Riachuelo

Press Release 3Q05

GUARARAPES ANNOUNCES 34% GROWTH IN SAME STORE SALES AND 56% INCREASE OF ADJUSTED EBITDA IN 3Q05

December 08, 2005

Quote (Closing)
GUAR3: R$ 63.98
GUAR4: R$ 63.50

Market Capitalization
R$ 3.98 billion

São Paulo, December 08, 2005 – Guararapes Confecções S.A. (Bovespa: GUAR3 - ON e GUAR4 - PN), the largest Brazilian apparel manufacturing company and the second largest Brazilian apparel department store announces its results for the third quarter of 2005 (3Q05).

The following financial and operational information, except where otherwise indicated, are presented on a consolidated basis under the Brazilian Corporate Law.

Financial and Operating Highlights

- ✓ Consolidated gross revenue increased 27.3%, reaching R$522.0 million in 3Q05.
- ✓ Riachuelo's gross revenue per m^2 reached R$2.6 thousand, up 38.5% over the R$2.0 thousand reported in 3Q04.
- ✓ Sales to Riachuelo represented approximately 50.0% of the Parent Company's total sales in the quarter versus 31.8% in 3Q04.
- ✓ Consolidated gross margin grew by 40 b.p. totaling 43.2%
- ✓ Financial service revenue was grew 92.6% over the same quarter of the previous year, totaling R$37.8 million.
- ✓ Adjusted EBITDA[1] totaled R$ 61.5 million, up by 55.8% over the same quarter of last year.
- ✓ An increase of 1,293 thousand new private label cards in the first nine months of the year, a growth of 99% over the previous year, reaching 10.1 million private label cards issued.
- ✓ Adjusted net income totaled R$50.4 million, or R$0.8069 per share, up by 46.3% over the same period of 2004.

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Financial Highlights (R$ million)	3Q05	3Q04	Chg. (%)	9M05	9M04	Chg. (%)
Gross Revenue	522.0	410.0	27.3%	1,389.8	1,031.8	34.7%
Net Revenue	**368.3**	**291.8**	**26.2%**	**979.3**	**734.2**	**33.4%**
Gross Income	**159.2**	**125.0**	**27.3%**	**436.1**	**325.6**	**33.9%**
Gross Margin	*43.2%*	*42.9%*	*0.4 p.p.*	*44.5%*	*44.3%*	*0.2 p.p.*
Financial Service Revenues	37.8	19.6	92.6%	108.4	48.9	121.7%
Adjusted EBITDA[1]	**61.5**	**39.5**	**55.8%**	**175.4**	**93.9**	**86.8%**
EBITDA Margin	*16.7%*	*13.5%*	*3.2 p.p.*	*17.9%*	*12.8%*	*5.1 p.p.*
Net Income (Loss)	40.9	30.5	33.8%	2.8	55.6	-95.0%
Adjusted Net Income (Loss) [2]	50.4	34.5	46.3%	17.8	65.6	-72.9%
Adjusted Net Income (Loss)[3]	**50.7**	**34.5**	**47.0%**	**134.0**	**65.6**	**104.3%**

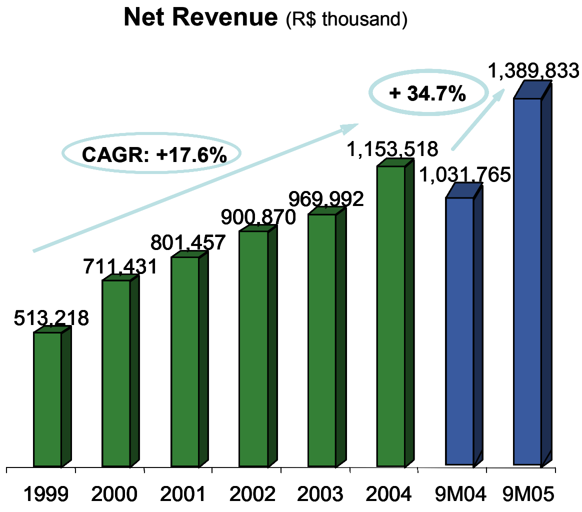
[1] Includes financial service revenues
[2] Includes the Company's tax benefits
[3] Includes the Company's tax benefits and excludes extraordinary CSLL (social contribution on net income) expenses.

