

2 Q 1 4 R E S U L T S



RESULTS FOR THE SECOND QUARTER OF 2014 (2Q14)

São Paulo, August 7, 2014 - Guararapes Confecções S.A. (BM&FBOVESPA: GUAR3 - ON and GUAR4 - PN), the **largest apparel group in Brazil** and the parent company of the retail chain Lojas Riachuelo, reports its results for the second quarter (2Q14) and first half of 2014 (1H14).

Except where stated otherwise, the financial and operating data are presented on a consolidated basis and in Brazilian Reais, pursuant to Brazilian Corporate Law.

Operating and Financial Highlights

- ✓ **Net income** totaled **R\$124.5 million** in 2Q14, **33.8% up** on 2Q13, and **R\$196.0 million** in 1H14, **59.0% up** on 1H13;
- ✓ **Consolidated net revenue** grew by **18.7%** to **R\$1,124.5 million** in 2Q14, and **19.1%** to **R\$2,015.9 million** in 1H14;
- ✓ **Consolidated gross product margin** came to **55.5%** in 2Q14 and **55.6%** in 1H14, **1.0 p.p. up**;
- ✓ **Adjusted EBITDA** stood at **R\$229.3 million** in the quarter, **15.0% up** on 2Q13, and **R\$382.7 million** in 1H14, **31.0% up** on 1H13;
- ✓ **Adjusted EBITDA margin on net revenue from products** came to **25.9%** in 2Q14 and **24.5%** in 1H14, **2.5 p.p. higher** year on year.
- ✓ Riachuelo's **same-store sales** increased by **2.4%** in 2Q14 and **4.2%** in 1H14;
- ✓ Operating expenses per store **fell** by **2.8%** in 2Q14 and **3.9%** in 1H14;
- ✓ The **Riachuelo card loss ratio** ended the quarter at **5.8%**. The **loss ratio from personal loan operations** closed 2Q14 at **10.3%**;
- ✓ The Company reached the mark of **23.6 million private label cards**, **2.7 million** of which **branded cards**.

Stock Price (8/7/2014)

GUAR3: R\$103.00

GUAR4: R\$96.80

Market Capitalization

R\$6.2 billion

Conference Call

Friday (8/8)

Portuguese: 11:00 a.m. (SP)

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Financial Highlights (R\$ Million)	2Q14	2Q13	Chg.(%)	1H14	1H13	Chg.(%)
Gross Revenue	1,464.3	1,235.3	18.5%	2,615.0	2,189.3	19.4%
Net Revenue	1,124.5	947.7	18.7%	2,015.9	1,692.5	19.1%
Gross Profit	698.0	567.7	23.0%	1,254.7	1,007.4	24.6%
Gross Margin	62.1%	59.9%	2.2 p.p.	62.2%	59.5%	2.7 p.p.
Gross Margin - Products	55.5%	55.5%	0.0 p.p.	55.6%	54.6%	1.0 p.p.
EBITDA Adjusted	229.3	199.4	15.0%	382.7	292.2	31.0%
Adjusted EBITDA margin on Consolidated Net r	20.4%	21.0%	-0.6 p.p.	19.0%	17.3%	1.7 p.p.
Adjusted EBITDA margin on Consolidated Net r	25.9%	26.2%	-0.3 p.p.	24.5%	22.0%	2.5 p.p.
Net Income (Loss)	124.5	93.1	33.8%	196.0	123.2	59.0%
EPS (R\$)	2.00	1.49	33.8%	3.14	1.97	59.0%

Guararapes Confeções

The parent company is responsible for the industrial division of the Group, whose entire output is routed to Riachuelo, reflecting the full integration between the retail and production areas.

Production

Guararapes produced 8.7 million pieces in 2Q14, versus 10.8 million in 2Q13. In 1H14, it produced **18.5 million pieces**, **2.3%** fewer than in the same period in 2013. This decline was due to the increased development of fashion pieces, reflecting the Company's goal of meeting customer demand by offering more sophisticated products in line with Riachuelo's real needs. In order to express the value generated by the plants, Guararapes billed Riachuelo for **R\$575.7 million** in 1H14, 12.6% more than in 1H13.

Lojas Riachuelo

The **2014 Mothers' Day** campaign included a fashion show with the special participation of supermodel Alessandra Ambrósio. The collection included several animal print versions for mothers who love this trend that never goes out of style. T-shirts with black-and-white photo prints were used to compose even trendier looks.

Camila Coutinho, from the *Garotas Estúpidas* (Stupid Girls) blog, designed a line of ten exclusive and fun T-shirts to cheer for Brazil in style. The ten models inspired by the best of Brazil were casual, cheerful and exuberant. Tropical prints were a special touch that made the pieces modern and versatile.

Net revenue from products totaled **R\$887.0 million** in 2Q14, **16.4%** higher than the R\$762.2 million recorded in the same period in 2013. **Same-store** revenue increased by **2.4%**. Net revenue from products came to **R\$1,562.1 million** in 1H14, **17.7%** up on 1H13. Same-store sales grew by **4.2%**.

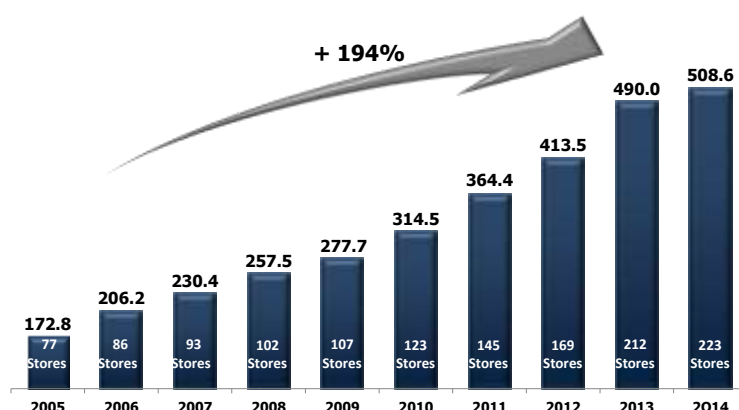
The **consolidated gross product margin** remained flat at **55.5%** in 2Q14. In 1H14, it increased by **1.0 p.p.** to **55.6%**.

The behavior in the gross margin was driven by the expansion of Guararapes' product margins, as a result of the Company's strict control over production costs, the increased development of fashion pieces in proprietary plants, and major investments in the style and product teams.

