17,911	51,285	20,391
Inventories	(25,527)	(35,493)	(31,693)	(36,041)
Prepaid expenses	(10,147)	(10,453)	(10,866)	(16,091)
Recoverable taxes	(8,281)	(5,909)	(13,339)	(6,372)
Increase (decrease) in liabilities:				
Trade accounts payable	(27,418)	(13,162)	(33,848)	(23,043)
Taxes payable	4,467	(8,465)	8,668	(8,646)
Payroll and related taxes	5,706	5,200	3,397	5,623
Provision for income tax and social contribution	(764)	(61)	1,694	360
Due to related parties	(2,986)	-	-	-
Other	(3,468)	25,068	(811)	(1,645)
Net cash provided by (used in) operating activities	39,804	34,393	22,145	(8,272)
CASH FLOW FROM INVESTING ACTIVITIES				
Investments	-	(11,384)	-	(11,384)
Purchases of property, plant and equipment, intangible assets and deferred charges	(16,539)	(13,144)	(19,086)	(14,341)
Proceeds from sales of property, plant and equipment	220	9,770	220	9,770
Minority interest	-	-	(666)	-
Net cash used in investing activities	(16,319)	(14,758)	(19,532)	(15,955)
CASH FLOW FROM FINANCING ACTIVITIES				
Loans and financing obtained	870	9,642	61,756	36,156
Repayment of loans and financing	(9,247)	(5,717)	(41,827)	(29,583)
Dividends and interest on capital paid	(2,025)	(13,742)	(2,025)	(13,742)
Purchase of shares to be held in treasury, net of disposals	-	(14,350)	-	(14,350)
Restructuring of subsidiary's debts	-	-	(4,658)	-
Net cash provided by (used in) financing activities	(10,402)	(24,167)	13,246	(21,519)
EXCHANGE VARIATION ON CASH AND CASH EQUIVALENTS	-	-	2,005	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	13,083	(4,532)	17,864	(45,746)
Cash and cash equivalents at beginning of quarter	142,506	73,058	177,045	120,477
Cash and cash equivalents at end of quarter	155,589	68,526	194,909	74,731
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	13,083	(4,532)	17,864	(45,746)

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

1. OPERATIONS

São Paulo Alpargatas S.A. (the "Company") is primarily engaged in the manufacture and sale of:

- Footwear and respective components.
- Clothing, textile products and respective components.
- Leather, resin and natural or synthetic rubber products.
- Sporting products.
- Cotton processing, spinning, weaving and fabric finishing.

These activities are performed by geographically distributed plants in Brazil as well as in Argentina by the subsidiary Alpargatas S.A.I.C. - Argentina.

The Company has tax incentives granted by the State governments where the plants are located, which are scheduled to expire on 2020. Until December 31, 2007, these tax incentives were recorded in shareholders' equity under the caption "Tax incentive reserve".

The Company and its subsidiaries also have Federal tax incentives for operating profit in the Northeast Region and Manaus Free Trade Zone. Through December 31, 2007, these tax incentives were also recognized in shareholders' equity as "Capital reserve".

On January 1, 2008, with the enactment of Law 11638/07 and Provisional Act 449/08, the Company recognized these tax incentives in the statement of income, and recognized subsequently a tax incentives reserve in shareholders' equity, pursuant to provisions set forth in new Brazilian accounting practices.

In the quarter ended March 31, 2009, these investment grants, including the income tax incentives, totaling R$17,873 (R$17,917 in the same period of 2008).

As of March 31, 2009, the Company has equity interests in certain companies, the principal of which are:

- Locomotiva Indústria e Comércio de Têxteis Industriais Ltda. (direct 100% interest): company established in June 2008 to segregate the industrial textiles division, including the interest in subsidiary Amapoly Indústria e Comércio Ltda. (whose name was changed to Locomotiva Amazônia Indústria e Comércio de Têxteis Industriais Ltda.), engaged in the production of PVC and polyester laminates used to manufacture truck covers, backlit and frontlit billboards, banners, tarpaulins and polyethylene laminates, used to manufacture agricultural, home and leisure canvas.

- Tavex Algodonera S.A. (indirect 18.687% interest, through the holding company Alpargatas Internacional APS): Spanish publicly-traded company, operating in the segments of cotton processing, spinning, weaving and fabric finishing; sale, import and export of these products; and clothing and related businesses. It has also equity interests in other companies in Spain and abroad.

- Alpargatas Europe S.L.U. (Spain), Alpargatas France S.A.R.L. (France) and Alpargatas UK Limited (indirect 100% interest, through the holding company Alpargatas Internacional APS): companies established in July, August and September 2008, respectively, mainly engaged in the import and sale of footwear.

- Alpargatas USA Inc. (indirect 100% interest, through the holding company Alpargatas Internacional APS): company derived from the merger of Expasa Florida Inc., mainly engaged in the import and sale of footwear in the U.S. market.

- Alpargatas Chile Ltda. (direct 100% interest): company established in November 2007, mainly engaged in the import and sale of footwear in Chile.

- CBS S.A. - Companhia Brasileira de Sandálias (direct 100% interest): company acquired in November 2007, engaged in the manufacture and sale of rubber sandals.

- Alpargatas S.A.I.C. - Argentina (60.19% interest): acquired in December 2007, however with the transfer of control to the Company in October 2008, engaged in the manufacture and sale of footwear and textile products mainly in the Argentinean market.

  Since October 2008, after the transfer of ownership interest, the Company has consolidated this subsidiary's financial statements, which should be considered when analyzing changes in statements of income accounts for the quarter ended March 31, 2009 compared to the same period of 2008.

For purposes of comparison of the balances presented in the consolidated statement of income for the quarter ended March 31, 2009, which include the consolidation of the individual statement of income of the subsidiary Alpargatas S.A.I.C. - Argentina, with the balances presented for the quarter ended March 31, 2008, below are presented the main account groups for the quarter ended March 31, 2009:

Gross sales	112,187
(-) Value added taxes on sales and deductions	(19,684)
Net sales	92,503
(-) Cost of sales	(69,155)
Gross profit	23,348
Operating expenses	(16,887)
Financial expenses, net	(6,507)
Other operating expenses, net	(1,246)
Loss before income tax and social contribution	(1,292)
(-) Income tax and social contribution	(381)
Net loss for the quarter	(1,673)

Detailed information on all investments is provided in note 9.

2. PRESENTATION OF INTERIM FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING PRACTICES

The interim individual and consolidated financial statements have been prepared and are presented in conformity with Brazilian Securities and Exchange Commission (CVM) standards and instructions and, except for the changes in accounting practices introduced by Law 11638/07 that have already been applied as required by CVM Instruction 469/08, are consistent with the significant accounting practices adopted in the preparation of the financial statements for the year ended December 31, 2008, published on March 13, 2009.

The preparation of financial statements requires the use of estimates to record certain assets, liabilities and other transactions. The interim financial statements include, therefore, certain estimates, such as the economic useful lives of property, plant and equipment, allowance for doubtful accounts, realization of inventories and property, plant and equipment, accrual for contingencies, accrual for income tax and other accruals. Actual results may differ from those estimates.

The reconciliation of the Company and consolidated net income and shareholders' equity as of March 31, 2009 is as follows:

	Net income	Shareholders' equity
Company	23,438	976,842
Unrealized profits of Alpargatas Internacional APS	(2,936)	(6,925)
Consolidated	20,502	969,917

3. FIRST-TIME ADOPTION OF CHANGES IN BRAZILIAN ACCOUNTING PRACTICES

Law 11638/07 and Provisional Act 449/08 altered, revoked and added new provisions to the Brazilian Corporate Law, especially with respect to chapter XV, effective for fiscal years beginning on or after December 31, 2008, and applicable to all entities incorporated as corporations, including public companies and large companies.

The main changes in accounting practices introduced by Law 11638/07 and articles 36 and 37 of Provisional Act 449/08 applicable to the Company and its subsidiaries are described in note 3 to the financial statements for the year ended December 31, 2008, dated March 13, 2009.

Considering the changes introduced by Law 11638/07 and Provisional Act 449/08, for a better comparison with net income for the quarter ended March 31, 2009, the effects on income for the quarter ended March 31, 2008, recorded under "Retained earnings (accumulated losses)" in shareholders' equity, previously determined in conformity with the accounting practices set forth in Law 6404/2008, are as follows:

	Company	Consolidated
Net income pursuant to accounting practices - Law 6404/76	22,571	22,566
Adjustments for changes in accounting practices:		
Exchange rate change on foreign investments (CPC 02)	2,238	2,238
Investment grants - tax incentives (CPC 07)	17,918	17,918
Net income pursuant to accounting practices - Law 11638/07 and Provisional Act 449/08	42,727	42,722

4. TEMPORARY CASH INVESTMENTS

	Company		Consolidated	
	03/31/09	12/31/08	03/31/09	12/31/08
Cash and banks	1,506	1,615	28,563	28,756
Short-term investments:				
Bank deposit certificates (CDBs)	154,083	140,891	166,346	148,289
	155,589	142,506	194,909	177,045

As of March 31, 2009, the Company has CDBs in several financial institutions, earning average interest of 102.9% of the interbank deposit certificate (CDI) rate (102.25% as of December 31, 2008). As of March 31, 2009, CDBs mature from April 2009 to November 2016, however, they are classified as "Cash and cash equivalents" because they are immediately redeemable financial assets.

5. TRADE ACCOUNTS RECEIVABLE

	Company		Consolidated	
	03/31/09	12/31/08	03/31/09	12/31/08
Domestic market	270,669	347,041	288,387	366,894
Foreign market	57,362	37,536	103,674	79,232
Allowance for doubtful accounts	(9,646)	(11,226)	(14,384)	(14,038)
	318,385	373,351	377,677	432,088

6. INVENTORIES

	Company		Consolidated	
	03/31/09	12/31/08	03/31/09	12/31/08
Finished products	118,264	90,009	208,372	180,743
Work in process	8,547	8,780	23,551	23,474
Raw materials	31,466	31,813	68,880	77,697
Other	4,391	5,822	13,450	9,962
Allowance for inventory losses	(9,646)	(2,685)	(8,923)	(8,865)
	159,266	133,739	305,330	283,011

This increase refers basically to the higher volume of products held by foreign subsidiaries due to the internationalization of the Company's operations.