Management Discussion and Analysis

Remarkable operating results

The operating results for the quarter are evidence of the excellent moment we are living. We had a 34.7% increase in consolidated revenue in 9M05 over 9M04, in addition to a slight increase of 20 b.p. in our gross margin.

Our growth was basically determined by improved sales per square meter, once there were a limited number of store expansions in the period.



Integration: Retail + Apparel

These results highlight the success of our strategy for the integration of our apparel manufacturing company and our retail chain, which represents a significant competitive advantage for our Company since it has enabled us to respond promptly to our consumers' demand.

In addition to this, there are also other important initiatives we have been implementing. For instance, in this quarter we had a promotion called "Vale a Pena" ("It is worth it") – encouraging consumption without sacrificing our margins significantly since all the products on sale are produced by the Company. Hence, the lower final sale margin is partially offset by higher margins in Guararapes (parent company), as Guararapes (parent company) sales to Riachuelo have higher added value, positively influencing its product mix and gross margin.

Exponential financial service growth

We have also been able to leverage consumption by offering new payment conditions, with longer terms, increasing our consumers' purchase power. Even more importantly, we have an aggressive program for the registration of new customers and issuance of new private label cards. We have issued more than 1,293 thousand new private label cards only in 2005 and in this quarter we increased our base to a total of more than 10 million private label cards, which was our goal for the end of the year.

The credit card issuances, the new payment conditions and services, combined with a less restrictive credit policy have boosted our financial service revenues by 92.6%, driving it to R$37.8 million or 76.3% of adjusted EBIT.

Non-recurring impact of CSLL was already incurred

In this quarter, differently from the second quarter we did not have the non-recurring impact of Social Contribution on Net Income (CSLL). Therefore, this quarter's excellent results were not impacted. However, when we analyze the results for the first nine months of the year, we will notice the non-recurring impact of R$116.0 million in social contribution on net income referring to the period from 1990 until the beginning of this year, whose values had not been disbursed or paid based on a deliberation of the Supreme Court from 1992 favorable to the company.

These effects have been duly accounted for and will not cause any additional effect besides that recorded last quarter which has already been legally conducted.

Despite sales levels similar to those registered in the second quarter of 2005, the growth over the third quarter of 2004 reached 27.3%. This shows that the economy continues in full expansion with the favorable economic scenario, in view of the position adopted by the Central Bank of Brazil in the last two meetings of the Monetary Policy Committee, when it started and reinforced interest rate reduction. This measure is welcomed not only by Guararapes-Riachuelo, but by the whole retail sector, once sales are closely linked to consumer credit and this interest reduction will lead to credit expansion, benefiting the sector as a whole.

Financial Results

Revenue growth of 27.3%

Revenues

Consolidated gross revenues totaled R$522.0 million, up by 27.3% over the R$410.0 million posted in the previous year

Gross Revenue (R$ million)	3Q05	3Q04	Chg. (%)	9M05	9M04	Chg. (%)
Consolidated	**522.0**	**410.0**	**27.3%**	**1,389.8**	**1,031.8**	**34.7%**
Parent Company	*138.4*	*113.9*	*21.5%*	*356.5*	*278.7*	*27.9%*
Riachuelo	*448.9*	*332.4*	*35.0%*	*1209.7*	*857.1*	*41.1%*

Net Revenue (R$ million)	3Q05	3Q04	Chg. (%)	9M05	9M04	Chg. (%)
Consolidated	**368.3**	**291.8**	**26.2%**	**979.3**	**734.2**	**33.4%**
Parent Company	*108.6*	*89.1*	*21.9%*	*279.3*	*218.7*	*27.7%*
Riachuelo	*310.6*	*230.7*	*34.6%*	*837.6*	*597.1*	*40.3%*

Guararapes Parent Company's gross revenue totaled R$138.4 million in the third quarter of 2005, a 21.5% growth over the same period of 2004. This result was positively influenced by sales volumes 11.0% higher than in the same quarter of the previous year, a price increase in the period and a higher value-added product mix