Operating Data	2Q14	2Q13	Chg.(%)	1H14	1H13	Chg.(%)
Consolidated Net Revenue (R\$ MM)	1,124.5	947.7	18.7%	2,015.9	1,692.5	19.1%
Consolidated Net Revenue from Products (R\$ MM)	887.0	762.2	16.4%	1,562.1	1,327.8	17.7%
All-store nominal growth over the previous year	16.4%	15.1%		17.7%	14.8%	
Same-store nominal growth over the previous year	2.4%	6.6%		4.2%	5.9%	
Number of stores under remodeling in the Period	4	11		5	11	
Total number of stores at the end of the period	223	178	25.3%	223	178	25.3%
Sales area in thousand m ² at end of the period	508.6	429.2	18.5%	508.6	429.2	18.5%
Net revenue per m ² (R\$ per m ²)						
Net revenue per average sales area in the period	1,774.2	1,808.9	-1.9%	3,128.9	3,151.2	-0.7%
Average Ticket of the Riachuelo Card (R\$)	155.5	143.3	8.5%	148.1	137.7	7.6%
Total number of Riachuelo Cards (MM)	23.6	22.3	5.7%	23.6	22.3	5.7%
% of total sales using the Riachuelo Card	44.7%	46.4%	-1.7 p.p.	43.7%	46.2%	-2.6 p.p.
% of sales through interest-bearing plans (0+8)	8.8%	8.9%	-0.1 p.p.	8.7%	9.0%	-0.3 p.p.
Total Net Personal Loan Portfolio (R\$ MM)	171.0	120.1	42.4%	171.0	120.1	42.4%
Number of employees						
Guararapes + Riachuelo + TCV + Midway Mall	38,248	37,362	2.4%	38,248	37,362	2.4%

Guararapes' products accounted for **31.8%** of Riachuelo's total sales in 2Q14, in line with the percentage recorded in 1H14, when **Guararapes' products** accounted for **31.9%** of total sales. Note that the current level of Guararapes' products is envisaged in the Company's plans for the coming years, given that growth in retail operations outpaces the upturn in the Group's production capacity, which is increasingly focused on the production of higher added value fashion items.

Sales Area ('000 m²) at the end of the period

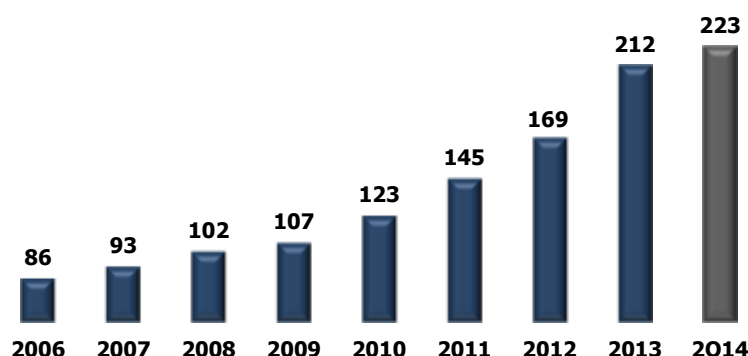


The Company inaugurated **ten stores** in the quarter, giving a total of **223 stores** and **508,600 sq.m.** of sales area at the end of June. In July and August, the Company opened six more stores, totaling new 16 units in 2014, as shown below:

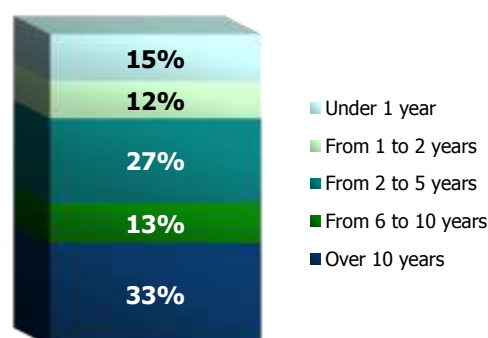
New Stores 2014	Opening	Sales Area (m ²)
1 - Serra/ES - Shopping Montserrat	February 19	1,234
2 - Betim/MG – Monte Carmo Shopping	April 10	2,150
3 - Belém/PA – Shopping Pátio Belém	April 23	1,358
4 - Cabo de Santo Agostinho/PE – Shopping Costa Dourada	April 24	1,756
5 - São José do Rio Preto/SP - Shopping Iguatemi	April 26	1,133
6 - Rio de Janeiro/RJ – Américas Shopping	April 29	1,740
7 - Piracicaba/SP – Shopping Piracicaba	April 29	2,194
8 - Pindamonhangaba/SP – Shopping Pátio Pinda	April 30	1,302
9 - Cariacica/ES – Shopping Moxuara	May 06	2,104
10 - São Luís/MA – São Luís Shopping	May 06	2,287
11 - São Paulo/SP – Avenida Paulista	May 29	1,156
12 - São José dos Campos/SP – Vale Sul Shopping	July 03	1,829
13 - São Paulo/SP – Shopping Eldorado	July 17	718
14 - Rio de Janeiro/RJ – Shopping Via Brasil	July 31	698
15 - Brasília/DF - Boulevard Shopping Brasília	August 5	475
16 - Barretos/SP - North Shopping Barretos	August 5	1,458
Total Sales Area 2014		23,592
Average Stores Area 2014		1,475

The expansion process reflects Riachuelo's goal of capturing new markets and consolidating its position in the regions by opening new stores and remodeling existing ones. It is worth remembering that the **maturation** period of a new store is approximately **five years**, which makes these areas an important factor in defining the growth pace of the Company's sales. At the close of June 2014, **39%** of Riachuelo's sales area was between **one and five years old**.

Number of Stores



Sales Area Period - 2Q14



Midway Financeira

Midway Financeira S.A. was incorporated in January 2008 and began operations in July of the same year. It was created to offer financing to consumers of the products and services of its parent company, Lojas Riachuelo, seeking the most appropriate financial resources for their purchasing needs.

As of August 2008, all new operations related to the Riachuelo card (non-interest-bearing installment sales, interest-bearing installment sales, *Saque Fácil* cash withdrawals, personal loans and financial products) were booked by Midway Financeira.

Midway Financeira's income statement, showing where each line is allocated in the Company's consolidated income statement, is presented below.

In R\$ thousand

Midway Financeira - Income Statement	2Q14	2Q13	Chg.(%)	1H14	1H13	Chg.(%)	Location in the consolidated Income Statement
Financial Service Revenues	238,744	184,544	29.4%	454,538	362,620	25.3%	
Financial Revenue from interest-bearing sales, late fines and interest on areas	155,603	139,432	11.6%	311,660	274,564	13.5%	Gross revenue
Revenue from Personal Loans and Saque Fácil	40,225	26,766	50.3%	76,260	52,195	46.1%	Gross revenue
Revenue from Financial Product Commissions	17,200	14,688	17.1%	34,470	29,126	18.3%	Gross revenue
Revenue from Commissions from Branded Cards	25,717	3,658	603.0%	32,148	6,734	377.4%	Gross revenue
Allowance for Doubtful Accounts	(59,165)	(44,113)	34.1%	(96,793)	(85,527)	13.2%	
Personal Loans and Saque Fácil Provision For Doubtful Accounts (PDA)	(7,394)	(4,558)	62.2%	(13,677)	(10,397)	31.5%	Provision For Doubtful Accounts (PDA)
Interest-bearing and Non-interest Bearing Sales Provision For Doubtful Accounts	(51,770)	(39,555)	30.9%	(83,116)	(75,130)	10.6%	Provision For Doubtful Accounts (PDA)
Discounts in Loan Operations	(30,504)	(39,825)	-23.4%	(64,780)	(80,246)	-19.3%	Cost of Goods and Services Sold
Expenses with Card Brand Fees	(1,036)	(1,054)	-1.7%	(2,704)	(2,051)	31.8%	Cost of Goods and Services Sold
Gross Revenue from Financial Operations	148,039	99,552	48.7%	290,261	194,795	49.0%	
Revenue From Services Rendered to Riachuelo	7,778	6,947	12.0%	13,388	11,828	13.2%	Other Operating Income/Expenses
Other Operating Income	81	19	321.4%	81	19	321.4%	Other Operating Income/Expenses
Taxes Expenses	(13,894)	(10,157)	36.8%	(25,592)	(19,737)	29.7%	Deductions
Operating Expenses	(56,405)	(49,728)	13.4%	(107,806)	(96,942)	11.2%	General and Administrative Expenses
Operating Result	85,600	46,633	83.6%	170,331	89,964	89.3%	
Revenue From Securities	9,872	5,131	92.4%	19,257	11,051	74.3%	Financial Revenues (Expenses)
Expenses From Securities	(10,028)	(5,603)	79.0%	(19,906)	(12,084)	64.7%	Financial Revenues (Expenses)
Non-operating Result	6	15	-62.7%	(121)	12	n.m.	Other Operating Income/Expenses
Earnings Before Income Tax	85,449	46,176	85.1%	169,561	88,943	90.6%	
Income and Social Contribution Taxes	(33,671)	(17,982)	87.2%	(67,367)	(34,959)	92.7%	Income and Social Contribution Taxes
Profit Sharing Plan	(341)	(191)	79.1%	(341)	(191)	79.1%	Other Operating Income/Expenses
Net Income (Loss)	51,436	28,003	83.7%	101,853	53,793	89.3%	