7. RECOVERABLE TAXES

	Company		Consolidated	
	03/31/09	12/31/08	03/31/09	12/31/08
Prepayments of income tax and social contribution	6,887	5,361	8,273	6,228
State VAT (ICMS)	6,454	2,731	7,451	3,698
Federal VAT (IPI)	347	450	3,282	2,228
Taxes on revenue (PIS and COFINS)	3,404	-	4,142	-
Federal tax credits arising from final and unappealable court decisions (a)	17,390	17,182	17,390	17,182
Recoverable taxes - international operations (b)	-	-	28,747	26,068
Other	142	619	142	1,705
	34,624	26,343	69,427	57,109
Current portion	28,662	19,928	47,993	34,130
Noncurrent portion	5,962	6,415	21,434	22,979

(a) Refer to federal tax credits approved by the Brazilian Federal Revenue Service after a final and unappealable decision of the Superior Court of Justice in February 2008 on a lawsuit related to the tax on net income (ILL), in which the Company challenged the constitutionality of amounts paid from 1989 to 1992. The balance considers adjustment based on the Central Bank rate (SELIC) fluctuation through the balance sheet date.

(b) As of March 31, 2009, refer to recoverable taxes of the subsidiaries Alpargatas SAIC - Argentina of R$26,259 (R$25,362 as of December 31, 2008), and Alpargatas Chile R$1,116 (R$706 as of December 31, 2008), and R$1,372 is related to the subsidiaries located in Europe through the holding company Alpargatas Internacional APS, and consist mainly of prepayment of income tax and taxes on value added amounts (IVA), which will be offset against future operations.

8. JUDICIAL DEPOSITS

Basically represented by judicial deposits that do not involve current obligations but were required to proceed with labor and tax lawsuits. In the opinion of Management and its legal counsel, the likelihood of unfavorable outcome for the respective cases is not probable and, therefore, no reserve for contingencies was recognized.

9. INVESTMENTS IN SUBSIDIARIES AND AFFILIATE

Direct investments

Information as of March 31, 2009	Amapoly Ind. e Com. Ltda.	Locomotiva Ind. e Com. de Têxteis Ind. Ltda.	Fibrasil Agríc. e Coml. Ltda.	Alpargatas Internacional APS	Alpargatas Imobiliária Ltda.	CBS S.A. - Companhia Brasileira de Sandálias	Atlântico Participações Ltda.	Alpargatas S.A.I.C.	Alpargatas Chile Ltda.	Total
Number of shares held		22,156,000	25,583	10,456,390	4,648,060	193,410	-	17,815,047		-
Capital		27,943	1,157	33,079	7,648	20,848	-	43,753	2,341	-
Shareholders' equity		34,589	2,109	41,098	7,304	(16,941)	-	113,307	(693)	-
Net income (loss)		1,622	-	(11,764)	(26)	(1,855)	-	(1,673)	(146)	-
Ownership interest (%)	100	100	100	100	100	100	100	60.19	100	
Exchange rate changes on investments in shareholders' equity:										
March 31, 2009	-	-	-	(1,961)	-	-	-	(5,298)	84	(7,175)
December 31, 2008	-	-	-	(29,077)	-	-	-	10,178	(197)	(19,096)
Book value of investment:										
March 31, 2009	-	34,589	2,109	41,098	7,304	(16,941)	-	68,195	(693)	135,661
December 31, 2008	-	32,966	2,109	54,823	7,330	(15,086)	-	74,500	(630)	156,012
Goodwill in subsidiaries and associates:										
March 31, 2009	-	-	-	-	-	11,498	42,202	96,268	-	149,968
December 31, 2008	-	-	-	-	-	11,498	42,202	96,268	-	149,968
Equity in subsidiaries and associates:										
March 31, 2009	-	1,622	-	(11,764)	(26)	(1,855)	-	(1,006)	(146)	(13,175)
December 31, 2008	1,369	-	-	(7,507)	(719)	95	340	2,880	(3)	(3,545)

Indirect investments through the holding company Alpargatas Internacional APS

Information as of March 31, 2009	Alpargatas Europe S.L.U	Alpargatas France S.A.R.L.	Alpargatas UK Limited	Alpargatas USA Inc.	Tavex Algodonera S.A.	Total
Number of shares held	3,600	5,000	-	2,500	21,683,180	-
Shareholders' equity (deficit)	(8,531)	(2,151)	(517)	(65,001)	569,159	-
Net loss for the quarter	(5,222)	(838)	(326)	(5,271)	(23,822)	-
Company's indirect interest (%)	100	100	100	100	18,687	-
Exchange rate changes on investments in shareholders' equity:						
March 31, 2009	(89)	(15)	(6)	553	(1,603)	(1,160)
December 31, 2008	(430)	(128)	(11)	(9,197)	(12,232)	(21,998)
Book value of the investment indirectly reflected in the Company as of:						
March 31, 2009	(8,531)	(2,151)	(517)	(65,001)	106,376	30,176
December 31, 2008	(3,550)	(1,205)	(167)	(60,283)	113,232	48,027
Equity in subsidiaries and associates:						
March 31, 2009	(5,223)	(838)	(326)	(5,271)	(4,452)	(16,110)
March 31, 2008	-	-	-	(5,755)	(1,752)	(7,507)

Indirect investments through the company Locomotiva Indústria e Comércio de Têxteis Industriais Ltda.

Information as of March 31, 2009	Locomotiva Amazônia Ind. e Com. de Têxteis Ind. Ltda.
Number of shares held	6,557,122
Capital	15,502
Shareholders' equity	85,577
Net income for the quarter	1,622
Company's indirect interest (%)	100
Investment book value	85,577
Equity in subsidiary	1,622

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

On October 10, 2007, the Company entered into a stock purchase agreement ("Agreement") with Newbridge Latin America L.P., Long Bar Argentina LLC, Columbia/HCA Master Retirement Trust, OCM Opportunities Fund II L.P. and other parties, for the acquisition by the Company of up to 24,101,862 voting common shares, equivalent to 34.4994% of Alpargatas Argentina's capital, for US$2.145 per share, including the control premium of the company's operations.

The Agreement established two closes, the first one on the execution date, related to 21,169,893 shares, when the Company disbursed R$82,364, equivalent to US$45,409 thousand. Additionally, on January 8, 2008, the remaining 2,931,969 shares were purchased at the second close, after compliance with contractual terms and conditions, for R$11,384, equivalent to US$6,289 thousand.

Additionally, in October 2007, the Company filed with the Argentina Securities Commission (CNV) a request for registration of a public tender offer of 17,815,047 voting shares ("Offer"), representing up to 25.5005% of the capital of Alpargatas Argentina, for AR$5.80 per share. On December 19, 2007, the Company acquired the shares of the Offer for R$59,296, equivalent to US$32,884 thousand. This transaction generated a goodwill of R$41,626, which has been amortized until December 31, 2008 considering ten years beginning January 2008.

Subsequent to June 2008, the Company acquired additional 130,248 common shares, representing 0.1864% of the capital, for R$489.

As regards the portion equivalent to the 34.4994% equity interest, the Company delivered the aforementioned shares to The Bank of New York, which exercised the political and economic rights on such shares in the capacity of custodian, until October 23, 2008, when the Company obtained the approval from the National Commission for Competition Defense of Argentina (CNDC) to acquire 24,101,862 registered common shares, which were transferred to the Company on October 30, 2008.

Considering both portions of the acquisition of Alpargatas S.A.I.C. - Argentina as from October 30, 2008, the Company became the holder of 42,047,157 registered common shares, with one voting right per share, representing 60.1863% of the capital of Alpargatas S.A.I.C. - Argentina, therefore exercising the control of its operations.

For the closing of the financial statements as of October 31, 2008, the amounts of investment and goodwill paid on the acquisition were split into R$39,955 for investment cost and R$60,736 for goodwill and from that date the Company began recording the effects of equity in subsidiaries and associates on this portion of the acquisition and fully consolidating the financial statements of Alpargatas S.A.I.C. - Argentina.

As of March 31, 2009, the amounts related to investment and goodwill are R$68,195 and R$96,268, respectively, and goodwill was recorded under "Intangible assets".

2. CBS S.A. - Companhia Brasileira de Sandálias ("CBS")

   On September 20, 2007, the Company entered into a stock purchase agreement with all shareholders of CBS, owner of the Dupé and other brands.

   In November 2007, the Company acquired for R$49,500 100% of the shares of CBS, a corporation that had 21.89% of its capital held by individuals and 78.11% by the holding company Atlântico Participações Ltda.

   On April 15, 2008, the holding company Atlântico Participações Ltda. was merged into the Company that now directly holds 100% of CBS.

Dilution of the indirect interest in Tavex Algodonera S.A. ("Tavex")

At the Extraordinary Shareholders' Meeting of Tavex held on May 8, 2008, the shareholders approved a capital increase in Tavex with a capital contribution of €5,166 thousand. As a result, the Company's interest in Tavex, held through the subsidiary Alpargatas Internacional APS, was diluted from 20.504% to 18.687%.

Establishment of subsidiaries

1. In July, August and September 2008, respectively, the following subsidiaries were established: Alpargatas Europe S.L.U. (Madrid - Spain), Alpargatas France S.A.R.L. (Paris - France) and Alpargatas UK Limited. (London - United Kingdom), primarily engaged in the import and sale of footwear.