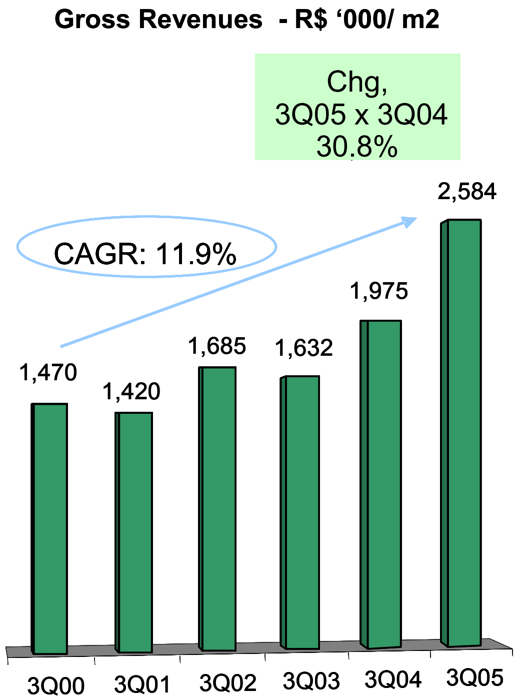
The sales to Riachuelo represented approximately 50.0% of Guararapes Parent Company's total gross sales in the quarter versus 31.8% in the same period of the previous year, evidence of the greater integration between apparel manufacturing and retail activities.

Riachuelo posted gross sales of R$448.9 million, up 35.0% over the R$332.4 million registered in 3Q04. Excluding the 3 stores opened as the second quarter of 2004, same store sales[1] grew by 33.8% indicating that sales volumes have also been growing in fully operational and solid stores.

Gross revenue per square meter increased by 30.8%, from R$2.0 thousand to R$2.6 thousand in the quarter.

Riachuelo's growth has been base on improving sales per m²

These figures are evidence that Riachuelo's growth has been concentrated in increased sales per square meter, once there have been limited store openings and expansions in the last years, given the concentration of capital expenditure in support infrastructure, such as distribution centers and IT operating for operating control and investment, increasing operational efficiency.



The impressive growth of 30.8% of Riachuelo's revenue per square meter is a result of the 38.3% increase in sales volumes, once average prices have remained practically stable in the period due to the "Vale a Pena" ("It is worth it") promotion – one of the factors responsible for the excellent sales performance in the period.

In addition, sales were also strongly influenced by our aggressive registration campaign which has increased our customer base considerably and by the creation of payment options with longer terms and lower interest rates, increasing our customers' purchase power.

These initiatives offset the aggressive strategy of the Father's Day campaign.

The company's consolidated net revenue totaled R$368.3 million, up 26.2 over the result reported in the same period of the previous year and in line with the gross revenue growth.

[1] Same stores sales considers only store whose are operating for longer than a 12-month period in order to keep compatibility between the periods.

Gross profit grows by 27.3% and gross margin rises 40 b.p.

Cost of Goods Sold and Gross Margin

Consolidated cost of goods sold totaled R$209.2 million, a 25.4% growth over the R$166.7 million registered in 3Q04.

Therefore, gross profit in the period was R$159.2 million, up 27.3% over the same period. Consolidated gross margin was 43.2%, 40 b.p. above the 42.9% registered in 3Q04.

Gross Income (R$ million)	3Q05	3Q04	Chg. (%)	9M05	9M04	Chg. (%)
Consolidated	**159.2**	**125.0**	**27.3%**	**436.1**	**325.6**	**33.9%**
Parent Company	*34.2*	*21.1*	*62.1%*	*88*	*51.7*	*70.2%*
Riachuelo	*123.8*	*101.7*	*21.7%*	*349.3*	*270.9*	*28.9%*

Gross Margin (R$ million)	3Q05	3Q04	Chg. (%)	9M05	9M04	Chg. (%)
Consolidated	***43.2%***	***42.9%***	***0.4 p.p.***	***44.5%***	***44.3%***	***0.2 p.p.***
Parent Company	*31.5%*	*23.7%*	*7.8 p.p.*	*31.5%*	*23.6%*	*7.9 p.p.*
Riachuelo	*39.9%*	*44.1%*	*-4.2 p.p.*	*41.7%*	*45.4%*	*-3.7 p.p.*

The main driver of Riachuelo Parent Company's gross margin reduction was the "Vale a pena" ("It is worth it") whose product line has more attractive prices. However, this decrease was partially offset by the 790 b.p. margin increase in the Parent Company's operations. This was also a consequence of the "Vale a Pena" promotion, since its product line is manufactured by the Parent Company.