Revenue from financial operations totaled **R\$238.7 million** in 2Q14, 29.4% up on the R\$184.5 million recorded in the same period last year. Revenue from personal loans grew by 50.3%, from R\$26.8 million in 2Q13 to **R\$40.2 million** in 2Q14. Revenue from financial operations totaled **R\$454.5 million** in 1H14.

It is worth noting that the increase in **revenue from commissions from branded cards** in 2Q14 came from revenue with annuities paid by cardholders and additional cardholders, card base growth and interchange revenue.

Operating expenses increased by **13.4%** over 2Q13, totaling R\$56.4 million, due to the Company's strict budget control. In 1H14, operating expenses totaled **R\$107.8 million, 11.2%** up on the R\$96.9 million posted in the same period in 2013. In order to facilitate understanding, administrative and other operating expenses are consolidated under "Operating Expenses".

Throughout the quarter, the Company continued to manage its balance of provisions for doubtful accounts (PDA) in order to maintain the **PDA/Portfolio Volume** ratio at **levels appropriate** for the level of risk of its operations. To better illustrate the process of constituting provisions for doubtful accounts, the table below gives a breakdown of the portfolio by overdue period and the respective amounts provisioned, as well as a comparison of the PDA/portfolio volume ratio with the minimum levels required by Central Bank Resolution 2682.

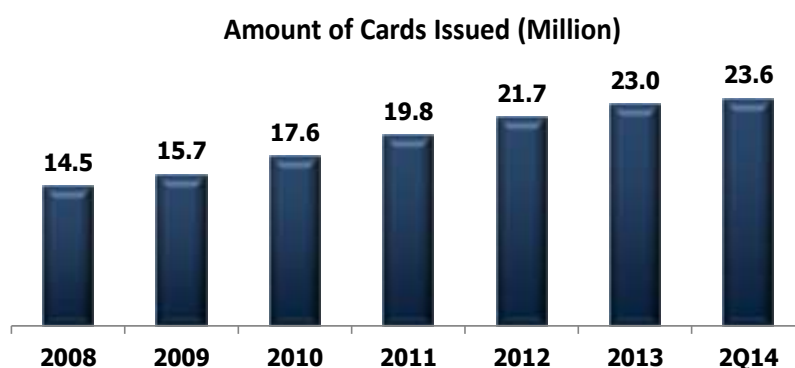
In R\$ thousand

June 2014 (R\$ Thousand)					PDA (%) Minimum Required by Central Bank	
Period of Overdue (days)	Risk	Portfolio	PDA Balance	PDA Balance (%)	Risk	PDA Balance (%)
performing	A	1,005,908	5,569	0.6%	A	0.5%
15-30	B	73,572	1,828	2.5%	B	1.0%
31-60	C	61,114	3,874	6.3%	C	3.0%
61-90	D	47,172	5,671	12.0%	D	10.0%
91-120	E	45,801	14,964	32.7%	E	30.0%
121-150	F	35,812	21,660	60.5%	F	50.0%
151-180	G	38,905	35,349	90.9%	G	70.0%
181-360	H	182,752	182,752	100.0%	H	100.0%
June 2014 Total		1,491,037	271,667	18.2%		
Up to 180 days		1,308,285	88,915	6.8%		
Coverage ratio (overdue more than 90 days) *						89.6%
PDA X Minimum Required by Central Bank						107.0%

* Total PDA for credits overdue more than 90 days (E-H)

As you can see, Midway Financeira maintains provisions above the minimum required by the Central Bank for all the brackets (A-H) of its portfolio. As a result, the Company closed the period with a **PDA balance 7.0% above the Central Bank minimum**, with **total provisions** sufficient to cover **89.6%** of credits overdue by more than 90 days. The **provision** remained above the realized amount, ending the period at **6.8%** of the portfolio overdue by up to 180 days.

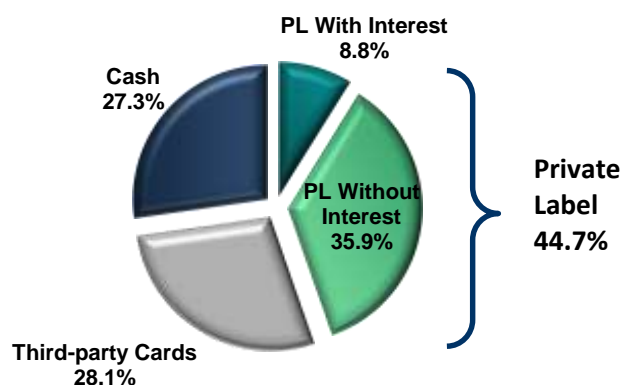
The **Basel Index** ended the second quarter at **45.4%**. This index is an international indicator created by the Basel Committee on Banking Supervision, which recommends a minimum total capital/risk-weighted asset ratio of 8%. In Brazil, the minimum required ratio is 11%, in accordance with the prevailing legislation (CMN Resolution 4,193/13 and Central Bank Circular Letters 3,644/13 and 3,477/09).



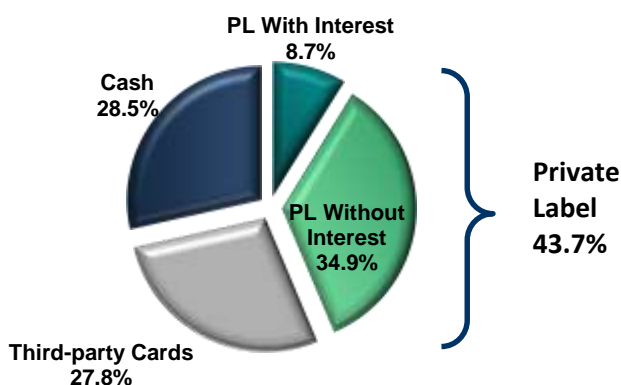
The Company closed the period with a total **private-label card base** of **23.6 million, 315,000** of which issued in the second quarter alone. The **average Riachuelo card ticket** stood at **R\$155.51** in the quarter, **8.5%** up on the **R\$143.35** recorded in the same period the year before. In 1H14, the average ticket came to **R\$148.11** in 1H14, **7.6%** up on the **R\$137.66** recorded in 2013.

In 2010, Midway Financeira began to offer branded cards to its customers in association with Visa and MasterCard. At the end of June 2014, the Company had a total of **2.7 million co-branded cards**.