2. In June 2008, Locomotiva Indústria e Comércio de Têxteis Industriais Ltda. was established, with head office in Pouso Alegre, State of Minas Gerais, through the partial spin-off of assets of the industrial textiles division, including the investment in the subsidiary Amapoly Indústria e Comércio Ltda. (which is now named Locomotiva Amazônia Indústria e Comércio de Têxteis Industriais Ltda.). This operation was intended to segregate the Company's industrial textiles division.

For the quarters ended March 31, 2009 and 2008, the loss reported by foreign subsidiaries refers mainly to marketing and advertising expenses incurred for their start-up, in connection with the Company's business internationalization plans.

10. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

a) Breakdown of balances

Company

PROPERTY, PLANT AND EQUIPMENT	Annual depreciation/ amortization rate (%)	2009 Cost	2009 Accumulated depreciation/ amortization	2009 Net	2008 Cost	2008 Accumulated depreciation/ amortization	2008 Net
Land	-	7,752	-	7,752	7,752	-	7,752
Buildings and constructions	4	112,864	(46,634)	66,230	112,286	(45,106)	67,180
Machinery and equipment	10	186,580	(114,233)	72,347	186,430	(111,931)	74,499
Furniture and fixtures	10	15,680	(7.147)	8,533	15,694	(6,846)	8,848
Vehicles	20	3,276	(2,158)	1,118	3,276	(2,039)	1,237
Property, plant and equipment in process		28,528	-	28,528	23,033	-	23,033
Leasehold improvements	5	10,622	(6,392)	4,230	10,622	(5,995)	4,627
Allowance for losses		(864)	-	(864)	(864)	-	(864)
		364,438	(176,564)	187,874	358,229	(171,917)	186,312
INTANGIBLE ASSETS							
Trademarks, rights and patents	10	21,394	(17,861)	3,533	21,394	(17,861)	3,533
Corporate management systems	10	96,771	(14,501)	82,432	92,938	(12,930)	80,008
Goodwill on subsidiaries		159,718	(9,750)	149,968	159,718	(9,750)	149,968
Customer base		16,733	(1,088)	15,645	12,419	(680)	11,739
		294,616	(43,038)	251,578	286,469	(41,221)	245,248

Consolidated

PROPERTY, PLANT AND EQUIPMENT	Annual depreciation/ amortization rate (%)	2009 Cost	2009 Accumulated depreciation/ amortization	2009 Net	2008 Cost	2008 Accumulated depreciation/ amortization	2008 Net
Land	-	12,437	-	12,437	12,715	-	12,715
Buildings and constructions	4	221,131	(105,222)	115,909	225,435	(107,633)	117,802
Machinery and equipment	10	438,285	(296,428)	141,857	457,177	(307,149)	150,028
Furniture and fixtures	10	53,289	(39,880)	13,409	55,663	(42,281)	13,382
Vehicles	20	5,195	(3,697)	1,498	5,374	(3,694)	1,680
Property, plant and equipment in progress		34,939	-	34,939	29,775	-	29,775
Leasehold improvements	5	13,879	(8,417)	5,462	16,772	(8,141)	8,631
Other		906	-	906	881	-	881
Allowance for losses		(1,096)	-	(1,096)	(1,096)	-	(1,096)
		778,965	(453,644)	325,321	802,696	(468,898)	333,798
INTANGIBLE ASSETS							
Trademarks, rights and patents	10	40,083	(20,927)	19,156	40,082	(19,697)	20,385
Corporate management systems	10	106,693	(18,126)	88,567	101,564	(14,259)	87,305
Goodwill on subsidiaries		159,718	(9,750)	149,968	159,718	(9,750)	149,968
Customer base		16,733	(1,088)	15,645	12,419	(680)	11,739
		323,227	(49,891)	273,336	313,783	(44,386)	269,397

b) Changes in balances

	Quarter ended 03/31/09	
	Property, plant and equipment	Intangible assets
Opening balance - 12/31/08 (Company)	186,312	245,248
Property, plant and equipment in progress:		
Additions	15,237	-
(-) Closing (transfers)	(9,740)	-
(-) Depreciation and amortization	(6,288)	(2,378)
Additions:		
Buildings	578	-
Machinery and equipment	1,961	-
Furniture and fixtures	3	-
Customer base	-	8,708
Write-offs	(189)	-
Closing balance - 03/31/09 (Company)	187,874	251,578
Subsidiaries' balance:		
Alpargatas Internacional - APS	3,571	15,728
CBS - Companhia Brasileira de Sandálias	16,664	789
Alpargatas S.A.I.C. - Argentina	103,698	-
Locomotiva Ind. Com. de Têxteis Ind. Ltda.	13,446	5,241
Alpargatas Chile	68	-
Balance - 31/03/09 (consolidated)	325,321	273,336

11. LOANS AND FINANCING

	Currency	Index and annual average interest rate	Company 03/31/09	Company 12/31/08	Consolidated 03/31/09	Consolidated 12/31/08
Denominated in reais:						
EXIM - BNDES (c)		TJLP + interest of 2.20%	80,576	80,660	80,576	80,660
FNE (BNB) (a)		Interest of 7.92%	96,097	99,555	96,097	99,614
FINAME		TJLP + interest of 2.59% +	2,621	2,127	2,621	2,127
BNDES (b)		currency basket + interest of 2.3% and TJLP + interest of 2.3% to 2.8%	20,513	21,663	20,513	21,663
Capital investment - BNDES Automatic - CBS		TJLP + interest of 2.8% and interest of 2.3%	-	-	1,962	2,104
Leases		Interest of 16.34%	-	-	25	32
Modermaq		Interest of 11.47%	20	23	476	539
Total in reais			199,827	204,028	202,270	206,739
Denominated in foreign currency:						
Working capital - USA	US$	Interest of 4.64%	-	-	74,668	67,434
Working capital - Europe	US$/€	Interest of 6.11%	-	-	43,652	21,597
Working capital - Chile	US$/CLP	Interest of 11.74%	-	-	3,835	2,194
Debt restructuring agreements - Alpargatas S.A.I.C. - Argentina (d)	AR$	Interest of 6.52%	-	-	61,609	64,487
FINIMP - HSBC	US$	Interest of 5.76% + commission of 4.3% + income tax	2,212	2,166	2,219	2,165
Advance on Foreign Exchange Contract (ACC)/prepayment	US$	Libor + interest of 1.27%	-	-	3,481	4,654
Total in foreign currency			2,212	2,166	189,464	162,531
Grand total			202,039	206,194	391,734	369,270
Current liabilities			100,760	84,761	230,899	182,781
Noncurrent liabilities			101,279	121,433	160,835	186,489

(a) On February 23, 2006, the Company signed with Banco do Nordeste do Brasil - BNB a financing agreement, in the limit of R$112,000, to support investment programs in the Northeast Region. The financing will be repaid over ten years beginning 2008, with monthly payments. The release of the funds is tied to the investment disbursement schedule. The agreement is backed by a bank letter of guarantee.

(b) In October 2007, the Company signed with the National Bank for Economic and Social Development (BNDES) a financing agreement of R$22,700 to support the implementation of the integrated corporate management system. The agreement is backed by a bank letter of guarantee.

(c) On August 29, 2008, the Company raised R$79,755 in financing from Banco Bradesco S.A. and Unibanco - União de Bancos Brasileiros S.A., to be repaid over 18 months. Financing was obtained through BNDES-EXIM "Pré--Embarque" Program, with grace period until August 2009, for the expansion of exports.

(d) On December 26, 2001, the subsidiary Alpargatas S.A.I.C. - Argentina requested a preventive debt restructuring from creditors. This decision was ratified by the Shareholders' Meeting held on March 1, 2002, and the request was approved by the Buenos Aires Commercial Court on March 7, 2002.

In December 2005, the Buenos Aires Commercial Court, as requested by the subsidiary Alpargatas S.A.I.C. - Argentina, issued a decision acknowledging the existence of a preagreement and, on September 15, 2006, after fulfilling certain legal obligations, the related subsidiary started to implement the agreement.

The consolidated restructured debt, which includes debts that are under analysis and review and which can, therefore, be subject to a positive or negative adjustment, has been disclosed in the consolidated financial statements under the caption "Debt restructuring agreements", in current and noncurrent liabilities.

The changes recorded in the quarter in the long and short-term portions of the consolidated derive from the transfer of the amount payable of R$15,964 related to the EXIM - BNDES to short term, as it will be offset in January 2010, and new loans granted to Alpargatas USA (US$5 million - R$11,576) and Alpargatas Europe (€7 million - R$21,548).

Maturities of long-term loans and financing are as follows:

	Company		Consolidated	
Year	03/31/09	12/31/08	03/31/09	12/31/08
2010	16,198	36,963	19,904	43,010
2011	18,885	18,669	21,684	20,063
2012	18,885	18,669	22,729	19,900
2013	18,063	17,883	21,229	19,981
2014	14,039	14,039	17,828	15,961
2015	14,039	14,039	19,329	16,737
2016	1,170	1,171	6,267	5,596
2017	-	-	6,779	4,313
2018	-	-	6,378	40,928
2019	-	-	18,708	-
	101,279	121,433	160,835	186,489

The other loans are collateralized by sureties and real properties of the Company.