Guararapes Parent Company's cost of goods sold reached R$74.4 million, an increase of 9.4% over the R$68.0 million reported in the same period of the previous year, influenced by an 11.0% higher volume in the period.

Guararapes Parent Company's gross profit rose by 62.5%, reaching R$34.2 million and gross margin was 31.5%, compared to the 23.6% registered in the same period of last year.

Riachuelo cost of goods sold was R$186.8 million in the quarter, up by 44.8% over 3Q04. This increase is a result of the 35.0% hike in sales and a higher value-added product mix leading to higher unitary costs.

Operating expenses fall in relation to net revenue

General, Selling and Administrative Expenses

Consolidated selling expenses totaled R$110.2 million, up by 38.1% over the R$79.8 million registered in the same period of 2004, mainly due to higher sales and our aggressive campaign for the registration of new customers, employing 1,700 full time workers to the selling force.

In relation to net revenues, selling expenses were up from 27.4% to 29.9%, reinforcing the Company's marketing efforts in the period, mainly during the Father's Day campaign.

Part of this rise in selling expenses results from the issuance of 1.3 million private label cards in the period.

The Company registers card acquisition costs as expenses and not as capital expenditure. Therefore, the customer acquisition cost is allocated as selling expenses.

Administrative expenses, excluding the impact from social contribution non-recurring expenses, rose 8.4%, to R$38.4 million, considerably lower than the increase in gross sales.

Financial Service Revenues[1]

Among the Company's main activities, we can highlight financial services, which capitalize on the relationship the Company has with its customers.

Financial service revenues grow and correspond to more than 50%of the operating result

Riachuelo's private label card is nowadays one of the Company's main assets, representing the relationship with customers. This relationship has enabled the Company to offer financial products, such as insurance and personal credit.

The Company's main goal for 2005 was to increase the number of cards issued and active and it has already been reached.

In the first 9 months of 2005, we issued 1.3 million private label cards, totaling more than 10.1 million cards in the base. Hence, we exceeded this goal, as expected, and should establish new levels in line with the challenges Guararapes-Riachuelo pursues in the short and long terms.

Although these products are offered in partnership with banks to meet legal requirements, the Company manages the relationship with the customer and assumes these operation's credit risks, which have been low due to the knowledge of the customer's payment history though Riachuelo' s private label card

These services accounted for revenues totaling R$37.8 million in the quarter, representing an increase of 92.6% over the R$19.6 million financial service revenue registered in the third quarter of 2004.

[1] Accounted as Financial Expenses in the Income Statement.

In addition to the aggressive program for the issuance of new private label cards, this result is also due to new payment plans, with longer terms and lower interest and from a less restrictive credit concession policy.

Core Business: EBITDA from textile products + Financial Product Revenues

Operating Result

The Company considers both the results from apparel sales and financial service revenues as results from its core business.

Therefore, our EBIT and EBITDA are added to financial service revenues as a way to present our operating cash generation more accurately.

Adjusted EBIT[1] reached R$ 49.6 million, up by 74.0% over the same period of the previous year.

Adjusted EBITDA[2] totaled R$ 61.5 million, up by 55.8% over the same period of the previous year due to revenue increase.

EBITDA Reconciliation	3Q05	3Q04	9M05	9M04
Gross Income	**159,157**	**125,039**	**436,052**	**325,584**
(-) Selling Expenses	(110,237)	(79,810)	(295,301)	(216,498)
(-) Administrative Expenses (excl. CSLL extraod.)	(38,409)	(35,433)	(109,690)	(95,281)
(-) Other Operating Expenses/Income	1,224	(963)	1,635	(2,376)
(+) Financial Service Revenues	37,820	19,640	108,357	48,884
Adjusted EBIT[1]	**49,555**	**28,473**	**141,053**	**60,313**
(-) Depreciation and Amortization	11,915	10,980	34,351	33,584
Adjusted EBITDA	**61,470**	**39,453**	**175,404**	**93,897**

[1] Includes financial service revenues.