Sales Distribution – 2Q14



Sales Distribution –1H14



The **Riachuelo card** accounted for **44.7%** of sales in 2Q14, versus 46.4% in 2Q13, and **43.7%** in 1H14, versus 46.2% in 1H13. The **share of interest-bearing installment sales** in total sales stood at **8.8%** in 2Q14, versus 8.9% in 2Q13. In the six-month period, these sales accounted for **8.7%** of the total.

The reduced share of private-label card sales was due to the cardholder base building period at recently inaugurated stores and the growing penetration of branded cards in all income brackets. Bear in mind that during the maturation phase of a new unit, it is natural to have a higher concentration of purchases using third-party cards or even cash, since a significant percentage of clients do not yet have a private-label card.

Performance of Financial Operations

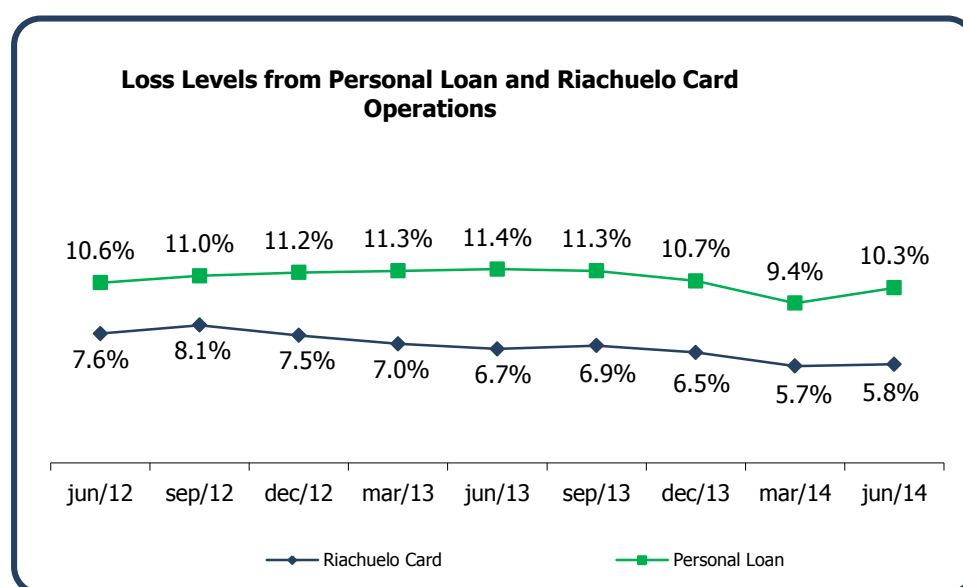
As the table shows, **EBITDA from financial operations** totaled **R\$77.3 million** in 2Q14, equivalent to **33.7%** of consolidated adjusted EBITDA. Year-to-date, **EBITDA from financial operations** accounted for **40.8%** of the Group's consolidated adjusted EBITDA, totaling **R\$156.2 million**.

One of the period's highlights is the improved practice to give discounts to customers renegotiating credits in default. In 2Q14, the discounts reduced by 23.4% over 1Q13, contributing to the strong growth of the Financial Operation EBITDA.

EBITDA from Financial Operations (R\$ thousand)	2Q14	2Q13	Chg.(%)	1H14	1H13	Chg.(%)
Gross Revenue	238,744	184,544	29.4%	454,538	362,620	25.3%
Financial Revenue from Interest-Bearing Sales, Fines & Timely Interest Payments	155,603	139,432	11.6%	311,660	274,564	13.5%
Revenue from Personal Loans and Saque Fácil	40,225	26,766	50.3%	76,260	52,195	46.1%
Revenue from Commissions on Financial Products	17,200	14,688	17.1%	34,470	29,126	18.3%
Revenue from from Comissions from Branded Cards	25,717	3,658	603.0%	32,148	6,734	377.4%
Tax Expenses	(13,894)	(10,157)	36.8%	(25,592)	(19,737)	29.7%
Net Revenue	224,850	174,387	28.9%	428,946	342,883	25.1%
Costs	(31,540)	(40,879)	-22.8%	(67,484)	(82,297)	-18.0%
Discounts on Loan Operations	(30,504)	(39,825)	-23.4%	(64,780)	(80,246)	-19.3%
Expenses from Registration and Collections Charges	(1,036)	(1,054)	-1.7%	(2,704)	(2,051)	31.8%
Gross Profit	193,310	133,508	44.8%	361,462	260,586	38.7%
PDA Expenses	(59,341)	(44,372)	33.7%	(97,175)	(85,831)	13.2%
PDA Expenses (Riachuelo)	(176)	(258)	-31.9%	(382)	(304)	25.6%
PDA Expenses	(59,165)	(44,113)	34.1%	(96,793)	(85,527)	13.2%
Financial Transaction Contribution Margin	133,970	89,137	50.3%	264,287	174,754	51.2%
Operating Expenses	(56,405)	(49,728)	13.4%	(107,806)	(96,942)	11.2%
Other Operating Income/Expenses	(261)	(171)	52.0%	(261)	(171)	52.0%
EBITDA from Financial Operations	77,304	39,238	97.0%	156,220	77,641	101.2%
% of Consolidated EBITDA	33.7%	19.7%	14.0 p.p.	40.8%	26.6%	14.2 p.p.

Expenses with losses and PDA came to **R\$59.3 million** in 2Q14, 33.7% more than the **R\$44.4 million** recorded in 1Q14. The current provisioning level (6.8%) is consistent with the Company's loss expectations for the coming months. It is worth noting that these expenses include losses from branded card operations. **Expenses with losses and PDA** came to **R\$97.2 million** in 1H14, 13.2% more than the **R\$85.8 million** recorded in 2Q14,

The following chart shows loss level trends in Riachuelo card (private label + branded) and personal loan operations. The figures indicate the percentage overdue by more than 180 days in relation to total expected receivables in each period.



The **Riachuelo card loss ratio**, including branded cards, reached **5.8%** in 2Q14, versus 6.7% in 2Q13, in line with the Company's expectations and in accordance with current provision levels. The **loss ratio from personal loan operations** closed June at **10.3%**, below the 11.4% reported in 2Q13, while the **personal loan portfolio**, including interest charges, **grew** by **46.5%** over 2Q13 to **R\$206.7 million** at the end of June 2014 (R\$171.0 million excluding interest charges).

Midway Mall and Own Stores

The Midway Mall is located at the most important junction in Natal (Rio Grande do Norte), formed by Avenida Senador Salgado Filho and Avenida Bernardo Vieira, two of the city's main thoroughfares. It is also highly accessible, located only 15 minutes from the city's main districts, ensuring that the entire city perimeter is within its catchment area.

Inaugurated on April 27, 2005, and currently with nearly all of its gross area leased, the mall comprises 231,000 sq.m. spread over three floors, with 13 anchor stores, satellite stores, a food court and several service outlets. The third floor, expanded in 2010, includes a seven-screen movie theater (Cinemark), five new anchor stores, various satellite stores and a complete gourmet area with renowned city restaurants.

Also on the third floor, the Midway Mall houses the Teatro Riachuelo, the most modern and comprehensive performing arts venue in Brazil's Northeast. Inaugurated in December 2010, it can hold up to 3,500 spectators, depending on its configuration. The project exemplifies the mall's consolidation of leisure, entertainment and the arts, providing the public with a wide range of shows and performances, through a specialized management team in partnership with highly experienced segment operators.