12. ACCRUALS AND OTHER PAYABLES

	Company		Consolidated	
	03/31/09	12/31/08	03/31/09	12/31/08
Royalties payable	-	2,984	578	2,984
Accrual for freight payable	4,496	3,331	4,924	3,740
Other payables (commissions, outside services, utilities and other)	10,692	12,854	21,721	27,576
	15,188	19,169	27,223	34,300

13. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a) Balances with related parties - noncurrent assets

	Company	
	03/31/09	12/31/08
Alpargatas Internacional APS	423	(794)
Locomotiva Indústria e Comércio de Têxteis Industriais Ltda.	3,069	3,419
CBS S.A. - Companhia Brasileira de Sandálias	32,429	29,290
Alpargatas Imobiliária Ltda.	(3,714)	(3,790)
Alpargatas Chile Ltda.	100	1,195
Fibrasil Agrícola e Comercial Ltda.	(2,109)	(2,108)
	30,198	27,212

The balance is represented by an intercompany account held by the Company and its subsidiaries due to the centralized management of their cash, and is not subject to financial charges.

b) Current balances and transactions - Company

	Amapoly Ind. e Com. Ltda.		Locomotiva Ind. e Com. Têxteis Ltda.		Alpargatas USA Inc.		Alpargatas Europe S.L.U.		Alpargatas Chile Ltda.		Camargo Corrêa Group	
	03/31/09	12/31/08	03/31/09	12/31/08	03/31/09	12/31/08	03/31/09	12/31/08	03/31/09	12/31/08	03/31/09	12/31/08
Current assets (included in trade accounts receivable - foreign market)	-	-	364	-	13,468	5,716	7,885	-	1,210	1,376	-	-
Current liabilities (included in):												
Trade accounts payable	-	-	364	-	13,468	5,716	7,885	-	1,210	1,376	-	-
Accruals and other payables	-	-	-	-	-	-	-	-	-	-	-	2,283
Transactions for the first quarter:	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Sales	-	-	-	-	10,168	5,129	4,315	-	132	-	-	-
Purchase	-	7,936	886	-	-	-	-	-	-	-	-	-
Rentals, common area maintenance fees and other expenses	-	-	-	-	-	-	-	-	-	-	452	320
Shared services costs (*)	-	-	-	-	-	-	-	-	-	-	3,279	4,156
Corporate project costs	-	-	-	-	-	-	-	-	-	-	998	2,253

(*) Include expenses on shared corporate services, such as telephone, insurance, administrative and information technology services.

Purchase and sale transactions were carried out under usual market prices and conditions.

14. ACCRUAL FOR CONTINGENCIES

The Company and its subsidiaries are parties to tax, civil and labor lawsuits arising from assessments by tax authorities and claims filed by third parties and former employees. Accruals were recognized for these contingencies when, in the opinion of the Management and its legal counsel, the risk of loss was considered as probable. These accruals are as follows:

	Company		Consolidated	
	03/31/09	12/31/08	03/31/09	12/31/08
Labor lawsuits (a)	15,070	15,437	24,672	25,537
Tax lawsuits (b)	6,942	6,799	10,930	10,932
Judicial deposits	(2,883)	(2,740)	(2,883)	(2,740)
Civil lawsuits	4,232	4,232	4,476	4,496
	23,361	23,728	37,195	38,225
Current	4,590	4,957	8,720	9,502
Noncurrent	18,771	18,771	28,475	28,723

(a) Refer to lawsuits against the Company and its subsidiaries filed by former employees claiming basically termination pay, salary premiums, overtime and other amounts due to joint liability. The accrued amounts refer to the best estimates for each lawsuit calculated as probable loss.

(b) Consist basically of tax deficiency notices related to State of São Paulo ICMS (State VAT) and Occupational Accident Insurance (SAT).

Changes

	Company				
	Tax	Civil	Labor	Judicial deposits	Total
Balances as of December 31, 2007	7,364	5,041	15,776	(3,330)	24,851
Increases/reversal	(565)	(637)	3,589	590	2,977
Payments	-	(172)	(3,928)	-	(4,100)
Balances as of December 31, 2008	6,799	4,232	15,437	(2,740)	23,728
Increases/reversal	143	-	1,041	(143)	1,041
Payments	-	-	(1,408)	-	(1,408)
Balances as of March 31, 2009	6,942	4,232	15,070	(2,883)	23,361

	Consolidated				
	Tax	Civil	Labor	Judicial deposits	Total
Balance as of December 31, 2007	7,534	5,041	21,794	(3,497)	30,872
Increases/reversal	(732)	(637)	3,589	757	2,977
Payments	-	(172)	(3,951)	-	(4,123)
Alpargatas S.A.I.C. - Argentina	4,130	264	4,105	-	8,499
Balance as of December 31, 2008	10,932	4,496	25,537	(2,740)	38,225
Increases/reversal	143	-	1,214	(143)	1,214
Payments	-	-	(2,086)	-	(2,086)
Alpargatas S.A.I.C. - Argentina	(145)	(20)	7	-	(158)
Balance as of March 31, 2009	10,930	4,476	24,672	(2,883)	37,195

Possible losses (Company)

Lawsuits for which the risk of loss was assessed as possible by the Company's Management and its legal counsel were not recorded as reserve for contingencies as of March 31, 2009 and are represented by tax lawsuits in the amount of R$9,461 (R$9,339 as of December 31, 2008), and civil lawsuits in the amount of R$5,032 (R$4,115 as of December 31, 2008).

In December 2005, a company holding the rights to a certain sports brand filed a lawsuit against the Company for damages for supposed breach of license agreement, which was terminated in prior years. In the opinion of the Company's legal counsel, the likelihood of loss was considered as possible and the amount involved could not yet be calculated, reason why no reserve had been recognized for this contingency. In February 2007, a decision was rendered in favor of the Company, terminating the lawsuit. This decision is subject to an appeal that will be judged by the São Paulo Court of Justice.

15. TAXES WITH SUSPENDED PAYMENT AND OTHER

		Company and Consolidated	
		03/31/09	12/31/08
Taxes on revenue (PIS/COFINS) - Law 9718/98		38,573	37,583
Judicial deposits		(26,140)	(25,562)
	(a)	12,433	12,021
COFINS - deduction of ICMS from tax basis		17,256	15,114
Judicial deposits		(5,049)	(5,049)
	(b)	12,207	10,065
Other		3,268	3,122
Total Company		27,908	25,208
Federal Tax Debt Refinancing Program (REFIS) - CSLL (CBS S.A. - Companhia Brasileira de Sandálias)		6,229	7,833
Alpargatas S.A.I.C. - Argentina		9,025	10,238
Total consolidated		43,162	43,279

(a) Law 9718/98

On March 8, 1999, the Company obtained an injunction on the ordinary lawsuit challenging the constitutionality of Law 9,718/98 and Constitutional Amendment 20, which consisted basically in the increase in COFINS rate and expansion of COFINS and PIS tax base. This injunction allows the payment of COFINS and PIS according to the legislation prevailing until January 1999.

From that date, the amounts of these taxes for the periods under litigation were accrued and monetarily adjusted based on SELIC rate, recorded under the caption “Financial expenses”, in the statement of income. From September 2002 to January 2004, the Company made a judicial deposit for the amount under litigation.

On March 2, 2006, an extraordinary appeal related to the increase in COFINS rate was accepted by the Federal Supreme Court, and the payment of the debt or a judicial deposit was required. On March 30, 2006, the Company opted to pay R$43,041, which did not affect the continuity of the litigation.

As of March 31, 2009 and December 31, 2008, the COFINS and PIS accrued balance refers to challenge of the expansion of the tax base.

The changes in this account for the quarter ended March 31, 2009 are basically related to the adjustment of existing accruals and judicial deposits.

(b) COFINS - deduction of ICMS from tax basis

Since 1993 the Company is challenging in court the inclusion of ICMS in the COFINS tax basis and made judicial deposits from May 1993 to February 1996.

In June 2008, the Company started to use the stay of lawsuit obtained in an injunction filed with the Federal Supreme Court to continue to deduce ICMS from COFINS tax basis without having to make judicial deposits. The amounts challenged in court were accrued and are adjusted for inflation based on the SELIC rate.

16. INCOME AND SOCIAL CONTRIBUTION TAXES

a) Deferred income tax assets and liabilities

	Company and consolidated	
	03/31/09	12/31/08
Current assets - temporary differences:		
Allowance for doubtful accounts	3,280	3,813
Allowance for inventory losses	1,151	907
Accrual for contingencies	1,561	1,685
Other temporary differences	8,272	10,338
Total Company	14,264	16,743
Subsidiaries:		
Alpargatas Argentina	-	2,916
Alpargatas Internacional APS	3,448	-
Alpargatas Chile	2	56
Deferred taxes on unrealized profits	3,568	2,055
Total consolidated	21,282	21,770
Noncurrent assets:		
Tax loss carryforwards (*)	6,482	6,482
Temporary differences:		
Accrual for taxes with suspended payment	9,434	8,575
Accrual for contingencies	6,017	6,017
Other temporary differences	1,428	1,950
Total Company	23,361	23,024
Subsidiaries:		
Alpargatas S.A.I.C. - Argentina	2,448	2,596
Alpargatas Chile	625	467
Total consolidated	26,434	26,087
Noncurrent liabilities:		
Accrual for income tax and social contribution (*)	19,472	19,472
Judicial deposits	(6,277)	(6,277)
Provision for income tax on royalties	3,191	3,077
	16,386	16,272

(*) The Company is challenging in court the right to offset credits derived from tax loss carryforwards against total income tax and social contribution payable each year without observing the legal limit of 30%. As a result, the Company has recorded in noncurrent liabilities the amount offset in excess of the legal limit of 30%, plus financial charges, based on SELIC rate.

In view of this lawsuit, the deferred tax credit was recognized on tax loss carryforwards, as if the legal limit of 30% for offset had been observed.

If the final court decision is favorable to the Company, the deferred asset will be matched with the related liability and accrued charges will be reversed and credited to income for the year at that time.

As required by CVM Resolution 273/98 and CVM Instruction 371/02, Management, based on estimated future taxable income, expects the tax credits recorded to be fully realized over the next five years.