Financial Revenues and Expenses

Part of the Company's financial revenue refers to tax incentives in the scope of the Ceara Industrial Development Fund (IDF) and the Program for Industrial Development Support in Rio Grande do Norte (PIDS). Within these programs, 75% of the ICMS (tax on distribution of goods and services) payable is registered as financing at low interest rates (TJLP and TR + 3% p.a., respectively) and the Company accounts income with the funding until the settlement of the financing.

The higher net financial revenues, excluding financial service revenues are due to a higher cash position. The net cash, i.e. net of gross debt, was R$70.4 million in the end of the quarter, compared to a net cash of R$56.4 million on September, 2004.

[1] Includes financial service revenues and excludes non-recurring CSLL expenses

Result before Taxes/ Equity Results

The result before taxes/ equity results was R$60.5 million positive, a 44.7% increase over the R$41.8 million registered in the same period of last year.

Net Income and Adjusted Net Income

Adjusted net income, including the impact of tax benefits and excluding non-recurring CSLL expenses, totaled R$50.7 million, up by 47.0% over the result registered in the third quarter of 2004.

Adjusted net income (loss) considers the impact of the Company's tax benefits.

This income results from the Company's excellent performance in the last quarters due to the strong commitment with cost control, operations growth and financial service revenues.

In addition, in compliance with the CVM's Circular Letter #309, from December 17, 1986, the income tax amount excludes tax benefits.

The Company has income tax benefits on products it manufactures, conditioned to capital reserve per equivalent amount.

The aforementioned benefits granted by the extinct SUDENE are currently in effect and are applied to the results of products manufactured by the company, distributed as follows:

✓ *Fortaleza – CE:*

a) Manufactured products: Weave shirts, pants, shorts and other pieces of clothing in jeans, with a 50% income tax reduction;
b) Cloth pants, sportswear pants, and cloth shorts with income tax exemption on the results of own manufactured products until the fiscal year of 2008.

✓ *Natal – RN:*

Income tax exemption on results and weave shirts until the fiscal year of 2008.

Therefore, the net income registered in the balance sheet excluding fiscal benefits was R$40.9 million in 3Q05, or 33.8% higher than the result reported in the same quarter of the previous year.

Capital Expenditure

Reinvesting in the expansion of the business

Our investment plan for the year comprises: a) R$ 40 million investment in the acquisition of new accounts for Riachuelo's private label cards; b) R$ 40 million in the remodeling of 20 existing stores, whose works are expected to start in the second semester; and c) R$ 20 million in equipment and facility modernization.

Expenditure reached R$18.6 million in the third quarter of 2005, totaling R$75 million in the nine-month period.

Outlook

The Company has solid growth potential nowadays. This growth will be focused in 4 work lines:

- ✓ Increase the number of stores;
- ✓ Increase store area;
- ✓ Increase sales per square meter;
- ✓ Increase financial service revenues.

Technology advancements and scale economy will enable the market consolidation.

There is great room for consolidation since the market should reach 6.5 billion pieces in 2005. Riachuelo is expected to deliver 90 million pieces, bearing in mind that the five largest companies should sell about 500 million pieces.

This fragmented scenario is due to the enormous informality level of the textile sector which has been decreasing with technology advancements and scale economy. Therefore, with these advancements' results, you can expect the leaders of the textile retail market, which have 1.0% and 1.5% market shares to reach 10% and 15% market shares in ten years, considering that in some European countries the market leader has a market share between 30% and 40% and in the USA, the six largest companies have a 70% market share.

The only new store this year was the one in Midway Mall, with 5,400m^2 and one of our 3 best stores in terms of sales. We intend to start a more aggressive plan for the opening of stores as of 2006, with the opening of 6 new stores.

The expansion of store area will be a result of the opening of new stores, diluting the participation of old stores, whose average size is considerably smaller (an average of 2,200 m^2) than that of the new store (approximately 4,000 m^2). In addition, the increase of store area will also result from scheduled remodelings. We are investing in the remodeling of 20 stores only in 2005, which will increase our area by 10,000m^2, about 6% of the total area.

[1] Source: ABIT – Brazilian Textile Industry Association

In this quarter we already verified a strong growth of gross sales per square meter, which rose more than 38% when compared to the second quarter. We expect to achieve R$10.4 thousand average sales growth per square meter in 2005, bearing in mind that the second semester is seasonally substantially stronger than the first.

The consumption increase has also been strongly influenced by our aggressive campaign for the registration of new customers, as well as by new products to finance consumption, increasing payment terms.