The table below shows the evolution of the mall's revenue and EBITDA. Note that revenue and expenses related to shopping mall operations are booked under 'Gross Revenue' and 'General and Administrative Expenses', respectively.

Midway Mall (R\$ Thousand)	2Q14	2Q13	Chg.(%)	1H14	1H13	Chg.(%)
Rental and Key Money Net Revenue (R\$ '000)	13,340	11,779	13.3%	26,082	23,071	13.1%
EBITDA (R\$ '000)	12,213	11,129	9.7%	22,711	21,618	5.1%
EBITDA Margin	91.6%	94.5%	-2.9 p.p.	87.1%	93.7%	-6.6 p.p.
GLA (thousand m ²)	65.7	65.7	0.0%	65.7	65.7	0.0%
EBITDA/GLA (R\$/m ²)	185.9	169.4	9.7%	345.8	329.1	5.1%
NOI (R\$ '000)	12,518	12,216	2.5%	23,419	23,866	-1.9%
NOI Margin	90.7%	94.4%	-3.7 p.p.	87.3%	94.3%	-6.9 p.p.

Midway Mall (R\$ Thousand)	2Q14	2Q13	Chg.(%)	1H14	1H13	Chg.(%)
Gross Revenue - Midway Mall	13,794	12,937	6.6%	26,817	25,321	5.9%
Rents	13,124	12,311	6.6%	25,509	24,075	6.0%
Assignment of Rights	670	626	7.1%	1,308	1,247	4.9%

In addition to the mall operations, the Group also owns a large number of the **properties where its stores are located** – of the 223 active Riachuelo stores at the close of June 2014, **46** were installed in properties owned by the Group. In other words, **119,400 sq.m. (23%)** out of a total of **508,600 sq.m.** refers to stores located in the Company's own properties. If we add the two distribution centers and six factories, the Company currently owns around **800,000 sq.m.** of gross built-up area.

	Quantity	(%)
Own Stores	46	21%
Mall Stores	8	4%
Street Stores	38	17%
Rented Stores	177	79%
Mall Stores	170	76%
Street Stores	7	3%
Total Stores	223	100%

Street stores located on own properties

State	No. of Own Stores	Sales Area (m²)	Total Area
Alagoas	1	1,968	3,135
Amazonas	1	3,101	5,282
Ceará	1	2,562	4,129
Distrito Federal	2	3,901	6,746
Goiás	2	3,888	5,972
Maranhão	1	3,886	4,319
Minas Gerais	1	2,895	7,849
Mato Grosso do Sul	2	4,109	6,423
Mato Grosso	1	2,310	4,766
Pernambuco	1	7,176	13,316
Piauí	2	2,765	5,619
Pará	1	3,830	5,905
Paraná	5	10,761	21,307
Rio Grande do Norte	2	7,902	12,089
Rio Grande do Sul	1	1,996	3,055
Sergipe	1	3,202	5,481
São Paulo	13	25,534	58,160
Total Street Stores	38	91,786	173,553

Mall Stores located on own properties

State	No. of Own Stores	Sales Area (m²)	Total Area
Amazonas	1	2,941	4,172
Distrito Federal	1	2,660	3,926
Espírito Santo	1	3,409	4,560
Pernambuco	1	3,276	4,446
Rio de Janeiro	1	4,128	5,384
Rio Grande do Norte	1	6,556	10,230
São Paulo	2	4,649	7,639
Total Mall Stores	8	27,619	40,357

Total Own Stores	46	119,405	213,910
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Guarulhos Distribution Center

Guarulhos DC land area	187,223
Total Built-up Area	85,171

Natal Distribution Center

Total Built-up Area	57,552
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Riachuelo São Paulo Head Office

Headquarters land area	45,030
Total Built-up Area	42,312

TCV

Transportadora Casa Verde (TCV) is responsible for part of the Group's logistics and, thanks to the investments in recent years, particularly in technology, TCV ensures that the Company's products are delivered to the Riachuelo stores in a timely and efficient manner.

Guararapes Group - Consolidated

The company's consolidated results include the results of the parent company and its subsidiaries.

Net Revenue

Consolidated net revenue totaled **R\$1,124.5 million** in the second quarter of 2014, **18.7%** up on the R\$947.7 million reported in the same period in 2013. In 1H14, **consolidated net revenue** increased by **19.1%**, from R\$1,692.5 million in 2013 to **R\$2,015.9 million**. Consolidated net revenue comprises net revenue from Midway Financeira (R\$224.9 million in 2Q14), Midway Mall net revenue (R\$12.6 million in 2Q14) and net revenue from products (R\$887.0 million in 2Q14).

Gross Profit and Gross Margin

In 2Q14, **consolidated gross profit** climbed **23.0%**, from R\$567.7 million in 2Q13 to **R\$698.0 million** in 2Q14. In 1H14, **consolidated gross profit** totaled **R\$1,254.7 million**, **24.6%** up on the R\$1,007.4 million reported in 1H13. The **consolidated gross margin** came to **62.1%** in 2Q14, **2.2 p.p.** above the 59.9% reported in 2Q3. At the close of 1H14, the **consolidated gross margin** was **62.2%**, **2.7 p.p.** higher than the 59.5% recorded in the same period in 2013.

Excluding Midway Financeira and Midway Mall, the **consolidated gross product margin** was **55.5%** in 2Q14, in line with the percentage reported in the same quarter last year. In 1H14, this margin came to **55.6%**, **1.0 p.p.** up year on year, as shown in the table below.

In R\$ thousand

(R\$ Thousand)	2Q14	2Q13	Chg.(%)	1H14	1H13	Chg.(%)
Consolidated Net Revenue	1,124,475	947,704	18.7%	2,015,915	1,692,486	19.1%
(-) Net Revenue - Midway Financeira	(224,850)	(174,387)	28.9%	(428,946)	(342,883)	25.1%
(-) Net Revenue - Midway Mall	(12,611)	(11,117)	13.4%	(24,851)	(21,838)	13.8%
(=) Consolidated Net Revenue of Products	887,013	762,200	16.4%	1,562,118	1,327,765	17.7%
Consolidated Gross Profit	698,034	567,722	23.0%	1,254,727	1,007,373	24.6%
(-) Gross Profit - Midway Financeira	(193,310)	(133,508)	44.8%	(361,462)	(260,586)	38.7%
(-) Gross Profit - Midway Mall	(12,611)	(11,117)	13.4%	(24,851)	(21,838)	13.8%
(=) Consolidated Gross Profit of Products	492,113	423,097	16.3%	868,413	724,949	19.8%
Consolidated Gross Margin of Products	55.5%	55.5%	0.0 p.p.	55.6%	54.6%	1.0 p.p.

Operating Expenses

Selling expenses totaled **R\$324.8 million** in 2Q14, **26.0%** up on the R\$257.9 million reported in 2Q13, while **general and administrative expenses** increased by **10.9%**, from R\$88.1 million in 2Q13 to **R\$97.8 million** in 2Q14. In 1H14, **selling expenses** increased by **22.6%** to **R\$605.9 billion**. **General and administrative expenses** totaled **R\$195.6 million** in 1H14, **14.0%** up on the R\$171.5 million reported in the same period in 2013.