The estimated realization of the amounts recorded in noncurrent assets is as follows:

	Company and consolidated	
	03/31/09	12/31/08
2010	4,585	4,585
2011	7,014	7,014
2012 and thereafter	11,762	11,425
Total Company	23,361	23,024
Subsidiaries (2012 and thereafter)	3,073	3,063
Total consolidated	26,434	26,087

b) Statements of income

As of March 31, 2009 and 2008, the income tax and social contribution expense, recorded in the statement of income, is represented by:

	Company		Consolidated	
	03/31/09	03/31/08	03/31/09	03/31/08
Income before income tax and social contribution	27,393	49,708	21,166	51,017
Statutory income tax and social contribution rate	34%	34%	34%	34%
Income tax and social contribution expense at statutory rate	(9,314)	(16,900)	(7,196)	(17,346)
Equity in subsidiaries and associates	(4,480)	(1,205)	(1,514)	384
Benefit from the interest on shareholders equity	4,965	4,669	4,965	4,669
Unrecorded tax credit on tax loss of foreign subsidiaries	-	-	(2,686)	(1,985)
Tax effects of the adoption of the Tax Transition Regime (RTT) (Law 11638/07 and Provisional Act 449/08):				
Investment grant - ICMS	6,014	5,550	6,014	5,550
Federal tax incentive (IRPJ)	186	1,593	527	1,886
Other permanent (additions) deductions, net	(1,326)	(688)	(1,459)	(1,453)
Income tax and social contribution expense	(3,955)	(6,981)	(1,349)	(8,295)

17. SHAREHOLDERS' EQUITY

a) Capital

Paid-up capital as of March 31, 2009 and December 31, 2008 is R$391,804, represented by 17,672,794 shares without par value, of which 9,076,204 are common shares and 8,596,590 are preferred shares.

b) Treasury shares

At the Board of Directors' Meeting held on May 15, 2008, a program for the buyback of the Company's shares was approved, establishing the acquisition of up to 433,213 preferred shares and 299,632 common shares.

In 2008, 110,000 preferred shares were acquired for the average price of R$110.43. Acquisition amounts reflect market prices, backed by existing reserves.

The Extraordinary Shareholders' Meeting held on April 15, 2008 approved the cancellation of 350,384 shares held in treasury, of which 14,400 are common shares and 335,984 are preferred shares, for R$39,938.

As of March 31, 2009, the Company has 254,661 preferred shares, at the average price of R$111.91.

c) Dividend and interest on capital payment policy

Every year the shareholders are entitled to receive mandatory minimum dividends of 25% of net income, calculated in accordance with Brazilian Corporate Law and the bylaws. In the first quarter of 2009, Management approved the payment of interest on capital in the gross amount of R$14,602 (R$12,581, net of withholding income tax), which had not yet paid as of March 31, 2009.

d) Investment reserve

This reserve was recognized for use in future investments, and was approved by the Annual Shareholders' Meeting held in April 2009.

18. OTHER OPERATING INCOME (EXPENSES)

	Company		Consolidated	
	03/31/09	03/31/08	03/31/09	03/31/08
Other operating income:				
Gain on sale of properties	-	1,272	-	1,272
Gains on lawsuits (*)	-	4,700	-	4,700
Other	4,653	-	4,651	-
	4,653	5,972	4,651	5,972
Other operating expenses:				
Amortization of deferred charges	(3,388)	(2,735)	(3,996)	(2,750)
Amortization of goodwill	-	(2,544)	-	(2,544)
Accrual for labor, tax and civil contingencies	(1,038)	(1,140)	(1,215)	(1,140)
Other	-	(1,002)	(1,362)	(1,417)
	(4,426)	(7,421)	(6,573)	(7,851)

(*) In the quarter ended March 31, 2008, the Company recognized a gain arising from a favorable final and unappealable decision on the lawsuit challenging the constitutionality of the tax on net income (ILL), overpaid from 1989 to 1992, and related monetary adjustment. The total amount, including the monetary adjustment paid to the federal tax authority, is recorded under "Recoverable taxes" in current assets (see details in note 7(a)).

19. FINANCIAL INSTRUMENTS

a) General considerations

The Company and its subsidiaries conduct transactions involving financial instruments, including derivatives, all of which recorded in balance sheet accounts, which are intended to meet their operating and financial needs. The Company and its subsidiaries contract short-term investments, loans and financing, as well as derivatives.

These financial instruments are managed based on policies, definition of strategies, and establishment of control systems, which are monitored by the Company's Management.

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

Short-term investments

The "Short-term investments policy" established by the Management of the Company and its subsidiaries elects the financial institutions with which contracts can be entered into, and defines limits for the amounts to be invested in each financial institution, being the short-term investment as of March 31, 2009 and December 31, 2008 within these limits.

Loans and financing

Loans and financing are recorded based on contractual interest for each operation, as shown in note 11.

Derivative policy

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

Monthly exchange exposure projection and evaluation routines for the Company and its subsidiaries are included among treasury procedures defined by the current policy on which Management bases its decisions.

Although the Company and its subsidiaries use derivatives for hedging purposes, they do not adopt the hedge accounting.

b) Foreign exchange exposure and details on derivative transactions

As of March 31, 2009 and December 31, 2008, the main captions linked to foreign currency are described below:

	Company		Consolidated	
	03/31/09	12/31/08	03/31/09	12/31/08
Assets-				
Trade accounts receivable (a)	57,361	37,536	103,674	79,232
Liabilities:				
Loans and financing (b)	2,212	2,166	189,464	162,531
Trade accounts payable	17,317	23,175	47,454	22,522
Royalties payable	-	2,984	-	2,985
Total liabilities	19,529	28,325	236,918	188,038
Net exposure	37,832	9,211	(133,244)	(108,806)
(-) Foreign subsidiaries	-	-	175,297	118,623
Total exposure for sensitivity analysis purpose	37,832	9,211	42,053	9,817

(a) In the consolidated balances as of March 31, 2009, 60.6% (49.3% as of December 31, 2008) refer to trade accounts receivable held by foreign subsidiaries (Alpargatas USA Inc., Alpargatas Chile Ltda. and Alpargatas S.A.I.C. - Argentina) and 39.4% (50.7% as of December 31, 2008) refer to trade accounts receivable from foreign customers held by the Company in Brazil.

(b) In the consolidated balances as of March 31, 2009, 97.6% (95.6% as of December 31, 2008) refer to loans contracted in local currency by foreign subsidiaries (Alpargatas USA Inc., Alpargatas Chile Ltda., and Alpargatas S.A.I.C. - Argentina) and 2.4% (4.4% as of December 31, 2008) refer to transactions contracted in Brazil (FINIMP and ACC), as mentioned in note 11.

Foreign exchange risk arises from the fluctuation of foreign exchange rates on loans and financing, trade accounts receivable, trade accounts payable and royalties denominated in foreign currency.

As of March 31, 2009, the subsidiary Alpargatas S.A.I.C. - Argentina had forward derivative transactions maturing between March and June 2009, as follows:

Description	Notional value (domestic)	Fair value	Cumulative effect up to 03/31/09 at fair value Amount receivable
Forward agreements:			
Asset position - long position in US dollar:			
Transaction 1	2,392	2,785	393
Transaction 2	2,418	2,807	389
Transaction 3	2,022	2,358	337
Transaction 4	1,017	1,189	171
	7,849	9,139	1,290
Liability position - fixed rate:			
Transaction 1	2,392	2,392	
Transaction 2	2,418	2,418	
Transaction 3	2,022	2,022	
Transaction 4	1,017	1,017	
	7,849	7,849	

The asset balance refers to the net adjustment receivable, calculated at fair value as of March 31, 2009, related to outstanding derivatives and recorded in the consolidated as a reduction of “Trade accounts payable” in current liabilities.

Except for the derivatives contracted by the subsidiary Alpargatas S.A.I.C. - Argentina described in the table above, as of March 31, 2009, the Company and its subsidiaries did not have outstanding derivative transactions.

c) Fair value

As of March 31, 2009 and December 31, 2008, fair values of short-term investments approximate their carrying amounts in the financial statements, due to their short-term nature and because they are linked to the CDI rate fluctuation. The carrying amounts of loans and financing substantially approximate their fair values, including those classified as “noncurrent”.

The fair value of forward derivatives contracted by the subsidiary Alpargatas S.A.I.C. - Argentina is shown in the chart of item b) above.

d) Credit risk

Sales are made substantially to retailers and hypermarkets. The credit risk is reduced in view of the large customer base and the control procedures adopted.

e) Sensitivity analysis of financial instruments

Derivatives - Alpargatas S.A.I.C. - Argentina

Considering forward transactions as of March 31, 2009, the sensitivity analysis of outstanding positions is as follows:

	Gain (loss)		
Company risk	Probable scenario	Possible scenario	Remote scenario
Devaluation of US$	1,195	(1,066)	(3,327)

The probable scenario considered by Management reflects an Argentinean peso quotation substantially equivalent to that recorded as of April 30, 2009 (AR3.72/US$). The possible scenario considers a 25% valuation of the Argentinean peso over the US dollar (AR2.79/US$) and the remote scenario considers a 50% valuation (AR1.86/US$).

Considering these parities, there would be a gain of R$1,195 in the probable scenario, and losses of R$1,066 and R$3,327, respectively, in the possible and remote scenarios.

Foreign exchange exposure (consolidated)

For the foreign exchange sensitivity analysis as of March 31, 2009, loans and financing contracted by foreign subsidiaries were not considered, that are denominated in local functional currencies, for which the Company's Management understands that there is no risk of currency exposure.

As of March 31, 2009, considering foreign exchange exposures described in item b), the sensitivity analysis of outstanding positions would be as follows:

	Loss	
Company risk	Possible scenario	Remote scenario
Devaluation of US$	10,513	21,026

The possible scenario considers a 25% valuation over the US dollar, using the exchange rate as of March 31, 2009 of R$2.3152/US$ (R$1.7364/US$), and the remote scenario considers a 50% valuation (R$1.1576/US$).

Considering these parities, there would be a loss of R$10,513 in the possible scenario and of R$21,026 in the remote scenario.

Management did not consider the sensitivity analysis for the probable scenario because it understands that this scenario reflects exchange rate changes already recorded in the financial statements for the quarter ended March 31, 2009.

20. STOCK OPTION PLAN

At the Extraordinary Shareholders' Meeting held on April 26, 2002, the shareholders approved the Stock Option Program whereby directors are granted preferred stock options, so as to retain them or provide an incentive for them to contribute to the interests and objectives of the Company and its shareholders. The program is managed by the Company's Human Resources area.