The increase in the number of private label cards, our learning curve and the new products we have developed have contributed to the hike in financial service revenues.

These services have enabled the Company to achieve remarkable gains, representing over 50% of our current operating result with such low credit risks and delinquency levels of approximately 4% due to our relationship with customers, that we decided to reduce our credit requirements, for even with an increase in delinquency rates, it would be more profitable to increase the penetration of these products.

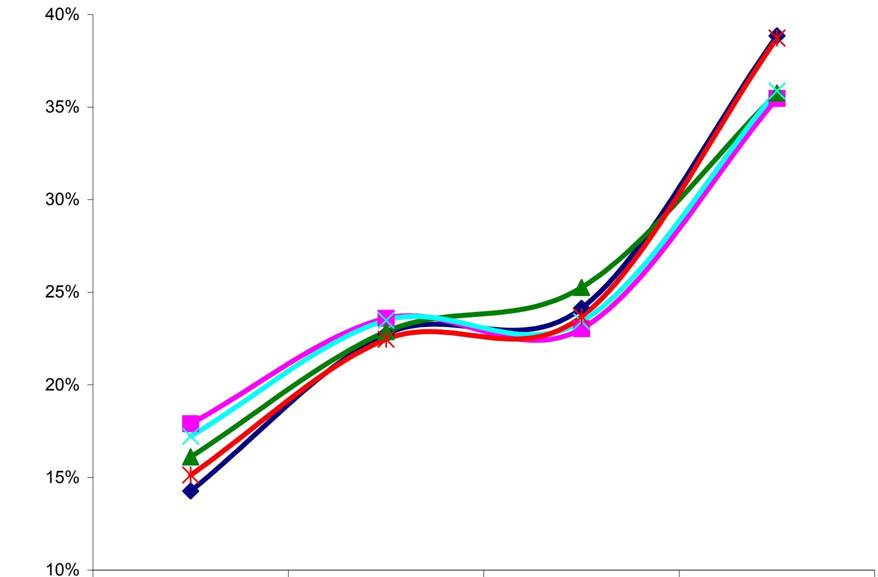
The penetration of this product in our customer base is still around 1% and we believe that this number may easily grow to approximately 4%.

Finally, it is worth pointing out that the investments related to the Midway Mall were finished in April and it is now operating with 98% of the total area leased.

We believe sales will be considerably strong in the fourth quarter of 2005, once the sales of the Company and of the sector’s major players have been consistently growing in the last quarters. This, added to the expectation that the Central Bank of Brazil will maintain the SELIC interest rate reduction policy, may cause the end of this year to be an outstanding period for the retail sector as a whole.

In addition, it is known that seasonality is extremely relevant for Riachuelo’s sales, as it is for the retail sector as a whole. In the graph on the next page, we can observe the seasonal performance in the last five years and see an expressive acceleration of Riachuelo’s net sales in the fourth quarter.

Seasonality (% of annual sales)



	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2000	14%	23%	24%	39%
2001	18%	24%	23%	35%
2002	16%	23%	25%	36%
2003	17%	23%	23%	36%
2004	15%	22%	24%	39%

Contact

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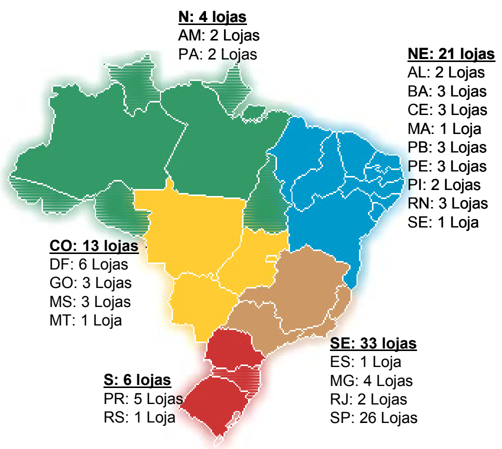
About Guararapes

Guararapes is the largest apparel manufacturing company in Brazil and controller of Riachuelo's retail chain, the second largest apparel department store in Brazil, with 77 stores distributed all over the country, as it can be seen on this map.



In developed countries, large-scale companies account for 30% to 40% of the textile retail market, whereas in Brazil the sum of the largest companies represents less than 7% of the total. The greatest competitive differential of small companies is the informality of its operations.