All in all, **SG&A expenses** increased by **22.1%** in the quarter to **R\$422.6 million**, corresponding to **37.6%** of consolidated net revenue. In 1H14, these expenses grew by **20.4%** to **R\$801.4 million**, or **39.8%** of net revenue, versus 39.3% in the same period in 2013, as a result of higher expenses from stores inaugurated as of 2H13.

The Company's control over expenses becomes apparent if we analyze **operating expenses per sq.m.**, which climbed **2.9%** in 2Q14, and **operating expenses per store**, which fell by **2.8%** over 2Q13. **Operating expenses per m²** edged up by **1.6%** in 2Q14, while **operating expenses per store** fell by **3.9%** year on year.

In R\$ thousand

Operating Expenses (R\$ thousand)	2Q14	2Q13	Chg.(%)	1H14	1H13	Chg.(%)
Selling Expenses	(324,805)	(257,875)	26.0%	(605,863)	(494,027)	22.6%
General and Administrative Expenses	(97,775)	(88,145)	10.9%	(195,579)	(171,491)	14.0%
Total Operating Expenses	(422,580)	(346,021)	22.1%	(801,441)	(665,518)	20.4%
Total Operating Expenses / Consolidated Net Revenue	37.6%	36.5%	1.1 p.p.	39.8%	39.3%	0.4 p.p.
Total Operating Expenses per Store	(1,938)	(1,994)	-2.8%	(3,685)	(3,836)	-3.9%
Total Operating Expenses per Store per m²	(845)	(821)	2.9%	(1,605)	(1,579)	1.6%

Operating Income

In addition to its retail apparel operations, the Company also includes the results from Midway Mall and Midway Financeira as part of its core operations.

In R\$ thousand

EBITDA Reconciliation (R\$ thousand)	2Q14	2Q13	Chg.(%)	1H14	1H13	Chg.(%)
Net Income (Loss)	124,544	93,080	33.8%	195,957	123,209	59.0%
(+) Income and Social Contribution Taxes	38,804	35,011	10.8%	55,693	41,703	33.5%
(+) Financial Revenue	6,524	10,699	-39.0%	11,106	17,153	-35.3%
(+) Depreciation and Amortization (Expenses + Costs)	51,512	44,955	14.6%	101,719	84,930	19.8%
EBITDA	221,383	183,745	20.5%	364,475	266,995	36.5%
(+) IR Tax Benefits	7,954	15,676	-49.3%	18,223	25,164	-27.6%
Adjusted EBITDA *	229,337	199,422	15.0%	382,698	292,159	31.0%
Adjusted EBITDA margin on Consolidated Net revenue	20.4%	21.0%	-0.6 p.p.	19.0%	17.3%	1.7 p.p.
Adjusted EBITDA margin on Consolidated Net revenue from products	25.9%	26.2%	-0.3 p.p.	24.5%	22.0%	2.5 p.p.

*The Company now reconciles EBITDA in line with CVM Instruction 527, i.e. EBITDA = net income plus income taxes, the net financial result, amortization, depreciation and depletion. Also, in accordance with paragraph 4 of the same Instruction, we opted to use ADJUSTED EBITDA because we understand that the adjustment related to « income tax benefits » contributes to the Company's gross cash generation, since it does not represent any cash outflow.

The table below shows the evolution of adjusted EBITDA without the reduction in the income tax incentive as a result of the interest on equity (IOE) credit in March 2014.

In R\$ thousand

Adjusted EBITDA w/out IOE effect (R\$ thousand)	2Q14	2Q13	Chg.(%)	1H14	1H13	Chg.(%)
EBITDA	221,383	183,745	20.5%	364,475	266,995	36.5%
(+) Income Tax Incentive	7,954	15,676	-49.3%	18,223	25,164	-27.6%
(+) IOE effect on Income Tax Incentive	6,255	-	n.m.	12,510	-	n.m.
Adjusted EBITDA excluding IOE effect	235,592	199,422	18.1%	395,208	292,159	35.3%
Adjusted EBITDA margin on Consolidated Net revenue	21.0%	21.0%	-0.1 p.p.	19.6%	17.3%	2.3 p.p.
Adjusted EBITDA margin on Consolidated Net revenue from products	26.6%	26.2%	0.4 p.p.	25.3%	22.0%	3.3 p.p.

In 2Q14, **adjusted EBITDA excluding the IOE effect** came to **R\$235.6 million, 18.1%** up on the R\$199.4 million recorded in 2Q13, while the **adjusted EBITDA margin** on consolidated net revenue from products came to **26.6%** in 2Q14 (**21.0%** when calculated on consolidated net revenue). In 1H14, **adjusted EBITDA excluding the IOE effect** totaled **R\$395.2 million, 35.3%** more than in 1H13, while the **adjusted EBITDA margin** on net revenue from products came to **25.3%, 3.3 p.p.** more than in 1H13.

This performance was influenced by same-store sales growth; the maintenance of the gross product margin in the quarter; the control over operating expenses in recent years, which partially offset the impact from additional expenses with new stores; and the improved performance of the financial operation in the quarter.

Net Income

Consolidated net income totaled **R\$124.5 million** in 2Q14, **33.8%** up on the R\$93.1 million reported in 2Q13. In 1H14, **consolidated net income** came to **R\$196.0 million**, **59.0%** up on the R\$123.2 million reported in the same period in 2013.

The **net margin on net revenue from products** was **14.0%** in 2Q14 (**11.1%** on total net revenue), versus 12.2% (9.8% on total net revenue) in 2Q13. In 1H14, the **net margin on net revenue from products** came to **12.5%** (**9.7%** on total net revenue), versus 9.3% (7.3% on total net revenue) in the same period in 2013.

Dividends / Interest on Equity

In 2Q14, the Company paid **interest on equity** to its shareholders, to be attributed to the mandatory dividends for 2014, pursuant to Article 17, Paragraph 1 of the Bylaws, in the gross amount of thirty-three million, three hundred and fifty-five thousand, nine hundred and twenty reais (**R\$33,355,920.00**), corresponding to **R\$0.5091 per common share** and **R\$0.5600 per preferred share**. The payment date will be resolved at the 2015 Annual Shareholders' Meeting.

Net Debt

Cash and cash equivalents came to **R\$403.5 million** at the end of June 2014. **Loans and financing** totaled **R\$892.8 million**, R\$613.4 million of which corresponds to loans from the Brazilian Development Bank (BNDES). As a result, the Company closed the second quarter of 2014 with **net debt** of **R\$489.3 million**, **6.1%** down on the R\$521.1 million recorded at the end of 2Q13.

Indebtedness (R\$ Thousand)	06/30/2014	03/31/2014	06/30/2013
Cash and Cash Equivalents	403,527	422,144	257,146
Loans and Financing	(892,819)	(796,602)	(778,277)
Short Term	(208,015)	(171,439)	(171,933)
Long Term	(684,804)	(625,163)	(606,344)
Net Debt	(489,292)	(374,458)	(521,131)
Net Debt/EBITDA (LTM)	0.6	0.5	0.8

Investments (CAPEX)

In 1H14, the group **invested R\$135.2 million** in fixed assets, versus R\$193.1 million in 2Q13. Of this total, **R\$116.5 million (86%)** went to Riachuelo, **R\$81.9 million** to new store openings and **R\$14.8 million** to the remodeling of branch offices.