Grace period criteria

In plans for 2002 to 2005, the grace period for exercising each option of each plan is two years, with 20% releases in the third, fourth and fifth years after resolution and 40% releases from the sixth year onwards. For plans from 2006 to 2008, as approved at the Extraordinary Shareholders' Meeting held on October 23, 2006, the grace period for exercising the option is three years, with 30% releases in the third and fourth years and 40% releases from the fifth year onwards.

Exercising the options guarantees beneficiaries the same rights granted to other shareholders of the Company.

Changes in the number of outstanding share purchase options and their corresponding weighted average prices are as follows:

	03/31/2009		12/31/2008	
	Average exercise price per share (R$)	Number of options	Average exercise price per share (R$)	Number of options
At the beginning of the quarter/year	68.31	217,654	57.15	293,506
Granted	-	-	105.09	27,500
Canceled	-	-	(138.43)	(45,556)
Exercised	-	-	(26.05)	(57,796)
At the end of the quarter/year	68.31	217,654	68.31	217,654

Of the 217,654 outstanding options as of March 31, 2009 and December 31, 2008, 69,260 options are exercisable. In the first quarter of 2009, no stock options were exercised.

Outstanding share purchase options on March 31, 2009 present the following exercise prices and maturities:

	Outstanding options		Exercisable options	
Stock option plan	Outstanding options	Exercise price (R$)	Outstanding options	Exercise price (R$)
2002	8,900	19.07	8,900	19.07
2003	19,960	21.68	19,960	21.68
2004	56,582	27.63	23,880	27.63
2005	60,218	39.11	16,520	39.11
2006	25,994	107.72	-	-
2007	18,500	157.86	-	-
2008	27,500	108.71	-	-
	217,654		69,260	

As of March 31, 2009, the weighted average fair value of options granted, determined based on the binomial evaluation model, was R$107.36 per option. Significant data included in the model for valuation of options granted in 2008 were weighed average share price of R$105.00 on grant date, volatility of 29.76%, dividend yield of 1.75%, expected option life of three to four years, as applicable, and an annual risk-free interest rate of 6.14%.

As of March 31, 2009, market price per share was R$51.15 (R$47.00 as of December 31, 2008).

21. MANAGEMENT COMPENSATION

Total management compensation is as follows:

	Information as of March 31		
		Stock option	
	Compensation	Balance of options (number) (a)	Average exercise price (b)
2009	1,080	217,654	68.31
2008	819	190,154	57.15

(a) Refers to the balance of vested and nonvested share purchase options, not exercised at the balance sheet date.

(b) Refers to the weighted average share exercise price adjusted on the balance sheet date.

Management compensation is recorded under the caption “General and administrative expenses”.

22. EMPLOYEE BENEFITS

The Company sponsors two pension plans and grants, through its own retirement plan, life annuity and health care benefits for a group of former employees and their spouses. The actuarial liability related to these plans as of March 31, 2009 and December 31, 2008 is R$2,694, which is recorded under the caption “Other payables”, in noncurrent liabilities.

23. PROFIT SHARING

The Company offers its employees a profit sharing program linked to the achievement of operating goals and specific objectives annually established and approved for each plant/unit. For the quarter ended March 31, 2009, the amounts of R$4,934, Company, and R$5,366, consolidated (R$4,945, Company, and R$5,016, consolidated, in the same period of 2008), were recognized in income for the year as employee and management profit sharing, and is recorded under the caption “Payroll and related taxes”, in current liabilities.

24. INSURANCE (Not reviewd)

The Company and its subsidiaries have insurance coverage for property, plant and equipment and inventories subject to risk of fire, in the amount of actual cash value replacement, and for coverage of loss of profits. As of March 31, 2009, insurance coverage (consolidated) is considered sufficient by Management to cover the related risks.

ALPARGATAS

Earnings Release 1st Quarter

Alpargatas advances in its strategy to became a global company, with 23% net revenue growth from international operations

Share Price: (05/152009)
ALPA3 - R$ 70,00
ALPA4 - R$ 81,80

Market Value: R$ 1.3 billion

Teleconference:
May 19th, 2009, 16:00 (BR)
Telephone: (55 11) 4688-6301
Password: Alpargatas

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Website: **http://ri.alpargatas.com.br**

São Paulo, May 15, 2009 - Alpargatas (BOVESPA: Level 1 - ALPA3, ALPA4), today released its results for the 1st quarter of 2009. The information presented is consolidated. To permit comparison with 1Q09, the 1Q08 financial statements include 100% of Alpargatas Argentina's results.

Highlights in 1Q09 x 1Q08 Results

- 4% increase in consolidated net revenues
- International progress:
  - 23% growth in net revenues, reaching 25% of company total
  - Alpargatas USA and Alpargatas Europe: 205% growth in net revenues
  - Alpargatas Argentina: 7% growth in net revenues
- Relaunch of Topper brand in Brazil and Argentina
- Inauguration of Espaço Havaianas, concept store for brand
- Retail expansion with opening of 12 new Havaianas franchises and 1 Timberland franchise
- Preferential shares increase 57 % from January to April

1. Introduction

Alpargatas made headway with its growth strategy in the first quarter of 2009.

Through the acquisition of overseas companies and the opening of subsidiaries abroad we are advancing in our globalization strategy, with a new structure, a new operating model and a new way of presenting results.

Domestic operations are increasing their market share. Results were in line with our expectations, taking into account variations in volumes due to more cautious/selective behavior on the part of consumers, given the unfavorable economic climate. According to IBGE data, the textile, footwear and garment market suffered a 5.7% retraction in sales in the first two months of the year.

International operations are at an initial growth/integration stage. Becoming a global company means investing in people, sourcing, manufacturing operations, logistics, brand communication, research and development and information systems. This transformation requires heavy short and medium term investment, which will result in greater profitability and value generation in the long term. The company's international expansion strategy has proven its worth but requires a cultural change in our way of doing business.

Performance in the quarter presents us with numerous challenges for 2009, such as growing sales even more in Brazil and abroad and extending cost and expenditure cuts. With strong brands in Brazil and overseas, we are sure our long-term results will get better and better in different scenarios and different geographies, because we supply products with high perceived value that inspire consumer loyalty.

ALPARGATAS

Earnings Release 1st Quarter

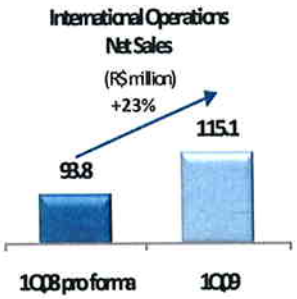
2. International Operations

In 1Q09, net sales revenues from international operations totaled R$ 115.1 million, 23% up on 1Q08. This represents 25% of Alpargatas' consolidated net revenues, compared with 21% in 1Q08. The main items were a 26% increase in Havianas volume and a 20% increase in garments and accessories compared with 1Q08. To enable a precise comparison with 1Q08, we have restated the numbers *pro forma* taking into account sales in Argentina in this period.

Consolidated International Operations Alpargatas Argentina, USA and Europe Brazilian GAAP	1Q08 *pro forma*	1Q09
Net sales revenues (R$ million)	93.8	115.1
Sales volume: (000's of pairs)		
Havaianas [a]	1,017	1,278
Topper and other footwear brands [b]	2,476	2,285

[a] Alpargatas USA and Europe sales volume

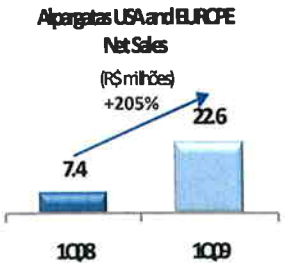
[b] Alpargatas Argentina Sales Volume



Alpargatas USA and Alpargatas Europe Subsidiaries

These operations have shown consistent growth. In 1Q09, net sales were a R$ 22.6 million, a 205% increase compared with the same period of 2008. It should be noted that revenues in markets in the northern hemisphere are concentrated at the end of the first and throughout the second quarter; therefore, it is expected that revenues from Alpargatas USA and Europe will increase in 2Q09 and 3Q09. Gross profit totaled R$ 9.5 million, with strong growth in margin, which reached 42%, compared with a profit of R$ 1.9 million and a 26% margin in 1Q08. The operating and net results of the subsidiaries are still not positive because they are at the beginning of their growth curve and require strategic investments.

Alpargatas USA and Alpargatas Europe Consolidated Indicators Brazilian GAAP (R$ million)	1T08	1T09
Net sales revenues	7.4	22.6
Gross profit	1.9	9.5
Gross margin	26%	42%



The main events to communicate and provide exposure for the Havaianas brand overseas were:

- Creation of an exclusive window at Harrods, the largest and most sophisticated department store in England.
- Installation of a 45 m^2 space in Citadium, the trend-leading Paris megastore dedicated to the youth public.
- A European media campaign positioning Havaianas as a symbol of Brazilian culture.
- Participation in the New York Fashion Week, with a booth in which visitors were able to customize their sandals, providing visibility for the brand at an event which reaches opinion leaders in the North American market.

- Temporary Havaianas stores at the 710 GAP stores, the world's biggest youth fashion chain. Customers can customize sandals with crystals, pins and other ornaments.

Alpargatas Argentina

In 1Q09, net sales revenues for Alpargatas Argentina grew 7% in reais, mainly due to the accentuated growth of the retail business. Gross profits were 81% of 1Q08 profits, with a 25.2% margin. The first quarter of the year was dedicated to integrating São Paulo Alpargatas and Alpargatas Argentina, focusing on five areas. The brief is to revise the operating structure and identify synergies and complementary activities in order to leverage business opportunities, with a focus on sporting goods. Gains already realized include optimization of raw materials purchases, exchanges in practices and processes to drive operational excellence and, most important, the joint relaunch of the Topper brand, reinforcing its new multi-category sports positioning. Alpargatas Argentina's full 1Q09 financial statements are available on the company website at www.alpargatas.com.ar, Empresa/Info Inversores.