However, large chain companies have grown due to scale gains, investments in product quality, their position as fashion sellers and the faster inventory turnover which enables large companies to quickly adapt to the season's trends.

Within this perspective, Guararapes has grown more than the market. The volume of apparel manufacturing operations has grown an average of 41% p.a. since 2000 and retail sales have increased an average of 18% p.a. in the same period.

In the last years, Guararapes has made solid investments in its support operations with facility modernization, the opening of two distribution centers in Natal and Sao Paulo and the implementation of information technology for financial and operational management.

As a result of these investments, the lapse between the beginning of the production in Guararapes and the sales to the final customer in Riachuelo fell from 180 to 40 days. One of the most important advantages of Guararapes is the integration between retail and production, the only proved success model, once this integration empowers the company to quickly respond to the changes in the market.

Riachuelo private label cards are one of the main assets of the Company, establishing a long-term relationship with an increasing customer base, which already outnumbers 10.1 million people nowadays with a 10.1 million, exceeding the goal set for 2005. Additionally, one of the company's main operations nowadays is financial services, which offer customers account sales with interest, personal credit, insurance, among others.

Quarterly Income Statements – Consolidated

In R$ thousand

Income Statement	3Q05	3Q04	Chg. (%)
Gross Revenue	521,978	409,981	27.3%
Gross Revenue - Parent Company	*138,391*	*113,858*	*21.5%*
Gross Revenue - Riachuelo	*448,857*	*332,442*	*35.0%*
Deductions	(153,670)	(118,179)	30.0%
Net Revenue	**368,308**	**291,802**	**26.2%**
Net Income - Parent Company	*108,648*	*89,103*	*21.9%*
Net Income - Riachuelo	*310,596*	*230,735*	*34.6%*
Cost of Goods and Services Sold	(209,151)	(166,763)	25.4%
COGS - Parent Company	*(74,411)*	*(68,036)*	*9.4%*
COGS - Riachuelo	*(186,782)*	*(129,032)*	*44.8%*
Gross Income	**159,157**	**125,039**	**27.3%**
Gross Income - Parent Company	*34,237*	*21,067*	*62.5%*
Gross Income - Riachuelo	*123,814*	*101,703*	*21.7%*
Gross Margin	*43.2%*	*42.9%*	*0.4 p.p.*
Gross Margin - Parent Company	*31.5%*	*23.6%*	*7.9 p.p.*
Gross Margin - Riachuelo	*39.9%*	*44.1%*	*-4.2 p.p.*
Selling Expenses	(110,237)	(79,810)	38.1%
General and Administrative Expenses	(38,409)	(35,433)	8.4%
Other Operating Expenses/Income	1,224	(963)	n.m.
Financial Service Revenues	37,820	19,640	92.6%
Adjusted EBIT[1]	**49,555**	**28,473**	**74.0%**
Extraordinary Items: Social Contribution	3,123	-	n.m.
Interest on Extraordinary Social Contribution	(3,350)	-	n.m.
Net Financial Expenses	11,207	13,279	-15.6%
Non-operating Result	(49)	58	n.m.
Earnings Before Income Tax and Social Contribution	**60,486**	**41,810**	**44.7%**
Income and Social Contribution Taxes	(19,625)	(11,277)	74.0%
Net Income (Loss)	**40,861**	**30,533**	**33.8%**
Tax Benefits	9,570	3,927	143.7%
Adjusted Net Income (Loss)[2]	**50,431**	**34,460**	**46.3%**
Adjusted Net Income (Loss)[3]	**50,658**	**34,460**	**47.0%**
Depreciation and Amortization	11,915	10,980	8.5%
Adjusted EBITDA[1]	**61,470**	**39,453**	55.8%
EBITDA Margin	***16.7%***	***13.5%***	***3.2 p.p.***

[1] Includes Financial Product Revenues
[2] Includes the Company's tax benefit
[3] Includes the Company's tax benefit and exclude excludes extraordinary CSLL (social contribution on net income) expenses