Investments (R\$ Thousand)	2Q14	(%)	2Q13	(%)	1H14	(%)	1H13	(%)
New Stores	48.3	66%	43.1	52%	81.9	61%	83.6	43%
Remodelings	8.7	12%	19.4	23%	14.8	11%	27.3	14%
IT	5.3	7%	7.7	9%	8.6	6%	10.6	6%
General Rebuilding	1.5	2%	3.8	5%	6.4	5%	7.3	4%
Other	1.6	2%	0.7	1%	4.9	4%	51.0	26%
Total Riachuelo	65.3	89%	74.8	90%	116.5	86%	179.8	93%
Guararapes	8.2	11%	8.3	10%	18.7	14%	13.3	7%
Total	73.5	100%	83.1	100%	135.2	100%	193.1	100%

3Q14 Guidance

Based on the performance observed until the beginning of August, and considering the comparison with a strong 3Q13 (+10,1%), the Company expects a same-store sales growth for 3Q14 slightly above that recorded in 2Q14 and forecasts a flat gross product margin in the annual comparison.

Riachuelo's expansion program includes 40 new stores in 2014, 12 of which opening in the third quarter. It is worth noting that this number may change in accordance with the opening schedule of the shopping malls.

These numbers are hypothetical and do not represent a promise or guarantee of performance.

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About Guararapes-Riachuelo

Guararapes is the largest fashion group in Brazil and the parent company of the Lojas Riachuelo retail chain, with **228** stores nationwide.

In developed countries, large companies account for 30% to 40% of the retail textile market, whereas in Brazil the sum of the biggest firms accounts for less than 10%. The main competitive advantage of small companies is the informality of their operations.

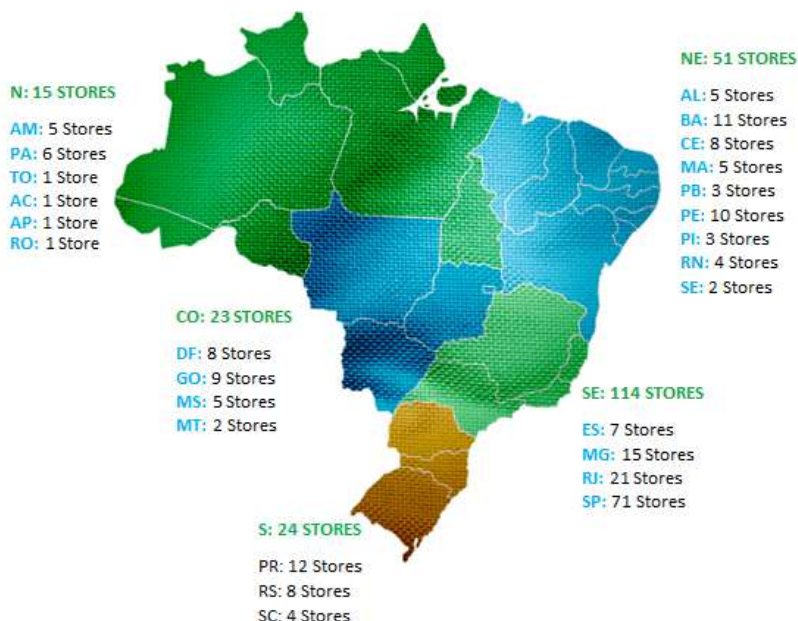
However, the market of big chains has expanded due to scale gains, investments in product quality, fast inventory turnover and their position as sellers of fashion, allowing them to adapt rapidly to the season's trends.

In recent years, Guararapes has invested heavily in its support operations by modernizing its facilities, opening distribution centers in Natal and Sao Paulo and implementing IT in the financial and operational management of its operations.

One of the Company's most important advantages is this integration between its retail and manufacturing operations, a model that has proved highly successful since it permits a rapid response to changes in the market.

The **Riachuelo card base** is one of the Company's core assets as it establishes long-term relationships with a growing customer base, which currently numbers close to **23.6 million**, including **2.7 million branded card holders** (June 2014). Another of the Company's main operations is financial services, which offer customers interest-bearing installment sales, personal loans, insurance and other financial products.

228 stores: 25 states and Federal District



This release contains forward-looking statements relating to the prospects of the business, estimates for operating and financial results, and those related to growth prospects of Guararapes Confecções S.A. and its subsidiaries. These are merely projections and as such are based exclusively on the expectations of Guararapes' management concerning the future of the business and its continuous access to capital to finance the Company's business plan. Such forward-looking statements depend substantially on changes in market conditions, government regulations, competitive pressures and the performance of the Brazilian and international economies and the industry, and therefore are subject to change without prior notice.

Consolidated Income Statement

In R\$ thousand

Income Statement	2Q14	2Q13	Chg.(%)	1H14	1H13	Chg.(%)
Gross Revenue	1,464,297	1,235,339	18.5%	2,614,986	2,189,269	19.4%
Gross Revenue - Products	1,212,438	1,038,520	16.7%	2,134,861	1,802,561	18.4%
Gross Revenue - Midway Financeira	238,744	184,544	29.4%	454,538	362,620	25.3%
Gross Revenue - Midway Mall	13,115	12,275	6.8%	25,587	24,088	6.2%
Deductions	(362,542)	(310,441)	16.8%	(640,496)	(528,842)	21.1%
ICMS tax benefits	22,720	22,806	-0.4%	41,425	32,059	29.2%
Net Revenue	1,124,475	947,704	18.7%	2,015,915	1,692,486	19.1%
Net Revenue - Products	887,013	762,200	16.4%	1,562,118	1,327,765	17.7%
Net Revenue - Midway Financeira	224,850	174,387	28.9%	428,946	342,883	25.1%
Net Revenue - Midway Mall	12,611	11,117	13.4%	24,851	21,838	13.8%
Cost of Goods and Services Sold	(426,440)	(379,982)	12.2%	(761,189)	(685,113)	11.1%
COGS - Products	(394,900)	(339,103)	16.5%	(693,705)	(602,816)	15.1%
Costs - Midway Financeira	(31,540)	(40,879)	-22.8%	(67,484)	(82,297)	-18.0%
Costs - Midway Mall	-	-	-	-	-	-
Gross Profit	698,034	567,722	23.0%	1,254,727	1,007,373	24.6%
Gross Profit - Products	492,113	423,097	16.3%	868,413	724,949	19.8%
Gross Profit - Midway Financeira	193,310	133,508	44.8%	361,462	260,586	38.7%
Gross Profit - Midway Mall	12,611	11,117	13.4%	24,851	21,838	13.8%
Gross Margin	62.1%	59.9%	2.2 p.p.	62.2%	59.5%	2.7 p.p.
Gross Margin - Products	55.5%	55.5%	0.0 p.p.	55.6%	54.6%	1.0 p.p.
Gross Margin - Midway Financeira	86.0%	76.6%	9.4 p.p.	84.3%	76.0%	8.3 p.p.
Selling Expenses	(324,805)	(257,875)	26.0%	(605,863)	(494,027)	22.6%
General and Administrative Expenses	(97,775)	(88,145)	10.9%	(195,579)	(171,491)	14.0%
Provision for Doubtful Accounts	(59,341)	(44,372)	33.7%	(97,175)	(85,831)	13.2%
Depreciation and Amortization Expenses	(46,318)	(38,427)	20.5%	(91,807)	(73,455)	25.0%
Other Operating Expenses/Income	77	(113)	n.m.	(1,547)	(502)	208.1%
EBIT	169,872	138,790	22.4%	262,756	182,066	44.3%
Financial Revenue (Expense)	(6,524)	(10,699)	-39.0%	(11,106)	(17,153)	-35.3%
Earnings Before Income Tax and Social Contribution	163,347	128,091	27.5%	251,650	164,912	52.6%
Income and Social Contribution Taxes	(38,804)	(35,011)	10.8%	(55,693)	(41,703)	33.5%
Net Income (Loss)	124,544	93,080	33.8%	195,957	123,209	59.0%
Depreciation and Amortization (Expenses + Costs)	51,512	44,955	14.6%	101,719	84,930	19.8%
EBITDA	221,383	183,745	20.5%	364,475	266,995	36.5%
IR Tax Benefits	7,954	15,676	-49.3%	18,223	25,164	-27.6%
Adjusted EBITDA *	229,337	199,422	15.0%	382,698	292,159	31.0%
Adjusted EBITDA margin on Consolidated Net revenue	20.4%	21.0%	-0.6 p.p.	19.0%	17.3%	1.7 p.p.
Adjusted EBITDA margin on Consolidated Net revenue from products	25.9%	26.2%	-0.3 p.p.	24.5%	22.0%	2.5 p.p.
Total Common Shares	31,200	31,200		31,200	31,200	
Total Preferred Shares	31,200	31,200		31,200	31,200	
EPS	2.00	1.49	33.8%	3.14	1.97	59.0%