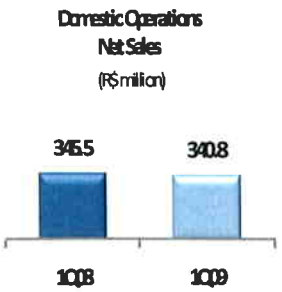
Alpargatas Argentina Brazilian GAAP (R$ million)	1Q08	1Q09
Net sales revenues	86.4	92.5
Gross profit	28.8	23.3
Gross margin	33.3%	25.2%



3. Domestic Operations

Net revenues for domestic operations totaled R$ 340.8 million in 1Q09, at a similar level to 1Q08. Havaianas sales volume was 41.6 million pairs and Topper, Rainha, Mizuno and Timberland footwear totaled 2.3 million pairs. The variation in Havaianas volume is explained by the more favorable economic climate in the 1Q08 and the timing of the Carnival this year. Sports footwear sales grew as a result of the success of the new Topper models and sports marketing campaigns and events, such as sponsorship of tennis and volleyball tournaments and the São Paulo football championship. Retail performance was good and business continued to expand with the opening of new Havaianas and Timberland franchises and Mizuno stores in academies.

Domestic Operations	1Q08	1Q09
Net sales revenues (R$ million)	345.5	340.8
Sales volume: (000's of pairs)		
Havaianas	43.269	41.570
Topper, Rainha, Mizuno and Timberland	2.242	2.296



The main domestic operation highlights during the quarter were:

Havaianas

- Inauguration of Espaço Havaianas in São Paulo. The store is the only place where consumers have access to the whole Havianas product range, being able to fully interact with and experience the essence of the brand.
- Launch of the new www.havaianas.com.br e-commerce website, which commercializes sandals and accessories.

Topper, Rainha and Mizuno

- Relaunch and revitalization of Topper brand. This was done simultaneously with Argentina, giving the brand a new visual identity, a redesigned logo, more colors and movement and making it unisex and multi-category, with a broader product mix encompassing the tennis, running, volleyball, basketball and casual wear segments.
- Topper sponsorship of the Brasil Open Tennis tournament, the Verão Espetacular beach volleyball tournament and the São Paulo football championship, with broad exposure of the official tournament ball.
- Launch of the Mizuno Gender Engineering footwear and garment line, with a specific design for men and women.
- Launch of new lines of Rainha footwear, particularly Fit, Colors and Iron, with innovative designs and materials.

Retail

- Opening of 12 new Havaianas franchises, making a total of 37 sales outlets for the brand by the end of the quarter.
- Inauguration of the fourth Timberland franchise, in São Paulo.
- Alpargatas won the Timberland "2008 Distributor of the Year Award", competing with 22 international companies for the honor.
- Opening of another Mizuno store in the Ah!BodyTech Academy in Rio de Janeiro; the total is now nine units (seven in Rio, one in São Paulo and one in Brasilia).

4. Consolidated Economic-Financial Performance

Alpargatas' economic-financial performance in the 1Q09 was in line with management expectations, considering that the market was softer than 1Q08. As has already been mentioned, Alpargatas has a new structure, a new operating model and a new format for presenting results, which is different from previous years. In Brazil, we acquired the company Dupé. Overseas, the USA and European subsidiaries have been performing as planned. These companies require strategic investments in their operating structure and brand communication in order to achieve Alpargatas' vision of becoming a global company of desired brands. We are also involved in a process of consolidating Alpargatas Argentina, where we are just beginning to capture the synergies to be obtained from optimizing operations in the two countries. These factors need to be taken into account when analyzing and interpreting Alpargatas' 1Q09 performance, as well as the more adverse economic climate in comparison with 1Q08. The following comments are based on the 1Q09 results of São Paulo Alpargatas, consolidated with those of the Companhia Brasileira de Sandálias, Alpargatas Argentina, Alpargatas USA, Alpargatas Europa, Alpargatas Chile and Locomotiva. To maintain comparability, we have consolidated Alpargatas Argentina results in the 1Q08 on a *pro forma* basis.

ALPARGATAS

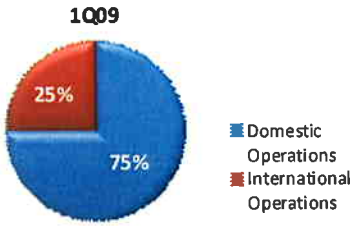
Earnings Release 1st Quarter

Net sales revenues

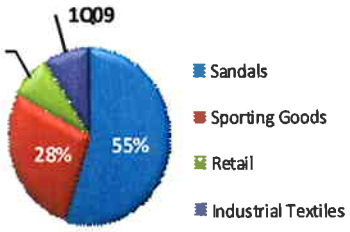
Brazilian GAAP (R$ million)	1Q08 *pro forma*	1Q09
Net sales revenues	439.3	455.9
Domestic operations	345.5	340.8
International operations	93.8	115.1
Alpargatas Argentina	86.4	92.5
Alpargatas USA and Europe	7.4	22.6



Share of Operations in Consolidated Net Revenues



Share of Businesses in Consolidated Net Revenues



Net Revenues grew 3.8%, totaling 455.9 million, with the variations due mainly to the following factors:

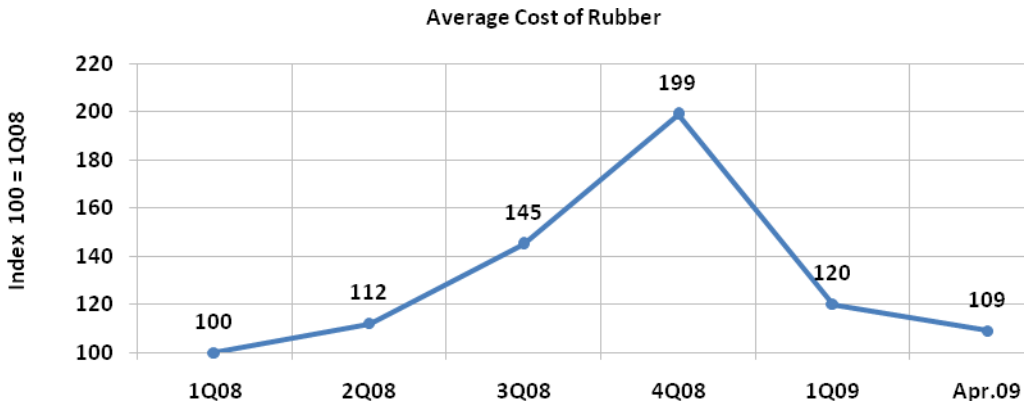
- 23% increase in revenues from overseas operations, the highlights being the USA and Europe, where the consolidated increase was 205%.
- 26% increase in overseas sandals sales volume.
- Retail sales volume growth of 51% and 7.5% in Brazil and Argentina respectively. In Brazil, the performance resulted from store expansion.
- The dollar appreciated 33%, with a positive effect on sales in foreign currency.

In the calculation of net revenues, the sales taxes are net of the subvention for investment in the Paraíba operations.

Cost of products sold

This totaled R$ 276.2 million, an increase of 11%, due to:

1. Increase in raw material prices, especially synthetic rubber, which accounts for around 35% of the total cost of goods sold for São Paulo Alpargatas. In 1Q09, the two main types of rubber used were 20% more expensive than in 1Q08.
2.



3. Impact of the increase in the exchange rate, both in terms of raw material costs and the importation of Mizuno and Timberland finished products, which accounted for around 30% of the volume of sports footwear commercialized during the quarter.
4. Investments during the phase out of the old Topper models, which received specific temporary discounts, and the phase in of the models with the new logo, design and colors.
5. Manufacturing cost increases in Argentina, especially in the textile business.

Profit and gross margin

Profits totaled R$ 179.7 million, 95% of the 1Q08 profits, as a result of a variation in costs that was higher than the variation in revenues. The gross margin for domestic operations was 43.2%, against a consolidated figure of 39.2%, impacted mainly by the Argentine textile business.

EBITDA

EBITDA was R$ 56.4 million, 68% of 1Q08 EBITDA. The variation of R$ 26.3 million compared with the 1Q08 was due to:

- Investments in the internationalization strategy and support for brand growth, which totaled approximately R$ 14.2 million.
- Impact of higher costs of rubber and petroleum-based commodities, at R$ 23.1 million.
- Strong price and product mix management allied with cost controls resulted in a positive contribution of R$ 10.9 million to the variation in EBITDA.
- The EBITDA margin for the quarter was 12.4%. The results of the expenditure control plan continue to improve.

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Financial Result

Financial income totaled R$ 7.3 million, 91% more than in 1Q08, due to the higher volume of cash invested. Financial expenses totaled R$ 17.4 million, 77% more than in 1Q08, due to increased indebtedness in Brazil resulting from the BNDES loan for investment in manufacturing operations and the consolidation with Argentina. The consolidated financial result was minus R$ 10.1 million, due to the drop in the Selic rate, which affected our investments.

Share of non-controlling shareholders

The share of the 39.8% of the non-controlling shareholders of Alpargatas Argentina was equivalent to R$ 685 thousand. São Paulo Alpargatas holds 60.2% of the company's capital.