Accumulated Income Statements – Consolidated

In R$ thousand

Income Statement	9M05	9M04	Chg. (%)
Gross Revenue	1,389,833	1,031,765	34.7%
Gross Revenue - Parent Company	*356,536*	*278,728*	*27.9%*
Gross Revenue - Riachuelo	*1,209,688*	*857,091*	*41.1%*
Deductions	(410,540)	(297,604)	37.9%
Net Revenue	**979,293**	**734,161**	**33.4%**
Net Income - Parent Company	*279,283*	*218,659*	*27.7%*
Net Income - Riachuelo	*837,628*	*597,085*	*40.3%*
Cost of Goods and Services Sold	(543,241)	(408,577)	33.0%
COGS - Parent Company	*(191,279)*	*(166,925)*	*14.6%*
COGS - Riachuelo	*(488,274)*	*(326,180)*	*49.7%*
Gross Income	**436,052**	**325,584**	**33.9%**
Gross Income - Parent Company	*88,004*	*51,734*	*70.1%*
Gross Income - Riachuelo	*349,354*	*270,905*	*29.0%*
Gross Margin	*44.5%*	*44.3%*	*0.2 p.p.*
Gross Margin - Parent Company	*31.5%*	*23.7%*	*7.9 p.p.*
Gross Margin - Riachuelo	*41.7%*	*45.4%*	*-3.7 p.p.*
Selling Expenses	(295,301)	(216,498)	36.4%
General and Administrative Expenses	(109,690)	(95,281)	15.1%
Other Operating Expenses/Income	1,635	(2,376)	n.m.
Financial Service Revenues	108,357	48,884	121.7%
Adjusted EBIT[1]	**141,053**	**60,313**	**133.9%**
Extraordinary Items: Social Contribution	(66,483)	-	n.m.
Interest on Extraordinary Social Contribution	(49,720)	-	n.m.
Net Financial Expenses	17,414	14,815	17.5%
Non-operating Result	205	2,479	-91.7%
Earnings Before Income Tax and Social Contribution	**42,469**	**77,607**	**-45.3%**
Income and Social Contribution Taxes	(39,683)	(22,024)	80.2%
Net Income (Loss)	**2,786**	**55,583**	**-95.0%**
Tax Benefits	15,018	10,012	50.0%
Adjusted Net Income (Loss)[2]	**17,804**	**65,595**	**-72.9%**
Adjusted Net Income (Loss)[3]	**134,007**	**65,595**	**104.3%**
Depreciation and Amortization	34,351	33,584	2.3%
Adjusted EBITDA[1]	**175,404**	**93,897**	86.8%
EBITDA Margin	***17.9%***	***12.8%***	***5.1 p.p.***

[1] Includes Financial Product Revenues
[2] Includes the Company's tax benefit
[3] Includes the Company's tax benefit and exclude excludes extraordinary CSLL (social contribution on net income) expenses

Consolidated Balance Statement

In R$ thousand

Assets	9/30/2005	6/30/2005
Current Assets	**696,569**	**686,044**
Cash Equivalents	138,282	155,419
Credits	354,270	325,834
Inventories	204,017	204,119
Other	-	672
Long Term Assets	**24,852**	**24,312**
Deferred Income Tax	2,367	2,367
Judicial Deposits and others	14,647	14,639
Recoverable taxes	7,838	7,306
Permanent Assets	**558,700**	**542,049**
Investments	159,559	1,043
Property, plan and equipment	353,637	495,563
Deferred	45,504	45,443
Total Assets	**1,280,121**	**1,252,405**

Liabilities	9/30/2005	6/30/2005
Current Liabilities	**289,797**	**295,203**
Loans and financing	58	49
Suppliers	169,299	178,111
Taxes, charges and contributions	59,761	75,565
Dividends payable	195	200
Provisions	35,156	14,331
Other	25,328	26,947
Long Term Liabilities	**166,339**	**183,648**
Loans and financing	-	-
Provisions	-	-
Debt with Related Parties	67,822	79,276
Other	98,517	104,372
Taxes and contributions	19,717	19,717
Social Contribution	78,800	84,655
Shareholders' Equity	**823,985**	**773,554**
Paid-in capital	660,000	660,000
Capital Reserves	15,018	5,448
Profit Reserve	146,181	146,181
Legal	25,792	25,792
Profit Retention	120,389	120,389
Accumulated Profit/Loss	2,786	(38,075)
Total Liabilities	**1,280,121**	**1,252,405**