*The Company now reconciles EBITDA in line with CVM Instruction 527, i.e. EBITDA = net income plus income taxes, the net financial result, amortization, depreciation and depletion. Also, in accordance with paragraph 4 of the same Instruction, we opted to use ADJUSTED EBITDA because we understand that the adjustment related to « income tax benefits » contributes to the Company's gross cash generation, since it does not represent any cash outflow.

Consolidated Balance Sheet

In R\$ thousand

Assets	06/30/2014	03/31/2014	06/30/2013
Current Assets	2,658,403	2,497,003	2,227,025
Cash Equivalents	403,527	422,144	257,146
Credits	1,108,778	976,608	941,533
Credits-Branded	347,502	299,105	230,030
Inventories	687,202	689,333	700,610
Deferred or Recoverable Taxes	63,605	68,430	67,469
Other Credits	47,789	41,383	30,236
Long Term Assets	231,492	223,365	195,812
Deferred or Recoverable Taxes	218,762	210,953	184,817
Judicial Deposits	12,729	12,412	10,995
Permanent Assets	1,974,817	1,947,360	1,812,997
Investments	209,894	210,912	210,265
Property, plan and equipment	1,710,885	1,683,682	1,557,434
Intangible	54,037	52,765	45,298
Total Assets	4,864,712	4,667,727	4,235,834

Liabilities	06/30/2014	03/31/2014	06/30/2013
Current Liabilities	1,058,112	1,017,232	819,723
Suppliers	211,567	208,839	221,493
Loans and financing	208,015	171,439	171,933
Dividends and Interest on Equity Payable	58,548	131,078	992
Wages, Benefits and Provisions	135,581	134,265	126,957
Taxes, Charges and Contributions	135,467	91,151	86,038
Liabilities from assigned credits	238,176	213,910	150,158
Other accounts payable	70,757	66,550	62,151
Long Term Liabilities	848,255	783,320	766,212
Loans and financing	531,130	509,523	462,300
Taxes and Contributions	67,619	68,692	72,367
Provision for eventual liabilities	87,310	80,786	76,490
Loans with related parties	153,674	115,640	144,043
Other	8,522	8,679	11,011
Shareholders' Equity	2,958,344	2,867,176	2,649,899
Paid-in Share Capital	2,600,000	2,600,000	2,300,000
Profit Reserve	200,198	107,898	187,216
Asset Valuation Adjustment	158,147	159,278	162,684
Total Liabilities	4,864,712	4,667,727	4,235,834

Consolidated Cash Flow Statement

In R\$ thousand

Cash Flow Statement - Indirect Method	2Q14	2Q13	1H14	1H13
Cash flows from operating activities				
Net income for the period	124,544	93,080	195,957	123,209
Recording of provision for doubtful accounts	20,997	8,040	10,216	1,607
Depreciation and amortization	51,512	44,955	101,719	84,930
Proceeds (loss) from sale of property, plant and equipment	(67)	(142)	(103)	(178)
Deferred income tax and social contribution	(7,866)	3,369	(30,259)	(14,287)
Provision for inventory losses	(2,761)	582	(1,383)	743
Provision for labor, tax and civil risks	6,562	2,758	12,605	3,382
Interest and monetary and exchange variation expenses	18,571	16,042	33,857	29,669
Interest on securities	(4,569)	(3,063)	(8,843)	(5,833)
Other	(157)	(151)	(801)	(383)
Changes in assets and liabilities				
Trade accounts receivable	(201,563)	(99,675)	55,791	118,267
Inventories	4,891	(21,590)	(127,165)	(163,790)
Recoverable taxes	3,809	(23,860)	26,971	(14,956)
Other assets	(6,406)	(8,592)	(9,055)	(8,537)
Escrow deposits and others	(318)	(365)	(1,016)	(568)
Trade accounts payable	2,728	19,530	(32,860)	(6,284)
Payroll, provisions and social contributions	1,316	22,556	(44,474)	(8,729)
Income tax and social contribution	46,797	35,338	89,389	62,153
Value-added tax on sales and services – ICMS	5,764	10,779	(72,848)	(45,383)
Payables to card managers	24,266	10,897	8,481	2,344
Other liabilities	4,209	944	(14,124)	(4,300)
Cash provided by operating activities	92,257	111,433	192,056	153,076
Payment of interests	(11,374)	(11,950)	(21,490)	(25,318)
Payment of income tax and social contribution	(12,933)	(20,814)	(119,949)	(108,828)
Net cash provided by operating activities	67,949	78,669	50,617	18,930
Cash flows from investing activities				
Acquisition of property for investment	(727)	(1,868)	(1,249)	(2,277)
Acquisition of property, plant and equipment	(74,736)	(80,830)	(135,403)	(190,802)
Acquisition of intangible assets	(4,029)	(4,169)	(7,215)	(11,116)
Proceeds from sale of property, plant and equipment	589	363	2,840	640
Net cash used in investing activities	(78,904)	(86,504)	(141,027)	(203,555)
Cash flows from financing activities				
Interest on Equity and Dividends paid	(246,312)	(129,941)	(101,232)	(75,851)
New loans and financing	295,580	128,036	253,002	88,849
Repayment of loans and financing	(95,826)	(77,608)	(95,826)	(77,608)
New loans from related parties	53,857	43,580	38,834	42,441
Repayment of loans from related parties	(19,511)	(2,704)	(19,511)	(2,704)
Net cash used in financing activities	(12,213)	(38,637)	75,267	(24,874)
Increase (decrease) in cash and cash equivalents, net	(23,168)	(46,471)	(15,143)	(209,498)
Cash and cash equivalents at the beginning of the period	240,939	134,211	232,914	297,239
Cash and cash equivalents at the end of the period	217,770	87,740	217,770	87,740