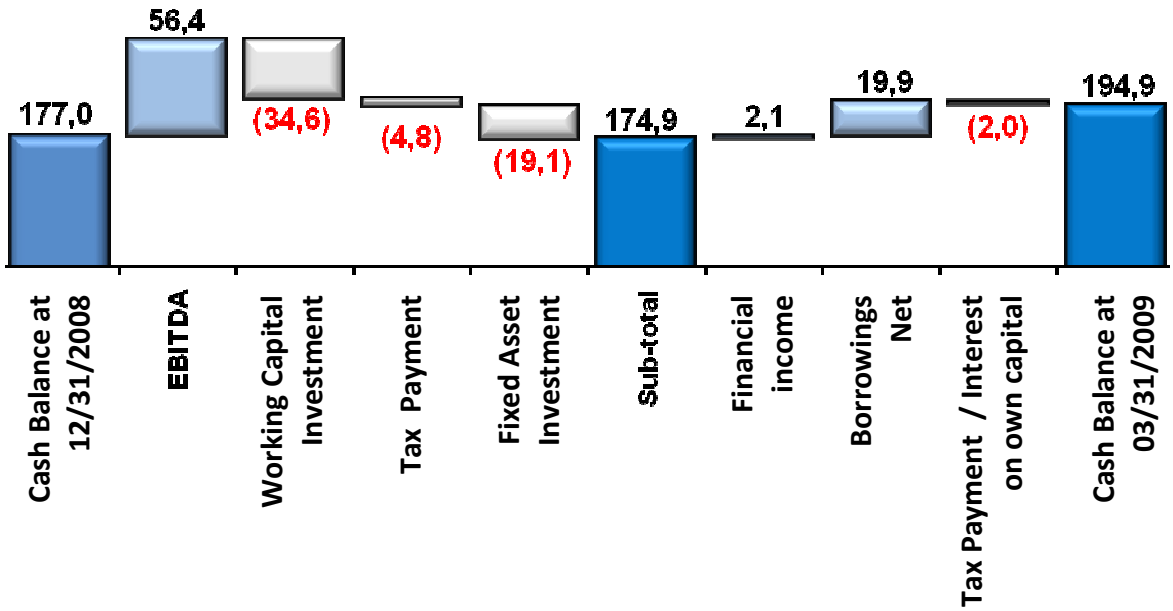
Net Profit

As a result of the factors influencing gross and operational profit, the consolidated net profit totaled R$ 20.5 million.

Cash flow

Alpargatas is constantly concerned with its businesses' cash conversion cycle, exercising rigorous control over disbursements for working capital and investments. On March 31, 2009, Alpargatas had a cash balance of R$ 194.9 million, R$ 17.9 million more than in December 31 2008. The main entries were due to cash generation (EBITDA) of R$ 56.4 million and loans, net of amortization, of R$ 19.9 million. The major disbursements were investments of R$ 19.1 million in PPE and of R$ 34.6 million in working capital. In 1Q09, stocks accounted for a larger variation in working capital due to:

- international operations, which, in line with the new business model, require higher stock levels to improve customer service, and
- the lines of imported products.



Indebtedness

On March 31, 2009, consolidated financial indebtedness totaled R$ 391.7 million, R$ 330.1 million for São Paulo Alpargatas and R$ 61.6 million for Alpargatas Argentina, which breaks down as follows:

- R$ 230.9 million (59% of total) due in the short term, with 57% in foreign currency for financing working capital in the overseas subsidiaries, and 43% in reais from BNDES and Banco do Nordeste loans.
- R$ 160.8 million (41% of total) due in the long term, with 36% in foreign currency (Alpargatas Argentina) and 64% in reais.
- The annual average cost in domestic currency is 8.3% ; in foreign currency it is 5.9% p.a. plus exchange variation.

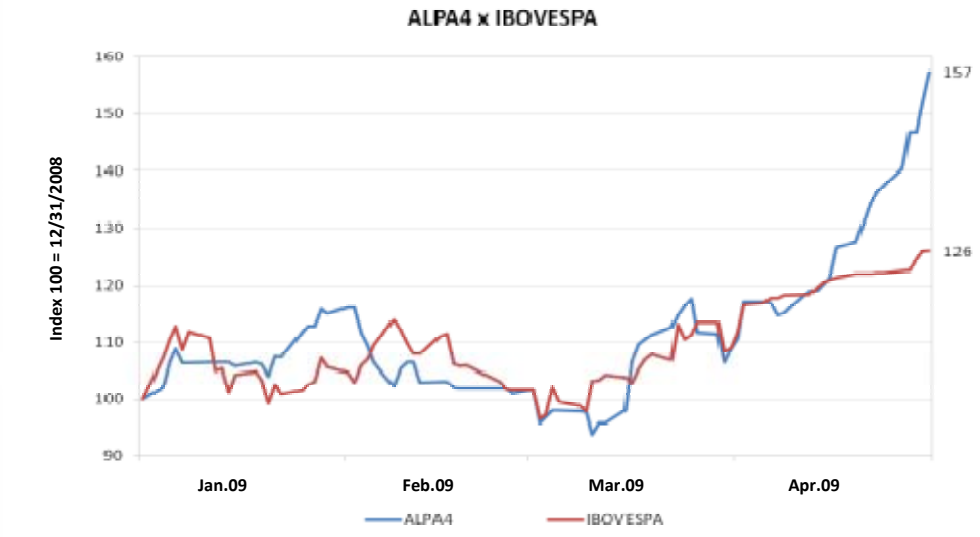
At the end of March 2009, consolidated net indebtedness totaled R$ 196.8 million, representing a multiple of only 0.8 times the 2008 EBITDA, a demonstration of Alpargatas' financial robustness.

Investments

1Q09 investments totaled R$ 19.1 million, R$ 6.5 million of which went towards the internationalization process, R$ 6.4 million to modernization, optimization and industrial expansion projects and R$ 1.6 million for the opening and refurbishment of stores.

5. Share Performance and Shareholder Remuneration

Alpargatas shares performed very well in the first months of 2009. Up until April 30, the preferential shares (ALPA4) increased 57%, against a 26% variation in the Ibovespa. There were 696 transactions in the first four months of the year (average of nine transactions per day), involving 765,600 shares (average of 9,450 shares per day) and R$ 46.9 million (average of R$ 578,000 per day). The two interest payment advances on own capital approved by the Administrative Council this year total R$ 19.5 million, R$ 14.6 million of which will paid out in May.



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BALANCE SHEET - THOUSANDS OF BRAZILIAN REAIS - R$

ASSETS	03/31/09	12/31/08	03/31/08
CURRENT ASSETS			
Cash and Banks	28,563	28,756	8,658
Cash investments	166,346	148,289	66,073
Customers (net of prov. for doubt. debts)	377,677	432,088	314,493
Inventories	305,330	283,011	161,900
Other receivables	21,574	28,816	18,565
Expenses brought forward	16,321	5,455	21,293
Taxes recoverable	47,993	34,130	15,876
Deferred Income tax & Soc. Contrib. taxes	21,282	21,770	18,043
TOTAL DO CIRCULANTE	**985,086**	**982,315**	**624,901**
LONG TERM			
Goods for sale	7,330	7,634	2,868
Taxes recoverable	21,434	22,979	11,593
Deferred Income Tax and Soc. Contrib. Taxes	26,434	26,087	32,860
Escrow deposits, tax and labor	11,364	10,764	4,450
Other receivables	21,857	22,856	4,291
	88,419	**90,320**	**56,062**
PERMANENT			
Investments	106,983	113,882	240,535
PPE	325,320	334,105	214,902
Intangible assets	273,336	269,399	189,539
Deferred charges	7,934	8,189	9,481
	713,573	**725,575**	**654,457**
TOTAL ASSETS	**1,787,078**	**1,798,210**	**1,335,420**

LIABILITIES	03/31/09	12/31/08	03/31/08
CURRENT			
Trade accounts payable	76,612	112,568	81,580
Finance / loans	230,899	182,781	59,572
Debt restructuring agreements	16,735	18,190	-
Payroll and related charges	75,334	73,471	59,832
Accrual for contingencies	8,720	9,502	4,832
Accrual for Income tax & Soc. Contrib. taxes Social a pagar	4,080	4,481	1,577
Taxes payable	17,979	9,622	4,728
Interest payable on own capital	13,597	1,020	1,147
Other accounts payable	27,223	34,300	23,432
	471,179	**445,935**	**236,700**
LONG TERM			
Finance and loans	160,835	186,489	120,908
Debt restructuring agreements	45,778	50,548	-
Accrual for taxes payable	43,162	43,279	22,747
Accrual for Income tax & Soc. Contrib. taxes	16,386	16,272	31,567
Accrual for contingencies	28,475	28,723	26,191
Other accounts payable	5,856	6,059	4,476
	300,492	**331,370**	**205,889**
MINORITY SHARES	**45,490**	**49,713**	**-**
SHAREHOLDERS EQUITY			
Capital	391,804	391,804	391,804
Capital reserve	269,340	269,743	177,336
Treasury shares	(28,500)	(28,500)	(68,850)
Profit reserves	363544	357,241	394,779
Evaluation net worth	(26,271)	(19,096)	(2,238)
	969,917	**971,192**	**892,831**
TOTAL LIABILITIES	**1,787,078**	**1,798,210**	**1,335,420**
BOOK VALUE PER SHARE - R$	**55,68**	**55,76**	**50,94**

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INCOME STATEMENT - THOUSANDS OF BRAZILIAN REAIS - R$

	1Q09	1Q08 *pro forma*
Gross Sales Revenues	**539,985**	**522,900**
Sales taxes	84,053	83,617
Net Sales Revenues	**455,932**	**439,283**
Cost of products sold	276,193	249,335
Gross Profit	**179,739**	**189,948**
Operating revenues (expenses)		
Sales	(111,513)	(98,098)
General and administrative	(29,495)	(21,772)
Management fees	(1,080)	(903)
Amortization of deferred	(3,996)	(2,750)
Other operating revenues (expenses)	2,076	2,949
	(144,010)	**(120,574)**
EBIT - Profit before Financial Result, Amort. and Equity in Associates	**35,730**	**69,374**
Financial income	7,262	3,802
Financial expenses	(15,597)	(9,771)
Exchange variation	(1,775)	92
Amortization of goodwill		(2,544)
Equity in earnings of associates	(4,452)	(1752)
Operating Profit	**21,166**	**59,201**
Income tax and social charges	(1,349)	(8,067)
Minority Interest	685	(4,463)
Net Profit	**20,502**	**46,671**
Profit per share - R$	1.18	2.66
EBITDA - R$ million	**56.4**	**82.7**
Ebitda Margin - %	12.4%	18.8%